

2021 MID-YEAR EMPLOYEE RETENTION REPORT

Reasons for Leaving Shift as Open Jobs Skyrocket

INTRODUCTION

Work Institute's annually published Retention Reports highlight the trends and insights related to employee retention in the U.S. workforce. Clearly, 2020 was a difficult year for workers and trends were reflective of those challenges in the *2021 Retention Report: The COVID Edition* that analyzed Work Institute's 2020 retention data.

Even with the uncertainty related to the resurgence of COVID-19 cases, economic recovery was brisk in the first half of 2021 and employers faced significant challenges. There was a record of 10 million available jobs in June 2021 as reported by the Bureau Labor Statistics (BLS) in the August Job Openings and Labor Turnover Summary. Also reported in the summary was 4.1 million U.S. workers quit their jobs in June; the third highest month ever recorded. As unemployment trended down, logic affirmed most of those employees quit their jobs to go work somewhere else.

The volume of quits in June 2021 represented a 44% increase from June 2020 and a 25% jump from January 2021.

Ever the researchers, Work Institute investigated the reasons employees quit their jobs during the first half of 2021 at record levels and presented employers insights as to what must be done to effectively retain employees.

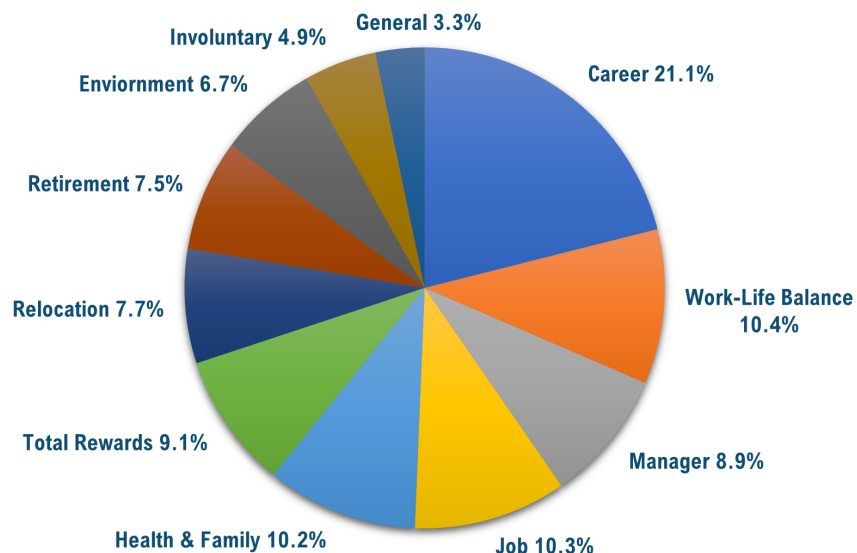
 **TOTAL REWARDS INCREASED BY 30% IN THE FIRST HALF OF 2021 OVER 2020 BUT IS ONLY .01% HIGHER THAN 2019**

2021 MID-YEAR REASONS FOR LEAVING

The data below represents the eleven Categories for Leaving that Work Institute has tracked for over twenty years. The popular narrative in the U.S. media continued to center on pay issues to attract employees back into the workforce. There was no question that pay was an issue when attempting to convince a potential employee back into the workforce. However, when it came to employees quitting a job they already had, there was a completely different narrative.

As Work Institute reported each of the previous five years, pay was cited as the root cause for departure in fewer than 1 out of every 10 employees. If employers are intent on keeping their current employees, they must reject the assumption that pay is the driver of turnover and focus on the issues that employees continue to report as Reasons for Leaving.

2021 MID-YEAR REASONS FOR LEAVING RATES



REASONS FOR LEAVING YEARLY COMPARISONS

2021 MID-YEAR REASONS FOR LEAVING

In evaluating the first six months of 2021, we found a few emerging trends indicating some employee behaviors originally impacted by the global pandemic began to change. The chart at the bottom is reflective of Reasons for Leaving from 2019 through the first six months of 2021.

Career reasons continued to be the number one cause of employee quits as it has since 2010. Of note: Career reasons decreased more than 8% in 2020, but rose 17% halfway through 2021.

Work-Life Balance remained at 10% and if it continues for the final half of 2021, will reflect the downward trend in Work-Life Balance departures since 2019. Early indications showed this was driven by employees who found value in more flexible work arrangements.

Departures related to Management reasons trended down nearly 34% in 2020 compared to 2019. That rate trended upward approximately 14% which showed managers likely struggled

with the complex issues that presented themselves in the ever-changing workplace.

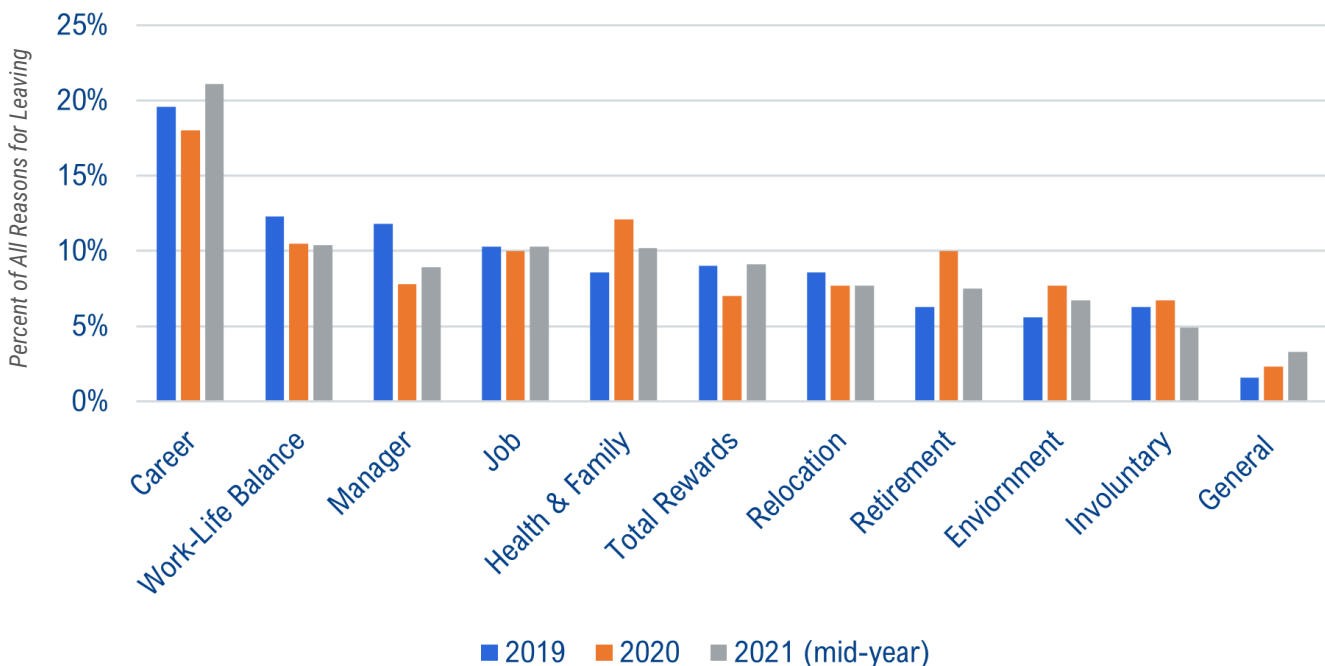
Health & Family reasons jumped 41% in 2020 largely due to hardships employees experienced related to the pandemic. Although this reason declined in the first half of 2021, it remained at a higher level than before the pandemic.

Total Rewards increased 30% over 2020 levels, but only returned to the level seen in 2019. Again, less than 1 in 10 employees cited Total Rewards as their Reason for Leaving.

Retirements were steadily declining as 2020 began, but spiked over 58% throughout the year. Although they declined in the first half of 2021, there was still a high amount of employees who exited the workforce completely.

CAREER REASONS JUMPED 17.2% OVER 2020 AND ARE 7.6% HIGHER THAN IN 2019.

REASONS FOR LEAVING YEAR OVER YEAR COMPARISON



SUMMARY

If the employee Quit Rate trend continues at its current pace for the remainder of 2021, more than 42 million workers could quit their jobs. This would exceed the amount of departures in 2019 which was the highest year recorded since the Bureau of Labor Statistics began reporting the data in 2001.

The Bureau of Labor Statistics data supports the idea that the U.S. workforce is experiencing a turnover tsunami which is costing employers thousands if not millions of dollars in employee turnover costs. However, if employers are to curb this wave of turnover, they must listen to employees to understand both why they left (former employees) and what risk factors might cause them to quit (current employees). Solving most problems starts with good data representing the root causes of the problem which enhances the ability to make evidence-based decisions.

Work Institute sees these trends as a significant wake-up call to employers. The U.S. workforce is undergoing a major transition and employers must change with it or risk losing critical talent.

ABOUT WORK INSTITUTE

Established in 2000, Work Institute is the leader in employee retention programs, employee engagement strategies and workplace solutions. Our workplace experts help companies attract & retain talent, improve performance, diminish risk, and manage human capital cost by improving workplace conditions.

Through our commitment to asking the right questions, matching research and analysis to the client's needs, Work Institute provides employers with employee retention and engagement programs that drastically improve overall employee satisfaction, reduce costs, improve retention, and promote profitable growth.

Asking the right questions makes a huge difference in the quality of data collected and the insights needed to drive higher employee retention and engagement. Work Institute's surveys and interviews marry sound scientific methodology with multiple forms of data collection that meets employees where they are.

Work Institute provides employee research, consulting, action planning, development courses, and evaluations of organizations of all sizes including many Fortune 500 clients across multiple industries and geographies.



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