

## Surviving The Great Resignation

You're probably sick of hearing about The Great Resignation but listen up! Not only isn't it going away, it is gaining momentum. Consider the following statistics from the US Department of Labor:

- 3% of the total US workforce left their jobs in September. That is an astonishingly high number.
- As of November 5, there were 11.2 million job openings in the US. That is also a record.
- Education and health services lost more than 50,000 workers in September. Remember that these are essential workers.
- 300,000 women left the workforce in September.

These are jaw-dropping statistics. For employers who want to recruit, retain, and expand in 2022, the challenges are daunting. There are some actions you should take now to help prepare for the bumpy road ahead that will be 2022.

### 1. Review Paid Salaries

If you typically award year-end salary increases, now is the time to determine whether you'll award them and the amounts necessary to maintain both external competitiveness and internal equity. The challenge is that sometimes external competitiveness and internal equity are at odds. For example, entry-level pay has increased 15%-20% in many locations, and you may have needed to hire at those increased rates. That means some of your longer service employees may require larger salary increases.

Across the board year-end increases don't work well when compensation for certain groups is this volatile. Now is the time to look at other pay increase models, such as equity increases, bonus payments vs. base salary increases, and special incentive programs.

A recent Business Insider survey reported that 54% of Americans live paycheck to paycheck. While advancement opportunities, good supervision, and work-life balance are important to many workers, so is salary. Make sure your compensation is and remains competitive.

### 2. Review Those Bonus and Incentive Plans Too

Now is the time to determine whether you'll pay 2021 bonuses and incentives. If you are a home improvement retailer or sell to a home improvement retailer, chances are you've had a good 2021. If, on the other hand, you're a brick-and-mortar department store, 2021 probably isn't your best year.

The wild economic fluctuations of the last two years make planning difficult but more important than ever. Here are some questions to ask yourself as you begin to set bonus and incentive goals and measures for 2022:

- What are the objectives for your plans? Do they complement the organization's business strategy?
- How will you pay for these plans?
- Do individual goals support business strategy? Do you need to establish new goals/revise existing goals as you develop new products, enter new markets, etc.?
- Are your performance measures appropriate? Have you included non-financial metrics such as customer satisfaction, resource utilization, people and project management where appropriate?
- Do employees understand the plans and what they must do to be successful?

### **3. Get Ready for More – and More – Legislative Changes**

We've been noticing for quite some time that state legislatures and municipalities have enacted all types of legislation that impacts employee compensation. The list below is just a sampling of changes scheduled for 2022:

- Illinois HB-1207 prohibits employers from seeking an applicant's salary history but allows employers to provide compensation information about the position applied for
- California AB-701 requires warehouse distribution center employers to provide written descriptions of quotas at time of hire
- District of Columbia B-285 amends the Universal Paid Leave Act to increase the amount of paid leave to 6 weeks of medical leave and 2 weeks of parental leave per year
- Several bills in different areas of North Carolina prohibit discrimination in employment on the basis of protected class. The definition of protected class is amended to include gender identity, gender expression, sexual orientation, and natural hairstyle

This is particularly important if you do business in multiple locations. And don't forget that 26 states also have minimum wage increases scheduled for 2022. The [Affinity HR Support Plan](#) is a great tool that not only tracks the legislative changes happening in the states where you do business but also provides next steps for how to stay compliant.

### **4. Do a Deep Dive Into Employee Retention**

Most likely you've had some employees leave during 2021, and you've probably collected some basic exit interview information. Have you looked closely at the information you've collected to determine if there are patterns or reasons for leaving?

According to a 2021 survey by NerdWallet, the top 5 reasons employees left their jobs this year were:

- Lack of respect or trust
- Low pay
- Poor company culture
- Overwork and underappreciation
- Bad management and supervision

Recently a large manufacturing client that had been experiencing high turnover took a closer look at their turnover statistics and discovered that most of the employees who left had worked in two workgroups. Further analysis revealed that the first-line supervisors in these workgroups were new and pretty much untrained. These supervisors are now receiving additional training and are working closely with their managers and more experienced peers to help reduce turnover in their areas.

## **5. Plan Your Year End Compensation Communications Now**

We hope 2021 has been a successful year for your business, and that you have good news to communicate to employees. Regardless of what the news is, there are some things that are critical to communicate:

- Legislative changes and how they will impact employee paychecks
- Plans for year-end base salary increases and incentive and bonus plan payouts
- 2022 planned changes to base salaries, incentive and bonus plans, and related compensation policies and procedures

Here's hoping your organization doesn't just survive The Great Resignation – but thrives in 2022! We welcome the opportunity to work with you on compensation planning or HR challenges. Connect with us at 877-660-6400 or [contact@AffinityHRGroup.com](mailto:contact@AffinityHRGroup.com).

By Susan Palé, CCP, Vice President for Compensation – Affinity HR Group, Inc.

Susan Palé is a contributor for Affinity HR Group, Inc., IIAV's affiliated human resources partner. Affinity HR Group specializes in providing human resources assistance to associations such as IIAV and their member companies. To learn more, visit [www.affinityHRgroup.com](http://www.affinityHRgroup.com).