BambooHR State of HR Report 2024

HR is a challenge even during the best of times, but 2023 featured a line-up of harrowing events that disrupted lives, homes, and workplaces around the world. Not to mention the many rounds of **tech layoffs** that began **in late 2022**, and the ongoing **labor shortages** across a number of industries.

Employee happiness in 2023 plunged at a rate **10x faster than the previous three years**. But will **the Great Gloom** extend into 2024, or can HR successfully turn the tide?

Some companies took exceptional initiative on this front last year, from offering **6x more bereavement days** in some cases to surprising employees with **unprecedented end-of-year bonuses**. But not every HR department or company wields the same resources as Johnson & Johnson or a real-estate firm experiencing a banner year.

We surveyed 1,200 HR professionals to understand what they're up against in the coming year, and what we learned can help you paint a realistic picture of the state of HR today, and what changes may be possible in the year to come.
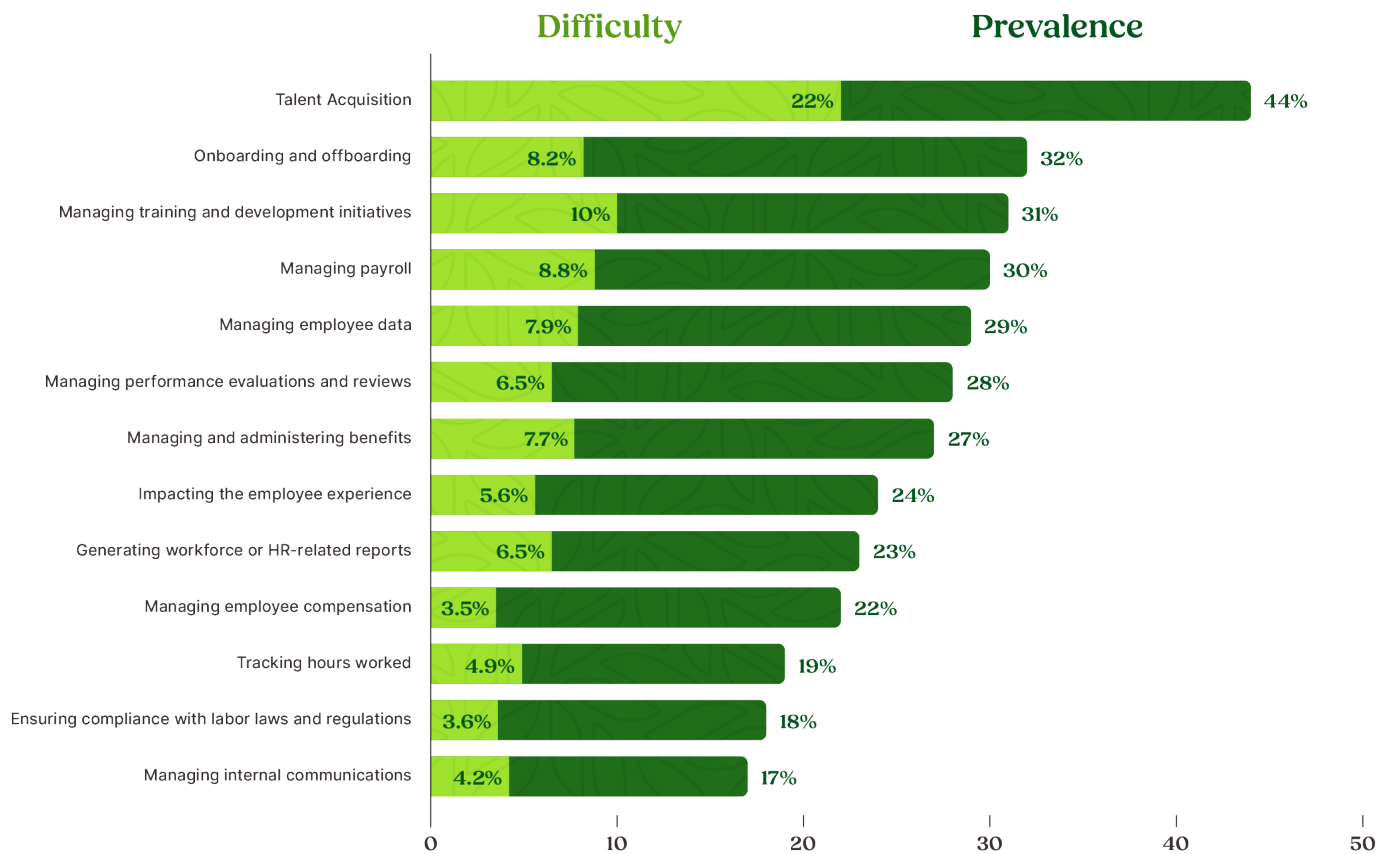
This report includes:

- **A breakdown of what challenges HR faces in the coming year**

- **How HR ranks the difficulty of those challenges**

- **What technology and process limitations are holding them back**

- **Advice to HR on what they can do to drive business impact in 2024**

2024 HR Trends to Watch

- **Hiring:** Talent acquisition is the most common (44%) and most difficult (22%) challenge facing HR in 2024, taking the place of 2023's biggest concern—retention.

- **Labor Shortages:** As labor shortages continue, 48% say a big part of their talent acquisition struggle involves finding and attracting qualified people to fill open roles.

- **Skills Gaps:** Likely in response to a lack of qualified workers, onboarding and training and development are the next most common and difficult challenges (32% and 31% respectively) as HR works to prepare or upskill available workers.

- **Employee Experience and Turnover:** As talent becomes harder to find and replace, retention remains a priority, but 30% of companies aren't sure how to improve the employee experience and reduce turnover.

- **HR Data and Reporting:** Though the answer to improving employee and business outcomes is hidden in the data, over half (52%) of HR teams struggle to manage, analyze, and leverage HR data and reporting to their advantage.

- **One System for Benefits, Time Tracking, and Payroll:** On the compensation front, 1 in 3 HR pros (33%) say managing benefits, time tracking, and payroll in different systems is taking up too much time and leading to errors.

What Are the Biggest Challenges Facing HR Pros in 2024?

The top—and most difficult—challenges facing HR as we charge (or trudge) into the new year revolve around finding, securing, and preparing the best candidates for the roles employers desperately need filled. Here's how key challenges rank next to their level of difficulty.

Difficulty   **Prevalence**

Challenge	Difficulty	Prevalence
Talent Acquisition	22%	44%
Onboarding and offboarding	8.2%	32%
Managing training and development initiatives	10%	31%
Managing payroll	8.8%	30%
Managing employee data	7.9%	29%
Managing performance evaluations and reviews	6.5%	28%
Managing and administering benefits	7.7%	27%
Impacting the employee experience	5.6%	24%
Generating workforce or HR-related reports	6.5%	23%
Managing employee compensation	3.5%	22%
Tracking hours worked	4.9%	19%
Ensuring compliance with labor laws and regulations	3.6%	18%
Managing internal communications	4.2%	17%

Advice to HR: Streamline Solutions with All-in-One HR Software

Combined Results for "Most Common" Challenges (After Talent Acquisition):

63%
Onboarding, offboarding, training

52%
Managing payroll and compensation

52%
Managing employee data, generating reports

Combined Results for "Most Difficult" Challenges (After Talent Acquisition):

18%
Onboarding, offboarding, training

12%
Managing payroll and compensation

14%
Managing employee data, generating reports

HR functions often interact and overlap with each other, especially those as interrelated as managing **employee data** and generating **reports**, for example. This is why robust, **all-in-one HR software** is the most straightforward solution for all of HR's most pressing challenges.

For companies wanting to turn things around holistically and methodically in the coming year, complete HR software can make all of these challenges feel that much more approachable—and surmountable.

48% of HR Teams Say It's Becoming Harder to Fill Open Roles with Qualified Talent

Talent acquisition (TA) leads as the single most common **(44%)** and difficult **(22%)** challenge facing HR teams today.

44%
say TA is most common challenge

22%
say TA is most difficult challenge
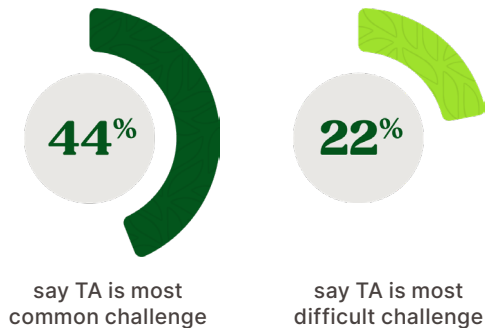
Specifically, almost half **(48%)** say finding and attracting *the right people* to fill open roles has recently become increasingly challenging. Respondents mainly reported challenges around **the lack of qualified and skilled labor** but also mentioned the inability to offer competitive salaries or provide the flexibility most candidates want.

Interestingly, some respondents said their main challenge with talent acquisition was "not enough applicants" (Healthcare) while others cited "too many applicants" (Finance and Insurance). But the consensus remains that finding the right people is a serious concern for many companies going into 2024.

The Most Challenging Part of Talent Acquisition Is...

"People like to quit."

"The work from home aspect."

"More and more applications from underqualified people."

"Finding the right fit and keeping talent when you find it."

"Trouble attracting qualified job candidates."

"We can't find the right people."

"Candidates always ask for too high a salary."

"Finding quality talent with specific skill sets."
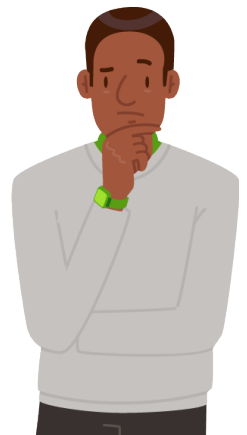
"Employees want more flexibility."

"There are too few people looking for jobs."

"Talent bottleneck."

"Employee benefits play a major part."

"Talent shortage and skill matching problem."

"Not enough applicants applying for open positions."

Widespread staff shortages continue to affect major industries, including construction, restaurants and food and beverage, hospitality, and healthcare, and solving this dilemma is top of mind for HR teams, recruiters, and CEOs alike.

Other notable reasons for talent acquisition challenges?

- **26%** say inefficient hiring has slowed the company down and caused them to miss out on the best talent.

- **22%** say recruiters are unsure of which of their recruiting sources are working and which are not.

48% Lack of qualified talent

26% Inefficient hiring processes

22% Lack of insight into job site efficacy
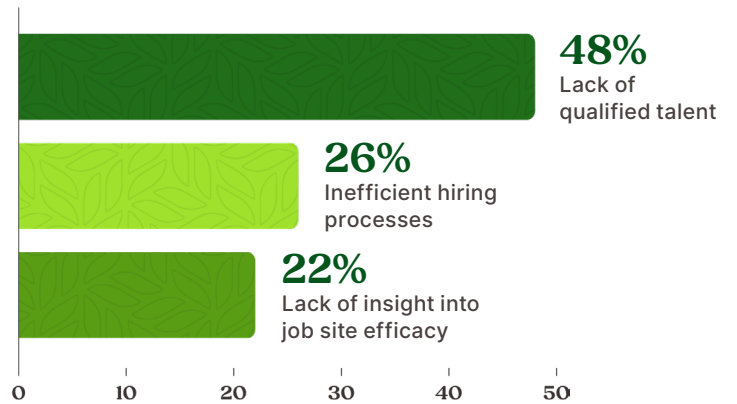
## Advice to HR: Broaden Your Applicant Pools and Add Attractive Benefits

As **Baby Boomers retire**, labor market challenges aren't predicted to ease up any time soon, but there are a number of strategies you can pursue that will help you strengthen your workforce now and in the future.

- **Apprenticeships** turn entry-level and high-churn jobs into a unique value proposition for new employees, providing them an opportunity to grow while helping you upskill existing workers into vacant roles.

- **Second-chance hiring** (also called **fair chance** hiring) expands your talent pool while addressing the estimated $78 to $87 billion loss in GDP attributed to excluding formerly incarcerated job seekers from the workforce.

- Expanding **childcare access** and rethinking **benefit offerings** further widens your hiring pool while helping your company stand out from the crowd in a highly competitive market.
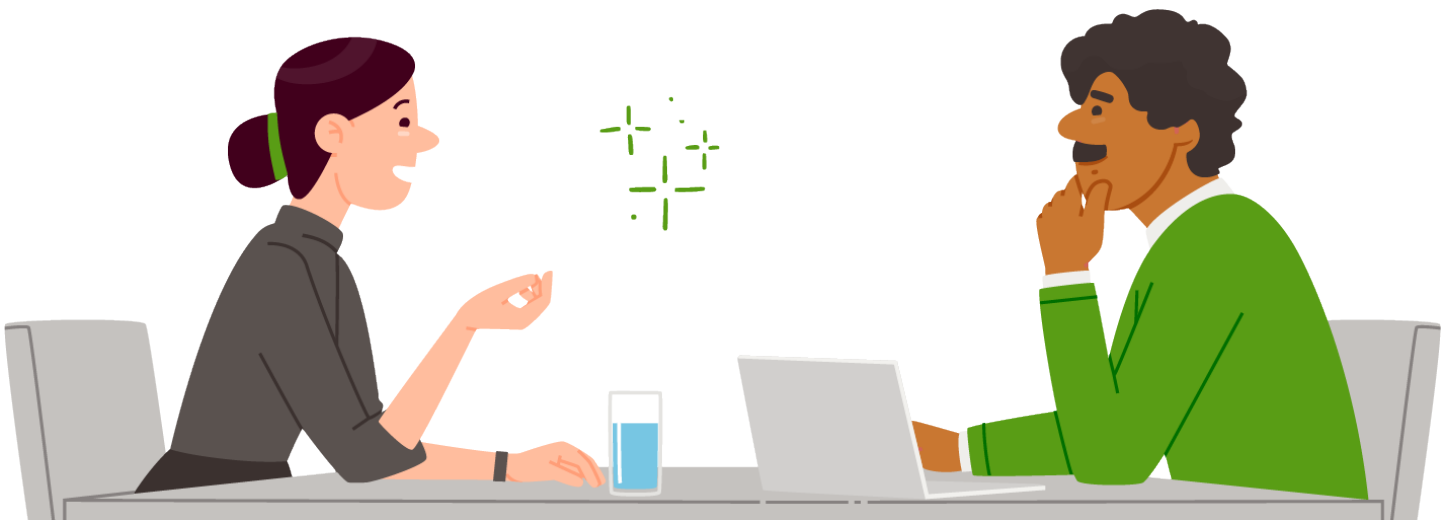
Nearly 1 in 5 HR Pros Say Onboarding and Training Are Their Most Difficult Challenges

After learning how hard many companies are fighting to **find and recruit talent**, it's easy to understand why onboarding ranks second on the list of most common HR challenges. About **three in five (63%) HR pros say onboarding, offboarding, and training are the most common obstacles** they face in their work, and one in five (18%) say these are the most difficult HR functions they tackle.

Most Common:
Onboarding, offboarding, training

Most Difficult:
Onboarding, offboarding, training
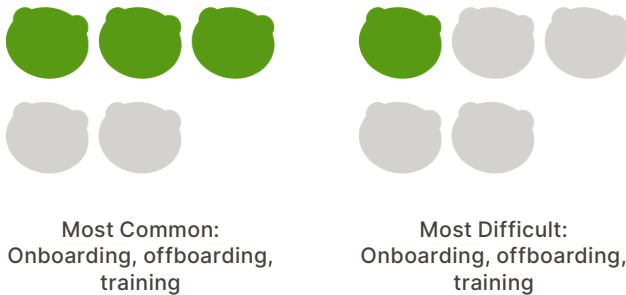
The pressure is on to get this crucial piece of the employee experience right. The quality of companies' onboarding and training will have the greatest impact on whether or not new hires will stay with them long-term, and companies only have a short window of time to convince new talent they're worth it.

In our **2023 Onboarding Report**, we learned that 70% of new hires decide if a job is the right fit within the first month, and 29% know in the first week. On average, **companies have 44 days to influence a new hire's long-term retention**.

HR Pros in Their Own Words

Here's what some of our respondents—employees with HR responsibilities at small and medium-sized organizations within the US—had to say about the onboarding and training challenges they're currently facing at their companies:

"Each year, there is more and more we have to add to onboarding. Laws and regulations have been increasingly challenging. Also, the quality of new hires has become worse and worse, and with that comes new employees who find the onboarding difficult.

"We don't hire in waves currently, which means training is a never-ending cycle. In addition, we need to balance general and role-specific training, which is difficult when staff are at capacity."

"With so many employees now working remote, it's much more difficult to ensure clear and concise information regarding our policies and procedures."

"There are so many different trainings in my industry, we have a hard time keeping up with which are required, the frequency of the requirement, and making sure every employee gets the training."
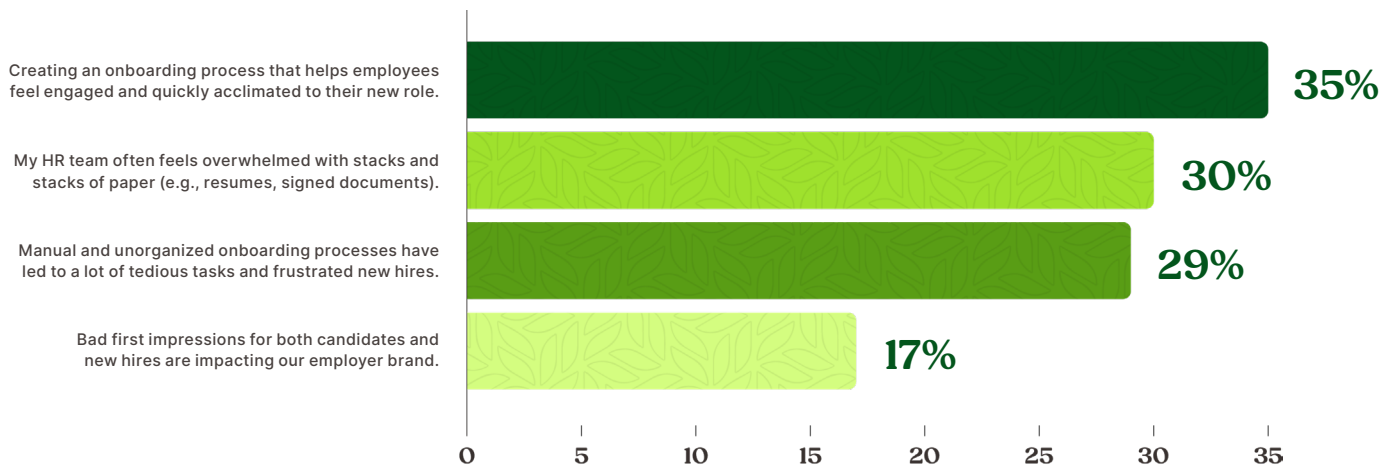
Onboarding's Effect on Employer Brand, Employee Engagement, and HR Burnout

17% of HR teams say bad first impressions for both candidates and new hires are impacting their employer brand, but caring specifically about **employer brand** may feel like a luxury when 30% of HR teams feel overwhelmed with stacks and stacks of new-hire paperwork (e.g., resumes, signed documents, etc.).

And each problem dominos into the next. HR teams aren't the only ones stressed out by manual and unorganized onboarding processes—almost one in three (29%) HR teams say these manual hangups have led to a lot of tedious tasks that frustrate new hires, too.

Muddling through these processes comes at a cost to employee engagement, with 35% of HR saying they struggle to create an onboarding experience that helps employees feel engaged and acclimated to their new role as quickly as possible.

Roadblocks to Successful Onboarding

| Roadblock	Percentage
Creating an onboarding process that helps employees feel engaged and quickly acclimated to their new role.	35%
My HR team often feels overwhelmed with stacks and stacks of paper (e.g., resumes, signed documents).	30%
Manual and unorganized onboarding processes have led to a lot of tedious tasks and frustrated new hires.	29%
Bad first impressions for both candidates and new hires are impacting our employer brand.	17%

Advice to HR: Adopt a Formal Onboarding Strategy

Without a formal **onboarding** strategy and process, your new hires are left to sink or swim, and the odds are stacked against them. Almost half (44%) of all new hires say they've had regrets or second thoughts about a new job—and about one in four (23%) say they've cried—within their first week.

Don't leave the new-hire experience up to chance. Here are a few resources to help you articulate an onboarding strategy and philosophy at your company, and formalize a process for 2024:

- **The Definitive Guide to Onboarding for 2024**

- **The BambooHR Onboarding Checklist**

- **The BambooHR Pre-Onboarding Roadmap**
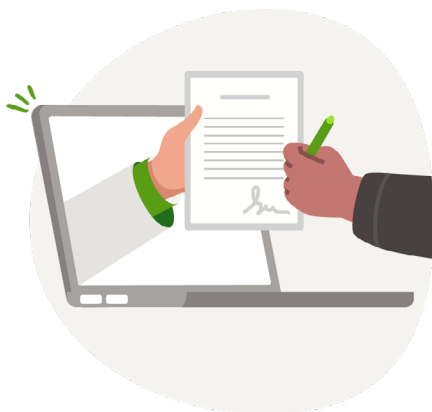
1 in 3 Companies Aren't Sure How to Improve Employee Experience and Retention

With **employee happiness** in a nose-dive, **union representation** on the rise, and the popularization of nontraditional approaches to work (i.e., **quiet quitting**, "**lazy girl jobs**," **overemployment**, and the **anti-work movement**), it's especially important for HR teams to seize the reins on the employee experience.

Impacting the employee experience is the most common challenge for 24% of HR teams. But even though only 5.6% would call it their most difficult challenge—likely because other challenges, such as hiring, feel more pressing—30% don't know where to begin improving it.

30%
don't know where to begin improving employee experience and retention.

The second-most tracked Key Performance Indicator (KPI) after employee productivity—retention—weighs heavily on a company's ability to secure an ROI on their hiring investment.

As a result, the struggle to improve the new-hire and employee experience creates a unique opportunity for HR pros. When they effectively communicate the impact of employee experience on retention, HR teams can gain greater influence and benefit the company.
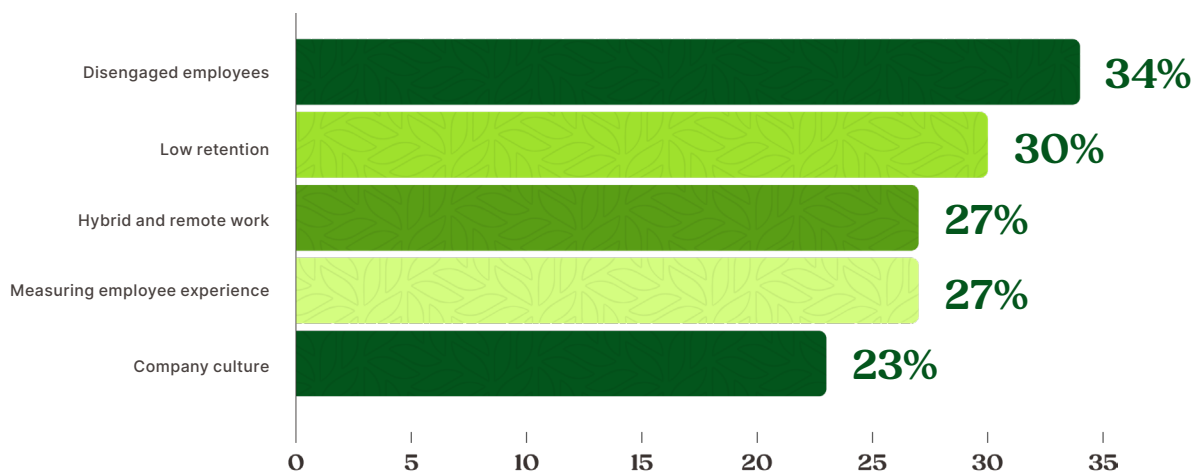
Remote Work, Company Culture, and the Struggle to Keep Employees Engaged

34% of HR pros report their companies are concerned about employees becoming disengaged with their work, a state of mind that almost invariably leads to lower productivity and turnover.

And it's a valid concern—one in three (30%) HR teams report that poor employee experience is actively leading to low retention rates and that they don't have a gameplan to turn things around. Additionally, 27% say they don't even have a way to measure employee experience.

Other concerns include the impact hybrid and remote work may have on performance, employee experience, and connection (27%), and creating a company culture that stands out from the crowd (23%).

What Are the Biggest Onboarding Challenges?

| Challenge	Percentage
Disengaged employees	34%
Low retention	30%
Hybrid and remote work	27%
Measuring employee experience	27%
Company culture	23%

Advice to HR: Boost Retention by Refining Performance Management Processes

Employee experience, and consequently retention, is largely affected by an employee's ability to see themselves at a company long-term. If they can't clearly see a reason they should stay, such as the opportunity for growth and development, they're likely to envision their departure soon enough.

A formal and **effective performance management** process provides ongoing, structured touchpoints employees can rely on to get the direction and feedback they need to grow and develop at a company. If your process isn't working, focus on refining based on feedback collected through anonymous surveys. Anonymization will help encourage honest, critical feedback you can use to improve.

Additionally, with a strong performance management process, you can directly address the following performance-related challenges highlighted in the report:

- My employees are receiving little to no feedback on their performance (27%)

- Running performance reviews and assessments is a difficult process with poor adoption (25%)

- My employees don't see or understand their career path at my company (19%)

Employees receive little to no feedback	**27%**
Difficult PM process with poor adoption	**25%**
No clear path for career growth	**19%**
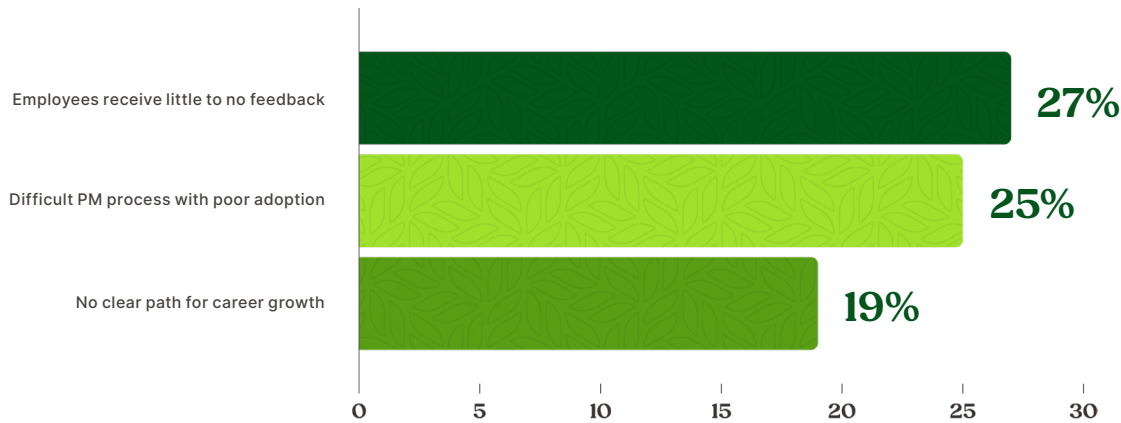
52% of HR Teams Struggle to Manage Employee Data and Reports, Limiting Opportunities to Drive Impact

Managing employee data and generating usable reports is a struggle for 52% of HR pros, but only 14% would call it their most difficult challenge. However, being able to track and report on employee data remains an essential function for HR business partners and leaders.

52%

Most Common:
Managing employee data, generating reports

14%

Most Difficult:
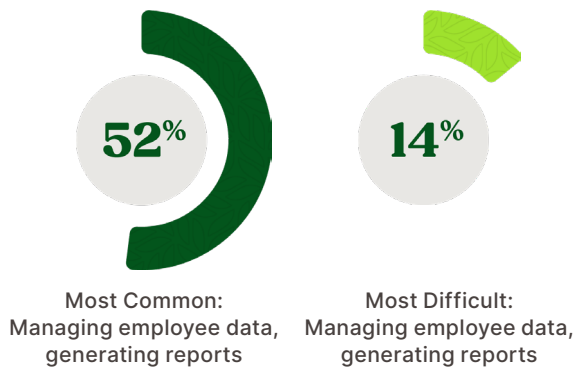Managing employee data, generating reports

Without access to accurate data, it's hard for HR teams to identify challenges, recommend measurable solutions to executives, and drive positive business impact. Unfortunately, at least 5% of our respondents don't use any formal HR-related KPIs to track the success of their efforts.

That's like training for a race without a stopwatch! How can HR plot strategies for improvement if they don't know their personal best (and worst)?

How Are HR Pros Measuring—or Struggling to Measure—HR KPIs?

Less than half (44%) track employee productivity, but that's still the most tracked KPI of the bunch. Clearly, there's room for improvement in 2024 when it comes to measuring and improving HR impact and success.

Here's how other KPIs are tracked (or neglected):

What KPIs, if any, are used by the HR function?

KPI	Percentage
Employee Productivity	44%
Employee Retention	42%
Employee Turnover Rate	38%
Employee Engagement	37%
Employee Satisfaction	37%
Training Effectiveness	32%
Training Costs Per Employee	24%
Time to Hire	22%
Recruitment Costs	21%
Absenteeism Rate	19%
Diversity Metrics	18%
90-Day Failure Rate	14%
Employee Net Promoter Score (eNPS)	7%
We don't have formal KPIs	5%
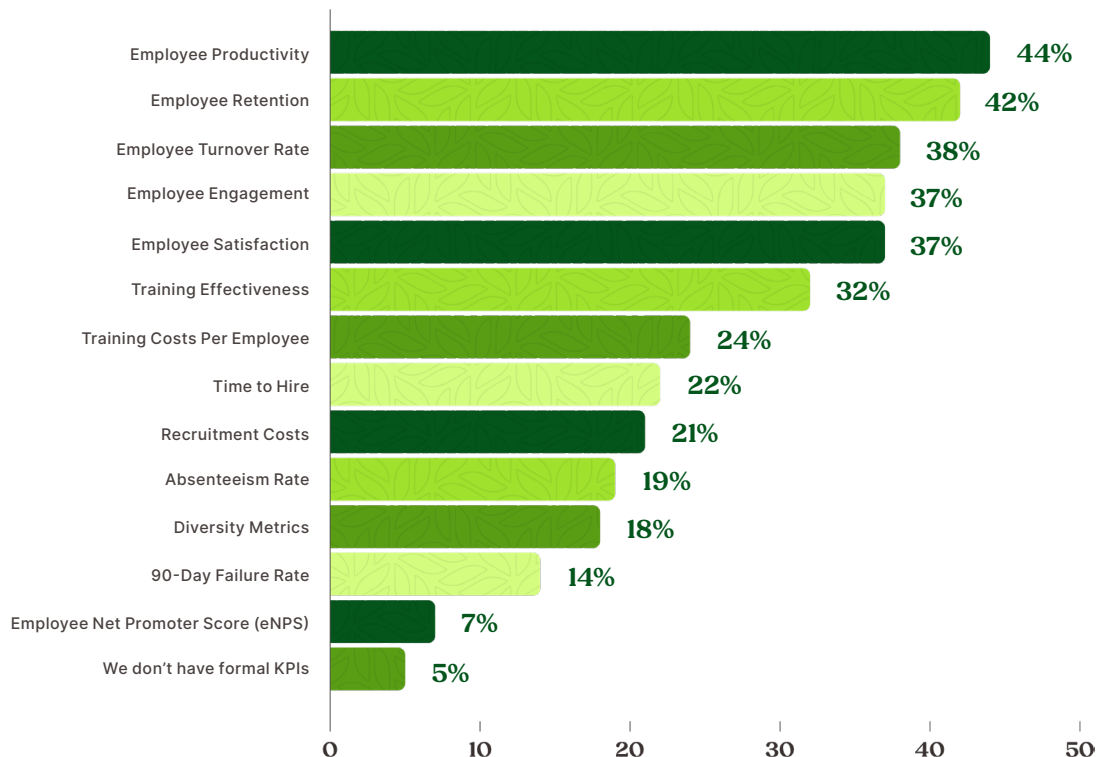
But data-wrangling and analyzing isn't easy. For many in HR, a host of challenges stand in the way of becoming the data wizards they'd like to be, ready to wow in every meeting with slide decks full of punchy, actionable insights.
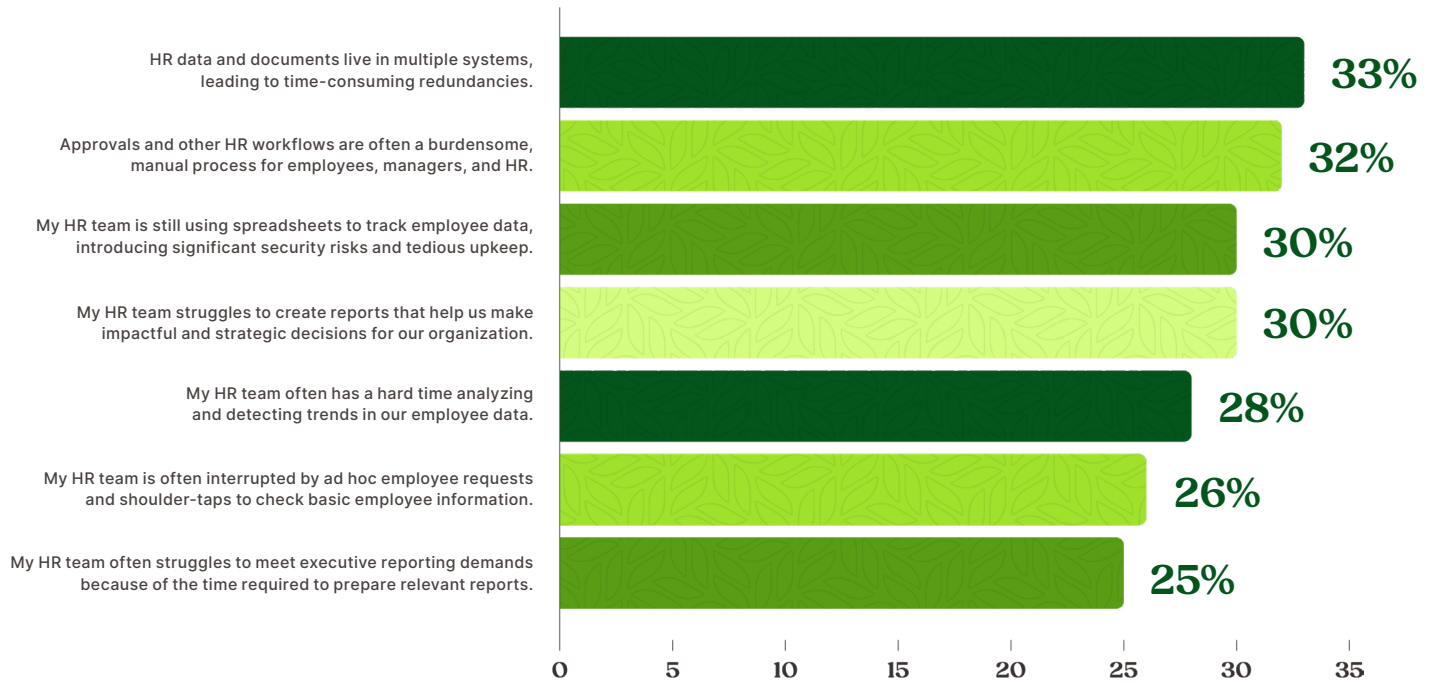
33% say that because their HR data and documents live in multiple systems, they have to deal with time-consuming redundancies, and 30% still use spreadsheets to track employee data.

It's no wonder then that one in four HR pros (25%) struggle to meet executive reporting demands. 28% also say they have a hard time detecting trends in their data, which could otherwise inform important strategic decisions.

HR Data and Reporting Challenges

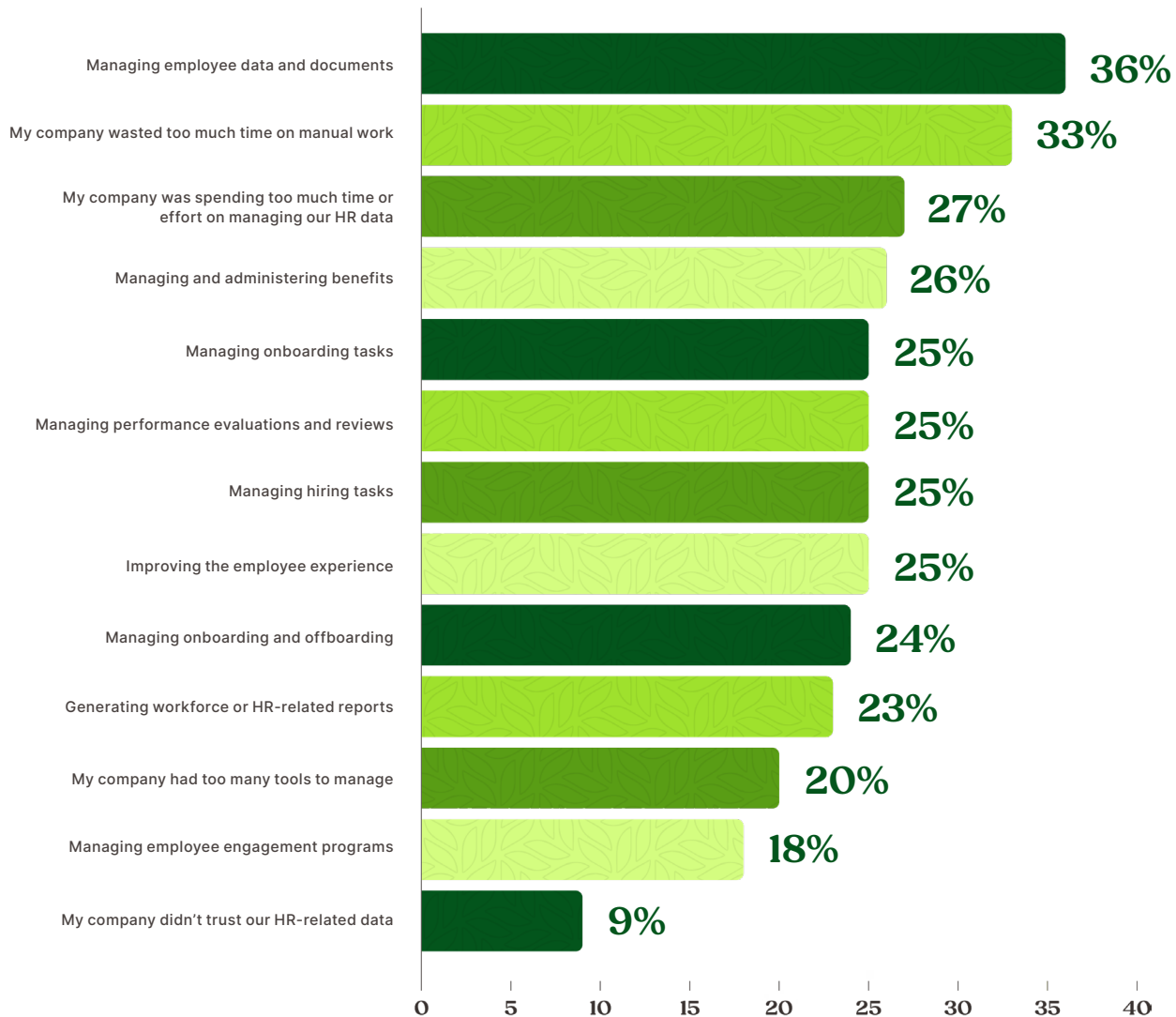| Challenge	Percentage
HR data and documents live in multiple systems, leading to time-consuming redundancies.	33%
Approvals and other HR workflows are often a burdensome, manual process for employees, managers, and HR.	32%
My HR team is still using spreadsheets to track employee data, introducing significant security risks and tedious upkeep.	30%
My HR team struggles to create reports that help us make impactful and strategic decisions for our organization.	30%
My HR team often has a hard time analyzing and detecting trends in our employee data.	28%
My HR team is often interrupted by ad hoc employee requests and shoulder-taps to check basic employee information.	26%
My HR team often struggles to meet executive reporting demands because of the time required to prepare relevant reports.	25%

Advice to HR: Tackle HR Data and Reporting Hangups with an HRIS

An HRIS makes a significant difference in your ability to manage today's top HR challenges, including HR data management and reporting. We recommend at least partially basing your choice of HRIS on how well it can help you wrangle data on the KPIs listed above and on the quality of its reporting.

Leveraging a reliable HRIS can also help you tackle common tech stack challenges, which include lack of customizations, siloed and parallel data processes, inflexibility, and high costs in both labor and maintenance of disparate systems.

Challenges Before Purchasing an HRIS

Challenge	%
Managing employee data and documents	36%
My company wasted too much time on manual work	33%
My company was spending too much time or effort on managing our HR data	27%
Managing and administering benefits	26%
Managing onboarding tasks	25%
Managing performance evaluations and reviews	25%
Managing hiring tasks	25%
Improving the employee experience	25%
Managing onboarding and offboarding	24%
Generating workforce or HR-related reports	23%
My company had too many tools to manage	20%
Managing employee engagement programs	18%
My company didn't trust our HR-related data	9%

HR Teams Worry Disconnected Payroll, Time Tracking, and Benefits Systems Can Cause Compensation Errors

One in three HR professionals (33%) say managing **benefits, time tracking, and payroll** in different systems is time-consuming and error-prone.

Payroll and Time Tracking

Many are sinking hours and days into preparing and **running payroll** each pay period (28%) and chasing down employees for timesheets and managers for approvals (25%).

Tracking time and running payroll in separate systems creates roadblocks for 27% of teams, while almost one in four (24%) report that their current processes have created a negative experience for employees who have to sign into multiple places to make changes that affect pay.

Time Tracking & Payroll Challenges

28% Spending hours/days preparing and running payroll each pay period due to manual and inefficient methods

27% Tracking time separately from payroll necessitates custom integrations or manual data exports, risking data format mismatches

25% Spending hours collecting employee timesheets or approvals from managers

24% Employees have a negative experience when they need to sign into multiple places to make changes that affect pay

Benefits Administration

As for managing **benefits**, open enrollment, and communication with carriers, over one in three (32%) are still hampered by frustrating and error-prone manual processes. And 25% actively worry about benefit deduction discrepancies when pulling from third-party systems into payroll.

Benefits Administration Challenges

32% Managing employee benefits, including open enrollment, through manual processes like carrier forms and spreadsheets is a frustrating and error-prone process

29% Educating employees about their benefit options through building communication plans, conducting training sessions, and addressing individual questions is a big time suck

25% I worry that benefit deductions won't pull correctly from a third-party system into payroll, leading to errors when compensating employees

Advice to HR: Consolidate Your Time Tracking, Benefits, and Payroll Functions In One System

When it comes to compensating employees correctly, time tracking, benefits, and payroll rely on each other more than any other set of HR functions. Making sure each system speaks fluently to the others while pulling from a central system of record is a crucial step to curing the pains of manual and disparate processes.

As a complete HR platform, BambooHR provides the cohesion 33% of our respondents are missing, but implementing a new HRIS where time tracking, benefits, and payroll systems work together may not be in the cards for many HR teams this year. In the meantime, here are a few free resources to give your processes a little more structure in 2024:

- **Open Enrollment Communications Plan Templates**

- **Pre- and Post-Enrollment Checklists**

- **Pay Stub Template**

- **Payroll Checklist**

About BambooHR

BambooHR® brings together everything from hire to retire, helping businesses create amazing workplaces. With our complete HR platform, you can easily hire and onboard top talent, manage time, payroll, and benefits, analyze employee data, and more. Our mission is to set you free to focus on what matters most: your people. To find out more, visit **bamboohr. com** or follow **@bamboohr** on social media.

Methodology

The data analysis for this report was generated using Qualtrics software, Version July 2024 of Qualtrics. Copyright© 2024 Qualtrics. Qualtrics and all other Qualtrics product or service names are registered trademarks or trademarks of Qualtrics, Provo, UT, USA. **https://www.qualtrics.com**

All source data was retrieved between July 2023 and August 2023, and includes 1200 respondents who have HR responsibilities at small and medium-sized organizations within the US.

Industries included are healthcare, finance, construction, travel and hospitality, restaurant and food and beverage, education, technology, and more.