FP Flash Survey Reveals: Half of Employers Face “Severe” Workforce Shortage Crisis, But Family Care Solutions Could Be the Key to Recovery

Insights
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A staggering 94% of employers reported that they have experienced more difficulty than normal in retaining and recruiting workers in 2021, with more than half (53%) reporting “severe” difficulty compared to normal times. And even though a quarter of workplaces have seen more women than men leave their organizations in 2021 as a result of family care responsibilities, only 4% of employers have attempted to create better family care opportunities to attract and retain workers. That’s according to the results of the latest FP Flash Survey conducted by Fisher Phillips, with over 600 respondents providing their thoughts between November 3-9. The results of this survey provide an eye-opening glimpse into the tenuous state of affairs that the nation’s employers find themselves in, many nervous about whether 2022 will bring about a much-needed rebound toward normalcy – or whether an Omicron-driven descent further into the workforce shortage doldrums. Here are the five biggest takeaways from our survey, and some action items you can take to address the family care gap and associated “she-cession” at your workplace.

1. **The Workforce Shortage Crisis is Deep, Broad, and Impactful**

   We’ll lead with the least-surprising information gleaned from our survey: the workforce shortage crisis is very real and is causing significant problems for the nation’s employers. The extent to the impact, however, might catch some by surprise. According to our survey, 94% of employers have experienced more difficulty than normal in retaining and recruiting workers in 2021. Of those, 53% reported that they have suffered “severe” difficulty in retaining and recruiting workers in 2021 compared to normal times.

   The current crisis has far-reaching implications across the country. Just about every industry responding to our survey reports that they are suffering “moderate to severe” difficulty finding and retaining workers:

- Hospitality: 98%
- Manufacturing: 93%
- Healthcare: 92%
- Retail: 91%
- Finance & Insurance: 91%

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- Automotive: 87%
- Construction: 84%

In fact, there were only two industry groups that have been relatively spared by the workforce shortage problem – at least when compared to other employers:

- Education: 11% report no difficulty, and 19% say only "mild" difficulty; and
- Professional Services: 18% say no difficulty, and only 6% say "mild" difficulty.

2. **Many Employers Have Lost More Women Than Men to the Workforce Shortage Crisis**

More than one of four employers – 28% – indicate that they have seen more women than men leave their organizations in 2021. And how have these losses impacted employers? 16% report that they have seen more women than men departing to a "mild" degree, 11% to a "moderate" degree, and 1% to a "severe" degree.

When we dig a little deeper to determine which industries have seen more women leave their organization than men in 2021, we find that six groups have felt the sting more than others:

- 53% of Healthcare employers, 29% to a "moderate to severe" degree;
- 36% of Hospitality employers, 20% to a "moderate to severe" degree;
- Also 36% of Finance & Insurance employers, but only 3 % to a "moderate to severe" degree;
- 34% of Retail employers, 16% to a "moderate to severe" degree;
- 31% of Education employers, 17% to a "moderate to severe" degree; and
- 29% of Professional Services employers, 12% to a "moderate to severe" degree.

3. **Employers Believe that Pay and Unemployment Benefits are the Driving Forces Behind the Current Crisis**

When we asked employers to indicate the factors they believed contributed to their overall workforce shortage in 2021, two stood out as the ones that most employers cited:

- 60% said that employees were departing for "higher-paying" jobs; and
- 58% said that people have been earning more from unemployment benefits than from working.

The other five factors that ranked the highest:

- 36% said that workers reported being stressed or "burned out;"
- 35% cited family care responsibilities (more on this discussed below);
- 33% said that employees were departing for jobs they believe provide better work/life balance;
- 29% said that employees were departing for jobs with greater benefits/perks; and

- 29% said that employees were departing for jobs with greater benefits/perks; and
- 22% are seeing an increase in employees retiring from the workforce.

Interestingly, however, only 12% report that an employer vaccine mandate has led to workforce shortage problems at their organizations – perhaps demonstrating that the fear of vaccine mandates driving workers from their jobs is a bit overblown.

4. **Employers Deploying Wide Range of Measures to Address Workforce Shortage**

Given that 60% of employers indicated that they are losing workers to better paying jobs, it should come as no surprise that "increasing pay" was the step most often deployed by employers in 2021 to retain and recruit workers. However, the extent to which employers are doing so is somewhat surprising. Three out of four employers – 75% – say they have recently boosted pay to stem their losses.

The next most common solutions attempted by employers:

- 38% are deploying creative hiring practices – new sources, expanding the applicant pool, reducing desired experience, referral bonuses, etc.;
- 36% are offering additional benefits/perks;
- 35% have increased workplace flexibility (hours, schedules, dress code, etc.);
- 30% have increased remote work options;
- 29% are improving HR processes (perhaps through technology) to speed up the recruiting and hiring process;
- 24% are providing mental health support and/or EAP offerings;
- 23% are ramping up workplace safety initiatives or communicating existing safety measures; and
- 21% are surveying or auditing employee satisfaction.

The two most surprising statistics in this area:

- While 35% of employers reported that they attributed family care responsibilities as a factor contributing to their workforce shortage, only 4% indicated they have attempted to create better family care opportunities to attract and retain workers.
- And while 21% see that workers are leaving their workforce for retirement, only 3% have attempted outreach to candidates at traditional retirement age to reinforce their workforce.

5. **Supply Chain Problems are Adding to Employers' Woes**

Finally, nearly three in four employers – 73% – reported that supply chain problems have negatively impacted their operations in 2021. One in five (19%) reported that supply chain problems have been severe, 30% said the problems have been moderate, and one in four (24%) said the problems have been mild.

The four industries that have been hardest hit by the supply chain crisis:

- 95% of Manufacturing employers report problems, 77% labeling them “moderate to severe;”
- 95% of Hospitality employers as well, with 75% saying “moderate to severe;”
- 98% of Construction employers have faced supply chain problems in 2021, though only 69% characterize the problems as “moderate to severe;” and
- 90% of Automotive employers have faced them, 81% at a moderate to severe level.

The two next-hardest hit industries:

- 84% of Retailers have faced supply chain problems, 63% to a moderate to severe degree; and
- 75% of Educational institutions fall in this camp, though only 36% call their problems moderate or severe (anecdotal reports indicate that technology, COVID-19 tests, food service, and physical plant supplies are the resources most in need).

The industries that have not faced supply chain problems to the same extent:

- Healthcare (53%) and Professional Services (35%) have both been relatively spared supply chain problems, with 22% and 18% respectively reporting moderate-to-severe problems; and
- Finance and Insurance employers have had little to worry about: only 18% report supply chain problems, and only 6% to a moderate or severe degree.

What Can Employers Do to Address the Need for Family Care Options? 3 Steps to Consider

As noted above, there is quite a sizable gap between the employers recognizing that workers are leaving the workplace because of family care responsibilities (35%) and the ones actually implementing family care solutions to attract and retain workers (4%). While employers perhaps see that raising pay, providing workplace flexibility, and allowing remote work as steps that could be aiding in their efforts to address the problem, the statistics noted above demonstrate that these solutions are obviously not enough.

Quarantines, virtual schooling, and the lack of reliable qualified childcare have resulted in workers – primarily women – leaving the workforce for family care reasons. The pandemic has also magnified a pre-existing broken childcare system, an effort the current administration is attempting to address through childcare subsidies. So, what can employers do to recruit and retain caregiving workers? Here are three suggestions to consider:

1. ***Make a Company Culture Change.*** Many parents and caregivers do not feel comfortable voicing when they need help or when need to take time to care for their family. These deeply rooted cultural hesitancies should be eradicated through an overhaul to the company culture. Employers should increase communication around available caregiving benefits, provide data on the percentage of employees accessing these benefits, and have executives and other leadership lead by example in accessing these benefits.

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2. ***Reconsider Performance Standards:*** Employers are learning the hard way that what worked (or barely worked) before the pandemic will not survive a generation of caregiving workers who have been traumatized the last two years or so. To recruit and retain employees, you should reevaluate productivity and performance expectations. Employers should look strategically at what success means for each role and reset goals like narrowing the scope or extending deadlines.
3. ***Adjust Policies and Benefits to Support Working Caregivers:*** Depending on the size of your business, consider offering on-site childcare or subsidies for childcare. If this scale of benefits is not possible, consider working with various agencies to offer employees the benefit of pre-screened back-up childcare providers, set up nanny-share opportunities, or offer paid family leave. Another option is to offer flexible working arrangements such as job-sharing or reduced hours to accommodate caregiving responsibilities. Finally, consider offering other mental health benefits such as flex days and/or access to therapy to curb the likely existence of burnout associated with juggling work and family care responsibilities. Regardless of the size of your business, it is key that there is a transparency of the caregiving benefits offered and employees are encouraged to access them.

3 Steps to Curb the "She-cession" At Your Workplace

Cleverly coined the "she-cession," the term refers to the mass exodus of women from the workforce since the start of the pandemic. Recent labor statistics report a loss of upwards of 2.5 million women leaving the U.S. workforce since March 2020. Nearly two years into the pandemic, our survey reveals that 28% of employers – with a particular impact in the healthcare, hospitality, retail and other high-contact industries – are continuing to see women leave the workforce to a larger extent than men. Additionally, many women who left the workforce in 2020 simply have not returned. Of those women returning, many are changing industries and leaving those hit hardest by the pandemic (such as the healthcare and the hospitality industries).

If the workforce shortage crisis is to end, getting women back into the workforce will be key to any form of economic recovery. Therefore, in order to rebound as quickly as possible and take advantage of the many women looking to return to rewarding job opportunities, you should act quickly and decisively to implement efforts to curb the damage of "she-cession." Three critical steps include:

Step 1: Empower Women. It is important for female workers to connect with female leaders within your organization. Create a forum for women leaders and employees to come together and share ideas and support each other's efforts. Take formal steps such as creating support systems including an on-ramp path for women returning to the workforce or sponsoring programs for women to advocate for each other.

Step 2: Invest in DEI Efforts. Your organization could play a key role towards mending what has been broken. Invest in equity efforts including unconscious bias training and have leaders speak out against gender or caregiver biases in the workplace. Perform an annual pay equity analysis to undercover and rectify wage discrepancies. Track outcomes for promotions and raises by various categories including gender to ensure the company's practices are fair and consistent.

Step 3: Be Transparent and Communicate Openly. Transparency is a non-negotiable for the post-COVID workforce. Following your efforts in Step 1 and 2, communicate to the workforce about what you've uncovered and the steps you are taking to improve the culture of the workplace. Communicate often with women in the workforce and include women's voices and interests in the decision-making process. Share updates on business changes and any key decisions that impact employees' lives. Celebrate and champion women's achievements and efforts.

Conclusion

We will monitor these developments and provide updates as warranted – including a soon-to-be-unveiled coordinated effort to guide employers through the workforce shortage crisis – so make sure that you are subscribed to Fisher Phillips' Insights to get the most up-to-date information direct to your inbox. If you have further questions, contact your Fisher Phillips attorney or the authors of this Insight.

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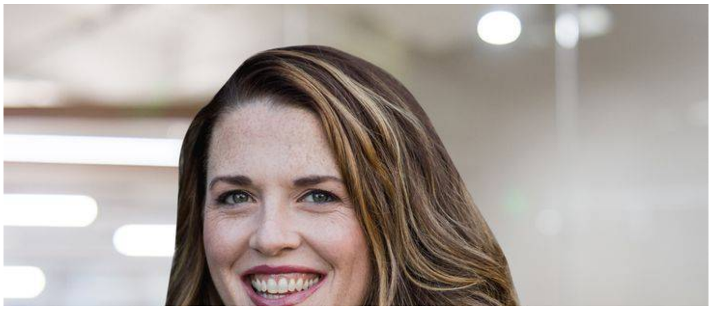

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