

HR Insights

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4 Attraction and Retention Trends to Monitor in 2023

The labor market was a roller coaster in 2022 and will undoubtedly continue to evolve this year. It remains to be seen how the employment market will level out. Still, it's a safe bet that employers will be challenged as they compete for top talent. Labor metrics indicate that even though the market has slightly improved from last year, it's still a tight labor market as numbers remain historically high. While most employers project an increase in salaries in 2023, many will look beyond pay alone to help attract and retain more employees.

While some companies have been taking monetary actions (e.g., compensation and benefits packages) to address attraction and retention challenges, many organizations also are looking at ways to optimize their offerings and enhance employee experience. As they compete for talent, many may take a total rewards approach to fulfill employees' workplace desires. This article explores four attraction and retention trends to watch in 2023.

1. Redesigned Flexibility

Remote work exploded at the height of the pandemic as most organizations shifted to this flexible work model out of necessity. Nearly three years later, it's still at the forefront. Along with remote working arrangements, employers are offering hybrid options, flexible scheduling or even four-day workweeks.

Employees want the flexibility to work when and where they want. Employers have an opportunity to deliver on those desires and win over more workers. It comes down to offering the flexibility they need in their work and personal lives. On the other hand, many employers are striving to bring employees back to the workplace based on business priorities, so it's

essential to balance those organizational goals with employee desires for workplace efforts to be successful and well-received. While workplace flexibility is not feasible for every industry, organization and role, employers can evaluate their own situations and consider ways to develop flexible arrangements. The goal is to focus on output and productivity rather than time spent online or in the workplace.

2. Mental Health Support

Between the pandemic, inflation and job duties, more employees feel burnt out or are battling mental health challenges. As such, organizations are expected to take more responsibility for workers' mental health and help employees on a personal level.

More employers will be considering how to take a proactive approach to employee mental well-being and resilience. A survey from the employee wellness platform Gympass revealed that nearly half of employees (48%) say their well-being declined in 2022. In addition, 28% say they are miserable at work. Health experts predict that employees' mental health will continue to decline amid economic uncertainty, which means the demand for mental health care will increase in 2023.



Employers can offer benefits, perks and wellness programs that account for mental well-being. To address burnout and other well-being challenges, many employers will offer or expand their employee assistance programs, behavioral health anti-stigma campaigns and training for recognizing employee and peer behavioral health issues. Employers are poised to offer the education and support that today's workers need and are looking for.

3. Learning and Development Opportunities

Learning and developing efforts have been on the rise in recent years. Not only are workers looking for professional growth opportunities at an employer, but many organizations are upskilling or reskilling workers, as it's often less expensive to reskill a current employee than hire a new one. On the flip side, employees who receive learning and development opportunities are more likely to stay with the company and grow into different roles. Therefore, learning and development initiatives prove to be a win-win situation for employers and employees.

As employers go head-to-head in the competitive race for talent in 2023, upskilling their current workforces could be a solution to finding workers for their in-demand roles. Upskilling is when employers provide employees the opportunity to learn new skills to better their current work performance while also prepping them for the projected needs of the company. When upskilling employees, employers are investing not only in workers but also in the company's longevity and development. Furthermore, organizations are prioritizing internal mobility to address skills gaps and strengthen employee retention.

4. Increased Focus on Belonging

Belonging is a critical component of company culture. At work, belonging is the experience of employees being wholly accepted and included by those around them. While belonging doesn't necessarily come with a price tag, employers can invest efforts and resources into ensuring their workplaces are inclusive, collaborative and connected. Employees are looking for a work environment that's authentic and accepting. A focus on belonging can play a crucial role in improving workplace culture and, in turn, improving employee attraction and retention.

Many workplace factors can impact employees' sense of belonging, including (but not limited to) company culture,

benefits offerings, communication methods, learning and development resources and mental health support. Any day-to-day interactions among co-workers and managers or companywide initiatives may impact workplace culture and the overall employee experience. When an organization develops a solid and positive employer brand as an inclusive and supportive workplace, it may easily attract new talent eager to join and contribute to the company culture. Employers can elevate employee experiences by creating workplaces where employees feel they belong and can be their authentic selves.

Summary

Employers can get ahead of the game in 2023 by monitoring the trends shaping the ever-evolving labor market and driving current and prospective employees' needs and wants. While attraction and retention challenges are likely to continue this year, these trends demonstrate ways employers can elevate and strengthen their talent strategies to win and keep more workers.

Reach out to Cowden Associates, Inc. for more guidance on these topics and other employee attraction and retention trends.