



2025 State of the Market

Attraction and Retention Overview



PROTECTING TOMORROW...TODAY.

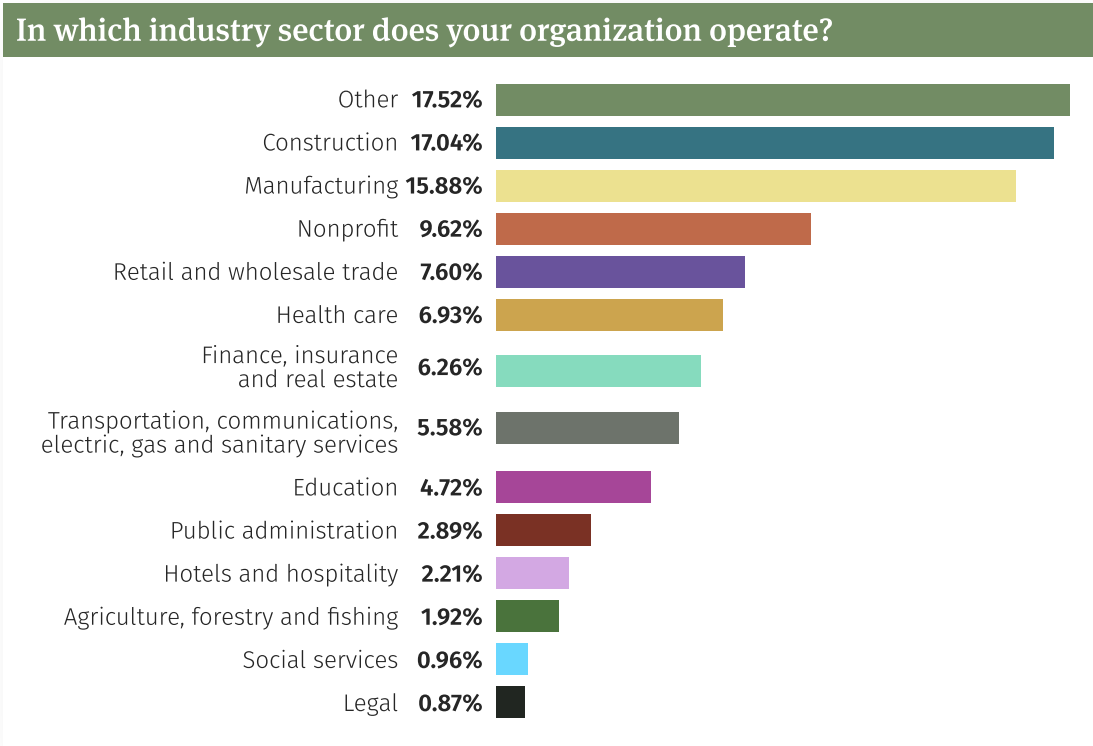
Introduction

In April 2025, Zywave conducted the State of the Market Survey to gain insight into employers’ perspectives on the current market landscape and broader business environment. Organizations across the United States were polled on a variety of key issues, including the overall economic climate, current business challenges, and attraction and retention. This survey found key insights into the current state of attraction and retention, what strategies employers are pursuing and how employers expect the labor market to shift during the remainder of 2025.

With over 1,000 respondents, this survey provides a comprehensive snapshot of employer sentiment in 2025, offering valuable insights on the current state of attraction and retention.

Demographics

More than 1,000 employers nationwide completed the 2025 State of the Market Survey. The majority of respondents (92%) were from small and midsize businesses (SMBs), which employ fewer than 500 workers.





Current State of Attraction and Retention

Attraction and retention remains one of the most important aspects of running an organization in 2025 as employers strive to find and keep workers. Zywave's 2025 State of the Market Survey found that employers ranked "attraction and retention" as their **fourth-highest** business challenge, right behind economic uncertainty, inflation and rising health care costs.

While attraction and retention is no longer the critical business challenge it was in recent years, it's still one of the most pressing issues facing employers today. Similarly, employers ranked labor market changes as the **fourth most likely** to have the biggest impact on their organization.

These findings are consistent with market data and labor statistics, which show that the labor market has become more employer-friendly but still remains an operational challenge for most organizations.

What are the most pressing business challenges you anticipate in 2025? Select the top three.

1. Economic uncertainty
2. Inflation
3. Rising health care costs
4. **Attraction and retention**
5. Compliance with new rules and regulations

Which of the following do you expect to have the biggest impact on your organization? Select all that apply.

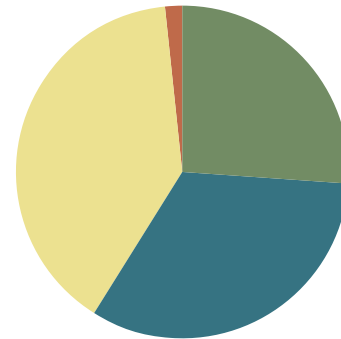
1. Inflation
2. Rising health care costs
3. Tariffs
4. **Labor market changes**
5. Changing federal employment laws

According to the U.S. Bureau of Labor Statistics (BLS), the total numbers of employee quits and jobs continue to trend down from record highs. The BLS' April 2025 Job Openings and Labor Turnover Summary reported 7.5 million open jobs and 3.2 million employee quits. These numbers fluctuate month to month but have gradually continued to trend down from all-time highs of employee quits (November 2021) and job openings (March 2022).

These figures now are similar to pre-pandemic numbers. For example, job openings [reached 7.5 million](#) in January 2019, while employee quits reached 3.6 million in July 2019. Despite labor metrics appearing within a standard range, labor challenges remain an operational challenge for employers.

In 2025, around 60% of respondents still at least somewhat struggle with attracting and retaining employees, down from previous surveys. For reference, Zywave's 2023-24 Attraction and Retention Benchmarking Overview findings were similar **(slightly over 60%)** but down from **80%** in the 2022 report.

Have you had difficulty attracting and retaining employees in the past six months?



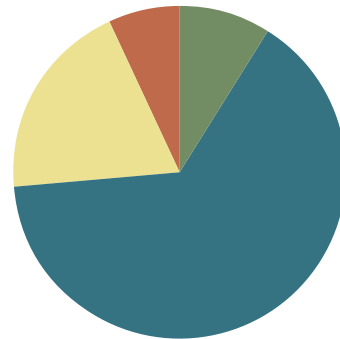
- 26.1% ● Yes
- 33.0% ● Somewhat
- 39.4% ● No
- 1.4% ● Other (please specify)

This survey did not directly poll employers on what factors are currently causing attraction and retention difficulties, but in general, organizations struggle with similar market-driven challenges that make it difficult to compete in the labor market.

Common challenges include:

- Meeting employee demands for increased compensation
- Engaging employees who are unlikely to leave their jobs but lack motivation and confidence
- Offering employees competitive health care benefits amid rising costs
- Navigating changes to immigration policies that may impact the labor market
- Attracting, retaining and upskilling employees with the necessary skills for a shifting market (e.g., artificial intelligence [AI] and technology)

Slightly under **two-thirds (65%)** of employers expect attraction and retention challenges to “stay about the same” in 2025, while another **7%** are unsure. Of those that expect change, only a small group expects them to improve **(9%)**, while almost **20%** expect conditions to become worse. These insights show that most employers do not expect drastic changes to the labor market that were seen in recent years, but some skepticism remains.

In 2025, do you expect attraction and retention challenges to:

- 9.0% ● Improve
- 64.8% ● Stay about the same
- 19.5% ● Become worse
- 6.7% ● Unsure



Challenges by Industry

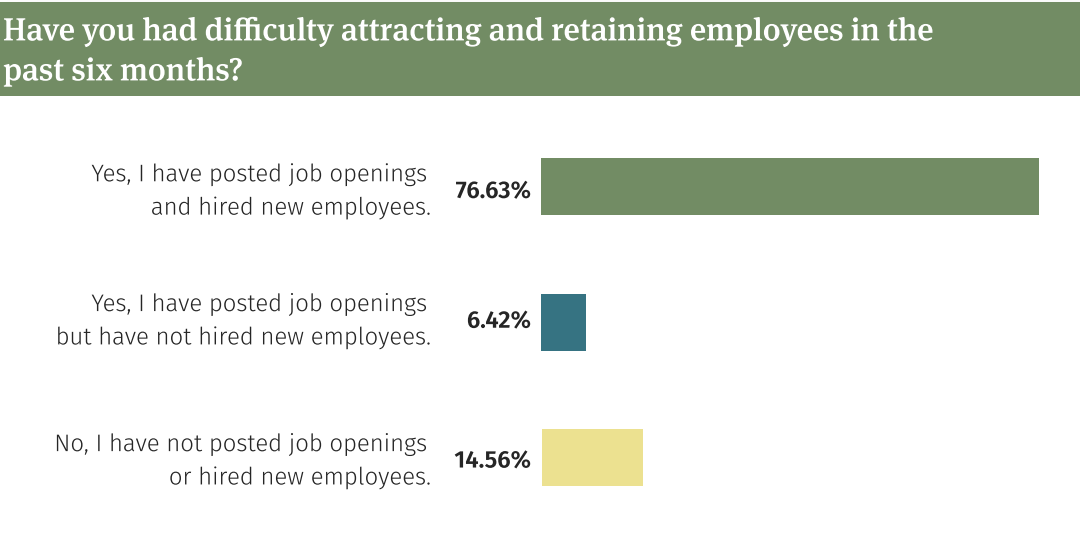
Attraction and retention challenges always vary by industry. However, this survey found a relatively consistent outlook between respondents. Of industries comprising **5% or more** of survey responses, health care respondents report the most cases of attraction and retention difficulties. Over **70%** of health care employers at least somewhat struggle with attraction and retention. A recent report from Mercer shows that the current supply of health care workers does not meet the growing demand for utilization, largely driven by an aging population that requires more health care services. This shortage is likely due to factors such as rising health care demands, an aging workforce and high rates of burnout. In general, health care and other industries that have high employee turnover are still finding it difficult to find and keep the workers they need to operate, regardless of the labor market.

On the other hand, industries such as nonprofits, finance, insurance and real estate report demonstrably fewer attraction and retention challenges. For any employers hiring for openings for higher-wage roles, a surplus of available workers has led to the labor market being easier to navigate for employers.

Have you had difficulty attracting and retaining employees in the past six months?			
	Yes	Somewhat	No
Health care	41.7%	31.9%	26.4%
Transportation, communications, electric, gas and sanitary services	32.8%	36.2%	31.0%
Retail and wholesale trade	30.4%	32.9%	36.7%
Manufacturing	27.9%	35.8%	33.3%
Construction	26.0%	27.7%	44.0%
Education	25.0%	35.4%	39.6%
Finance, insurance and real estate	24.6%	32.3%	43.1%
Nonprofit	23.0%	35.0%	41.0%

Job Opening and Hiring Activity

To win over workers, employers are improving employee engagement, raising compensation, and focusing on learning and development (L&D) opportunities. While the pace of hiring overall slowed in 2024, it appears to be picking back up. The majority of employers **(77%)** participating in the survey said they’ve hired a new employee or posted a job in the past six months. These figures indicate that even in the face of potential market slowdowns and reports of some employers pursuing layoffs or furloughs, the majority of employers are still adding staff.



Workplace Strategies

Attracting and retaining employees continues to be a top-five business challenge for most employers. This is in addition to challenges like rising health care costs, growing compensation demands, low employee engagement and confidence rates, and meeting the evolving demand for new employee skills.

Employers were surveyed on what strategies they plan to explore to better attract and retain employees. Survey results found that employers are pursuing the following strategies:

What strategies are you exploring to improve attraction and retention? Select all that apply.

1. Focusing on employee engagement
2. Raising employee compensation
3. Offering more L&D opportunities
4. Redesigning onboarding and orientation programs
5. Using skills-based hiring
6. Offering an employee referral program
7. Improving health care benefits
8. Expanding employee well-being programs
9. Offering remote, hybrid or flexible work options
10. Participating in university and college recruiting
11. Developing an employer brand
12. Leveraging recruitment marketing
13. Offering new or expanded voluntary benefits options
14. Offering more paid time off
15. Offering hiring bonuses

Here are the top five strategies that employers are pursuing to boost their employee attraction and retention:



1 Focusing on Employee Engagement

With employee engagement reports showing levels near a record low, employers have an opportunity to better engage workers to improve retention and support overall business health. According to a report from Gallup published in early 2025, the percentage of engaged employees fell to 31% in late 2024 from 33% in 2023. It was the lowest level of employee engagement recorded in a decade. Similarly, a recent report from Glassdoor found that employee confidence reached a record low in May 2025.

While employees are now more likely to stay in their current jobs, they may not be satisfied with their role or their employer. This means employers may face lower productivity and a damaged workplace culture, which can lead to attraction and retention difficulties.

Engagement efforts may be employers' go-to strategy right now since this approach can have fewer cost requirements than other key strategies like significant compensation raises, which isn't feasible for all organizations. Employee engagement can help win over workers but can also pay benefits to employers who want a happy and committed workforce.



2 Raising Employee Compensation

Compensation remains a critical factor in winning over workers. While significant pay raises won't be feasible for all employers, they remain one of the best ways to attract and retain talent. It's likely that employers will continue increasing wages to keep up with inflation and remain competitive in the labor market.

Estimates show that employers were planning 3%-4% wage increases in 2025. Although this is down from previous years in a worker-friendly labor market, this figure still exceeds the most recent inflation readings. As employers execute their 2025 strategies and begin planning for 2026, compensation will remain critical for winning over workers.



3 Offering L&D Opportunities

Employers who strategically leverage L&D opportunities (e.g., career pathing, mentoring and microlearning) can create resilient and high-performing work environments where employees thrive and grow while meeting organizational goals and needs.

In 2025, L&D opportunities surrounding technology and AI are gaining traction. Efforts to upskill employees in skills currently in demand can help employees grow their careers but also benefit employers. Rather than hiring high-demand skill sets, L&D programs targeted at in-demand skills can help employers address skills gaps and meet the needs of their organization.



4 Redesigning Onboarding and Orientation Programs

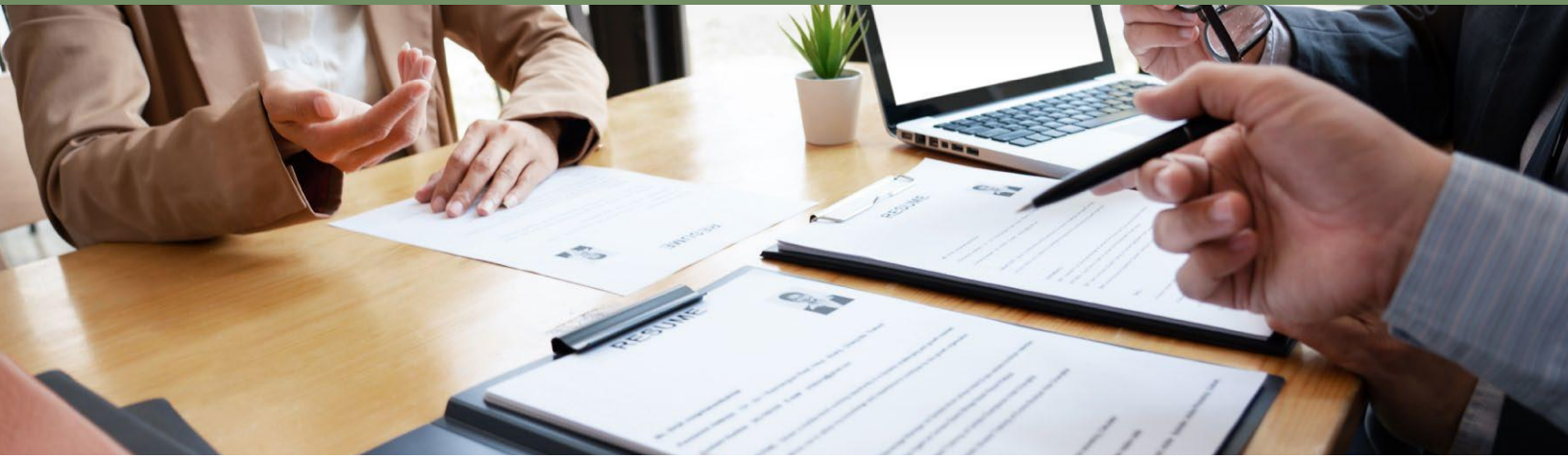
An employee's first 90 days are arguably the most important period for retention. As such, employers are finding that redesigning or building structured onboarding and orientation processes is a low-cost way to engage and retain employees more effectively.



5 Using Skills-based Hiring

Skills-based hiring has been a growing trend for years, and this survey revealed that it's become a common attraction and retention strategy for employers. Now, many are expanding their talent pool by hiring for open positions based on skills rather than education or experience. Many employers in this survey shared concerns about the lack of qualified candidates; skills-based hiring may help them find solid candidates they weren't considering before. It may also help employers hire workers who have in-demand skills, such as experience using AI, but lack college degrees or long lists of qualifications.

While finding, hiring and keeping talent are crucial, many of the strategies that employers are exploring also have the potential to drive better organizational outcomes.



Summary

Zywave's 2025 State of the Market Survey findings show that in addition to other market-driven challenges, like inflation and economic uncertainty, most employers continue to struggle with attracting and retaining employees. To win over workers, employers are pursuing low-cost strategies, like offering more L&D programs, improving employee engagement, and revamping orientation and onboarding programs. Raising compensation to meet market demands is also on the radar of employers hoping to stay competitive in today's labor market.

This year, employers should understand how the market is shifting while focusing on new talent strategies. The best actions will vary by workplace, as employers are challenged to meet the desires of today's workforce while pursuing feasible strategies that make sense for their organization.

Employers can stay one step ahead by understanding today's labor challenges and monitoring talent trends. This can inform strategies to effectively meet the unique needs of current and prospective employees.

Contact us today for resources on attraction and retention, benefits or any topics discussed in these survey results.