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**Virginia Bankers Association
2022 CFO Conference & Ethics Session**

**The Great Resignation; Here for the Long Term;
Winners and Regrets**

August 23, 2022

Why Did People Quit During the Great Resignation?

- ▶ In 2021, according to the U.S. Bureau of Labor Statistics, over 47 million Americans voluntarily quit their jobs — an unprecedented mass exit from the workforce, spurred on by Covid-19, that is now widely being called the Great Resignation.
Harvard Business Review
- ▶ Economy Magazine reported that “A record number of American workers – 4.5 million – quit their jobs in November 2021” and its not over. Another 4.5 million American workers quit their job in March 2022.
- ▶ Are the quitters happy with their decision?
- ▶ According to a survey by Joblist, approximately 26% of people who quit their job during the period we call the “Great Resignation” already regret it and 42% of people who found a new job after quitting another one now say the new job did not live up to their expectations.
- ▶ Economy Magazine calls this “The Great Regret.”
- ▶ What are these people looking for? Yes, inflation has forced a lot of people to leave the workforce and stay home because they cannot afford childcare and commuting cost, but its bigger than that.

What are they looking for?

What are these people looking for?
Ultimately, they are looking for what makes them happy. Money makes most people happy, but the fact that large percentages of jumpers are planning to jump again, speaks volumes about employers' culture. Let's explore the big picture.





What keeps you up at night?



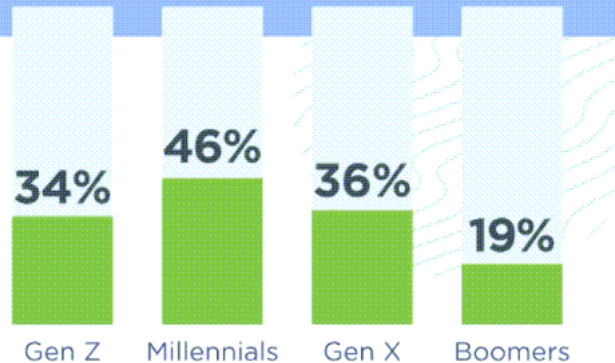


Recruitment and Retention in Unprecedented Times

Replace the Great Resignation with the Great Retention

ARE EMPLOYEES LEAVING FOR HIGHER PAY OR DUE TO UNHAPPINESS?

Percentage of workers looking for new jobs in next 12 months — and why



All agree that the #1 reason they're job searching is for higher pay

#1 
higher pay

#2 
remote work

#3 
career advancement

*Data from GoodHire proprietary survey of 4,000 full-time American workers.

- Enhance culture and invest in diversity, equity, and inclusion programs
- Be proactive about succession planning and identifying high-potential employees
- Create individualized development plans that will engage and grow leaders and high potential employees

The Current Landscape – what we are hearing....

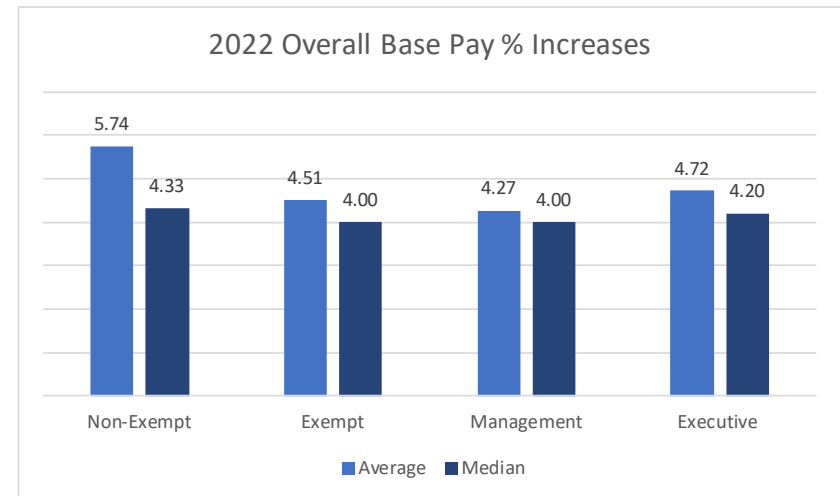
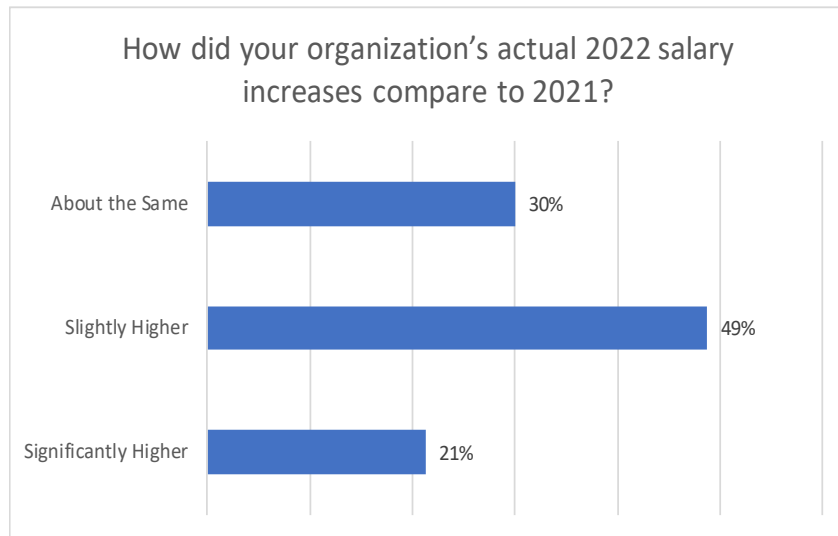
- Economic uncertainty
 - Inflation / cost of living
 - Possible recession
- Pay compression
 - Increases in starting wages for entry level employees
 - Paying above market rates to attract experience professionals
- Turnover rates
 - Customer facing positions – branches & call centers hardest hit
- Bonuses – retention and sign on
 - How to send the right message



Base Salaries – What really happened in 2022?

Actual 2022 Salary Increases Compared to 2021

- 80% reported base salary increases were higher in 2022 than in 2021
- Non-exempts received the largest % increase (5.74%)
- No financial institutions reported lower salary increases compared to 2021

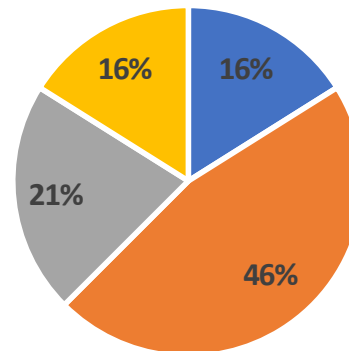


- *Result from Pearl Meyers May 2022 Quick Poll – 337 respondents and 80 financial institutions*

Concerns Prompting Higher Base Salary Increases

- The most prevalent primary factor was **retention concerns** (46%), followed by the **higher cost of living and rising inflation** (21%)

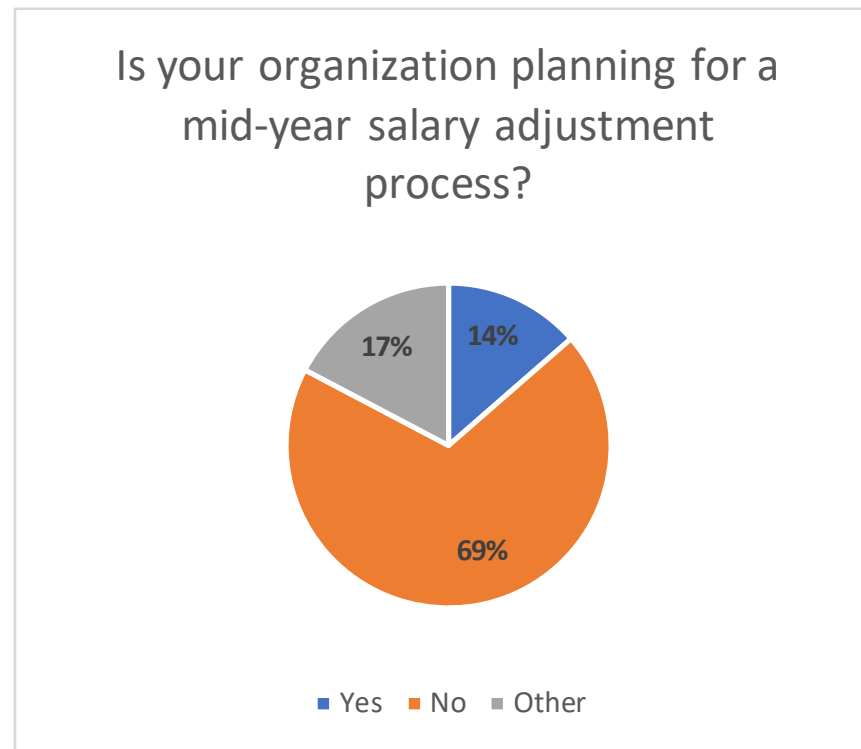
What was the primary factor that led to the higher increases in 2022?



■ Internal equity / salary compression ■ Retention concerns
■ Higher cost of living / rising inflation ■ Other (please specify)

Mid-year Adjustments

- Most financial institutions (69%) are not planning a mid-year salary adjustment process
- Those who are will provide targeted increases to top performers, specific employee categories and critical staff





Compensation is Something but it's not Everything

- Organizations usually lead with pay but pay is rarely the sole factor in recruitment and retention.....although it seems like pay is driving things now!
 - ✓ Inflation
 - ✓ Supply vs. demand of labor- it's a seller's market
 - ✓ Hot skills - IT, data analysts, lenders, credit professionals
 - ✓ Other drivers?
- Base pay tends not to be a motivator - it tends to be a dissatisfier
- Chasing pay in this market is problematic
 - ✓ Use total compensation and..... it is critical to consider the other levers you can pull

What's in Your Tool Kit?

Your Tool Kit... what do you have/need?

1. Maximizing the **Employee Experience**
2. Leveraging **Loyalty**
3. Attracting and Retaining a **Diverse Workforce**
4. Driving **Development**
5. Reassessing **Remote Work**
6. Influencing with **Compensation**

Compensation is not your
only recruitment and
retention tool.....



1.) Maximizing The Employee Experience

- Employee development
- Internal equity
- Leaders
- Engagement surveys
- Work design
 - ✓ “Designing work that people love”*
 - ✓ Innovation in banking
- Ensuring cultural fit

Gallup Engagement Hierarchy



*"I've learned that people will forget what you said,
people will forget what you did, but people will never
forget how you made them feel."*

Maya Angelou

2.) Leveraging Loyalty



Invest in your leadership - engaging managers



Leverage purpose and culture



Transparent and frequent communication



Stay interviews



3.) Attract and Retain a Diverse Workforce Key Questions.....

Talent Pipeline

- Is your talent pipeline diverse?
- Do you recruit, hire and promote diverse talent?

Leaders

- Are your leaders diverse?
- Do leaders create an inclusive environment?

Culture & Community

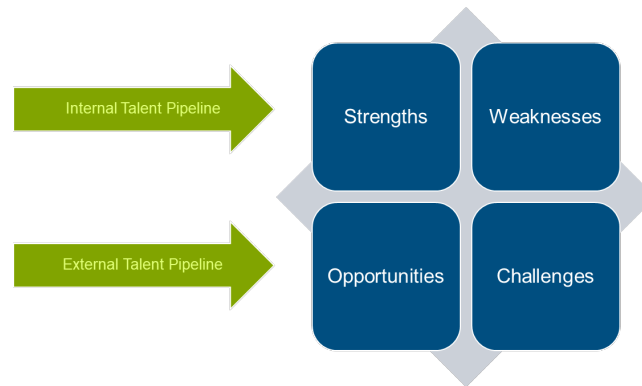
- Is your culture inclusive?
- Is your community diverse and inclusive?

3.) Attract and Retain a Diverse Workforce

- Hiring and promoting a diverse workforce
 - ✓ Where are you sourcing diverse candidates and do you have equitable promotion rates for diverse candidates
 - ✓ What is your “employment brand” – what do employees and former employees say about your bank?
- Ensuring equity in opportunity and compensation
 - ✓ Are diverse employees given the same opportunities for learning & development and pay?
- Creating a culture where people feel they belong
 - ✓ Are you retaining diverse employees and how do their responses to employee engagement surveys compare to non-diverse counterparts?
 - ✓ Do diverse employees quit/leave earlier in their employment than non-diverse employees?

3.) Attract and Retain a Diverse Workforce Maintaining a Healthy Talent & Leadership Pipeline

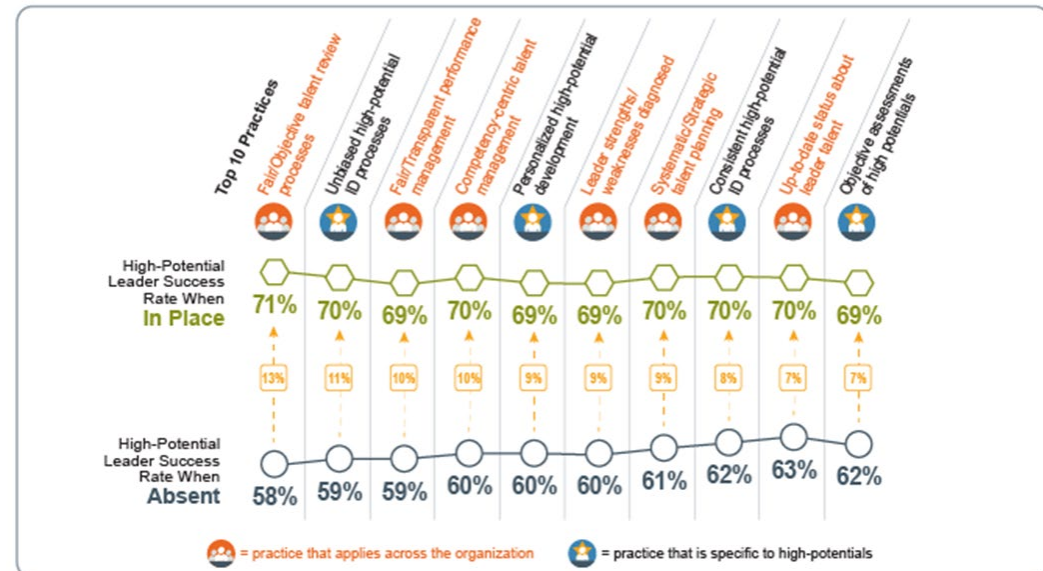
- Talent strategy and risk assessment



| External Talent Pipeline Indicators | Current | Anticipated in next 12-18 months |
|---|---------|----------------------------------|
| # of new roles | | |
| Market for new roles | | |
| Compensation competitiveness: Any roles you are worried about? | | |
| Overall job market for your organization: Specific skills/areas that you are worried about? | | |

| Internal Talent Pipeline Indicators | Current | Anticipated in next 12-18 months |
|--|---------|----------------------------------|
| Past year # of hires By grade/role | | |
| Past year # of promotions | | |
| Past year lateral movement | | |
| Roles that will require new skills | | |
| Upskilling of workforce - # of ee's who have attended training/learning programs | | |
| Are skills of the new roles available in-house or easily developed? | | |
| Staff who will be impacted by layoffs/changes to role | | |
| # & % of voluntary terms | | |

➤ Top 10 Practices for Boosting High-Potential Leader Success Rates



- Leadership succession - ensuring continuity



4.) Driving Development



Career Pathing



Succession Planning
and Management



Coaching and
Mentorship



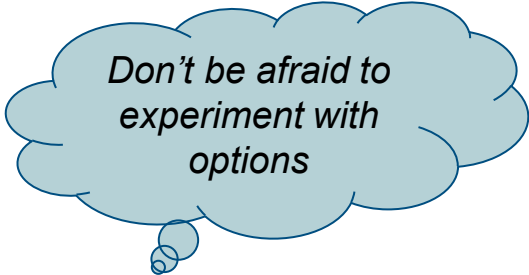
Delivering Feedback

5.) Reassessing Work(er) Flexibility

10 top stats from the report



1. **1 in 5** workers quit in the last 6 months.
2. The **No. 1 driver of attrition** is *inflexibility*.
3. **75%** of execs say The Great Resignation impacted their financial stability.
4. **82%** of companies needed help with talent acquisition and retention over the past 12 months.
5. Only **1 in 2** companies have a business strategy. Even fewer companies (**38%**) have a talent strategy.
6. **Nearly 1 in 4** execs feel ill-prepared to lead through The Great Resignation.
7. The **No. 1 reason executives quit** is *inflexibility*.
8. The **No. 1 reason executives stay** is *job fit*.
9. **Executives' No. 1 talent priority** is *helping employees find purpose*.
10. The **No. 1 driver of retention** is *benefits*.



*Don't be afraid to
experiment with
options*

- Fitting remote/hybrid work with your culture and roles
- Providing flexible work options
 - flex hours
 - compressed work week
- Thinking creatively about in-person options in your brick-and-mortar space

6.) Influencing with Compensation

- Base salaries are no secret – ensure you are paying competitively and equitably
- Make sure your high performers are paid like high performers
 - Merit, incentives, spot bonuses
- Communicate your programs at all levels link pay to strategy and link pay to performance
- Broaden definition of compensation to include all benefits/rewards (e.g., PTO, medical benefits and 401(k))





Final Thoughts

- Compensation is something but not everything
- Leverage the purpose-driven culture of community banking
- Be flexible around work design
- Ensure that your workforce is inclusive and engaged
- Focus on the employee experience
- Ensure fit – “right people, in the right roles, at the right time”

5 turnover terminators



1. Companies with the right people in the right roles have **42% lower turnover**.
2. Remote-friendly companies are experiencing **33% lower turnover**.
3. Companies that prioritize health care benefits experience **27% lower turnover**.
4. Inclusive companies are experiencing **19% lower turnover**.
5. Talent optimized companies are **nearly twice more likely** to avoid the brunt of The Great Resignation than their peers.



Final Thoughts & Questions

- Cultivate a culture of clarity, alignment and purpose that connects employees to business goals and objectives, where they feel values and trusted.

QUESTIONS

