

A man with short dark hair and glasses, wearing a light blue button-down shirt, is looking down at a smartphone he is holding with both hands. The background is a blurred office environment with warm, out-of-focus lights. The image is split diagonally from the bottom left to the top right. There are two vertical red bars: one on the far left edge and another on the left side, partially overlapping the diagonal split.

RETAINING TALENT DURING THE GREAT RESIGNATION



The COVID-19 pandemic created a number of challenges for both employers and employees. Virtually overnight, many non-essential businesses shut down or transitioned to remote operations, forcing both companies and workers to navigate a new virtual working environment. Most employers slowed down hiring, and employees were hesitant to leave their jobs given the market uncertainty. As the pandemic continued, what were thought to be short-term changes became the “new normal” and many companies began to delay, and even cancel, their return-to-work plans given the pandemic’s persistence and the uncertain and ever-changing regulatory mandates on workplaces.

Over time, some businesses began to realize that not only could work be done from anywhere, but that they and their employees could thrive in this virtual environment. Many of those same companies could also expand their talent pool by hiring a remote workforce, while saving money by shrinking their physical footprint. From an employee perspective, remote work opens up the opportunity pool in a way not previously available. Now, with a computer and a reliable internet connection, employees can potentially work for companies located anywhere around the globe.

This has also created a situation whereby many workers’ expectations regarding work are beginning to change, and some no longer want to be in the office from 9 to 5. While there are obvious exceptions for businesses where a physical presence is necessary (such as restaurants, medical centers, manufacturing plants, logistics and delivery warehouses), workers’ expectations are changing across industries and business situations.

Coupled with pent-up demand from employees hesitant to leave their jobs earlier in the pandemic, this dynamic has led to what is being dubbed the “Great Resignation.” Desiring more flexibility and better pay, and seeking more from work and opportunities that better align with their personal values, employees are pursuing new opportunities or deciding to leave the workforce for a variety of reasons, leaving employers concerned about retaining talent. Losing talent can be costly, and high-performing employees are difficult to replace.



SO HOW CAN COMPANIES RETAIN TALENT DURING THE GREAT RESIGNATION?

In our experience, employees rarely leave solely because of compensation issues. Yes, employees may leave if they are underpaid relative to the market and another employer will properly compensate them for their skills. But in general, employees leave for other reasons — new responsibilities, more advancement opportunities, more job flexibility, better work/life balance, or to become caregivers, for instance. As companies think about retaining talent, a holistic review of the employee value proposition that looks beyond compensation can be helpful.

The employee value proposition is a broad look at why employees come to work each day. It is the reason employees choose to work at a particular business vs. another. This typically includes traditional items such as compensation and employee benefits, as well as non-compensatory items such as job flexibility, mental health benefits, learning/development, advancement opportunities, vacation time, other perquisites, and corporate mission/purpose.

Below are seven potential actions for companies looking to retain talent, as well as some key considerations:

PROVIDE MONETARY RETENTION AWARDS



When thinking about retaining talent, cash and/or equity retention awards are often one of the first levers considered. While such awards can be an effective tool to keep employees engaged, unless additional actions are taken, they may simply delay resignation instead of preventing it.

REVIEW COMPENSATION PHILOSOPHY AND STRUCTURE



While companies should review their compensation philosophy and structure periodically to ensure continued alignment with company strategy, periods of high talent demand/turnover and business disruption increase the importance of making sure employees are paid competitively for their services. A holistic review can analyze how companies pay, in addition to how much employees are paid, to determine whether employees are properly motivated and rewarded for the right behaviors given any business or strategy changes as a result of the pandemic and its ongoing impact on the economy. The shift from physical to online operations, addition of new product lines, etc. all have implications for business financials and strategy, and it is important for compensation structures to evolve with the business.

Corporate transactions are another major source of employee uncertainty. M&A activity of any type often leads employees to ask questions, such as whether roles will continue to exist post-transaction, what changes to compensation levels/structures are coming, and who will lead the company going forward. As leaders and owners navigate these decisions, monetary retention policies or temporarily enhanced severance programs can be particularly helpful in smoothing employee anxiety and limiting unwanted turnover leading up to and for a period of time after a transaction. As with non-transaction-related retention, any temporary program should be coupled with a holistic review of the employee value proposition going forward to increase the company's ability to retain talent after payments are made.

SET CLEAR WORKING EXPECTATIONS



One significant source of frustration for employees is uncertainty regarding work expectations (for example, working hours, working location, maintaining flexibility) going forward. Companies have taken varied approaches when it comes to announcing (or not!) clear work-from-home vs. work-in-office policies, and some employees are leaving to find employers that espouse approaches that match their preferred working style. While having an explicit policy may alienate some workers and create some regrettable turnover, setting clear working expectations can increase trust and minimize one area of uncertainty for workers.

CLARIFY THE MOBILITY POLICY



Many employees became mobile during the pandemic, whether out of necessity or simply because the opportunity presented itself. Some people needed to spend time caregiving, while others used the pandemic as an opportunity to give up the confines of a specific residence and instead traveled and worked throughout the country (and even the world). Regardless of the rationale behind this change, living and working in different locations potentially creates liabilities for both employees and employers that may not have been entirely understood or planned for in advance. Creating an explicit policy regarding where employees can work, and the potential consequences of changing physical work locations, can minimize frustration for all parties. [Learn more about developing a geographic pay philosophy.](#)

Mobility policies are rapidly evolving, and local governments (both domestic and global) are working hard to ensure they are not losing out on much-needed tax revenues. Because the burden of ensuring that all employment and tax obligations are observed falls on employers, a head-in-the-sand approach will not work. We expect this to become a significant issue for organizations that have not figured out a way to track where employees are working and accurately report this information.

[What's Next for Employee Mobility? ►](#)

REVIEW BENEFITS PACKAGE

The pandemic has led many people to rethink their priorities and place a higher value on elements other than compensation. This includes items such as retirement benefits, mental health offerings, flextime, caregiver support, the opportunity for volunteering time off, and backup babysitting. Companies can use surveys to understand what their employees currently value and evaluate whether there is an opportunity to address employee needs.



Most people have read that COVID unequally impacts women who are leaving to be caregivers; however, many organizations have been slow to roll out official policies to support caregivers. Best-practice suggestions include listening to employees to understand what they need and reviewing current policies to meet those needs. Offering flexible or non-traditional working hours, role sharing, temporary part-time hours, unpaid time off, sabbaticals, backup childcare and other similar measures can go a long way to supporting caregivers.

CLARIFY GROWTH OPPORTUNITIES

Employees often consider new roles because of the excitement of taking on a growth opportunity, such as a leadership opportunity, new responsibilities or a new focus area. At times, opportunities at a given employer may be limited given the employee's role and the company structure, and there may be little the employer can do to retain a particular employee. Many times, however, the lack of intracompany mobility is due not necessarily to a lack of opportunities, but to employees' lack of awareness that opportunities exist. Opportunities can come in many forms and include everything from educational courses, lateral movement or promotions. Having open dialogues, working with employees to create tailored plans, and then integrating those plans as part of the regular performance management process can go a long way to show employees that they are individually valued and that there are benefits in staying with their current organization.



INCREASE ACCESS TO LEADERSHIP

Perhaps more than ever before, employees are purpose driven. People want to feel that what they do matters, and they want to identify with their company and its leadership. Actively creating a mentoring culture and providing access to leaders is one way an organization can increase productivity and engagement that directly reduces turnover. Having leadership bring their authentic selves to work, while sharing situations they are navigating, can encourage cohesion. Inviting employees to share their experiences and perspectives with leadership on a range of issues from inclusion to workplace flexibility to health and wellness will help solidify company culture and community.



Every company's situation is unique, and how companies address the Great Resignation should take into consideration both their business strategy and their talent needs. Companies can also use this opportunity to create a process for reviewing and updating related policies and procedures over time. Retaining talent is an ongoing process and what works now may need to evolve to work tomorrow.

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