



Workforce Solutions

HELPING PEOPLE SUCCEED.



The Great Attrition:
Where are you Looking for Talent?

Introduction

New Trends Make Employment More Complex

- Reshuffling
- Reinventing
- Reassessing

Employees are Considering Their Options

Mobility Between Industries is High

Transferable Skills are in Demand

Five Personas of the Workforce: A New Way to Target Employee Value Proposition

- The Traditionalist
- The Do-It Yourselfers
- The Caregivers
- The Idealists
- The Relaxers

Organizations Must Focus on Suitable Employee Pools

Closing



The Great Attrition has become the Great Renegotiation. People are switching careers, moving into non-traditional roles, retiring early, or pursuing entrepreneurship. The COVID economy has contributed to a shift in priorities for many individuals seeking workplace conditions that better suit their needs. On average, 2.5% of workers— 4 million individuals—switched jobs in the first quarter of 2022, up from the 2.3% average in 2021 during the same period. (1) Companies who haven't evolved their hiring and engagement strategies to retain their best employees have faced unprecedented turnover rates as a result.

The competition for skilled workers in the United States has increased significantly. The number of job openings in April 2022 was 11.400 million, with an additional 300,000-400,000 workers needed to get back to pre-pandemic workforce levels and nearly six million employees needed to accommodate the growing global demand. (2) As an increasing number of individuals find traditional work models unsatisfying, the availability of conventional workers is shrinking. This has resulted in a gap in the labor supply, as there are not enough conventional employees to fill the demand of job openings.

New Trends Make Employment More Complex

Despite an overall economic downturn, a recent global survey indicates the percentage of employees planning to leave their employers has remained unchanged since 2021. (3) In the past year, there have been significant rising trends around job reshuffling, reinventing, and reassessing.

Reshuffling: The Great Resignation is now a talent reshuffle. In February of 2022, 4.4 million Americans quit their jobs, and more than half of those who left their jobs switched occupations or fields rather than leaving the labor force altogether. (4) Increasing work mobility is due to technological changes that redefine how we work. Employees reshuffle their job duties to gain new skills, advance their careers, and better position themselves for promotions by switching to jobs with similar income and benefits.

Reinventing: Many workers are finding non-traditional employment, either by taking temporary, part-time, freelance and gig jobs, or taking the leap into entrepreneurship. 42% of workers who left their jobs and found new ones in 2021 say their income or benefits were better. (5) Factors such as finances and flexibility are key reasons people turn to these career options, but motivations vary by how financially reliant people are on these jobs. Many individuals can't resist the idea of being able to work when they want while still making a sufficient living.

Reassessing: Many workers are leaving the workforce for reasons other than joining different companies. Parents and those close to retirement stay home to care for their children, elderly parents, or themselves. According to the most recent Household Pulse Survey (conducted by the US Census Bureau), there were 6.6 million people who were not working in early March 2022 and said they were doing so because they were caring for someone else. (4) This pool of talent that fails to rejoin the workforce after leaving their jobs are greatly contributing to the growing labor shortage



Employees are Considering Their Options

In the US, 40% of workers are likely to leave their jobs within one year, citing higher pay and greater job satisfaction as the primary reasons for seeking a new position. Still others are leaving their jobs and the workforce altogether to take a break; confident in their ability to find another job when they want to return. (5)

While there is ample evidence that dissatisfaction within the workforce is a global phenomenon, the situation has further deteriorated within specific industries. The pandemic significantly impacted the travel, healthcare, and consumer retail industries the most and The Great Attrition has only continued to exasperate these industry talent disparities. The travel industry was impacted by a 70.6% decrease in commercial flights from March 18, 2020, to April 12, 2020, which Flightradar24, a global flight tracking service, reported. (6) Healthcare employment increased by 57,000 in June, 2022 but is still 176,000 below its February 2020 level. (7) In consumer retail, the demand from grocery stores rose as consumers, unaware of how long they would be quarantined at home, increased grocery purchases. Suppliers had difficulty meeting this increased consumer-driven demand as some businesses had to shut down or limit production capacity when COVID-19 outbreaks occurred at their facilities. (8)



Mobility Between Industries is High

In today's job market, open positions still vastly outnumber the amount of both active and passive job seekers, making it exceedingly difficult for companies to replace lost talent. According to a McKinsey report, 47% of people who left the workforce returned to traditional or non-traditional work arrangements. Almost a quarter of the returnees took up non-traditional work, while 76% returned to traditional employment. (9) As a result, companies cannot expect to fill empty slots with workers like those who have just left.

Some employers have expanded benefits packages to attract and retain qualified employees by offering more vacation time, childcare subsidies, and wellness benefits. However, these benefits have been largely insufficient to stem the tide of attrition looming over many companies. To effectively retain and engage its talent, organizations must consider new approaches to retaining employees while recruiting new talent.



Transferable Skills are in High Demand



While business struggle to recruit great talent, those with transferrable and in-demand skills are seeing more opportunity than ever. Data scientists and computer programmers have an easier time moving into new industries due to their sought-after skills. In the effort to secure great talent, employers are less concerned with their candidate's industry-specific background. Information Technology and mathematical occupations are expected to yield more than 1.3 million job openings. (10) However, unlike in most other occupational groups, more job openings will stem from growth than from the need to replace workers who change jobs or leave the labor force.

As a result of the changing nature of work and the increasing mobility of talent, employers are placing increased value applicants with transferable skills. These skills make it easier for people to move to different industries and thus makes it easier to pursue opportunities in other geographies without relocating. To attract the best employees, employers are shifting their focus from competing simply within their industry to competing against employers in other sectors.



Five Personas of the Workforce: A New Way to Target Employees

Traditionalists:

The Classic Labor Pool Won't be Enough to Fill All the Jobs

Traditionalists have a strong sense of career orientation and are willing to make sacrifices to advance their careers. They value competitive compensation packages, good job titles, high status at their employer, and career advancement opportunities. According to a study by the US Bureau of Labor Statistics, roughly 60% of the traditionally employed, full-time workforce hasn't resigned their jobs during the Great Attrition. (11) These workers have been cautious and less likely to quit their jobs without another position lined up. However, if they did leave, most returned either to the same role at the same company or a similar position at another organization.

Under the right circumstances, many who have left traditional employment can be persuaded back in. Organizations should focus on professional and personal growth, giving employees the tools needed for success, and offering them access to coaching or mentorship. This will help them grow in their roles at your company and give them a strong sense of being valued. Doing so will help you retain top talent contributing to your company's success.

Employers have often favored this group because these workers' values match what companies have historically offered to hire and retain employees. Although this method may be effective in securing employees, it includes significant pitfalls: competitors fight back with promotions or higher pay to entice traditionalists away from their current role. As companies use these levers to pursue traditionalist workers, wage inflation occurs, and the issue endures of job openings remaining largely unfilled.



Do-It-Yourselfers: Independence at All Costs

Through the pandemic, some workers realized they wanted more independence from work and began seeking non-traditional forms of employment. These individuals are typically between 25-45 years old but can fall into any bracket from self-employed to full-time employed in non-traditional roles to gig workers.

These individuals prioritize flexibility and meaningful work, which they often felt was lacking in their previous role. During the pandemic, many people felt their work-related stress, toxic management, feelings of being underappreciated, and desire for autonomy led them to pursue something different. Instead of looking for a similar role at a new company, some decided to shirk traditional employment and took matters into their own hands by becoming entrepreneurs or business owners. Nearly 5.4 million applications were filed to form new businesses in 2021 — the most of any year on record, based on the latest data from Census Bureau's Business Formation Statistics; a 53% increase from 2019. (14) The most recent statistics from 2022 show that over 1.26 million new business applications were filed in the first three months of the year. (14) Still others found that freelance or gig jobs gave them greater autonomy to set their hours and gave them the opportunity to work on projects that actually interested them.

This group can be hired back into the traditional workforce, but it won't be easy – this doesn't mean organizations should give up on this talent pool though. The challenge with recruiting this group is organizations must show what they offer is better than what these workers have created for themselves. To win over this talent group, companies must provide the freedom these workers crave and a sense of purpose, as well as a compensation package beyond what they have on their own.

To engage these workers, managers should delegate tasks that can be efficiently completed independently and allow employees to work remotely without compromising the quality of their work. A leader's best approach may be to manage by objectives rather than action, which increases accountability and gives workers more freedom over when and how tasks get done. By prioritizing independence, flexibility, and value, this talent pool can be wooed back into the workforce.



Caregivers: Wanting More at Home

The individuals in this group are motivated by compensation and career advancement, but also value flexible work arrangements. A survey by McKinsey & Company found that, of the 20 possible reasons for leaving their job in the past six months, caregivers cited caring for a family member as a top reason they left. (15) Some are actively looking for work, but most others are passive job seekers hoping to find an opportunity that justifies re-entering the paid labor force.

The people in this sector seek a company that respects their schedules relative to the responsibilities outside their jobs. For example, an employee may need to take time off during the day to attend medical appointments or pick-up/drop-off children from school. To accommodate their employees, employers should consider implementing policies that fit the lifestyles of their workers. For example, allowing employees to work four days per week or have more flexible hours to be there for family members. Organizations can also leverage remote or hybrid options that allow employees to telecommute on specific days of the week. This will enable them better to manage family obligations within a flexible work environment, which will entice them back into the workforce.

Idealists: Students and Young Part-Timers

The Idealist persona tends to be younger, aged 18-24, and many are students or part-time workers. This group emphasizes flexibility, career development and advancement, meaningful work, DEI(B), and above all, a community of reliable and supportive people in their workplace. For this group, compensation is typically lower on the list of what will entice them to an organization. They are more interested in camaraderie and working with people they respect and trust. Companies must be flexible and responsive, but they must also show a commitment to developing strong organizational cultures that emphasize meaning and purpose.

People within this workforce group value a diverse and inclusive workplace that welcomes people of all races, religions, and personal identities. Over 3 out of 4 workers prefer diverse companies and it makes great business sense to have a team with various strengths and backgrounds. (16) Valuing the differences of others is what ultimately brings increased employee engagement and retention and can be the secret to a successful, thriving workplace and a flourishing work culture.

Beyond a workplace with a strong commitment to DEI(B), an appealing value proposition for these workers would include tuition subsidies, flexible schedules, and development programs offering specific advancement courses. As organizations work to attract and retain the best employees, it will take authenticity and intentionality to secure this growing young talent pool.





The Relaxers: Career is not Everything

The last talent pool is the 55+ demographic making up of retirees and those approaching retirement and currently is the largest segment of the workforce comprises both early and natural-age retirees who still have a number of productive working years left.

The Bureau of Labor Statistics (BLS) found in 2020, 10.6 million people 65 and older were in the workforce. Breaking down that number further, 26.6% in the age group 65 to 74 were working, while the percentage was 8.9% for those 75 and older. The BLS projects those numbers to grow by 2030 when the majority of Baby Boomers (individuals born between 1946 and 1964) will be at least 65 years old. At that time, it is estimated that there will be 16 million people 65 and older in the workforce, with 32% coming from the age group 65-74, and 11.7% from the age group 75 and older. (17) However, many organizations have not traditionally recruited older workers as aggressively as they could – or should. With the limited availability of talent, companies should focus heavier on this group since it currently consists of the largest segment of the latent workforce is comprised of people who still have many productive years left.

While the pandemic accelerated an influx of early retirements, increasing numbers of retirees have returned to the workforce. Employers who have lost valued employees to retirement should consider reaching out to their former employees to see if they can be persuaded to return. Companies willing to pursue this older workforce gain access to a broader pool of talent who bring years of valuable experience and can be enticed with many of the traditional benefits employers are accustomed to providing.



Organizations Must Focus on Suitable Employee Pools

Companies need to hire from the pools of available workers, not only the one they wish for or have traditionally sourced from. They can lower or change job requirements—by not requiring a college degree or decreasing the required years of experience—to broaden the availability of talent.

Companies can effectively source and retain employees from any workforce group with the right strategies:

1. Focus on the traditional employee value proposition, which is all about the title, career paths, compensation, benefits, great leadership, and the overall prestige of the company. Then add on an additional employee value proposition that focuses on perks the company offers to attract a younger and more progressive workforce. These perks could include flexible schedules, unlimited PTO, and other bonuses that don't necessarily have anything to do with the actual work being done but are valuable for attracting talent.
2. Build a non-traditional value proposition by highlighting your commitment to the individual including mental-health benefits, strong company culture, DEI(B), and different forms of career progression. When recruiting new employees, your approach should be creative and hyper-personalized so your employees feel valued and appreciated from the time they apply through their tenure with the company.
3. Broaden your talent-sourcing approach by looking further than the traditional job boards since some non-traditional candidates aren't actively looking for work but would be interested if the right position found them. For example, great hires may be on social media, following your company's blog, or tweeting about the industry. Leveraging different recruitment channels will provide greater access to more and new talent.

In the wake of the pandemic, many workers have begun to envision a different future for their careers. To retain talent and attract new candidates, companies must hone in their employee value proposition by doubling down on what that value provides while expanding their reach into non-traditional talent pools. This will require companies to continue building and nurturing relationships with current employees while reaching out to candidates who aren't currently in the market for a new job.

About EG Workforce Solutions



We've been in this business for decades and have developed a deep network of professional connections. Whether they're companies looking for talent, job seekers looking for work, or an up-and-coming store in need of some temporary help, we know the right people to bridge the gap between the hiring and the hired.

But what's more, we get to know people. From employers hiring to candidates looking, we take the time to listen and learn. We hear your likes, talents, and needs. We gain an understanding, and with it, we're able to facilitate lasting relationships between businesses and people.



Sources

- 1 <https://www.pewresearch.org/social-trends/2022/07/28/majority-of-u-s-workers-changing-jobs-are-seeing-real-wage-gains/>
- 2 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>
- 3 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>
- 4 <https://www.cnn.com/2022/07/20/40percent-of-workers-are-considering-quitting-their-jobs-soon.html>
- 5 <https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling->
- 6 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/gone-for-now-or-gone-for-good-how-to-play-the-new-talent-game-and-win-back-workers> 6
- 7 <https://www.bls.gov/opub/btn/volume-10/air-freight-prices.htm>
- 8 <https://www.bls.gov/web/empst/ceshighlights.pdf>
- 9 <https://www.bls.gov/opub/mlr/2020/article/the-impact-of-the-covid-19-pandemic-on-food-price-indexes-and-data-collection.htm>
- 10 <https://www.bls.gov/opub/mlr/2013/article/occupational-employment-projections-to-2022.htm>



Sources

- 11 <https://www.bls.gov/opub/mlr/2013/article/occupational-employment-projections-to-2022.htm#:~:text=Source%3A%20U.S.%20Bureau%20of%20Labor%20Statistics.&text=Computer%20and%20mathematical%20occupations.&text=By%202022%2C%20the%20computer%20and,than%201.3%20million%20job%20openings.>
- 12 <https://teamstage.io/job-satisfaction-statistics/>
- 13 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>
- 14 <https://eig.org/new-start-ups-break-record-in-2021-unpacking-the-numbers/>
- 15 <https://www.oberlo.com/statistics/how-many-new-businesses-start-each-year#:~:text=New%20business%20statistics%20from%202022,more%20than%20two%20years%20prior>
- 16 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/married-to-the-job-no-more-craving-flexibility-parents-are-quitting-to-get-it>
- 17 <https://builtin.com/diversity-inclusion/diversity-in-the-workplace-statistics>
- 18 <https://www.bls.gov/emp/tables/civilian-labor-force-participation-rate.htm>
- 19 <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>
- 20 <https://www.statista.com/statistics/217943/monthly-job-openings-in-the-united-states/>