



THE ULTIMATE GUIDE TO

Employee Retention



Introduction

It's become a familiar story to Human Resources executives and hiring leaders: A top-performing employee resigns out of the blue, leaving you scrambling to find a suitable replacement. Your remaining team members have taken on more responsibility to keep business moving as usual, sometimes working longer hours with equal pay. It's difficult to find a talented replacement and over time, these employees reach their tipping point and resign themselves – or at the very least, team morale starts to decline, affecting engagement and performance. And since low performance typically means lower profit margins, this is a story that businesses today desperately want to rewrite.

Unfortunately, it's not that easy in the current job market. People are resigning at

record rates. CNN reports that 47.4 million Americans voluntarily left their jobs in 2021¹. Strained industries are competing for talent, driving up compensation. When it costs an average of six to nine months of an employee's salary to find, recruit, and train a new hire, the growing rate of resignations is bound to lead to an overall negative financial impact.

If employee turnover is becoming a problem at your organization, now is the time to learn to identify who might be at risk, why they might be leaving, and what can be done to stop them. In this eBook, we will explore the trends that are currently shaping the American workplace, the reasons why employees are leaving, and strategies to improve job satisfaction and ultimately, employee retention.

Top Trends Driving Employment Fluctuations in Today's Job Market

The last few years have left employers in a staffing situation like no other. From office space shutdowns and layoffs to the need to rehire quickly and meet U.S. workers' growing list of demands, human resource managers and hiring leaders are scrambling to find right-fit employees to fill voids quickly and efficiently, while also creating programs to decrease the overall number of resignations.

Here are some trends shaping the 2022 workplace that should be considered when developing an employee retention or hiring strategy:

1 Great Resignation or Great Revelation?

Many think the uptick in U.S. workers leaving jobs can be attributed to the COVID-19 pandemic, but in reality, this trend began in early 2019², making it possible that resignations would have continued to climb even without the pandemic. And although Anthony Klotz, the Texas A&M University professor who named "The Great Resignation" and predicted the current spike in resignations, doesn't expect another massive wave – he does say that people will continue to re-examine the role work plays in their lives. With a new focus on personal growth and happiness, a growing number of American workers are not willing to sacrifice for their jobs any longer. With employees now in the driver's seat, they will seek positions that fulfill their personal needs and look around for the right fit – leaving jobs that won't offer the salary or benefits they are looking for.

2 Health and safety first.

As physical workspaces begin to reopen, people are considering their level of comfort in returning to full offices and crowded facilities. Company policies will vary on rules regarding vaccinations, mask-wearing, testing, quarantining, and capacity levels, and employees will make choices based on how safe or unsafe they feel being back in the office.

Along with concerns about the virus, employees are becoming more and more aware and protective of their personal well-being – and are willing to leave a company if they feel their health is being impacted. The global shutdown that drove employees to work from home created an always-on environment for many workers – leaving them to not only struggle with the growing stress of their jobs but also take a more active role in childcare and other increased demands at home.

In a 2021 survey conducted by the American Psychological Association, nearly 3 in 5 employees reported negative impacts of work-related stress, including lack of interest, motivation, or energy (26%) and lack of effort at work (19%).³ While certain industries are feeling the effects of employee burnout more than others, managers across all industries should consider and address this growing concern as increased employee sickness and stress can lead to a rise in medical expenses and lost productivity.

3 in 5
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IMPACTS
of work-related stress

47.4
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jobs in 2021¹



3 Creative compensation.

Companies that can be offering significant compensation increases to attract and retain valuable talent, but those that cannot need to get more creative about what they can offer their employees and recruits to stay competitive. Fewer hours at equal pay, more paid time off, and the opportunity to work remotely are some benefits being substituted when increased pay isn't an option.



5 Technology takeover.

With many employees now working more remotely, new technologies and tools are being implemented to accomplish everyday tasks, which adds an extra layer of performance level to a job description. Those less tech-savvy employees might struggle and become more overwhelmed with their new responsibilities if they are not given the proper training and look to move elsewhere or out of the industry completely.

As employers struggle to find talented workers to fill open jobs, they will turn to automation - adopting new technologies that fill the gap. The skillset need then changes to an employee that has experience with tech, cloud, robotics, or automation, which is becoming more and more challenging to find across all industries.

4 Speaking of remote working...

No longer a nice-to-have for many corporate employees, remote or hybrid working schedules are as expected by a U.S. employee as a benefits package or 401K plan. Organizations that do not offer flexible working will continue to see a rise in turnover if they do not compensate with a similar value proposition. However, in today's employee-centric workforce where workers are calling the shots, it will be hard to keep or attract employees without allowing for some sort of flexible work arrangement.

But some experts argue that working remotely will only add to the employee turnover problem. Because there is less time in the office, there will be less time to build social relationships with co-workers so there will be less emotional connection keeping people at a job. And as more and more companies do offer remote jobs, the pool of opportunity opens across the country, making it even more competitive for employers to retain talent.

Additionally, as new products are introduced by tech companies that automate traditional managerial tasks like scheduling, approving expense reports, and monitoring direct reports' completion of tasks, the role of a manager will slowly change, shifting towards more person-to-person support, training, and performance feedback than task management. With many jobs moving towards more independent work hours and tasks, it will be up to those overseeing direct reports to build human connections and uphold the overall culture of the company that will keep employees at their jobs.

6 Workplaces with purpose.

An increased focus on societal and environmental issues has driven consumers to engage with brands that align with their beliefs and passions - why wouldn't this also translate to employees in the workforce? American workers are no longer leaving their personal views "at the door" and expect their places of work also take a stand on important issues and discussions. If that stand doesn't align, employee morale could be affected. A 2022 Gartner analysis found that 65% of employees want to work for organizations with a strong social and environmental conscience - and engagement drops when employees are disappointed with their company's stance on current societal, political, and cultural issues.⁴

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7 Emphasis on equal opportunity.

Although this is not a new trend, the conversation around equality and fairness in the workplace has risen to new heights in the last few years. Harvard Business Review reports that according to their analysis of S&P 500 earnings calls, "the frequency with which CEOs talk about issues of equity, fairness, and inclusion on these calls has increased by 658% since 2018."⁵

The current conversation around equality is not only limited to race and gender as in years past, though these are still significant pain points amongst certain demographics. In today's new job market, there is new consideration and debate about equitable flexibility and demands for remote versus in-office employees, non-parents versus parents, compensation premiums to acquire new talent, cost of living as team members now live around the country in remote work environments, and equitable investments in programs to assist all employee needs as opposed to just certain groups (e.g. childcare services, training programs, commuting costs).

There is often a misguided perception that those employees working in-office are higher performing than those working hybrid schedules or remotely. Although experts have noted that both groups perform at equal levels, those working in-office are more likely to be promoted than people who work from home. Even if not intentional, hybrid workers might feel underrepresented in critical conversations or excluded from career growth opportunities. When you consider that data shows that women are more likely to prefer to work from home⁶, this could be a dangerous trend that will most certainly destroy morale and reputation if your employees believe this is being supported by management.



Now that we've explored today's workforce trends, let's get down to the (sometimes ugly) details.

The Real Reason Your Employees Aren't Staying.

(Hint, it might be your company culture.)

Wouldn't it be great if we had the definitive answer? Fact is, the reasons people leave their jobs vary by industry, state, gender, age...the list goes on and on. But we can examine the latest research to understand some of the warning signs employers can look out for to try to identify trends, so you can try to address the situation before a valued employee leaves.

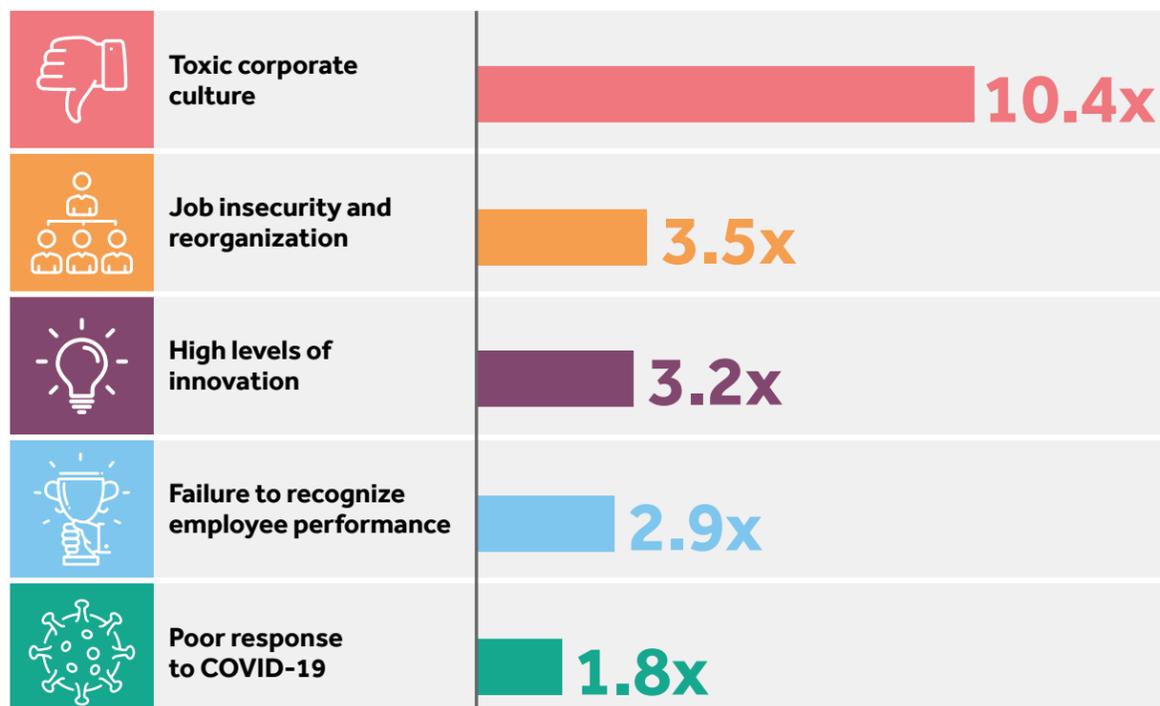
A recent report by the Pew Research Center found that low pay, lack of opportunities for advancement, and feeling disrespected at work were the top three reasons Americans quit their jobs in 2021. Some other reasons cited were child care issues and lack of flexibility, along with poor benefits and paid time off. The survey also found that those who voluntarily left their jobs for other employment opportunities were more satisfied in these areas than in their previous jobs.⁷

Although 'low pay' is reported as a major reason for resignations in 2021, there are other surprising predictors of attrition that should not be overlooked. MIT Sloan Management Review analyzed cultural reasons for employee resignations and ranked them by the level of importance relative to compensation. They found that toxic workplace culture is ten times more important than compensation in predicting turnover, with the next biggest predictors being a company's reorganization and job insecurity, growing levels of innovation, failure to recognize performance, and a poor response to the COVID-19 virus.⁸

While these are great resources to signal why employees might be leaving, it's always best to do research unique to your company to get these answers in order to address your attrition issues appropriately.

REASONS FOR EMPLOYEE RESIGNATIONS

Importance relative to compensation



8 Ways to be the Kind of Workplace Workers Want to Work For

So far, we've looked at the trends that are influencing the workplace and some potential reasons your employees are leaving. Using these insights, we've highlighted a few strategies and tactics that will help companies increase employee satisfaction, morale, and ultimately, retention.

1 All hail hybrid models!

If you aren't already making it easy for your employees to work remotely at least part of the time, now is the time to consider it. A 2021 IWG survey showed that almost half of all office workers would quit if asked to go back to the office five days a week and about 75% said they would prefer a hybrid working schedule to a ten percent pay increase if offered the choice. With a 26% increase in job opportunities offering a flexible work schedule today, you are almost guaranteed to lose that talented recruit if you don't include hybrid working in your offer package.⁹

And don't forget - hybrid working benefits businesses too! Seventy-seven percent of workers report being happier and 75% report being more productive while working from home. In fact, the average remote employee worked an extra 26 hours each month during the COVID shutdown.¹⁰ All of this happiness and productivity leads to higher performing employees which means better business growth overall - what are you waiting for?!

54% OF HIRING PROFESSIONALS say work flexibility encourages retention and 51% AGREE it attracts candidates

2 Welcome wellness.

The aftermath of the pandemic has left thousands of people overworked, overstressed, and overwhelmed. Expanding or improving your wellness offerings will help employees feel supported and prioritize their well-being (see happy employee stats above!). Stress management programs, reimbursement for fitness classes and wellness apps, normalizing conversations around mental health, and providing access to healthcare services are a few examples of ways to support the overall wellness of your employees.

3 Pay and perks.

Since low pay is noted as a top reason for leaving, companies must be competitive when it comes to compensation, which means employers need to evaluate and adjust regularly or they will be faced with an increase in resignations. For those businesses that can't increase salaries right now - never fear! There are still ways to compensate your employees that will leave them feeling appreciated for their hard work. Consider giving bonuses, improving healthcare benefits and retirement plans, more paid leave, and student loan assistance are some great examples of ways to increase employee satisfaction. And don't forget to highlight your perks! Childcare services, fitness memberships, preferred office furniture, complimentary meals, and office game rooms are some perks that employees get excited about.

4 Invest in your employees' careers.

Demonstrating the opportunity for advancement is possibly one of the simplest ways to increase retention, yet many companies look outside to fill roles. By promoting from within we save the cost of finding a replacement - use those funds to develop training and education programs that will allow current employees the opportunity to grow. When people have a clear path to advancement, they are more likely to feel as if their employer is investing in their future and are less likely to leave. If they feel their growth has become stagnant, they'll start looking for other opportunities. Additionally, new job seekers are more enticed by companies that offer paid training and note it in their open job postings.

5 Give Back.

Demonstrating a positive corporate social responsibility boosts employee morale and purpose. One of the biggest drivers of better employee experience in the 2021 Fortune 100 Best Companies to Work For was generous community giving. Of these top-ranked companies, 64% offered paid time off for volunteering and 67% offered donation matching. Donations don't have to be only monetary - get creative with your goods. Two great examples are both Hilton and Hyatt offering complimentary rooms to first responders during the height of the pandemic and Anheuser-Busch producing hand sanitizer to support the American Red Cross and other critical relief efforts. Schedule company-wide community service days in which your employees are able to vote on their choice of outreach.

Another crucial consideration is your company's sustainability efforts and position on social injustices. Today's job seekers are actively evaluating companies on their responses in these two areas. Seventy-six percent of U.S. workers say it's important to them that their employer takes action to protect the environment, but only 27% of them are satisfied with their company's efforts¹¹. Additionally, a whopping 82% of Americans report that it is 'very' or 'somewhat' important that companies work to make a positive difference in matters of racial equality, but only 21% think their company has made a 'very positive' impact.¹² In today's workforce, if you aren't addressing these important issues, it will be hard to improve employee retention rates.

Companies that rank highly for employee training see **53% LOWER ATTRITION**



- LINKEDIN'S 2020 GLOBAL TALENT TRENDS REPORT



6 Create Connections.

As more and more people work remotely, building relationships and human connections become harder to accomplish. But if an employee doesn't feel connected to their place of work, they won't feel the pull to stay. When your employees feel connected, it gives them a sense of purpose and they become more engaged. Highly-engaged employees are more productive. Create opportunities for employees to see how their work contributes to the overall company objectives. Empower them to express new ideas and reward new ideas and open communication. Establish mentor programs and cross-capability working opportunities for new and current employees where possible.

4 Culture.

As we mentioned earlier, a negative or toxic workplace culture leads to unhappy or unengaged staff members, substandard work, and high staff turnover. Oftentimes, a positive culture is as or more important to job-seekers than salary.

It's crucial that companies are able to communicate and uphold their company culture - clearly defining the values, beliefs, behaviors, and experiences that make up the organization's working environment. This makes it easier for employees and new hires to understand and embrace these values. If employees know how they can be successful and are empowered to do so then they are more likely to be engaged and happy in their work.

8 Encourage Feedback.

Many companies provide regular performance reviews to their employees, but significantly fewer companies accept regular feedback from their employees. There is no better way to get a pulse on employee satisfaction and morale than allowing for regular employee feedback. This can be done within the company in the form of interviews or surveys, but in order to get truly honest reactions on your culture, managers, and overall organization, you may want to consider using a third-party firm, like Vennli, to impartially collect this feedback.

The most crucial piece in encouraging feedback is responding to it. If companies can not demonstrate that they are acting on the input of their employees, they will lose trust. When businesses do respond accordingly, employees feel more valued and become more engaged - and are then more likely to stay.

Companies that focus on their culture achieve up to **29% HIGHER PROFIT**, **19% HIGHER SALES**, and **72% LOWER ATTRITION**

- GALLOP POLL

Conclusion

To thrive in today's employee-centered job market, employers should consider these trends and possible predictors of decreased employee satisfaction before they see a damaging uptick in resignations. They must learn to be agile in the face of one of the greatest workplace disruptions in generations - which shows no signs of slowing down.

Investing in improving employee retention and satisfaction results in better employee morale, improved productivity, and consistency of work quality, and therefore, increased sales growth. If you'd like more information on how to quickly gather employee-voice insights so you can increase retention and win more talented new hires, contact Vennli [here](#).

RESOURCES:

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