ATTRACTION
& RETENTION
QUARTERLY NEWSLETTER
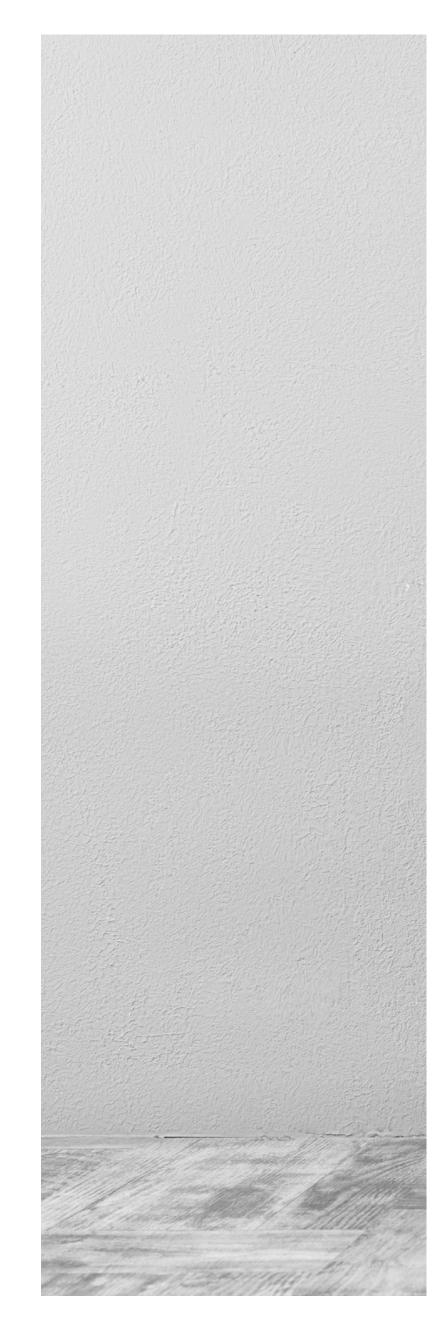### 2nd QUARTER 2023

MARKET
RECAP

MARKET RECAP

Attraction and Retention Expected to Remain Operational Challenges

In 2022, finding and keeping workers was a continuous challenge impacting the daily operations of organizations. Zywave's 2022 Attraction and Retention Employer Pulse Survey found that early in the year, over 75% of respondents listed attraction and retention as a top-five business challenge, with the majority expecting the trend to continue through the year. Meanwhile, employers navigated record-high labor metrics and rising inflation while employees demanded higher pay, competitive benefits and more flexibility—and demonstrated an ability to leave their jobs to find opportunities that met these desires. Employers should expect attraction and retention challenges to persist this year and take a proactive approach to talent strategies.
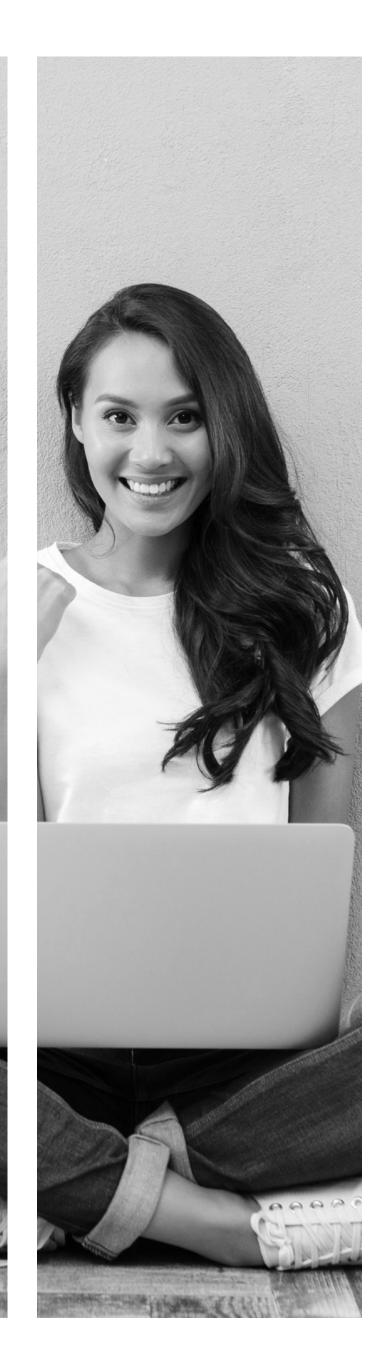
In 2023, labor challenges aren't expected to be equal for all industries—or all types of positions. According to a recent Willis Towers Watson (WTW) survey, IT and digital talent and engineers are expected to present a great attraction and retention threat in 2023. In contrast, occupations such as hourly production and technician roles, sales representatives and finance professionals face only a moderate threat. These findings coincide with the most recent data from the U.S. Bureau of Labor Statistics (BLS), which shows that industries such as finance and insurance have a rising level of job openings. Industries such as nondurable goods manufacturing show a downward trend in job openings, indicating that employers in the sector may see long-awaited breathing room when hiring for production or technician roles. While some industries may have more pronounced talent challenges than others, employers across the employment landscape will likely face a continued competitive labor market.

Current levels of job openings remain high compared to pre-COVID-19-pandemic numbers. Research from WTW found that over 40% of employers anticipate attraction challenges in 2023—a significant decrease from almost 95% of respondents who experienced these challenges in 2022. Organizations may not hire as prolifically in 2023, but finding employees is still anticipated to be a core challenge for employers. With a recession on the horizon, workers may have fewer employment options in 2023 but will remain on the lookout for opportunities that better suit their needs. In regard to retention, WTW's survey found that while almost 9 in 10 respondents experienced difficulty retaining workers in 2022, around 60% expected similar challenges in 2023. To combat attraction and retention challenges, employers are exploring strategies such as competitive compensation, benefits to meet the needs of workers, pay transparency and continued flexible work policies.

Employers are expected to navigate economic uncertainty and ever-changing employee desires in 2023 while competing to win over talent in a continued tight labor market. While labor metrics are likely to recover from record highs, they remain competitive against pre-pandemic levels. As such, continually staying up to date on the current employment landscape and the needs and desires of workers would be a wise strategy for savvy employers. These trends can help inform attraction and retention strategies to compete in today's work environment.

MARKET RECAP

SECURING TALENT

Building an Employee Value Proposition to Attract and Retain Employees

An employee value proposition (EVP) is the unique set of benefits employees receive in return for the skills, capabilities and experiences they bring to an organization. While an EVP includes common factors such as compensation, benefits and career opportunities, it also expands to all the value an employee can receive in exchange for their work.

A strong EVP gives employees a powerful reason to work for the organization. It can contribute to a solid and positive employer brand, prioritize organization goals, reengage the workforce and reduce hiring costs. Most importantly, an EVP contributes to attracting and retaining top talent. In fact, according to an Indeed survey, 21% of job seekers decided to accept the offer for their current job because their interests and values were reflected in the company's mission. So, not only should a suitable EVP address the wants and needs of employees, but it should also align with the company's values.

Building an EVP

Employers can and should personalize their EVPs to reflect their company's values. Although EVPs are not one-size-fits-all, certain aspects must be factored in to make them appealing to as many candidates and employees as possible. Therefore, the process of building an organization's EVP should take the following tips into account:

- **Create buy-in from the top.** An effective EVP has buy-in from the entire workplace, meaning it's important that it's supported by top executives and senior leadership.

- **Build an EVP for everyone.** The goal of building an EVP is to cater to the needs of every employee, including any phase of life they may be in.

- **Engage in a research process.** Consider sending out a survey or starting market research about the needs of the workplace's employees.

- **Communicate the EVP.** The EVP can be communicated in various places, including the organization's website, social media and job posts.

- **Review the existing EVP.** An organization's EVP should be reviewed and adjusted as the needs of employees change.

Employer Considerations for Defining an EVP

An EVP is more extensive than a paycheck. So, when building an EVP, there are also considerations pertaining to job growth, work environment and more for employers to keep in mind. The following key elements help create a compelling EVP:

- An engaging and healthy work environment

- Opportunities for growth and development within the organization

- Consistent and stable job opportunities

- Competitive wages

- Additional monetary and nonmonetary perks

Building an EVP that fits the needs of employees is crucial for employee attraction and retention. Whether an organization is ready to start building an EVP or it's time to reevaluate a current EVP, it must be based on the current workplace values and employee needs and desires. The time to assess a workplace's EVP is today.

SECURING TALENT

Skills-based Hiring

Formal requirements have been a mainstay for many employers hiring for open positions. Traditionally, to be considered for an open role, a candidate had to meet certain formal requirements, such as educational degrees, years of professional experience, personal referrals and other pedigree markers. Organizations used these traditional prerequisites to fit candidates to a specific job profile. As a result, the candidate who satisfied the most prerequisites typically received the employment offer.

In recent years, employers have begun shifting away from focusing on educational qualifications and other traditional markers when hiring to a skills-first approach, also known as skills-based hiring. More employers have embraced skills-based hiring in response to their recent labor challenges because it can increase the odds of organizations finding the right candidates.

What Is Skills-based Hiring?
Skills-based hiring can provide employers with certain advantages over traditional recruiting methods. This hiring practice:
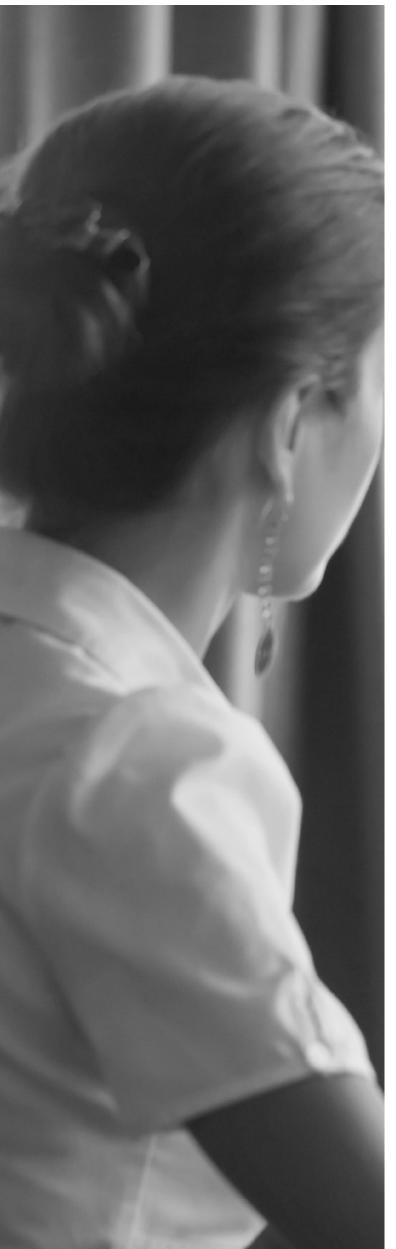
- Expands talent pool

- Improves workplace diversity

- Focuses on qualifications

- Fills open positions faster

Switching to skills-based hiring requires organizations to change not only who they hire but also how they hire. It comes down to establishing goals and measuring progress. A skills-based approach to hiring will likely require employers to rewrite job descriptions so they focus on candidates' skills and the primary role responsibilities instead of formal requirements.
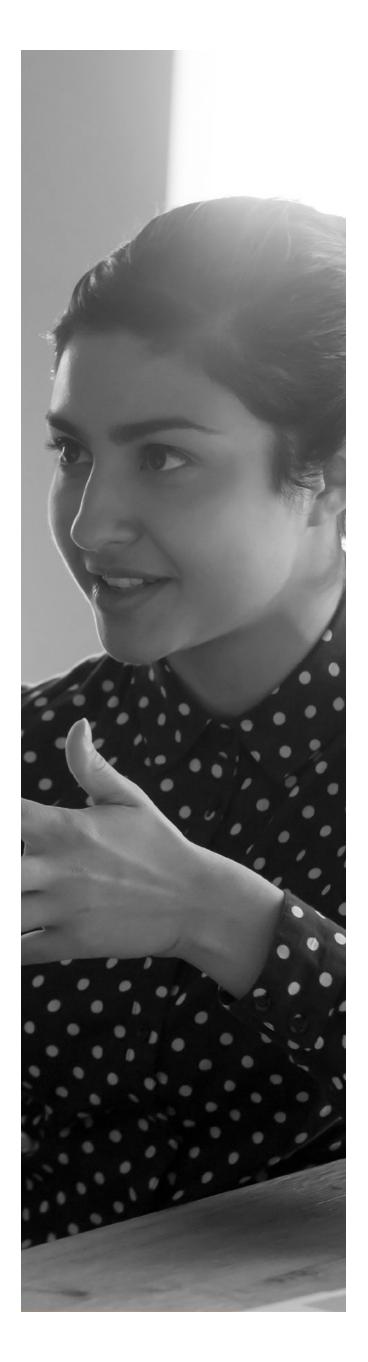
Despite the potential benefits of skills-based hiring, many roadblocks prevent employers from adopting this approach. Shifting to skills-based hiring requires organizations to change their traditional mindset and hiring practices, which can be difficult and requires a lot of time and effort. Employers can also struggle to find qualified candidates and validate their skills. Skills-based hiring seems to produce successful candidates for low- to middle-skilled positions, but hiring highly skilled workers becomes much more difficult.

Summary
Skill-based hiring can be an effective way to find qualified candidates who meet an organization's needs. Prioritizing skills over traditional hiring requirements can help organizations find applicants who better fit job requirements and can perform the job. This can allow employers to build a skilled and adaptable workforce to further their organization's growth.

SECURING
TALENT

WORKPLACE OUTLOOK

Each month, the BLS surveys businesses and government agencies and publishes the data from the findings the following month. This information offers a snapshot of the country's employment health and growth. Below is the data for February 2023, the most recent month available.

Unemployment rate*:

3.6%

Total nonfarm payroll employment:**

+311,000

Primary job gains:
Leisure and hospitality, retail trade, government employment and professional and business services

Leisure and hospitality:

+105,000

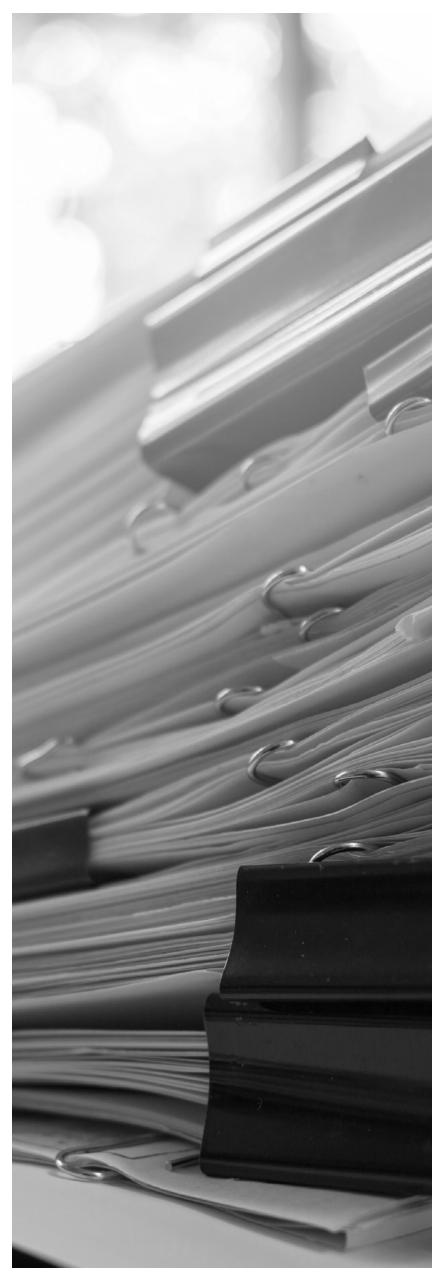**Retail trade:**

+50,000

Government employment:

+46,000

Professional and business services:

+45,000

*The BLS does not count furloughed individuals as "unemployed."

**Nonfarm: This category refers to goods, construction and manufacturing companies in the United States. Data in this category excludes farm workers, private employees and nonprofit organizations.

Source: Bureau of Labor Statistics

WORKPLACE OUTLOOK