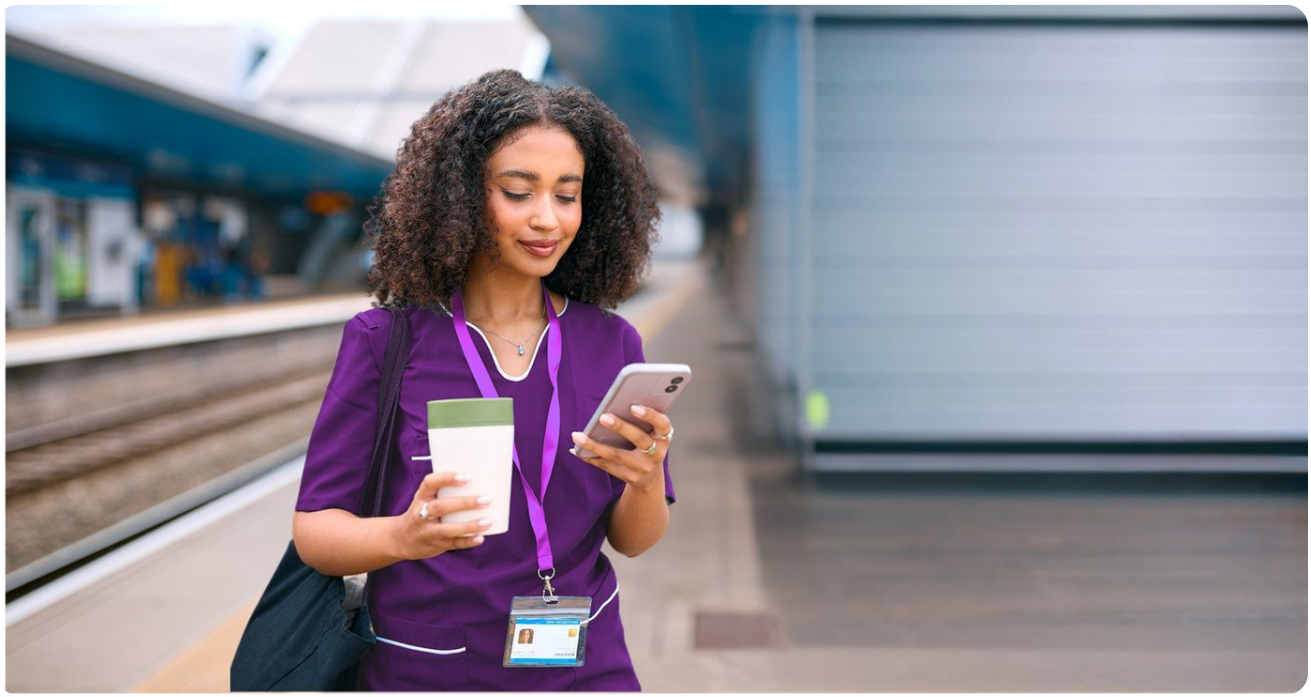
How payroll is impacting your retention

Discover how payroll impacts employee retention in healthcare and why accurate, transparent compensation is crucial for maintaining staff loyalty and trust.

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In healthcare, workforce challenges are often framed as operational hurdles. But the reality uncovered in our 2025 Healthcare Workforce Management Reportis more sobering.

Today's workforce management challenges are existential. They threaten not just margins or efficiency, but the long-term stability of care organizations themselves.

At the center of this crisis is a familiar, stubborn problem: staffing shortages. Demand for care continues to rise, patient acuity is increasing, and yet providers across the care continuum remain chronically understaffed. Recruiting new talent is difficult and retaining existing staff is even harder.

While retention strategies often focus on culture, flexibility, or mission-driven work (all important), our research revealed a fundamental disconnect that may be undermining these efforts – how payroll is perceived by administrators versus how it's experienced by care staff.

Payroll isn't just a back-office function. It's one of the most powerful and underleveraged drivers of employee satisfaction, trust, and retention.

Retention starts with understanding what staff actually want

Ask care staff what motivates them to stay, and the answer is strikingly clear.

According to our research, **75% of care staff say higher pay per hour would motivate them to stay with their employer**.

This finding shouldn't be surprising. Nearly 70% of care staff report living paycheck to paycheck, making compensation a lifeline. When wages don't keep pace with the cost of living, staff naturally look elsewhere, regardless of how much they care about patients or their organization's mission.

Yet, when we surveyed administrators, we uncovered a significant perception gap:

Only 37% of administrators believe higher pay would meaningfully improve loyalty and retention.

This disconnect matters. When leadership underestimates the importance of pay, retention strategies risk missing the mark.

The pay gap isn't just financial, it's perceptual

Compensation conversations in healthcare are complex. Administrators must balance reimbursement pressures, regulatory constraints, and rising operational costs. But complexity doesn't negate reality.

When staff feel underpaid, even the strongest culture initiatives struggle to compensate. Flexible scheduling loses its shine. Career development feels hollow. Appreciation initiatives feel ingenuine when paychecks don't cover basic expenses.

Our data shows that some administrators are beginning to recognize this challenge:

- Only 19% are currently increasing pay
- Another 36% say they are "very likely" to do so

That leaves a sizable portion of organizations either unable or unconvinced that pay is central to solving the retention crisis.

Payroll accuracy: The hidden trust killer

Pay level is only part of the equation. Pay *accuracy* may be even more influential when it comes to trust and retention.

Wages sit at the heart of the employer-employee relationship. When payroll is correct, it's invisible. When it's wrong, it's unforgettable.

Our research uncovered a troubling reality: neither administrators nor care staff have complete confidence in payroll accuracy.

80% of administrators report feeling very or extremely confident that payroll is calculated correctly. Yet, 80% of administrators also report making at least one payroll error per month.

That optimism doesn't align with lived experience, especially from the employee perspective.

Nearly 1 in 4 care staff do not believe their pay is correct. And when trust erodes, it erodes quickly:

- 80% of care staff say they would lose trust in their employer after three payroll errors
- Meanwhile, 10% of administrators believe it would take six or more errors per year for trust to be impacted

This gap in perception has real consequences. Payroll errors don't just create frustration, they signal unreliability. Over time, they tell staff that their time, effort, and financial stability aren't being protected.

Why payroll errors happen (and why they persist)

Payroll inaccuracies aren't usually the result of negligence. They're the byproduct of systems and processes that haven't kept pace with workforce complexity.

Our research points to two primary drivers behind payroll accuracy issues:

1. Manual calculations increase risk

Healthcare payroll is inherently complex. Overtime rules, differentials, shift premiums, missed punches, and retroactive adjustments all introduce opportunities for error. When calculations rely heavily on manual processes, accuracy becomes harder to maintain at scale.

2. Lack of transparency creates confusion

Even when payroll is technically correct, a lack of clear, itemized breakdowns makes it difficult for staff to verify and understand their earnings. When employees can't easily see how their pay was calculated, doubt creeps in and erodes trust.

Trust in payroll is trust in the organization itself. When staff question their paycheck, they start questioning leadership, systems, and long-term commitment.

Why payroll is a retention strategy (whether you treat it like one or not)

Retention strategies often focus on engagement initiatives, leadership training, or wellness programs. All those matter, but payroll touches every employee on every pay period.

It's one of the few systems that consistently communicates organizational values in action:

- Do we pay people correctly?

- Do we pay them transparently?
- Do we fix mistakes quickly?
- Do we respect their time and earnings?

When payroll works, it creates stability. When it doesn't, it becomes a quiet driver of disengagement and attrition.

On the positive side, payroll is also one of the most controllable levers organizations have. Improving accuracy, transparency, and reliability can rebuild trust without asking staff to wait months or years for cultural change to take hold.

Closing the gap: How payroll can support retention

The findings from our *2025 Healthcare Workforce Management Report* make one thing clear: retention isn't just about hiring more people, it's about better supporting the people you already have.

That means:

- Recognizing the outsized role compensation plays in employee loyalty
- Aligning leadership perceptions with frontline realities
- Treating payroll accuracy and transparency as foundational, not optional

Organizations that take payroll seriously send a powerful message: We value your work, your time, and your financial security.

This is where purpose-built solutions matter. Platforms like Viventium are designed specifically for healthcare's workforce complexity, bringing together accurate payroll, automated calculations, and clear earnings transparency in a way that supports trust and retention.

By reducing errors, improving visibility, and reinforcing reliability, payroll becomes more than a process. It becomes a strategy for keeping the people who keep care moving forward.

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