

A TIGHTENING LABOR MARKET MEANS BUSINESSES MUST ACT NOW TO RETAIN TOP TALENT

This article summarizes news, information and perspective on matters affecting businesses and business leaders today. This insight is being provided to keep you up to date on the latest developments and trends influencing these topics. These views do not necessarily represent the views and opinions of PNC. For additional research on these topics, please consult the sources cited.

Winning the battle for star talent is becoming increasingly challenging in today's tightening labor market.

Unemployment is low, baby boomers are retiring, and there is a big skills shortage — all of which means competition for the best employees is tough.

For businesses that are struggling to compete on pay, there are several ways to attract and retain talent outside of a bigger paycheck.

CONDUCT A PAY ANALYSIS

The first step is to work out whether the salary and benefits you offer are in line with other businesses in your industry. It is possible to buy or commission salary surveys from consulting companies, or obtain data from the Bureau of Labor Statistics and trade associations.

If you are paying fairly, make sure your employees know about it. This will reduce the chances of workers looking for a job elsewhere and will foster a sense of openness.

To increase the level of motivation among top talent — and reinvigorate what might feel like a “stale” career — consider offering job rotation opportunities.

INCREASE SKILLS WITHIN YOUR WORKFORCE

One way of addressing the skills shortage is to increase talent within your own workforce.

This could include training and developing lower-level employees into more highly skilled workers or partnering with community colleges to ensure entry-level employees have learned the skills your business needs.¹ It could also be worth considering the use of apprenticeships, particularly as many states offer tax credits and grant funding.² Some states support initiatives that help companies establish apprenticeship programs. For example, Michigan Works helps to find, train and retain employees.³

OFFER CAREER OPPORTUNITIES

It's not just lower-level employees who benefit from career development.

To increase the level of motivation among top talent — and reinvigorate what might feel like a “stale” career — consider offering job rotation opportunities. Being able to participate in different parts of the business can provide a real boost to job satisfaction.⁴ Similarly, providing employees with the chance to interact with senior leaders can be a big motivator, as it makes them feel like a valued part of the company.⁵

REWARD PERFORMANCE

Linking pay to performance not only ensures paychecks aren't spiraling needlessly out of control but also helps staff to stay driven.

Under this approach, employees who perform better receive bigger base pay increases. Those who meet specific goals and objectives are also financially rewarded.

There is evidence to suggest a structured compensation plan can bolster employee productivity and, in turn, improve business results.⁶



Whichever solutions your business turns to, with an ever-shrinking labor pool employers need to act now to attract and retain top talent in ways that won't break the bank.

IMPROVE YOUR OVERALL COMPENSATION PACKAGE

If your business cannot afford to pay the top wages, consider improving the other benefits you offer.

Employees will take into account the overall compensation package when deciding which company to work for.

Good health, dental and vision insurance is a top consideration among employees, but they also place high value on relatively low-cost perks like flexible hours, more vacation time, and work-from-home options.⁷

Offering a 401(k) plan will help businesses to gain a competitive edge in attracting and retaining employees, as many regard retirement saving as a top benefit when choosing where to work. Employers are not obligated to contribute to 401(k) retirement accounts, but if they do the contributions are usually tax-deductible.⁸

It is crucial that employees are aware of the extra perks available and that they understand how to benefit from them.

PROMOTE WORK-LIFE BALANCE

Promoting a good work-life balance can go a long way toward improving employee satisfaction.

This is particularly the case among older workers, many of whom decide to stop or cut back on working if, for example, they need to prioritize the health of their spouse over their job.⁹

For all employees, research suggests that when their job fits well with the rest of their lives, they are more engaged and motivated, report higher levels of job satisfaction, have better work relationships, and are less likely to leave the organization in the next year.¹⁰

THE TIME TO ACT IS NOW

Whichever solutions your business turns to, with an ever-shrinking labor pool, employers need to act now to attract and retain top talent in ways that won't break the bank.

To discuss these topics in more detail, please contact your PNC Relationship Manager.

1 <http://time.com/4773148/community-college-jobs-graduation/>

2 <http://www.esa.doc.gov/reports/benefits-and-costs-apprenticeships-business-perspective>

3 <http://www.michiganworks.org/employers/>

4 <https://www.randstad.co.uk/workpocket/new-hr-agenda/competing-for-talent-what-if-you-do-not-have-the-cash-to-pay-more/>

5 <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/winning-the-battle-for-technology-talent>

6 <https://hiring.workopolis.com/article/how-pay-for-performance-can-help-you-attract-top-talent/>

7 <https://hbr.org/2017/02/the-most-desirable-employee-benefits>

8 <http://kitchensync.us/top-4-reasons-you-should-offer-your-employees-a-401k/>

9 <https://www.forbes.com/sites/nextavenue/2017/08/24/work-life-balance-job-satisfaction-and-retirement/#1aa66f4873c7>

10 <http://www.apa.org/news/press/releases/2015/09/work-life-fit.aspx>

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