



WHITE PAPER

# The Face of Modern Employment

# A TAB Whitepaper on what Business Owners Should Know about the New Labor Market and How to Overcome Hiring Obstacles

The employment sector has been on quite a ride over the last several years. This comes as no surprise to business owners, as the recent employment volatility has been collective, relentless, and for many businesses, kneecapping.

To start, let's take a quick look all the way back to the waning days of 2019. The economy was expanding and the labor market was on fire. Unemployment hovered around 3.5 percent, the lowest jobless rate since 1969. While one might assume the 2019 job market was extremely tight due to the robust economy, employers reported they were still receiving many applicants for their open positions. It was a bit of an everybody-wins dynamic.

Then COVID-19 hit.

In the spring of 2020, the pandemic left the entire world reeling and the labor market struggling. First came massive lockdown-induced layoffs, causing unemployment to surge to 14.7% in April 2020, before dropping as the economy slowly but surely began to bounce back and businesses started to reopen.

But labor challenges didn't stop there. Many factors following the beginning of the pandemic continue to negatively impact businesses' ability to attract and retain talent. In this whitepaper, we will examine a number of those dynamics. Perhaps even more importantly, this report will:

- [Identify the New and Evolving Preferences of the Modern Employee](#)
- [Share Insight into How Business Owners Can Best Acquire Talent in Today's Labor Market](#)
- [Discuss the Importance of Employee Retention and How to Decrease Employee Churn](#)
- [Explain How Creating an Attractive Company Culture Matters Now More Than Ever](#)

Economists and employment experts don't anticipate a return to the labor acquisition dynamics of yesteryear. So it is time to align your hiring strategies to meet the new and evolving demands of the modern employee.

# THE CHALLENGES

A multitude of dynamics spurred on the dramatic changes in the current labor market, but several factors stand out as particularly unique, historically noteworthy, and shockingly influential.

## The Great Resignation

While the initial response to the pandemic triggered massive layoffs in the employment sector in 2020, very few industry experts predicted the massive onslaught of voluntary employee resignations just a year later. After all, didn't employees want to get back to work? It's not that simple.

The Great Resignation, also known as the Big Quit or the Great Reshuffle, caused unprecedented churn in the labor market. Many employment experts believe that pandemic lockdowns,

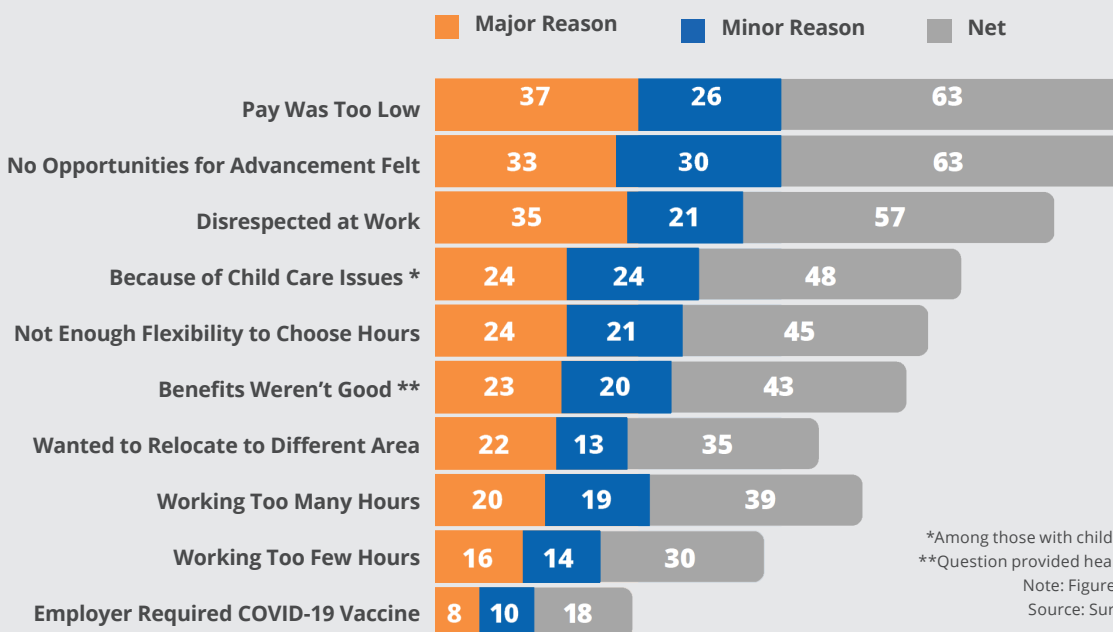
shutdowns, and work from home labor models left many employees weary and self-reflective on work-life balance and their value within the workplace.

Pew Research Center recently released a survey that identified the top reasons U.S. workers left their jobs in 2021.

The Great Resignation was in all likelihood a long time in the making, as the demand among employees for increased wages, better career development opportunities, and a more satisfying work-life balance has been markedly increasing for the better part of the last two decades.

### Top reasons why U.S. workers left a job in 2021:

Low Pay, no advancement opportunities. Among those who quit a job at any point in 2021, % saying each was a reason why they did so.



\*Among those with children younger than 18 living in the household.  
 \*\*Question provided health insurance and paid time off as examples.  
 Note: Figures may not add to subtotals due to rounding.  
 Source: Survey of U.S. adults conducted Feb. 7-13, 2022  
 PEW RESEARCH CENTER

## THE CHALLENGES

### The Push for Fair Wages

As mentioned, low wages are a huge factor contributing to labor discontent. Fair market value of employee pay can be challenging for business owners to pin down, but is most certainly rising across all sectors. It is not uncommon in the current labor market to see deli clerk positions advertised at \$20 an hour and car washers starting at \$18 an hour. Now consider the trickle up wage theory in which paying more for lower wage earners hoists pay for everyone up the line.

The labor pool's increased wage requirements are not expected to ebb anytime soon, so employers struggling to hire workers are forced to dig deeper into their pockets to entice the people they need.

### The Growing Expectation of Work-Life Balance

Gone are the days of employees willing to devote 60-80 hours a week to climb the corporate ladder, let alone work overtime for a business. The desire for work-life balance has been growing since around 2000, spurred on by the tech savvy millennials who were calling the employment shots. These desirable workers rebuffed the rat race paradigm and negotiated their expertise for a little more freedom. Over the next 20 years, the work-life balance movement evolved and spread throughout much of the employment sector.

When many employees got a taste of the Work From Home (WFH) employment model brought on by pandemic shutdowns, all bets were off. The labor pool made it clear that their values and preferences had shifted to the WFH model. And employers had better listen or risk employee attrition and hiring challenges.



## THE CHALLENGES

### Job Market Volatility

It is difficult to keep up with the fluctuating job market. One minute, businesses are reducing hours due to lack of labor and companies are clamoring for talent. Then we hear of massive corporate layoffs and hiring freezes. Job reports depict quite low unemployment numbers, while an enormous amount of job vacancies go unfilled. As the old saying goes, the one thing that is certain in the current job market is the uncertainty of the current job market.



### COVID-19 Stimulus Checks

In 2020 and 2021, the IRS issued three rounds of Economic Impact Payments to most citizens in an effort to provide them monetary relief and help boost the faltering economy. These stimulus checks were a lifesaver to many, but are commonly believed by economists as having played a substantial role in both the inflation surge and the Great Resignation.

This, along with substantial increases to unemployment compensation is believed to have demotivated and dis-incentivized a large swath of the labor force.



## THE SOLUTIONS

The modern labor market presents its challenges, almost all of which were exacerbated by pandemic related protocols. Would employment have trended that way eventually? Nobody knows for certain, but many speculate that to be true. Though one thing is clear and indisputable. Organizations cannot afford to ignore the existing and evolving employment trends.

It is time for a seismic shift in how smart businesses attract and retain talent, as well as how they build healthy, mutually beneficial employer-worker relationships. The following are some important considerations and approaches to employee acquisition and retention.








# THE SOLUTIONS

## Understanding the Evolution of the Modern Employee

An employee persona is a representation of employee segments that share characteristics, attitudes, preferences, and needs. Employers use these profiles to better understand their target employees and tailor their acquisition activities to attract the talent they want.

While every sector and business has varying wants and requirements pertaining to their ideal employee, the overall face of labor has changed dramatically in recent years, as has the clout they possess as undeniable assets to businesses.

So what are some of the driving forces and preferences of the modern employee?

-  **An increase in salary and benefits.** The modern employee would rather not work than accept what they consider unfair compensation.
-  **Better work-life balance.** The modern employee would prefer a four-day work week and, if possible, Work From Home options.
-  **Opportunity for career development** and growth. The modern employee also desires the ability to leverage their personal talents.
-  **Job security.** The modern employee embraces their own freedom to move jobs, but still values job stability from their employer.
-  **Company culture** that aligns with their values. Studies suggest culture matters even more than salary to most modern employees.



# THE SOLUTIONS

## How to Acquire Talent in Today's Labor Market

There is silver lining to the ongoing challenges of modern labor dynamics. Savvy business owners now realize they need to approach hiring differently and leverage a multipronged strategy for talent acquisition. By doing so, employers have better access to today's top talent and position themselves up for long-term hiring success.

### Company Culture

Culture is a key trait job seekers look for in hiring companies. Likewise, it is imperative you vet in interviews for culture alignment.

### Online Presence

How your brand appears online strongly impacts your ability to attract job candidates. Your digital presence should reflect your company culture.

### Social Media

Start by creating a strong LinkedIn business presence. Then utilize the platform's recruitment functionality. There is so much more in the platform than job ads.

### Outsource HR

HR and recruitment firms are experts at talent acquisition and understand the evolving workforce better than anyone.

### Hire for Grit

Employment experts say the most important predictor of employee success is tenacity, yet the trait is often overlooked in interviews.

### Employee Referrals

Employee referrals drive up the quality of job candidates, increase retention, and reduce hiring costs. Ask top employees who they know.

### Always Be Hiring

A continuous recruiting strategy is the best way to infuse your business with the talent it needs. Always be looking out for your next all-star.

### Be Transparent

Be forthcoming with candidates if your hiring process is lengthy or the job presents certain challenges. Interviewees appreciate the candor.

### Innovate

It is not enough in this competitive labor market to simply keep up with the evolving norms. Lead your sector in modern workplace dynamics.



# THE SOLUTIONS

## The Importance of Employee Retention

Just as the best offense is often a good defense, the same can be said for business owners focusing less on attracting new hires and more on retaining the talent they already have.

The average cost to hire and train a mid-level manager is nearly \$30,000 - and that doesn't even include salary. Furthermore, there is no guarantee a new employee is going to work out. So an employer might just be throwing that money away on a bad hire and forced to dole it out again to successfully fill the position. Now spread that across an entire team or enterprise, and that's is a huge HR budget bleed.

While every new hire is indeed a gamble, every thriving current employee is a proven asset. So your HR strategy should be heavily dependent on retaining them.

### Causes of Employee Churn

The general reasons for employee attrition is similar to those factors related to The Great Resignation. Employees who quit their jobs say they left because they:

- Sought a higher salary
- Wanted improved benefits including better health insurance
- Felt overworked and underappreciated
- Were limited in career advancements with current company
- Desired better work-life balance
- Felt bored and burnt out
- Were unhappy with leadership and company direction
- Were dissatisfied with the company culture
- Wanted to make a life change

### Strategies for Retaining Top Talent

- Offer competitive wages and benefits
- Allow for remote work options
- Create an attractive company culture
- Provide advancement opportunities
- Launch development and mentorship programs
- Engage with employees in a meaningful way
- Recognize and celebrate performance
- Be transparent to the degree that you can
- Hire smart
- Adapt to changes in employee preferences
- Listen to understand



# THE SOLUTIONS

## Create a Thriving Company Culture

At the core of every successful employee acquisition and retention strategy is the creation of a satisfying, supportive and engaging company culture.

Company culture refers to the shared set of values, mission, perspectives and practices that is foundational to an organization. Business owners who put in the time and effort to build and foster positive company cultures reap massive benefits throughout their organizations - perhaps most noticeably in their ability to appeal to talent in a hypercompetitive labor market.

Recent studies suggest close to 50% of all today's job seekers state company culture is a deciding factor in their job search, while nearly 90% claim it to be relatively important.

### Five Ways to Enhance Your Company Culture

Many approaches to building a positive company culture are similar to those of retaining top talent, which makes perfect sense. Employees are the key drivers to company culture and the success of your business.



#### Help build engaging employee relationships.

Consider implementing a mentorship program or employee-led career development programs in your business. Younger employees in particular can gain tremendous value from working with seasoned staff members.



#### Set clear expectations and attainable goals.

Reducing ambiguity in expectations and goals increases the likelihood of employee success and overall job satisfaction. Without clear, reachable objectives, employees are less productive and more apt to feel frustrated with their job.



#### Empower teams and give them autonomy.

Refrain from micromanaging your employees. Instead, allow them to take ownership of their projects and work product. By trusting your teams to achieve their goals without intervention, you foster a culture of team-driven success.



#### Make it a habit to meet one-on-one.

One-on-one meetings between leadership and teams increases productivity and demonstrates a business owner's interest in individual contribution and insight. It is also a great way to keep a finger on the pulse of emerging office dynamics.



#### Regularly recognize employees and performance.

Feeling valued is an important element in employee satisfaction. By recognizing and celebrating individual contributions, employees feel validated and are motivated to continue performing at a high level.

# IS THE ALTERNATIVE BOARD FOR YOU?

## The Value of a TAB Board

The Alternative Board® (TAB) helps forward-thinking business owners grow their businesses, increase profitability and improve their lives by leveraging local business advisory boards, private business coaching and proprietary strategic services.

Becoming a member of The Alternative Board® gives you access to resources and expert advice to help you build a stronger business and become a better business leader.

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