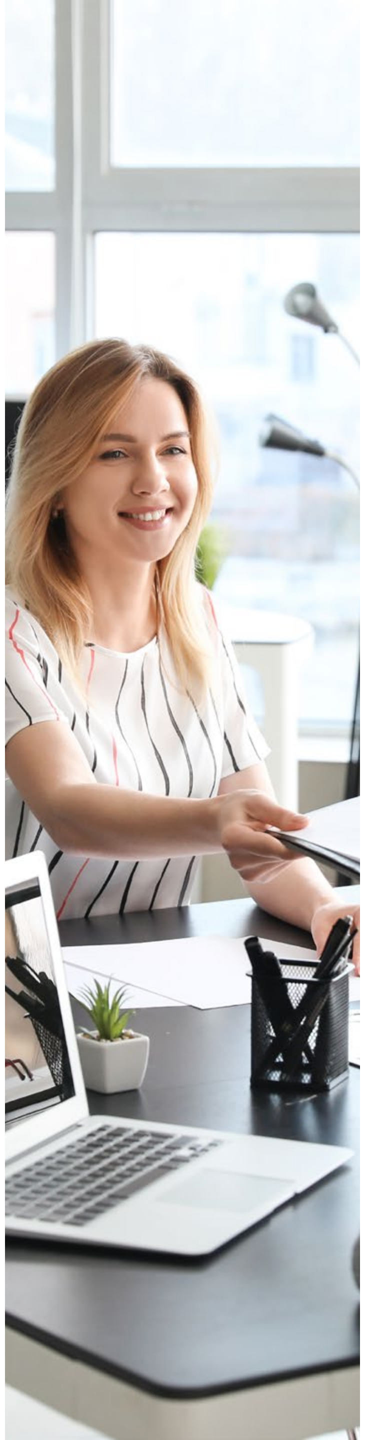

5 Attraction and Retention Trends to Monitor in 2025

Employers will likely continue to struggle to attract and retain talented employees in 2025. Although employee quits have trended down in 2024, a recent report from EY found that 38% of employees are likely to leave their jobs in the next year.

Despite the survey's prediction for greater employee turnover in 2025, employee quits have consistently decreased throughout 2024. This means workers are staying in their current jobs, potentially due to reduced optimism about the job market. However, market trends could shift back to workers more confidently exploring the job market. Similar to EY's report, Eagle Hill Consulting's latest employee retention index signaled that employee turnover could increase through early 2025. These recent reports hint that employers may need to hone their attraction and retention tactics to find and keep talent in 2025.

To maintain a talent advantage, here are five attraction and retention trends for employers to watch as they prepare their strategies for the coming year.

1. Unemployment Rates Above 4%

While the job market has outperformed industry expectations for some time, economists predict a hiring slowdown on the horizon. The unemployment rate is likely to stay elevated relative to recent years — which have hovered between 3%-4%. The latest market predictions show that the rate is likely to rise from 4.1% to 4.4% in 2025, bouncing up from the recent cycle. As a result, the labor market is expected to remain competitive in 2025. Should unemployment rates trickle up in 2025, this trend could swing some leverage workers have gained in the last couple of years back to employers.

2. Artificial Intelligence (AI) and Automation

AI and automation are undoubtedly changing the future of work. AI's functions have led many employers to equip workers with such tools or incorporate this technology into their organizations to enhance workflows. Employers have integrated AI into several job roles and tasks, including HR practices, customer service and software development.

A recent World Economic Forum report found that, by 2025, machines and algorithms will perform more current work tasks than humans. However, it also suggested that AI will create 97 million new jobs by 2025, especially in areas such as data analysis, software development and cybersecurity. AI in the workplace enables workers to focus on more engaging tasks, be more efficient and innovative, make better-informed decisions and address complicated challenges. While some mundane jobs are at risk of AI or automation, experts generally agree that more jobs will enter the labor market as a result of growing technologies. For employers, this means that many of the jobs that they're hiring for in 2025 and beyond may require more advanced skill sets.

3. Increasing Demand for Weight Loss Drugs

According to an analysis by investment bank J.P. Morgan, an estimated 9% of the U.S. population could be on glucagon-like peptide-1 (GLP-1) drugs by 2030. The medications were traditionally used to treat diabetes but are now in demand for weight loss. As organizations develop their offerings for 2025, more employers are being pressured to cover GLP-1s for weight loss. Since GLP-1 treatment costs, on average, around $1,000 per individual each month, workers may be looking for employer-sponsored coverage for weight loss drugs and make their employment decisions based on such offerings. When considering covering weight loss drugs, many employers are concerned that they must be used for extended periods to be effective, requiring a long-term commitment.

A 2024 survey by the International Foundation of Employee Benefit Plans found that while the majority of employers (57%) cover GLP-1s only for diabetes treatment, one-third (34%) offer coverage for both diabetes and weight loss. Furthermore, a Mercer survey found that more than a quarter of employers are considering adding coverage for GLP-1 drugs for weight loss in 2025 or 2026. As more employers include GLP-1s for weight loss in their benefits offerings to match employee interest and demand, organizations must consider the pros and cons of matching such benefits as they compete for talent. In addition to coverage, some employers are integrating controls on the coverage to target the people who need it the most and will benefit the most, increasing their returns on investment.

4. Return to Work

Workplaces have gradually been shifting back to the way they were before the COVID-19 pandemic. In fact, the JLL's Future of Work survey revealed that the number of organizations expecting employees to work on-site full

5 Attraction and Retention Trends to Monitor in 2025 (cont.)

time surged to 44% in 2024 compared to 34% in 2022. According to the survey respondents, 95% of employers now require employees to be on-site at least one day per week.

More employers worldwide are becoming “office advocates,” scaling back flexible work policies and mandating five-day in-office workweeks. Meanwhile, the percentage of “hybrid adopters,” or those who allow employees to work from home at least once a week, dropped from 77% in 2022 to 56% in 2024.

Several high-profile companies have already implemented stricter return-to-office policies. For instance, Amazon recently announced that starting January 2025, corporate employees will be required to work in the office five days a week, up from its previous three-day requirement. This comes after major employers like Boeing and UPS started requiring full-time office participation. With the job market stabilizing, employers now have more leverage over workers and are increasingly requiring in-office work. Yet, as the push for full-time, in-office work continues, it’s essential for employers to balance business needs with employee preferences.

5. Gig Work Popularity

Gig work is quickly becoming a key component of the world economy. It has quickly become not only more popular but also more common and accepted, especially among younger individuals. While millennials make up the largest percentage of gig workers, Generation Z (Gen Z) has been gaining ground recently. According to recent TransUnion research, more than half (62%) of U.S. adults earn money working for a gig platform. Many who work in the gig economy are more satisfied than those who work traditional jobs. The flexibility and control of gig work make it an attractive way to earn a living.

As such, organizations increasingly find themselves competing with the appeal, accessibility and flexibility of gig work. To compete, traditional employers may explore ways to match the gig economy’s advantages by offering autonomy, schedule flexibility and faster access to earnings. For example, on-demand pay, also known as earned wage access, allows employees to be paid as soon as they’ve earned their wages. Alternatively, gig workers can be an attractive alternative to relying on traditional employees to address current attraction and retention challenges.

Start Planning Today

Employers can remain competitive in an evolving labor market by monitoring employees’ current and prospective needs and wants in 2025. As the labor market shifts in employers’ favor, organizations can elevate their talent strategies to find, advance and keep more talented workers.