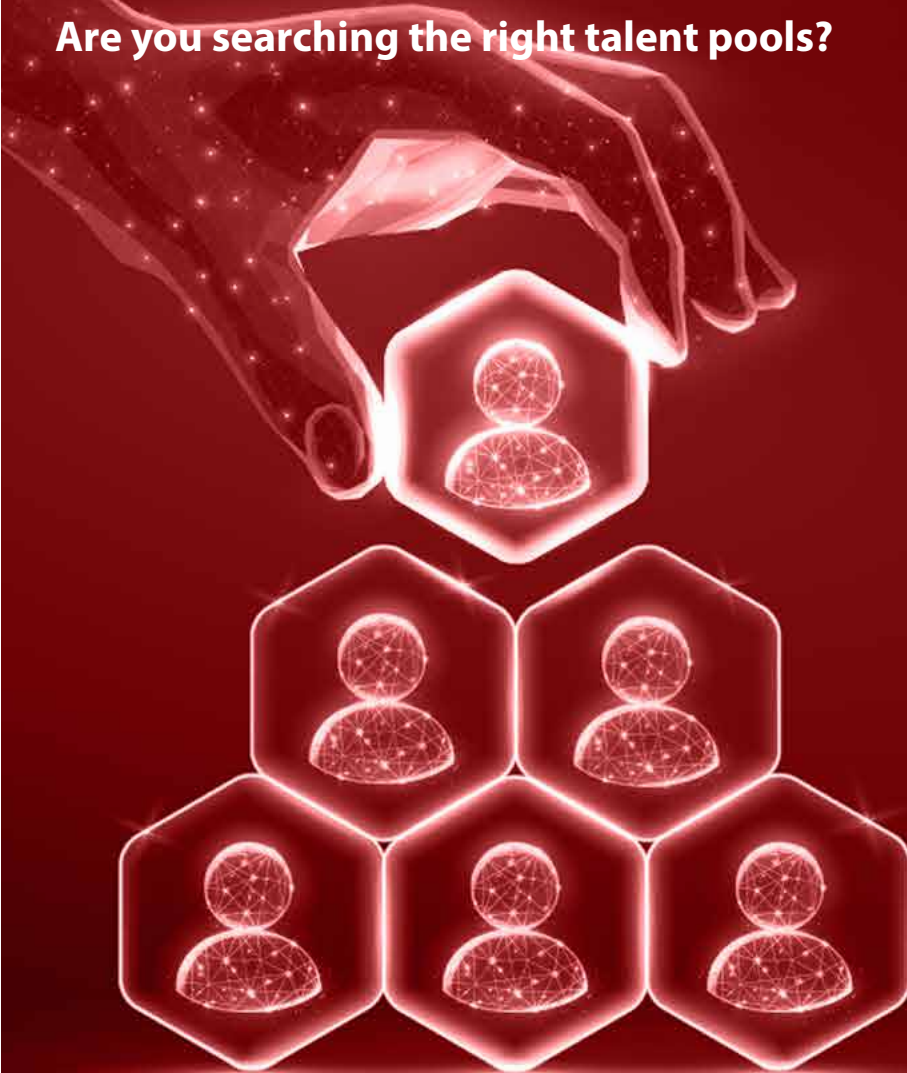
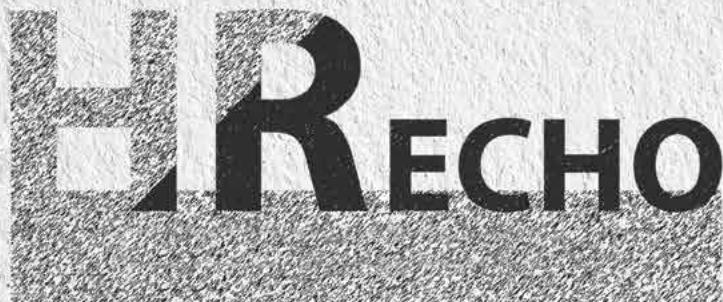




The Great Attrition is making hiring harder

Are you searching the right talent pools?





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The Great Attrition is making hiring harder

Are you searching the right talent pools?

Mckinsey & Company

Aaron De Smet, Bonnie Dowling, Bryan Hancock, and Bill Schaninger

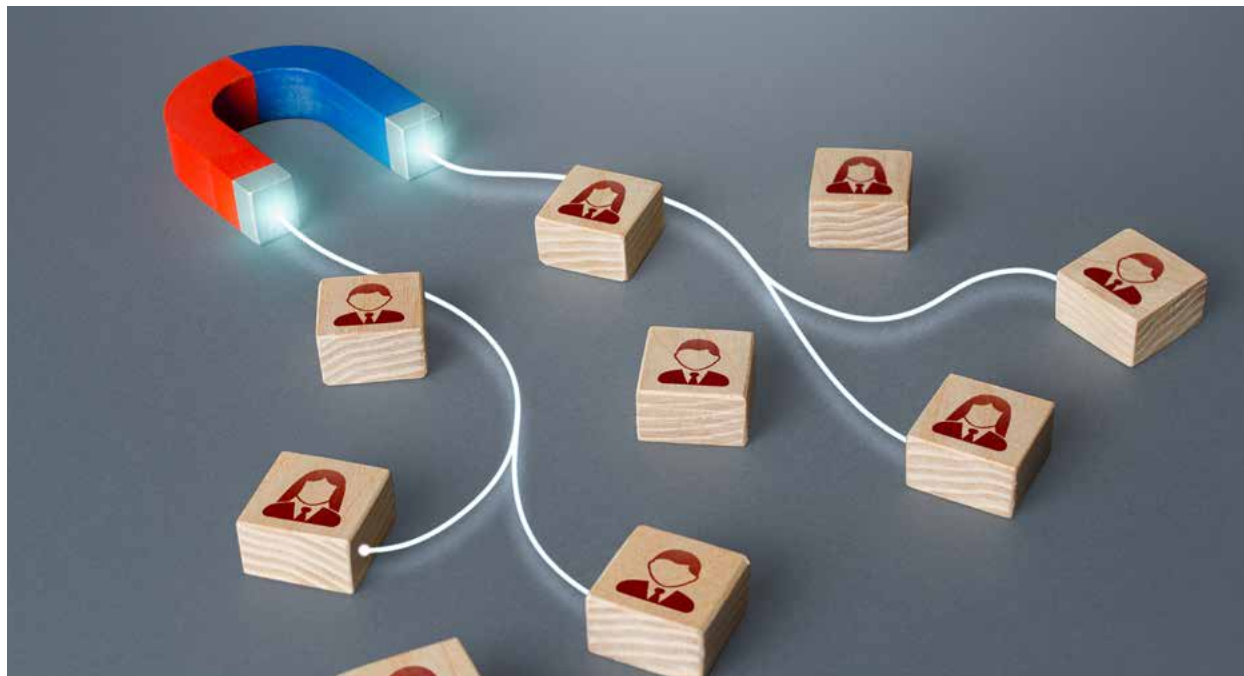
The Great Attrition is making hiring harder. Are you searching the right talent pools?

People keep quitting at record levels, yet companies are still trying to attract and retain them the same old ways. New research identifies five types of workers that employers can reach to fill jobs.

It's the quitting trend that just won't quit. People are switching jobs and industries, moving from traditional to nontraditional roles, retiring early, or starting their own businesses. They are taking a time-out to tend to their personal lives or embarking on sabbaticals. The Great Attrition has become the Great Renegotiation.

Competition for talent remains fierce. For certain categories of workers, the barriers to switching employers have dropped dramatically. In the United States alone, there were 11.3 million open jobs at the end of May—up substantially from 9.3 million open jobs in April 2021. Even as employers scramble to fill these positions, the voluntary quit rate is 25 percent higher than prepandemic levels. At the current and projected pace of hiring, quitting, and job creation, openings likely won't return to normal levels for some time.

What we are seeing is a fundamental mismatch between companies' demand for talent and the number of workers willing to supply it. Employers continue to rely on traditional levers to attract and retain people, including compensation, titles, and advancement opportunities. Those factors are important, particularly for a large reservoir of workers we call "traditionalists." However, the COVID-19



Our research identified distinct pools of workers with varied workplace priorities. Their differences show that employers have to take a multifaceted approach to attract and retain talent.

pandemic has led more and more people to reevaluate what they want from a job—and from life—which is creating a large pool of active and potential workers who are shunning the traditionalist path.

As a result, there is now a structural gap in the labor supply because there simply aren't enough traditional employees to fill all the openings. Even when employers successfully woo these workers from rivals, they are just reshuffling talent and contributing to wage escalation while failing to solve the underlying structural imbalance.

To close the gap, employers should try to win back nontraditional workers. But how?

Our research identified distinct pools of workers with varied workplace priorities. Their differences show that employers have to take a multifaceted approach to attract and retain talent.

To better understand who might fill all the open jobs, we examined economic and labor statistics; conducted a large global survey to learn more about what is driving people to stay, leave, or return; and applied advanced analytics to define specific segments of the workforce, both active and latent (see sidebar, "About the research").

Our analysis of workers in six countries focuses on which job attributes are motivating them, both positively and negatively. We asked survey participants in various phases of job churn why they left or would consider leaving and what would make them want to stay or come back. It turns out that many workers want more than the usual compensation and job advancement carrots.



To get at these priorities, we sorted respondents into smaller groups who shared the same set of primary needs that they want an employer to meet. Then we looked at whether these workers also shared demographic similarities. These groups of like-minded respondents became our “personas”—distinct pools of workers that employers can target in their search for talent. While most of these groups valued workplace flexibility highly, they differed in how they rated mental-health support, meaningful work, and career advancement.

These differences show that no single solution is going to attract enough people to fill all the job openings and retain a productive workforce. Instead, employers can take a multipronged approach to reach different talent pools. This doesn't mean that organizations have to change their mission, values, or purpose. Rather, they can showcase different facets of their employee value proposition to a broader number of workers and get more creative in their offers to current and potential employees.

In this article, we take a closer look at five crucial employee personas that companies must understand to solve the attrition and attraction problem for the longer term.

New trends make the employment picture more complex

Despite significant changes in the economy since the onset of the Great Attrition (or what many call the Great Resignation), the share of workers planning to leave their jobs remains unchanged from 2021, at 40 percent. That's two out of five employees in our global sample who said that they are thinking about leaving in the next three to six months.

However, the past year has revealed nuances of the larger trend:

- **Reshuffling.** Employees are quitting and going to different employers in different industries (48 percent of the job leavers in our sample). Some industries are disproportionately losing talent, others are struggling to attract talent, and some are grappling with both.
- **Reinventing.** Many employees leaving traditional employment are either going to nontraditional work (temporary, gig, or part-time roles) or starting their own businesses. Of the employees who quit without a new job in hand, 47 percent chose to return to the workforce. However, only 29 percent returned to traditional full-time employment.
- **Reassessing.** Many people are quitting not for other jobs but because of the demands of life—they need to care for children, elders, or themselves. These are people who may have stepped out of the workforce entirely, dramatically shrinking the readily available talent pool.

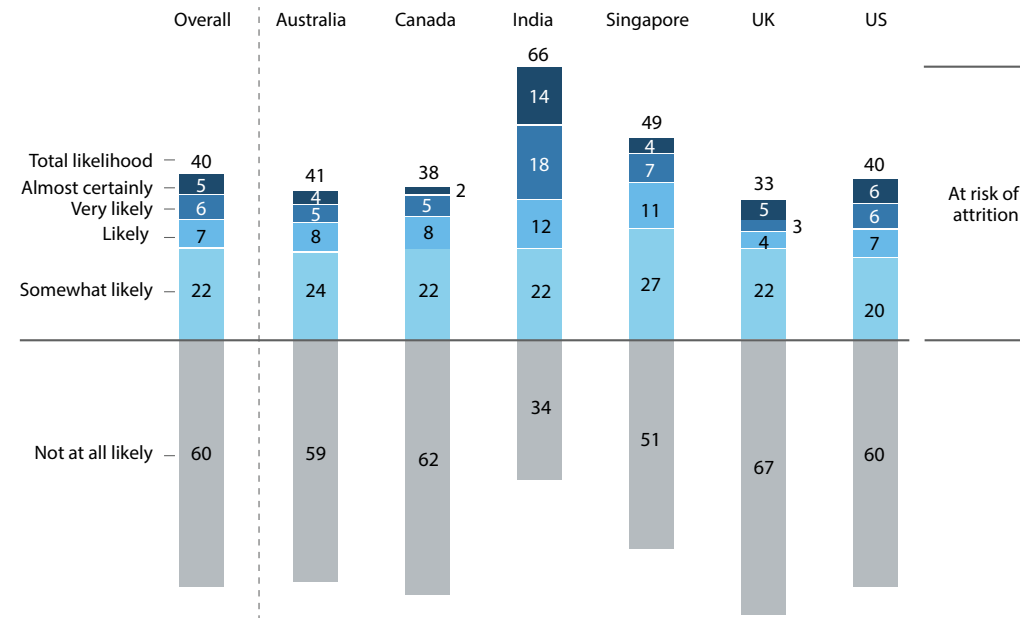
Globally, employees are considering their options

While there is ample evidence that this workforce discontent is a global phenomenon, the situation has further deteriorated in certain markets. In India, more than 60 percent of respondents expressed a desire to leave their current posts, well above their counterparts in Australia, Canada, the United Kingdom, and the United States. Workers in Singapore showed the second-highest level of job discontent, at 49 percent (Exhibit 1).

Exhibit 1

Forty percent of workers globally say that they might leave their jobs in the near future.

Likelihood that respondents will leave their current job in next 3-6 months, %



Note: Figures may not sum to total, because of rounding
Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey who were employed at the time of the survey, which was conducted between Feb 2022 and Apr 2022 (n = 12,378)

Respondents across the six countries showed a consistently high desire for work that is better paying, more satisfying, or both, as well as a conviction that they can find better jobs elsewhere. As our research has shown, some workers are leaving their jobs and the workforce, ready for a break and confident in their ability to find another job when they want to. Indeed, almost three-quarters of employed respondents believe that it would not be difficult to find a job that pays the same or better, with the same or better benefits.

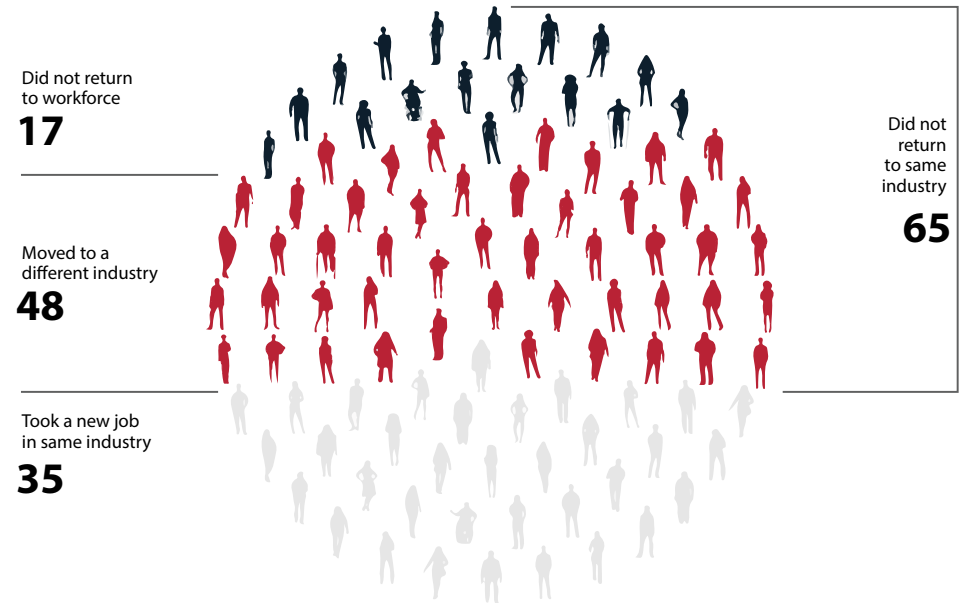
Mobility between industries is high

Vitality, companies can no longer assume that they can fill empty slots with workers similar to the ones who just left. Globally, just 35 percent of those who quit in the past two years took a new job in the same industry. In finance and insurance, for instance, 65 percent of workers changed industries or did not return to the workforce. In the public and social sector, the exodus was even greater, at 72 percent (Exhibit 2).

Exhibit 2

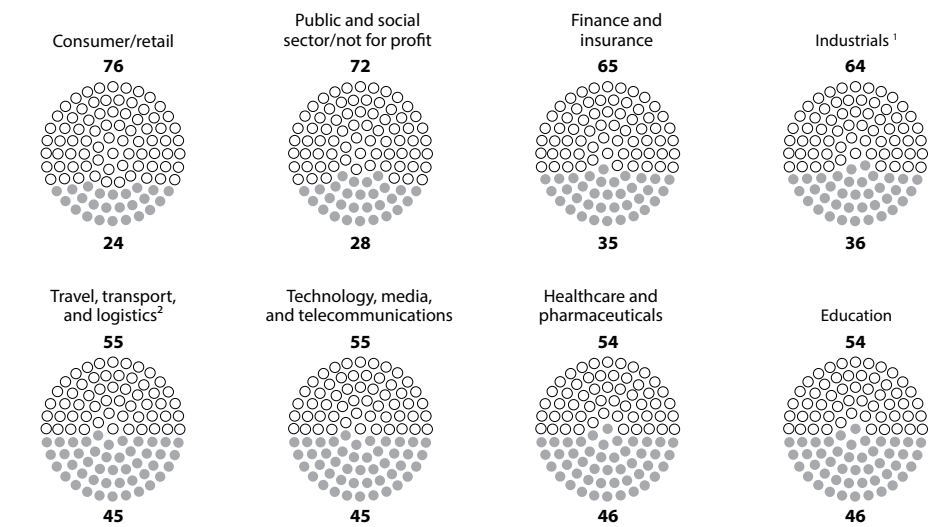
The majority of people who quit their jobs in the past two years are not returning to the industries they left.

Status of respondents who had quit their jobs between Apr 2020 and Apr 2022, global, %



Status of respondents who had quit their jobs between Apr 2020 and Apr 2022, selected industries, %

○ Did not return to same industry (moved to a different one or did not return to workforce) ● Took a new job in same industry



¹Includes advanced industries, energy and materials, and professional, scientific, and technical services.

²Includes infrastructure.

Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey (n = 1,831)



In some areas, these losses may reverberate for some time. In travel, healthcare, and consumer retail—industries hit hard during the pandemic—at least 18 percent of respondents who quit their jobs are choosing to forgo employment entirely rather than work in the same or any other industry again.

There are bright spots for workers, however. For those with sought-after skills such as data scientists and programmers, the hurdles to changing industries are lower. Companies are more focused on hiring people for their skills rather than their industry experience, and the most talented individuals with the most sought-after skills will be able to continue to explore options to find the best fit. There is less of a stigma attached to job hopping or gaps in a résumé, and joining companies in other geographies without relocating has become easier than ever, making it possible for people to jump from one employer to another.

These factors create a new playing field for hiring, since employers find themselves competing not only within their industry, as in the past, but also across industries.

Five personas: A new way to target the employee value proposition

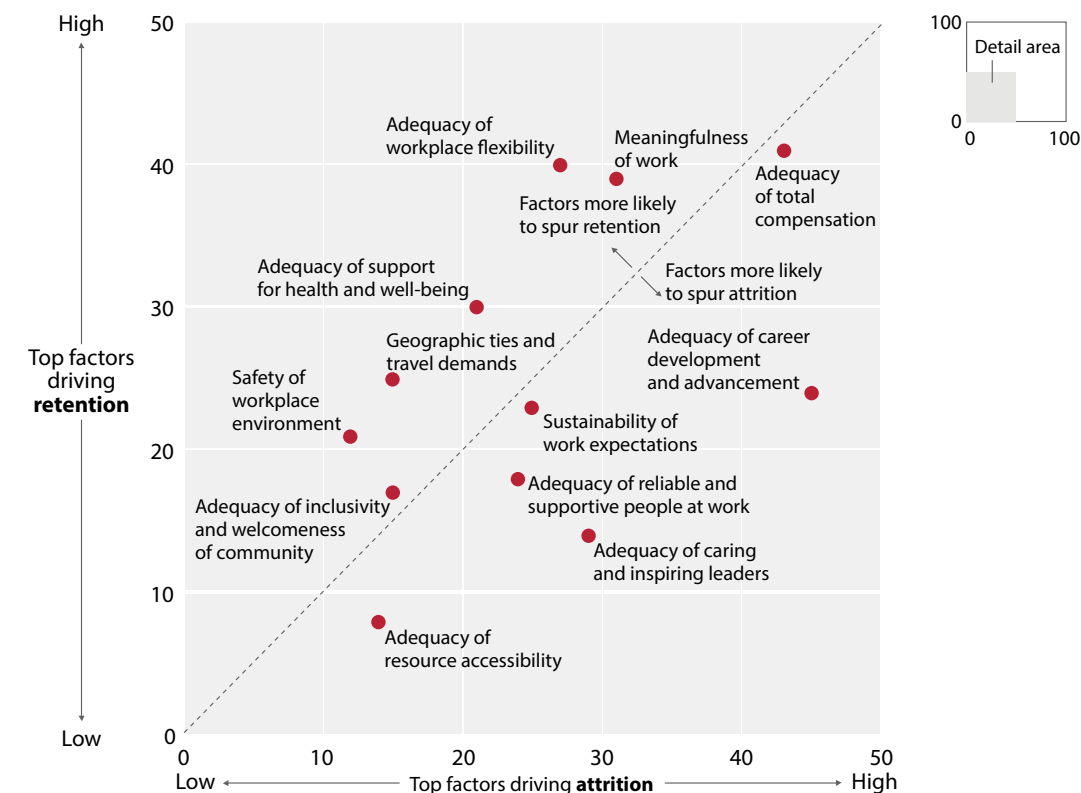
To navigate this new playing field successfully, hiring managers can look beyond the current imbalance in labor supply and demand and consider what different segments of workers want and how best to engage them.

To do this, employers should understand the common themes that reveal what people most value, or most dislike, about a job. For instance, it cannot be overstated just how influential a bad boss can be in causing people to leave. And while in the past an attractive salary could keep people in a job despite a bad boss, that is much less true now than it was before the pandemic. Our survey shows that uncaring and uninspiring leaders are a big part of why people left their jobs, along with a lack of career development. Flexibility, on the other hand, is a top motivator and reason for staying (Exhibit 3).

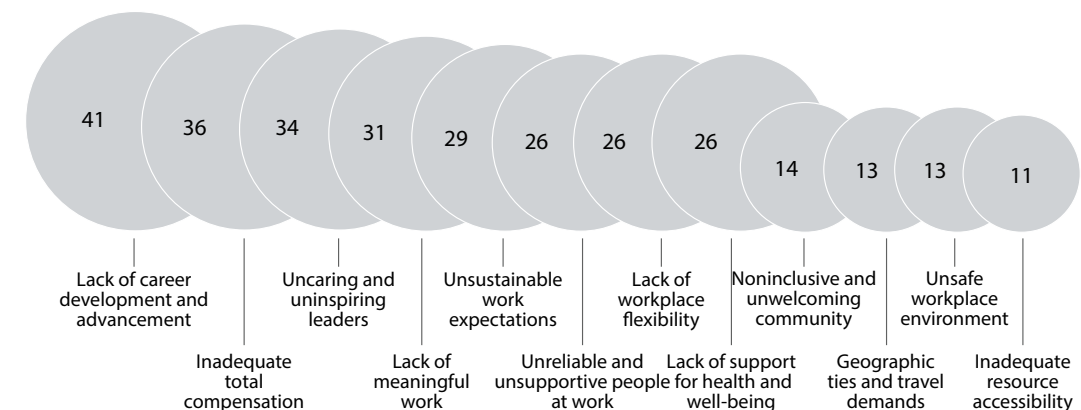
Exhibit 3

Push and pull: Employers should understand the motivating factors that keep people in jobs—and the demotivators that drive workers away.

Employee experience factors driving attrition and retention, % of respondents



Top reasons for quitting previous job, Apr 2021-Apr 2022, %



Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey (n = 13,382), including those currently employed and planning to leave (n = 4,939), those currently employed and planning to stay (n = 7,439), and those who quit their previous primary jobs between Apr 2021 and Apr 2022 (n = 1,154)

1. The traditionalists: The star of the classic labor pool won't be enough to fill all the jobs

Traditionalists are career-oriented people who care about work–life balance but are willing to make trade-offs for the sake of their jobs. They are motivated to work full-time for large companies in return for a competitive compensation package and perks, a good job title, status at the company, and career advancement.

Roughly 60 percent of the traditionally employed, full-time workforce have not quit their jobs during the Great Attrition, according to the US Bureau of Labor Statistics. We estimate that the majority of these individuals can be classified as traditionalists. They have been more risk averse, more likely to stick with their current employer, and less likely to quit without another job lined up. If they did leave their jobs, most have likely returned, wooed by a traditional value proposition such as higher pay.

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Employers like traditionalists because these employees are easier to find through common recruitment strategies, and what these workers want matches what companies have historically offered to hire and retain people. Unfortunately, this method of securing workers is like playing a game of Whac-A-Mole: when one company hires traditionalist employees, rivals fight back with promotions and higher pay to try to retain and attract the same scarce talent. Companies that use these levers to pursue traditionalist workers end up contributing to wage inflation but fail to solve the problem of employer and job “stickiness” (Exhibit 4).

Exhibit 4

Strategies that attract traditional workers are not enough to entice other groups back to traditional employment.

Employee experience factors driving appeal for traditional and nontraditional workers, ranking

Factors	Reasons people who quit took a new traditional job ¹	Reasons nontraditionalists would return to a traditional job ²
Career development and advancement	1	7
Adequate total compensation	2	2
Meaningful work	3	3
Workplace flexibility	4	1
Reliable and supportive people at work	5	5
Support for health and well-being	6	4
Sustainable work expectations	7	9
Caring and inspiring leaders	8	10
Inclusive and welcoming community	9	8
Geographic ties and travel demands	10	11
Safe workplace environment	11	6
Resource accessibility	12	12

¹Respondents who quit a job anytime between Apr 2021 and Apr 2022 and took a new traditional job (n=799).
²Respondents who would consider returning to a traditional job (n = 1,963).
Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey (n = 13,382)

Whereas traditionalists are a relatively monolithic bunch, the remainder of the workforce is more varied. Some are self-employed, others are doing gig or freelance work. There are students, temporary workers, on-call workers. There are those who have left their jobs but could be coaxed back under the right conditions, and those who say they won't ever come back. Together, they make up the majority of the potential talent pool, and they deserve a much closer look.

Of those who have left full-time jobs over the past two years—a status that described 21 percent of the global workers we surveyed—many quit for similar reasons.

Early in the Great Attrition, exiting workers told us that relationships in their workplace were sources of tension and that they didn't feel that their organizations and managers cared about them. In this latest round, respondents again cited uncaring leaders (35 percent listed it as one of their top three reasons for leaving), but they added a new range of top motivators, including inadequate compensation, a lack of career advancement, and the absence of meaningful work.

In other words, plenty of employees say that they see no room for professional or personal growth, believe that there is better money to be made elsewhere, and think that leaders don't care enough about them—tried-and-true reasons for disgruntlement, to be sure, but ones that are now being acted upon broadly.

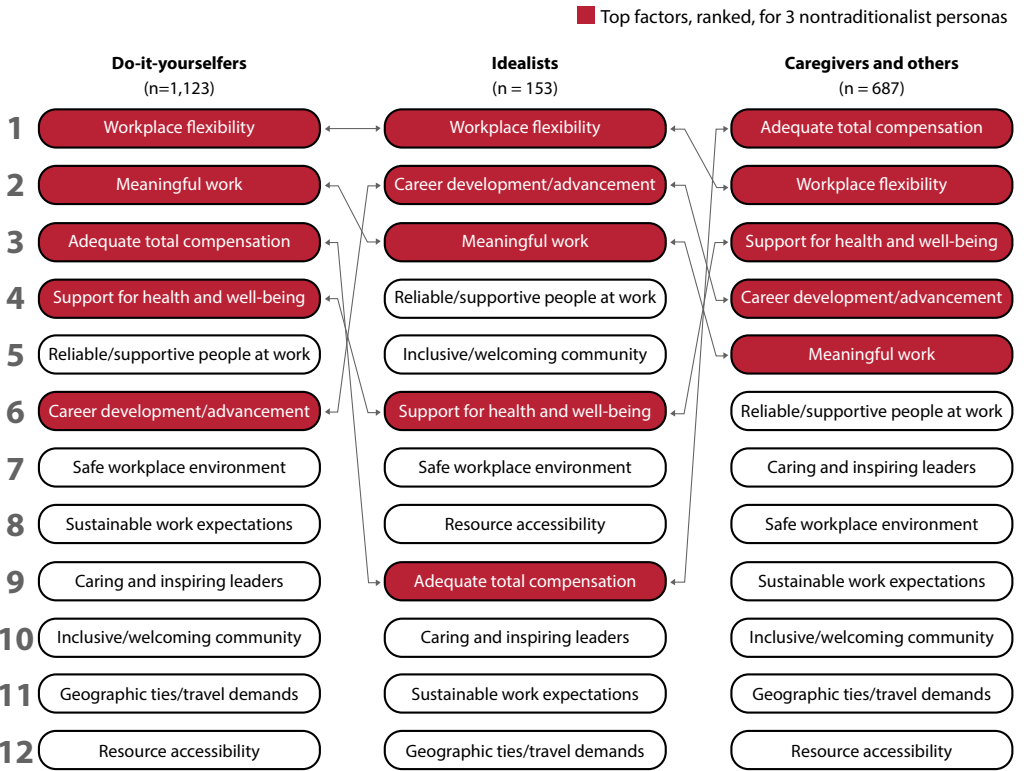


Fortunately, many of those who left traditional employment indicated that they could be coaxed back under the right conditions. These nontraditional workers make up the rest of our five key personas. Here we take a closer look at these groups and what they value (Exhibit 5).

Exhibit 5

What would it take to bring three nontraditionalist personas back to a traditional job?

Among respondents who are at least somewhat likely to return to traditional employment in next 3-6 months, ¹ranking



Relaxers
(n=864)

This persona includes retirees and others who have exited the workforce and are not actively looking to return to a traditional job. Thus, they were not asked to list their top three motivators for returning to traditional employment. However, when asked, "What are the top three reasons you would take a new job?" they ranked meaningful work and workplace flexibility highest, followed by career development/advancement. Their Survey responses, as well as interviews and other data, have given us enough insights into members of this critical group to warrant including them in our analysis.

¹Nontraditionalists who indicated being at least somewhat likely to return to traditional employment in the next 3 to 6 months answered the following question: "Below are 12 broad aspects of the employee experience. Please choose the top 3 categories that an employer would need to provide for you to return to traditional employment"
Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey (n = 2,827)



2. The do-it-yourselfers: Anything for autonomy

This persona, comprising the largest share of respondents, values workplace flexibility, meaningful work, and compensation as the top motivators for potentially returning to the traditional workforce. They tend to be 25 to 45 years old and run the gamut from self-employed to full-time employed in nontraditional roles to gig and part-time workers.

This group wants flexibility above all else. During the pandemic, workload-related stress, toxic managers, a desire for autonomy, and a feeling of not being appreciated led many people to look for something different. Over 2.8 million more people in the United States submitted start-up applications in 2020 and 2021 than in 2019. Others found that part-time or gig opportunities gave them greater autonomy to set their own hours and the freedom to decide what kind of work they would do.

Attracting this cohort may be difficult, because organizations must show that what they offer is better than what these workers have created for themselves. Companies can provide the freedom that these workers crave and a sense of purpose, as well as a compensation package beyond what they have on their own.

During the pandemic, workload-related stress and toxic managers led many people to strike out on their own. To attract this group, companies can offer them freedom and a sense of purpose.

One way to achieve that is through modularized work—defining discrete meaningful tasks that can be accomplished independently. This decouples goal

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For many in this cohort, workplaces that are inflexible and that don't provide a pathway to advancement aren't worth the sacrifice of going back to work while continuing their caregiving duties.

setting and the completion of tasks from the traditional five-day workweek with set hours in an office. Another way is to manage according to outcomes rather than to activities, ratcheting up accountability for impact but allowing workers and their teams to dictate for themselves when and how the task gets done. To make it work, employers should embrace flexibility from the outset—even by asking job candidates how many interviews they would prefer to have and whether they would rather do them remotely or in person.

Many companies are starting to explore various forms of radical flexibility. For example, Airbnb CEO Brian Chesky recently announced that the company's employees will be able to work from anywhere and abolished the idea of location-based pay. In the days after his announcement, Airbnb's recruitment page received more than a million visitors.

3. The caregivers and others: At home but wanting more

More than two years after the start of the pandemic, this persona needs little introduction. Members of this group are motivated by compensation but have another constellation of priorities for returning to their jobs: workplace flexibility, support for employee health and well-being, and career development.

These are people who have decided to sit it out at home, with some actively looking for work and others who are passive job seekers hoping to find an opportunity that would justify reentering the paid labor force. The predominant age group is between 18 and 44, with more women than men, many who are parents or other caregivers. A lot of the people in this group needed more flexibility and support than traditional employment offered and left to care for children, parents, or themselves.

For many in this cohort, workplaces that are inflexible and that don't provide a pathway to advancement aren't worth the sacrifice of going back to work while continuing their caregiving duties.

People in this profile are ready to lend their time and talents to companies that are willing to work with their schedules. For them, workplaces that are inflexible and that don't provide a pathway to advancement aren't worth the sacrifice of going back to work while continuing their caregiving duties. These employees are asking for dedicated support that will allow them to fulfill the responsibilities outside their jobs while being recognized for their contributions at work. They could be coaxed back with part-time options, four-day workweeks, flexible hours, or expanded benefits packages.



Many organizations recognize this growing cohort of potential workers and are responding accordingly—for example, by normalizing and widening the use of parental leave and by offering parents more flexibility around school holidays. Companies such as Google, Cisco Systems, and Patagonia offer employees benefits such as on-site childcare, physical therapy, and subsidized housecleaning services.

4. The idealists: Students and younger part-timers

Those in our idealist persona tend to be younger, aged 18 to 24, and many are students or part-time workers. Mostly unencumbered by dependents, mortgages, and other responsibilities, this group emphasizes flexibility, career development and advancement potential, meaningful work, and a community of reliable and supportive people, with compensation far lower on the list.

Companies don't need to show these employees the money—work is about far more than that. They are more interested in being part of a community of reliable and supportive people.

To woo them, companies have to offer flexibility, of course, but also demonstrate a willingness to invest in this group's development and create a strong organizational culture that emphasizes meaning and purpose. This persona ranked belonging to an inclusive and welcoming community more highly than the other personas—squaring with our research showing that younger workers value diversity in the workplace.

An appealing value proposition for these workers would include pairing traditional tuition subsidies with flexible work schedules to accommodate classes, along with development programs that offer clear advancement trajectories. Anchoring these measures in purpose and investing heavily in the day-to-day interactions that build a high-quality culture can help create an even more enticing recruitment package.

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Organizations have not pursued these seasoned workers as hard as they might. But it's not too late: companies should consider reaching out to see if they can find the right balance to win people back.

5. The relaxers: Career doesn't come first anymore

In contrast to the previous personas, the people in this cohort are a mix of retirees, those not looking for work, and those who might return to traditional work under the right circumstances. We call this latter group the "Gronks," referring to the American football player Rob Gronkowski, who retired but returned at the urging of his former teammate Tom Brady and the promise of not only pay but also a flexible contract with a great team. Gronkowski recently retired again—but who knows what the future holds?

Like many who retired early during the pandemic, Gronks have completed their traditional careers and might not need more money to live comfortably. So they will want more than the traditional value proposition to be enticed back into the workforce—including the promise of meaningful work. Comprising both early retirees and natural-age retirees who still have many productive years left, they represent the largest segment of the latent workforce.

Organizations have not pursued these seasoned workers as hard as they might. But it's not too late: companies should consider reaching out to see if they can find the right balance to win people back.

There are interesting dynamics at play here. After a surge in retirement during the early months of the pandemic, the rate of retired workers returning to the job market has slowly been increasing. Some have been enticed by higher wages or an improved pandemic outlook, while others have felt the effects of inflation and a need to return to work as their nest egg dwindles faster than anticipated. But with estimates of just one in five of these "pandemic retired" looking to return to the workforce, there are plenty more out there for companies to attract.

Organizations have not pursued these seasoned workers as hard as they might. Employers who had positive relationships with employees they lost should consider reaching out to them to see if they can find the right balance to win those people back.

Organizations have to focus on the right employee pools

The pressure that companies face in attracting and retaining workers stems in large part from the fundamental shift over the past two years in how people have come to view their jobs and their employers. But it is also the result of the unprecedented demands of a hot job market leading to record numbers of job openings.

The US employment picture is a good example. As we noted earlier, there were more than 11 million job openings across the United States at the end of May. While inflation is forcing some people back into the traditional workforce, those numbers are insufficient to fill the open jobs sustainably. And even if the economic picture worsens, many companies are likely to find that job openings will persist in crucial positions, a problem they can't fix by simply reshuffling their current workforces.

Automation and increased immigration can help with some of the jobs shortfall. But companies need to hire from the existing employee pool, not the one they wish for. That may mean lowering or changing job requirements for some roles—by not requiring a college degree, for example, part of a recent uptick in “fair



chance” hiring. While taking these steps, companies can make sure they maintain the right value proposition to meaningfully expand the pool of workers.

Employers should continue to value their traditionalists, but as the personas reveal, they also need to look beyond them to the workers who want flexible, supportive work arrangements. These people are out there, in greater numbers than before, and they can be courted with the right strategies.

To address this attrition–attraction problem for the long term, companies can take four actions.

First, they can sharpen their traditional employee value proposition, which, as we’ve discussed, involves focusing on title, career paths, compensation, benefits, having a good boss, and the overall prestige of the company.

Second, they can build their nontraditional value proposition, which revolves around flexibility, mental- and behavioral-health benefits, a strong company culture, and different forms of career progression. The value proposition itself and the way that companies pursue these prospective employees should be more creative—and more personalized. The sheer volume of churn in the labor market and at organizations means that a massive portion of the workforce is and will remain new. For companies, this means that the culture passed on through traditions and behavioral norms will mean much less unless organizations make the relevance of that culture clear to new joiners from the start.

Third, companies can broaden their talent-sourcing approach, especially since some nontraditionalists are not actively looking but would come back for the right offer. A better understanding of these five personas can help companies tailor their sourcing strategies toward different types of workers.

Finally, organizations can make jobs “sticky” by investing in more meaning, more belonging, and stronger team and other relational ties. Building these organizational attributes will also make it harder for traditionalists to go elsewhere for a bit more pay.

The COVID-19 pandemic has been brutal in so many ways. It has also spurred feelings of liberation for millions of workers who can now envision what they want their jobs to be, not what they have been. Companies don’t have to reinvent their employee value proposition to meet this moment. In fact, they should double down on what that proposition is—a core representation of their culture, purpose, and values—while also expanding their reach into multiple talent pools. This outreach must be creative and authentic. Workers know the difference, and they are voting with their feet.