

Article – Employee Retention

Most employers have felt the impacts of the tight labor market. Employees have been resigning at a rate of over 4 million per month for over a year. Low unemployment rates continue across the country. The labor market participation rates are reduced by 8 million employees due to factors like COVID, immigration, and employees who have left the workforce.

Adding to this, the impacts of replacing an existing employee can run up to 2 times that position's salary and result in lost productivity as well as lower morale from other employees while that position remains open.

All of these factors make retaining current employees a proactive measure employers should prioritize in 2023 and beyond.

While the possibilities are unlimited as to what you can offer and what your employees will find valuable, here are some ideas to consider depending on your workforce, goals, and budget:

Compensation

- Increase wages or salaries
- Offer bonuses (“just because”, performance, retention, referral)
- Offer commission opportunities
- Restructure compensation

Consideration: While there may be a positive impact to increased wages or salaries at first, the impact may be short-lived once the increase is divided per paycheck or has been long-spent. This is especially pronounced given the increasing costs of living that many employees face.

Benefits

- Offer additional traditional plans (medical, dental, vision, life, STD, LTD)
- Add creative benefits (pet insurance, cancer coverage, long-term care insurance, college savings program, health advocate, HSA/FSA)
- Offer an employee assistance program (EAP)
- Offer a retirement savings plan or profit-sharing program
- Increase employer-paid portion toward premiums or 401(k)-matching

Considerations: Employees value protections that fit their life; however, different employees have different needs so it will be harder to find a one-size-fits-all solution. Better coverage often means more cost to the company and maybe the employees which may limit options and participation. Also, new or changing benefit plans usually require more time and effort to research and implement.

Time Off

- Give more paid time off (vacation, sick, personal days, holidays, “unlimited”)
- Make current paid time off more flexible (allow carry-over, require less notice)
- Add “personal holidays” so employees can recognize holidays or events that are important to their religion, culture, or lifestyle without using vacation

- Offer creative time off (pet bereavement, school activities, volunteering, blood, organ, or bone marrow donation)

Considerations: Small time off policies can be easier and quicker to implement and may give more impact throughout the year as they help employees with their work-life balance. However, different employees will value different time off. And, you need to make sure that this time off can be balanced with meeting operational demands.

Perks

- Offer healthy-at-work options (healthy snacks, vending machines, desk or office exercise equipment, scheduled walk breaks)
- Implement socially-conscious programs (recycling program, community service days, fundraiser walk teams)
- Offer cost- or time-savings programs (free or discounted parking or public transportation, warehouse store memberships, on-site car detailing, errand-runner services, vendor / supplier partner discounts)
- Offer life-balance perks (gym memberships, daycare options, healthy-living programs)
- Create incentive programs (anniversary, performance)

Consideration: These efforts can help employees balance their work and life demands. Some of these are low-cost and can be implemented easily, but you may need to combine with other offerings for all employees to find some value.

As you can see, there are numerous and varied efforts you can take to try to retain your employees – some quick and inexpensive, others are more costly and take more time to coordinate.

Critical steps in creating an effective retention strategy:

While spontaneous perks are great, retention is not a one-time fix. It must be a strategy that is developed and changed as needed to reflect workforce trends, company needs, and your employees as individuals.

- Determine what your employees will appreciate. Get feedback from a variety of employees and managers to better understand what they want and need. Realize it may differ by department, position, and employee. Do not ask if you do not intend to do anything – this may make engagement worse if you create expectations and never follow through. If you cannot take the actions suggested, explain that so employees know their concerns were heard.
- Assess all factors including operational needs, workforce structure, budget, and timeline to make sure that what you offer is feasible now and, if applicable, in the future. Work out the pros and cons of each before committing.
- Formalize the actions or changes you want to implement, creating policies and procedures as needed.
- Announce the actions or changes to employees, giving them all of the information they need to know. Use this as an opportunity to communicate your appreciation for your employees and the value they bring to the company.

- Follow-up to assess if the actions or changes made the impact you wanted, or any at all. Did employees value it? Were employees able to use it or benefit from it? Did it make them want to stay? Were they more engaged?
- Continue to listen to employees' concerns and try to offer what you can to keep them engaged using their skills, talents, and abilities for you instead of looking for another job.

A final thought:

While you may not be able to find one perfect solution that all employees value, the fact that you are making an effort to show your employees your appreciation may be the best retention strategy there is. A simple and personal "thank you" can go a long way in keeping your valued employees from leaving you when you need them most.

If you need help with your employee retention strategies, Affinity HR Group can help. Reach out to us at hello@AffinityHRGroup.com or 877-660-6400.

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