









EMPLOYEE RETENTION REPORT

*The real story behind why your
employees are leaving for good*

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INTRODUCTION

THE WAR FOR TALENT IS GROWING FIERCER BY THE DAY.

The U.S economy saw a steady rise in 2018, with unemployment [dropping to just 3.7 percent](#)— the lowest it's been since 1969. In today's job market, power lies in the hands of employees and leaders must work harder than ever to retain their workforce.

The purpose of this report

A study by [Employee Benefits News](#) states that the average cost of losing an employee is a staggering 33% of their annual salary. When recruitment fees, training and lost productivity are taken into account, a high turnover rate can have crippling financial implications for a business.

We've created this report to help organizations tackle the issue by empowering leaders to address the most common drivers of attrition. The report builds on our popular past research and contains new findings, completely updated for 2018.

Who this report will benefit

This report is essential reading for professionals involved in people management and operations such as C-level executives, HR departments and middle managers. Employee engagement specialists, company culture enthusiasts and anyone committed to creating a better employee experience will also benefit from the findings presented here.

What you will learn


- » The top five factors that correlate to employee turnover and fascinating statistics collected across hundreds of organizations that use the [TINYpulse](#) platform.
- » Actionable advice from leadership experts that any organization can follow to combat turnover problems or augment current growth.
- » Our five-step approach to creating an effective employee retention strategy. We'll reveal how you can identify the top attrition drivers in your own workforce and launch an effective plan of action.

A summary of our key findings

To uncover what factors matter most to employees when deciding to leave, we analyzed survey results from over 25,000 employees across the world from January to October 2018. Our research uncovered five key takeaways:

1. Great managers fuel employee loyalty

We found a direct correlation between how employees feel about their supervisors and how likely they are to look for employment elsewhere. 40% of employees that do not rate their supervisor's performance highly have

Employees who rate their supervisor's performance poorly are 4X as likely to be job hunting 

interviewed for a new job in the last three months, compared to just 10% for those that do rate their supervisor highly.

2. Recognition is a matter of priority

The data speaks for itself: employees who feel under-appreciated are unlikely to stay with their employers. According to our data, 21.5% of employees that don't feel recognized when they do great work have interviewed for a job in the last three months, compared to just 12.4% that do feel recognized.

3. Employees crave work-life balance

Even the highest paid employees in the world still leave their jobs when the risk of burnout looms. A salary raise may work effectively as a band-aid, but before long, overworked employees will likely start reviewing their exit strategy

Employees with a good work-life balance are 10% more likely to stay at their companies 


once again. Employees who rate their work-life balance highly are 10% more likely to stay at their company.

4. Culture eats compensation for breakfast

For today's workforce, a job is more than just a paycheck - employees want to grow meaningful relationships in a great cultural environment. In fact, our research shows that the way employees view their company culture has an even bigger impact on turnover than how they view their benefits package.

5. Growth opportunities are talent-magnets

Companies that support their employees in their professional development are less likely to have problems with turnover. Our findings reveal that employees who feel they are progressing in their career are 20% more likely to still be working at their companies in one year's time.

Employees who don't feel supported in their professional goals are 3X more likely to be looking for a new job 

The results are clear: the intangible matters. Engagement, culture, and personal growth aren't just buzzwords. In our current economic climate, leaders and HR must address these factors if they want to grow a strong and loyal team.

Combating turnover requires time and resources. But with the right strategic approach, leaders can succeed in creating a happier, more productive work environment in a cost-effective way.

Read on to learn how your organization can start building the ultimate employee retention game plan.

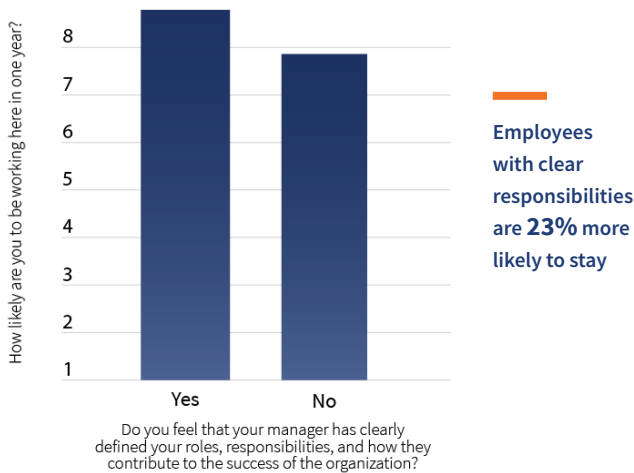


GREAT MANAGERS FUEL EMPLOYEE LOYALTY

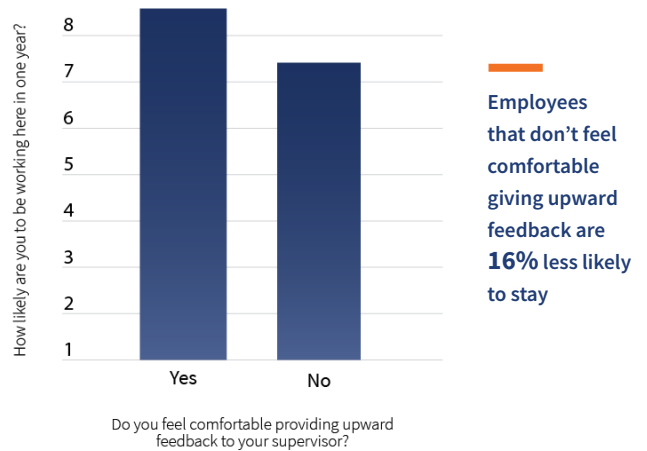
SUPERVISOR PERFORMANCE IS CRITICAL TO THE SUCCESS OF A RETENTION STRATEGY

Employee-manager relationships play a fundamental role in retention. In fact, many of the other key drivers of attrition identified in this report fall under the wheelhouse of middle-management. That’s why it’s important to invest early in management training and provide continuous support to help leaders grow their people skills - an area that’s sorely neglected at many companies.

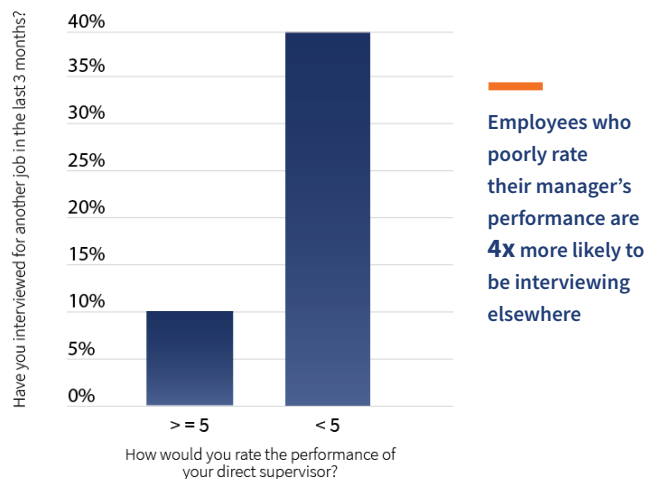
Good managers are able to effectively communicate the job duties involved in a role - a vital skill for keeping employees focussed and goal-oriented. But our research found that role definition isn’t just important for productivity - it’s also important for retention. According to our data, employees are 23% more likely to stay if their manager clearly explains their roles and responsibilities.



Issues surrounding role definition are likely part of a wider communication problem. In fact, a fear of communicating with leadership is another driver of attrition. Employees that don’t feel comfortable giving upward feedback are 16% less likely to stay at their companies.



In addition, how employees perceive their manager’s overall ability is among the best indicators of their intentions to stay or leave the company.



We found that 40% of employees who do not rate their supervisor's performance highly have interviewed for a new job in the last three months, compared to just 10% for those that do rate their supervisor highly.

Key takeaways:

- » Managers must be held accountable for turnover within their teams. Performance evaluation at a managerial level should go beyond the ability to hit key business metrics, and also take into account feedback from team members.
- » Clear role definition is a key requirement for employee engagement. Employees that feel a lack of direction from their managers are more likely to leave their companies.
- » Leaders should train managers to welcome open and honest communication. Soliciting and acting on feedback from employees will help improve loyalty towards managers, and by extension the organization.

LEADERSHIP TIP FROM AN EMPLOYEE ADVOCATE: Hiring and training for emotional intelligence

Heather Younger is an employee engagement expert who has analyzed responses from thousands of employee surveys at different organizations. In her best-selling book, *The Seven Intuitive Laws of Employee Loyalty*, Younger cites 'great managers' as the number one reason people stay at their organizations.

The best managers, Younger argues, are those with strong emotional intelligence. "Ninety percent of employee experience is driven by emotions. And leaders get to choose which emotions they unleash within the people they lead."

Before leaders can foster employee loyalty towards their companies, they first need to cultivate loyalty towards their managers. This means hiring and training for empathy and communication skills, rather than simply technical ability.



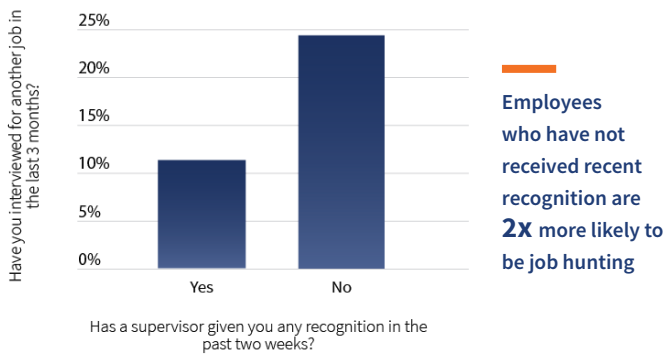
Heather Younger
Founder & CEO
Customer Fanatix



RECOGNITION IS A MATTER OF PRIORITY

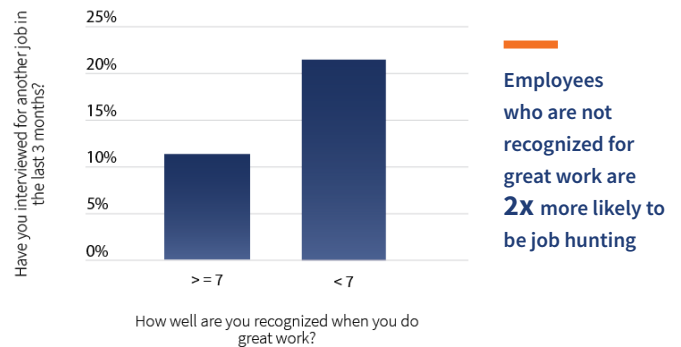
FREQUENT, INFORMAL RECOGNITION IS A HIGHLY EFFECTIVE TOOL FOR RETAINING HIGH PERFORMERS

Most workplaces include some type of formal recognition in their company cultures. Examples include end-of-year bonuses tied to performance, or a ‘years of service award’ to recognize tenure. While these more significant forms of recognition all have their place, it’s vitally important for managers to offer small bursts of appreciation on a day-to-day basis.



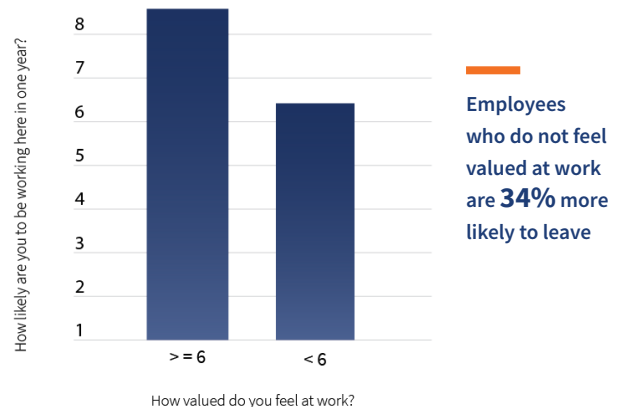
Our research found a correlation between frequent recognition from a supervisor and employee retention. We discovered that 24% of employees who felt they had not received recognition from their direct supervisor in the past two weeks had recently interviewed for another position, compared to just 13% who had received recognition.

The effectiveness of recognition efforts overall when employees do great work has a similar correlation: employees who are inadequately recognized for high performance are almost twice as likely to be looking for jobs elsewhere.



Recognition is important because it helps validate the time and effort we expend at work. Employees want to know that their roles are meaningful and impact the success of the business, and critically, that their team members acknowledge this too.

When employers fail to provide evidence that they value their employees’ contributions, their organizations are more likely to experience turnover. Our research supports this: employees who do not feel valued at work are 34% more likely to leave their companies within the next year.



Key takeaways:

- » Recognition can come from any level of the organization: workplaces that enjoy high retention rates incorporate upward, peer-to-peer and cross-functional recognition into their communication streams.
- » Managers should provide frequent, informal recognition to their employees. Even a quick written gesture of appreciation, when dispensed on a regular basis can have a big impact on employee retention.
- » Feeling valued is a fundamental driver for employee retention. Employers must demonstrate that they care about their employees and their work is important if they want to retain their workforce.



CASE STUDY:

HOW COLLEGEWISE ACHIEVED A 0% TURNOVER RATE

CollegeWise is a college admission and application counselling service that has enjoyed a near 0% turnover rate over the last four years.

CEO, Kevin McMullin says this is the result of the company's commitment to humanizing the employee experience and showing they care for people as individuals. Kevin shared with us how he puts this commitment into practice:

- » Important milestones at CollegeWise are carefully orchestrated to make employees feel valued. For example, employees are given personalized gifts and a warm welcome by the entire leadership team on their first day of work. For Kevin, great employee experiences hinge on key moments like this.
- » Rather than rewarding employees based on tenure, CollegeWise tailors recognition to achievements that are meaningful to employees. For example, employees are given a plaque after serving 100 customers, with each customer's name engraved on it. This approach also motivates less tenured employees to achieve the same milestone.
- » The leadership team is encouraged to treat employees how they would want loved-ones to be treated when placed in a similar situation. Managers are emotionally invested, empathetic, and prioritize how they want employees to feel.



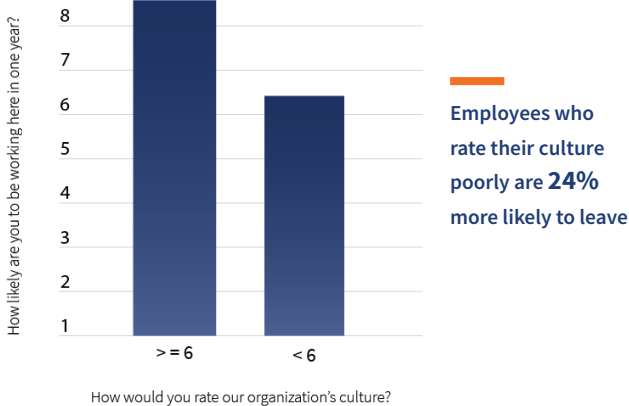
Kevin McMullin
CEO
CollegeWise

CULTURE EATS COMPENSATION FOR BREAKFAST

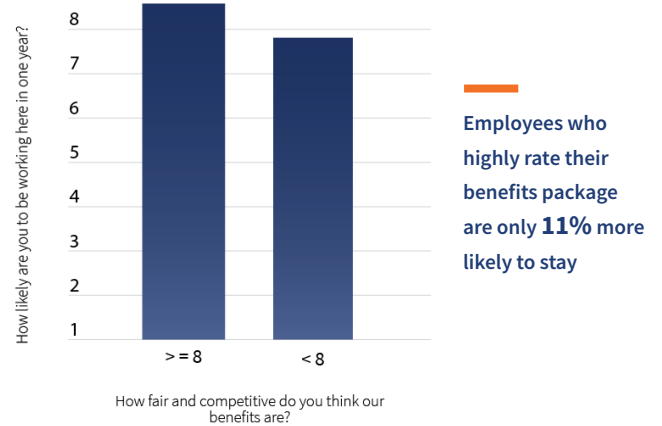
CULTURE IS A TOP PRIORITY FOR EMPLOYEES LOOKING FOR NEW OPPORTUNITIES

Most employees will agree that company culture plays a large role in deciding where to apply for jobs. Talented people naturally gravitate towards environments that allow them to achieve their best work and successful organizations today are investing heavily to meet their needs.

Conversely, organizations that provide ill-fitting cultures for their workers can expect to see higher turnover: employees who rate their culture poorly are 24% more likely to leave their organizations within a year's time.

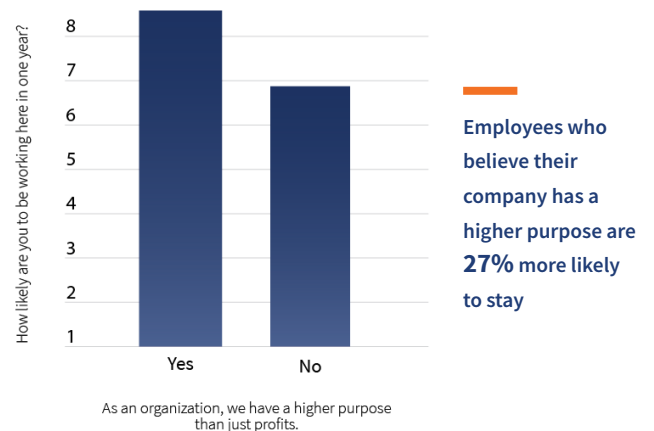


It's clear that developing a great culture is a vital part of fighting attrition. In fact, we found this aspect of their work has an even bigger impact on an employee's decision to stay or go than their benefits package. While benefits are still important, leaders must understand how to compete in the cultural arena and use culture as a point of differentiation if they are to attract and retain the best people.



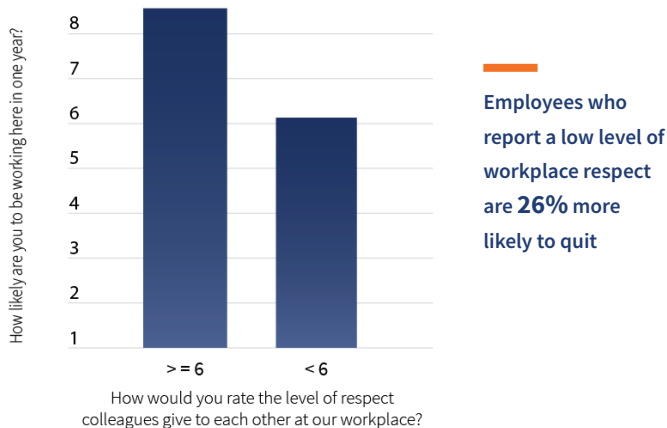
One of the most important building blocks for a successful culture is the company mission. A clear mission unites coworkers around a shared cause and helps foster a bigger emotional investment in their work.

This sense of purpose has a sizable impact on employee retention: employees who believe their company has a higher purpose than just profits are 27% more likely to stay at their companies in the near future.



Employees who feel their jobs are about more than making money for the company are also less likely to leave for a higher salary elsewhere. When we asked employees if they would quit for a 10% salary increase, those who believed their company had a higher purpose were 24% less likely to accept the offer. This indicates that even a simple change in the way leaders communicate your company mission can contribute to higher retention rates.

Another important aspect of company culture involves coworker relationships and interactions. Team members who are considerate and treat each other with dignity are more likely to feel happy in their jobs. On the other hand, a lack of mutual respect spells disaster for retention rates. According to our research, employees who say there's a low level of respect between colleagues are 26% more likely to quit their jobs.



Key takeaways:

- » Managers should take cultural preferences and expectations into account when hiring employees: people who are poorly-suited to their company cultures are less likely to stay.
- » Employees will leave a toxic work environment: leadership and HR teams must be intentional about fostering healthy internal relationships that promote mutual respect between coworkers.
- » How an employee views culture at their company is a bigger driver of retention than how employees view their benefits package.
- » Employees that believe their company has a higher purpose than just profits are less likely to leave their companies for a 10% salary increase elsewhere.

LEADERSHIP TIP FROM MICROSOFT'S FORMER VP OF HR:

How to transform your cultural initiatives into reality

Ana White led global HR teams at Microsoft for over 18 years, across multiple business units. She joined F5 in 2018 as Executive Vice President and Chief Human Resources Officer to lead the company's people practices, professional growth programs, and recruiting. White shared with us her thoughts on developing a united company culture that will help fulfil the company mission and improve retention:

- » "Align your leadership with your cultural initiatives, and hold them accountable to live your company values. Culture trickles down - leaders will demonstrate through their behaviour what's acceptable whether they intend to or not."
- » "Differentiate your culture and values. If your values are the same as every other organization, your culture will appear inauthentic to both your team and to potential hires."
- » "Avoid operating in a vacuum: Work together with employees and representatives at all levels of your organization to co-create your culture."
- » "Put your money where your mouth is. Plan to allocate part of your budget to cultural initiatives and determine how resources will be used to deliver on employee feedback."

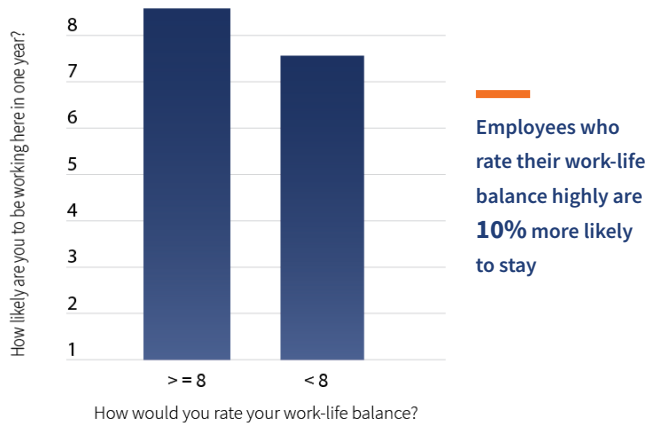


Ana White
EVP and CHRO
F5 Networks

EMPLOYEES CRAVE WORK-LIFE BALANCE

MANAGING EMPLOYEE WORKLOAD IS A KEY COMPONENT OF YOUR RETENTION STRATEGY

Our research showed that work-life balance is another significant driver of attrition. Employees who rate their work-life balance highly are 10% more likely to stay at their company. This finding is unsurprising: jobs that put an unreasonable amount of strain on our personal lives are unsustainable for most employees.



While it's easy to prioritize work when it offers challenges, excitement and emotional fulfilment, employees will quickly feel exploited in a role that requires overtime yet doesn't offer them value in return.

For managers, the solution is two-fold: the first approach is to find out what motivates your team to go the extra mile. Are they happiest when learning new skills? Do they thrive on the freedom to execute on their own ideas? Motivation works differently for each individual and the best leaders will tailor their management style to get the best from every team member.

The second approach is to help employees achieve a better work life balance by promoting efficient practices, providing schedule flexibility, and rewarding smart work over hard work. Rather than setting deadlines from the top-down, work with your team members to set realistic goals and timelines together. Regular check-ins will allow you to see where their time is actually being spent and what processes could be streamlined.

LEADERSHIP TIP FROM A TOP-RATED CEO: Thinking holistically about employee well-being

Some top executives eschew the notion of work-life balance altogether. They argue that there doesn't need to be a strict trade off between the two and instead, we can take a more holistic approach.

Aaron Burnett is the founder and CEO of Wheelhouse DMG, a marketing agency that consistently ranks as one of the best places to work in the United States. For Burnett, thinking holistically about work and life allows for a more people-centred culture: "I don't believe in work life balance. We understand that if we want people to think about work at home then we also understand that they will bring some of the messy stuff from home to work too. We don't want to hear about pretend doctors appointments - we want to know what's going on in someone's personal life"

By incorporating life, joy and passion into our work environments and blurring the lines between the professional and recreational, Burnett argues that we can bring more energy to both spheres.



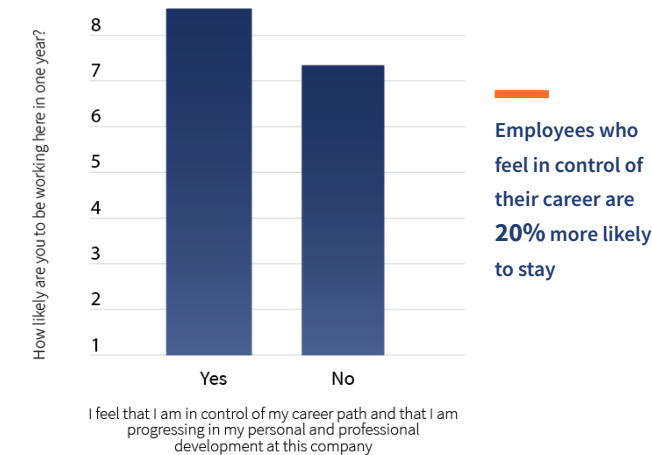
Aaron Burnett
Founder & CEO
Wheelhouse DMG

GROWTH OPPORTUNITIES ARE TALENT-MAGNETS

EMPLOYEES EXPECT UPWARD MOBILITY IN THEIR ORGANIZATIONS

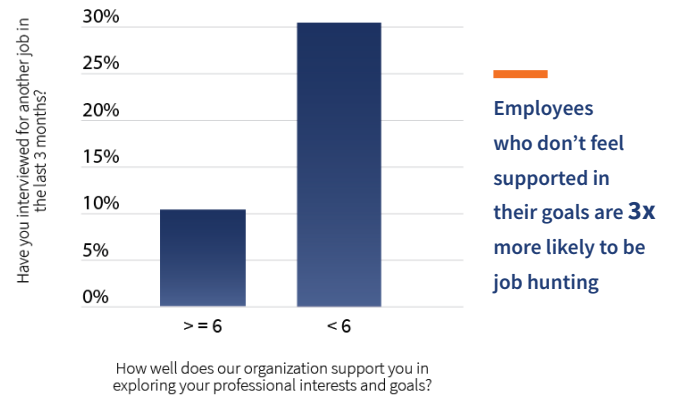
Access to professional development opportunities is a top priority for today’s workforce. In our current economic climate where talent is scarce, people are no longer satisfied with a steady job. Employees, and in particular high performers, expect upward mobility - or at a minimum, the chance to broaden their skillset.

According to [LinkedIn’s 2018 Workforce Learning Report](#), 93% of employees would stay at a company longer if it invested in their careers. Our own results support this: we found that employees who feel in control of their career are 20% more likely to stay in their roles.



In addition, three times as many people who said they didn’t feel supported in their professional interests and goals had interviewed for a job in the last three months.

For those looking to grow in their careers, a transition to a different organization is a great way to rise through the ranks quickly. In order to compete with these opportunities, employers must be proactive in developing learning and growth initiatives internally.



Key takeaways:

- » Career pathing is an essential part of a retention strategy. Managers should work with their team members to outline their professional goals and establish a clear career path for employees to follow.
- » Employees who feel supported in exploring their professional interests are less likely to want to leave their companies. Keep them engaged by offering the freedom and flexibility to work on projects they’re passionate about.
- » The more talented an employee is, the more likely it is that she or he will be looking to expand their skillset further. Leaders need to provide opportunities for promotion and increased responsibilities to stave off boredom in high performers.

LEADERSHIP TIP #1:**Growth opportunities on a budget**

For HR managers with limited resources, a top concern when developing learning initiatives is the amount of money involved. Former CMO at Hubspot, Mike Volpe, offers an example of how even a small benefit can have a big impact: “Lots of tech companies have free beer. We had free beer too but we also had free books. Whenever an employee wanted to buy a book about anything, the company would pay for it. I can’t tell you how little money that cost us but how far it got us.”



Mike Volpe
Former CMO
Hubspot

**LEADERSHIP TIP #2:****Driving innovation through professional coaching**

Learning and growth isn’t just about employee retention, it’s important for fueling the business as a whole. Sarah Bird, the CEO at Moz, has witnessed firsthand how the introduction of professional coaching has made a difference to their bottom line.

“Anyone who’s ready to up their game at Moz can reach out to an external professional coaching company. They can work on a variety of career issues and the results have been truly transformative for Moz.”

In addition to building the team’s skill- set, the coaching service also reveals core themes that arise across employee groups that HR uses to inform their employee engagement strategy. By providing coaching/mentorship to help grow their employees’ skills, organizations can boost their team’s performance, improve employee happiness and retain their star players.



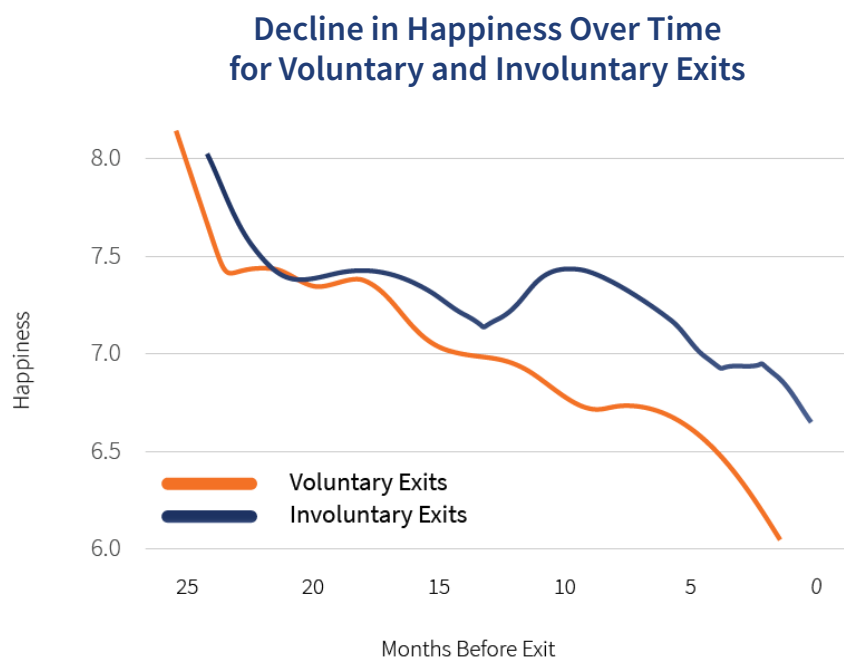
Sarah Bird
CEO
Moz

LAUNCHING A SUCCESSFUL EMPLOYEE RETENTION STRATEGY

OUR FIVE-STEP APPROACH TO TAKING ACTION ON YOUR RETENTION INITIATIVES

In today's competitive job market, employees are demanding more from their employers. And it's up to managers to meet those demands, and keep their employees as happy and engaged as they were in their first week on the job.

The following graph shows how happiness peaks at the beginning of an employee's tenure and drops off over time. Although they start at a similar happiness level, employees who voluntarily exit see a faster drop in happiness scores as well as an overall lower score before exiting.



People rarely begin their jobs feeling unhappy. It is a slow and steady decline that is preventable with the right measures.

In this report, we've shown that culture, recognition, work-life balance, growth opportunities, and manager approval are factors that correlate heavily to retention. But understanding the causes of attrition are only part of the solution. In order to decrease turnover, leaders must allocate time and resources to executing on their initiatives.

In our five step-approach below, we've outlined our best advice for developing and launching a successful employee retention strategy for your business.

1 Identify employee pain points

Our research provides aggregated data for thousands of employees at hundreds of organizations. But for a retention strategy to be truly effective, managers must tailor their initiatives to their unique workforce. To discover what issues matter most to your employees, we recommend using TINYpulse. TINYpulse is an employee engagement tool that allows leaders to find out how their employees are feeling through regular pulse surveys, and analyze trends in real time. By identifying the key pain points in each department, leaders can launch more targeted initiatives.

2 Launch into action

When executed strategically, a retention strategy does not need to involve costly expenditures. It does, however, require time and commitment from everyone involved. Once you've identified the primary attrition drivers for your organization, we suggest crowdsourcing solutions that work for both your business and employees. To kickstart your initiatives, assemble a team of collaborators from different departments and levels of the organizational hierarchy.

3 Align your leadership team

The rollout of a retention program can't be performed in an HR vacuum. Your entire leadership team should understand why changes are being made in light of the data and be willing to adjust their processes accordingly. If employees have voiced concerns around learning opportunities, for example, managers should be given support and guidance to help fulfill this need.

4 Promote your improvements

It's not enough to offer a host of new perks and benefits - your employees need to know about them. Increase awareness of your career pathing efforts, employee awards, or changes to the company culture by speaking up at meetings and producing materials in support of them. With enough exposure, these changes will become ingrained in your culture and employees will market them for you.

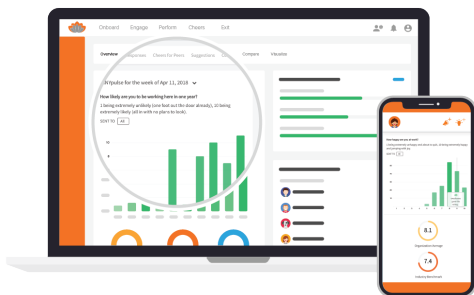
5 Ask for feedback and iterate

Check in regularly with your employees to find out how they are feeling and responding to your retention initiatives. What's working and what's not? What small tweaks could be made that will push the needle even further? Open two-way communication and a continuous feedback loop can help managers get to the bottom of turnover and provide employees with the environment they need to grow and thrive.

ABOUT TINYpulse®

THE LEADING EMPLOYEE ENGAGEMENT PLATFORM, TRUSTED BY 1,000+ ORGANIZATIONS

Companies make an effort to consistently track revenue, financial returns, and productivity. But they're forgetting one of the most important aspects of their organization: their people. And that's where TINYpulse comes in.



Our mission:

Founded in 2012, TINYpulse works hard to make employees happy. Our goal is to give leaders a pulse on how engaged or frustrated their employees are, helping managers spark dialogue that results in organizational change.

What we do:

We believe that information empowers leaders to create an engaging work environment and culture where people can thrive. Here's how our platform helps drive positive change:



Pulsing Surveys

Our weekly pulse survey measures employee engagement using just one question. TINYpulse is a lightweight solution that captures anonymous feedback from your team to reveal insights, trends, and opportunities so you can improve retention, culture, and results.



Peer-to-Peer Recognition

TINYpulse's Cheers for Peers™ peer-to-peer recognition tool captures the appreciation, extra effort, and little things that are often overlooked by leaders. Peers can easily send a quick shout-out to their colleagues to brighten up their day — because a little recognition goes a long way.



Virtual Suggestions

Our virtual suggestion box lets employees have direct input on how to improve the workplace. The anonymous format makes employees feel comfortable being honest and offering actionable ideas to improve their workplace.

Who uses us?

Every organization wants happy employees. Our customers range across all industries and all parts of the world, from start-ups to enterprises. Organizations such as Hubspot, Stitch Fix, the Boston Red Sox, Leo Burnett Worldwide, Brooks Shoes Apparel, and many more are using TINYpulse to delight their employees and increase engagement.

**Find out how TINYpulse can
help reduce turnover at your
company**

Start your free trial today

Start Free Trial

