



# 2019 RETENTION REPORT

Trends, Reasons &  
A Call to Action

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Insights from  
over 250,000  
Employee  
Interviews

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[workinstitute.com/retentionreport2019](http://workinstitute.com/retentionreport2019)

1-888-750-9008

 Work Institute



**Companies can and must  
take the guesswork out of  
engagement and retention.**

**The way you inform a situation  
directs how you respond to the situation.**

**Lack of data fails to inform.  
Incomplete or inaccurate data misinforms.  
Correct data informs.**

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# EXECUTIVE SUMMARY

The Work Institute conducts employee interviews in multiple industries, categorizes reasons why employees choose to stay or quit, recommends remedial actions, and helps organizations improve retention and engagement to reduce human capital expense. This **2019 Retention Report: Trends, Reasons and A Call to Action** utilizes data from over 250,000 employees, including more than 37,000 employees who quit their job in 2018.

Trends in the United States illustrate a thriving economy in which the number of available jobs and the competition for workers are both sharply increasing. In forward looking projections, the Bureau of Labor Statistics expects even further job growth and a talent pool that is not keeping pace.

The total cost of employee turnover for businesses is high, even by conservative estimates, and it takes a toll on company profits and organizational performance. Employers are at risk of increased turnover costs in a job market where employees have the power.

Having studied closely the trends related to employee turnover, it is becoming clear that employers are not taking employee retention seriously. Not only is voluntary turnover up 7.6% over 2017, but preventable reasons for leaving are also trending up. This has added significant operational cost to companies, compromising growth and profit.

**In 2018, the following were found to be more preventable categories of reasons why employees voluntarily quit their jobs. More than:**

- **22 out of 100** employees left for **Career Development**
- **12 out of 100** left for **Work-Life Balance**
- **11 out of 100** left because of **Manager Behavior**
- **9 out of 100** left for **Compensation and Benefit**
- **8 out of 100** left for **Well-Being**
- **8 out of 100** left for **Job Characteristics**
- **5 out of 100** left because of the **Work Environment**

**MORE THAN  
3 IN 4  
EMPLOYEES WHO  
QUIT COULD HAVE  
BEEN RETAINED BY  
EMPLOYERS**

**Companies CAN and MUST become better employers to retain and engage employees.**

**The following were found to be less preventable categories of reasons employees quit their jobs. More than:**

- **10 out of 100** employees left due to **Relocation**
- **6 out of 100** employees left due to **Retirement**
- **6 out of 100** employees were **fired**

# DEAR EMPLOYERS,



It's happening every day. The signs of discontent are all there, and they are ignored. Workplaces are suffering from unnecessary turnover, unfilled positions, lost customers, overworked staff, and compromised profit.

Employee morale is suffering, clever and empty perks continue to fail, and employee engagement scores are not identifying the real issues. Poaching is the new best practice and employees are bailing.

You've heard it too many times: "I've got to update my resume," "I can't work for that jerk anymore," "I'm sick of having that carrot dangling in my face," "This is a dead-end job. I'm out."

Everything in business is affected by supply and demand. If it doesn't rain, wheat and corn don't grow. As trade limits are placed on rubber, phones, and computers, then tires become more expensive and manufacturing returns to the United States.

Equally critical, as employee supply is limited and demand for workers increases, workers have and will continue to have increased choices – they are in control. Like it or not,

employees have options in this high stakes, employee-in-control market, a market that will likely continue. The future is not a mystery; it's simple demographic science. As the labor force growth slows, workers will further gain control for years to come. The workplace is not ready.

Here's the deal, Employer: There are plenty of people to do all the work that needs to be done; they're just working somewhere else. They could be working with you. The secret to attracting and keeping them is right in front of you. You need only to listen, understand, and act on what they are willing to tell you.

Companies CAN and MUST become better employers to retain and engage employees.

A handwritten signature in black ink, appearing to read "Danny Nelms". The signature is fluid and cursive, with a long horizontal stroke at the end.

Danny Nelms, President  
Work Institute

# STATE OF THE WORKFORCE

Simple supply and demand continues to plague organizations as they race to attract and retain the talent necessary to take advantage of a strong economy.

Unemployment remains historically low, workforce participation is virtually stagnant, and more workers are voluntarily leaving their organizations for seemingly greener pastures.

# VOLUNTARY TURNOVER ESCALATES

**MORE THAN ONE IN THREE WORKERS WILL VOLUNTARILY QUIT THEIR JOBS EACH YEAR BY 2023.**

The numbers don't lie. At over 150 million, there are more people at work in the U.S. than ever before. However, U.S. employees continue to quit for what they see as better opportunities.

In 2018 a staggering 41.4 million U.S. workers voluntarily left their jobs. Nationally, employee voluntary turnover exceeded 27%.

More than 27 out of every 100 U.S. employees quit in 2018.

Turnover trends demonstrate an 8.3% increase over 2017 and 88% increase since 2010.

If you allow this trend to continue, U.S. voluntary turnover will hit 35% by 2023, placing companies in continuous and enormous risk.

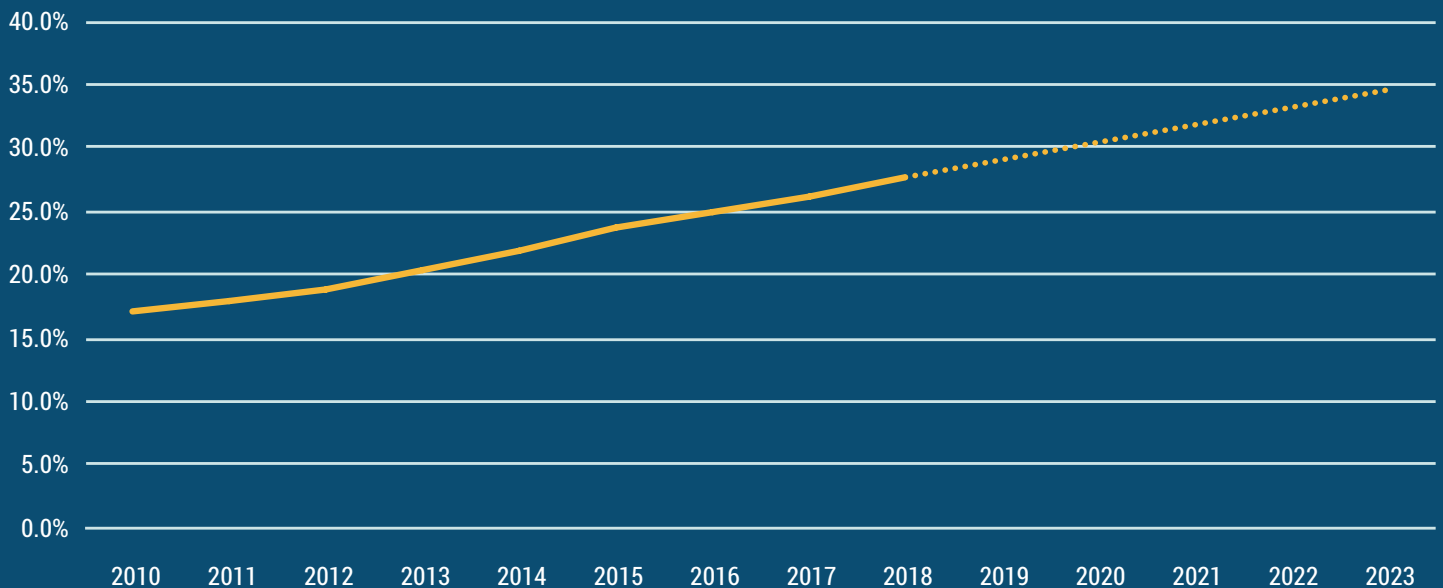
**27%**

of employees voluntarily left their jobs in 2018

**35%**

of employees will leave their jobs each year by 2023 to go to work somewhere else

## U.S. Voluntary Turnover



# COMPETITION FOR WORKERS INTENSIFIES

WITH A STRONGER ECONOMY, JOB CREATION IS EXPANDING AT A RECORD PACE AND UNEMPLOYMENT HAS DECLINED TO HISTORIC LOWS.

Competition for workers has intensified in the last several years. With a stronger economy, job creation is expanding at a record pace and unemployment has declined to historic lows.

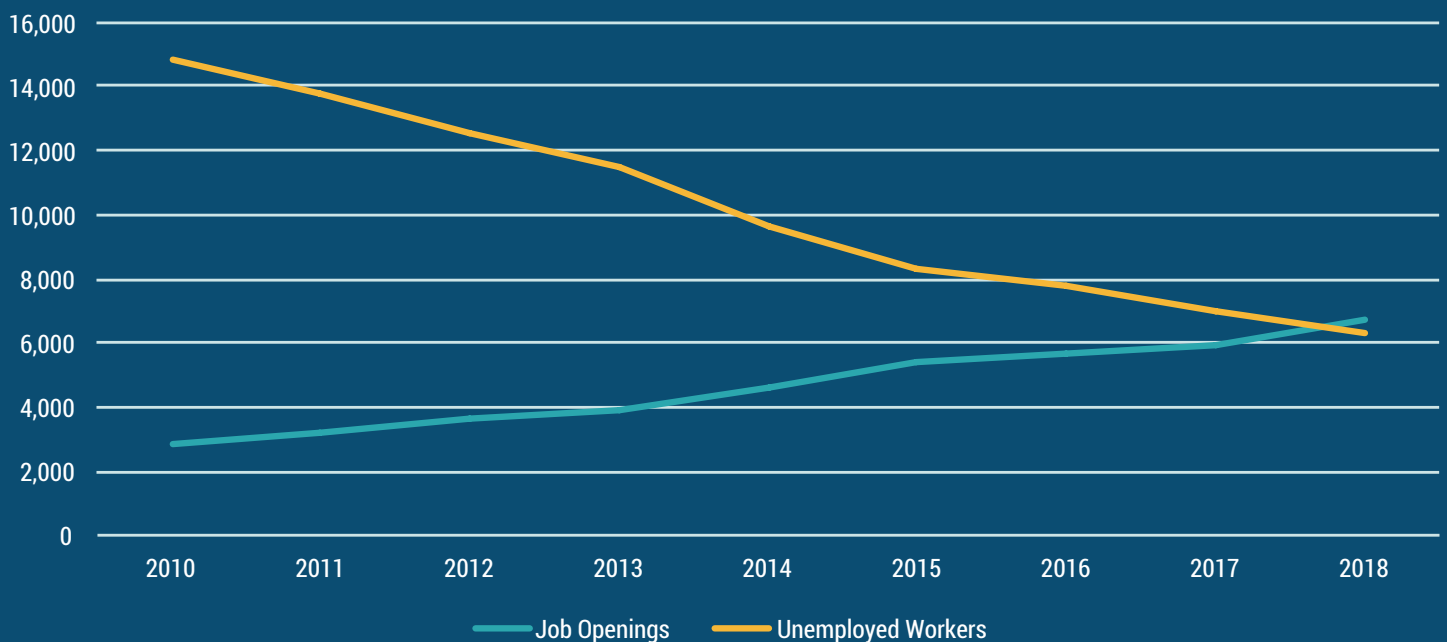
This creates significant challenges for U.S. companies, hindering their ability to grow and take advantage of the economy. Since 2010, job openings have increased by 138% to more than seven million open jobs in December 2018. Conversely, unemployment has declined 57% since 2010, leaving organizations scrambling to attract workers.

As U.S. companies continue to grow and add jobs, while unemployment continues to hover under 4%, it appears the only solution is for organizations to “poach” workers from other organizations. Unlike the few years following the recession of 2009, there simply are not enough unemployed workers to fill the open jobs.

U.S. infrastructure efforts and immigration limits will further compromise worker availability.

**THERE ARE PLENTY OF PEOPLE TO DO ALL THE WORK YOU NEED DONE – THEY ARE JUST WORKING SOMEWHERE ELSE**

Supply/Demand (in thousands)





# VOLUNTARY TURNOVER COSTS EXCEED \$600 BILLION

**COMMUNITIES COMPENSATE FOR TEACHER TURNOVER BY RAISING TAXES. EMPLOYERS COMPENSATE FOR TURNOVER BY ADDING EXPENSES, FURTHER COMPROMISING PROFIT AND GROWTH.**

Employers KNOW turnover is expensive. Just how expensive is arguable, but any costs are real. The Work Institute conservatively estimates that the cost to lose a U.S. worker is \$15,000.

Generalizing this cost to U.S. voluntary turnover in 2018, U.S. employers have lost \$617 billion to employee turnover.

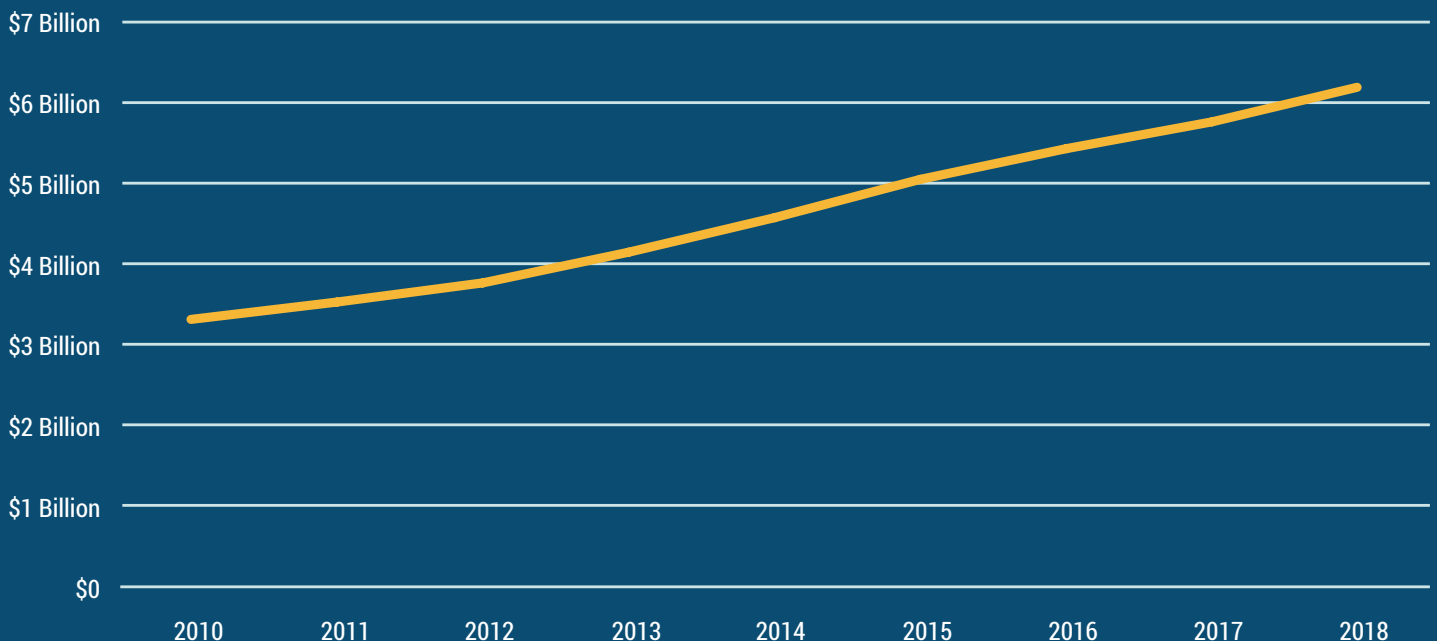
\$469 billion in turnover costs were controllable (fully 76.8% of all turnover) if employers aligned interventions with retention requirements.

Turnover costs continue to trend up. Since 2010, costs associated with voluntary employee turnover have nearly doubled from \$331 billion to \$617 billion. At the current trend, that number could be \$800 billion by 2023.

With these kinds of costs, it is puzzling that CEOs, CFOs, COOs and CHROs are not escalating employee retention to a top priority. Organizations, from corporations to public schools, do not find employee retention sufficiently urgent to compel them to do something about it.

**A FOCUS ON RETENTION HAS NOT REACHED AN EXPECTED LEVEL OF URGENCY**

## Voluntary Turnover Costs



# WHERE SHOULD EMPLOYERS GO FROM HERE?

**WITH VOLUNTARY TUROVER CONTINUING TO ESCALATE, THE QUESTION BECOMES WHAT ARE COMPANIES GOING TO DO?**

Work Institute research clearly demonstrates the themes employees leave their jobs has not changed dramatically over the past six years.

According to the Bureau of Labor Statistics, the median wage for 40-hour-per-week workers in the United States is \$44,564 per year. Utilizing a conservative cost of turnover at \$15,000 per employee, the total cost of turnover for U.S. companies in 2016 was \$617 billion. Based on the 77 percent voluntary quit rate, the controllable cost for U.S. companies is \$475 billion.

- **Reducing preventable turnover by 10 percent would save \$47,000,000,000.**
- **Reducing preventable turnover by 20 percent would save \$95,000,000,000.**

Reviewing over 37,000 employees who exited their employer in 2018, the most important reasons for leaving can be identified and costed out. **Data unique to a specific employer provides actionable direction, identifies ROI, and measures the effectiveness of specific interventions.**

With employee turnover on the rise and getting more expensive, there are few indications that organizations are taking the steps necessary to reduce turnover in their organization. Too often, employers surrender to others', often ineffective, best practices.

Regularly, well intentioned companies are unknowingly paying vendors for biased surveys where results dictate the same vendor's products and services. The recognition companies are promising to reduce turnover if you just give out their reward and recognition products. Other promises are made by the benefits companies, if only you would offer their enhanced benefits program. The test publishing companies promise that you too can reduce turnover if you just use their pre-employment assessments. The one offered by a recruitment software company requires the adoption of their ERP technology. A leadership development firm proposes their leadership development and coaching curriculum, and a generational expert likely tells you that you need to start profiling (and marginalizing) employees based on their age.

**APPROXIMATELY 80% OF EXIT STUDIES ARE CONDUCTED USING POOR METHODS. OVER 40% OF THE REASONS EMPLOYEES QUIT WILL BE INACCURATE IF THE EXIT STUDY IS COMPLETED ON OR BEFORE THE EMPLOYEE'S LAST DAY OF EMPLOYMENT.**

**THE DATA SUGGESTS EMPLOYERS ARE EITHER DOING NOTHING OR ACTING ON ERRONEOUS DATA.**

# EMPLOYEES ARE IN CONTROL

The State of the Workforce reveals one certainty. Employees are in control of the employer/employee relationship. Employees have choices and they are increasingly using their control to leave their organizations to work somewhere else. Organizations must accept this reality and start to listen to the preferences, expectations and intents of their workers. Without understanding and acting on what employees require and what they will and will not tolerate, organizations will be left to operate with too few and less talented workers.

## EMPLOYEE IN CONTROL



# TURNOVER CATEGORIES

Work Institute codes reasons for leaving into ten themes. These themes represent fifty-two distinctly different reasons employees leave their employer, and identify them as more or less preventable. Career Development continues to be the leading cause of employee turnover in the U.S. Employees are looking to their organization for opportunities to learn and grow. The Career Development theme continues to trend up as organizations are not acting on the REAL REASONS employees leave.

# SIX-YEAR TRENDS IN TURNOVER

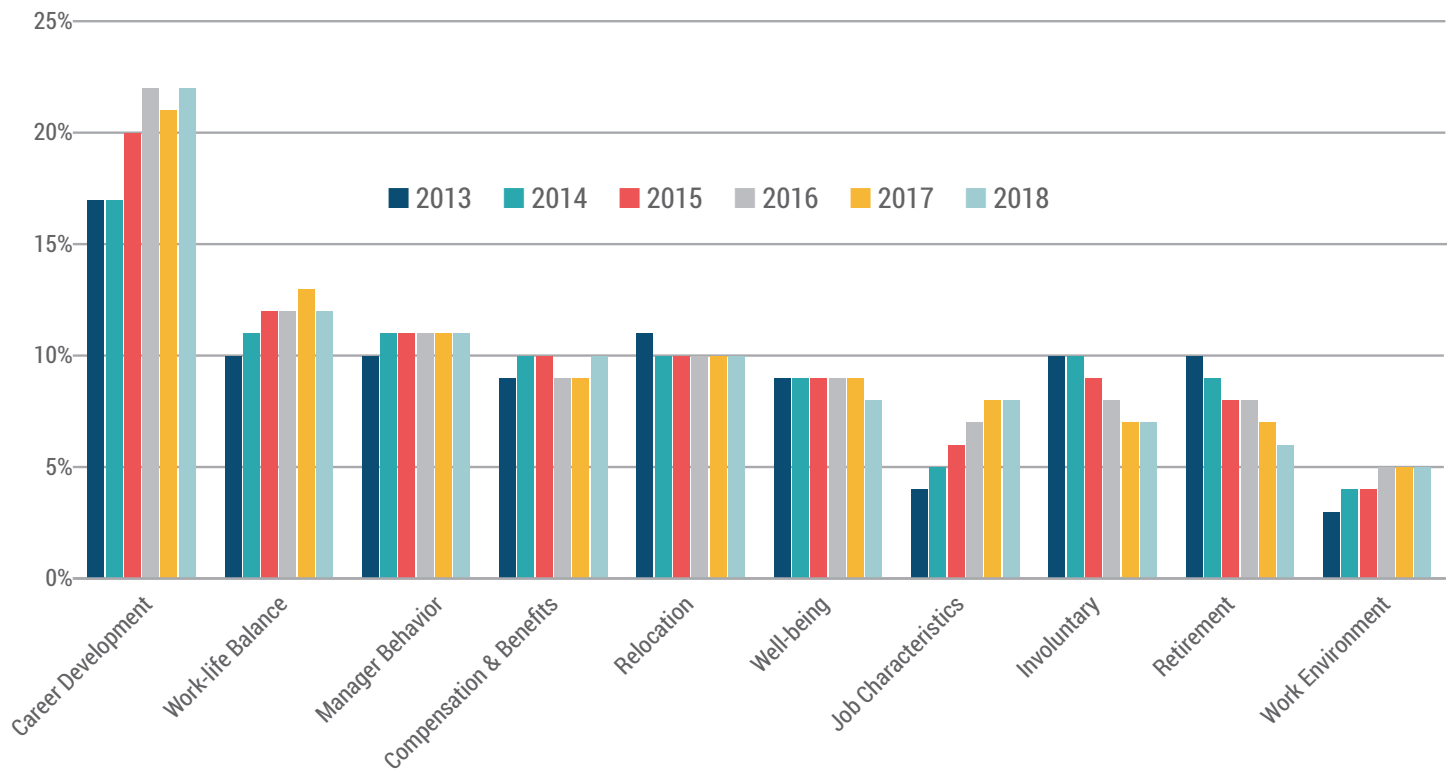
Each of the themes in turnover was examined across a six-year period. Four more preventable themes are trending up. These include:

- **Job Characteristics** (↑81%)
- **Work Environment** (↑53%)
- **Career Development** (↑32%)
- **Work-life Balance** (↑20%)

Two, less preventable themes are trending down. These include:

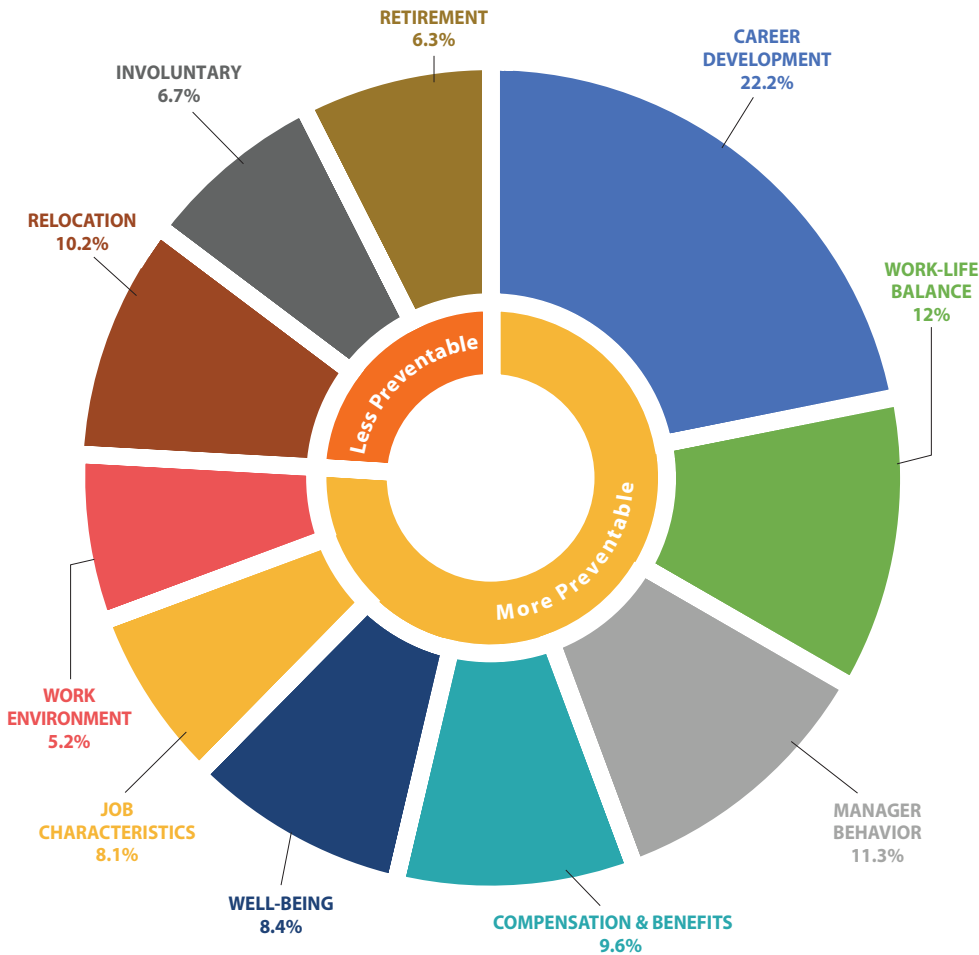
- **Retirement** (↓37%)
- **Involuntary** (↓35%)

**PREVENTABLE REASONS EMPLOYEES QUIT CONTINUE TO TREND UP – SUGGESTING COMPANIES ARE NOT ACTING ON THE RIGHT REASONS**



**TURNOVER COSTS ARE ON THE RISE AND ORGANIZATIONS ARE ACCOMPLISHING LITTLE IN THE WAY OF IMPROVING EMPLOYEE RETENTION.**

# TOP 10 CATEGORIES FOR LEAVING IN 2018

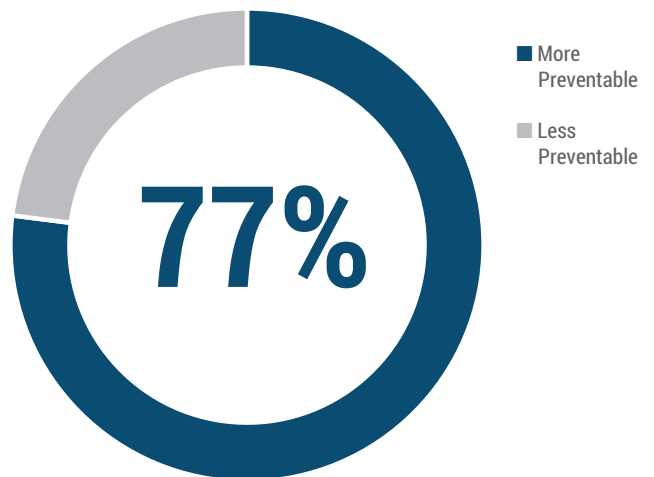


TO IMPROVE EMPLOYEE RETENTION, ORGANIZATIONS MUST IDENTIFY AND IMPLEMENT DATA ALIGNED INTERVENTIONS

## MORE OR LESS PREVENTABLE – WHAT IS AND WHAT IS NOT CONTROLLABLE?

Work Institute employee turnover themes are categorized as **more preventable** or **less preventable**. We found that 76.8% of turnover was more preventable as compared to the 23.2% that was less preventable.

77% OF THE REASONS EMPLOYEES QUIT COULD HAVE BEEN PREVENTED BY THE EMPLOYER



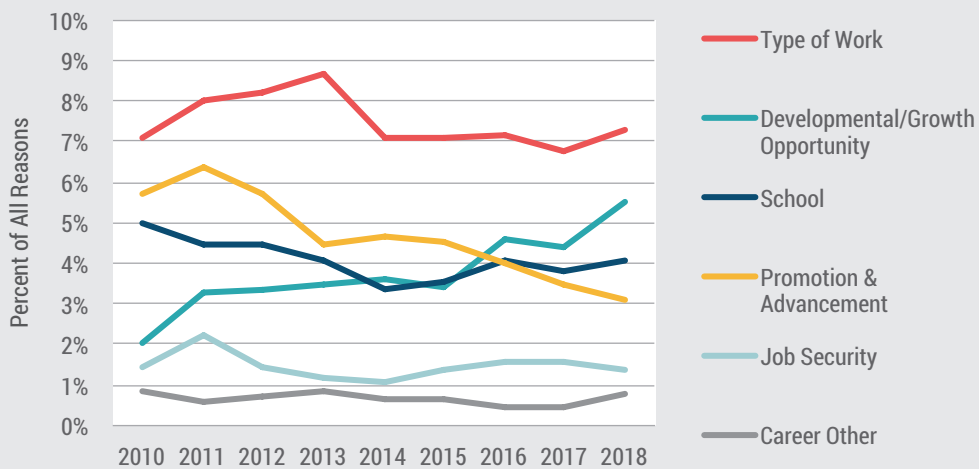
# CATEGORY #1 CAREER DEVELOPMENT

## MORE THAN 22 OUT OF 100 QUIT FOR CAREER DEVELOPMENT

-  The number one category of employee turnover has increased by 32% since 2013.
-  No Advancement or Promotional Opportunities has decreased 45.8% since 2010.
-  Lack of Growth & Development Opportunities continues to trend up over the years, with a 170% increase since 2010. *(see page 28 for detailed comment on Career Development)*

**FOR THE 9TH CONSECUTIVE YEAR, CAREER DEVELOPMENT LEADS REASONS WHY EMPLOYEES QUIT**

### Trends in Career Development Reasons for Leaving



**ARE CAREER DEVELOPMENT REASONS COMPROMISING RETENTION IN YOUR ORGANIZATION?**

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
Type of Work	33.1	3.0
Lack of Growth & Development Opportunity	24.6	170.1
Returning to School	18.4	-17.4
No Advancement or Promotional Opportunity	14	-45.8
Job Security	6.5	-3.5
General Career Reason	3.4	-3.4

# CATEGORY #2

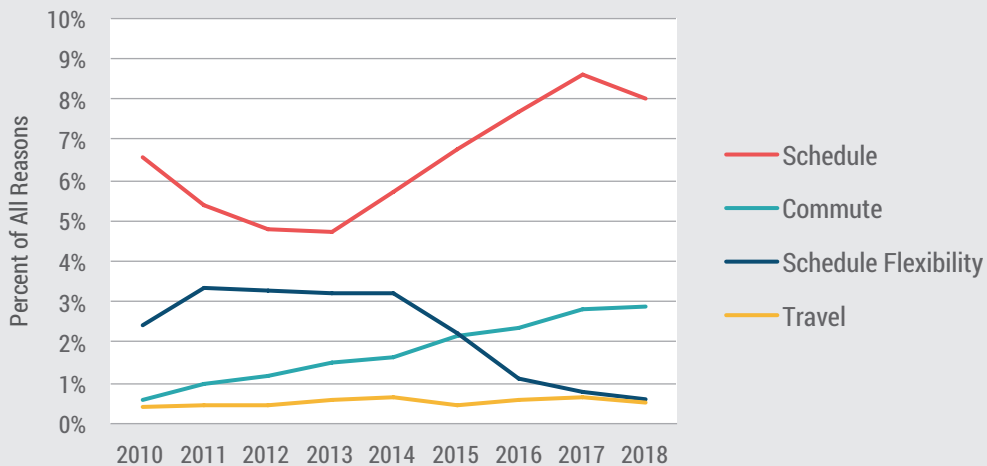
## WORK-LIFE BALANCE

### 12 OUT OF 100 QUIT FOR WORK-LIFE BALANCE

- ↑ Work-Life Balance is the second most cited category for turnover, and has trended up 20% since 2013.
- ↑ Commute, as a reason for leaving, has seen an increase of 403% since 2010.
- ↓ Schedule flexibility, while showing a decrease from 2017, remains high as a reason for leaving.

**WORK-LIFE BALANCE HAS TRENDED UP 20% SINCE 2013.**

**Trends in Work-Life Balance Reasons for Leaving**



**AS THE DEMAND FOR WORKERS CONTINUES, EMPLOYERS MUST LISTEN TO EMPLOYEES AND UNDERSTAND HOW THE ORGANIZATION CAN REVISIT SCHEDULING PRACTICES AND POLICIES.**

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
Schedule	66.5	22.3
Commute	24.6	403.0
Schedule Flexibility	4.8	-75.0
Travel	4.2	21.4

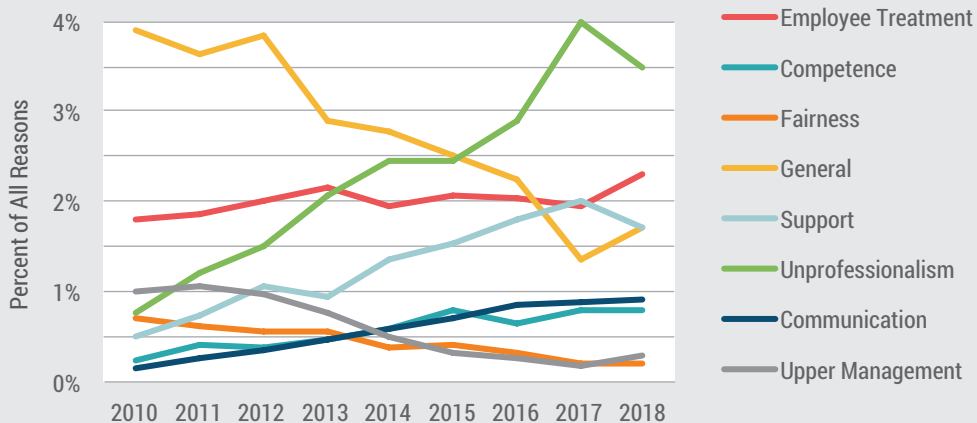


# CATEGORY #3 MANAGER BEHAVIOR

## MORE THAN 11 OUT OF 100 QUIT BECAUSE OF MANAGER/SUPERVISOR BEHAVIOR

- ↑ Poor communication, unprofessionalism, lack of support, and lack of manager competence are trending up.
  - ↓ General behavior, upper management, and manager fairness are trending down.
- (see page 29 for detailed comment on Manager Behavior)*

### Trends in Manager Behavior Reasons for Leaving



**MANAGERS MUST BE WELL TRAINED IN RELATIONSHIP SKILLS AND GENERAL CONDUCT, OR CONTINUE TO HAVE EMPLOYEES QUIT.**

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
Unprofessionalism	31.4	363.6
Poor Employee Treatment	20.1	28.2
Lack of Support	15.1	237.8
General Behavior	14.7	-56.4
Poor Communication	8.1	496.1
Lack of Manager Competence	6.9	236.2
Upper Management	2.4	-70.2
Manager Fairness	1.4	-71.4

# CATEGORY #4

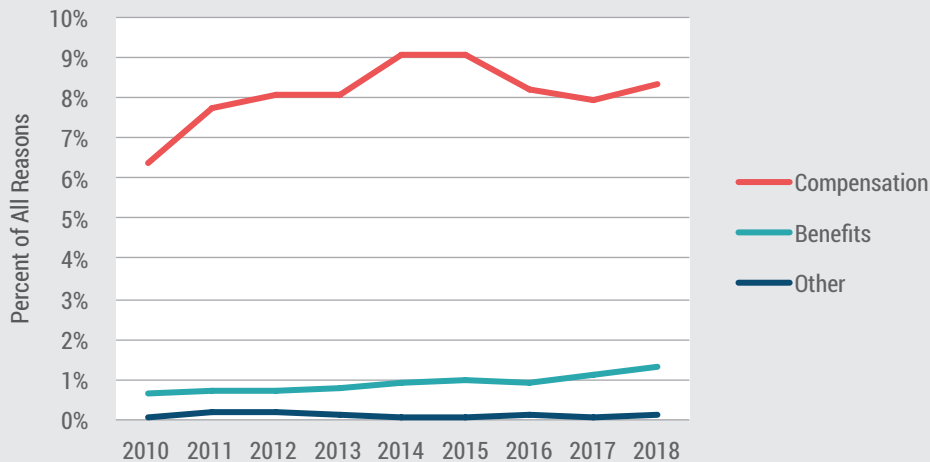
## COMPENSATION AND BENEFITS

### MORE THAN 9 OUT OF 100 EMPLOYEES QUIT BECAUSE OF COMPENSATION AND BENEFITS

- ↑ As a reason for leaving, benefits represent a small percentage of the overall number of people who voluntarily turnover, but it continues to trend upward.
- ↑ Close to 1 in 10 employees cite compensation as the root cause for quitting.
- ↑ The percentage of interviewees citing benefits as the most important reason for leaving has increased by more than 100% since 2010.

**10% OF EMPLOYEES CITE COMPENSATION AS THE ROOT CAUSE FOR QUITTING**

### Trends in Compensation and Benefits Reasons for Leaving



**DON'T ALWAYS ASSUME IT IS ABOUT PAY. EMPLOYERS MUST CONTINUOUSLY ASSESS THE ROLE TOTAL REWARDS PLAY IN A PERSON'S CHOICE TO ENTER, STAY OR EXIT AN EMPLOYMENT SITUATION.**

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
Compensation	85.8	30.2
Benefits	13.4	107.4
Total Rewards Other	0.8	21.4

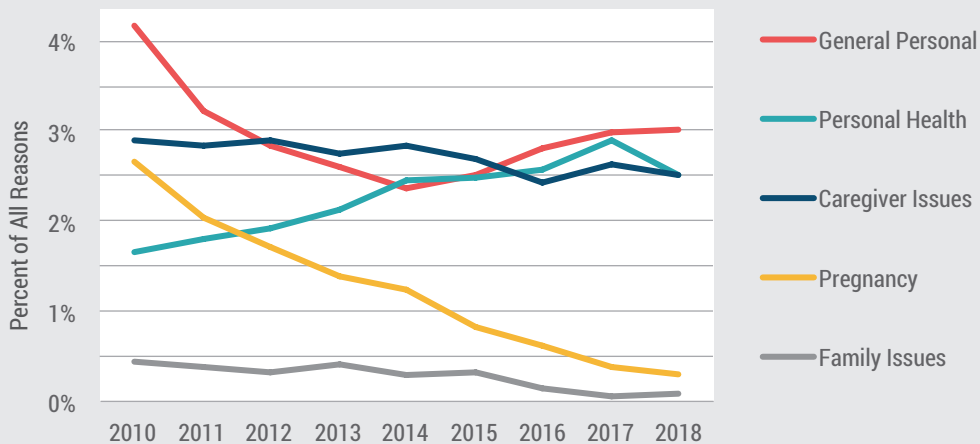
# CATEGORY #5 WELL-BEING

## MORE THAN 8 OUT OF 100 QUIT FOR WELL-BEING

- ↓ Pregnancy and family issues are trending downward.
- ↑ Personal health reasons are trending up.
- ↔ Caregiving remains a concern.

EMPLOYERS THAT DO NOT ACTIVELY PAY ATTENTION TO AN EMPLOYEES NEED TO TAKE CARE OF THEMSELVES AND THEIR FAMILIES ARE LIKELY TO SEE TURNOVER.

### Trends in Well-Being Reasons for Leaving



UP FROM 33% IN 2016, 35% OF WORKING AMERICANS REPORTED EXPERIENCING CHRONIC WORK STRESS IN 2018.

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
General Personal	35.6	-28.1
Personal Health	30.1	50.9
Caregiver Issues	29.7	-13.3
Pregnancy	3.9	-88.7
Family Issues	0.8	-77.9

# CATEGORY #6

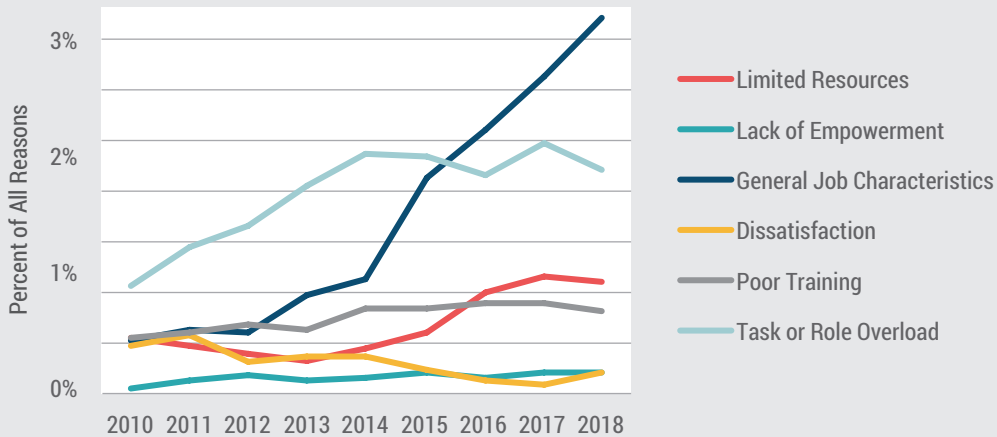
## JOB CHARACTERISTICS

### MORE THAN 8 OUT OF 100 QUIT FOR JOB CHARACTERISTICS

- ↑ The percent of interviewees citing general job characteristics as the most important reason for leaving continues to rise with an increase of 615.6%.
- ↔ Workload and limited resources appear to be leveling off.

**MORE THAN 8% OF EMPLOYEES POINT TO JOB CHARACTERISTICS AS THEIR PRIMARY CAUSE FOR LEAVING**

**Trends in Job Characteristics Reasons for Leaving**



**EMPLOYERS MUST GET BETTER AT SELECTION, INCLUDING PROVIDING REALISTIC JOB PREVIEWS.**

Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
General Job Characteristics	45.7	615.6
Task or Role Overload	26.7	107.3
Limited Resources	13.5	98.7
Poorly Trained	9.6	46.9
Lack of Empowerment	2.4	337.1
Dissatisfied with Work	2.1	-58.4

# CATEGORY #7

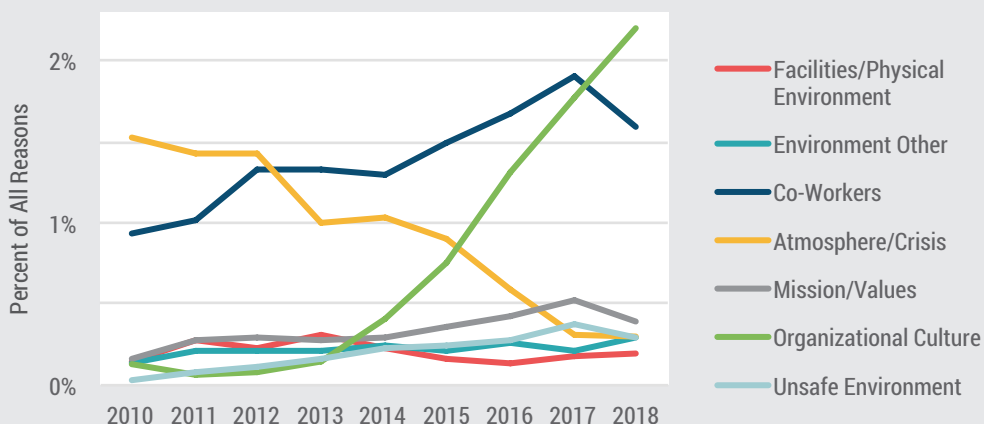
## WORK ENVIRONMENT

**MORE THAN 5 OUT OF 100 QUIT BECAUSE OF THE WORK ENVIRONMENT**

↑ Up 53% from 2010, Culture-Employee misfit continues to rise.

↑ Unsafe Environment has increased almost 1,000% since 2010.

### Trends in Work Environment Reasons for Leaving



**EMPLOYEES WILL NOT TOLERATE PROBLEMATIC CO-WORKERS, OR AN UNDESIRABLE ATMOSPHERE, WHEN BETTER CONDITIONS ARE AVAILABLE TO THEM ELSEWHERE.**

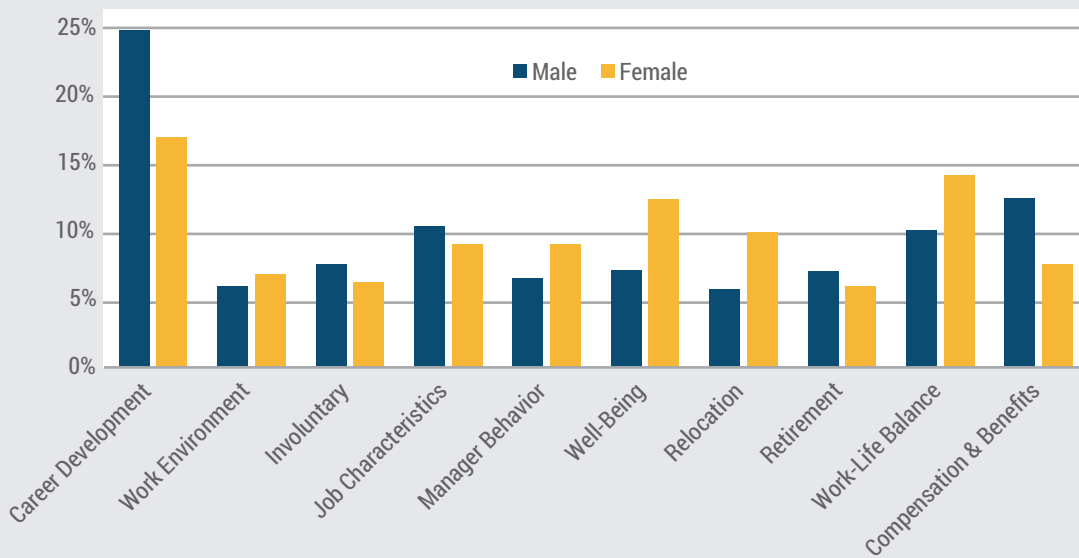
Reason for Leaving	Reason as a Percent of Theme	Percent Change Since 2010
Culture-Employee Misfit	41	1,502.8
Problematic Co-Workers	30.3	71.4
Problem with Mission or Values	8.2	157.1
Environment Other	5.9	118.6
Unsafe Environment	5.7	992.8
Hostile Atmosphere or Organizational Crisis	4.9	-80.4
Poor Facilities	4	41.0

# TURNOVER AND SEX DIFFERENCES

- The biggest voluntary turnover differences between males and females are in Career Development and Compensation and Benefits.
- Males are more likely to quit due to Career Development and Compensation and Benefits reasons.
- Females are more likely to quit because of Manager Behavior, Well-Being, Work-Life Balance, and Relocation.

**NOT UNDERSTANDING THE DIFFERENT EXPERIENCES ACROSS DIVERSE POPULATIONS INCREASES RISK.**

**Reasons for Leaving by Sex**



**Percent Frequency of Theme in Turnover Segmented by Sex**

Theme	Male <i>N = 10,547</i>	Female <i>N = 20,451</i>
Career Development	24.9	17.0
Work Environment	6.0	6.9
Involuntary	7.6	6.3
Job Characteristics	10.4	9.1
Manager Behavior	6.6	9.1
Other	1.6	1.2
Well-Being	7.2	12.4
Relocation	5.8	10.0
Retirement	7.1	6.0
Work-Life Balance	10.1	14.2
Compensation & Benefits	12.5	7.6

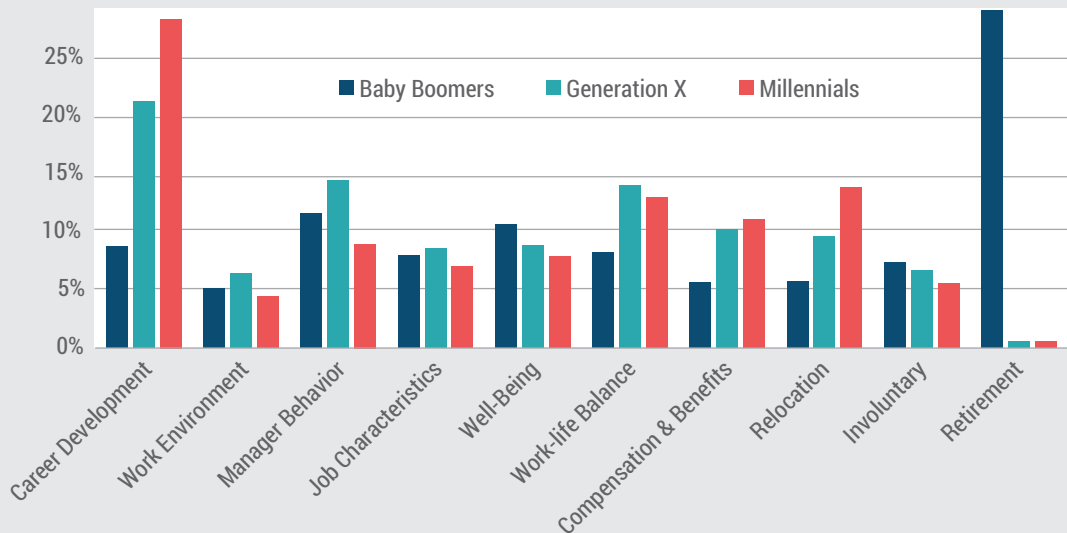
# TURNOVER AND GENERATIONAL DIFFERENCES

- When looking at controllable reasons for leaving across generations
  - ✓ 1 in 10 Baby Boomers left for Career Development.
  - ✓ 2 in 10 X’ers left for Career Development.
  - ✓ 3 in 10 Y’ers/Millennials left for Career Development.
- Y’ers/Millennials seem more tolerant of manager and supervisor behavior than do X’ers and Baby Boomers.
- Work-Life Balance is more important to X’ers and Y’ers/Millennials

**TURNOVER BEHAVIOR IS NOT SO MUCH ABOUT GENERATIONAL BEHAVIOR AS IT IS ABOUT CAREER STAGE.**

(Baby Boomers were born 1945-1964, Generation X were born 1965-1984, Generation Y were born 1985-2004)

## Reasons for Leaving by Generation



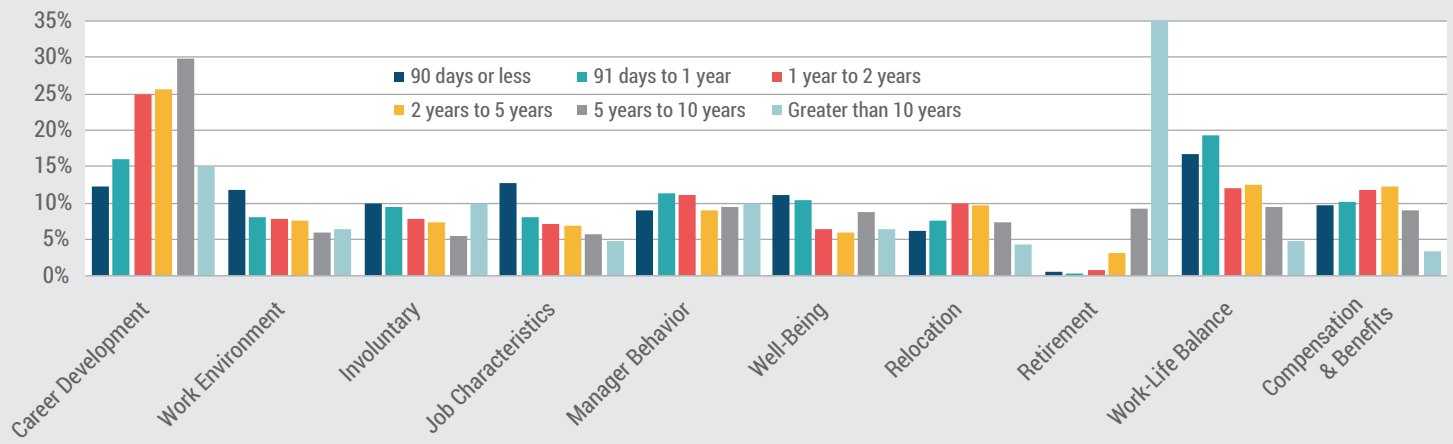
## Percent Frequency of Theme in Turnover Segmented by Generation

	Baby Boomers	Generation X	Gen Y/Millennials
Career Development	8.74	21.22	28.31
Work Environment	5.11	6.45	4.43
Manager Behavior	11.54	14.38	8.95
Job Characteristics	7.97	8.59	6.98
Well-Being	10.6	8.8	7.86
Work-life Balance	8.2	13.97	12.99
Compensation & Benefits	5.67	10.19	11.09
Relocation	5.71	9.6	13.81
Involuntary	7.39	6.65	5.55
Retirement	29.08	0.17	0.03

# TURNOVER AND TENURE

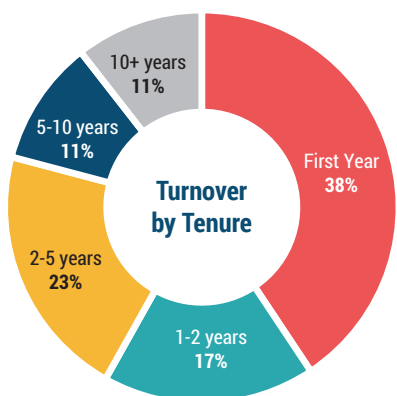
- Employees leave in the first 90 days for Work-Life Balance, Job Characteristics, and Career Development.
- Career Development is a theme throughout the employee life-cycle.

## Reasons for Leaving by Tenure



## Percent Frequency of Most Important Theme in Turnover Segmented by Categorical Tenure

Theme	90 days or less N = 627	91 days to 1 year N = 974	1 year to 2 years N = 677	2 years to 5 years N = 1018	5 years to 10 years N = 391	Greater than 10 years N = 399
Career Development	12.3	16.1	24.8	25.7	29.9	15.0
Work Environment	11.8	8.0	7.8	7.5	5.9	6.5
Involuntary*	9.9	9.4	7.8	7.4	5.4	10.0
Job Characteristics	12.8	8.0	7.2	6.8	5.6	4.8
Manager Behavior	9.1	11.3	11.2	9.1	9.5	10.0
Well-Being	11.2	10.3	6.5	5.9	8.7	6.3
Relocation*	6.2	7.5	9.9	9.7	7.4	4.3
Retirement*	0.6	0.1	0.9	3.1	9.2	35.1
Work-Life Balance	16.6	19.2	12.0	12.6	9.5	4.8
Compensation & Benefits	9.6	10.1	11.8	12.2	9.0	3.3



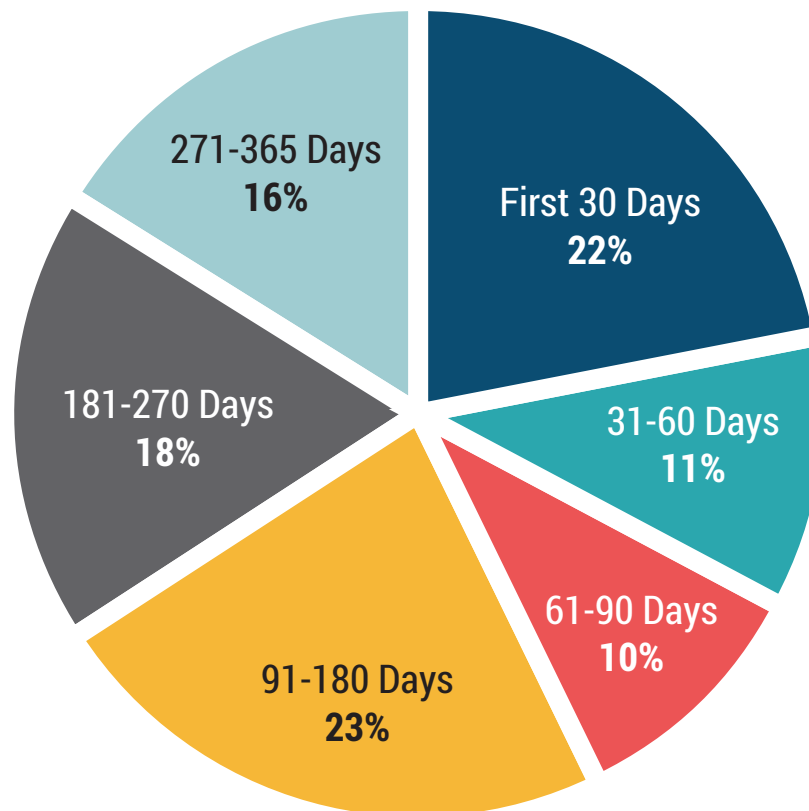
**IMPROVEMENTS IN CAREER DEVELOPMENT, WORK ENVIRONMENT, AND IMPROVED MANAGER AND SUPERVISOR BEHAVIOR IS A WIN THROUGHOUT THE EMPLOYEE CAREER LIFE-CYCLE.**



# TURNOVER AND FIRST YEAR EMPLOYMENT

- While slightly down from 2017, first year turnover remains high.
- More than 38% of all turnover in 2018 was attributable to employees who quit in the first year.
- 43 out of 100 new employees quit in the first 90 days.

**OVER ONE-THIRD (38.6%)  
OF NEW EMPLOYEES  
QUIT WITHIN 365 DAYS  
OR LESS.**



**GIVEN THE HIGH COSTS TO ACQUIRE A NEW EMPLOYEE, FIRST YEAR TURNOVER MAY BE YOUR MOST COSTLY TURNOVER.**

Employers are either not communicating the details of the job, the schedule and the pay, or employers are so desperate to hire workers that they are not hiring employees who are a good fit for a job.

Employers must listen, understand, and commit to realistic and shared employee-employer expectations and follow through on those expectations to improve retention of new hires.

Onboarding, orientation, and initial training should be evaluated to understand where employers are not meeting the expectations of newly hired employees.

A photograph of four business professionals in an office setting, overlaid with a teal color. Three people are seated around a table, looking at a tablet. A fourth person stands behind them, smiling. The text 'INCREASING EMPLOYEE RETENTION' is centered in white, bold, uppercase letters, with a vertical line to its right.

# INCREASING EMPLOYEE RETENTION

**Employers must place emphasis on employee retention as a strategic imperative and allocate resources to both define the issues and implement solutions.**

# INCREASING EMPLOYEE RETENTION REQUIRES A STRATEGIC APPROACH

Employees have options. The marketplace is full of job opportunities, and employees can choose workplaces that meet their preferences and expectations. Attraction, retention, and engagement problems must and can be solved. It starts with retaining the employees you have.

As you allow your improvement efforts to be guided by facts and data, there will be an impact. Immediate needs can be defined, resource requirements can be cost-benefitted, reasonable interventions can be executed, and improvements can be achieved.

## STEP ONE: PROBLEM/OPPORTUNITY IDENTIFICATION

This begins when a key leader believes that problems can and must be solved, e.g., turnover, hiring, risk, and employee relations expenses are restricting growth and compromising profitability.

In this phase, organization leadership typically identifies a core team that is tasked with developing a strategy to address employee retention issues. Clear goals must be established, and decision makers identified.

**THE WAY YOU LABEL A PROBLEM DIRECTS HOW YOU RESPOND TO IT.**

## STEP TWO: THE EMPLOYEE VOICE

Employee voice is the critical element in addressing retention. Too many organizations try to address retention with others' best practices or compromised data, and fail to understand the real reasons employees leave. Responsible exit and stay studies, using appropriate methodology and timing, allow employees to reveal the root causes of turnover and turnover intent.

**LEARNING FROM EMPLOYEES IS AN INTENTIONAL CONTINUOUS IMPROVEMENT PROCESS.**

## STEP THREE: ANALYSIS

Employer leadership, operations, and HR review the results of the exit and stay studies and identify strengths and weaknesses of where turnover and turnover intent are at risk. Following review, leadership identify priorities and the organization's willingness and readiness to work on problems.

**ABSENT DATA FAILS TO INFORM, BAD DATA MISINFORMS, AND CORRECT DATA INFORMS.**

## STEP FOUR: ACCOUNTABILITY MANAGEMENT AND ACTION PLANNING

This stage is the actual change effort and is based on evidence determined in prior steps. Intervening on retention issues requires accountability at the lowest possible level in the organization. Action planning is a bottom-up process that must be focused on employee voice data, and clear actions and accountabilities must be managed. Action items could include employee and manager development, career development, work-life balance concerns, specific practices and procedures revision, recognition and reward systems, or other specific change necessities.

**THE VALUE OF DATA LIES IN USING IT FOR IMPROVEMENT.**

## STEP FIVE: CONTINUOUS COMMUNICATIONS

Ongoing sharing of employee observations and employer improvement commitments will increase applicant attractiveness, employee retention, and engagement. Personal communications and public postings of the organization commitment to increasingly become a better employer is an ongoing effort.

**COMMUNICATION IS THE DIALECT OF LEADERSHIP.**

## STEP SIX: ONGOING COLLECTION AND EVALUATION OF THE EMPLOYEE VOICE

Continuous data gathering provides effectiveness measures on actions taken and identifies additional location and/or role specific intervention priorities.





# EMPLOYERS MUST ACT

With U.S. turnover continuing to trend up and the preventable reasons for leaving also trending up, it appears that organizations are not taking the necessary actions to prevent employees from quitting.

Developing a strategic approach to improving employee retention is necessary and requires specific data, planning and solutions to succeed.

# EMPLOYERS MUST INVEST IN RETENTION

Small investments in employee retention can significantly outpace the direct costs of employee turnover. Retention results in significant savings for companies. Utilizing the median U.S. worker wage of \$44,564 per year, a \$100,000 investment in retention will pay for itself if it prevents seven employees from leaving.

It is worth noting that it is beneficial to focus on why employees stay as well as why they leave. Looking at how employees rate survey items such as company ratings and growth/development can also reveal critical information. More importantly, if you can increase these ratings it will significantly decrease the risk of employee turnover.

**MANY ORGANIZATIONS ARE NOT YET INTERVENING IN AREAS THAT SUPPORT EMPLOYEE RETENTION. THEY CAN AND MUST.**

## RETURN ON INVESTMENT IN RETENTION

To show what a significant outcome a small investment in retention can have, consider the impact of improving ratings across the following scenarios.

- For every 100 employees who move their company ratings from **fair or poor** to **excellent**, **37 fewer employees** would leave in the next year, amounting to **\$555,000 in savings**.
- For every 100 employees who move their company ratings from **good or very good** to **excellent**, **26 fewer employees** would leave in the next year, amounting to **\$390,000 in savings**.
- For every 100 employees who move their growth and development ratings from **fair or poor** to **excellent**, **21 fewer employees** would leave in the next year, amounting to **\$315,000 in savings**.
- For every 100 employees who move their growth and development ratings from **good or very good** to **excellent**, **14 fewer employees** would leave in the next year, amounting to **\$210,000 in savings**.

**RETAINING EMPLOYEES AND REDUCING TURNOVER COSTS ARE COMPETITIVE ADVANTAGES...AND NECESSARY.**

**A major theme in our 2019 Retention Report focuses on the need to act. Reasons for leaving trends reveals that employers are not acting on areas that are causing employees to quit. We have stated that small investments can have a major impact. The question is often where to make those investments. Understanding your organization's reasons for leaving and staying is a must.**

**The following includes action ideas for addressing common issues related to employee retention:**

## **ABOUT CAREER DEVELOPMENT**

Organizational competitiveness requires that companies have the skilled people to do the work when it needs to get done. Companies will not stay competitive if they lose their best people.

As a core category that people stay or quit, career development may be a valuable and necessary retention consideration. Employees are yelling loudly that they intend to quit either because the tasks companies promised them never appeared, tasks they didn't anticipate ended up on their plate, promotional opportunities were given to less productive employees with longer tenure or to new hires from outside, or employees didn't have the confidence they were being prepared for the future.

If your data supports it, Career Development programs should include opportunities for employees (and the organization) to:

- **Learn about their vocational identity and self-concept, including who the employee is, and where and how and with whom the employee does their best work**
- **Assess occupational personality, values, skill motivation, and interests**
- **Identify and learn about occupational alternatives at the organization**
- **Understand preparation and skill development requirements for selected alternatives**

Customized career plans can be developed to include project work, stretch assignments, mentors or temporary changing of roles.

Employees are increasingly aware of the need to take control of their careers and career path, a control they can manage with their current employer or elsewhere. As career opportunities increase, employers must take steps to understand the needs, preferences, and goals of workers. Alternatively, employers will miss out on opportunities to retain the workers they need.

**THOSE WHO ARE VERY SATISFIED WITH THEIR CAREER DEVELOPMENT OPPORTUNITIES ARE MORE LIKELY TO STAY.**

## ABOUT MANAGER BEHAVIOR

Many supervisors and managers are promoted because of strong technical skills, but lack some of the necessary social and “soft skill” behaviors required in the role. Given turnover and intent to leave measures, organizations must remediate and develop supervisor/manager behavior to develop necessary professionalism skills and knowledge. Effective manager and supervisor requirements today include competence in:

- **Building trust: Keeping one’s word**
- **Managing to help employees improve**
- **Courtesy**
- **Handling difficult conversations**
- **Displaying appropriate emotions**
- **Verbal and written communication**
- **Understanding team dynamics**
- **Language, appearance, and interaction with others**
- **Behaving ethically**

## ABOUT JOB CHARACTERISTICS

Employers must get better at selection, including providing realistic job previews.

- **A realistic job preview communicates the important aspects of a role prior to the offer and acceptance of the job. Employers must be confident that applicants understand honest and complete job preview information.**
- **Selection testing helps the employer and the employee understand how the candidate is likely to perform in a position.**
- **A thorough and consistent selection process will drive better hiring decisions.**

**ELIMINATE OBSTRUCTIVE PRACTICES**

**PROVIDE OPPORTUNITIES FOR ACHIEVEMENT**

**GIVE AWAY RESPONSIBILITY**

**CREATE REWARDING WORK**

**RECOGNIZE CONTRIBUTIONS**

**ENGAGE AND RESPECT ALL TEAM MEMBERS**

## ABOUT ENVIRONMENT

Employers must continuously improve the work environment, including safety, facilities, culture-fit, and interpersonal relations. Employers who fail to address environment issues risk continued turnover.

- **Culture-Fit must be assessed at point-of-hire and be a part of ongoing process improvement. Legacy policies, procedures, and practices must be continuously assessed for employee fit.**
- **Problematic employees/co-workers must be managed. Too often, organizations dismiss negative, gossiping, bullying, work shirking, and overly competitive employee behavior. These behaviors must be remediated.**



# ABOUT WORK INSTITUTE

Work Institute is a leading authority in workforce intelligence, utilizing evidence-based research methods to capture the employee voice and deliver deep insights that uncover “the why” behind employee thoughts, feelings, and behaviors to confidently build and implement successful workplace transformation strategies.

Work Institute helps companies that seek to purposefully improve engagement, performance, and retention to deliver key business outcomes and increasingly become a better place to work.

Work Institute provides employee research, consulting, action planning, and leadership development programs to organizations of all sizes, including many Fortune 500 clients, across multiple industries and internationally.

## *How we help businesses become increasingly better places to work:*

### **ASK with Voice of Employee Research**

Discover the real reasons behind employee attitudes and behaviors.

Our methodology is unique and powerful, delivering more information than survey ratings alone. We use a qualitative and quantitative methodology, with optimal timing, to deliver actionable insights around the real reasons behind employee attitudes and behaviors.

- Recruitment Studies
- Onboarding Studies
- Engagement Studies
- Stay Studies
- Exit Studies
- Pulse Studies
- Vulnerability Studies
- Custom Research

### **UNDERSTAND with Analytics**

Draw connections and deeper insights as a foundation for strategy.

### **PLAN with Strategy Development**

Develop a strategy and implementation plan to improve employee outcomes and business results.

### **IMPLEMENT with Data-Driven Programs & Changes**

Manage the plan and organizational changes to improve employee outcomes and business results.

### **EVALUATE with Measurement & Analytics**

Track progress by measuring key employee outcomes and business results.

## **HOW WE ARE DIFFERENT**

### **Employee-in-Control Interviews**

Our unique methodology goes beyond ratings and asks “Why?” to uncover all possible reasons behind employee perceptions & explore recommendations for employer improvements.

### **Deep Insights & Actionable Data**

Qualitative research reveals specific employee-centric concerns that are quantitatively categorized for reporting, analysis and tracking.

### **It's Your Data**

Full access to all data, co-produced by your employees and Work Institute.

### **Financially-Driven**

Evidence-based intelligence to focus interventions in the most cost beneficial areas.

### **Action Focused**

To improve employee outcomes and business results.

**Call Work Institute to schedule a workforce evaluation.  
1-888-750-9008**

### METHODS & LIMITATIONS

Electronic databases and reports were downloaded from the Bureau of Labor Statistics website. More specifically, we sourced data from the Job Openings and Labor Turnover Survey (JOLTS), Current Employment Statistics (CES), Current Population Survey (CPS), and Employment Projections (EP) databases. Unless otherwise noted in the report, original data format included seasonally adjusted monthly figures (e.g., unemployment rate, quits level, etc.) for all non-farm industries across the total United States from 2009-2018. Projections for quits rely on job growth projections laid out by Lacey et al. (2017).

#### Work Institute Exit Interview Database

There were 37,061 exit interviews meeting the criteria of inclusion during the 2018 calendar year. On average, interviewees were 39.46 years old (SD = 13.64) and average tenure was 4.01 years (SD = 6.76). Sixty-six percent of interviewees were female. More than half of companies (60.5%) provided us with information on interviewee ethnicity. The sample was 65.7% White, 15.4% Black or African-American, 9.1% Hispanic or Latino, 7.5% Asian, Native Hawaiian, or Other Asian-Pacific Islander, 1.8% Multiracial, and < 1% Native American.

Interviews were conducted by phone or web with a total of 143 companies. During the interview process, interviewees were prompted to provide multiple reasons they left their company. After providing the reasons, the interviewee was prompted to indicate which of the reasons given was the most important reason for leaving. If no reason was identified as the most important, then the first reason given was used as the most important. The most important reasons were used to construct the reason categories and used for all other analyses in this report. The detailed responses given by interviewees were coded by the interviewers and organized into categories by a group of subject-matter experts.

Percentages for reasons and reason categories are the sum of the individual cases presented as a proportion of the total interviews that met inclusion criteria for that respective comparison. Some reasons are reported as a percent of all included interviews and other times as a percentage of its reason category.

Exit interviews from previous years were conducted in the same way. When included in the analyses for year-to-year trends, exit interviews total 272,963. Some data from interviews are not included because the reasons cited for leaving are uninformative, ambiguous, or otherwise represent anomalous situations and offer little practical value (i.e., informative or actionable value) to organizations. Data from these interviews combined account for less than 2% of all reasons for leaving in 2018. Some examples include answers given by interviewees that are not specific enough to categorize (e.g., “I just wanted to leave” or “I no longer work there because I resigned”) or represent extraordinary or anomalous circumstances (e.g., “I won the lottery, so I quit”).

Exit interviews are flagged by interviewers and interview reviewers when the employee says something that raises an ethical concern.

#### Limitations

Aside from BLS data, the data presented in this report are self-reported from employees and accordingly are subject to potential error in terms of perceptions, awareness of the true causes for their behavior and other biases, though we have made all attempts to mitigate potential bias through our methodology. Work Institute data may also be subject to self-selection bias based on the selection of companies who chose to provide us data; however, the large sample size and large number of companies lend confidence in the results, and the variance in reasons for leaving across companies suggests that companies in the database were not homogenous. Lastly, while statistical analyses in the present report were correlational in nature, the questions asked of interviewees were directly causal in nature (e.g., “why?”).

Lacey, T. A., Toossi, M., Dubina, K. S., & Gensler, A. B. (2017, October). *Projections overview and highlights, 2016-26*. Retrieved December 2017, from Bureau of Labor Statistics Monthly Labor Review: <https://www.bls.gov/opub/mlr/2017/article/projections-overview-and-highlights-2016-26.htm>

### ABOUT THE AUTHORS

#### THOMAS F. MAHAN, ED.D.

*Work Institute – Founder and Advisor*

Dr. Thomas F. Mahan is founder and chairman of the Work Institute. Prior to starting the Work Institute in 2001, Mahan was Senior Vice President with the Saratoga Institute/Spherion, a Director of Organization Development with Cigna/Equicor, a Field Executive with Prentice-Hall, and professor at Vanderbilt University.

Dr. Mahan is best known through his workforce research and conference speaking with national and international organizations. An Organization Behavior Scientist and Licensed Professional Counselor, Dr. Mahan has worked with troubled and troubling managers, and with companies to create productive environments including reducing targeted and wasteful human capital expenses.

As a writer, Dr. Mahan has co-authored *The Why Factor: Winning with Workforce Intelligence* and *Top Drawer Dads: Celebrating Fathers as They Shape our Lives*, both published by Westbow in 2012. *EmployER Engagement: Profiting from Becoming a Preferred Employer* is due out in late 2019.

Having earned his doctorate at Vanderbilt University, Dr. Mahan lives in Franklin, Tennessee with his wife Dr. Beverly Mahan. He is the father and father-in-law of Lindsay and Josh Lee and William and Mary Kathryn Mahan. He is also the all too proud grandfather of Gus, Rhett, and Sadie.

#### DANNY NELMS, MBA

*Work Institute – President*

Danny Nelms is president of Work Institute, co-writer of *The Why Factor: Winning with Workforce Intelligence* and *EmployER Engagement: Profiting from Becoming a Preferred Employer*, as well as being a highly sought-after public speaker. Nelms is an agent of change, a thought leader, and an expert in helping companies forge new directions that improve business results.

Nelms' background and twenty-five years of experience have given him the ability to influence corporate climates and human capital initiatives in areas including organizational improvement and effectiveness, leadership development, performance expectation, talent acquisition, executive coaching, succession planning and mergers and acquisitions.

His proven track record in successfully managing teams in both corporate services and human resources, as well as his successes in aligning organizational strategies to achieve business objectives, have made him a popular choice on the speaking circuit. With his insights into the human capital dynamics of an organization based on sound, data-driven research, Nelms gives valuable recommendations for the challenges that organizations face and provides companies with the tools they need to successfully manage organizational improvement.

Nelms and his wife, Dana, live in Brentwood, Tennessee. His son, Bryant, will graduate from college this year.

#### CHRISTOPHER RYAN BEARDEN

*Work Institute – Research Associate*

In addition to his work in research and thought leadership, Ryan is a graduate student at Middle Tennessee State University where he is completing his Master of Arts in Psychology with a concentration in Industrial and Organizational Psychology. Bearden's studies and research in I-O psychology have included job analysis, scale development and validation, individual and team performance, and employee training and development. He has a passion for understanding the psychological processes behind workplace behavior. Bearden also works as a graduate teaching assistant and helps manage a NASA funded training and research lab at MTSU.

Prior to graduate school, Bearden served in the United States Marine Corps. As a noncommissioned officer in the Marine Corps infantry, he completed a tour of duty in Helmand, Afghanistan with the 2nd Marine Division in support of Operation Enduring Freedom. Upon completion of his enlistment in 2014, he returned to his studies.

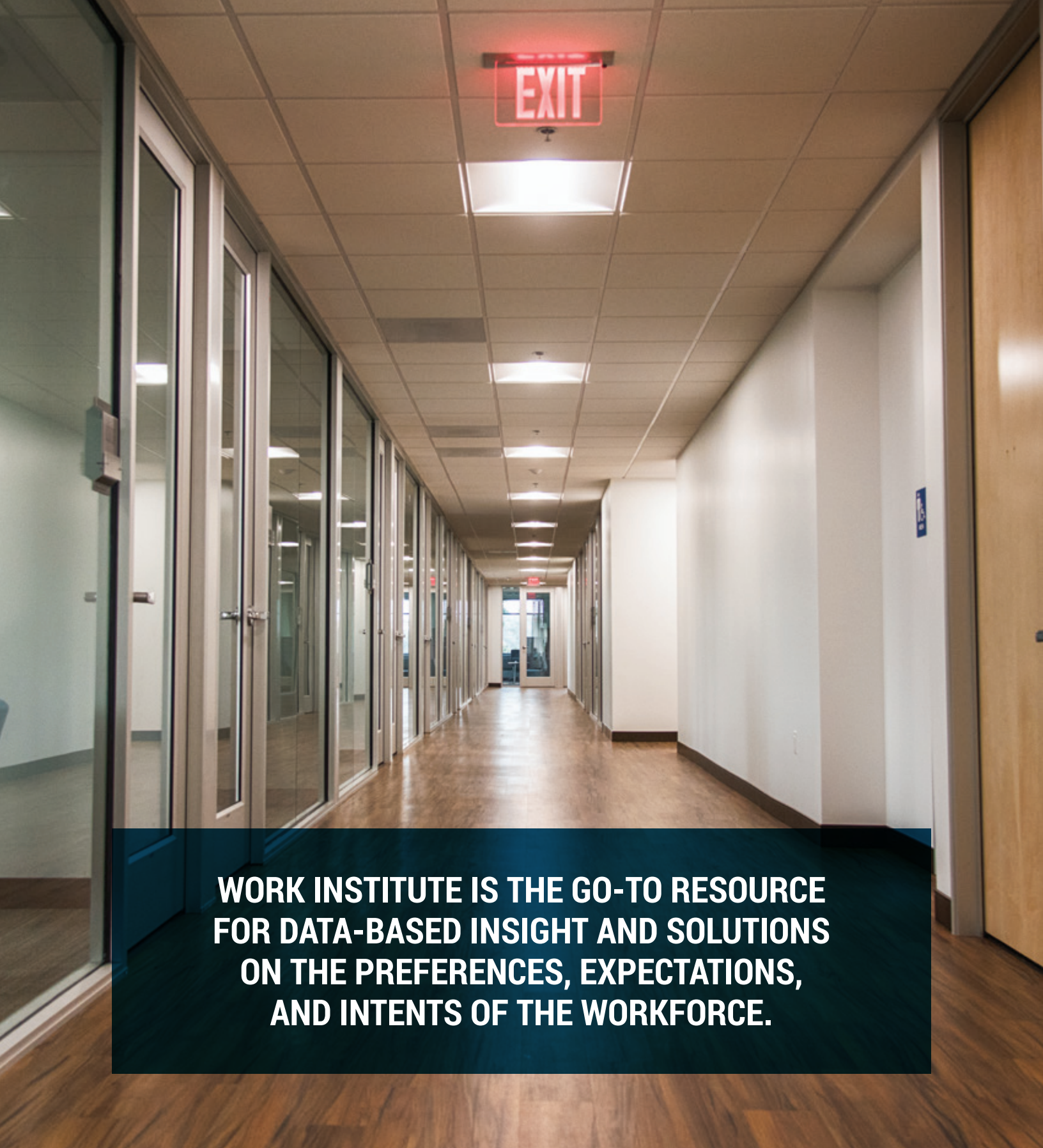
#### BRANTLEY PEARCE

*Work Institute - Director of Client Solutions*

Brantley Pearce is a Director of Client Solutions for Work Institute. Pearce works with organizations to develop workforce solutions that improve the top and bottom lines of their business, focusing on improving employee retention and helping make employers become destination workplaces.

Pearce's extensive background in professional services, as well as team development and leadership, give him the experience to help develop effective solutions enabling organizations to improve the employee experience, reduce unwanted attrition and, ultimately, deliver profit and growth.

He is a graduate of Harding University and lives in Spring Hill, TN with his wife, Adrienne, and two daughters, Ainsley and Amelia.



**WORK INSTITUTE IS THE GO-TO RESOURCE  
FOR DATA-BASED INSIGHT AND SOLUTIONS  
ON THE PREFERENCES, EXPECTATIONS,  
AND INTENTS OF THE WORKFORCE.**



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