WORKTECH GROUP

Meeting Your Staffing Requirements in Difficult Times

Retention and recruitment of shift and hourly paid employees in the UK and Ireland - A White paper by the WorkTech Group

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Content

The WorkTech Group

Forward

I am pleased to see the launch of this white paper following our recent customer survey into retention and recruitment amongst our customers. Our research has told us that the issues aren't retention or recruitment, these are both challenges required to solve the root cause problem, which is: "having enough staff to meet customer demand". Every one of our customers reported some level of shortfall, many are reducing operating hours because of staff shortages, and over half reported that they are losing more staff than they can recruit. The two most obvious solutions do appear to be to recruit more staff and retain the ones you already have for longer. However, as our survey shows, both are costing much more than pre-pandemic, so employers are looking at other options.

For instance, encourage the staff you have to work more overtime, especially at peak hours and optimise the deployment of your available staff better to meet actual customer demand, as one customer put it "if we are going to be short-staffed, we should do so when we have the fewest customers"

60% have a shortfall of staff over 10%

We hope you find our white paper informative, and if you employ hourly paid and shift workers, it helps your thinking as you develop strategies to **meet your staffing requirements in difficult times.**

Ian Hogg

- Ian Hogg, Chairman, The Work tech Group

Introduction

The WorkTech Group and its subsidiary companies, ShopWorks, fastP.A.Y.E andSolvedBy.Ai have been providing cloud-based HCM tools to employers for over 10 years. As the world's economies deal with the consequences of lockdown, recession and supply chain issues we often hear that retention and recruitment are big problems for our customers. As a customer-driven organisation, we are always keen to understand our customer's issues and try to help with solutions. So, we decided to survey our customers on these issues and put our HR Analytics team to work on the data we hold to see if we could understand the issues more. This white paper summarises what we found and our thoughts on what an employer can do to make their situation better. We have included some case studies on how our customers have sought to solve their problems and how we have helped in this process. We also produced a podcast which discusses the white paper and provides additional insights. This can be found via your favourite podcast app under "Workplace Wellbeing Podcast: Meeting your staffing requirements in difficult times"

This white paper focuses on the UK and Ireland, although we have customers around the world, we have the most data on UK customers and our data scientists felt that we could get more meaningful insight using Artificial Intelligence if we focussed on the region with the most data, as a result, our customer survey was only sent to our customers in the UK and Ireland.

56% of our customers are reducing opening hours because they don't have enough staff. This is impacting their revenue.[1]

1. WTG Survey Results

Part One: Understanding the Problem

The WorkTech Group Employer Survey:

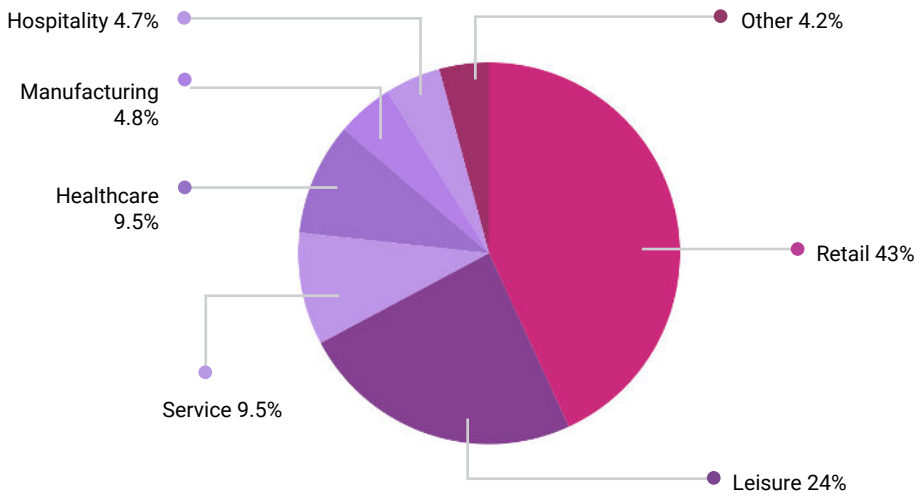
We carried out a survey of our customers to understand the numbers behind their challenges with staffing, and despite having listened to our customers tell us how tough things are in 2022, the results still shocked us. The survey was completed by 35 of the UK and Ireland's largest employers of hourly paid and shift workers in October 2022. Together they employ over 50,000 hourly paid staff and shift workers. We believe the findings are represtentitive of the UK and Ireland Labour market.

The key findings were that nearly 72% could not fill all the shifts they needed, and 55% said they couldn't meet their recruiting needs with leavers outnumbering joiners. We found some innovative alternatives to dealing with the problem, some of which we are helping our customers with and which we will discuss in more detail in this white paper.

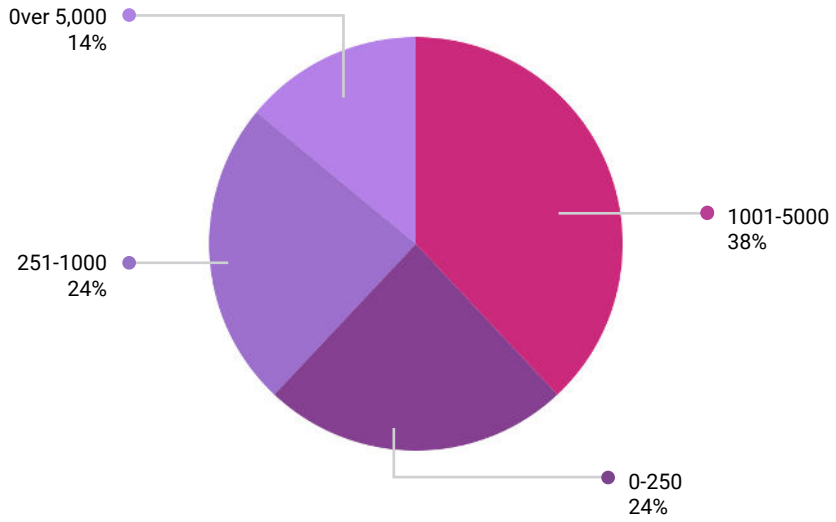
Some of the best feedback came from conversations that were sparked by the survey, the next time we spoke to some of the customers, they shared with us anecdotes and examples of just how tough it is out there. From speaking to our customers, we can assure you this isn't a made-up issue to generate social media content for our marketing team; this is the biggest issue for employers of hourly paid staff. As our survey showed, 100% of our respondents felt it was a major issue.

The full analysis is only available to the companies that completed the survey; however, we have included some relevant results in this white paper.

WTG Survey - What sector does your organisation operate in?



WTG Survey - How many shift workers and/or hourly paid staff does your organisation employ?



Defining Employee Turnover:

Our survey showed us that most but not all UK businesses measure their employee turnover rate. It is an easy measurement. The most regularly used measure in the UK **is the CIPD employee turnover definition:**

Operational Turnover (%) = Total Number of leavers over a period / total number of employees over the period x 100

This is easy to calculate and is a KPI often reported in board papers. However, our experience is that a much lower percentage of companies measure anything beyond the Operational Turnover metric.

A useful tip is to measure a wider range of turnover metrics. When our HR Analytics team is asked to investigate what might be causing high levels of employee turnover their first port of call is to calculate some other KPIs that look at the problem on a more granular level. For instance, **Survival Rate** shows how many of your new joiners are staying long enough to contribute. We are finding that in the current climate, companies have a big retention issue amongst new joiners and once you know this is an issue you can start to investigate why

Measures of Employee Flow

We have listed our go-to **measures of employee flow** in the table. They all tell a business something different, and we would recommend you build these into your HR analytics dashboard.

Separation rate (%) = Number of employees who left during a period / average number of employees over the period x 100

Accession rate (%) = Number of new joiners who joined during a period / average number of employees over the period x 100

Stability rate (%) = Number of new joiners who stayed during a period / number of employees at the beginning of the period x 100

Instability Rate (%) = Number of new joiners who leave during a period / number of employees at the beginning of the period x 100

Survival rate (%) = Number of new joiners who remain during a period / number of new joiners during a period x 100

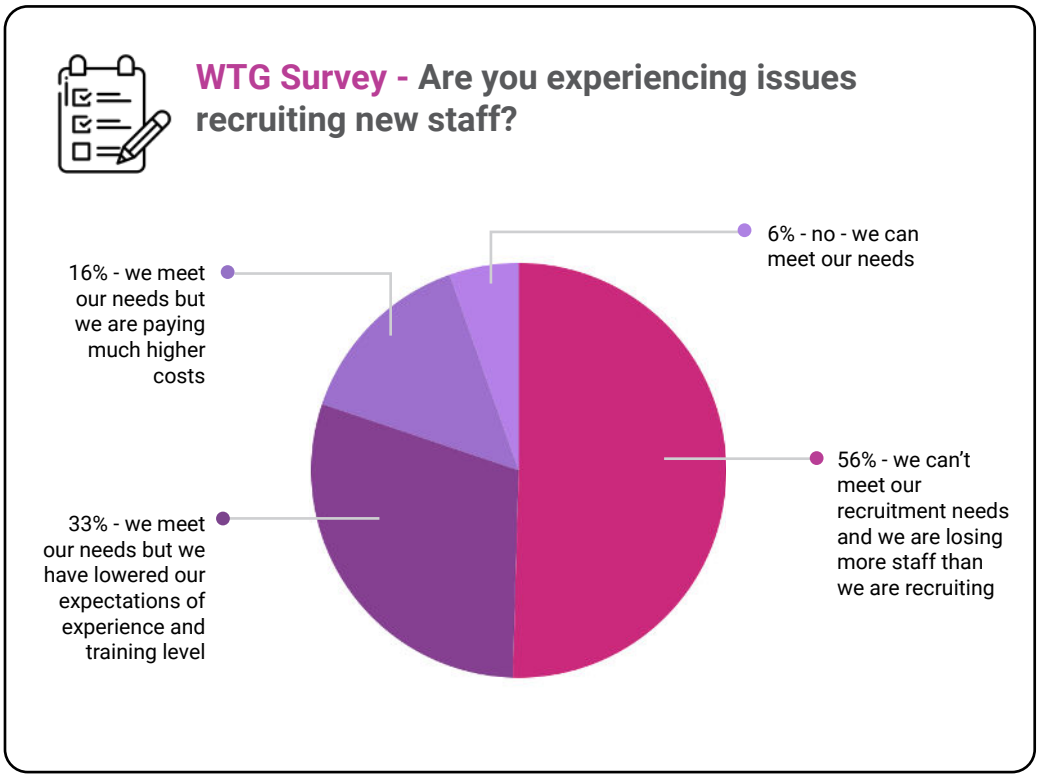
Wastage Rate (%) = Number of new joiners who leave during a period / number of new joiners during a period x 100

Net Employee Growth (Integer) = number of new joiners in a period - the number of leavers during the period.

One measurement that we find in demand right now is Net Employee Growth. Which is simply the number of staff who joined minus the number who left in the same period. This helps you understand if you are simply trying to fill a leaky bucket and right now our team are finding that for many companies with hourly paid staff this number is negative which means their problem is getting worse.

"Reducing the rate of turnover within the first 90 days of employment, when turnover is generally the highest, should be a priority" said Angela[2]

2. Angela Nalwa - People & Organization



Leisure Centre - Cohort analysis

A Large ShopWorks client with over 4,000 staff on the platform suspected that they had a retention issue amongst new starters, and their exit interviews had picked up complaints that the shift pattern was not fair to new starters. They asked our HR Analytics team to look at the problem.

The first step was to compare the Survival Rate with Operational Turnover, and this immediately confirmed the first part of our client's hypothesis that their retention problem was amongst new joiners.

We then used HR Analytics to look at several hypotheses including that the longer-term employees over time have been given a more fixed working rota with less unsociable trading shifts

We were able to conclusively prove that the hypothesis was true put some numbers on the problem and then look at solutions. Some of which we discuss elsewhere in this white paper.

72% of respondents aren't filling all of the shifts they want to fill[3]

3. WTG Survey Results

WTG Capabilities - ShopWorks Analytics

Use it to create a dashboard of retention metrics so you can keep an eye on your recruiting and retention KPIS. It can accommodate 3rd party data for benchmarking.

Benchmarking: Benchmarking involves comparing your performance against the performance of competitors. Comparing your Operational Turnover with your industry average can really help guide your decision making. If you are worse than the industry average, that's good news in a way. At least you know things can be improved so that you can fill all your shifts.

Sources of benchmark data can include your industry trade body, specialist HR data providers and your cloud HR software supplier if they have the rights to benchmark data across multiple customers. Glassdoor is a good example.

Employee Net Promoter Score (eNPS): This is a method built around the Net Promoter Score (NPS) to measure employee loyalty. It measures how willing your employees are to recommend their workplace to their family or friends. Employee Net Promoter Score is simple and is known to prevent survey fatigue. It is easy to calculate and easy to benchmark your score. There are several cloud-based providers that offer tools to measure and benchmark your score.

Once you have a measure of the size of the problem you are facing and have some measurements you are trying to improve. The next step is to understand what factors are causing your problem.

UK Unemployment at lowest level in 50 years: the number of pay rolled employees for September 2022 increased month-on-month by 69,000 to an all-time high of 29.7 million.[4]

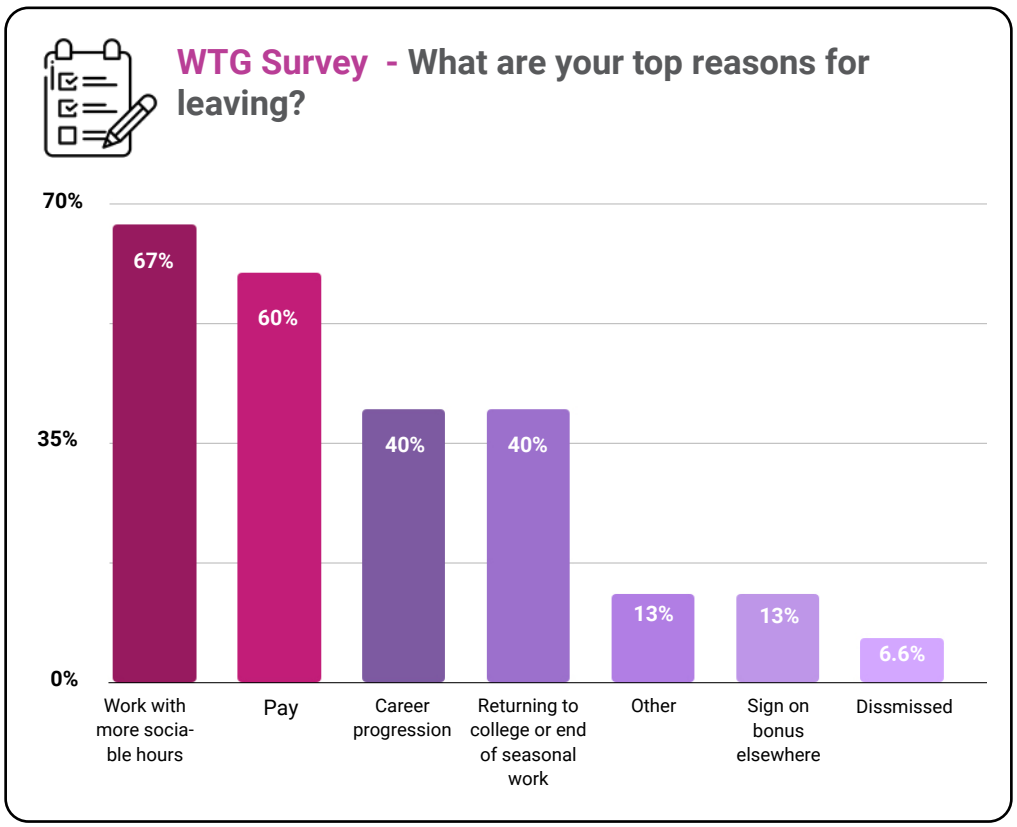
4. Labour market overview, UK: October 2022

Part Two: Diving Deeper

Understand the Problem

Once you understand the size of the problem, the next step is to investigate why. The methods discussed in part 1 around analytics will give quantitative analysis on how many leavers and at what stage in their journey with you, but these methods won't help you understand why people are leaving. After all, these are people that are leaving, and they have individual reasons. To make an impact on employee turnover and fill more shifts, you will need to do some qualitative research. Here are some that our customers and our consultants have found useful.

Exit interviews: Our survey found that 92% of respondents conducted exit interviews and these are providing valuable information into why people leave. Pay is a big issue but, in our experience, there are often other issues which can be easier to fix.



WTG Capabilities - Retention AI - Top 5 contributory factors to staff leaving

WTG helps companies in the UK build several million shifts per week and since we have been operating in the cloud for over ten years, we have access to a lot of data. Our Retention AI has been built using 100s of millions of shifts across many different industry segments and these 5 factors have the highest correlation to resignation across all our customer employeess

1) Working Time Directive Breaches
2) Shift equality
3) Shifts over 10 hours
4) Pay relative to others in role
5) Sickness and absence

If you can improve these, you can improve retention

87% are offering more flexible working options and 93% of those say this is helping with retention[5]

5. WTG Retention Survey Results

Surveys: Exit interviews are too late to save the employee being surveyed. So doing surveys whilst people are still with the company is another valuable tool. Try and make them anonymous if you want honest feedback.

Glassdoor Analysis: We recently did some work for a large retailer who believed that their staff were happy with a recent pay rise and the general working arrangements. They had even surveyed their staff. When we carried out some research on Glassdoor, we found dozens of complaints about undermanning having an impact on lunch breaks. Messages like "good luck getting a lunch break" were regular occurrences in Glassdoor. This wasn't coming up that often in exit interviews and highlighted that not all staff want to tell you everything in an interview. They are no longer engaged in the company and probably want the interview over and to get out of there, they may tell you the easiest answer such as better pay as a reason for leaving and avoid confrontation. Glassdoor reviews can give more honest feedback, either way, you should be aware of it because it is public.
In this case the lunch break issue highlighted a few risks

1) These are working time directive breaches
2) They are potentially national minimum wage breaches
3) Unhappiness with shift patterns is highly correlated with high probability of resignation.
4) The Glassdoor posts are harming recruitment efforts as new applicants often check the site out before interviewing.

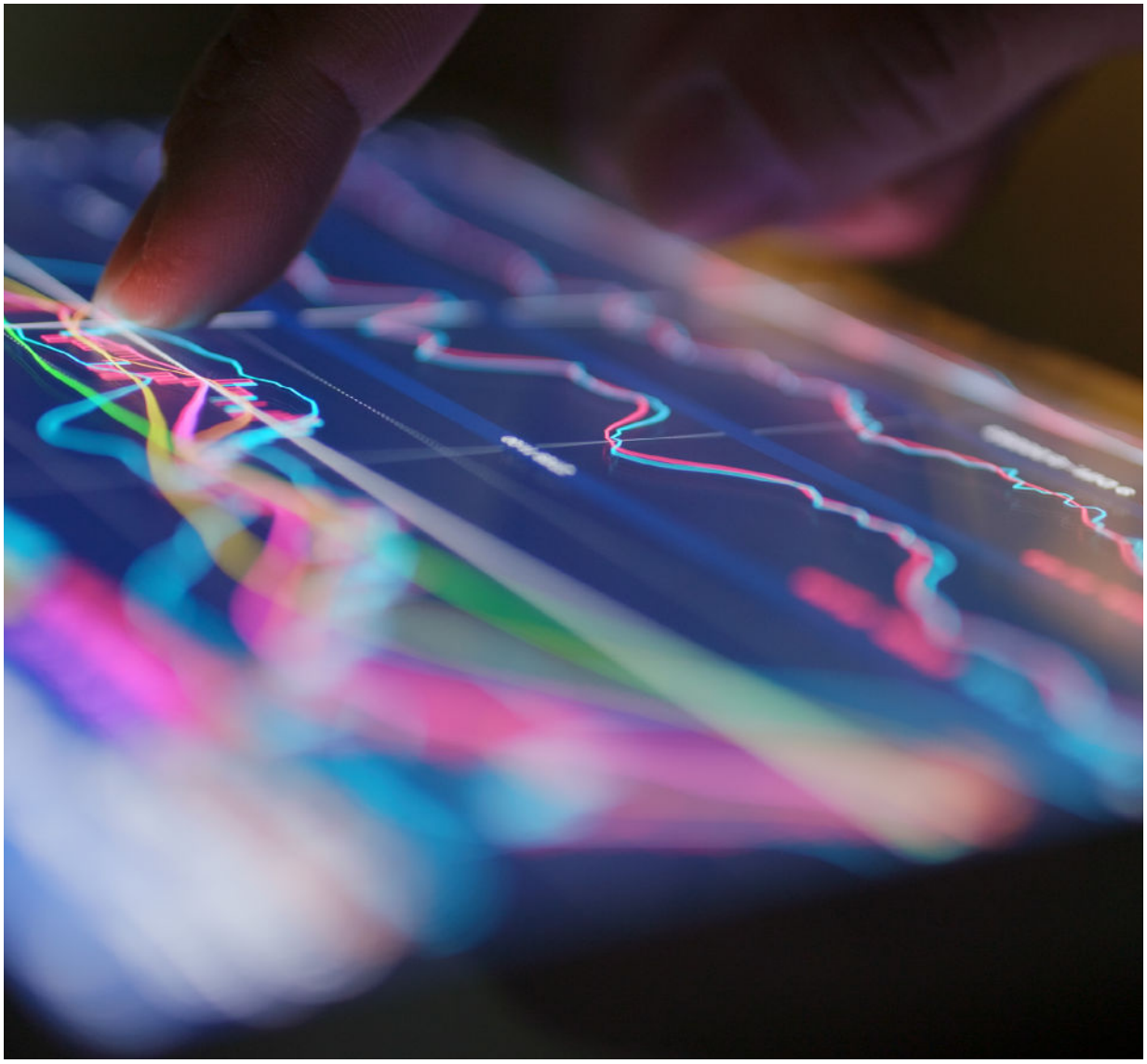
Glassdoor offers a paid option called Employer Centre Analytics. Which we have heard good things about from our customers.

AI: Our Retention.Ai A human resource forecasting tool that can accurately forecast how many people are likely to leave an organisation in the next 30, 60 or 90 days. Using data and a set of identified insights, managers can intervene with potential leavers, address concerns, and therefore improve retention rates and reduce onboarding costs. Retention Ai will work with your existing data warehouse or HR Information System.

WTG Capabilities - HR Analytics

We have a world class data science team and years of expertise in HR systems and data. Before you start looking for solutions we can help you understand where your biggest problem is and benchmark you against the competition. Once you know what the issues are we can help you focus your efforts on solutions that will make a real impact.

A large retailer had seen their Operational Turnover rate go from 47% pre pandemic to 94% post pandemic and amongst a few changes they made they implemented retention.ai by SolvedBy.Ai - this allowed their area managers to focus their retention effort on staff with the highest probability of leaving. Once armed with retention.ai's per person insights they approached those at risk and carried out one to one review. These nearly always ended up focussing on issues of concern that Retention. Ai had highlighted and area managers made steps to resolve individual employee issues. This mix of advanced AI based HR analytics and "management by walking around" improved the Operational Turnover rate by nearly 20% in 3 months.



Part Three: Fixing the Problem

Some Potential Solutions

Once we have understood the problem, the hard work starts for any HR department. In our survey and our work with customers, we have found that there is never a silver bullet that can fix a company's turnover rate instead, we find that marginal gains: The theory that small yet significant improvements can lead to monumental results, is the best way to improve the problem.

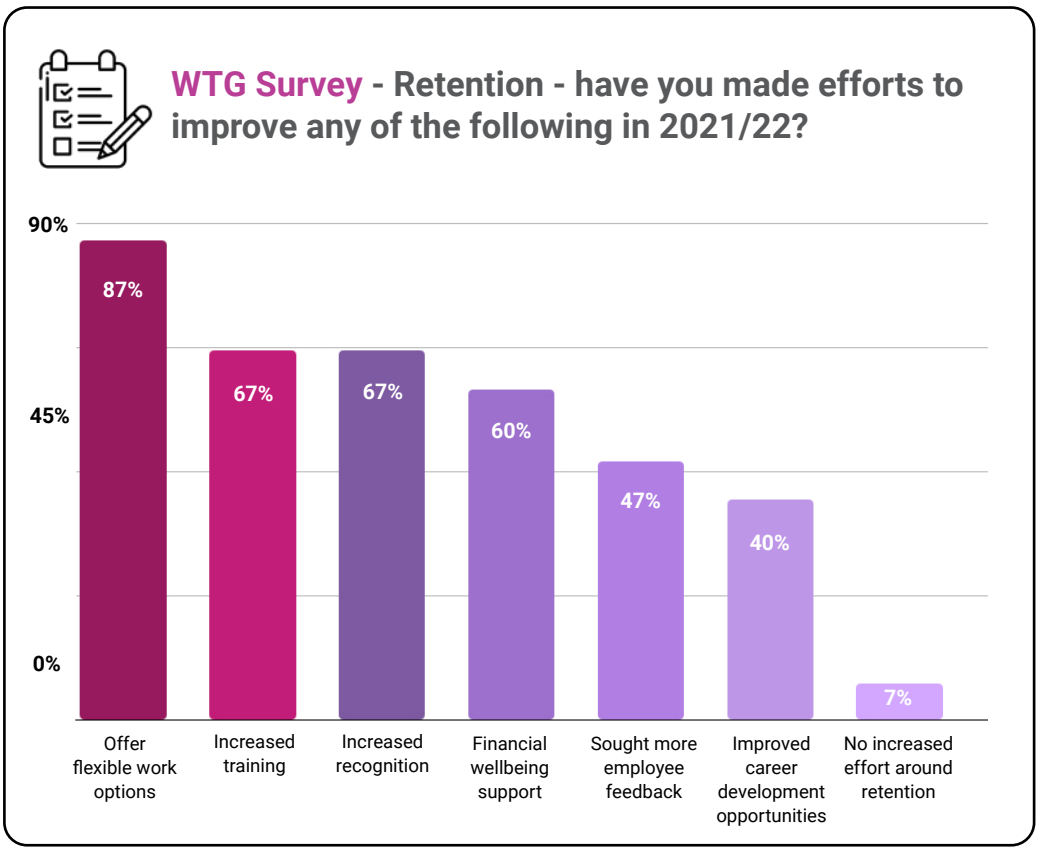
If we regularly measure and monitor progress, then small steps can make a big difference. Not least because employees can see that an effort is being made to address the issues. Of course, the effort required for each of these small steps should not be underestimated, but as we can see from the data, staff shortages are affecting revenue and customer satisfaction. These changes can generate a real ROI.

In our research and through an experience, we believe there are four key approaches to solving the problem of not filling shifts.

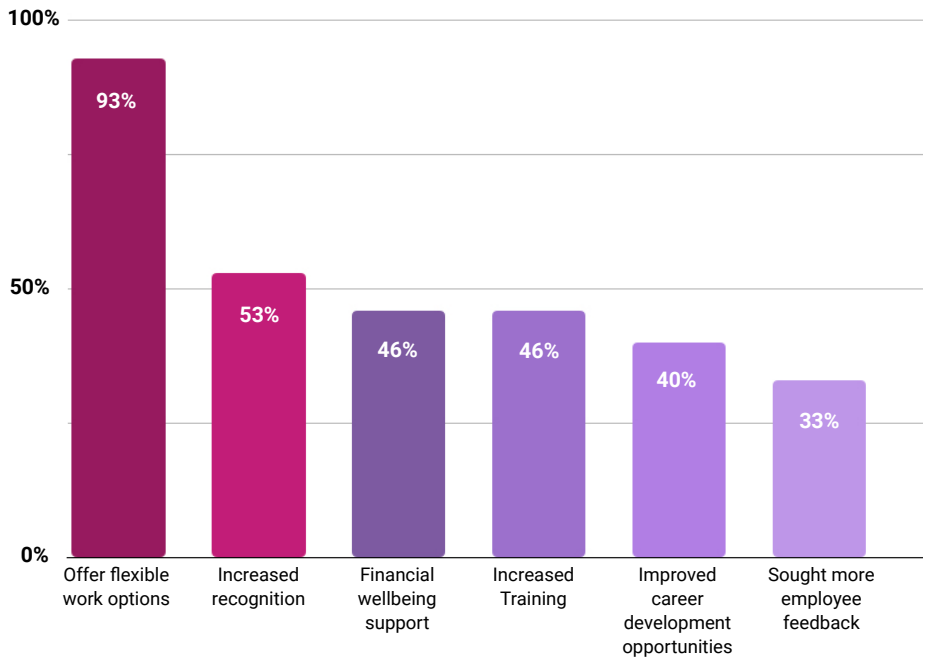
1) Improve staff retention: Retention is the best investment you can make because, in the trade-off between one out and one in, the outgoing colleague is more valuable to you and has a higher impact than the new joiner:

- Staff are already trained and effective, and losing existing staff members will write off that investment.
- The leaver probably has a relationship with your customers, and that can have a negative impact on revenue.
- Losing staff has a negative effect on morale as colleagues see their friends leave, it makes it easier for them to consider leaving.
- Leavers often share stories of better conditions elsewhere (and often fail to share any of the downsides) in the honeymoon period after they have left - again hurting your retention efforts.
- To replace staff losses, pay is key factor in the decision to recruit someone and you may be better giving that increase in basic to an existing member of staff to keep them.

None of this is new to our customers who are all prioritising retention. You can see from the two graphs below that Flexible working is a popular go-to strategy which is having an effect. Financial wellbeing support is also a popular option, but that result might be skewed in our survey because a much higher percentage of WorkTech Group customers use our fastP.A.Y.E salary advance app than UK businesses in general.



WTG Survey - Which of the steps to improve retention do you believe have made things better?



Using technology to improve shift patterns is another major win. Our retention.ai has Working Time Directive breaches, unfair shift patterns and other avoidable scheduling mistakes high up the list of contributing factors to a high probability of leaving.

41% of employers offering a Salary Advance App report reduction in staff turnover.[6]

WTG Capabilities - Ai powered auto scheduling

Working Time Directive breaches are the number one contributing factor to a high probability of leaving according to our retention.ai. This is closely followed by Shift inequality and failure to take staff requirements into account. Our scheduling.ai won't deliver a shift that does not comply with the Working Time Directive and optimises for shift equality and staff preferences. It outperforms a human manager on all these points and can be a big part of your retention strategy.

64% can't meet their recruiting needs and are losing more staff than they can hire.[7]

6. fastP.A.Y.E
7. WTG Retention Survey Results

WTG Capabilities - Availability

Our retention AI rates issues around shift patterns as its top 3 most impactful reasons to increase the probability of someone leaving. Our survey showed that 93% of employers that were offering flexible working patterns had seen an improvement in retention. Our availability module allows staff on the ShopWorks platform to highlight their preferences for shifts and block out times they just can't work. When matched to our Scheduling.ai it can dramatically improve staff's perception of their shift pattern.

2) Make the business a more attractive choice for new recruits: All our customers have unavoidable churn, no matter how good their retention strategies are. Students going back to college, seasonal work coming to an end, disciplinary reasons and maternity leave all require replacements. After several years when employers found recruiting in balance with leavers the UK has reached what many consider to be full employment and employers are having to compete hard for new hires. In conversations we had around our surveys, employers were telling us that even a £5,000 sign on bonus was not having the desired impact in some working environments.

We also found a significant increase in agency staff usage by our customers as part of our survey as a way of meeting shortfalls. Again, these are more expensive than paying existing staff.

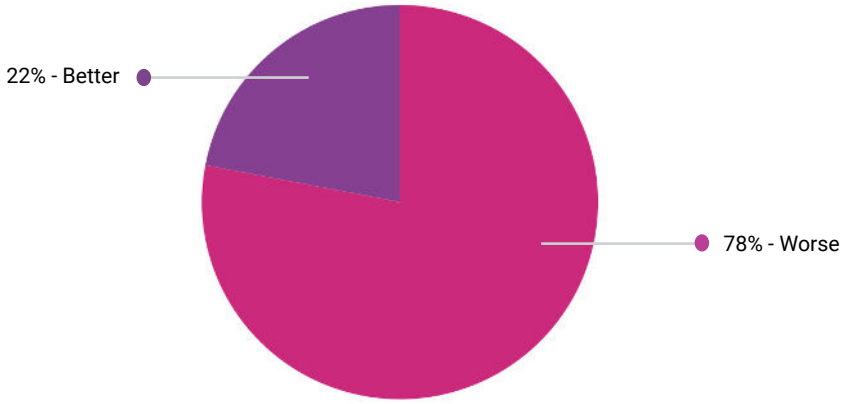
The unemployment rate of England was 3.7 percent in the three months to July 2022, compared with 4.6 percent for the same period of 2021.

Many consider a 4% to 5% unemployment rate to be full employment.[8]

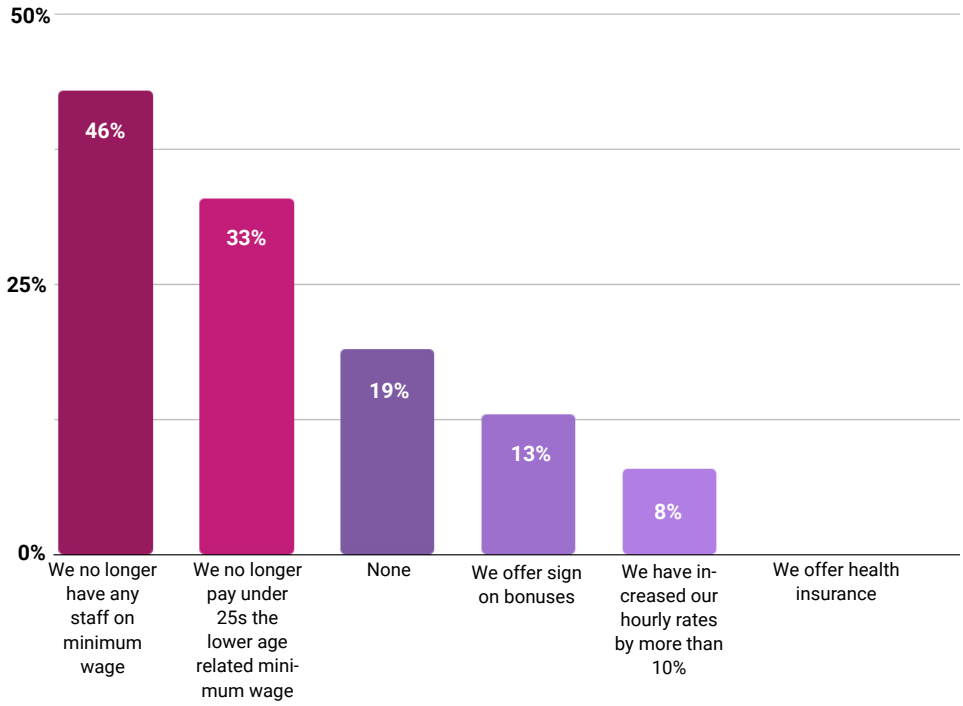
54% have reworked their staffing patterns to match available staff more accurately with peak customer demand.[9]

8. Statista
9. WTG Retention Survey Results

WTG Survey - Is your current recruiting performance better or worse than 2019? (ie pre pandemic)



WTG Survey - Which of the steps to improve recruiting do you believe have made things better?



Employers offering a Salary Advance App report a 90% increase in the number of applicants for jobs they are offering.[10]

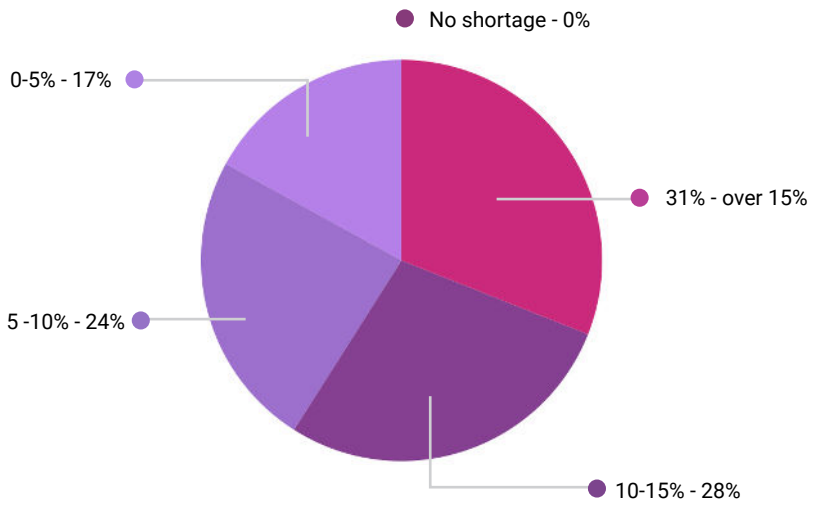
3) Encourage more hours to be worked by existing employees: Outside of the main areas of focus of retention and recruiting we found some real innovation using the resource employers had to better effect. Our survey showed that staff shortfall is over 5% in more than 80% of our customers and over 10% in 60%. Increasing the hours worked for a 40-hour worker to 44 per week could bridge the gap for most businesses. These staff are already trained and even with additional incentives to work overtime are cheaper than agency staff.

Focussed incentives targeted at having overtime worked at the time of maximum impact for the business and using technology to pay staff shortly after they work an overtime shift. This is proving popular with employers and employees alike and is having the considerable side benefit of improving financial wellbeing. It is now our most popular implementation model for our fastP.A.Y.E salary advance app.

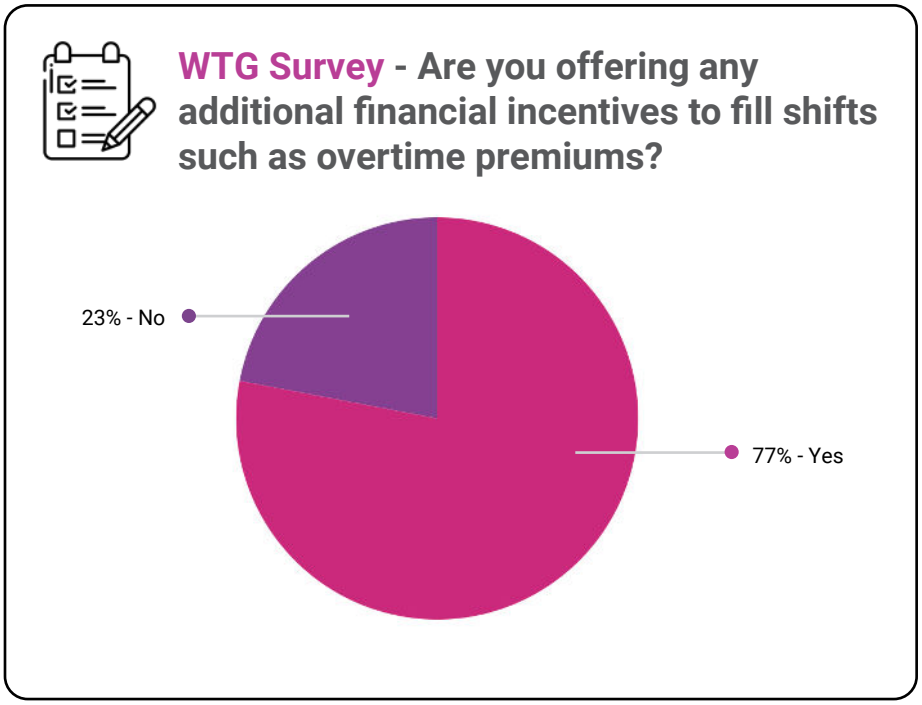
WTG Capabilities - Improving Financial Wellbeing

60% of respondents to our survey had offered financial wellbeing support as a way of improving retention and 46% of our respondents said it had improved retention. Our fastP.A.Y.E app allows employers to make advances in the week or so before payday to improve wellbeing and also includes a range of wellbeing tools such as a benefits calculator which allow staff to access unclaimed in work benefits.

WTG Survey - What percentage shortfall of staff do you currently have?



10. fastP.A.Y.E



Care homes driving more overtime

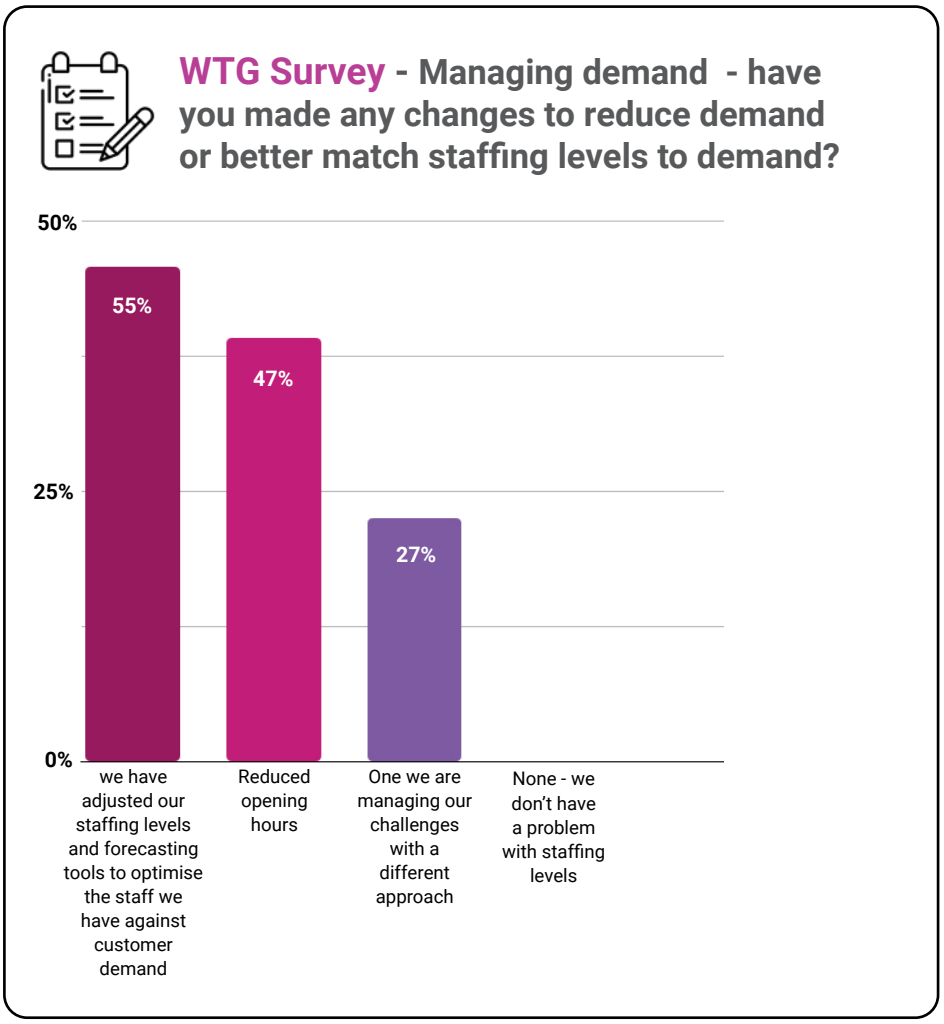
In Nov 21 When the UK Government decided that unvaccinated care home workers could not be employed, many operators were forced to let staff go. The initial impact assessment by the Care Quality Commission expected that 40,000 out of 570,000 employees or 7% were unvaccinated. In the event the total loss of staff up to December 2021 across the industry was 19,000 or 3.5%. fastP.A.Y.E worked with some innovative care home groups to offer salary advance for staff that worked overtime.

The idea is that each week staff would be able to access 50% of the gross pay they earned from overtime the previous week via the fastP.A.Y.E app. Work overtime today and get access to cash next week. The objective was to encourage staff to work more overtime.

Across all the care home groups that used this model we saw overtime rise by an average of 50 minutes per employee per week which equates to an increase of just over 2% of total hours. This one innovative solution filled two thirds of the shortfall generated by the loss of staff. It was also extremely popular with the care home staff and increased financial wellbeing all of which had a positive effect on the retention data. We are now working with other sectors to offer this model.

4) Match hours worked more accurately with customer demand: As one leisure and hospitality operator explained to us "I know we won't have enough staff to fill all my shifts, so make sure what staff I do put on have the biggest impact on customer service". 55% of our customers have re-looked at their "demand" models whilst 47% have reduced opening hours. Some of those responses are from the same customers - i.e., they don't have enough staff, so they have re-modelled their hours and their staffing levels.

Our data science team has been in high demand in recent months as have our forecasting and Demand. Ai's. Operators need highly accurate forecasts of sales and other activities to be able to decide when to reduce hours and cut back on shifts. Our demand.ai takes these sales forecasts and turns them into optimal staffing levels. This can be done on a per-venue basis in near real-time and vastly outperforms a human manager's ability to calculate optimising staffing levels.



WTG Capabilities - Forecasting, Demand, Scheduling

FORECASTING

Our Forecasting.Ai tool will use your historical transaction data to forecast sales, footfall and interactions, giving you an accurate basis to manage your staffing and stock levels. Forecasting.Ai will work with your existing EPOS, data warehouse and BI tools to deliver forecasts in 15 minute segments per till.

DEMAND

Once you have an accurate forecast of transactions, our Demand.Ai engine will build a demand curve by role by department for staff or by item for stock. Demand curves are delivered in 15-minute segments. Demand.Ai can output to third party scheduling or stock management tools or to our Scheduling.Ai engine that can drive your existing scheduling tool.

SCHEDULING

Scheduling.Ai will take your forecast demand curve and automate the building of your Rota within your existing scheduling tool, ensuring that the optimal rota is built that is 100% compliant with Working Time Directives and other regulations, always on budget and with the closest possible fit to demand.

Conclusion

In 2022 in the UK and Ireland there is no doubt in our minds that employers of hourly paid and shift workers are experiencing severe difficulties in meeting their staffing requirements. This is now the number 1 challenge for those employer's HR departments. The shortages are costing companies money in lost revenue and increased staff costs at a time when raw material, energy and interest rates are all getting more expensive by the month.

However, as the saying goes, necessity is the mother of invention, and our customers are finding ways to fill shifts and ensure that their own customers are getting the service they demand.

We are seeing AI and fintech powered solutions work alongside more traditional methods such as flexible working and increased pay and incentives. None of our customers were taking the challenges they faced lightly, and all were still providing quality service to their own customers.

Get In Touch

If you would like to talk to us about improving your Operational Turnover and filling more shifts, please contact us at **info@worktechgroup.com** – or find out more at **www.worktechgroup.com**

WORKTECH GROUP

The WorkTech Group supports employers by providing solutions to problems around managing a workforce using technology. We aim to inspire and guide organisations so that they can include, engage and empower their people.

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