

Attraction & Retention

BENCHMARKING OVERVIEW
2022

ROGERS | GRAY
A BALDWIN RISK PARTNER

Introduction

In early 2022, employers across the country were surveyed regarding attraction and retention challenges and workplace strategies. Over 150 employers responded to the survey from various industries—including manufacturing, construction, retail and wholesale trade, health care and nonprofit.

Survey respondents employ workforces of various sizes, ranging from fewer than 10 to over 1,000, with the most common employee counts as follows: 100-249 (**29%**), 50-99 (**19%**) and 25-49 (**14%**). Although the survey represents employers of various sizes, small- to medium-size organizations were the most common.

This survey provided significant insights into how attraction and retention issues present a persistent operational challenge for organizations and what strategies employers are pursuing to compete in today's labor market.

This article compiles employer responses to these questions and provides some general takeaways for employers.



Attraction and Retention Challenges

Since the onset of the COVID-19 pandemic, attracting and retaining employees has been a persistent struggle for employers and remains as such. Today, over **75%** of employers reported they consider attraction and retention a top-five business challenge for their organization, with over **80%** of respondents expecting this problem to continue through 2022.

These findings provide a general benchmark of today's labor challenges. They indicate that in addition to being a pressing HR issue, the difficulty of finding and keeping workers is an obstacle with a wide-ranging impact on an organization's ability to succeed.

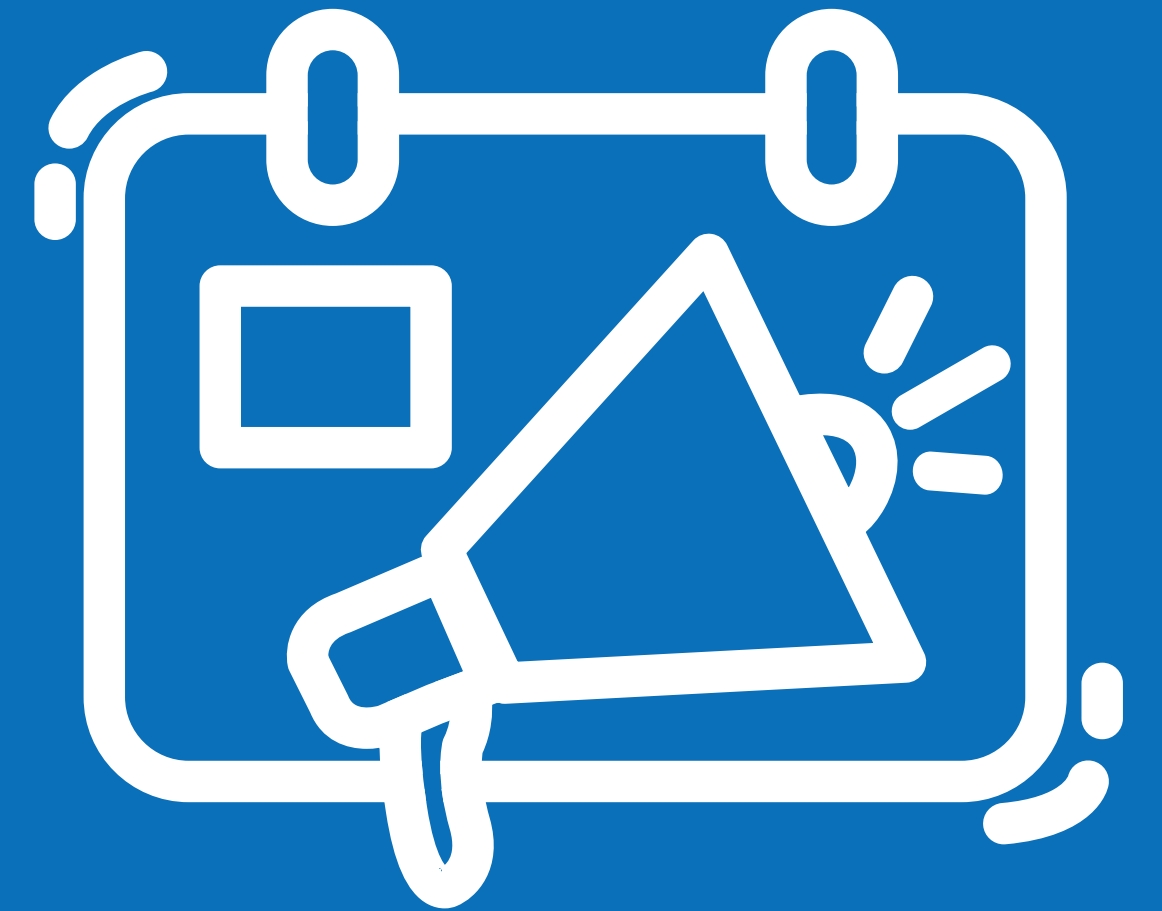
Here are some other key takeaways from today's challenges:

Attraction Is One of Today's Top Workplace Challenges

Notably, employers reported struggling more with recruiting and hiring new workers than retaining existing ones. In fact, when asked if their organization has difficulty attracting new employees, over **85%** percent of employers responded yes (**47%**) or somewhat (**40%**). This total compares to the lesser **58%** of employers that responded yes (**12%**) or somewhat (**46%**) when asked if their organization struggles with retaining current employees.

Earlier in the pandemic, employers were concerned about employees leaving the workforce altogether in what economists called the "Great Resignation." Now, in what is being referred to as the "Great Reshuffle," workers are seemingly leaving one job for another that more closely aligns with their needs. The U.S. Bureau of Labor Statistics shows that total employment continues to trend up. However, there were still 11.5 million open jobs as of the last business day of March 2022, exceeding the number of available workers by 5.6 million. So, while workers are reentering and staying in the workforce, employers continue struggling to fill open roles.

In today's competitive labor environment, employers are worried about meeting workers' demands and losing employees to other organizations that may offer the employment opportunities they desire.

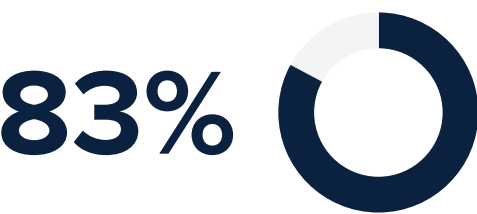


Attraction and Retention Challenges (Continued)

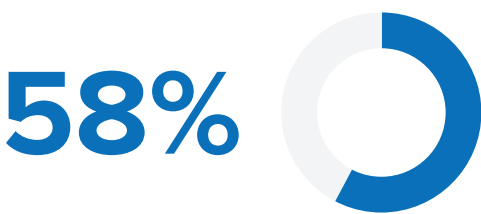
Workers Desire Competitive Compensation and Benefits

Employers were asked what they found to be the top priorities of workers during the hiring process and were directed to select their top three choices. The most common selections were:

Competitive compensation:



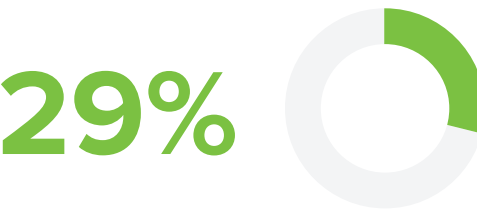
Competitive benefits:



Flexible schedules:



Career development opportunities:



Strong company cultures:



In addition, employers reported that workers desire remote (14%) and hybrid (14%) work arrangements.

The most significant takeaway is that competitive compensation and benefits are the most important factors to workers in today’s worker-friendly labor market. This comes at a time when workers are dealing with the highest inflation rate in several decades, and costs for everyday expenses are soaring. This finding indicates that workers deeply care about benefits offerings; the COVID-19 pandemic highlighted the importance of benefits such as health care and resources such as telemedicine and mental health support. Moreover, this finding highlights other top desires of employees when seeking new opportunities, such as finding workplaces with career development opportunities, strong cultures and flexible work arrangements.

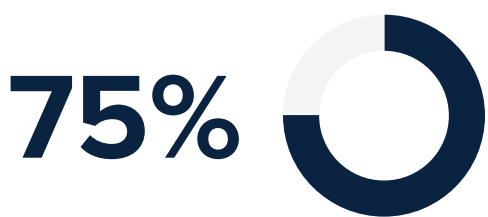


Attraction and Retention Challenges (Continued)

Compensation, Skills Gaps and Flexible Workplaces Are Top Challenges for Employers

Employers were asked what they consider the top three most significant attraction and retention challenges for their organization. The most common selections were:

Increasing compensation to meet current demands:



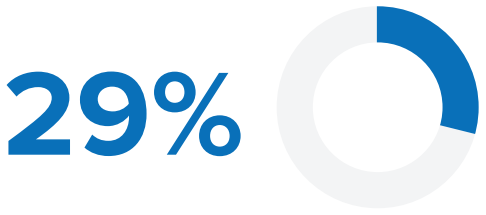
Addressing current and future skills gaps:



Meeting desires for flexible work arrangements (e.g., remote, hybrid, flexible hours):



Addressing increased benefits demands:



These responses suggest that while employers are able to identify the general demands of workers, the corresponding solutions present a challenge, as they aren't always feasible or the challenges aren't easy to overcome. For example, increasing compensation to meet market demands isn't realistic for every organization.

In addition, employers report struggling with allocating resources effectively to meet staffing needs. This is illustrated by employers also identifying issues such as meeting an operational demand to maintain a higher number of employees (**27%**) and designating sufficient resources to address labor challenges (**18%**), including hiring more recruiters and developing internal initiatives.

In general, these findings show that employers have the dilemma of overcoming multiple attraction and retention issues at the same time. While employers navigate the ever-changing demands of workers, it's also a struggle to find the resources necessary to effectively attract and retain the workers they need.



Workplace Strategies

Employers face no shortage of attraction and retention challenges. But, they are pursuing a variety of strategies to meet the demands of workers and improve their operational ability to find and keep employees.

These findings provide a window into the strategies employers are exploring:

Employers Are Offering Additional Compensation and Benefits to Win Over Workers

Some of the top actions employers are taking to boost attraction and retention include efforts to improve compensation, bonuses and benefits.

When asked what strategies they are exploring to improve attraction, **41%** of employers say they are offering additional compensation, with **30%** offering bonuses and **31%** expanding benefits. Likewise, when asked what strategies they are exploring for retention, the findings were similar: **49%** of employers reported offering additional compensation, with **38%** offering bonuses and **30%** expanding benefits.

These results indicate that while employers understand and are striving to meet workers’ demands for higher wages, they are also exploring other ways to offer competitive rewards to win them over. While it’s not feasible to drastically raise pay or increase bonuses for every employer, employers also report expanding benefits. Competitive benefits are also a top desire of workers, and options such as a strong health care package, telemedicine access, mental health support and voluntary benefits can fit into strategies to provide value to employees. In many cases, such strategies can be low-cost.

Employers Are Pursuing Operational Strategies to Strengthen Recruiting Efforts

In addition to considering how to meet the demands of workers, employers are exploring ways to improve their recruiting and hiring practices. Top survey responses include:



These responses coincide with survey findings that show employers report attraction as a top challenge and, in turn, are pursuing ways to strengthen their recruiting practices. While strategies such as employee referral programs, university recruiting and winning over workers from different industries predate the pandemic, these findings suggest employers are exploring these efforts to build their pipeline of job applicants. During the pandemic, more employers also pursued virtual recruiting methods out of necessity, such as conducting virtual interviews, expanding geographic reaches, managing online profiles and attending virtual career fairs. These practices are largely here to stay, with some employers seemingly planning to continue to pursue these efforts moving forward.



Workplace Strategies (Continued)

Employers Are Exploring Employee Communications, Career Development and Support Strategies to Improve Retention

In addition to compensation and benefits-related strategies, employers are also focusing on finding additional ways to adapt their workplace to better retain employees. Employers selected the following as methods they are exploring to improve employee retention:

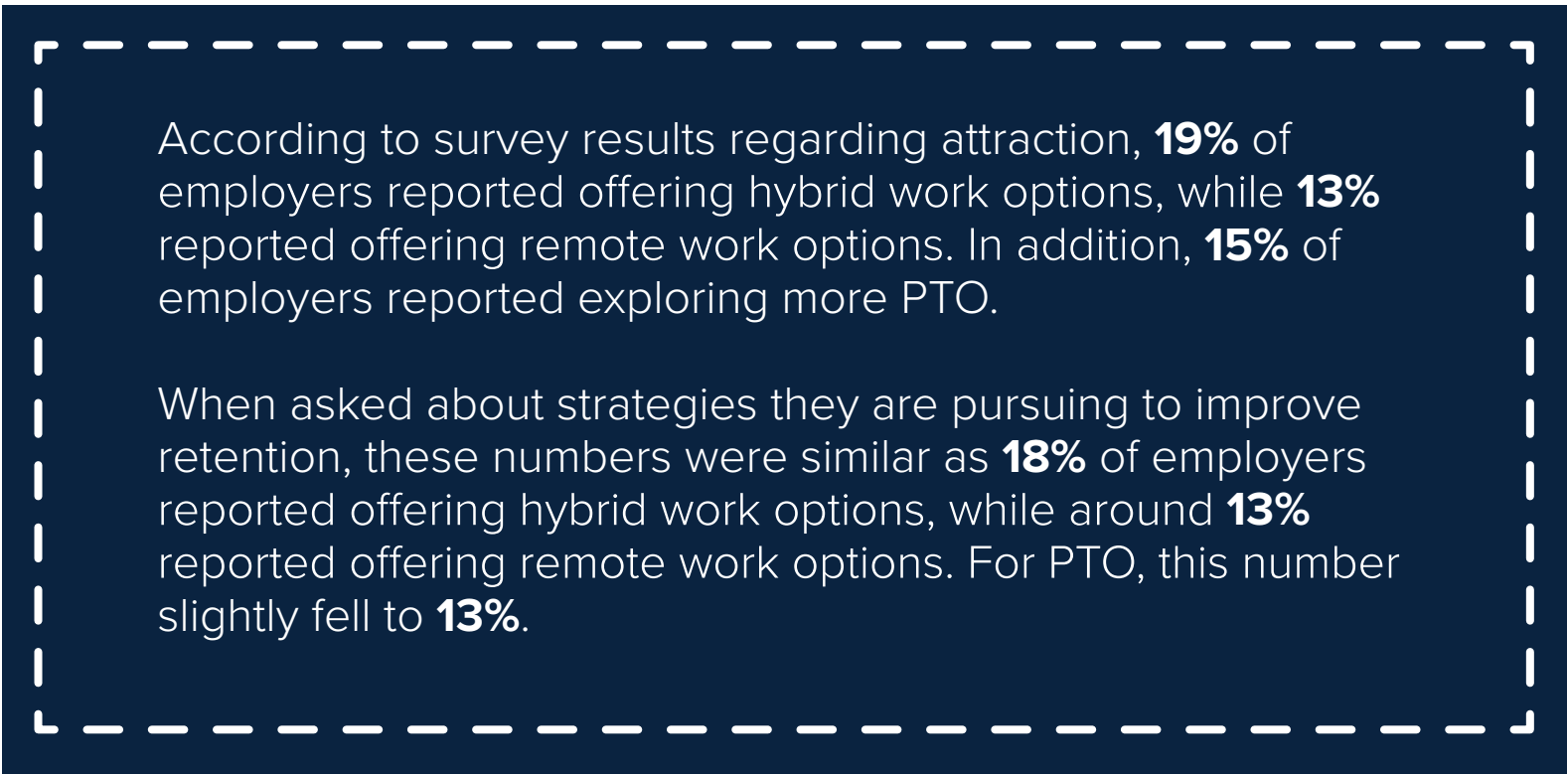


Strategies to enhance relations with employees, such as better employee communications and training managers on how to effectively support employees, can often carry low costs but effectively support workers when implemented correctly.

An effort to offer more upskilling and development opportunities reflects that an employer is striving to meet worker demands for improved career opportunities. While these efforts can help with retaining employees who desire such opportunities, these efforts can also help close current and future skills gaps in the workplace, which is also a top attraction and retention challenge reported by employers.

Employers Exploring Flexible Work Arrangements

To improve attraction and retention, some employers reported exploring strategies designed to improve flexibility for employees, including remote work arrangements, hybrid work schedules (working part of the week in the office and part of it remotely) or offering additional paid time off (PTO).



It appears employers are more prone to allow hybrid work than to permit employees to work from home entirely. In general, these numbers support that while some employers are offering such flexibility to meet the desires of current and prospective employees, what flexible work arrangements an organization is able to feasibly offer will vary by workplace. For example, if a small business is in the service industry, remote work may not be an option. Yet, even working with employees to create flexible scheduling options can go a long way.



Employer Takeaway

These survey results suggest that, just as it has been throughout the pandemic, attracting and retaining employees continues to be a top workplace challenge for employers. To no surprise, it appears that topics such as compensation, benefits and workplace flexibility are the top priorities for today's workers, creating a competitive environment for organizations to vie for talent. But, in addition to addressing these demands, employers are also struggling with the operational nature of attraction and retention, such as finding the right recruitment strategies and retention initiatives.

The good news is there are impactful strategies for employers to attract new talent and retain their employees. The best actions will vary by workplace, as employers are challenged to meet the desires of today's workforce while pursuing feasible strategies that make sense for their organization.

Employers can stay one step ahead by understanding today's labor challenges and monitoring talent trends, which can inform strategies to effectively and meet the unique needs of current and prospective employees.

Contact us today for resources on attraction and retention, benefits, workplace flexibility or any topics discussed in this benchmarking overview.

