

*10<sup>TH</sup> Annual*

# Total Rewards Symposium 2024



d. hilton associates inc.

# Top Three Trends Shaping the Human Resources Landscape

Jeff Rock, PHR  
Vice President



d. hilton associates inc.



Jeff Rock, PHR

**Vice President**

**D. Hilton Associates, Inc.**

[jeff@dhilton.com](mailto:jeff@dhilton.com)

**BEST BOOK**

“Thinking, Fast and Slow” by Daniel Kahneman

“Mindset” by Dr. Carol Dweck

**BEST POD**

Worklife with Adam Grant

**BEST BINGE**

The Great British Baking Show

---

**Vice President**

D. Hilton Associates, Inc. (6 years)

**Texas A&M**

BS Psychology, Neuroscience, English

**SHRM**

Professional in Human Resources Designation



1



Staffing Models  
May Need  
Updating

# Traditional Staffing Models

68% of financial services firms still rely on traditional staffing models.

This is down from 75% 2022.

- Traditional Employment Model: Based on stable, long-term roles and clear hierarchies
- Shift in Workforce Trends: Organizations are moving away from traditional models to adapt to agile and digital transformation needs
- Drivers of Change: Growing demand for flexibility, cost efficiency, and specialized skills
- Challenges of Traditional Models: Risk of silos and overspecialization limit adaptability in modern workplaces

*Source: Deloitte, 2023 Global Human Capital Trends*

# 75%

of financial services  
companies have  
adopted some form  
of **agile delivery  
model** to adapt to  
shifting delivery  
models

Digital transformation

Shared services/expertise centers

Build-operate-transfer models (BOT)

*Source: McKinsey & Company, The State of Agile in Financial Services*

44% of worker skills will need to be updated/disrupted over the next five years.

The skills expected from entry-level roles have increased exponentially, but this has been more of an expansion of responsibilities than a cross-functional team model.

There is a talent shortage in key areas like data science, cybersecurity, and digital product development.

*Source: World Economic Forum's 2023 Future of Jobs Report*



# Responsibility Bloat

Teller Skillset Requirements have increased 50%-80% in the last 10 Years

## 2015

Accurate cash handling  
Client/Member service  
Basic cross-selling (not central to job)  
Be on time  
Keep area clean/clear

## 2025

Core System Proficiency	Problem-Solving
Digital Banking Familiarity	Identifying Member Needs
Cybersecurity Awareness	Referral Skills
Compliance	Adaptability
Product/Expertise	Commitment to learning
Transaction Handling	Security Practices
Effective Communication	Cultural Competence
Empathy & Patience	Teamwork



National average for a Teller in 2014  
was ~\$12.62/hr.  
That's \$26,250 annually

National average for a Teller in 2024  
is ~\$18/hr.  
That's \$37,440 annually

That's a 43% increase!

**\$37,440 in 2024 is worth \$28,111 in 2014**

That is **~\$0.89/hour** more than the national average 10 years ago

*Source: Bureau of Labor Statistics/CPI Inflation Calculator*

Multifaceted roles  
are inevitable

Credit unions have been adopting services which require employees to have both traditional banking skills and digital competencies.

Appropriate  
opportunities to  
develop the needed  
skills are not

There is a push for creating high-touch, fully-integrated consumer experiences across physical and digital channels. Soft skills are integrating with digital skills more than ever.

Credit Unions are working to equip frontline staff with cross-channel member insights and intelligence, which implies that even traditionally specialized roles are expanding to include broader skill sets.

In the 2019 D. Hilton  
Comp Forecast, we  
stated that now was  
the time to prepare  
your workforce for  
AI.....

How did that go?

## Implement AI Solutions

Using AI or machine learning to automate routine tasks can free up staff for more complex responsibilities.

AI can help bridge a skills gap and knowledge gap - while this should not replace a robust training and development program, it can increase the effectiveness of new and seasoned employees.

This can ease the staff squeeze and reduce the need for certain hard-to-fill roles.

Generative AI will enhance – not erase – customer service: “AI, guided by humans, will require... judgment, insight, moral reasoning, and innovation. This is a far cry from following scripts or handing off customers to other, more knowledgeable CSRs.

*Source: Harvard Business Review, 2023*

Customer Service agents provide a critical human element: **empathy**. By providing the best of both worlds: speed and human empathy, AI can create more satisfied customers and more engaged employees.

*Source: Forbes, 2023*

## Staffing models for credit unions to support modern delivery challenges should consider:

**Implementing flexible work arrangements:** Where possible, provide remote or hybrid work options to attract a wider talent pool.

**Creating career advancement opportunities:** Establish clear paths for career growth. This does not mean only creating additional levels in a job title.

**Creating agile, cross-functional teams** that can adapt quickly to changing member needs and delivery methods.

**Partnering with other credit unions** to share specialized talent and resources.

**Focusing on skill-based hiring** rather than specific experience, further broadening the talent pool.

**Leveraging AI solutions** to automate routine tasks.

**Build a robust training and development program and process to focus on the skills gaps.**

**One of the single most important skills to train and develop for the future is  
Management Skills.**

Whether you are leading people or a team of AI assistants, the same core skills will be needed:

Goal Setting

Strategic Thinking

Delegation

Project Management

Adaptability

Leveraging the team/individual/AI strengths



2



# The NEET Generation



## What is NEET?

1 in 5 young people around the world are currently classified as NEET.

"Not in Employment, Education, or Training"

Refers to young people, usually between 15 to 29 years old, who are not working or enrolled in formal education or vocational training.

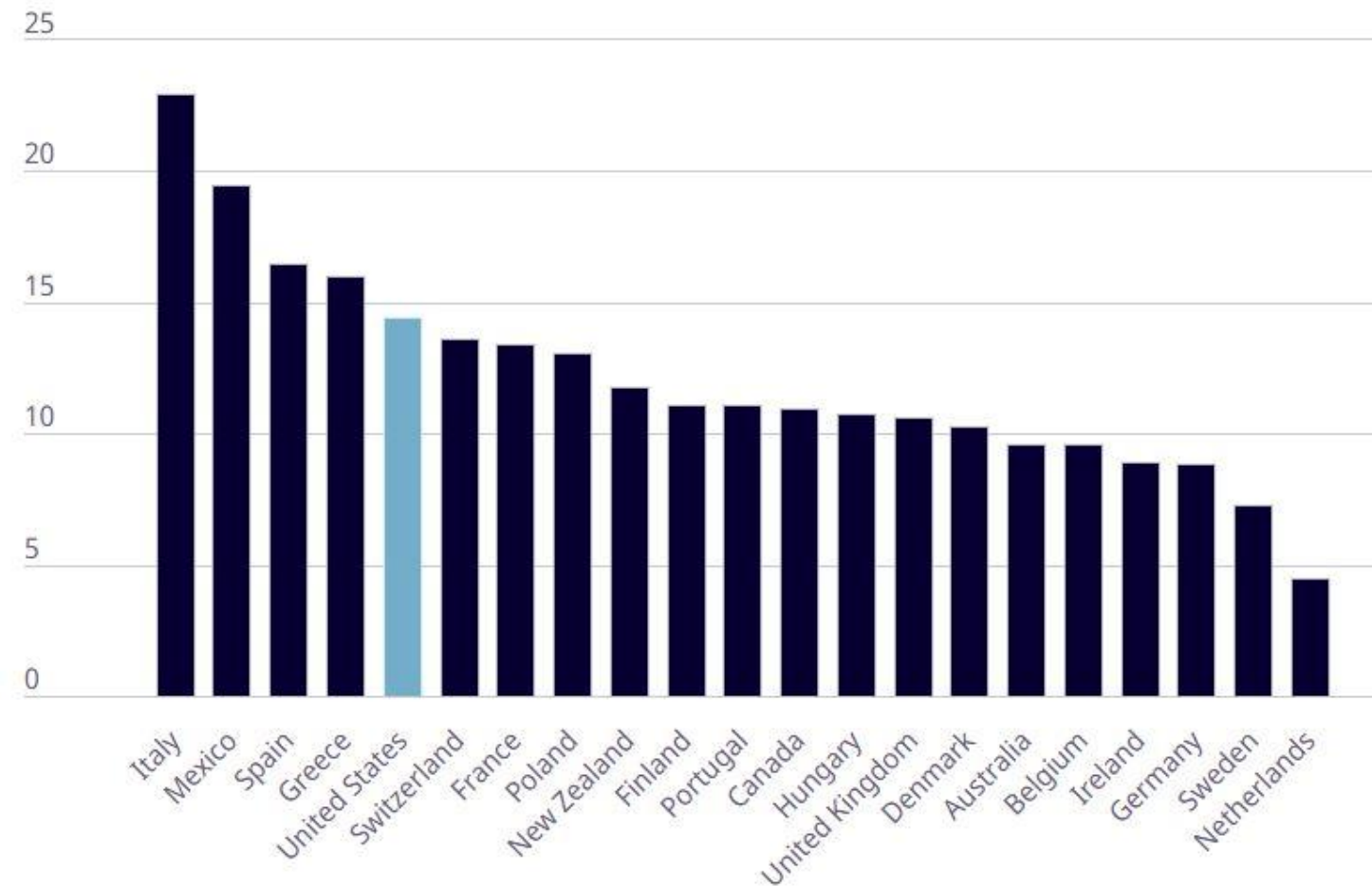
A growing cohort of Gen Zers are rejecting life's significant milestones and becoming NEETs.

There is a higher proportion of men than women in this population. One possible explanation for this is that women are more likely to accept job offers that may not perfectly align with their career path, while men often hold out for roles that offer better compensation, status, or are more closely related to their career goals.

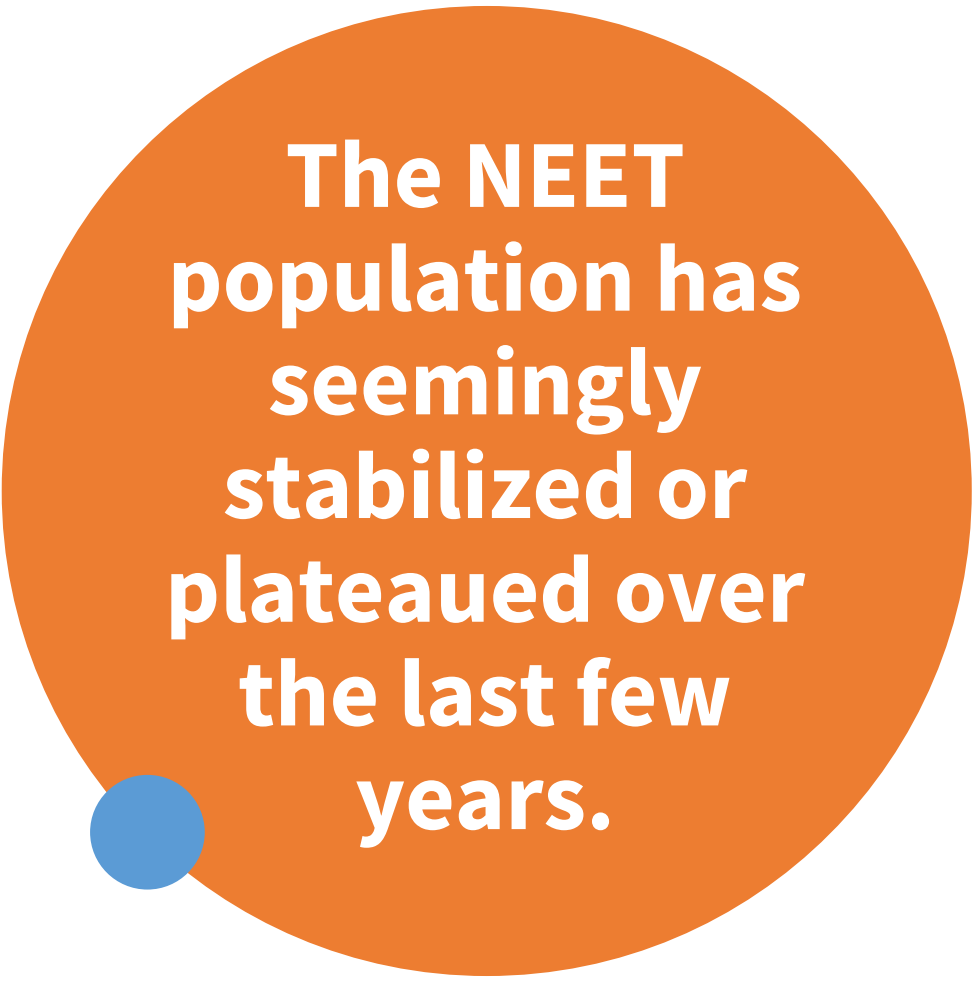
It's not that young men do not want to work – they want the right type of work.

### Youth not in employment, education or training (NEET)

15-29 year-olds, % in same age group, 2022



Source: Organization for Economic Co-operation and Development



**The NEET  
population has  
seemingly  
stabilized or  
plateaued over  
the last few  
years.**



## The new reality is setting in.

The financial pressures to find a career and the mindset of holding out for the unicorn role has started to fade. The sky-high expectations and supreme compensation for similar roles that their predecessors enjoyed after the COVID pandemic are becoming more grounded in the market reality.

# Targeting the Untapped Potential of NEET

Refocus on Financial Literacy Programs

Partner with Schools and Colleges

Offer Apprenticeship Programs designed for NEETs

Increase Digital Skills Training and offer these to attract tech-savvy youth.

## Continue with the basics that make credit unions so valuable to the community

**Local Partnerships:** Work with community organizations and government agencies that work with NEETs to create referral programs and job placement services.

**Youth Advisory Board:** Establish a youth advisory board to provide insights on how credit unions can better serve and employ young people.

## Flexibility is still a major draw for employees

### Flexible Work Arrangements

Offer part-time, hybrid, or remote work options to accommodate NEETs who may have caregiving responsibilities or other constraints.

### Entry-Level Positions

Have a clear career path with defined milestones and pathways for advancement designed to accommodate those with limited work experience.

### Mentorship Programs

Pair new NEET hires with experienced credit union professionals – it just so happens that many Gen-X prefer to provide mentor-like support.

### Top 3 Drivers for Employee Attraction

Pay (Including Bonus) 56%  
Job Security 35%  
Flexible Work Arrangement 32%

### Top 3 Drivers for Employee Retention

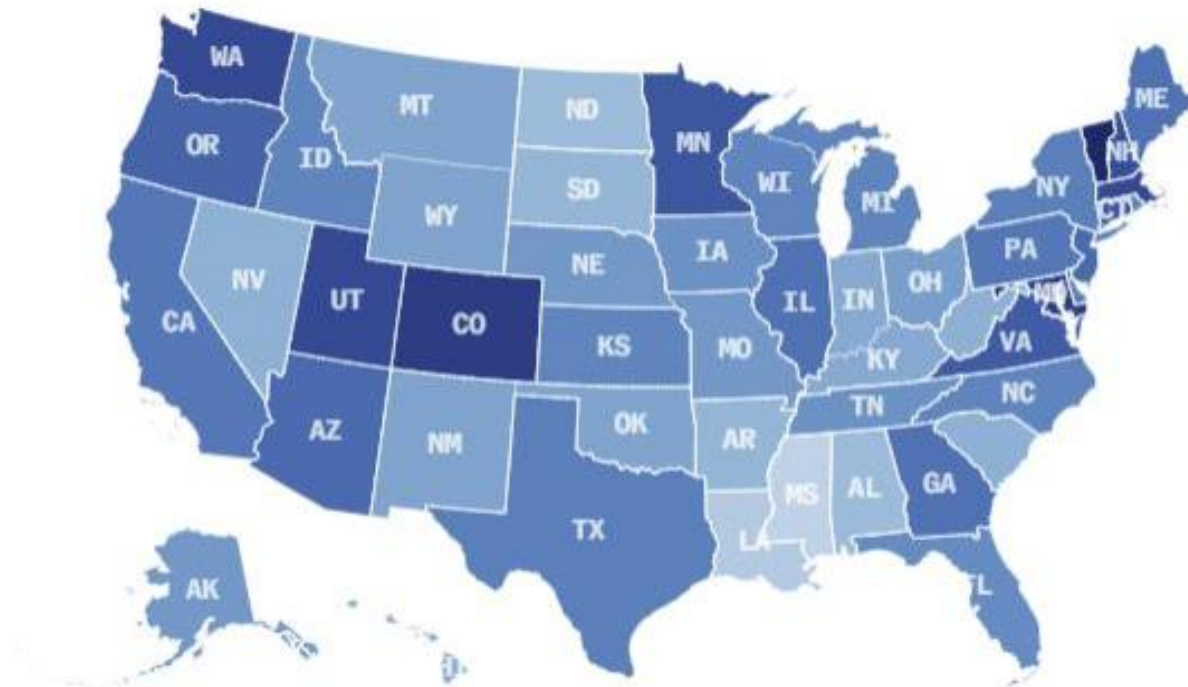
Pay (Including Bonus) 43%  
Job Security 39%  
Working Environment 32%

Source: 2024 WTW Benefits Attitudes Survey

# America's Remaining Remote Work Hot Spots

[% who said that someone in household had teleworked / worked from home in the last 7 days, May 28 - Jun 24]

0 40 %



Flexible work  
arrangements are still  
prevalent

Utilize the market trends  
to craft a strategy that  
will be most competitive

*Source: Census Bureau Household Pulse Survey*



3

# Frontline Managers: The First-Line of HR



Human Resources has long been on an island. The concept has been the same as other departments: specialize in what that department does and then manage that process.

Shifting HR from managing the process to leading the function is a precedent that we have been discussing. However, it is now more important than ever to invest in expanding the HR process through different avenues.

With laws changing constantly and the push for transparency, expanding the reach and scope of the HR process through the frontline managers is a great first step in boosting the key performance indicators across the board.

80% of the world's workforce falls under the frontline category.

60% of a company's leadership are frontline managers.

40% of frontline managers are in their first year of leadership.

70% of them want more training to do better in their jobs but are not receiving it.

Frontline managers are the backbone of most organizations, overseeing the majority of the workforce.

Despite their critical position, many are underprepared and under-supported, missing the opportunity to act as the first-line of HR in addressing employee concerns and fostering a positive work environment.

By investing in their development through comprehensive training and mentorship programs, companies can empower frontline managers to lead effectively and manage human resources proactively, ultimately driving greater employee satisfaction and organizational success.

*Source: Beekeeper Frontline Workforce Pulse Report 2024*

# Why should you **develop** the frontline managers' skills in HR?

**Bridge the gap:** Frontline managers act as a crucial link between upper management and frontline employees. They communicate organizational strategies and gather feedback from employees, making them pivotal in implementing HR policies and practices.

**Large direct impact on employee engagement:** The effectiveness of frontline managers directly influences employee engagement and morale. Their increased ability to motivate and support employees can lead to improved performance and job satisfaction.

**Compliance and Regulation:** Regulatory compliance is critical. Arming managers to speak accurately and articulately about pay transparency will allow critical information to flow in a manner which will build confidence that pay is considered fairly. Perception is reality.

**Be Strategic:** Target key areas of HR for the greatest returns, such as pay transparency – it is only going to become more relevant.

## Prepare the Team

### **Comprehensive Training Programs**

- Develop training that covers HR fundamentals, pay structures, and compensation policies specific to the credit union.
- Include modules on effective communication, especially regarding sensitive topics like pay.

### **Understand Pay Transparency:**

- Educate managers on the importance and benefits of pay transparency, such as fostering trust, promoting equality, and enhancing the employer reputation.
- Train them on relevant laws and regulations regarding pay transparency in your area. If there are none specifically, it is time to plan for it and what your pay philosophy should say about it.

### **Communication Skills:**

- Develop managers' ability to have open and honest conversations about pay.
- Train them in handling difficult questions and addressing employee concerns.

## Prepare the Team

Compensation Philosophy

Pay Equity

Change Management

- **Expansive Role of Frontline Managers:** Responsible for a broad range of tasks, requiring re-evaluation of role expectations
- **Need for HR Training:** Equipping managers with HR skills strengthens workforce unity and relationships
- **Addressing 'Us vs. Them' Dynamics:** Directly empowering managers reduces reliance on HR, fostering authority and autonomy
- **Credit Union Investment in Training:** Ongoing support for managers to handle HR issues effectively
- **Benefits:** Builds a culture of trust, support, and collaboration for a cohesive work environment



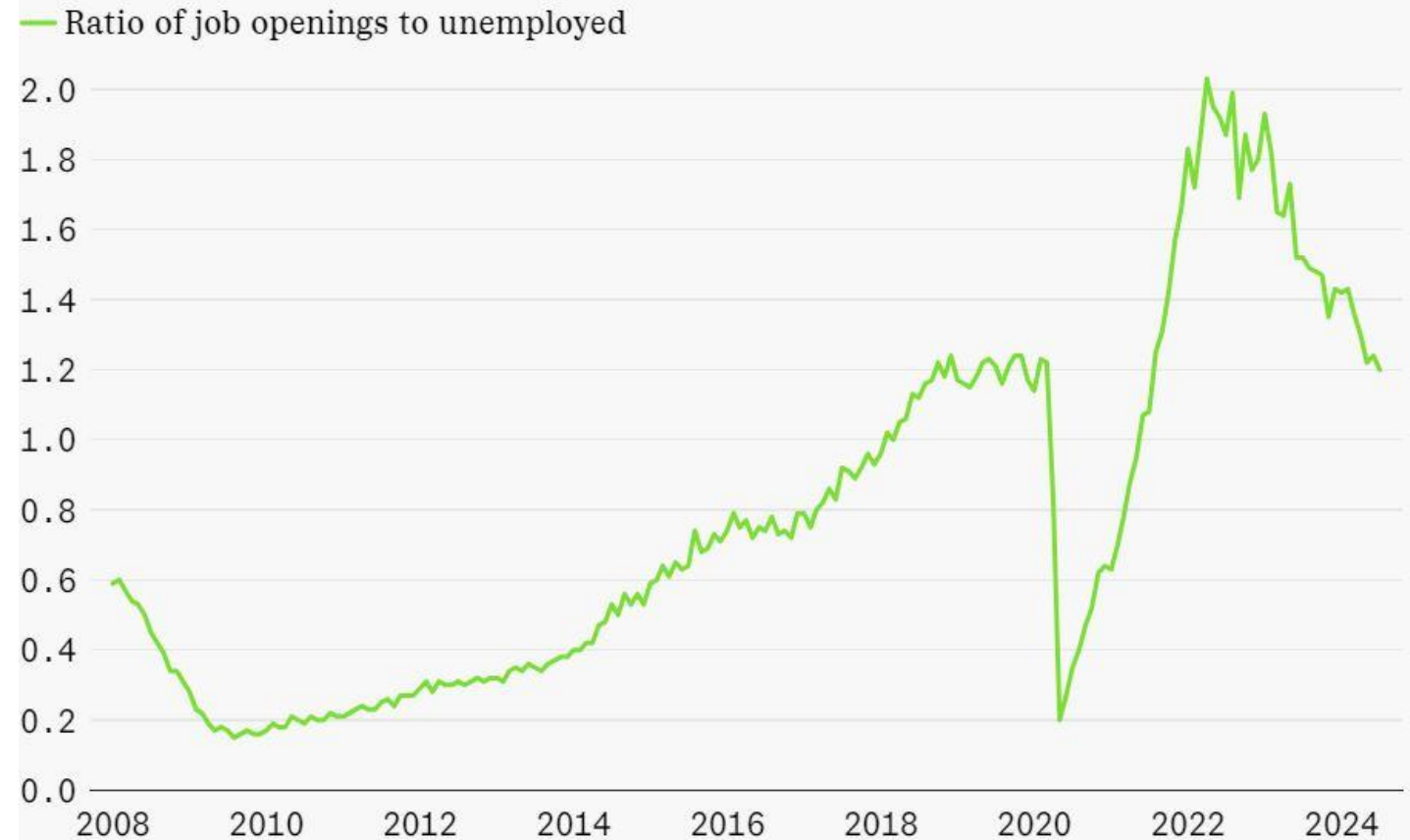
# D. Hilton's 2025 Budgeting Forecast



## Use caution when considering the job opening metric

Along with NEETs impacting this metric, 13.2% of retired boomers started a new job and effectively “unretired” as inflation and prices cut into savings.

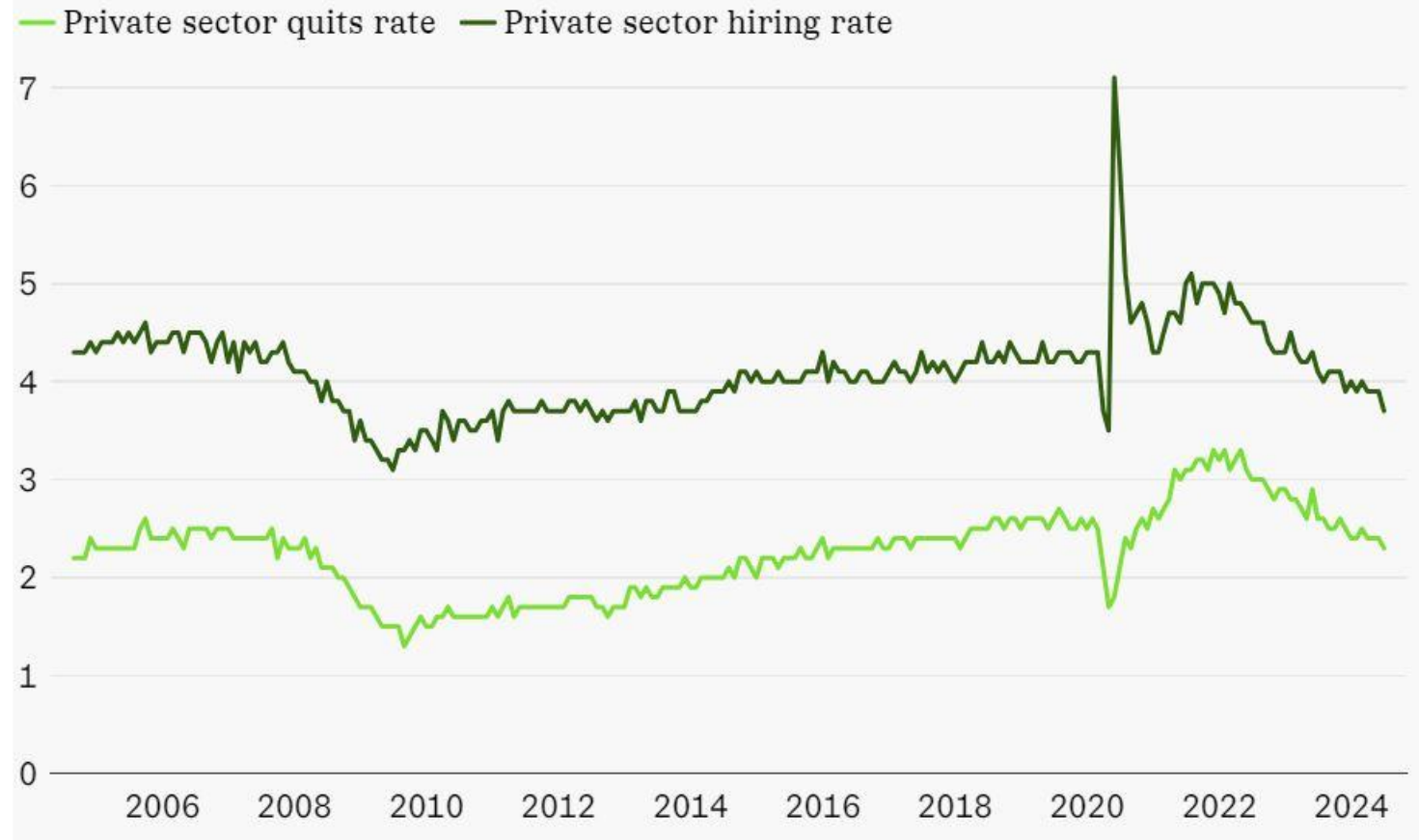
### No big supply-demand imbalance in the labor market



Source: Bureau of Labor Statistics / Sherwood

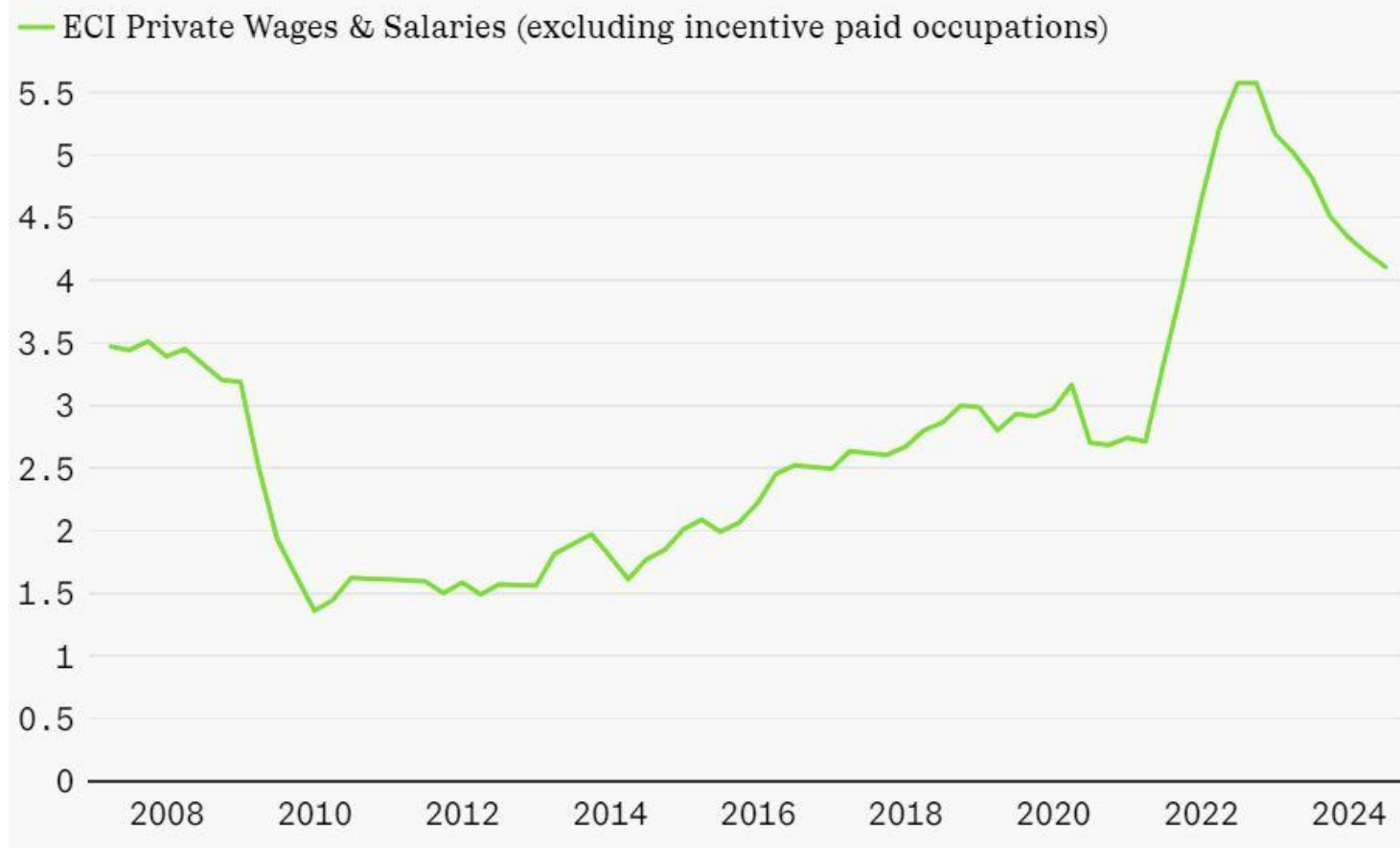
**Quitting a job usually indicates confidence in having a better opportunity, while hiring directly impacts the job market.**

## Workers quit quitting, employers quit hiring



**With a decline in quit rates, compensation costs could decrease in the coming quarters, reducing upward pressure on inflation and creating downside risks for both growth and inflation.**

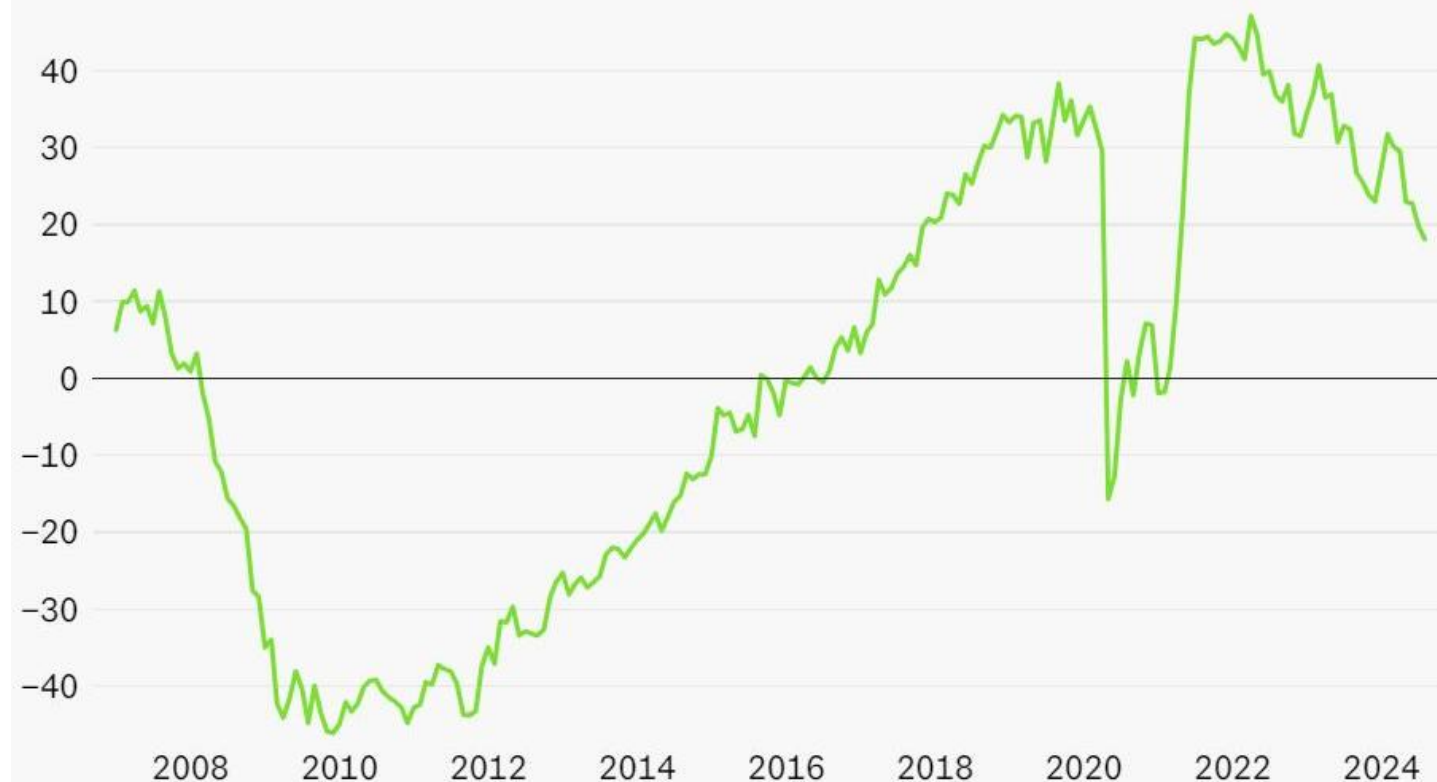
## Deceleration in private sector wage growth



**Americans' perceptions  
of the labor market are  
becoming more  
negative.**

## Vibe shift on the labor market

The share of Americans think jobs are “plentiful” versus “hard to get” is narrowing



- **Key Labor Market Trends:** Wage growth slowing, job turnover decreasing, and shifting public perceptions
- **Impact on Economic Outlook:** These trends influence projections for employment, wage pressures, and growth
- **Implications for 2025 Salary Budgets:** Slower wage growth and lower turnover may lead to conservative budget allocations
- **Adjustments to Compensation Strategies:** Companies likely to adapt based on job availability perceptions and anticipated layoff trends
- **Importance for Planning:** Understanding these factors is essential for informed decisions on employee compensation and financial planning



## D. Hilton 2025 Budget Forecast

### Capital Concerns

<7% Capital

86 Credit Unions (1.8%)

#### Forecasts

Staff Merit Increases

**0.0% - 2.5%**

Executive Merit Increases

**2.5% - 3.5%**

### Sufficiently Capitalized

7% - 10% Capital

1,317 Credit Unions (28.2%)

#### Forecasts

Staff Merit Increases

**3.0% - 4.0%**

Executive Merit Increases

**4.0% - 6.0%**

### Well Capitalized

>10% Capital

3,267 Credit Unions (70.0%)

#### Forecasts

Staff Merit Increases

**4.0% - 5.0%**

Executive Merit Increases

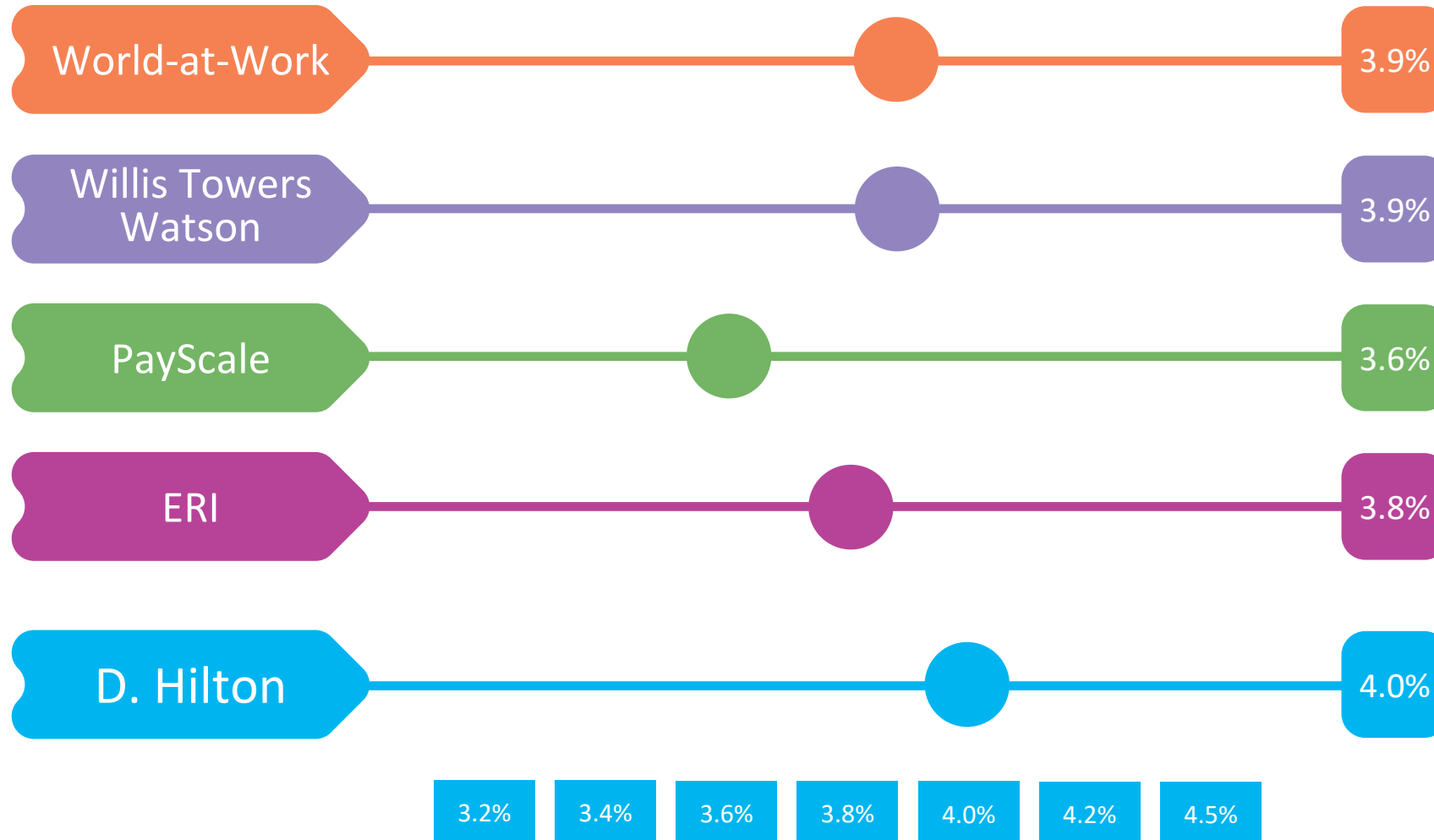
**5.5% - 7.5%**

### Salary Range Increases

Non-Exempt: 2.25%    Exempt: 2.50%    Executives: 3.00%

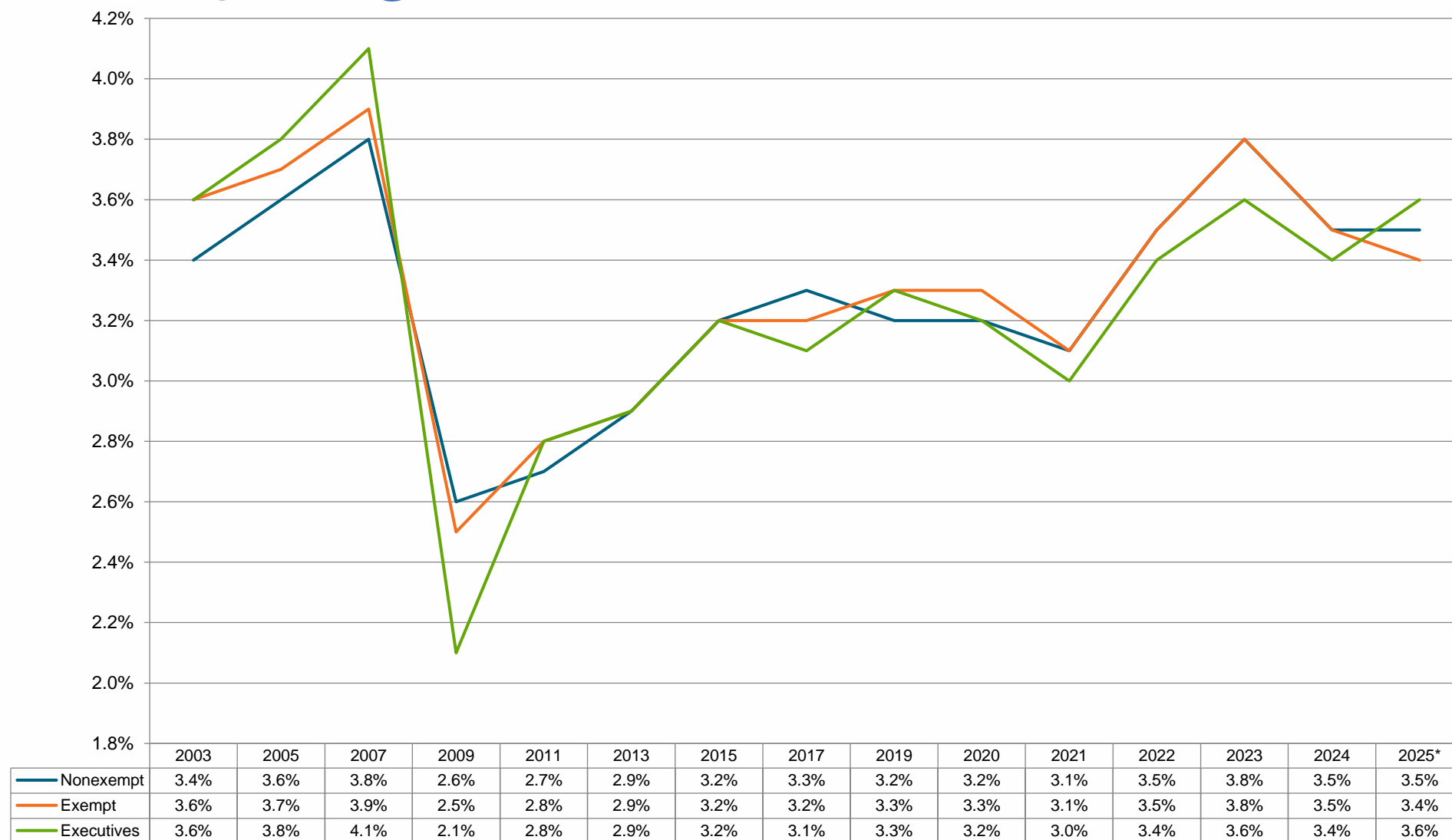
Total Rewards  
Symposium 2024

# U.S. Salary Budget Forecast 2025





# U.S. Salary Budget Forecast 2025



WorldatWork 2024-2025 Salary Budget Survey

\*projected

# Salary Range Adjustment Trends



WorldatWork 2024-2025 Salary Budget Survey

\*projected

## Employer Healthcare Costs Are Projected to Hit A 10-Year High in 2025.

Projected healthcare costs for employers are expected to rise by 8% next year (largest increase in over a decade - 6% in 2024).

Since 2017, actual healthcare costs for employers have grown by 50%.

Factors contributing to the predicted increase include various economic, demographic, and policy changes.

Employers are prioritizing mental health services (due to high rates of depression/anxiety among adolescents/young adults).

79% of employers indicate that improving access to mental healthcare is a priority for 2025, with strategies including low-cost virtual counseling, removing out-of-network barriers, and providing on-site counselors.

Source: 2025 Employer Health Care Strategy Survey

# Recap

*10<sup>TH</sup> Annual*

# Total Rewards Symposium 2024



d. hilton associates inc.