



ASSOCIATION OF SHORT LINE AND REGIONAL RAILROAD (ASLRRA)

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THE PANDEMIC UPDATE: THE EMPLOYER'S NEW NORMAL

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We are leaving a time where the majority of US organizations have been Hierarchy-centric cultures and experiencing and seeing a shift to People-(or Talent) centric cultures. This is a critical focus to workplace futures and the industry because there has not been one organization that has not felt the effects of Talent Challenges in the Pandemic, which have driven **The Great Resignation, The Big Quit, The Great Regret, The Great Reimagination, The Great Reset, The Great Reshuffle, and The Great Realization.**

Looking at the recent numbers:

- **4.4 million quit their jobs last month, with the Great Resignation showing no signs of slowing.**
A percentage of these people will be part of the Great Regret, so we must consider talent being on the move again and their eligibility to return to a prior organization.
- **In 2021, the Wall Street Journal reported that 4.3 million workers were missing from the workforce and where have they gone**
- **48 million quit their jobs in 2021, which was a record in many sectors like manufacturing, and 2022 could mirror 2021**
- **Retirements last month were in the millions and it's not only the Baby Boomers - welcome to the Xers (born 1965-1980)**

Pew Research Center in November, found that 50.3% of U.S. adults 55 and older reported being out of the labor force due to retirement, yet those retirees looking to return has climbed to 65.5% in March.

- **3.2 % have come back from Retiring in 2021. This will be an important trend for the Rail Industry and where it makes sense for the retired individuals to come back into the workforce**

How will they come back?

Approach this pool of talent as consultants or part time employees, giving them flexibility but gaining and incorporating their knowledge, skills, and prior measurable accomplishments into the workforce

- **11.3 million job openings. That is 1.8 jobs per every job-seeking American**
- **Unemployment is back to almost the fifty-year low at 3.6% and lower than expected**

Let us look at the Reasons why employees are and have exited since 2020 to present.

According to Chief Executive magazine, the leading reasons were poor training, lack of non-work down time, and unsatisfactory compensation.

Training being number one. Training and coaching have been a huge topic this year and will be in the coming years.

According to Trading Economics, the Top Ten reasons people are leaving their jobs

1. Pay was too low
2. No opportunity for promotion
3. Felt employer was disrespectful
4. Lack of childcare
5. More flexibility
6. Unhappy with benefits
7. Relocating to a new area
8. The job required too many hours
9. Job did not offer enough hours
10. The employer required covid vaccine

These statistics represent that top priorities have become PEOPLE AT THE FOREFRONT

Trends to focus on and shape People at The Forefront:

- Strengthen the relationships and communication internally
- Focus on employee engagement unlike before and accelerate it
- Build a work environment that employees will not want to leave – and new employees will want to join
- Collaboration, diversity, inclusion, environmental focus, innovation, innovative thinking, and wellbeing need to be visible
- Introduce diversity, equity, and inclusion policies and programs that are long term
- In hybrid working organizations, consider the social dynamic and interaction, with less in person interaction driving this culture. Regular employee check-ins will be key.
- Individual Development Plans, not as annual reviews, are a great way to have a pulse on employee satisfaction, company experience, goals, career aspirations, development, and coaching. Plans must be genuine and have actions associated with them, so employees feel they are on a path and have pulse on future.
- Offer more flexible work schedules – or less all-consuming work schedules (e.g., 24/7/365 on call, working 14 days straight, long hours). Providing better time off solutions will yield significant benefits for your organization.
- Is your organization's culture focused on life work balance? Now and in the future, what policies will you put in place when an employee is not at work?

I want to point out recent changes in France. French law requires companies with more than 50 employees to establish hours when staff should not send or answer emails. Employers cannot require their employees to be available for workplace communication, like calls or emails when they are not at work. Fostering psychological safety, avoiding burnout, and allowing people to turn off work will allow you to retain workers and help you drive a reputation of being a top/best employer in the market.

- Drive an environment of creativity, projects, and mentorship, making sure that there is leader support as this helps the workplace succeed
- Give new hires critical exposure even to different leaders/senior leaders in the organization to create a sense of belonging.

Keep in mind that

- 31% of professionals surveyed in the US said they would resign from their job without another
- 54% of talent needed for future in US companies still is found internally

- I have said this many times last year and it still hold true - the ability to stay nimble is crucial.

All of these factors drive a culture that prevents or minimizes resignations and reduces the likelihood that competitors can attract people away from your organization.

When we think of the broader industry, all efforts need to focus on pulling talent into the industry at all levels of every organization, which will help every organization reach employment, workforce planning, talent acquisition, and recruitment goals.

Communicating externally regarding this great industry, the opportunities in Operations, Engineering, Finance, Sales and Marketing, Human Resources, Business and Management, Manufacturing, Transportation and Logistics, Industrial Trades can be done by every organization at every level. Driving new ideas and behaviors will not just assist in attracting talent NOW, it is also the consideration of the next generations. We all need to be pulling talent into the industry.

OPENING UP POTENTIAL 2022

McKinsey States:

Focusing only on compensation or only on cultural factors won't stem the tide of attrition. Business leaders must pay constant attention to both.

Also, invest in building workplaces that listen to employees, anticipate and address their concerns, foster psychological safety and a sense of community, and measure outcomes.

Talent Costs, Reality, and Projections in 2022

- After adjusting for inflation and population growth, average net worth jumped 12% to 14.8% among households
- Hourly pay has gone up 5% according to the Federal Reserve of Atlanta
- Yet a survey of U.S. companies found employers now are budgeting an overall average salary increase of 3.4% in 2022, a 21% increase from 2021.
- Adding more pressure on employers to raise wages, consumer prices rose 8.5 percent year over year in March, the highest inflation rate since 1981, shrinking the buying power of workers' take-home pay.
- A new survey of employers by compensation data and analytics firm Salary.com shows that most U.S. organizations (73 percent) are targeting a payroll budget increase of 4 percent or more this year, and 43 percent are growing their salary merit-increase budgets by 5 percent or more.

Although Money is still not the number one motivator for candidates, it is a time that compensations must be at or above market to attract candidates.

What type of candidates to you want to attract? What employee traits are important to your organization?

Warren Buffet stated in a fantastic article for Inc magazine recently that a great leader is spotted by one trait, Integrity. Do you hire for integrity? This often being overlooked in the market. He states that Integrity builds trust, which saves time and money, and enables the organization to outperform the competition, while also making companies attractive in the market, talent acquisition, and recruitment.

Now and in the future, a hiring focus on ethics, honesty and integrity will allow you to acquire talent that is the best match for the culture of your organization.

Some questions to consider adding in interviewing:

What does integrity mean to you?

Tell us about a time when you did the right thing, but eventually suffered some consequences, either in your private or professional life.

Tell us about a time when you had to comply with a policy you didn't agree with.

Describe a situation when your integrity was challenged.

Transformation and Progression

According to Korn Ferry, this is the year Transformation and Progression Leadership. For transformational leaders to succeed in these efforts, they must be champions and leaders of the change.

Looking at the transformation focused on attracting talent, it's paramount that an organization's hiring authorities, internal interview panels, and human resources are able to communicate in interviews your company culture, story, future vision, people, products, or services consistently. It is important that Diversity and Inclusion and ESG efforts are clearly communicated to candidates in the search process. Why did each member of the interview panel join the organization? Again, it is important in a talent demanding market that money is not the number one motivator of joining an organization. Selling what makes your organization a top or best place to work and where your progression and opportunities will be focused must be highlighted for candidates.