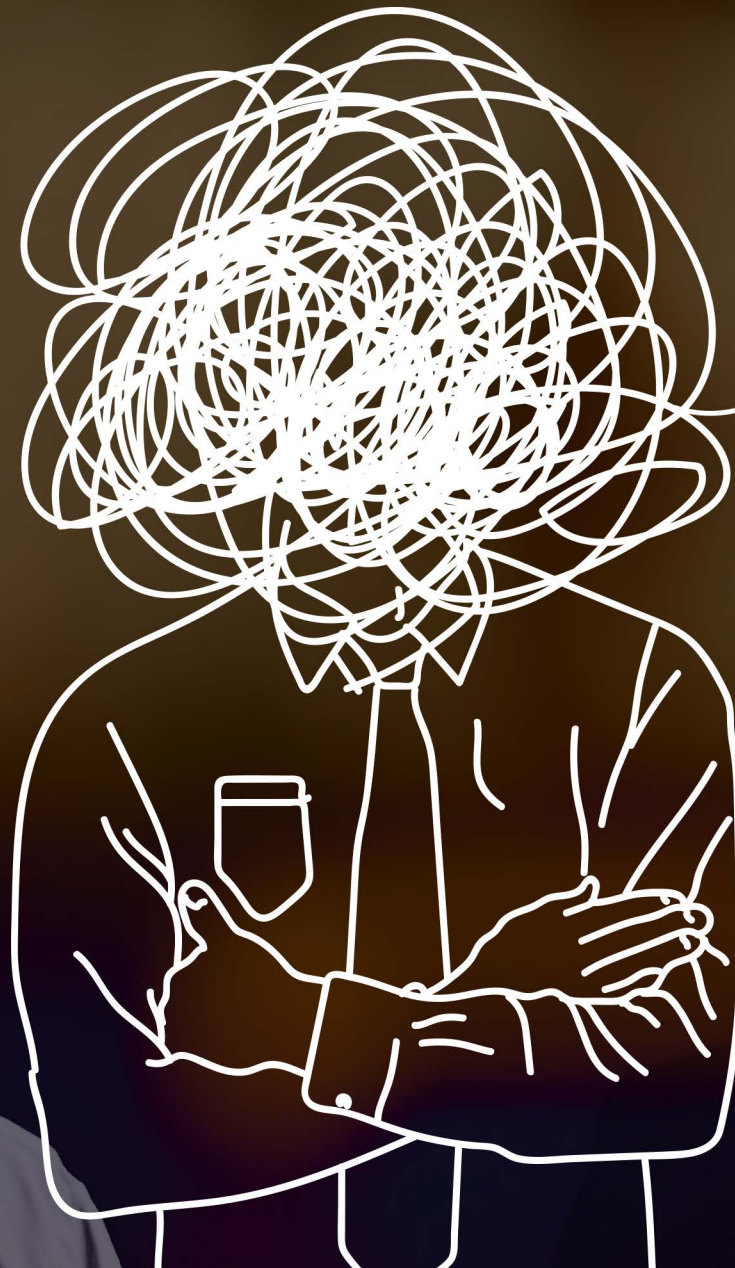


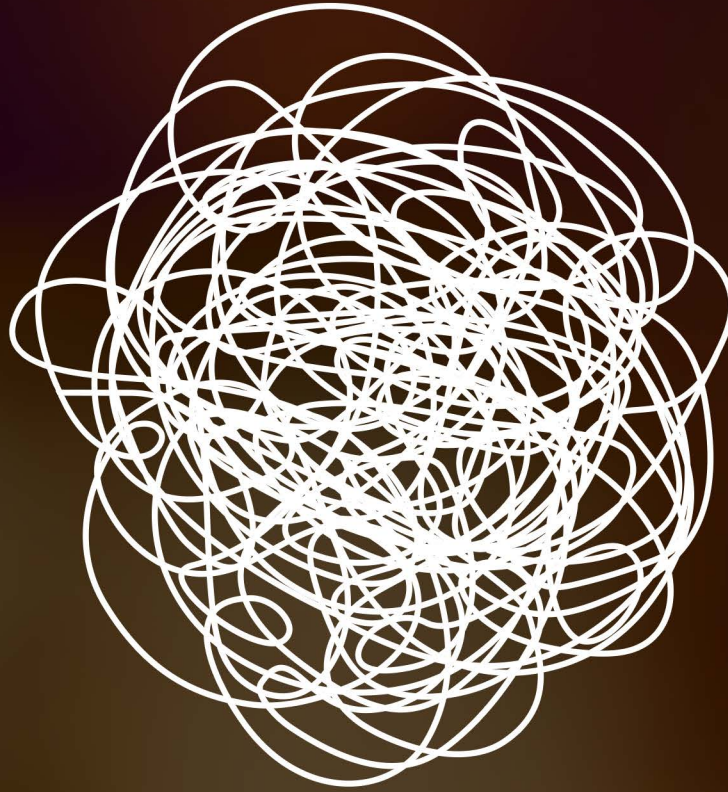
WHITE PAPER

The *Disconnect* Between Employers and Workers

Strategies for Improving Employee
Retention and Engagement



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Executive Summary

Even with a recovering labor market, employee retention remains top of mind for employers. As companies around the country compete to attract talent, employers are also focused on keeping their workforce intact. To support retention, it's critical to understand when, where and why attrition is taking place.

As factors like flexible work, competitive compensation and company culture become increasingly important to employees, employers must understand the needs of their workforce and how to best make them feel valued. From there, short- and long-term strategies can be put in place to stave off attrition through quick wins and longer investments.

This white paper examines the all-too-frequent disconnect between employers and their workforce, current labor market conditions and trends in worker attrition, and also offers tactical strategies for improving employee retention and engagement.

The Importance of Employee Retention in Today's Labor Market

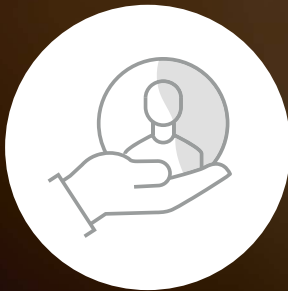
Regardless of industry, employee retention is a popular topic among employers today. In fact, 72% of business leaders say that finding and retaining talent is the biggest challenge they face¹ in the current labor market. This prevalent pain point suggests that some of these employers may have a disjointed understanding of what their workforce prioritizes and values, which may be leading factors contributing to their retention struggles.

The key to understanding the current retention crisis is to look at how the talent shortage is impacting nearly every industry. After historically low labor force participation in 2021,² the labor market began to show signs of recovery in 2022. According to the U.S. Bureau of Labor Statistics,³ in May 2022 the unemployment rate remained at 3.6%, down from 5.9% in June 2021. This puts the current unemployment rate back to pre-pandemic levels.

Yet, despite unemployment numbers stabilizing, workers are still voluntarily leaving their jobs in large numbers. In July 2022 alone, 4.2 million workers quit their jobs.⁴ The current job market remains very favorable to employees, with more open positions than eligible talent. As of July 2022, there were 11.2 million available jobs and 5.9 million separations,⁵ leaving 1.8 jobs for every one unemployed worker.

In this job seeker-friendly market, employers are competing directly with other organizations for a small pool of talent. This makes evaluating and understanding the needs of your workforce even more important. At Aston Carter, we define "retention" as the tangible reasons why employees stay with a company. Some examples may include compensation, company culture or flexibility. "Attrition" refers to the reasons employees leave a company. "Turnover" refers to the rate at which employees leave.

The Difference Between Retention, Attrition and Turnover



Retention

Refers to the tangible reasons why employees stay with a company.



Attrition

Refers to the reasons employees leave a company.



Turnover

Refers to the rate at which employees leave.

What Is My Company's Turnover Rate?

Strong retention should be one of the fundamental goals of any company. Employee retention is important for the health and reputation of an organization, and contributes directly to factors like productivity, company culture, morale and leadership development.

"When thinking about the retention rate of your company, it can be helpful to look at two factors." Kelly Corbett, a sales-focused marketing manager at Aston Carter, explains.



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Examining employee turnover can give you a better idea of the overall health of your organization.
Aston Carter created a formula to help you calculate your turnover.



Kelly Corbett

SALES-FOCUSED
MARKETING MANAGER

Turnover Rate

Turnover is the rate at which employees leave the company. This is calculated by measuring how many employees quit or were terminated — or for contractors who do not successfully finish their assignment — compared to the total number of employees (headcount) during that timeframe.

To calculate your average turnover for the month, divide the average unsuccessful finishes by the average headcount per month.

CHART 1.1

SEPTEMBER	TOTAL HEADCOUNT	UNSUCCESSFUL FINISHES	TURNOVER
Week 1	50	3	6%
Week 2	55	5	9%
Week 3	45	2	4%
Week 4	50	4	8%
Average (Rolling)	50	3.5	7%

CHART 1.2

MONTH	TOTAL HEADCOUNT	UNSUCCESSFUL FINISHES	TURNOVER
January	109	10	9%
February	114	8	7%
March	131	10	8%
April	136	6	4%
May	127	9	7%
June	122	8	7%
July	147	10	7%
August	174	13	7%
September	198	17	9%
October	200	10	5%
November	198	12	6%
December	206	16	8%
Average (Rolling)	155	11	7%
Total (Annualized)	500	129	25%

CALCULATING

Average (Rolling) Turnover

Divide the average unsuccessful finishes by the average headcount per month.

Chart 1.1

EXAMPLE:

$$\frac{3.5}{50} = 7\%$$

The average turnover for September would be $3.5/50 = 7\%$.

CALCULATING

Total (Annualized) Turnover

Divide the total unsuccessful finishes by the total headcount.

Chart 1.2

EXAMPLE:

$$\frac{129}{500} = 25\%$$

The total turnover for this time period would be $129/500 = 25\%$.



Why Are Employees Leaving Their Jobs?

Calculating your turnover rate is an important first step to addressing attrition within your company, but it's also necessary to understand why there is a disconnect between employers and employees and how it contributes to the talent retention crisis.

Remote Work

The rise of remote work during the COVID-19 pandemic has greatly changed the working landscape and employee expectations of flexibility. Before the pandemic, only 1 in 67 jobs was remote. Today, that number is closer to 1 in 7.

Remote work and greater flexibility may have been necessitated by the pandemic, but employees are now more unwilling to lose them even with COVID-19 restrictions subsiding. According to an October 2021 report⁶ released by Slack, an overwhelming percentage of employees want greater flexibility in both their work location (76%) and hours (93%).

This is especially true for employees of color and female workers. Of those surveyed, 87% of Asian respondents and 81% of Black respondents wanted flexible or hybrid work options, compared to 75% of White respondents. Additionally, 85% of women currently working fully remotely want flexible or hybrid work, compared to 79% of men. Flexible work has become more than just a perk; it's a top priority for employees with real implications for a company's diversity, equity and inclusion (DE&I) initiatives.

Despite this growing demand for more flexible work options, there's a big disconnect between senior leadership and employees. Slack's report shows that 75% of executives surveyed who currently work remotely want to return to the office three to five days a week, and 44% want to return to the office full time. In contrast, only 34% of employees want to return to the office three to five days a week, and even less (17%) want to come back full time.

This friction between leadership and employee expectations has also played out on a public stage. After some large companies announced their expectations that workers return to the office full time,⁷ many workers responded by expressing their concerns openly,⁸ demanding greater flexibility in their work environment. Some companies have since responded to employee concerns by delaying plans⁹ for a full return to the office and are opting for a hybrid work week, outlining a specific number of days to be in the office versus remote.



While this desire for flexibility should remain top of mind for employers, there are other factors of remote work that can lead to employee attrition. Remote work allows workers to search for jobs beyond their geographical location without the need to relocate. No longer are employers just competing for workers with local companies; now, they may be fighting over talent with an organization on the other side of the country.

There are instances where the presence of remote work policies can be a detractor if they aren't executed properly. Remote work can sometimes make it more difficult to build an office culture where employees feel connected and engaged in the company. This, combined with an inability to successfully onboard and train employees remotely, could lead to greater turnover even in companies attempting to embrace a more flexible work environment.

"Remote work policies can be a real balancing act," Aston Carter Director of Recruiting Operations Kate Gossett says.



Many employees are prioritizing flexibility in their job search. But remote policies must be well thought out, and companies must be willing to put the necessary resources into training, onboarding and continually engaging remote workers. Without this support, turnover is very likely.



Kate Gossett

DIRECTOR OF RECRUITING
OPERATIONS

Fair Compensation

Flexibility, benefits and an engaging culture may be important to employees, but compensation often is their top priority. While providing competitive compensation has always been critical for employers to do, workers are now looking at a labor market that works to their benefit. If they believe they are being inadequately compensated in their current role, the odds of them finding a better position elsewhere are in their favor.

With more open roles than eligible talent, employers need to ensure they aren't losing their employees to greener pastures. This may mean re-examining compensation and benefits packages to ensure they align with the current market rates and meet employee expectations.

Diversity, Equity and Inclusion Efforts

Company-sponsored DE&I efforts play a big role in impacting company culture and are important to both new hires and long-term employees alike. Staying neutral on trending social issues may not

be the safe choice it once was. Many large brands have come out in support of social issues ranging from LGBTQ+ to recognizing racial inequality to promoting sustainability. More and more, job seekers are factoring in the perceived politics and values of a company when deciding whether to join or continue working for them.

Employees want to know a company's values, and many expect companies to be vocal about what they believe in. A recent Gartner report¹⁰ shows 68% of employees would consider leaving their current company for one that is more overtly dedicated to sharing its stance on societal and cultural issues.

To get a better pulse on the views of employees, employers can conduct surveys and assess DE&I offerings based on those results. From there, you can determine how to better align your company culture and values to those of your employees. This may mean taking a more public stance on certain issues or revamping internal DE&I efforts to meet employee interests.



68% of employees
would leave their job in favor of a company that prioritizes culture

How Can Employers Prevent Employee Attrition?

To better prevent attrition, employers need to first understand when and where attrition is taking place. Uncovering the root cause of attrition can help inform a larger retention strategy and bridge the gap between employers and their workforce.

Do most employees appear to be leaving after the first 30, 60 or 90 days? Is there a certain department within your company that has an unusually high employee turnover rate? Once you identify the “when” and the “where” attrition takes place, you can begin to tackle the “why.”

Employers need to connect with employees to understand what is important to them. While motivating factors and needs can vary based on individual workers, it’s important to look at the question of importance from a high level. What employees want is to feel valued by their company. To understand what value looks like in the workplace, referring to Maslow’s hierarchy of needs can be a helpful place to start.



Employers need to understand what their employees prioritize to support retention. This strategy may change based on job, skill level or industry ... though, the most important thing an employer can do is show employees that they are valued. This concept of value must begin on Day One.



Vidhya Sathiyaraj

DIRECTOR OF STRATEGIC SALES

Maslow’s Hierarchy of Needs

Abraham Maslow,¹¹ an American psychologist, proposed the idea of a hierarchy that explains human needs and motivations. Often depicted as a pyramid, Maslow’s hierarchy contains five levels: physiological needs, safety needs, love and belonging, esteem and, at the very top, self-actualization. According to Maslow, it is only possible to move up the pyramid once lower needs are met.

The bottom tiers of Maslow’s pyramid comprise basic needs like safety and resources. To apply this concept to the workplace, this corresponds with fair compensation.

Fair compensation is crucial for the well-being and success of an employee. It can help ensure that those base-level, critical needs are met. Without this, it’s unlikely that additional benefits, even those that appear to match the needs higher on Maslow’s pyramid, will be enough to keep an employee. Those who do not feel that they are being fairly compensated are more likely to leave for an opportunity that meets those needs.

Once compensation needs are met, employees are free to focus on the other aspects of Maslow’s hierarchy, like a sense of belonging and esteem. This is where additional benefits, like flexibility, a supportive culture and professional development, can become a crucial part of a strong retention plan.





Employee Retention Strategies

You've identified where attrition is taking place and have a better sense of what your employees need to feel valued. Now begins the hard work of strengthening the connection between you and your workforce to combat attrition. There are two different routes you can take: short-term fixes and long-term solutions.

Short-Term, High-Impact Steps to Combat Attrition

There are certain tactics that employers can implement immediately to help stave off employee attrition.

Review your salary and benefits

One of the first things employers should do is review their salary and benefit packages, along with their flexible work offerings, to ensure they are in line with the current market. If your company is paying below market, or your additional benefits aren't in line with what competitors are offering, attrition is likely to continue until the problem is remedied.

Examine your current strategies

Employers can also examine their current systems to see where retention efforts can be focused. This may mean creating an employee survey to get honest feedback on business practices directly from the workers. Remember, there can be a disconnect between leadership and employees. What may not register as a problem for a senior leader may be a huge point of contention for workers. A survey can help employers identify the issues that matter most to employees and make any necessary changes.

Evaluate your onboarding and training procedures

It's also crucial for employers to evaluate their onboarding and training procedures, especially if they find high rates of attrition within the first 30 days. These initial days can be critical to employee retention, and optimizing onboarding and training can help employees feel valued and supported early on.

Long-Term Solutions to Improve Employee Retention

Quick wins can be helpful, but many companies should prioritize a greater long-term investment to improve employee retention. A particularly important long-term solution is to invest in optimizing the employee onboarding experience.

According to a 2019 report from Work Institute,¹² 43% of new employee turnover happens within their first 90 days. Many employers lose talented candidates because of lengthy onboarding processes or a lack of early support. Some accept other job offers while waiting for processes like background or reference checks to be completed. Others don't receive the proper training or even equipment in a timely manner, leaving them feeling disengaged and unsupported by their organization.

Optimizing the onboarding experience is a twofold process. Streamlining the process to get employees through the door is an important first step, but employers also need to ensure that they are investing in the right systems, equipment and management to make the onboarding process run smoothly. Do your employees have the technology and equipment they need by their official start date? Are your training programs helpful and engaging? Do employees have a point of contact they can go to for support during the onboarding process?

"First impressions matter to employees, and they need to feel engaged from the very beginning," Gossett says. "If they don't feel supported during the onboarding and training process, they are more likely to leave a job. And with more and more employees onboarding remotely, that engagement piece is even more important."

Even after onboarding, maintaining a high level of touchpoints and communication is an integral part of making both new and long-term employees feel valued.

"Increased communication is a winning strategy for employees as well as employers," Gossett explains. "Employees are better able to express their concerns and needs to management, which can make them feel valued within the company. Meanwhile, employers can better address performance concerns, identify gaps in training and keep an overall pulse on employee engagement."

Optimize Your *Onboarding* Experience

Streamline the process to get employees through the door. Ensure that you are investing in the right systems, equipment and management to make the onboarding process run smoothly.



First impressions matter to employees, and they need to feel engaged from the very beginning. If they don't feel supported during the onboarding and training process, they are more likely to leave a job. And with more and more employees onboarding remotely, that engagement piece is even more important.



Kate Gossett

DIRECTOR OF
RECRUITING OPERATIONS

The Role of Scalable, Managed Solutions in Employee Retention

Optimizing onboarding processes and increasing employee touchpoints are important parts of an employee retention strategy, but not every organization has the internal resources to offer this level of support. Working with a managed solutions provider¹³ can help not only provide employers with access to a deep talent pool, but can also take on the work of providing consistent touchpoints and regular feedback to employees.

This includes offerings such as:

- Optimized onboarding and offboarding
- First-day touchpoints
- Ongoing monthly touchpoints
- Daily accessibility
- Employee assistance programs

“Working with a managed solutions provider goes beyond staffing support,” Shaunta Tyus, a client engagement manager for Managed Solutions at Aston Carter, says.



It’s entering into a partnership with experts who bring the knowledge and experience a business needs to enact real change. It can be difficult for companies to have the bandwidth to implement the employee retention strategies they need. Bringing in a managed solutions specialist can take some of that pressure off employers.



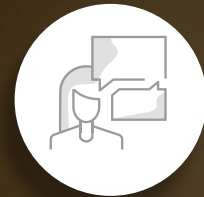
Shaunta Tyus

CLIENT ENGAGEMENT MANAGER
FOR MANAGED SOLUTIONS

Managed Solutions Benefits



Optimized onboarding and offboarding



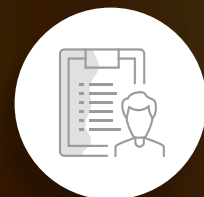
First-day touchpoints



Ongoing monthly touchpoints



Daily accessibility



Employee assistance programs

Conclusion

Remote work, competitive compensation and DE&I policies will continue to play a big role in attracting and retaining talent in the years to come. Understanding employee needs and expectations surrounding these issues and more should be a focus of employers in every industry. Without understanding influential elements and taking steps to implement meaningful strategies to address them, the disconnect between employer and employee is likely to grow more prevalent. Employees that feel valued are more likely to remain with their company. Through a combination of quick wins and long-term investments, employers can improve their retention rates — putting their business, teams and employees on the path to success.

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Contributors



Kate Gossett

Director of Recruiting Operations

As director of recruiting operations, Kate Gossett leads and develops Aston Carter’s regional strategic recruiting teams. With over 14 years of experience, she specializes in developing and executing market-focused recruiting strategies and continually improving workforce solutions for our customers.



Vidhya Sathyaraj

Director of Strategic Sales

As director of sales for Aston Carter’s Health and Technology, Media & E-Commerce industry teams, Vidhya Sathyaraj manages the strategic direction and engagement approach for some of our largest national accounts. With 16 years of industry experience, she uses her marketplace expertise to evolve Aston Carter’s workforce solutions, maximizing the value we provide to our buyers. She also serves as a Diversity, Equity and Inclusion Executive Council Member at Aston Carter.



Shaunta Tyus

Client Engagement Manager for Managed Solutions

As a client engagement manager on Aston Carter’s Managed Solutions team, Shaunta Tyus is dedicated to enhancing the customer experience and focusing on employee and customer satisfaction. She has been with Aston Carter, and within the Allegis Group family of companies, for almost 15 years.



Kelly Corbett

Sales-Focused Marketing Manager

Kelly Corbett is a sales-focused marketing manager with 18 years of staffing industry experience and 10 years of sales marketing experience. In her role, Kelly is responsible for observing market, competitor and industry trends and using that insight to drive strategies to help increase awareness around the company’s brand and services. She also collects, analyzes and summarizes data for program analysis to help establish consultative and strategic partnerships with clients.

About Aston Carter

Established in 1997, Aston Carter is a leading staffing and consulting firm, providing high-caliber talent and premium services to more than 7,000 companies across North America. Spanning four continents and more than 200 offices, we extend our clients' capabilities by seeking solvers and delivering solutions to address today's workforce challenges. For organizations looking for innovative solutions shaped by critical-thinking professionals, visit AstonCarter.com. Aston Carter is a company within Allegis Group, a global leader in talent solutions.

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