

# ATTRACTION & RETENTION

QUARTERLY NEWSLETTER

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# MARKET RECAP

## Employers Struggle to Overcome Multiple Attraction and Retention Issues

Attraction and retention challenges were persistent in 2023 as organizations across industries struggled to find and keep workers—and they'll remain in 2024. Zywave's 2023 Attraction and Retention Employer Pulse Survey found that over 60% of respondents listed attraction and retention as a top-five business challenge, down from 80% in 2022. Two-thirds of employers expect attraction and retention challenges to "stay about the same" in 2024, while a small cohort expects them to become worse (14%) or is unsure (6%). Almost 15% of employers expect attraction and retention challenges to improve in 2024, displaying some optimism about the labor market trending up.

Respondents were asked about both attraction and retention specifically. Employers struggle less with these challenges than they did a year ago; however, attracting new employees remains more of a problem in today's labor market. Around 70% of employers at least somewhat struggle with attracting new employees (down from over 85% in 2022's survey), compared to 53% of employers that at least somewhat struggle with retention (down from 58% the previous year). Of those employers that struggle with attracting new employees, 19% indicated that "yes," they do struggle, while 50% responded that they struggle somewhat.

These findings are consistent with market data and labor statistics, which show that the labor market has cooled off from record highs. Most recently, the labor market posted surprisingly strong figures in February. The U.S. Bureau of Labor Statistics (BLS) reported that the U.S. economy added 275,000 jobs in February, far exceeding estimates and January's revised figure of 229,000 jobs. The unemployment rate also increased from

3.7% in January to 3.9% in February, marking the first rate increase in four months and its highest level in the last two years.

### Moving Forward in 2024

Overall, Zywave's 2023 Attraction and Retention Employer Pulse Survey findings show that employers are struggling to overcome multiple attraction and retention issues simultaneously. Specifically, they are finding it difficult to keep up with pay demands, stay competitive amid rising health care costs and offer the flexibility employees desire. Employers are struggling to find workers with the skills, experience or education they need to succeed in their current and future roles.

This year, labor markets are expected to remain competitive yet ease up compared to what employers have experienced since the beginning of the COVID-19 pandemic. Competition to win over talent against competitors remains year after year, but how employers react and win over workers continues to change. Employers should understand how the market is shifting this year while focusing on new talent strategies that meet the desires of today's workforce and make sense for their organizations.



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# SECURING TALENT

## Meeting Employee Demands With Voluntary Benefits

As labor markets remain competitive this year, many employers note that matching workers' demands for compensation is their most significant attraction and retention challenge. If drastic wage increases aren't feasible, voluntary benefits can offer a competitive solution without raising costs.

Voluntary benefits have become more popular in recent years because of their cost efficiency, flexibility and contribution to employees' work-life balance. Also, as health care costs continue to rise, so does the demand for voluntary benefits. Employers have expanded or are considering expanding voluntary benefits offerings for the following reasons:

- Employees have a strong emotional appeal toward these benefits and expect them.
- Voluntary benefits are employee-paid, so employers can offer them without any additional fees or costs.
- Voluntary benefits are easy to implement and require little post-implementation administration or support from employers.

According to Zywave's 2023 Attraction and Retention Employer Pulse Survey, the vast majority of respondents (83.19%) indicated that they plan to offer the same voluntary benefits in 2024 as they did in 2023. Only a small percentage of respondents plan to expand voluntary benefits options in 2024 (15.97%). This is significant because it shows that over 99% of respondents plan on offering the same or more voluntary benefits options in 2024, demonstrating that most employers believe voluntary benefits are essential in today's competitive market and necessary to meet employee demands. In fact, most respondents (64.75%)

offer voluntary benefits as part of a strategy to improve employee attraction and retention. It's likely that the majority of respondents aren't planning on expanding their voluntary benefits offerings in 2024 because most organizations have been increasing their voluntary benefits programs over the last several years.

### Voluntary Benefits for Today's World

Voluntary benefits, such as dental, vision and life insurance, are the most common options survey respondents currently offer their workers. This is unsurprising since most employees have come to expect their employers to offer these benefits. Organizations that do not provide these voluntary benefits likely experience greater difficulty attracting and retaining key talent.

Other less common voluntary benefits have grown in popularity in recent years. Critical illness and hospital indemnity, pet insurance and long-term care insurance have become more popular in response to employee demands and needs.

To better address attraction and retention struggles, employers can explore offering core voluntary benefits if they don't already. They may also consider expanding and adding niche voluntary benefits to round out their offerings. Surveying employees can provide a way to learn more about which voluntary benefits meet the desires of a specific workforce.

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# SECURING TALENT

## University and College Recruiting Season Is Here

Employers have an opportunity to expand their recruiting reach by pursuing entry-level candidates at universities, colleges and trade schools. This kind of strategy is considered a core recruitment function for many organizations.

Around 4 million college students graduate each year, earning associate and bachelor's degrees. Since spring is the most common time to graduate, now is the perfect opportunity for employers to focus on recent graduates who have the potential to grow in a new career.

### Types of Higher Education Institutions

A university generally refers to a larger higher education institution offering both undergraduate and graduate programs. They often place emphasis on conducting research. On the other hand, a college is often smaller and usually refers to community colleges, technical schools and liberal arts colleges. They typically only focus on undergraduate studies. A trade or vocational school offers programs that can be completed within one or two years and focus on a career-intensive curriculum with hands-on experience.

Just as there are various learning institutions, there are different skill sets employers may want to seek out depending on their industry or organization. In some cases, many may desire workers with an undergraduate degree or master's degree; other companies may be interested in trade talent or specialized skills. Organizations can consider which types of institutions are likely to provide a talent pipeline for their job openings and desired skills.

### Recruitment Strategies

Employers looking to expand their recruiting reach should review the following considerations to sustainably engage candidates from colleges and universities:

- **Attend in-person events.** Employers can visit select university and college campuses to engage, connect with and recruit

entry-level candidates on campus. Most institutions hold career fairs for this purpose.

- **Actively recruit virtually.** An organization hiring remote or hybrid workers can leverage online platforms to engage with candidates and bolster their company's brand. Online portals (e.g., Handshake) can help employers connect with students where they are and start personalized recruiting conversations.
- **Participate in virtual recruiting efforts.** Colleges, trade associations or other organizations likely host virtual career fairs. Alternatively, a virtual event or webinar may focus on a particular industry, profession, experience or geographic area, which can help recruit mid-level and senior positions or other non-university candidates.
- **Build relationships with stakeholders.** For a partnership to succeed or be impactful, employers can develop long-term relationships with institutional stakeholders, such as career centers and professors.
- **Establish an internship or apprenticeship program.** Such programs can strategically get talent (who are a good match for the company culture) in the door early and provide them with real-life experience. Candidates may also be more likely to select a full-time employer they've already worked for in a less permanent capacity.
- **Offer learning and development opportunities.** Regardless of industry or age, today's workers want career growth opportunities. Learning and development opportunities can help employees become better at their jobs and overcome performance gaps due to a lack of access to knowledge or skills.

If employers are having difficulty finding qualified candidates, they could consider expanding their recruitment reach by pursuing entry-level workers from universities and other higher education institutions. New energy and fresh perspectives from recent and soon-to-be graduates can help organizations innovate and develop a strong workplace culture.

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# WORKPLACE OUTLOOK

The BLS surveys businesses and government agencies each month and publishes the data from the findings the following month. This information offers a snapshot of the country's employment health and growth. Below is the data for February 2024, the most recent month available.

### Unemployment rate\*:



Total nonfarm\*\* payroll employment:  
**+275,000**

### Primary job gains:

Health care, government employment, food services and drinking places, social assistance, and transportation and warehousing.

Health care:  
**+67,000**

Social assistance:  
**+24,000**

Government employment:  
**+52,000**

Transportation and warehousing:  
**+20,000**

Food services and drinking places:  
**+42,000**

\*The BLS does not count furloughed individuals as "unemployed."

\*\*Nonfarm: This category refers to goods, construction and manufacturing companies in the United States. Data in this category excludes farm workers, private employees and nonprofit organizations.

Source: Bureau of Labor Statistics

**WORKPLACE  
OUTLOOK**

