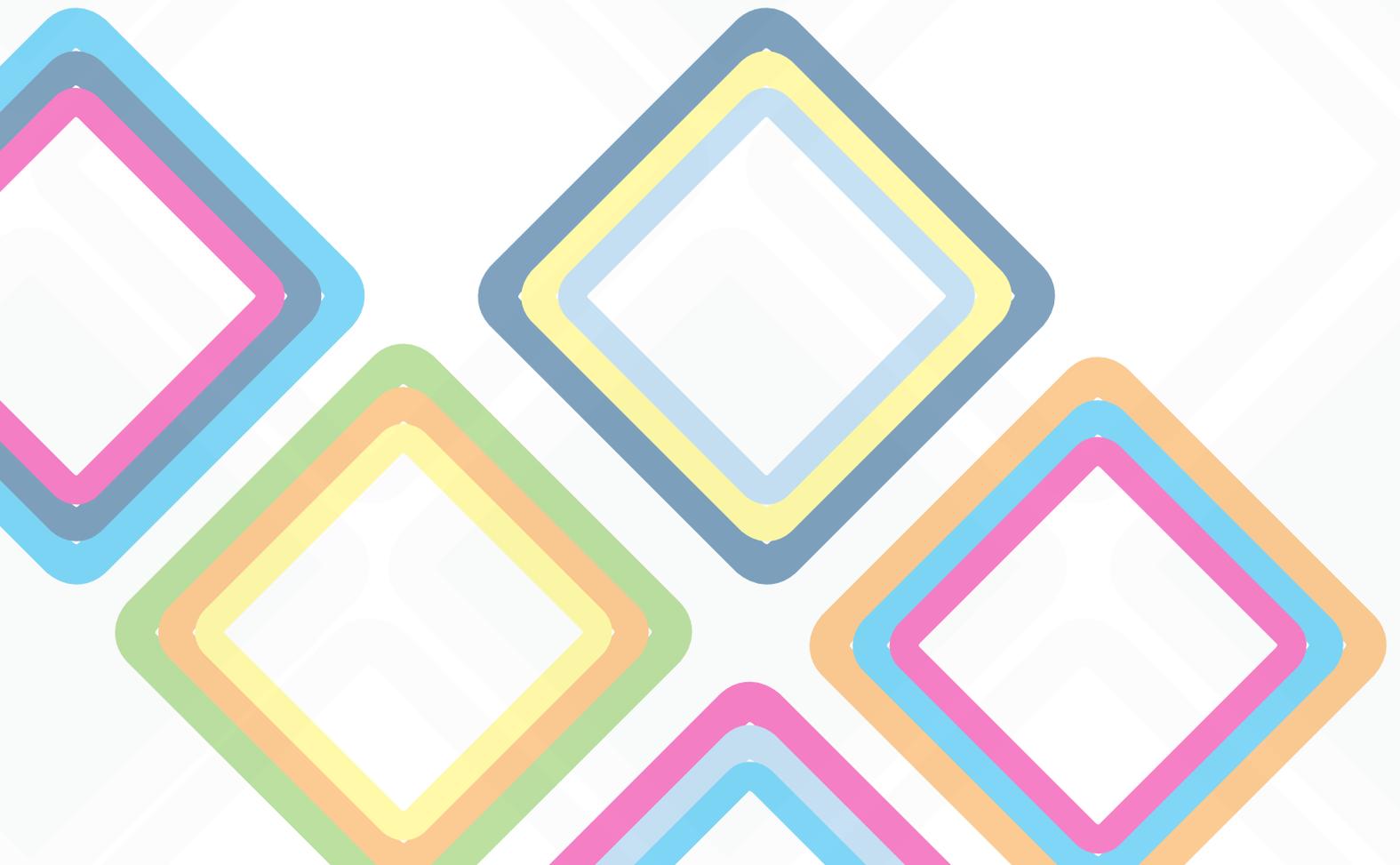




TALENT

ATTRACTION & RETENTION



TALENT ATTRACTION & RETENTION

Companies are struggling to find the talent they need to run their businesses. Historically, the labor market has evolved in a cyclical manner with periods of more jobs than people and then more people than jobs. However, the talent shortage companies are facing today is not dissipating and the challenge to find qualified employees grows harder each year. In October of 2016, the U.S. unemployment rate had dropped to 4.9%, and was much lower in many markets. That trend shows no sign of reversing.

In a study conducted by Indeed, they found that today there are only 1.7 unemployed job seekers for every job opening, compared to 6.2 just six years ago.*

In the coming years, we will all be challenged to reevaluate our approach to talent acquisition and management, and in many cases, make drastic changes. The companies that will succeed in the future are the ones who make adjustments now.

This white paper is designed to provide information and considerations for companies who are experiencing challenges in attracting and retaining the employees they need to grow their businesses.

Staffmark has been experiencing the challenges associated with the talent shortage as we work with customers across all industries and geographic markets. Following an in-depth analysis of our recruiting efforts in 2016, we have identified three critical areas that have a significant impact on both recruiting and retention:

- Wage Stagnation
- Skills Gap across Multiple Industries
- Changing Expectations of the Workforce

WAGE STAGNATION

Since the recession of 2008/2009, companies have been slow to raise pay rates, and for a few years, the high unemployment rate allowed for that slow growth. Today, with almost full employment in many markets, lower wages are driving significant challenges to attracting employees. Across geographies we are seeing a growing divide between wages for many positions.

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Exhibit A: Forklift Operator

	Large Market (5 Million)		Medium Market (1 Million)		Small Market (500,000)	
	2016	2014	2016	2014	2016	2014
High End	\$17.75	\$13.50	\$15.50	\$15.00	\$15.50	\$14.00
Median	\$13.50	\$12.00	\$13.50	\$12.50	\$12.00	\$11.00
Low	\$11.00	\$10.00	\$11.00	\$10.00	\$11.00	\$10.00

Exhibit B: Call Center Representative

	Large Market (5 Million)		Medium Market (1 Million)		Small Market (500,000)	
	2016	2014	2016	2014	2016	2014
High End	\$20.25	\$18.75	\$17.75	\$17.25	\$18.25	\$17.75
Median	\$15.75	\$14.50	\$14.00	\$13.00	\$15.00	\$13.00
Low	\$13.00	\$11.00	\$12.00	\$10.50	\$11.00	\$10.00

Exhibit C: Warehouse/Distribution Associate

	Large Market (5 Million)		Medium Market (1 Million)		Small Market (500,000)	
	2016	2014	2016	2014	2016	2014
High End	\$20.25	\$18.25	\$16.75	\$15.50	\$17.75	\$15.00
Median	\$14.50	\$13.00	\$14.00	\$11.50	\$12.50	\$12.00
Low	\$11.00	\$10.00	\$13.00	\$10.00	\$11.00	\$10.00

Companies that operate on the low end of the wage spectrum are going to find it increasingly difficult to compete for talent. In many markets, Staffmark has to contact more than 500 people to fill 40 positions because of low wages.

Wage stagnation will continue to create enormous challenges in the years to come as many skilled employees retire and the emerging workforce is not equipped for the current jobs available.

Considerations

- Analyze your current wages in comparison to the prevailing wages in your market. Are you paying on the high, median, or low end?
- Adjust your wages to be more competitive in the market or offer a progressive wage increase for 30, 60, and 90 days to attract better talent.



SKILLS GAP

Over the next decade nearly 3.5 million manufacturing jobs likely need to be filled. The skills gap is expected to result in two million of those jobs going unfilled.**

The skills gap issue has become somewhat controversial because people mean different things when they use the term “skills gap.” For the purposes of this white paper, when we talk about the skills gap, we mean the gap between what employers want or need their employees to be able to do, and what those employees can actually do when they walk in the door.

Controversial or not, the skills gap is real in many industries, especially manufacturing. According to the National Association of Manufacturers (NAM), over the next decade, more than two million manufacturing jobs will go unfilled due to a lack of trained workers. The competition for those individuals with trade and technical skills will become even more intense.

Staffmark has seen increasing shortages for forklift operators, warehouse and distribution workers, and shipping and receiving positions. The explosion of ecommerce has dramatically changed the landscape and many companies are struggling to find the employees they need to meet their customers’ growing demands.

Considerations

- Ensure your wages and compensation are competitive for your market.
- Develop training programs for unskilled workers.
- Consider alternative, cost per unit staffing programs.
- Offer incentive programs to retain your most productive employees.

CHANGING EXPECTATIONS OF THE WORKFORCE

At this point in time, we have more generations working together than ever before. From baby boomers to generation X to millennials to generation Z, businesses are challenged with the complexities of working effectively with all these generations. The expectations that employers have of baby boomers, and that baby boomers had of employers, are changing for younger generations. They expect, in fact demand, a different set of rules.

Traditionally, those employees with multiple jobs in a short period of time were seen as less attractive than those who had a more stable work history; however, that is not the case today.

In a job market where average tenure is 4.6 years and shrinking, the time a candidate spends at a company is increasingly less important than their experience and roles. A candidate that has worn many hats is often hard working and driven.

71%

of people in the labor force say they are actively looking or are open to a new job.*

65%

of people look at new jobs again within 91 days of being hired.*

Investing in onboarding and continuous educational opportunities will help your new hires feel like they're being well equipped yet challenged which could lead to greater new hire retention. However, the days of expecting everyone to want to stay at your company for 30 years are over for most people so we need to develop our business plans to anticipate that change.

Millennials are focused on a better work life balance. Because of employee shortages, many employers are asking people to work a lot of overtime which leads to burnout, turnover, safety

concerns, and lower employee morale. To offset that, where possible, remote work or flexible schedules can be a significant attraction for talent. Over the last two years, job seeker interest in remote work and/or flexible schedules grew 85%.

Considerations

- Invest in onboarding programs to engage employees immediately.
- Consider flexible work schedules to better accommodate employees' work/life balance needs.
- Provide alternative means of communicating with employees—texting, email, blogs, social media, etc.

MOVING FORWARD

Identifying the reasons behind the problem of talent attraction and retention are important; however, the critical step is how we are going to work together to address them. As your workforce solutions partner, Staffmark is committed to bringing you innovative ideas for meeting your workforce needs. We can share insights gathered from working with thousands of businesses across the country to address the same challenges you have, and we can share best practices for solving those challenges.

**Indeed 2016 Employer Insights on Talent Attraction report.*

*** The skills gap in U.S. manufacturing 2015 and beyond, report from Deloitte and The Manufacturing Institute.*

ABOUT STAFFMARK

Staffmark is one of the largest staffing companies in the country, providing a full range of workforce solutions including temporary, temporary-to-direct, and direct hire services. Our nationwide network of offices focuses on creating impactful partnerships that contribute to our customers' growth and success. Because of our commitment to outstanding customer service, Staffmark earned Inavero's Best of Staffing® Client Diamond Award after winning the Best of Staffing Client Award for the last five years for providing superior service to our clients. Best of Staffing is the country's only award that recognizes staffing firms that receive remarkable reviews from their customers. Less than 2% of all staffing firms in North America receive the Best of Staffing award for service excellence.

By working collaboratively with our customers, we are able to develop and implement solutions that allow businesses to quickly adjust to changing business conditions. This flexibility allows our customers to be more competitive and responsive to their own customers' needs. For more information on how Staffmark can work for you, visit us at www.staffmark.com.

As your business partner, Staffmark is committed to providing you with information and resources on issues that impact your business.

