

# instant

A smiling man with a beard, wearing a white polo shirt and a dark striped apron, is looking at a tablet computer. He is in a kitchen or food service environment, with a blurred background showing a counter and some food items. The overall tone is positive and professional.

How to Boost  
Employee Retention



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# Executive Summary

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If shift or hourly-wage workers are critical to your business, employee turnover is probably high on your list of concerns. In today's competitive labor market, the cost of losing workers keeps climbing. This whitepaper explores the reasons for employee turnover among shift and hourly-wage workers, shares proven strategies for boosting retention, and a solution that will help you hold on to your employees, while attracting the best workforce available.

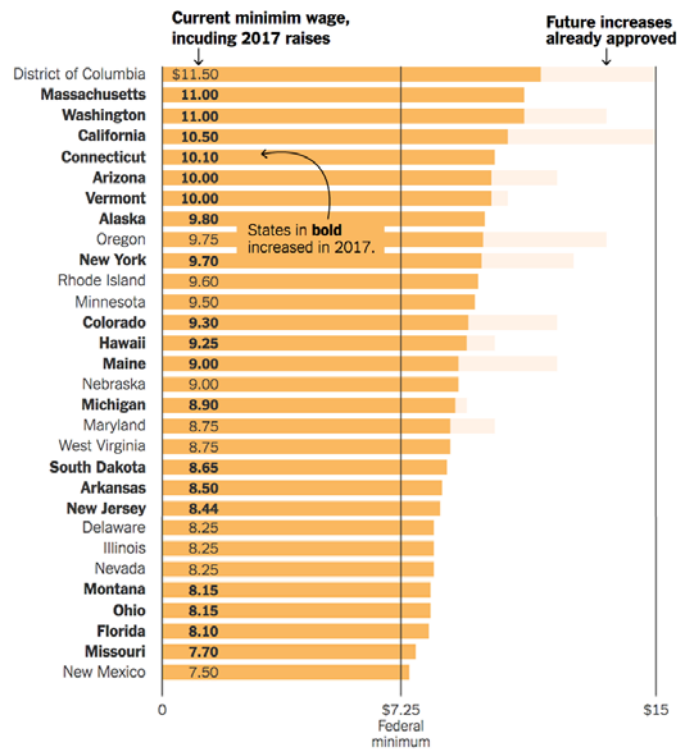
# Why it's Challenging to Hire and Retain Good Employees

## Employers are Chasing Workers

Nationwide unemployment is the lowest since 2000. While a booming economy should be great news for both employees and employers, that's just not the case. As employees celebrate record-low unemployment rates, employers are scrambling to maintain their staff levels.

The healthy economy has resulted in an outsized demand for employees. With so many job options at their fingertips, workers are in a position of power – and they aren't hesitating to leave their current positions for more appealing offers. In fact, [employee turnover is at an all-time high](#).

In an effort to retain employees, employers such as Target and Costco have increased their minimum hourly wage. [Target has pledged to raise its hourly wage to \\$15 by 2020](#), an initiative in line with progressive state- and local-government mandates to raise the minimum wage.



The New York Times | Source: Economic Policy Institute

Source: The New York Times, A Higher Minimum Wage in 2017

<https://www.nytimes.com/interactive/2017/01/05/business/economy/state-minimum-wages.html>

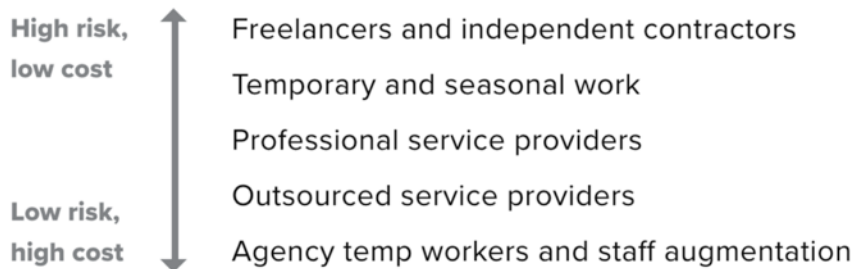
# The “Gig Economy” is Stealing Your Employees

The rise in the contingent workforce partly explains the changing landscape. Contingent workers are non-permanent workers who are typically hired on an as-needed basis. Think freelancers, independent consultants and seasonal workers. While [contingent workers accounted for 10% of the workforce in 2010](#), they are projected to make up [nearly half the workforce by 2020](#).

According to the Pew Research Center, [nearly 1 in 4 Americans earn money from the digital “platform economy”](#) (or gig economy). As on-call temp workers, they work when and where they choose. The appeal of a flexible work schedule and the power to say no to a shift is luring many hourly workers to participate in the gig economy. That said, [85% of gig workers make less than \\$500 a month on average](#).

## The contingent workforce

This list is in order from least costly to most costly and most risky to least risky.



Source: HR Dive, Innovator of the Year: Shiftgig, December 4, 2017  
<https://www.hrdiver.com/news/innovator-of-the-year-shiftgig/510183/>

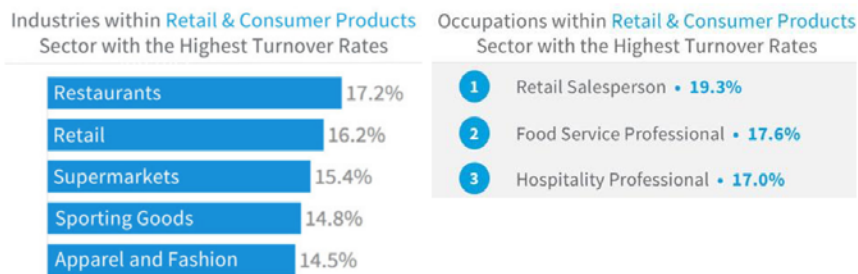
# What Employee Turnover is Costing You

## 1 in 4 Employees are Leaving Their Jobs

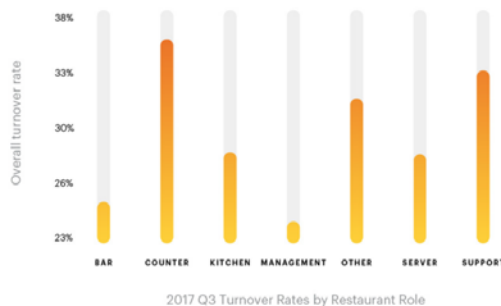
According to the [2018 Retention Report by the Work Institute](#), 1 in 4 employees will leave their jobs in 2018 to work elsewhere – an 11% increase from 2017 when 38 million employees quit. The Work Institute projects that this could lead to over 48 million employees – or 1 in 3 workers – quitting their jobs by 2020.

The major industries that rely on shift and hourly workers, retail and hospitality, are especially hurting. Together, these sectors account for [20% of US jobs](#), and both tend to experience high turnover.

- In 2017, [the turnover rate in the hospitality sector exceeded 70%](#) for the second consecutive year.
- Within the hospitality industry, [fast food has one of the highest rates of turnover at nearly 150%](#). That means a restaurant loses all of its employees in a year, along with half of its new employees.
- By the end of 2016, the U.S. retail industry experienced its highest turnover rate since the Great Depression, with [hourly store employees leaving their position at the rate of 65%](#).



Source: LinkedIn, These 3 Industries Have the Highest Talent Turnover Rates  
<https://www.worldatwork.org/docs/newsline/newsline-2016/11-nov/nov-23/retail-turnover-rates-highest-since-the-great-recession.html>



Source: Upserve Restaurant Insider, Restaurant Industry Report  
 Reveals Insights into High Turnover Statistics  
<https://upsolve.com/restaurant-insider/restaurant-industry-report-reveals-insights-turnover-statistics/>

# Turnover is Adding Up to as Much as \$15,000 per Employee

Beyond the stress of dealing with the need to find a replacement, businesses also take a financial hit. While estimates vary, it's never cheap.

According to a study by the Society for Human Resource Management, employers will spend the equivalent of six to nine months of an employee's salary in order to find and train their replacement. Another study, by the Center for American Progress, pins the cost of losing an employee at 16% of a person's wages for hourly-paid employees, and up to 213% of the salary for someone in a highly trained position. The Work Institute says each lost employee costs 33% of the employee's base pay on average. They argue that employers may never realize a positive return on their hires if employees leave within their first year of employment.

Meta-Analysis found conservative turnover cost for \$8 per hour employee <sup>8</sup>	= \$5,506
Annual Salary of \$8 per hour employee	= \$16,640
Turnover cost per employee: \$5,506 / \$16,640	= 33%
Median U.S. worker salary <sup>9</sup>	= \$45,000
<b>Average cost of turnover per employee: 33% of \$45,000</b>	<b>= \$15,000</b>

Source: Work Institute, 2017 Retention Report  
<http://info.workinstitute.com/retentionreport2017>

# 5 Proven Employee Retention Strategies

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Ultimately, your business needs to determine the key reasons for why you may experience employee turnover. That said, all companies can employ the following retention strategies to reduce the likelihood of employees heading for the door.

**1. Strive for consistent work schedules to ensure consistent pay.** Irregular scheduling disrupts people's lives. Labor economists at the Economic Policy Institute estimate that about [17% of U.S. workers have unstable schedules](#), which commonly links to higher rates of work-family conflict and stress. Considering that nearly [80% of all jobs are now in the service sector](#), the problem of irregular scheduling is likely to grow. Sticking to a regular schedule whenever possible encourages stability and retention in your business. At the same time, it's important to schedule fairly for employees who rely on tips, by taking into account peak tipping hours.

**2. Offer an instant pay solution to reduce financial stress and improve employee engagement.** Even the best employer won't compensate for employees who are struggling to pay their bills. Three-quarters of shift and hourly employees are having difficulty making ends meet between paydays. These workers are often forced to pay bills with a credit card or by borrowing money from friends or family. Out of desperation, they may also resort to getting a high-interest payday loan. Offering an instant pay solution, such as Instant Financial, gives employees real-time access to their pay and control over their own financial well-being; which ultimately improves employee retention and engagement.

**3. Open the lines of communication to increase employee motivation and positive sentiment.** The best way to understand employee preferences, needs and challenges is to solicit first-hand feedback. Companies that cultivate a culture of open communication and promote an open-door policy are more likely to keep their finger on the pulse. With this understanding in hand, management can take the appropriate steps to maintain positive sentiment with their employees.

**4. Invest in strategic human resource management.** Considering that employees are a business' most valuable asset, it pays to fund the human resource group. With the right budget and tools, HR can stay on top of employee movement and launch programs and training aimed at shrinking employee turnover.

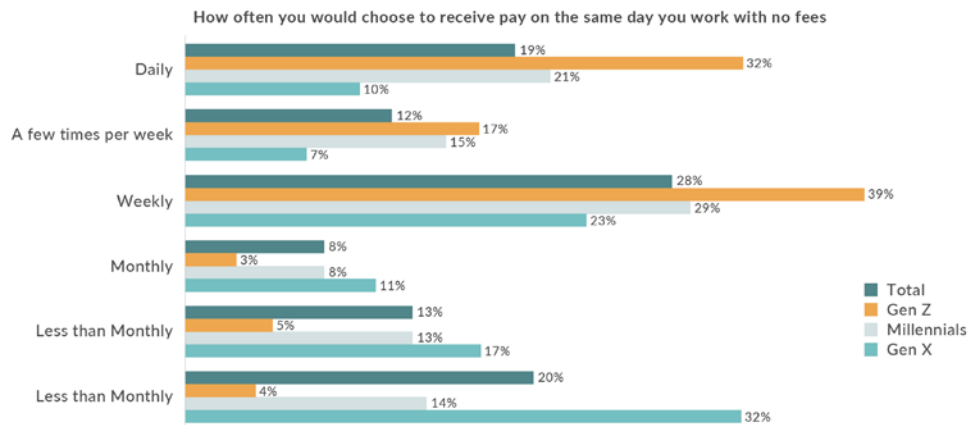
**5. Recognize employee work and performance to encourage retention.** Workers who feel valued are more likely to remain with their employer. Recognition doesn't need to be costly. It can be as simple as giving recognition for having an outstanding attitude or work ethic. It can also come in the form of recognizing their career ambitions and providing opportunities for ongoing development.





# Instant Financial is a Solution Employees are Looking For (1/3)

A recent study we commissioned to the Center for Generational Kinetics confirms that an instant pay solution would have a substantial impact on employee engagement and retention. Interest was notably high for shift and hourly workers across generations - from Gen X to Gen Z.

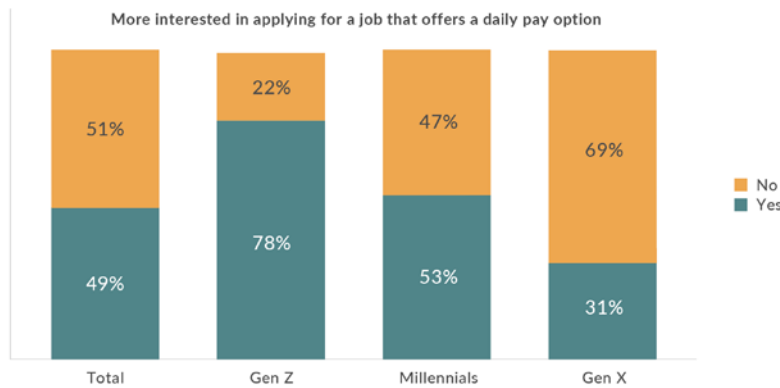


For employees, it's a solution that fosters greater peace of mind. By having real-time access to their pay, employees experience reduced financial stress, with bill deadlines or unexpected expenses no longer front-of-mind. Financial well-being, as the study shows, directly leads to improved work performance, increased loyalty and a much more positive opinion of employers.

An option to receive pay each day would cause you to feel this way	Total	Gen Z	Millennials	Gen X	Salary	Hourly
More peace of mind	43%	71%	48%	28%	33%	49%
More in control of my personal finances and my life	41%	66%	47%	23%	33%	45%
Better able to handle financial challenges and emergencies	40%	67%	43%	27%	33%	44%
Better able to budget my finances	39%	60%	44%	25%	31%	45%
Better able to set and achieve personal financial goals	38%	60%	42%	23%	29%	44%
Safer in my financial position	37%	63%	41%	21%	29%	40%
Better able to financially provide for myself and my family	37%	54%	43%	21%	29%	41%
Sleep better at night	36%	57%	42%	22%	27%	41%
More trust in my employer	33%	59%	39%	17%	24%	38%
More confidence in my career	33%	58%	38%	18%	26%	37%

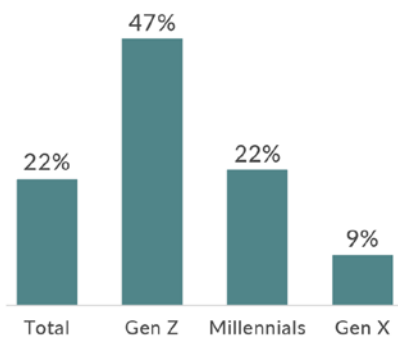
# Instant Financial is a Solution Employees are Looking For (2/3)

Not only does an instant pay option improve retention, it greatly boosts workers' interest in applying for a position. Nearly half of all employees – and more than 3 out of 4 Gen Z employees – say they would be more interested in applying for a job if an employer offered an instant pay option.

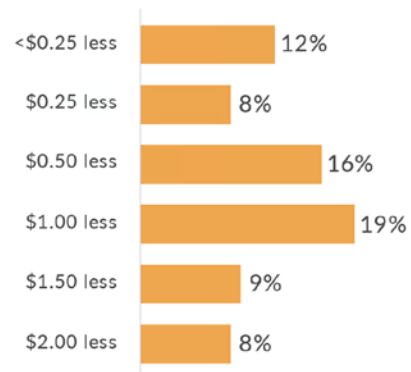


In fact, for Gen Z employees, an instant pay option is seen as more favorable than a slight increase in wage.

Would accept a job that pays less but has an option for an Instant pay



How much less per hour you are willing to be paid in order to have a daily pay option (By Total)

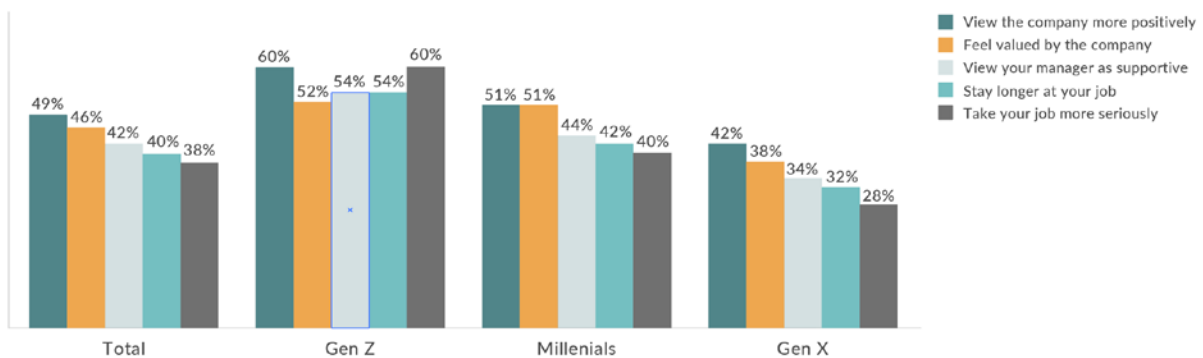




# Instant Financial is a Solution Employees are Looking For (3/3)

Offering an instant pay option has a huge upside for employers, especially in terms of employee engagement. Employees are much more likely to view the company and their managers more positively. In fact, 40% say they would even stay longer at the job.

Actions that result from an employer offering a no-fee daily pay option





# How Instant Can Help You Stand Out in a Competitive Labor Market

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Instant Financial will help your company increase employee retention, decrease absenteeism, reduce hiring and payroll administration costs, and attract the best workforce available. It's the only solution that makes sense for both you and your employees.

After every shift, employees get control of their pay on our instant pay platform. They have the option to make immediate purchases on their Instant card, withdraw cash when they need it and transfer funds to another bank account. This directly helps reduce financial stress for employees, while drastically improving their relationship with their employer in the process.

It's a bridge that links the bi-weekly payment model - one that hasn't changed since the Industrial Revolution - with employees' need for more frequent pay.

We've found a solution to help you retain your talent by reinventing how employees get paid. Now, by working alongside companies like yours, our mission is to put it in the hands of millions of working Americans.



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