2026
HR Trends Webinar

October 28, 2025

THE QTI GROUP

Welcome & Agenda

Presenter:
Londa Dewey
CEO, The QTI Group

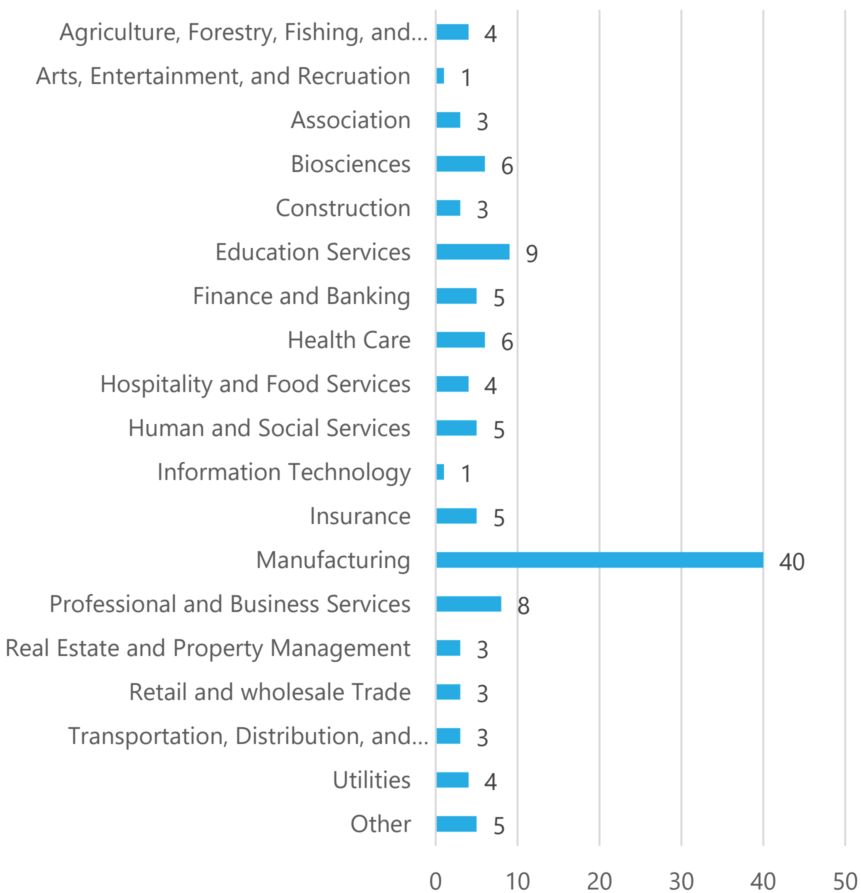
- About the HR Trends Survey
- Top 3 HR Challenges for 2026
  - Attracting the Right Talent to Help Your Organization Soar
  - Attracting Talent Begins with Strong Employee Engagement
  - Effective Leadership is Essential to a Thriving Workplace
- Panel Discussion

The future of work isn't about jobs—it's about people. HR must shift from managing employees to enabling human potential.

-Josh Bersin, Global HR Industry Analyst

For over 15 years, QTI has conducted an HR Trends Survey. Participant Profile: 118 Primarily Wisconsin-Based Organizations

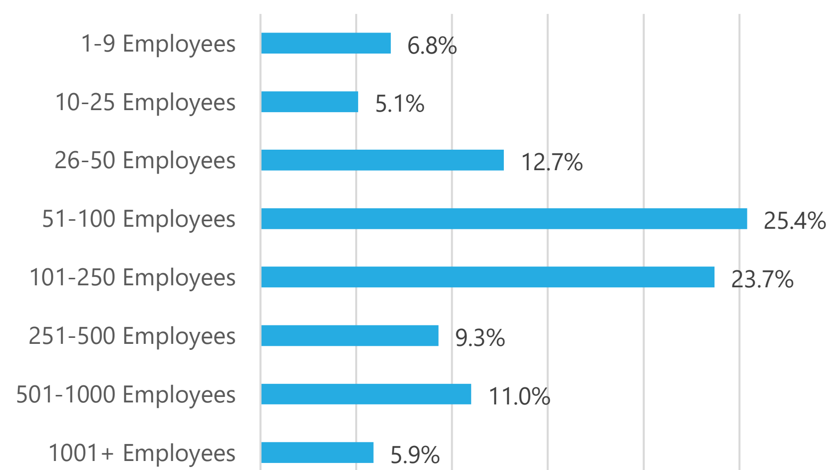
Industry



Ownership Type

- ESOP: 4.2%
- Not-for-Profit: 22.9%
- Privately Held (Family-Owned): 32.2%
- Privately Held (Not Family-Owned): 33.1%
- Publicly Owned/Government Agency: 5.1%
- Publicly Traded: 2.5%

Organization Size



Top 3 HR Challenges for 2026

Contrast to Last Year's Results

1. **Attracting the Right Talent**
2. Meeting Higher Total Rewards Demands *(2026: #4)*
3. Building a Sustainable Workforce Through Succession Planning *(2026: #7)*
4. Ensuring effective compensation/benefits/total rewards design *(2026: #10)*
5. **Improving leadership development**
6. **Enhancing Employee Engagement**

Attracting the Right Talent to Help Your Organization Soar

Attracting the Right Talent

#1 HR Challenge for 2026

83% *of HR Trends Survey Participants rank it as the top challenge for 2026.*

WHY?

Competitive Market (62%)

- Low unemployment
- Quality of Candidates

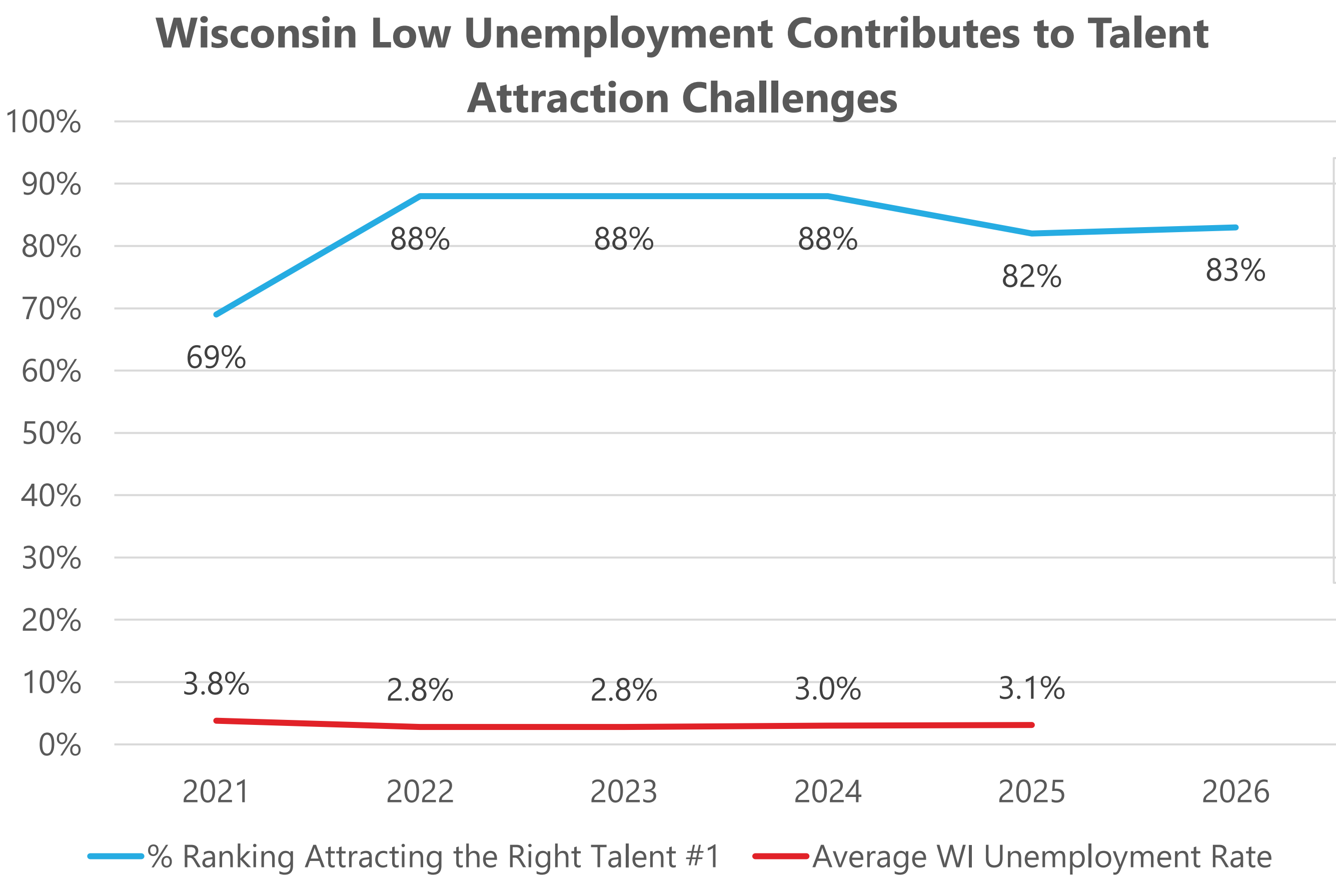
Skill Shortages (57%)

- Talent Mismatch
- Shifting Demographics
- Retirements

Compensation and Benefits (51%)

- Higher Total Rewards Demands

Competitive Market: Low Unemployment



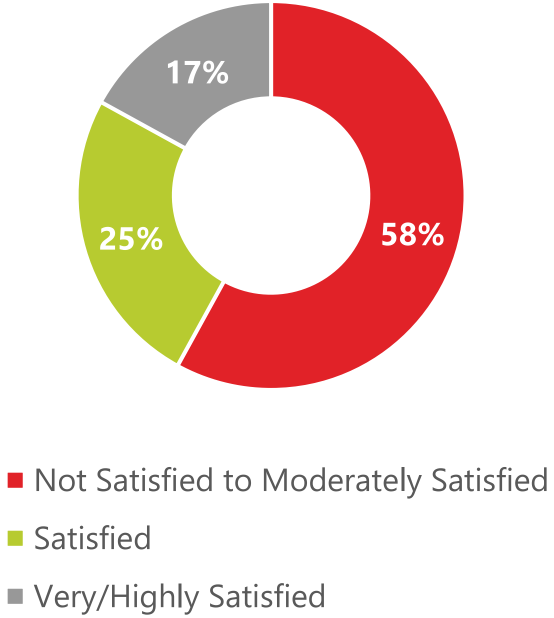
WI MSA: Unemployment 2025

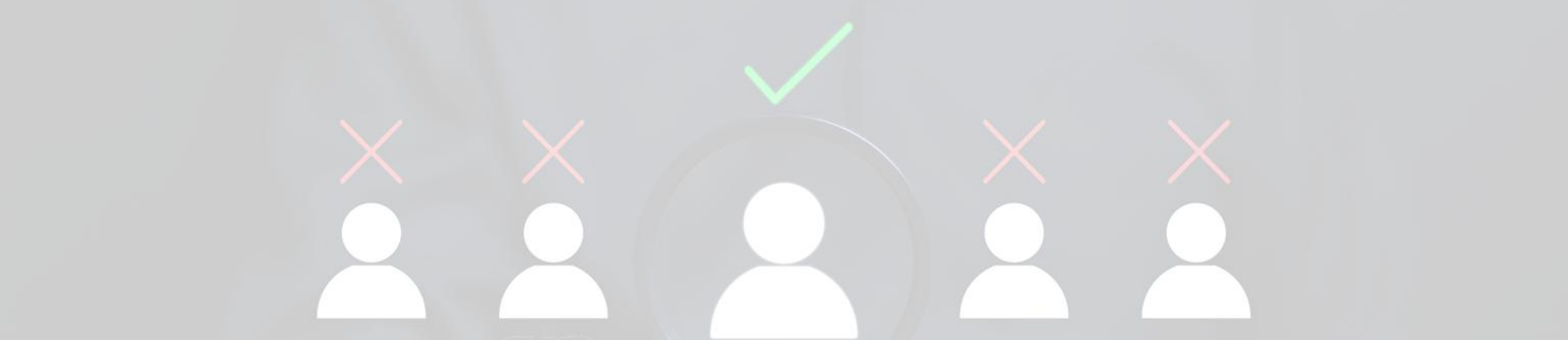
- Madison: 2.7%
- Milwaukee-Waukesha: 2.7%
- Janesville-Beloit: 3.5%

Source: HR Trends Survey; FRED, BLS August 2025

Competitive Market: Quality of Candidates

58% *of HR Trends Survey participants are* ***not satisfied to moderately satisfied*** *with the* ***quality of candidates*** *their organization attracts.*





Source: 2026 HR Trends Survey

Global and Cross Border Workforce

*Recent immigration regulations across the U.S. have led to significant challenges for employers, including rising costs for H-1B visas, complex new HR regulations, and shrinking talent pools for skilled and technical positions. However, **HR Trends Survey participants** report that these regulations have had a **limited impact on their own organizations**.*

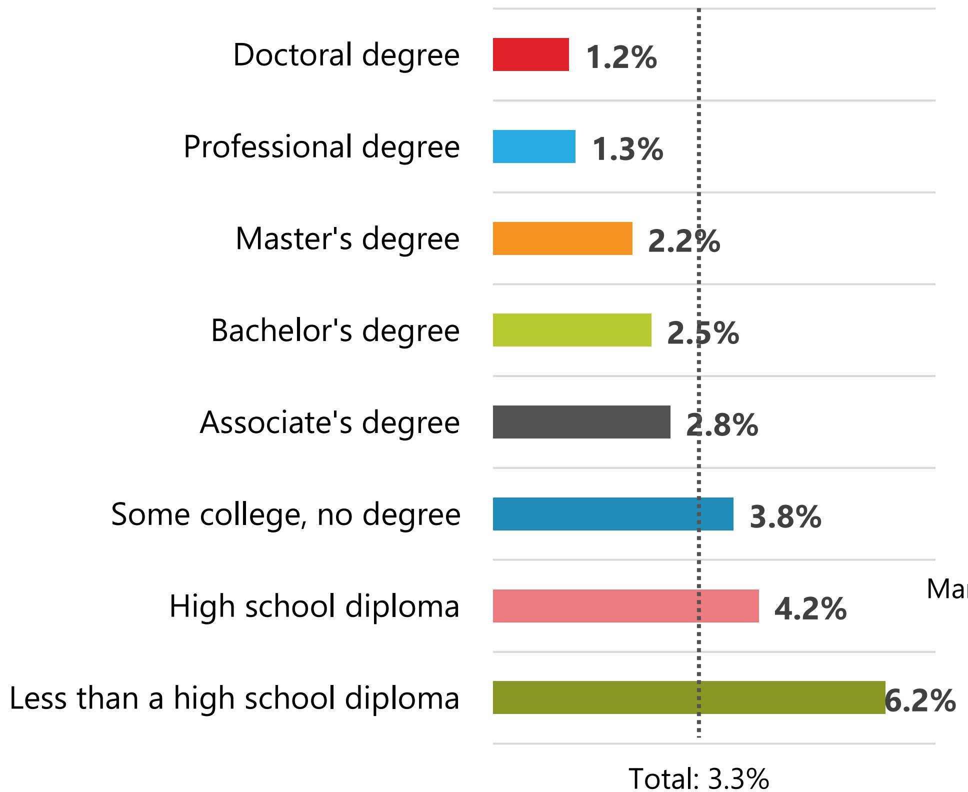
71% No impact on the organization's ability to attract or retain talent.

75% Do not employ individuals on work visas.

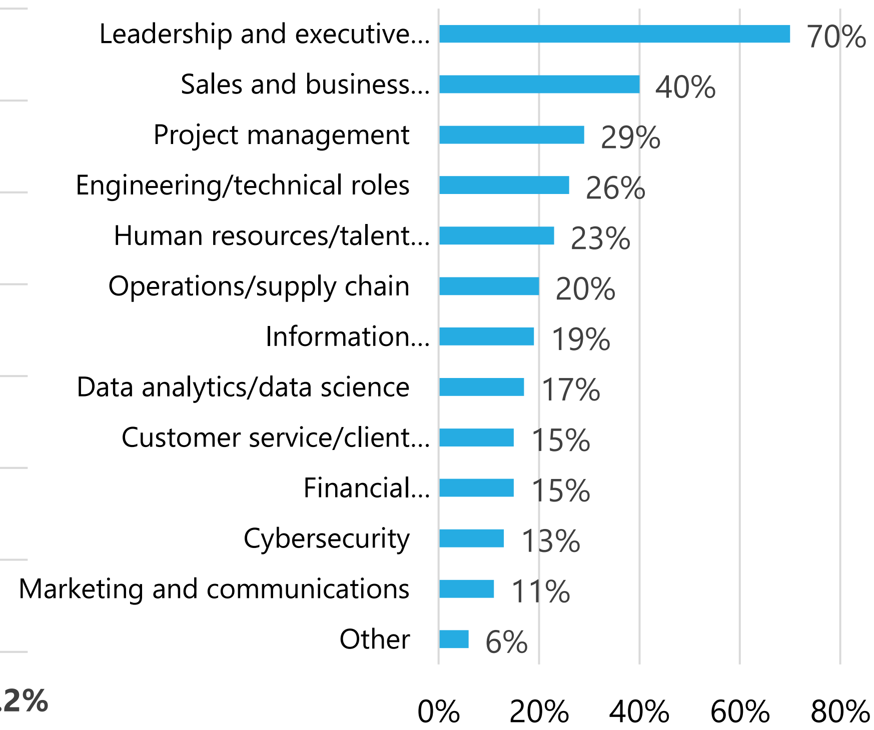
87% Not hiring talent outside the U.S. for U.S.-based roles.

Skill Shortages: Talent Mismatch

Unemployment Rate



Most Critical Roles Needed



Source: U.S. Bureau of Labor Statistics, Current Population Survey; Data for persons 25+; 2026 HR Trends Survey

Skill Shortages:
Workforce Demographics are Shifting

Aging Workforce:
1 in 5 Americans will be 65 years or older by 2030.

18%

Older Workforce:
18% of individuals 65+ are working.

5 Generations

Multiple Generations:
There are five generations in the workforce, each bringing its own experiences.

5 Generations in the Workplace

- **Silent Generation *(1928-1945)* ≈ 1%**
  - Has almost entirely retired.
- **Baby Boomers *(1946-1964)* ≈ 15%**
  - Has been surpassed by Gen Z in the workforce.
- **Gen X *(1965-1980)* ≈31%**
  - 2nd largest portion of the workforce
  - It has modestly declined at a similar rate as millennials increased.
- **Millennials *(1981-1996)* ≈ 36%**
  - Make up the largest portion of the workforce.
- **Gen. Z *(1997-2012)* ≈ 18%**
  - Smaller, tech-savvy generation that will drive innovation and technology advances.
- **Gen Alpha *(2013-2024)***
  - Future workforce.

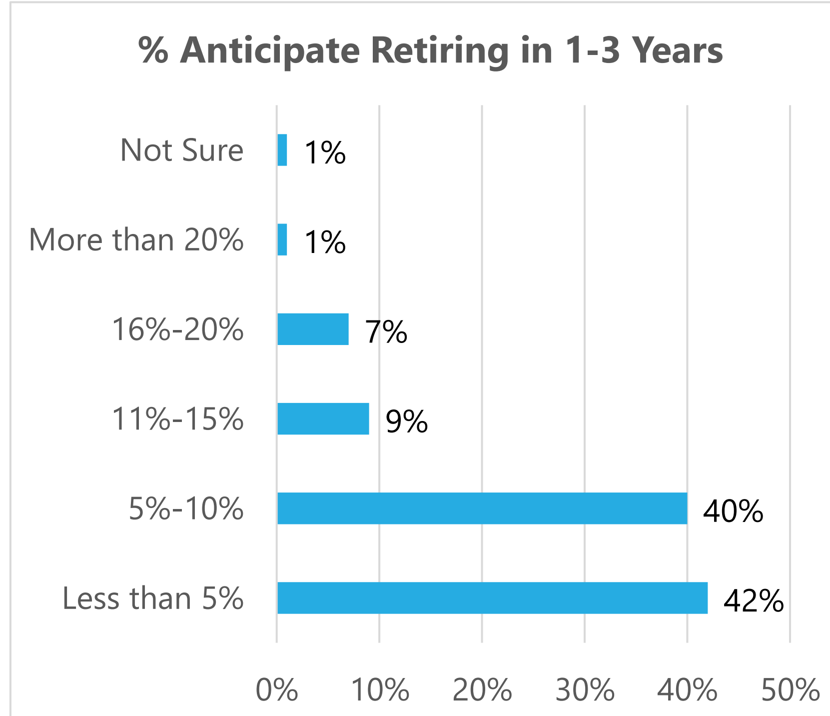
Example of Workplace Generational Differences

- ***Boomers and Gen X*** *know the world of work without computers and only paperwork.*
- ***While Gen Z*** *has only known a world with technology.*
- ***Understanding the needs of each generation*** *is key to a successful culture and business.*

Source: Trendlines

Workforce Retirement

- 40% of HR Trends participants expect 5-10% of employees will retire in the next 3 years.
- As Baby Boomers and Gen X retire, there is a risk of knowledge loss for employers.



Talent Attraction Solutions

- When retirements occur, review job descriptions and rewrite for future needs.
- Develop a succession plan.
- Identify and develop internal candidates.
- Use external recruiting resources to fill talent gaps.
- Ask your best employees for referrals.
- Hire for the “5 A’s.”

Compensation: Higher Compensation, Benefits, and Toal Rewards Demands

2025's #2 HR Challenge fell two spots to the #4 HR Challenge for Wisconsin employers.

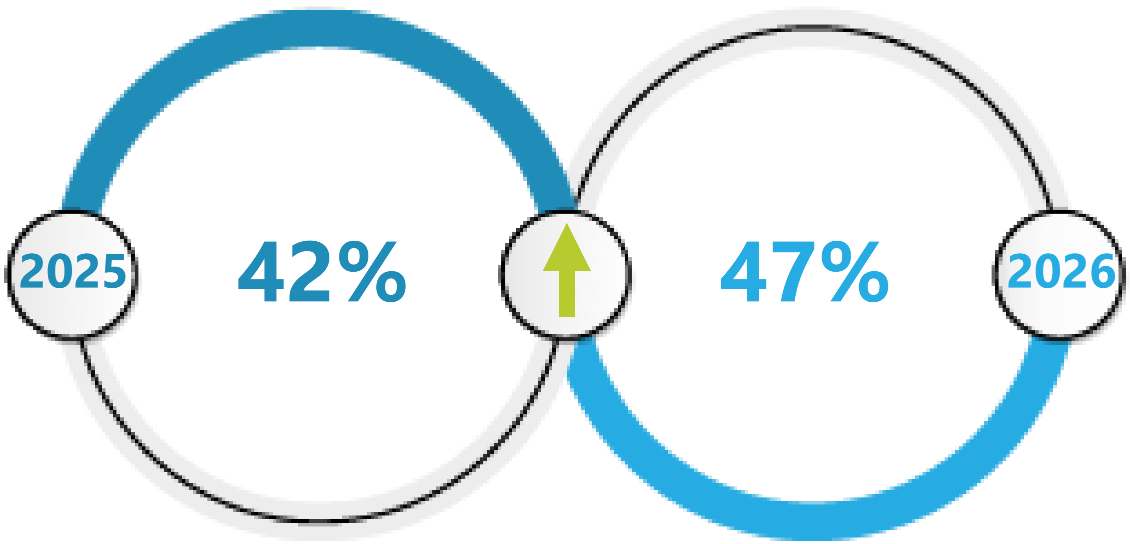
70%

"Meeting Higher Compensation, Benefits, and Total Rewards Demands" is a **moderate-to-significant** challenge for 2026.

Source: QTI 2026 HR Trends Survey

Top Compensation Trend: Paying a Living Wage

- A **living wage** considers the costs of food, savings, housing, education, healthcare, clothing, and transportation.
- A **living wage** is what one full-time worker must earn on an hourly basis to help cover the cost of their family's minimum basic needs.



*47% of HR Trends Survey participants report paying a living wage as their **most prevalent compensation practice**.*

Source: QTI 2026 HR Trends Survey

Total Rewards – It's More than Just Pay

Compensation Trend: Communicate with Total Rewards Statements

***Providing Total Rewards Statements**, last year's most prevalent compensation practice, fell to #2 for 2026. **43%** of respondents stating they have **implemented or plan to implement total rewards statements**.*

2023 Total Rewards Statement

THE QTI GROUP

Thank You, [redacted]

QTI Recognizes that our employees are the key to our success and attracting, retaining, and motivating employees is critical to achieving our vision. Our total Rewards Program will continue to evolve and expand!

Prepared For:	[redacted]
Job Title:	[redacted]
Hire Date:	7/9/2002
Statement Period:	6/18/2022 - 6/17/2023

Paid Time Off	(ETO, Holiday, Volunteer, Birth/Bonding)	
	Hours	**Value**
[1] **Annual Allotment**	280.00	[redacted]
Actual Usage	260.00	$[redacted]

Pay Changes Effective:	**7/2/2023**	
Current Base Pay:	[redacted]	
Base Pay Increase:	[redacted]	[redacted]
New Base Pay:	[redacted]	

Wow Fact! 14%
% of your base earnings allocated towards paying you to be off work

Other Benefits Offered:
- Birthday & Anniversary Recognition
- Charitable Support & Community Involvement
- Dress -for-your-day
- Employee Assistance Program:
  - Estate Planning
  - Travel Assistance
  - Work/Life Counseling
- Employee Wellness Program
- Financial Planning Services
- Flexible Work Arrangements
- Q-Deals (Special Member Discounts)
- Team & All Company Events
- Training & Development Opportunities

[1] *Reflects your current hourly base pay rate multiplied by the number of time off hours allotted to you in a full calendar year based on your years of service on 7/2/2023*

	QTI Investment
Base Earnings	[redacted]
(Includes overtime, paid time off, etc.)	
Variable Payments	
Incentive/Bonus	[redacted]
Benefit Dollars	[redacted]
Cell Phone Stipend	[redacted]
Total Cash Compensation	[redacted]

	Your Investment	**QTI Investment**
401(k) Retirement Savings Plan	[redacted]	$[redacted]
Health Care		
Medical	$0	$0
Dental	$0	
Vision	$0	
Health Savings Account	$0	
Disability Insurance		
Short-Term Disability	[redacted]	
Long-Term Disability		[redacted]
Life Insurance		
Group Term Life Insurance		[redacted]
Additional Voluntary Life Insurance	[redacted]	
Supplemental Insurance		
Critical Illness/ Hospital Insurance	[redacted]	
Accident Supplemental Insurance	[redacted]	
Other Plans		
Flexible Spending Plan	$0	$0
Identity Theft Insurance	$0	
Medicare	[redacted]	[redacted]
Social Security	[redacted]	[redacted]
Total Benefits Compensation	[redacted]	[redacted]
Total Rewards Value		[redacted]

Our Work is People. Because People are the Heart of Every Business.

Source: QTI 2026 HR Trends Survey

Base Pay Increase Budgets

Projected base pay increases for **2026 are 3.0%,** reflecting no change from the median increase of 3.0% for 2025.

Year	Overall Median
2025 Planned	3.0%
2025 Actual	3.0%
2026 Planned	**3.0%**

Median Base Pay Increase Budgets	2025 Actual	2026 Planned
Agriculture, Forestry, Fishing and Hunting	3.0%	3.0%
Association	4.0%	4.0%
Biosciences	3.5%	3.5%
Construction	4.0%	5.0%
Educational Services	4.0%	4.0%
Finance and Banking	3.0%	3.5%
Health Care	3.8%	4.0%
Hospitality and Food Services	3.8%	3.8%
Human and Social Services	3.6%	3.0%
Information Technology	3.0%	3.0%
Insurance	3.6%	4.2%
Manufacturing	3.0%	3.0%
Professional and Business Services	3.0%	4.0%
Real Estate and Property Management	3.5%	3.3%
Retail and Wholesale Trade	3.0%	3.0%
Transportation, Distribution, and Warehou	3.8%	4.3%
Utilities	4.0%	3.3%
Other (please specify)	3.5%	3.5%
Total	3.0%	3.0%

Source: QTI 2026 HR Trends Survey

Increase Focus in 2026: Ensuring Pay Equity Across Demographic Groups

- **External Solution: Benchmarking Compensation**
  - **62%** *of HR Trends participants report* ***benchmarking compensation*** *to ensure pay equity across demographic group.*
- **Internal Solution: Regular Pay Audits**
  - **42%** *of HR Trends participants report performing* ***regular pay audits*** *to ensure pay equity across demographic group.*

Pay equity = *paying employees with similar job functions comparably similar wages, regardless of their identity.*

Source: Bamboo HR; QTI 2026 HR Trends Survey

Voluntary Turnover

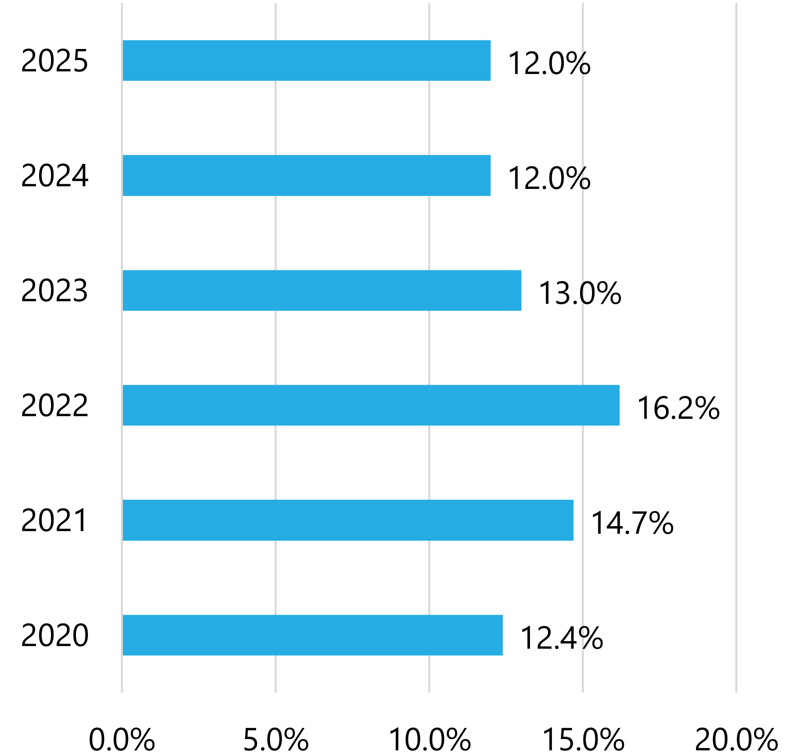
- Employee Turnover is costly.
- Average cost of voluntary turnover = 6 to 9 months of an employee’s salary – but can be even greater for higher-level positions.
- Total cost is U.S. Businesses is estimated to be over $1 trillion annually.

Source: QTI 2026 HR Trends Survey

Voluntary Turnover

- **47%** of HR Trends Survey participants report voluntary turnover as **“similar to the prior year.”**
- From last year’s survey to this year, organizations experiencing **at least 20% of voluntary turnover** increased from 14% to 18%.

Average Voluntary Turnover Rate for all Respondents in the last 12 Months = 12%



Source: QTI 2026 HR Trends Survey

When Employees Do Leave – Why are they Leaving?

- **Career Development 51%**
- **Retirement 40%**
- **Compensation 35%**
- **Relocation 25%**
- **Work/Life Balance 19%**

Other notable reasons include…

- Managerial = 12%
- Lack of Remote Work Opportunities = 6%

Source: QTI 2026 HR Trends Survey

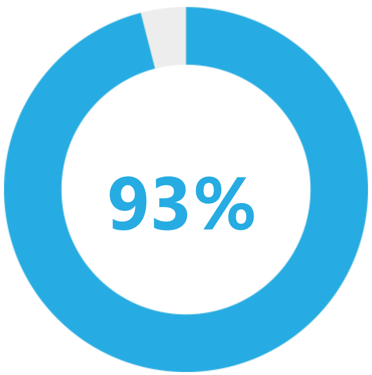
New Trend: Job Hugging. AKA - an employee holding on to their job for dear life due to market uncertainty.

Source: Korn FerryC

AI and Talent Attraction

AI is transforming the talent recruitment process.

- Customized job descriptions to attract top candidates using real-time market data.
- AI platforms to identify and engage talent before their job search.
- AI-powered interviews.
- Machine learning algorithms to assess skills unbiasedly.
- Predictive analytics tools to evaluate candidate performance and cultural fit.



Fortune 500 CHROs have begun integrating AI tools and technologies to enhance business practices.

Source: [Forbes: AI Recruitment Takeover]

The term AI is actually older than computer science. The idea couldn't advance until there was the computing power and speed to carry it out.

-Remzi Arpaci-Dusseau
Director, UW School of Computer, Data, and Information Sciences

Keeping "Human" in AI

AI IS...

Reshaping the Workforce...not necessarily replacing people.

Enhancing Roles.

Transforming Roles... R&D, Manufacturing, Regulatory Operations, and more.

Used as a **productivity tool**.

Solutions for Leaders

- Be clear about the organization's vision for AI.
- Set and communicate expectations on use, risk, data privacy, and accuracy.
- Work and learn side by side with your teams.
- Share use cases.

AI & HR – How Does Your Organization Stack Up?

Roughly an **equal percentage** of HR Trends Survey participants reported **using AI or automation tools in HR**. (49% No, 47% Yes)

63% of survey participants reported having **no formal oversight** of employees using AI tools in HR.

54% of respondents are likely to **expand use of AI in HR** due to its positive impact.

Source: QTI 2026 HR Trends Survey

POLL

How extensively is your organization utilizing AI in the recruitment process?

- ❑ Just starting
- ❑ As Needed
- ❑ It is part of our everyday processes

Attracting Talent Begins with Strong Employee Engagement

Enhancing Employee Engagement

Strong engagement leads to a **strong employment brand**, which improves employee retention and attraction.

74% of HR Trends respondents rate **enhancing employee engagement** as a **moderate to significant challenge for 2026.**

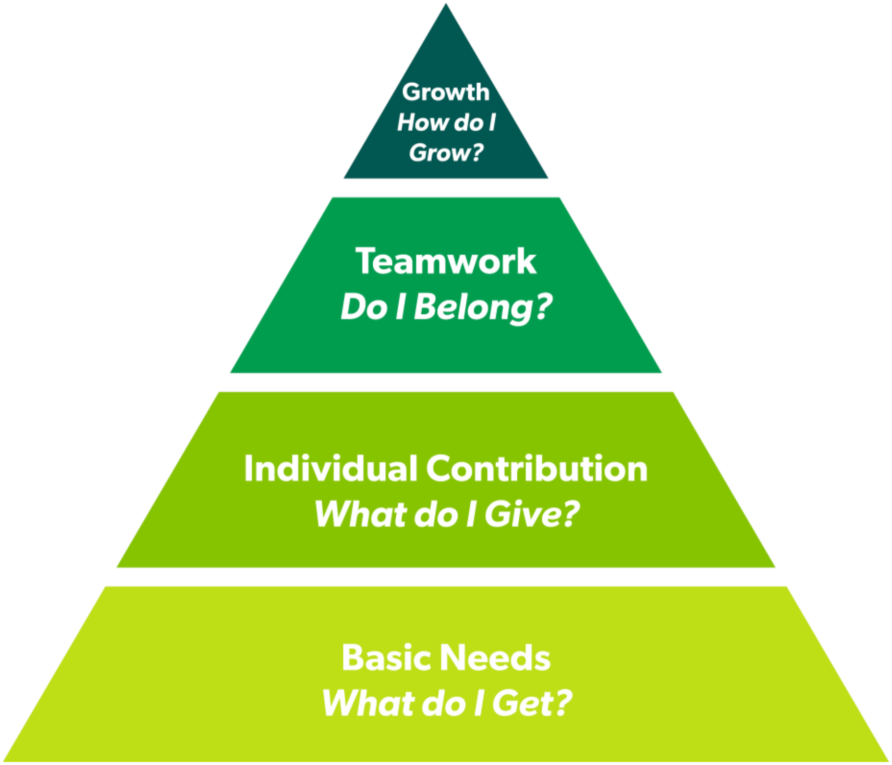
#2 HR Challenge for 2026

When employees **understand the organization's purpose and direction,** they tend to be more motivated and **engaged.**

While employees are **"hugging" their jobs –** that doesn't mean they are engaged.

Source: QTI 2026 HR Trends Survey

12 Elements of Employee Engagement (Gallup)



1. I know what is expected of me at work.
2. I have the materials and equipment I need to do my work right.
3. At work, I have the opportunity to do what I do best every day.
4. In the last seven days, I have received recognition or praise for doing good work.
5. My supervisor, or someone at work, seems to care about me as a person.
6. There is someone at work who encourages my development.
7. At work, my opinions seem to count.
8. The mission or purpose of my company makes me feel my job is important.
9. My associates or fellow employees are committed to doing quality work.
10. I have a best friend at work.
11. In the last six months, someone at work has talked to me about my progress.
12. This last year, I have had opportunities at work to learn and more.

Source: Gallup

Why is Employee Engagement Important?

Engaged employees:

- Give discretionary effort.
- Produce more revenue.
  - *Companies with an engaged workforce are 21% more profitable. (Gallup)*
- Give better service.
- Meet quality/safety standards
- Move organizations forward.
- Stay.

Create an Attractive Culture

Develop a "**people-first culture**" where every employee feels cared for and respected from top to bottom.

Have **meaningful conversations - show you care** about their well-being.

Blend technology and automation with a compassionate approach. *(i.e. personalized communication, authentic videos, spotlight teams)*

Make employees **feel seen, heard, and connected**.

Encourage leaders to **join teams for activities.** *(team-building workshop, volunteering together, etc.)*

Provide **development opportunities** – career development continues to be a top resignation reason.

Source: [Vantage Circle]

Source: Wall Street Journal (10.12.25)

Recognize & Engage Your Glue Employees.

A team member who multiples everyone else's results by helping the team win.

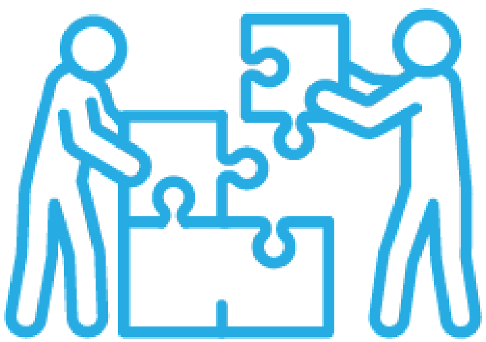
About the Glue Employees

Quiet leaders who anticipate needs, take action, help employees do their best – often without seeking recognition.

Their priority is **progress not attention**.

How to identify glue employees:

- **In interviews:** They will describe how they helped a team, helped coordinate many moving pieces, or was a mentor.
- **Ask:** Ask your teams, “Who helps you the most?” “Who watches out for you?”



Source: Wall Street Journal (10.12.25)

Glue Employees Often Go Unnoticed

- **Glue work doesn't show up in most metrics** (sales closed, products shipped, campaigns launched).
- Leaders can change that putting **value on glue behaviors**.

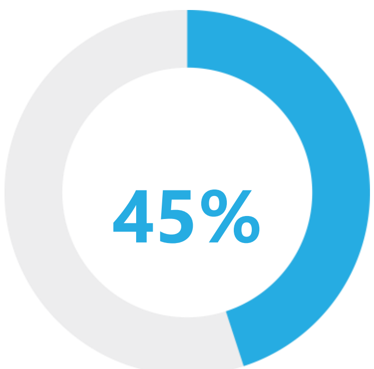
Ask employees who helped them succeed.

Create peer nominated "glue awards."

Provide "team awards" to recognize everyone who played a role in the success.

Source: Wall Street Journal (10.12.25)

Engagement & Remote Work



HR Trends survey participants report challenges with maintaining culture and engagement with remote or hybrid work.

Workers still desire remote work and flexibility. A recent survey by Bospar, reported remote and hybrid employees experience…

- Greater productivity at home. (61%)
- Improved work-life balance. (81%)
- Would be less likely to apply for jobs without remote job options. (63%)

Source:2026 HR Trends Survey, Bospar; Forbes

Strategies to Improve Engagement with a Remote or Hybrid Workplace

- **Regular Check-ins**: *Focus on regular check-ins whether in-person or virtually.*
- **Strong Communication:** *Have strong communication through multiple channels (teams, email, video, intranet).*
- **Events:** *Provide team and cross-functional team events.*
- **Remote and Hybrid Strategy:** *have clarity and accountability.*

Remember the

Deskless Worker.

Roles where remote work is not an option.

(manufacturing workers, nurses, lab/research, retail, customer service, etc.)

To accommodate the needs of “deskless" workers, employers can imagine what flexibility means.

Flexibility goes beyond remote work

- Predictable scheduling and shift-swapping tools
- Expanding benefits to address deskless workers’ specific needs
- Creating clear career pathways that don’t depend on physical presence
- Establishing structured mentoring programs to replace informal development opportunities typically available to office workers.

Source: Perceptyx: Employee Experience Trends

POLL

How often does your organization survey employees for feedback and to measure engagement?

- ❑ Quarterly
- ❑ Yearly
- ❑ Bi-annually
- ❑ As needed
- ❑ Not at all

Effective Leadership is Essential to a Thriving Workplace

#3 HR Challenge for 2026: Improving Leadership Development

71% of HR Trends Survey participants report Improving **Leadership Development** as a **moderate to significant challenge for 2026.**

A recent McLean Survey found:

- HR Leaders rated **"developing the organization's leaders"** as their highest priority.
- **73%** of leaders feel that they need to **enhance and modify their skill sets** to adapt to the future work in 2030.

Evolving leadership skillsets include a stronger focus on:

Source: 2026 HR Trends, McLean & Company – HR Trends 2025

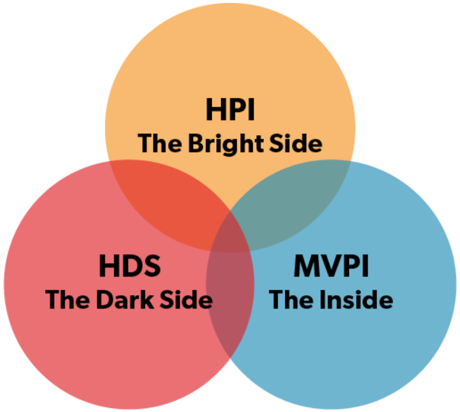
Developing Leaders: Leadership Assessments

Hogan 360°

- Multi-rater feedback tool designed to help leaders understand how their peers, managers, and direct reports view their performance.

Hogan Leadership Forecast Series

- Gives leaders a complete understanding of their performance, capabilities, challenges, and underlying motivators along with a five-step development plan and career development primer.



Increase Engagement by Developing Leaders

Developing leaders is a great opportunity to increase their engagement

"If managers are disengaged, their teams are too. 70% of team engagement is attributable to the manager."

- Workshops and coaching are great development tools for leaders.
- Developing soft skills are important too such as strategic thinking, effective communication, and emotional intelligence.
- Ask for feedback.

Source: Gallup Workplace, AIHR.com

POLL

What is the primary development tool your organization uses?

- ❑ Personality Assessments
- ❑ Workshops & Seminars
- ❑ AI-Powered Platforms
- ❑ One-on-one coaching
- ❑ None of the above

2026 HR Challenges

PANEL DISCUSSION

Patty Glines-Kotecki
Vice President, Human Resources, WPS

Michelle Kraemer
Vice President, People Strategy, Findorff

Kim Meyer
Human Resources Manager, DRM

Thank You!

- If you have any questions, please email qti@qtigroup.com.
- A copy of the slides and the recording will be emailed to attendees.
- Thank you for choosing The QTI Group

THE QTI GROUP