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Innovative Employee Solutions

Whitepaper

How to attract & retain talent in a tight labor market

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Introduction

We're only in year two of the 2020s, but my, how things have changed and will continue to rapidly change into 2023.

Over the past two years, we've encountered the competing crisis of a global pandemic, political unrest, skyrocketing inflation, and mass layoffs. Knowing all this, perhaps it shouldn't have come as a surprise when over-worked, under-resourced employees set off unprecedented churn last spring in the U.S. labor market.

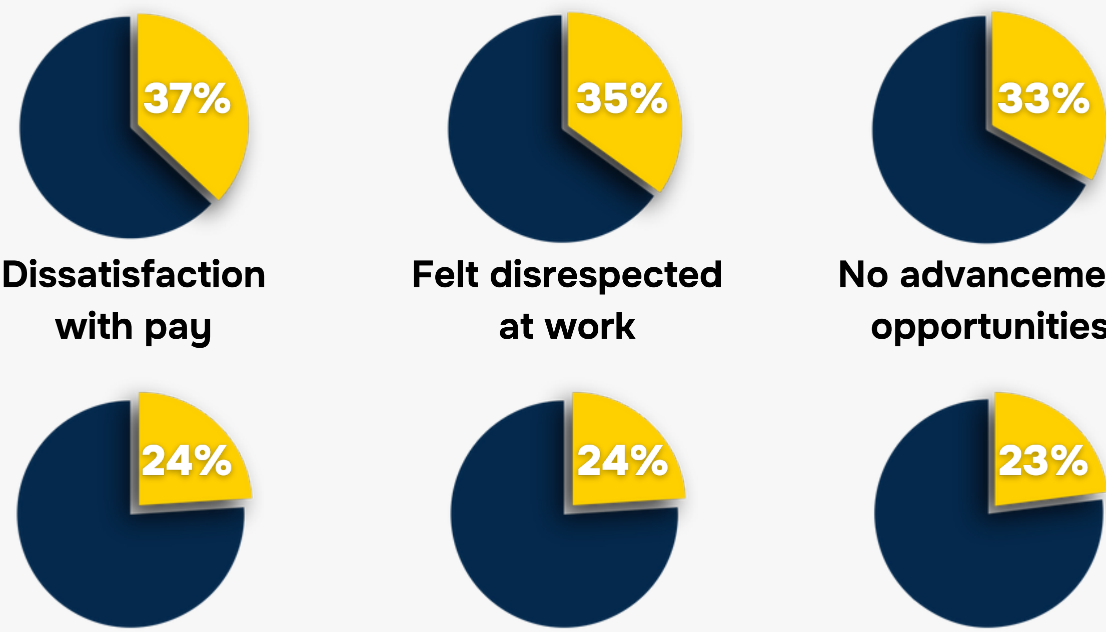
In 2021, more than 47 million Americans left their positions in a movement dubbed the Great Resignation. By August of that year, a Willis Towers Watson (or WTW) survey of North American employers showed that 73% were struggling to attract talent, and 61% were struggling with employee retention. Even then, employers knew this wasn't just a passing fad: Roughly the same percentage of employers said they expected these issues to follow them into 2022 - and follow they have.

We're still firmly in a worker-driven employment market. While the unemployment rate fell to 3.6% in March 2022 (the lowest it's been since February 2020), job openings sat at 11.3 million on the last business day of February. That same month, 4.4 million workers quit their jobs. In other words, the jobs are there; workers just aren't biting.

So, what the deal? Why can't employers attract and retain employees? Some might have you believe that no one wants to work, but this is an oversimplified explanation for a much more complicated problem. People want to be able to provide for themselves and their families. They also want to do meaningful work and feel like they are getting paid fair market value in order to do so. People are looking for jobs with more opportunities to grow and make positive impacts. What's more, top talent tends to align better with mission-driven organizations that offer flexibility and robust benefits plans.

5 incentives to help retain employees.

Amid today's increasingly tight labor market, some employers have turned to flashy recruitment strategies like hefty sign-on bonuses to entice employees to join their ranks. A $5,000 signing bonus might have worked well in pre-pandemic conditions. However, the truth is that attractive offerings in 2019 have lost their luster in 2022. Instead, companies need to reassess their offerings and determine what's working — and what isn't.



Dissatisfaction with pay

Felt disrespected at work

No advancement opportunities

Child care issues

Lack of flexibility

Underwhelming benefits packages

For instance, we can point to salary as a significant factor in the Great Resignation. When Pew Research Center asked a group of 6,600-plus American workers why they quit their jobs last year, 37% cited dissatisfaction with pay as a major reason. However, that's not the end of the story. Another 35% said they resigned because they felt disrespected at work, and 33% cited no advancement opportunities. Other major reasons respondents cited included child care issues (24%), lack of flexibility (24%), and underwhelming benefits packages (23%).

5 incentives to help retain employees.

Companies that proactively and regularly evaluate their employment packages have better chances of attracting and retaining employees.

To get started, here are five incentives research tells us workers actually care about:

1

Flexibility

Remote and hybrid work are kind of like Pandora's box: Once opened, it's very hard to close again. People have grown used to choosing where and when they work, and they won't give that newfound freedom up without a fight. Rather than demand people return to the office full time, some employers are using flexibility as an attraction and retention tool. In the WTW survey mentioned earlier, more than 60% of employers said they're offering more flexibility to boost talent attraction. Another 70% are expanding their flexible work arrangements to increase employee retention.

2

Diversity, Equity, and Inclusion

Today's employees — particularly those in younger generations — care about working for companies that share their values.

In contrast, 39% of job seekers told McKinsey that they've opted out of job opportunities due to an organization's lack of inclusion. Many employers have heard the call loud and clear: 91% of WTW respondents said DEI would become a permanent fixture in their talent recruiting and retention strategies. Companies must go beyond simply promoting their DEI policies and programs, however. By truly implementing DEI practices in their workplaces, employers will create environments that foster trust, innovation, inclusivity, and more.

In one survey, nearly 80% of employees said they want their employers to prioritize DEI.

5 incentives to help retain employees.

3

Technology

In this new world of hybrid work, the technology your employees use to collaborate with colleagues and perform their duties defines their time at your company. Employees value user-friendly technology that helps them be more productive. Unfortunately, less than a third of employees say their experiences with on-the-job technologies exceed expectations. It's essential to make good first impressions, which start during onboarding. A poor experience with the onboarding technology can result in a poor view of your company and, ultimately, increase turnover.

In contrast, a great onboarding experience with a strong process improves employee retention by **82%** and productivity by more than **70%.**

4

Compensation

Compensation has always been (and will always be) one of the top priorities for workers, as demonstrated in the Pew Research Center survey. However, thanks to climbing inflation rates, fair compensation is more important than ever.

While wages have risen 5.6% this past year, inflation has skyrocketed to nearly **8%.**

That means employees' paychecks aren't stretching nearly as far as they once did. Whether it's to retain your current workers or attract new ones, you need to communicate to employees how you plan on helping them stay ahead of rising prices.

5

Wellness

Traditional wellness offerings like health insurance will never go out of style, and research confirms their importance in employment decisions. In one SHRM survey, 56% of employer-sponsored health plan participants said the quality of coverage is a major factor in whether they plan to stay with their employers long term.

However, many companies are now increasingly expanding their wellness programs to accommodate mental health wellness and work-life balance that include things like mental health benefits and physical and financial well-being support.

How to attract & retain employees?

It's essential to note that these insights are based on broader employment trends. Not all will apply to every company, while others have an outsized impact. All that's to say, you need to listen to your employees, determine what matters to them, and build an environment and work experience they truly value. Here are five steps to help get you started:

Step 1: Assess your current offerings.

Before you can revamp your recruitment and retention strategies, you need to understand where you currently stand. Leverage industry data to see how your offerings compare to those of your competitors as well as other similarly sized organizations.

Then, tap an insurance broker to mine data on your health benefits and determine how they stack up. Of course, you also need to chart this information against your financial capabilities and restrictions to find the right balance for you. Then, it's just a matter of choosing the right incentives to retain employees.

Step 2: Leverage the right technology.

Doing things the old-fashioned way might hold sentimental value, but it will set you far behind your tech-enabled competitors. Instead, arm yourself with the right data and technology for sourcing, engaging, and hiring top talent.

Data is a talent acquisition team's best friend, but raw, unorganized data is essentially useless. By pairing that data with AI-enabled technology, you'll turn large volumes of data into actionable insights that improve the quality of hires and the hiring experience. For instance, you can use chatbots to keep candidates engaged and moving through the initial stages of the interview process with relative ease.

Several solutions also assist in total talent management and enable sourcing and engagement activities for both internal staffing and contingent workforce efforts. These tools can integrate with your applicant tracking system (or ATS) and vendor management system (or VMS), allowing you to share data across the entire hiring spectrum.

How to attract & retain employees?

Step 3: Expand your search.

Remote work has opened up the talent net. Gone are the days when your talent search needs to be limited to a certain geographical area. Now, you can and should prioritize finding the best person for the job, whether they live across town or across the globe. You'll find that many workers are actively searching for opportunities that offer remote work or, at the very least, hybrid work.

It's also important that you don't limit yourself to full-time applicants. As you strive to compete in today's worker-centric market, consider the merits of hiring contingent workers (i.e., workers employed via third-party partners, including temps, freelancers, project-based workers, independent contractors, etc.). Companies have been supplementing their direct workforce with the contingent workforce for years because it allows them to meet strategic objectives, remain agile, and plug skill-set gaps without investing in another W-2 employee.

Step 4: Make haste.

Good talent is in high demand, and job offers are not in short supply. So, when you find a candidate you like, try not to dawdle. According to Workable, there's a strong correlation between the time it takes to respond to an application and the outcome.

Be nimble; if you respond to a candidate within two days of their application submission, they're more likely to accept an interview and, eventually, a job. In this hot job market, time is of the essence.

Step 5: Tap an Employer of Record.

Recruiting in a tight labor market is no easy feat. Luckily, you don't have to go it alone. It's beneficial to leverage a trusted partner to act as an Employer of Record (or EOR), particularly when engaging contingent or global talent. When choosing an EOR partner, consider one that can speak to a strong compliance program, robust benefits, a smooth onboarding process, and workforce engagement. All these things will affect the worker experience and can also offer a competitive advantage for your company.

It's no secret that the greatest asset any business has is its people. In fact, we'll take it one step further: A business is nothing without its people. The stakes are high in this tight labor market, but you don't have to sit back and watch your employees join the mass exodus. Instead, you can revamp how you attract and retain employees to ensure a happy, healthy workforce for years to come.

Conclusion

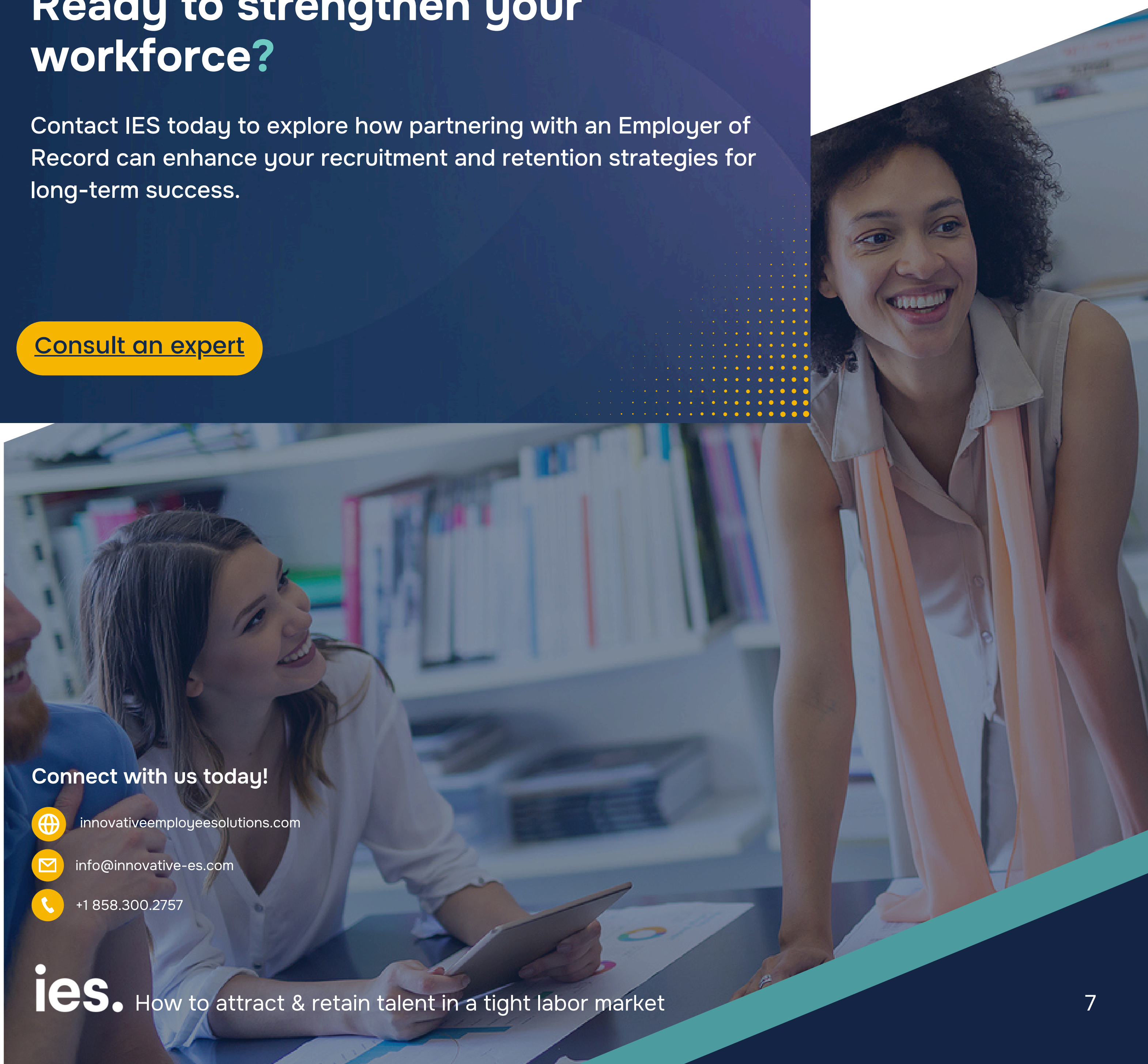
Build a future-ready workforce.

Attracting and retaining talent in today's competitive market requires focusing on what employees truly value: flexibility, DEI, technology, fair pay, and wellness. Success hinges on listening to employees, refining strategies, leveraging technology, broadening talent searches, and acting quickly. By prioritizing these efforts, companies can build a resilient, people-centered workforce for long-term success.

Ready to strengthen your workforce?

Contact IES today to explore how partnering with an Employer of Record can enhance your recruitment and retention strategies for long-term success.

Consult an expert



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