

# ATTRACTION & RETENTION

QUARTERLY NEWSLETTER

4th QUARTER 2024

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# MARKET RECAP

## Labor Market Continues to Slow

The U.S. Bureau of Labor Statistics' (BLS) recent Employment Situation summary revealed that the economy added 142,000 nonfarm payroll jobs in August, less than expected but an increase from the 89,000 jobs added in July. Over the past three months, 116,000 jobs were added; the three-month average a year ago was 211,000. Overall, the U.S. job market has considerably slowed over the past year. While worrisome, economists aren't panicking quite yet. Furthermore, average job growth was 116,000 over the past three months, below the three-month average gain of 202,000 over the last 12 months. In August, the BLS revised its employment data, correcting its total employment over the previous 12 months as of March 2024, reducing the number by 818,000.

The number of job openings indicates the strength of the labor market and the broader economy. In July, job openings changed little from the previous month, at 7.7 million. According to additional BLS data, employers are hiring at their slowest pace since 2014, and workers are quitting at their lowest rate since 2018.

Increased cost pressures, such as inflation and interest rates, are slowing labor market activity. Despite the labor market's current challenges, there are still plenty of opportunities for workers who want a new and better job. However, the competition remains fierce as more workers are staying in their current roles.

## Employer Takeaway

The strong labor market momentum experienced in the last couple of years appears to be slowing down. However, layoff data is encouraging; permanent layoffs have remained unchanged, suggesting employers are holding on to their workers. Savvy employers will continually monitor employment trends to stay competitive in today's evolving market. Organizations will likely continue to have difficulties attracting and retaining workers, resulting in increased labor costs as they raise wages and offer competitive benefits to attract talent. As the labor market cools, employers should stay tuned to the current status of the labor market and the trends that impact how they can tangibly incorporate successful talent strategies.



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# SECURING TALENT

## Employee Benefits as a Workplace Retention Factor

Employee benefits are vital more than ever and play a key role in retaining employees. When employers can offer a competitive benefits package that meets the needs of their workforce, employees are more likely to stay with those organizations.

Beyond the standard offerings of a 401(k) and health insurance, many employees are interested in the introduction or expansion of the following benefits:

- **Mental health resources**—America’s mental health crisis doesn’t seem to be getting better anytime soon. Expanding mental health benefits alone can’t combat employee burnout, stress and mental illness, but they may provide a lifeline to employees. Here are a couple of impactful mental health resources employers can offer:
  - » An employee assistance program (EAP) can be tailored to a workforce to provide critical employee resources. An EAP can expand beyond the traditional focus of substance abuse to behavioral health counseling, mental health resources or therapist appointments.
  - » Telemedicine has been expanding for years to offer employees nonemergency care from the comfort of their own homes. Similarly, telemental health (online therapy) can allow employees to get the support they need.
- **Caregiving support**—Balancing work and caregiving responsibilities can be challenging and contribute to decreased productivity, poor mental health and increased employee stress. Employers can support employees with child- and elder-care responsibilities by offering initiatives like work-from-home arrangements, workplace flexibility, paid or unpaid family leave, and employer-sponsored child care.

- **Voluntary benefits**—Typical voluntary benefits include dental coverage, vision insurance, financial counseling and life insurance. Yet the COVID-19 pandemic led to increased offerings, such as insurance for identity theft, pets and critical illness. Many voluntary offerings are 100% paid for by employees, but some employers may cover a portion of the premiums. As such, they can be an excellent way to provide meaningful perks to employees without raising costs. In fact, according to Zywave’s 2023-24 Voluntary Benefits Benchmarking Overview, most employers (64.75%) offer voluntary benefits as part of a strategy to improve employee attraction and retention.

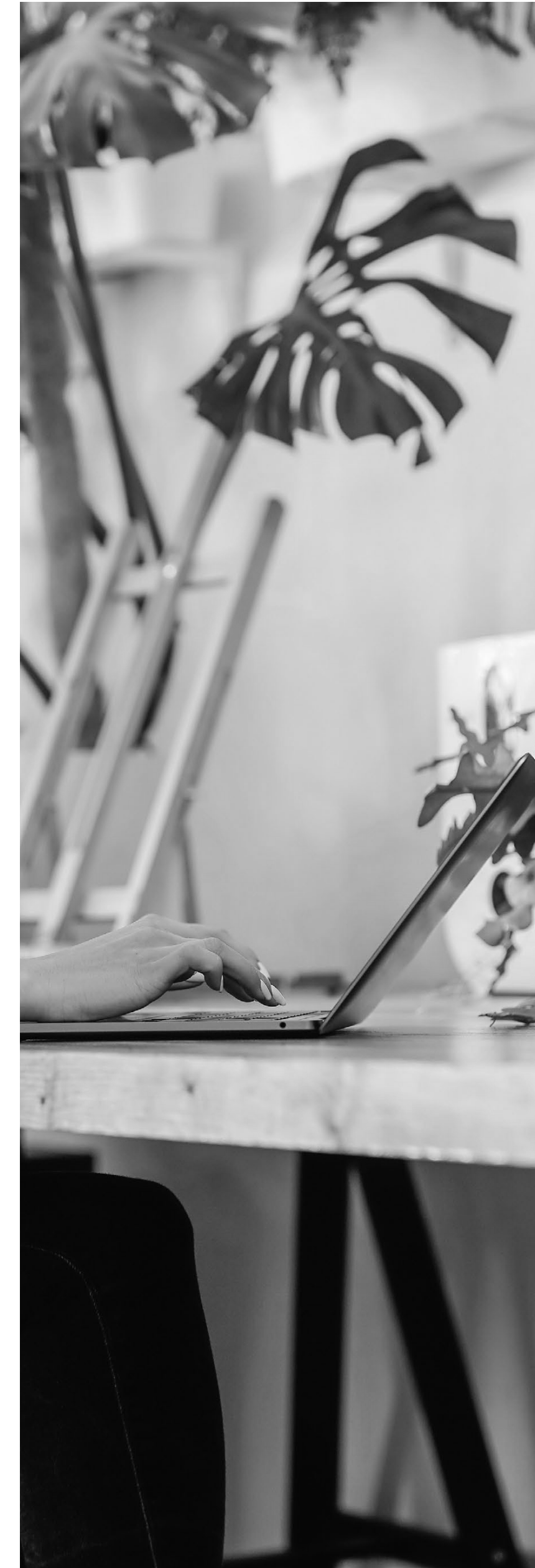
Creating a comprehensive employee benefits package can be a struggle—especially for smaller companies—but employers must analyze their current offerings and optimize them for today’s employees to keep their competitive edge.

### Retaining Employees With Benefits

Especially in today’s labor market, employers can strategically leverage benefits offerings as employee recruitment and retention tools. Employers should regularly ask employees about benefits usage to add or adjust offerings. The goal is to offer attractive and meaningful benefits to keep employees around and gain a competitive edge in today’s labor market.

Employee communication can strategically drive new benefits when done frequently and openly. Organizations already finding new ways to innovate and evolve their benefits have an advantage in standing out to employees. Much time, effort and resources go into benefit plans, so ensure that employees understand their benefits and how to access and use them.

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## Supporting Working Parents During the 2024-25 School Year

Employees with school-age children may have increased caregiving responsibilities as their kids begin a new academic year. In addition to other day-to-day challenges, parents are now dealing with school pick-up and drop-off, unexpected sick days and other occurrences that could affect their work-life balance.

Employees may struggle with balancing these responsibilities with work, possibly causing their workplace performance and well-being to suffer. Employers can support employees during the transition into the school year by acknowledging these changes and offering flexibility. The following sections outline considerations for supporting working parents and caregivers during the school year, helping create attractive workplaces for such employees.

### Supportive Leave Policies

While an organization's policies may accommodate employees who become ill, their family members could also become sick. Employers should consider offering workplace flexibility that allows them to leave and care for their family members if needed. Some employers have leave policies that allow employees to take time off when they or their family members are sick.

Employers may reevaluate their current leave offerings to reflect these realistic needs. Supportive leave policies can reduce employee stress and burnout, increase job satisfaction and promote overall well-being. Employees who feel supported by their employers as they balance work and family responsibilities are likelier to stay at their jobs.

### Flexible Work Arrangements

Employers can consider providing remote and hybrid work models when possible or as needed. Even when remote and hybrid work is not feasible, flexible scheduling can allow employees time for other tasks, such as dropping off or picking up their children from school.

Furthermore, the workplace could implement core hours that allow employees some leniency in when they can start and stop their days. Regardless of the accommodations an employer chooses, it's important to communicate to employees that the company is willing to work around events that may arise in their lives. This assurance may reduce stress during the back-to-school transition and positively impact employee retention. However, it's important to note that accountability should come with flexibility, so employees must work out any arrangements with their managers and teams.

### Resources for Caretakers

Nearly 3 out of 4 employees have some current caregiving responsibility, according to a Harvard Business School report. Moreover, 1 out of 3 employees have voluntarily left a job at some point in their careers because of their caregiving responsibilities. Even though it may not be feasible for all employers to directly provide caretaking services, they can help ensure their employees have access to such resources.

Employers may consider hosting a workshop, distributing a handout or providing information on caretaking resources. Even if no specific caregiving benefits are available at an organization, managers or supervisors could ask working parents how they are doing during the back-to-school season. This kicks off an open dialogue, demonstrating an interest in how they're doing

as people, not just as employees, and helping reduce guilt about juggling personal and work responsibilities.

### Takeaway

The back-to-school transition is critical for employees with school-age children and associated caretaking responsibilities. As a result, employers should prepare to be flexible and accommodate employees during this transition, as well as provide relevant resources year-round. These efforts can make a difference in employee morale and wellness and ultimately assist in appealing to and keeping workers during a time when attraction and retention are significant challenges for organizations.



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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 August 2024, the most recent month available.

Unemployment rate\*:



Total nonfarm\*\* payroll employment:

**+142,000**

Primary job gains:

Construction, health care and social assistance.

Construction:

**+34,000**

Health care:

**+31,000**

Social assistance:

**+13,000**

\*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**

