

2016 SPECIAL REPORT ON

EMPLOYEE RETENTION

The Real Story Behind Your Employees Leaving For Good



INTRODUCTION

The economy is on the rise, and the unemployment rate is down to nearly 5.0%. It's a great time for employees to expand their roles and look for jobs that will engage and excite them ... and it's a terrible time for leaders trying to retain their workforce!

When the economy is good, managers feel the brunt of it with rising attrition rates. The [Deloitte Human Capital Trends Report](#) found that 78% of today's business leaders rate employee engagement and retention as one of their top concerns. It's no surprise. With new job growth comes the ever-present fear that you're about to lose your top talent to the company down the street.

With this retention fear amongst us, we thought it was time to get down to what really drives employee attrition. We surveyed 400 full-time employees across the U.S. and uncovered the five key things that really egg them on to think about quitting.

- **Supervisors make or break retention:** Employees with managers that respect their work and ideas are 32% less likely to think about looking for a new job. Between that, transparency, and the ability to communicate expectations, managers play significant roles in an employee's likelihood to stay with or leave their company.
- **Colleagues have a lot of power:** Who you hire has a huge impact on retention. Employees with low levels of peer respect are 10% less likely to stay on board. Adding fuel to the fire: employees who don't receive peer recognition are 11% less likely to stay put.
- **Culture matters — a lot:** Think culture is fluffy? Think again. Employees that give their workplace culture low marks are 15% more likely to think about a new job than their counterparts. Thankfully, the report's findings show that an effort toward sponsored company activities and team building can mitigate this trend.

- **Don't forget rest and relaxation:** It won't come as a surprise that employees that feel burnt out think about quitting more often. But taking vacation days matters! Employees who are encouraged to take their paid time off are 13% more likely to stick around.
- **Your team wants to grow ... or they'll leave:** Employees are 10% more likely to stay with their organization if there are professional growth opportunities to be had. And it's not just young employees but all employees asking for this workplace feature.

The intangible matters! People, culture, and career growth aren't just buzzwords. They are the very things employees think about when deciding to stay or go.

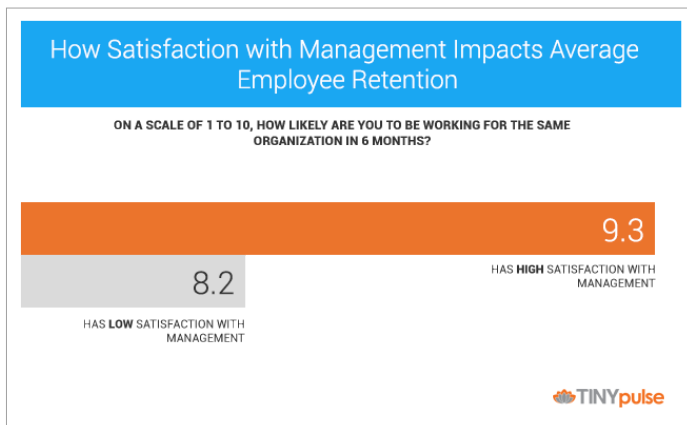
Company leaders would be wise to heed these findings and start shoring up their defenses against the attrition flood. When you factor in recruitment fees, training, and lost productivity, [findings show](#) the cost of losing an employee is 20% of their annual salary ... more if the employee makes over \$50,000 a year. And while you're reeling from losing a key employee, your competitor gets to reap the benefits. Do you really want that?



SUPERVISORS CAN MAKE OR BREAK EMPLOYEE RETENTION

Ever heard the line “employees don’t quit their job, they quit their boss?” Turns out our data supports this adage wholeheartedly. Employees that report having less-than-stellar manager relationships are also reporting that they’re less likely to stick around on the job.

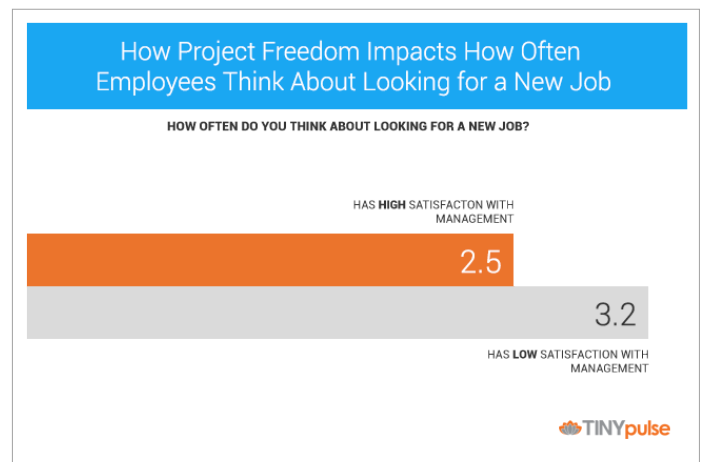
Let’s look at how general manager satisfaction impacts employee retention. When we looked at respondents’ satisfaction with their senior management team, we were not surprised to find that those with higher satisfaction levels are more likely to plan to stay with their employer ($r = .36, p < .001, n = 400$). How much more, you ask? How about 13% more likely to stick around.



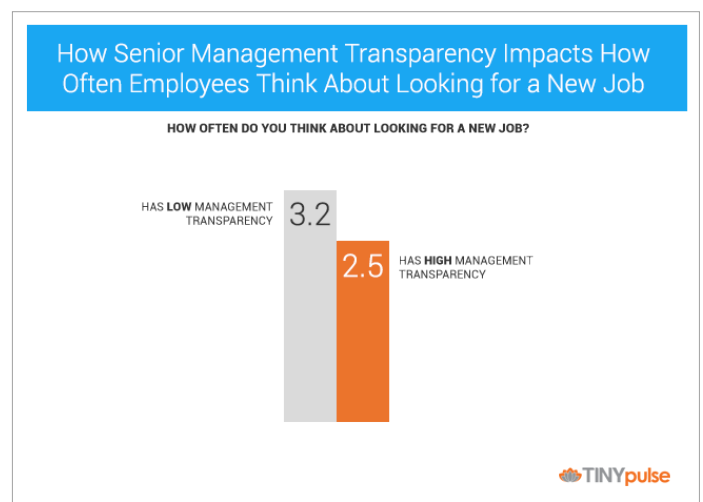
And sure enough, respect plays a big role in this behavior. Employees that say their managers respect their work and ideas are 32% less likely to think about looking for a new job ($r_s = -.33, p < .001, n = 400$).



All those micromanagers out there should really be wary of how their behavior impacts their team’s satisfaction. Employees that have lots of freedom to make decisions on how to do their jobs are pretty satisfied and far less likely to think about finding a new employer. But those unfortunate souls whose hands are regularly tied are 28% more likely to think about greener pastures elsewhere ($r_s = -.33, p < .001, n = 400$).



Of course, let’s not forget how important manager transparency is too. Our earlier [engagement report](#) found an incredibly high link between manager transparency and employee happiness. Well, this time around, we’re finding that strong management transparency can result in a 30% better chance of an employee sticking around ($r_s = -.31, p < .001, n = 400$).



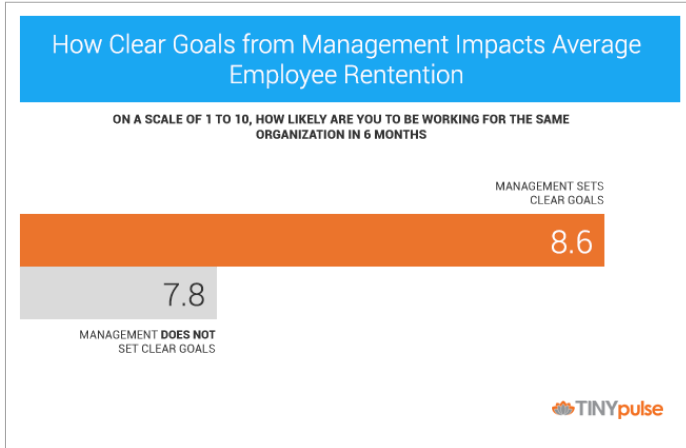


SUPERVISORS CAN MAKE OR BREAK EMPLOYEE RETENTION

And part of this is a supervisor's ability to communicate and set clear goals for their team. Employees that say they do plan on sticking around with their employer are 10% more likely to report having clear goals set out for them ($F(1, 398) = 16.20, p < .001, \text{partial } \eta^2 = .04$).

Kevin points out that the traits that help drive supervisor loyalty in the workplace are those that are great rules to live by in general. "Treat people as human beings and not as pawns on a chessboard of corporate productivity. Show that you truly care. Regularly thank people for their work. Admit when you make a mistake. Apologize."

Leaders that want high employee retention rates would be well served by showing respect and appreciation to their team. If they choose to bypass this route, they'll likely find themselves back on the job boards replacing their best talent.



Wanting to be respected, to have freedom, to be part of the solution, and to have access to the reasons behind decisions in the workplace is not unreasonable. In fact, our [earlier research](#) has shown the strong link between feeling valued and appreciated at work and planning to stick with an employer. Now we're finding that supervisors and senior management (and their ability to show respect and appreciation) play a huge role in an employee's desire and intent to stick around too.

Employee engagement expert [Kevin Sheridan](#) wasn't all that surprised by these results either. In his own research, he found that major drivers of employee engagement were recognition and relationships with one's manager. And certainly with better engagement comes better retention.



COLLEAGUES HAVE A LOT OF POWER

Think about all the day-to-day interactions you have with your colleagues and peers. It would be pretty crummy if you had to work frequently with people that failed to respect you and your work, let alone failed to show their appreciation. Sure enough, the value of our peers impacts our likelihood to want to stay on board or leave.

Let's just look at respect to begin with. Employees who noted that they did not have high levels of respect from their peers were nearly 10% less likely to see themselves with a long-term tenure at their organization ($r = .24, p < .001, n = 400$).

This isn't terribly surprising, is it? In today's cross-functional, cross-matrixed organizations, we're far more likely to interact with our colleagues than we are with direct supervisors and senior leaders. Our data shows that those day-to-day interactions can really make or break a work experience.

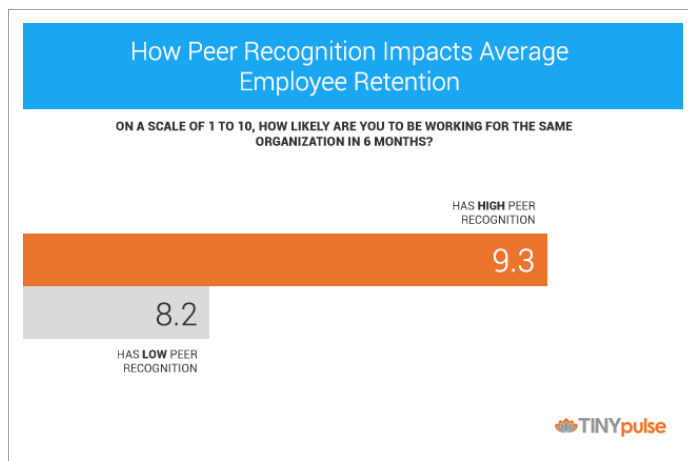
Mel Kleiman, President of employee assessment and training company [Humetrics](#), agrees. According to Mel, "The number one reason why great people quit is because A players don't want to play on B teams. When we have fellow employees who we respect and give recognition to, it creates a culture of responsibility and appreciation. And when you have this, you have a space where your A players want to stay."

Mel goes on to explain that how companies assess candidates during the hiring process plays a key role in creating great interpersonal relationships. "The number one thing employers can do is hire candidates who show an attitude of positivity, innovation, and productivity during their interview. Skills can be taught and tweaked as time goes on, but attitude is the best indicator of compatibility in interviews."

We can't say it better than Mel. If you want to create a great place to work, you have to hire people that are great to work with. That means making a candidate's "fit" just as important as their "skills" when deciding whether or not they get the offer.



Peer recognition plays a similar role too. When we asked employees about the amount of appreciation and recognition that they get from their peers, those citing low levels of recognition were 11% less likely to plan on staying put ($r = .24, p < .001, n = 400$).

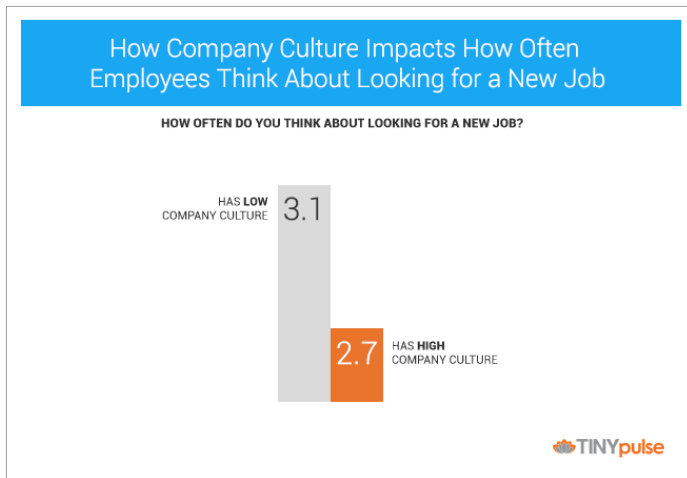




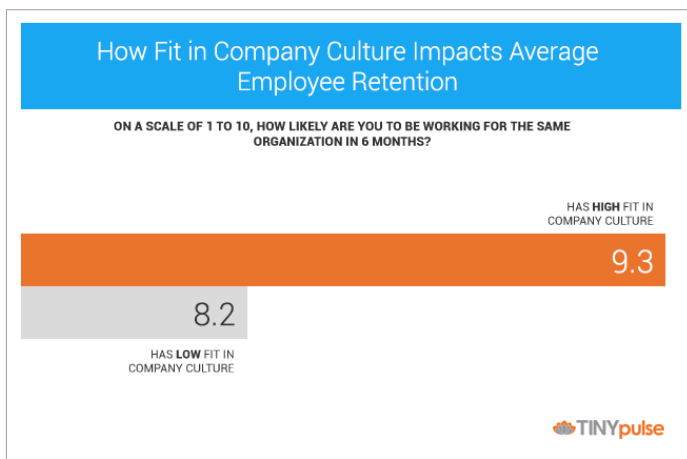
CULTURE MATTERS - A LOT

Sure, leaders and managers play a role in employee retention, but so does workplace culture in general. Our findings show that the type of culture employees work in, as well as how well they fit into that culture, have significant impacts on an employee's likelihood to stay with their employer.

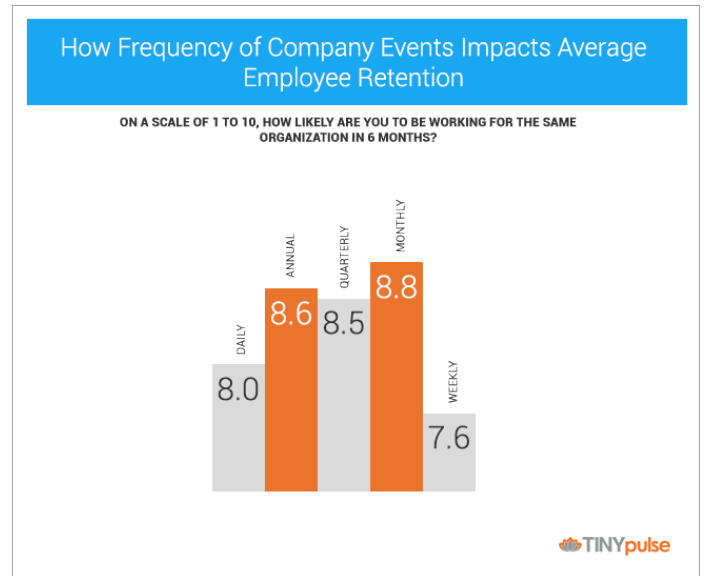
Just look at the relationship between work culture and frequency of thinking about a new job. Employees who give their work culture low marks are nearly 15% more likely to think about a new job than their counterparts ($r_s = -.31, p < .001, n = 400$).



Fitting in is really important too. No matter how old we get, we want to relate well to our peers and our environment. Our data shows this certainly holds true in the workplace too. Employees that don't fit in as well are 12% less likely to see themselves staying with their current employer ($r = .36, p < .001, n = 400$).



Amazingly, socialization and the ability to have a little fun on the job can turn some of these downers right-side up. Employees who reported working for organizations that sponsor monthly, quarterly, or even yearly company events are more likely to see themselves working for their employer for a longer period of time ($F(5, 394) = 3.24, p = .012, \text{partial } \eta^2 = .03$).

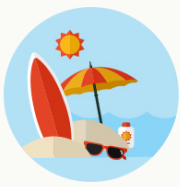


Setting time aside to go out for team happy hours, sporting events, or even local volunteering can help bind team members closer together and show how much their managers and leaders value and appreciate them.

Kevin Oakes, CEO of the [i4cp](#) human capital network, seconds this notion. He points out that investments organizations make in culture end up being “catalysts for better productivity, customer service, retention, and other key business measures.”

Kevin points to easy, straightforward solutions he's seen as successful with [i4cp](#) clients, including “assigning new employees a mentor or peer buddy during orientation to provide a personal connection and ambassador for the culture. Other great tools are early career networks and new employee resource groups — both for engagement and to provide a channel for innovative perspectives that new employees may not be able to surface through other outlets.”

Regardless of which tool or channel you use, the point remains that a dedicated commitment to integrating employees within your workplace will go a long way to keeping them as employees of your workplace.

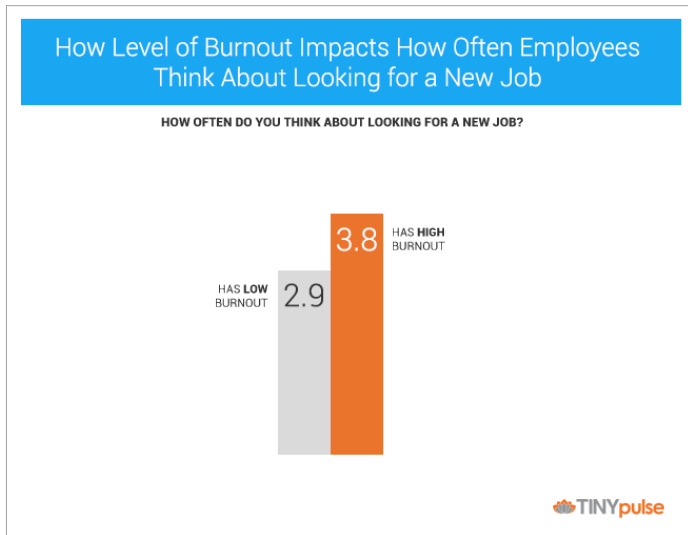


DON'T FORGET REST AND RELAXATION

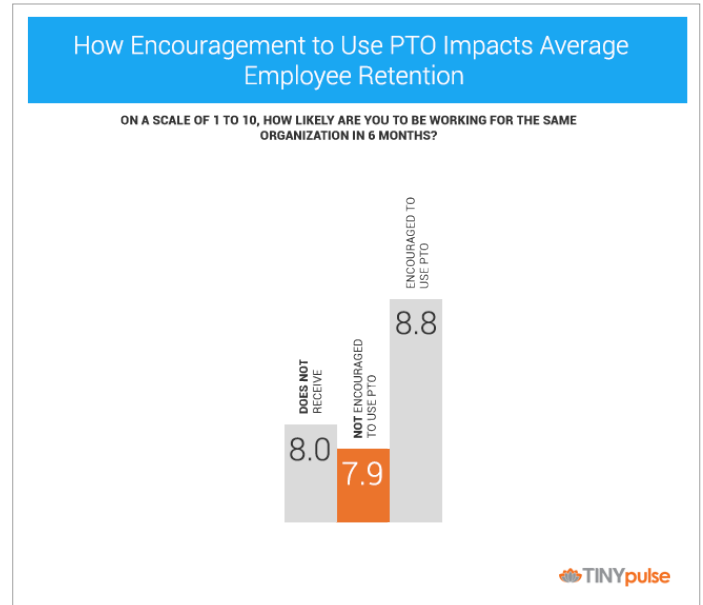
All work and no play makes for dull boys and girls. Or in the case of workplaces, it makes for employees that are ready to quit!

Employees that are tired and burnt out are 31% more likely to think about looking for a new job than their colleagues who feel comfortable with their workload ($r_s = .35, p < .001, n = 400$).

It's even why leveraging paid time off (PTO) is important for your team. While most workers have it, many feel guilty taking their PTO, and some may even feel obligated to not use it. Once again, this is bad news for employers. Employees who report being encouraged to use their PTO are nearly 13% more likely to report planning to stay with their company ($F(2, 397) = 12.70, p < .001, \text{partial } \eta^2 = .06$).



Perhaps more importantly, the opposite holds true too. When we asked employees to rate their work-life balance, we found that those with a positive work-life balance are 12% more likely to see themselves staying with their employer ($r = .31, p < .001, n = 400$).

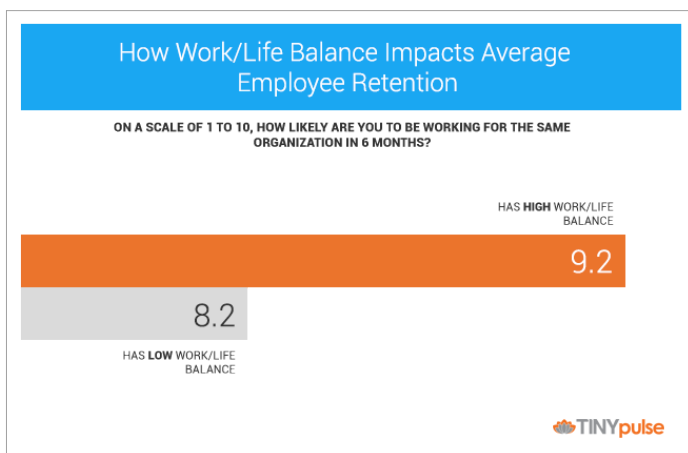


S. Chris Edmonds, Founder of the [The Purposeful Culture Group](#), notes the very serious downsides of burnout, “Burned out employees are not engaged. They don’t serve customers well. They don’t produce effectively.”

He also points out that leaders are largely to blame for creating a culture that is constantly about work. Edmonds notes, “If leaders model 80-hour weeks and they respond to emails at 1:00 a.m., those norms trickle down to employees ... If leaders model taking their vacation time — all four weeks every year — that can trickle down, inspiring managers to take their vacations and to encourage their employees to take their vacations.”

And managers more in tune with their employees’ needs will have more engaged workforces. According to Edmonds, “[Leaders] need real-time dashboards for engagement and for service so they can measure, monitor, and reward traction on these vital metrics — not just on performance.” After all, as Edmonds points out, very few managers were promoted for their ability to manage. Yet this skill will ensure their own success (and that of their workforce).

Burnout is preventable, but only if managers truly understand the downsides of burnout, are attuned to measuring it, and are open to evolving existing practices to stomp it out.



Trying to wring the most out of your employees is short-sighted. Sure, you might get some extra work done in the short term. But long term, you’ll likely lose that team member, and with them, you’ll have lost the time, effort, and money it takes to recruit a new employee and fully ramp them up.



YOUR TEAM WANTS TO GROW ... OR THEY'LL LEAVE

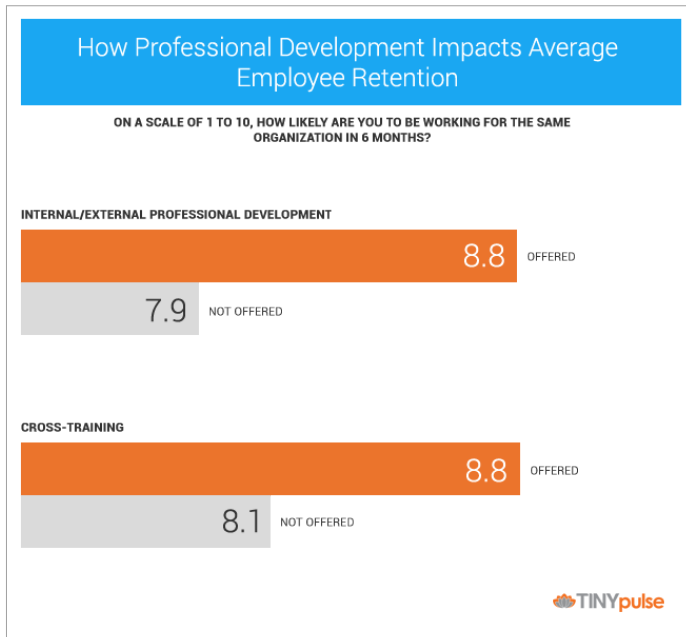
We're increasingly hearing from employees that professional growth and forward-moving career trajectories aren't just a nice-to-have. They are a need-to-have. And this report's findings support this very idea.

When we looked at employees' access to professional development or skills training, those who had it are more likely to stay. Those who don't have it are more likely to leave. Employees that reported having access to either internal or external professional development were more than 10% more likely to stay with their current employer ($F(1, 398) = 26.80, p < .001$, partial $\eta^2 = .06$). And lacking cross-training results in employees being 10% less likely to stay ($F(1, 398) = 15.80, p < .001$, partial $\eta^2 = .04$).

This really doesn't come as a surprise to us. In our recent [report on millennials](#), we found that 75% of millennials say they would consider looking for a new job if they didn't see any opportunities for professional growth with their current employer. These findings show that this desire goes beyond your youngest employees and applies across workforce generations.

Eric Siu, CEO of digital marketing agency [Single Grain](#) and founder of the entrepreneurial podcast [Growth Everywhere](#), adds that there are time-tested ways that organizations can help foster employee growth. "Buying books for employees and creating a learning plan shows that you genuinely care about their growth and are invested in them."

And Eric points out one reason companies would be foolish to ignore growth opportunities. "Everyone wants to increase their rate of growth as efficiently as possible. If you're not growing fast enough, you're falling behind." And a team that's not growing fast enough is going to make you sink that much faster.



CONCLUSION

The obvious question is this: how do you stem the attrition tide? If you're an organization that's experiencing employee turnover or is concerned about turnover, your time would be best spent looking at your employees' satisfaction with leadership, culture, workload expectations, and opportunities for career and professional growth.

Taking stock of these issues may not only improve retention but also employee satisfaction and overall engagement.

- **Pick the right managers and leaders:** With managers playing such a large role in employee retention, it would benefit you to be especially careful with who you bring in to manage your teams, or who you promote from within. Having the skills to do a job are not enough. Candidates must also have the personality traits that encourage loyalty, engagement, and trust.
- **Hire for cultural fit:** Given the huge impact colleagues have on workplace satisfaction, take a long, hard look at your recruitment practices. Just like supervisors need the right personality traits, so does every member of your team. Make sure your recruiting interviews include questions to judge a candidate's cultural fit in addition to their ability to get the job done.
- **Embrace opportunities for socialization:** Team building, company offsites, and other bonding activities can play a strong role in binding your workforce together and helping to create the personal ties that encourage employees to stay on board.
- **Openly discuss workload and expectations:** Burnout is a very real problem, especially when managers don't know everything their team members are tackling. Having regular 1-on-1 meetings with team members is a great way to keep abreast of employee projects, how they're progressing, and if more resources are needed to achieve expectations.

- **Keep in mind your employees' desire to grow professionally:** While it's tempting to focus just on what your employees are doing today, you will all be better off if you also remember to ask them where they see themselves in 6 to 12 months. Your team members have their professional growth in mind. If you know what they're aiming for, you'll be that much better positioned to help them meet those goals ... while they're still at your organization.

Of course, don't forget to take a measurement of how your team feels about these very issues. No initiative you take should ever begin without first knowing your starting point. How else will you know the most troublesome areas that need your attention? And how else will you be able to measure your success at turning those problem areas around?

METHODOLOGY

Data from the study was analyzed from 400 survey respondents captured via a third-party platform from July 1st, 2015 through July 13th, 2015. Spearman correlations, Pearson correlations, and ANOVAs were conducted in order to examine relationships and differences among the variables of interest.

Two dependent variables of interest were 1) how often the participant thought about looking for a new job and 2) the likelihood of working for the same organization in six months. The first dependent variable was ordinal in level and measured with six options ranging from “I don’t really think about looking for a new job” to “more than once a week.” Spearman correlations (r_s) were conducted for this variable, which accounts for its ordinal nature. The second dependent variable was interval in level and ranged from 1 to 10 in possible responses. Pearson correlations (r) were conducted, which is appropriate for interval-level data. Finally, when examining differences in these dependent variables by a nominal grouping variable, the ANOVA was conducted.

Generally, a [correlation is considered strong \(large effect size\) when the correlation coefficient \(\$r\$ \) is greater than .50](#). Additionally, [differences found in the ANOVA are considered moderate when the partial \$\eta^2\$ is .06 or above](#).

We’d like to thank all who contributed to this piece, particularly:

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