2020
RETENTION
REPORT

Insights on 2019
Turnover Trends,
Reasons, Costs &
Recommendations

workinstitute.com/retention-report

1-888-750-9008

Work Institute

"Successful organizations find the people necessary to do the work that needs to get done."

TABLE OF CONTENTS

DEAR EMPLOYERS,

This year's Retention Report retains many of the features readers have come to expect as we continue to increase our data set, review additional human capital intelligence, explore new areas, and understand new ways to retain employees. Work Institute's Retention Report is the expert employee retention resource for organizational leaders and business media, including USA Today, Bloomberg, CNN, and The Wall Street Journal.

It is important to note we were nearing the end of producing our 2020 Report when the COVID-19 pandemic began. This crisis creates unprecedented circumstances for employers. It is difficult to know how the COVID-19 situation will impact organizations and employees. Regardless, we have decided to keep the content of this Report largely intact as it primarily reflects 2019 data.

The publication of this report is the product of many hands. I am particularly grateful for the contributions of various Work Institute professionals including William Mahan (marketing), Christopher Ashford (data analytics), Glen Spinner (client success), Katherine Huddleston (operations), and Richard Nicorvo (finance). I am additionally appreciative to the Industrial/Organizational Psychology team at Middle Tennessee State University. Employee retention is a serious concern. Viewing it through the lenses of multiple disciplines strengthens its value.

Leadership today requires understanding the need to be competitive in the fight for talent that will likely return in the coming months. As trends emerge, the need for urgency is real as companies are impacted by the current crisis.

In my role as a workforce and workplace behavior expert, I interact daily with leaders on their challenges in attracting, retaining, and engaging their workforce. Many business executives listen to and act on employees' recommendations. These leaders have skilled employees who stay.

Employers can identify and create the necessary conditions wherein employees will engage and stay even in the face of adversity. Winning the talent war will enable organizations to weather the current storm and return to prosperity more quickly. Now is time for all leaders to study, report, act, evaluate, and communicate with urgency.

We stand watch together with you learning how our future unfolds.

Danny Nelms
President, Work Institute

Work Institute

EXECUTIVE SUMMARY

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

Work Institute conducts employee interviews to accurately identify why employees choose to stay or quit, uncovers remedial actions, and helps organizations improve retention and engagement to reduce human capital expense. This *2020 Retention Report* utilizes data from over 233,000 employees from 2010 through 2019, including data from 34,312 employees who quit their job in 2019. Additional analysis was conducted using Stay Interview data from 3,618 respondents.

The top 3 categories for leaving in 2019 were Career Development (19.6%), Work-Life Balance (12.4%), and Manager Behavior (11.8%). The four reasons with the largest gains, appearing more frequently than in the past, are culture-employee misfit, unsafe work environment, poor communication, and general job characteristics. Manager Behavior has seen great fluctuation over the years with six of the eight reasons for leaving changing by more than 50%.

Work Institute gathers ratings on Core Drivers. Interviewees who gave a "poor" rating to their previous employer, supervisor, and job primarily chose manager behavior for their most important reason to leave, while those who gave their previous team a "poor" rating selected work environment for their most important reason to leave. Current employees who gave higher ratings to their supervisor, the job itself, and their team intend to stay longer with their organization.

> **The odds of deciding to leave decrease by 31.8%, 12%, and 5.3% for every 1-point increase in the core driver ratings for supervisor, job, and team, respectively. The odds of deciding to leave decreases by 3.4% for every interviewee age increase.**

> **The total cost of employee turnover for businesses is high, even by conservative estimates, taking a toll on company profits.**

> **Voluntary turnover was up an additional 2 million over 2018 bringing the total to over 42 million in 2019. Turnover continued to add significant operational costs to employers, compromising growth and profit.**

STATE OF THE WORKFORCE

> "Trends in the United States illustrated a thriving economy in which the number of available jobs and the competition for workers were both sharply increasing. The Bureau of Labor Statistics expected even further job growth and a talent pool that is not keeping pace."

VOLUNTARY TURNOVER CONTINUED IN INTENSITY AND SERIOUSNESS

Should this trend continue, more than one in three workers will voluntarily quit by 2023.

There were over 158 million people actively working in the U.S. job market. This number had steadily risen since the recovery from the recession began in 2009. Unemployment ended the year at a fifty-year low.

Unfortunately, the number of U.S. workers leaving their jobs had also risen steadily. In 2019 over 63 million workers voluntarily left, were laid off, or left their job for other reasons.

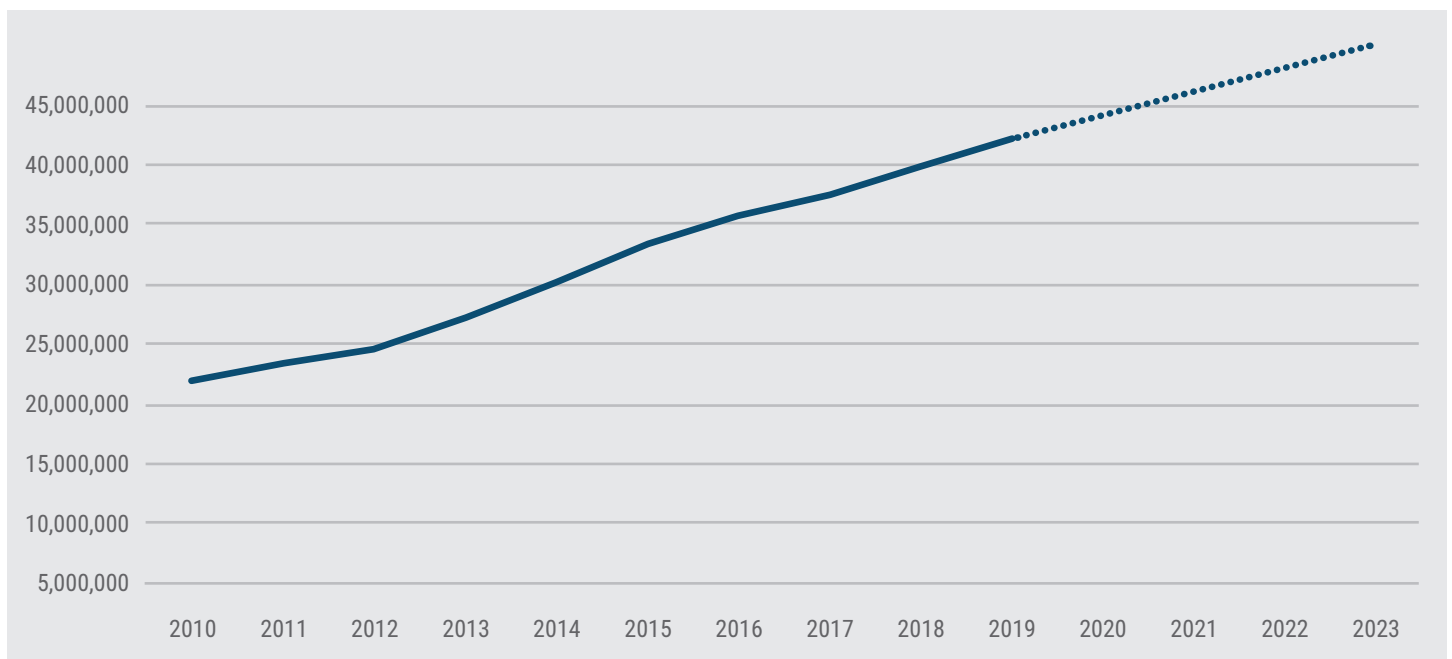Three of every four workers that left their job did so voluntarily.

42 million
U.S. workers decided there was something better elsewhere.

More than 27 out of every 100
U.S. employees quit in 2019.

U.S. VOLUNTARY TURNOVER

Turnover trends demonstrated an 8.3% increase over 2018 and 88% increase since 2010.

Work Institute

TOTAL TURNOVER VOLUNTARY AND INVOLUNTARY

Although organizations tend to focus on voluntary turnover, there is also a significant number of separations due to layoffs and discharges.

Discharges and layoffs have largely stayed flat since 2013, but there are still costs associated with these (involuntary) departures.

The total number of separations in 2019 was roughly the combined populations of New York, Los Angeles, Chicago, Houston, Phoenix, Philadelphia, San Antonio, San Diego, Dallas, San Jose and the next 15 largest U.S. cities.

65 million
Total Separations in 2019

SAN JOSE
DALLAS
SAN DIEGO
SAN ANTONIO
PHILADELPHIA
PHOENIX
HOUSTON
CHICAGO
LOS ANGELES
NEW YORK

U.S. TOTAL EMPLOYEE TURNOVER

Legend: Total Separations — Layoffs/Discharges — Voluntary Terms
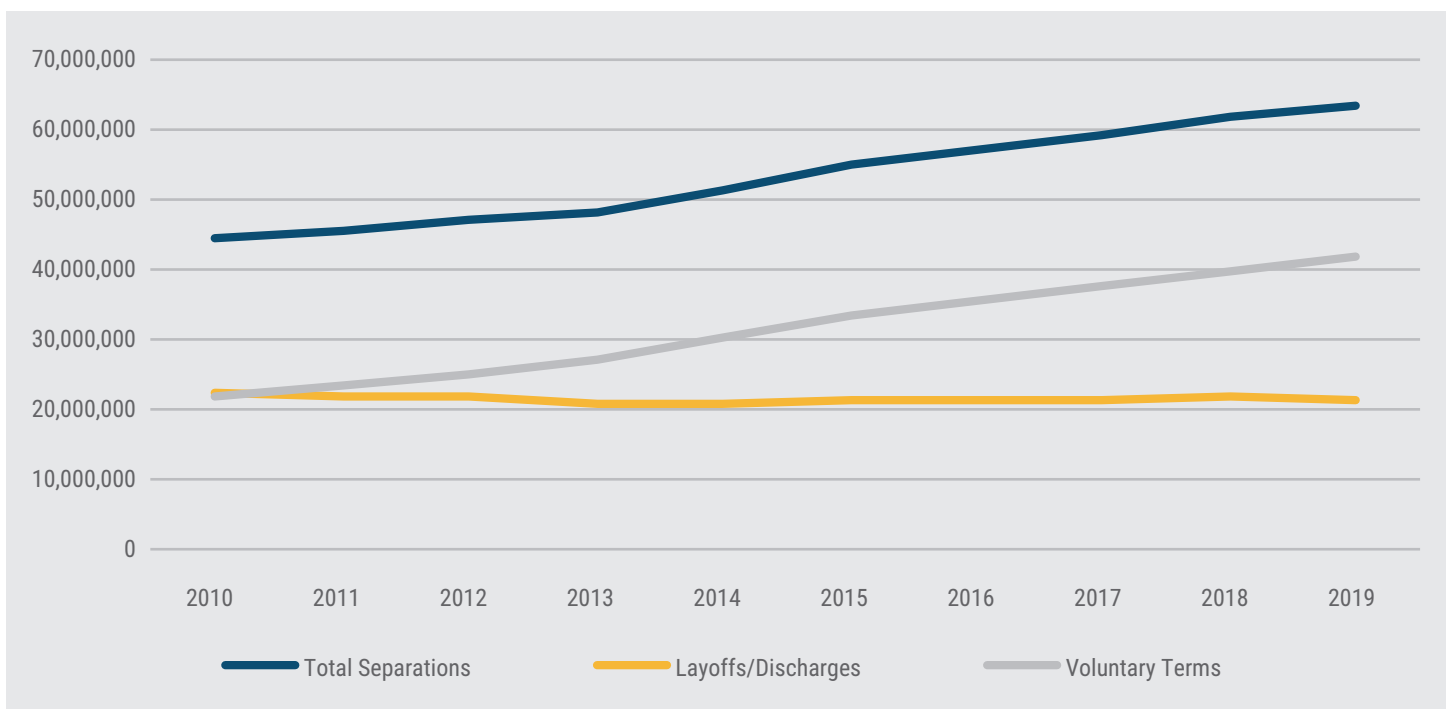
Work Institute

COMPETITION FOR WORKERS INTENSIFIED

Work Institute predicted the supply and demand crisis in our first Retention Report in 2017. Even then, job openings compared to unemployed workers was nearing the tipping point.

The continuation of this trend fuels the war for talent in the U.S. job market. Employers are faced with the challenge of attracting employees from other companies rather than the easier task (several years ago) of recruiting them from a ready unemployed supply.
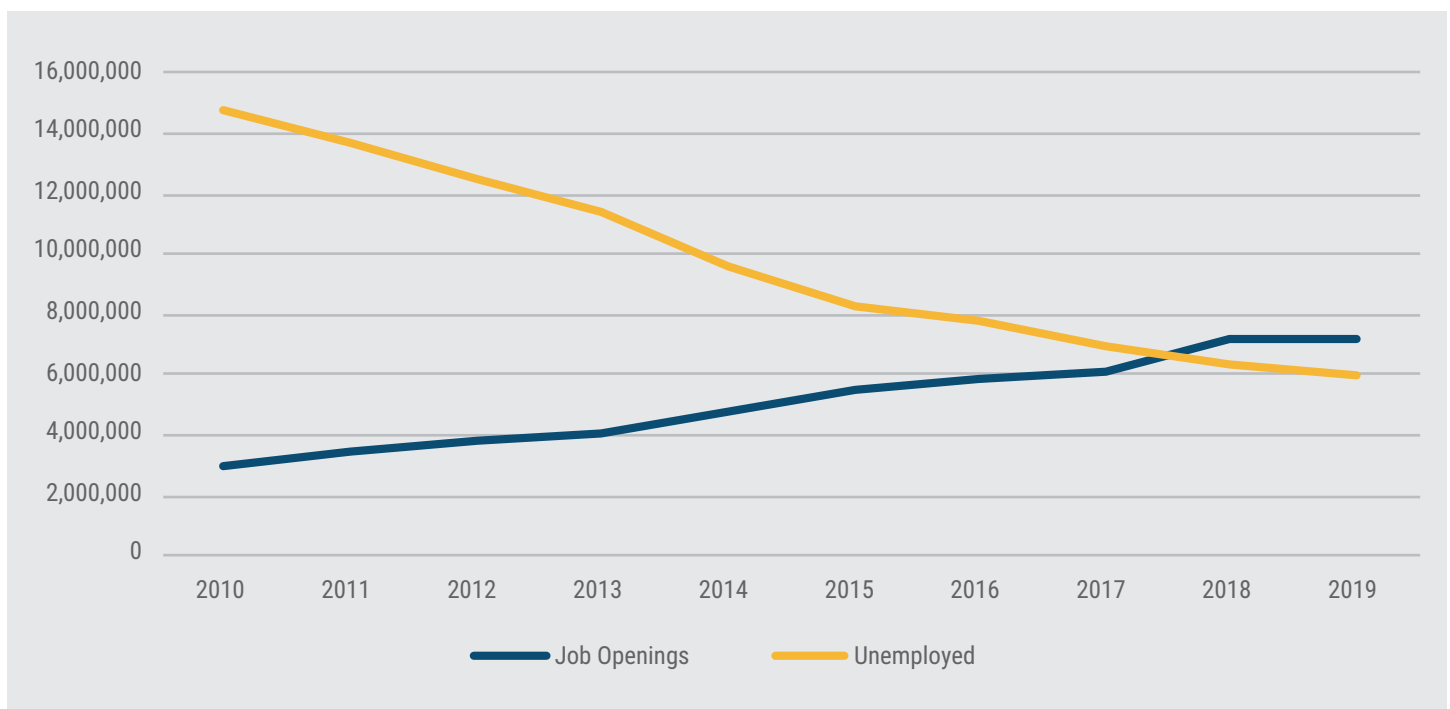
7+ million
Job openings in 2019

~6 million
Unemployed in 2019

SUPPLY AND DEMAND

Because 2019 ended with a 3.5% unemployment rate, the necessity to retain workers remained crucial.

VOLUNTARY TURNOVER COSTS EXCEEDED $630 BILLION

Turnover costs occur when employees leave the organization and must be replaced. Turnover effects productivity, increases training time, increases employee selection time, and decreases efficiency. It also effects longer/more frequent training times, interrupted schedules, additional overtime, increased mistakes, increased frustration with not having skilled, knowledgeable, and experienced employees in place, and negatively impacts existing employees.

Turnover cost is based on four factors. These include:
1. Cost of Termination
2. Cost of Replacement
3. Vacancy Cost: number of days job is open times the average value of the job per day
4. Learning Curve (productivity) Loss: revenue per employee per day times number of days it takes to get the new hire up to standard performance.

What does turnover cost in your organization?

How many people quit
in your organization in 2019? _____

Multiply by $15,000**   x $_____

Annual Turnover Cost/
Baseline   = $_____*

   *This is your baseline turnover cost.

WHAT WILL THIS BE IN 2020?

**The median income for a salary worker in the U.S. translates to a yearly income of approximately $48,672. Work Institute recommends (conservatively) costing turnover at 30%, approximately $15,000 per employee departure.

COSTS OF VOLUNTARY EMPLOYEE TURNOVER ($)
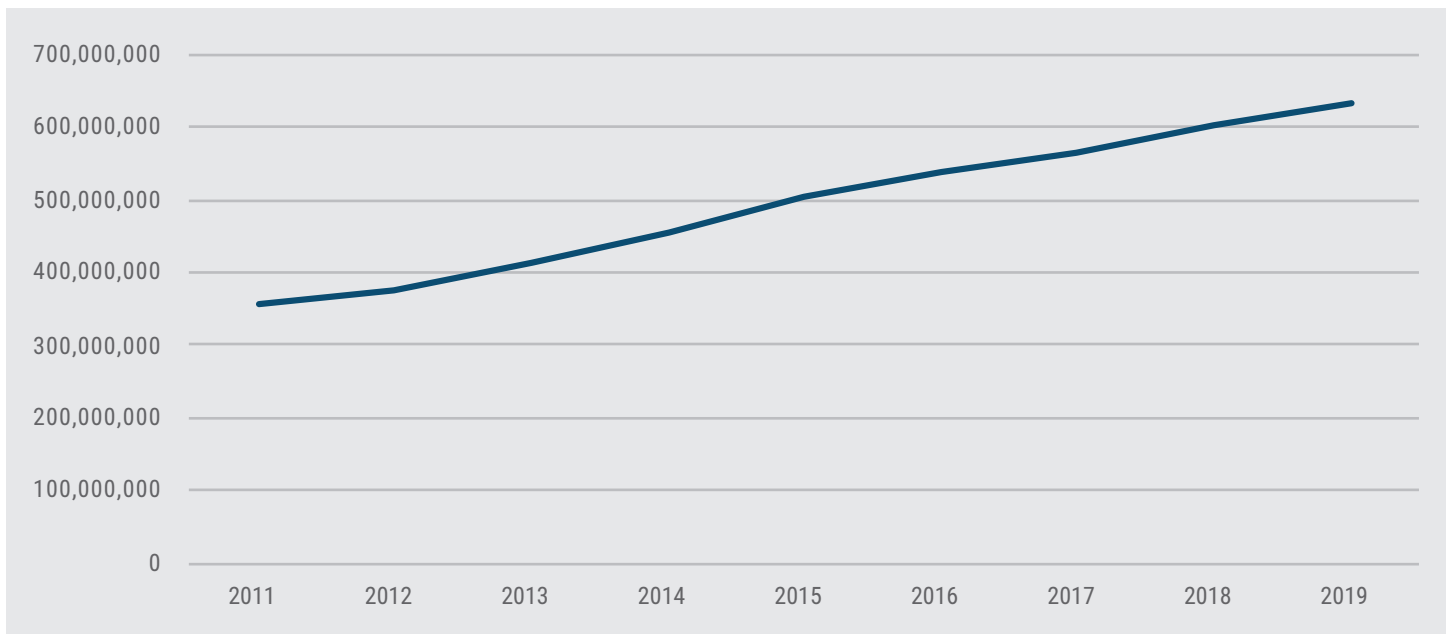
There are costs involved with employee turnover regardless of whether an employee leaves voluntarily or involuntarily.

Work Institute

FIRST YEAR TURNOVER CONTINUED TO PLAGUE ORGANIZATIONS

Over one-third (37.9%) of interviewees exited their organization within 365 days or less. Two out of three employees who leave in the first year do so in the first six months.

Take a deep dive into your employee turnover feedback to understand what drives this population to exit within six months of hire.

First Year Turnover Group	Percent
First 30 Days	19.3
31 - 60 Days	10.2
61 - 90 Days	10.8
91 - 180 Days	23.2
181 - 270 Days	19.4
271 - 365 Days	17.1

TURNOVER WITHIN FIRST YEAR
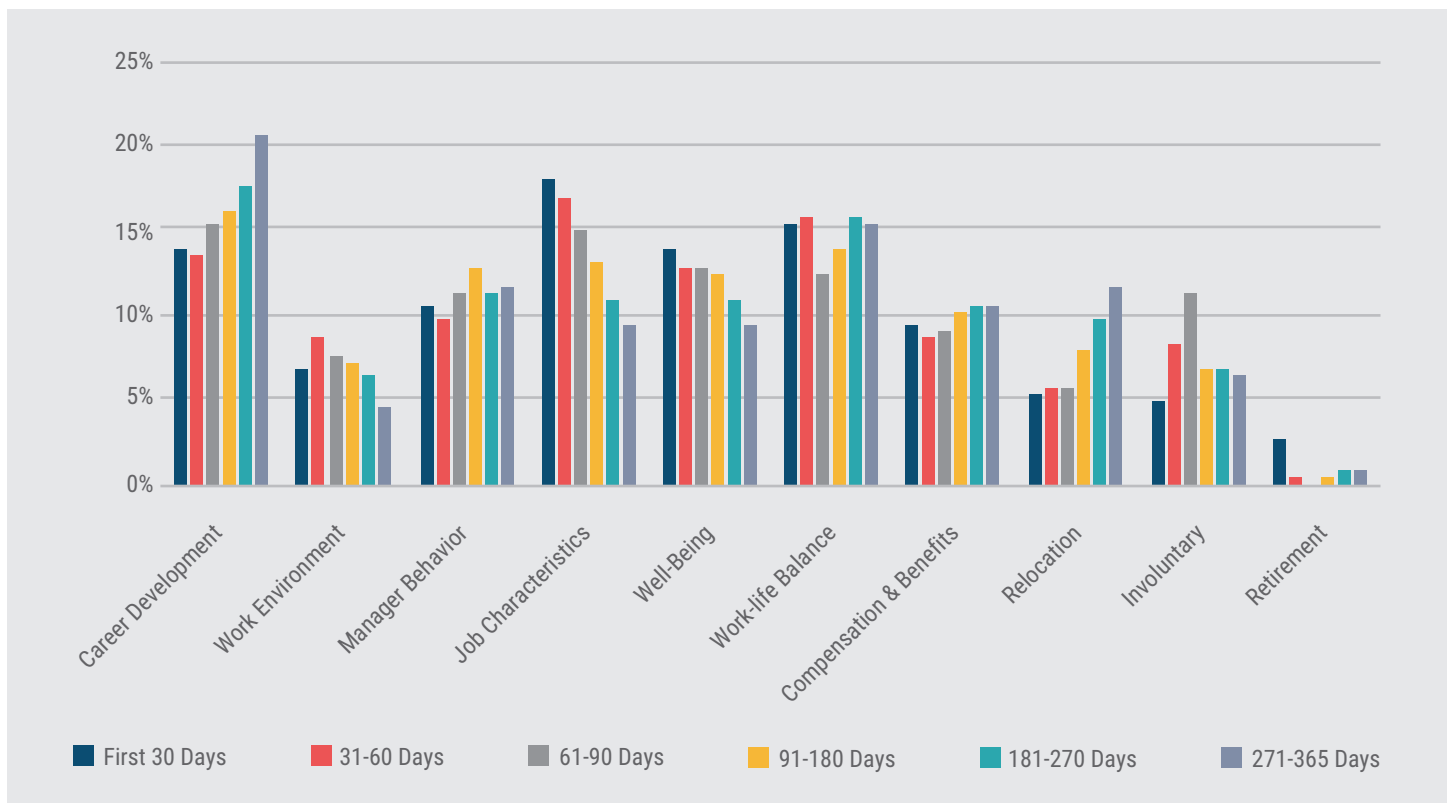
First Year Turnover is Expensive. Employees who leave in the first ninety days deliver little-to-no return on the investment made to hire them.

TURNOVER CATEGORIES

> "Career Development was the leading category of employee turnover. Job Characteristics was an increasing cause of turnover. Organizations missed the mark on interventions to support retention. Employers need to attend to the turnover and stay reasons unique to their company to increase retention."

CATEGORIES OF REASONS FOR LEAVING IN 2019

Work Institute codes reasons for leaving into ten categories. These categories represent fifty-two distinctly different reasons employees leave their employer. Furthermore, Work Institute identifies them as them as more or less preventable.

More or Less Preventable – What Is and What Is Not Controllable?

Turnover categories can be identified as **more preventable** or **less preventable**. Seven of the ten categories Work Institute identified can be labeled as preventable.

78%
of the reasons employees quit could have been prevented by the employer

Three in Four
employee turnovers are preventable

Work Environment
6%

Involuntary
6%

Retirement
6%

Compensation & Benefits
9%

Relocation
9%

Well-Being
10%

Job Characteristics
10%

Career Development
20%

Work-life Balance
12%

Manager Behavior
12%
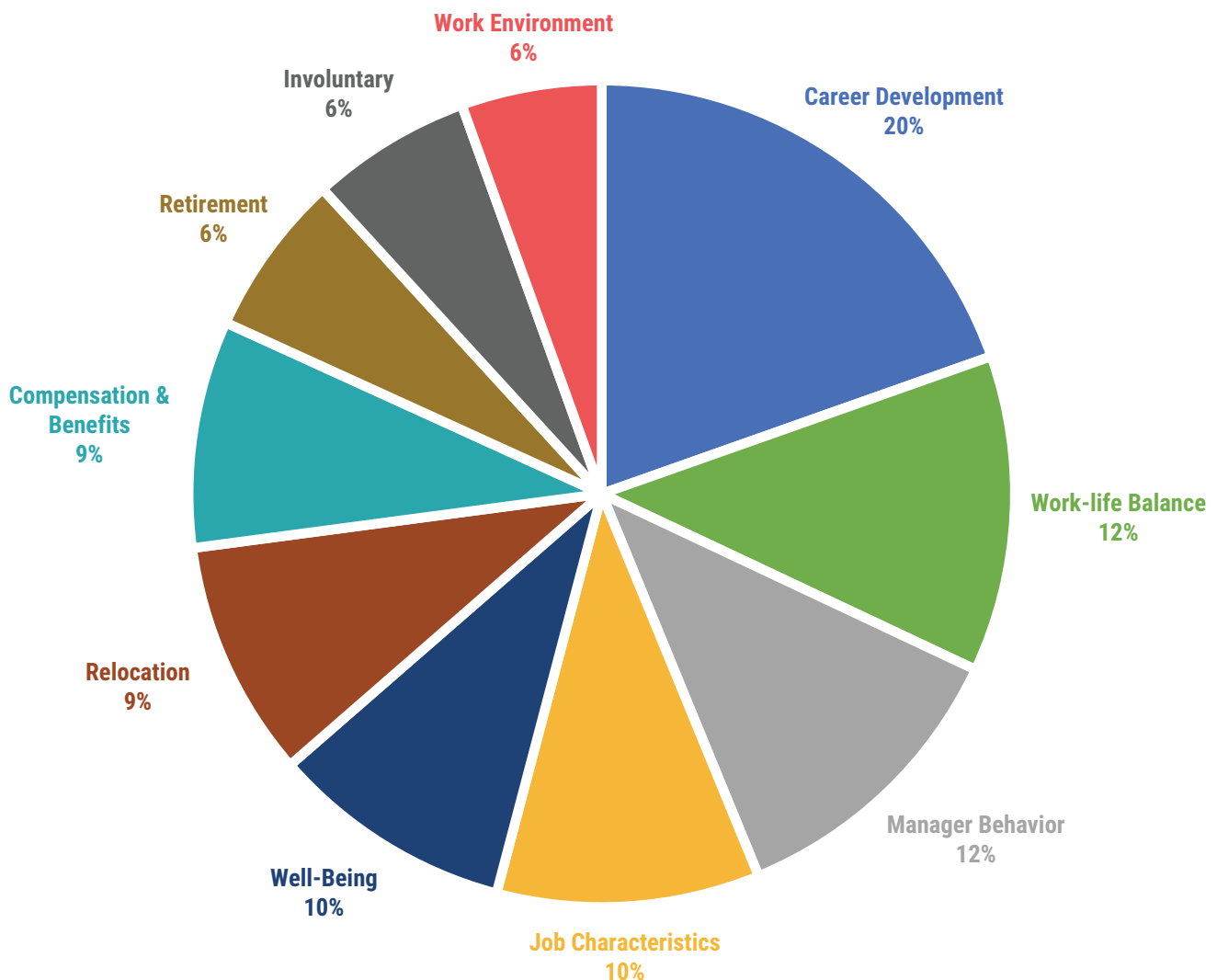
CATEGORY #1
CAREER DEVELOPMENT
PREVENTABLE

Career Development as a category for leaving had increased 17% since 2013.

• No advancement or promotional opportunity has declined since 2010.

• Lack of growth & development opportunity continued to trend up since 2010.

• Type of work, trending down since 2013, took a sharp decline 2018 to 2019.

20 out of 100
employees quit for career development reasons in 2019

20%
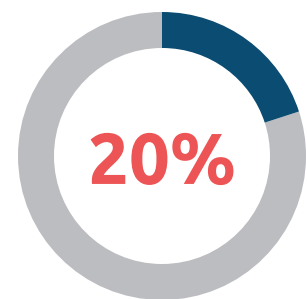
TRENDS IN CAREER DEVELOPMENT REASONS FOR LEAVING
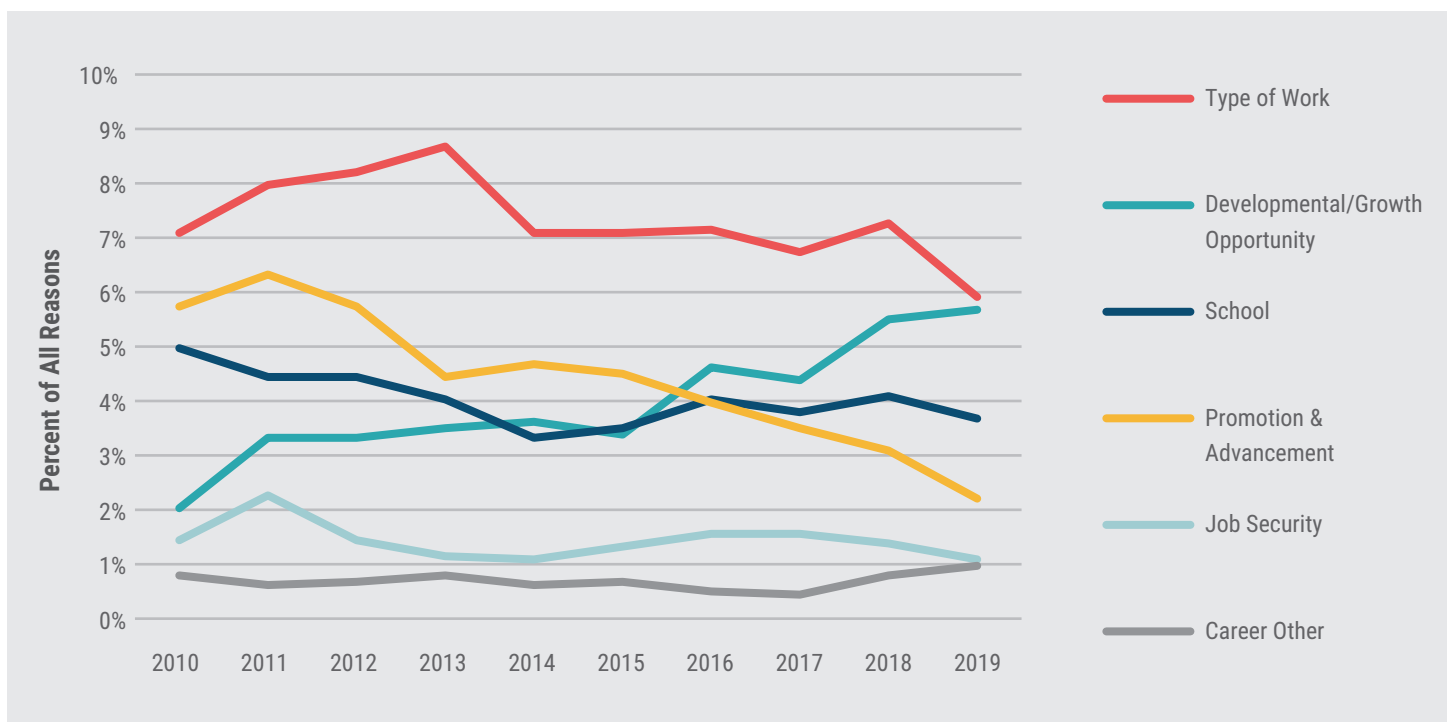
Career Development has been the #1 Category for ten straight years. Employees who are satisfied with their development are likely to stay.

Work Institute

2019 CAREER DEVELOPMENT
Responses and Potential Solutions

REASON ——————————————————————————— **SOLUTION**

LACK OF GROWTH/DEVELOPMENT — Training/Succession

- I went to school and got my degree in nuclear medicine technology. They did not give me the opportunity in that field after working there for 5 years.
- I didn't feel like there was any more room for me to grow, I was there over 4 years and I did not receive a raise.
- There is very little room for growth opportunities. People with disabilities, such as myself, are not considered for opportunities. We were told there were no opportunities for IT, we would have to do our own career planning.

NO ADVANCEMENT/PROMOTIONAL — Succession/Communication

- I left because I was approached by another organization that offered me an incredible opportunity for promotion.
- I didn't feel there much opportunity for me to advance in my position. After almost 6 years I needed to move on to something where I would continue to learn and can apply my skills that would benefit others.
- A promotion opportunity was available, and someone was hired with dramatically less experience than me.

TYPE OF WORK — Job Preview/Selection Process/Assessments

- I found a new job that was more suited for my career path.
- The job description was not what I was told it would be.
- I left the company because I felt like the job was not a good fit for me.
- I left the company because the job description did not match what I wound up doing. It was not a good fit for me.

RETURNING TO SCHOOL — Ask about Manageable Options

- I am going to school and could not work the hours that they wanted me to.
- I left because I went back to school to increase my knowledge.
- I got accepted into medical school.

JOB SECURITY — Communication/Work Environment

- There was instability in the job, there was a false sense of security and I needed a job that I did not have to worry about the future.
- The turnover was bad here. I could not do my job right because the turnover was horrible.
- There was upheaval and chaos. My supervisor was let go and not replaced. No one was communicating with us what was going on with the company and our department, so we were worried about job security.

GENERAL CAREER REASON — Ask about Manageable Options

- I started my own business.
- I started working from home for myself.
- I wanted to travel around in general.

CATEGORY #2
WORK-LIFE BALANCE
PREVENTABLE

As a category, Work-Life Balance was up 23% since 2013.

• Schedule remained the top reason in this category.

• Commute has increased 334% since 2010.

• Schedule flexibility was trending down.

12 out of 100
employees quit for work-life balance reasons in 2019

12%
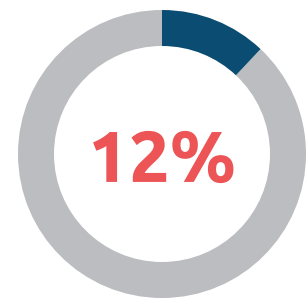
TRENDS IN WORK-LIFE BALANCE REASONS FOR LEAVING
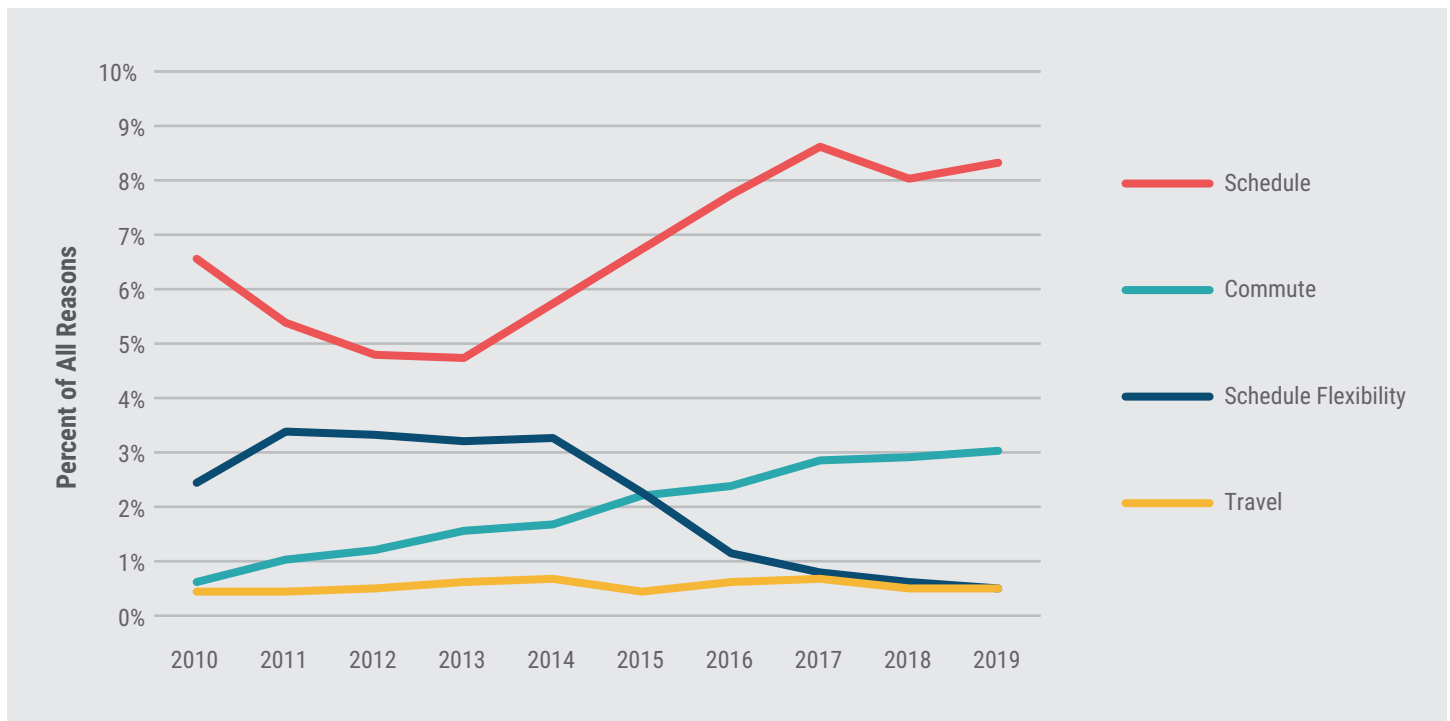
What are your scheduling issues? Do your employees perceive a fairness or favoritism issue? Knowing the real reasons will help retain your employees.

Work Institute

2019 WORK-LIFE BALANCE
Responses and Potential Solutions

REASON ━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━ **SOLUTION**

SCHEDULE   Communication/Adaptability/Job Preview

- I left the company because the schedule was not working for my kids and my family. I was working 12 hours.
- I was offered an opportunity in which I do not have to work any weekends at all.
- I left because the hours did not work for my family. The length of hours, 12-hour shifts did not work for me.
- I left for a job with better hours. I was working 12-13 hours a day now I work 8-9 hours a day.

SCHEDULE FLEXIBILITY   Communications/Flexibility

- I am mostly working on 2nd shift. I need to work on daytime.
- It was difficult to take time off for school events for my son or anything like that. I would have to request vacation a year in advance. It was just in my department that worked this way.
- I was a student and the work hours did not fit around my school schedule.
- I needed more flexibility. I was having to work too much and that was not fitting into my personal life.

COMMUTE   Four-day Week/Telecommute/Options

- The drive was too far. I lived about 40 miles away. I spent about 2 hours a day driving.
- I resigned because the company was relocating the new office; it was going to be too far for me to travel.
- I ended up traveling too far and having to get up at 3 AM every day. It was a lot of traffic and it made getting to my patients on time impossible.
- I had a 2 hour commute each way. I did it for a year and hoped there would be a more flexible way to work on the phones, but it seemed so hard to accommodate me working from home.
- I left because the commute was very far. I was falling asleep on the road.
- I left because of policy changes. The company allowed us to work from home full-time, and they changed that.
- I left because the commute was too far. I was told that I would be commuting 3 hours one way; 6 hours driving was not going to work for me.
- I was traveling a little too much, 4 hours one way to work took a toll on me.

TRAVEL   Explore Options

- I was not being compensated for my mileage. I was hired for one county but was transferred to another county that was 70 miles away.
- I definitely don't feel like traveling anymore. The job required a lot of travel. I wanted to go back to an office type environment.
- I decided to take a traveling position.

CATEGORY #3
MANAGER BEHAVIOR
PREVENTABLE

Manager Behavior has seen fluctuation since 2010 with six of the eight reasons for leaving changing by more than 50%.

• Only three of the eight reasons (unprofessionalism, upper management, manager fairness) had improved in the last year. Unprofessionalism, while improved remained high.

• Poor employee treatment, lack of support, and lack of management competence had not shown any improvement from 2018 to 2019.

• General behavior and communication have each increased (gotten worse) in the last year.

12 out of 100
employees quit for manager behavior reasons in 2019

12%
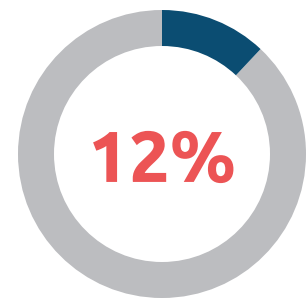
TRENDS IN MANAGER BEHAVIOR REASONS FOR LEAVING
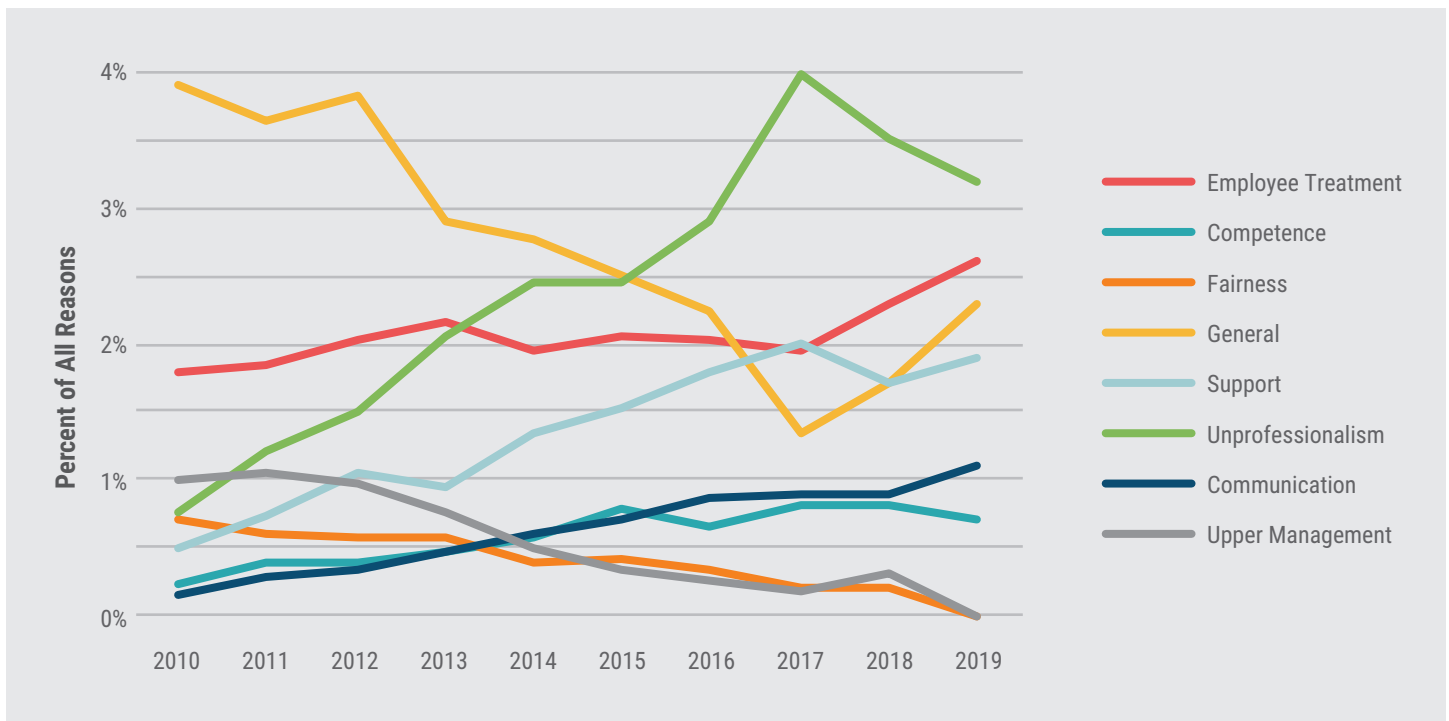
Organizations must ensure managers are well-trained in relationship skills and conduct or continue to lose the talent war. How is general management behavior perceived in your organization?

Work Institute

2019 MANAGER BEHAVIOR
Responses and Potential Solutions

REASON ── **SOLUTION**

POOR EMPLOYEE TREATMENT — Developmental Coaching/Remedial Counseling/Training

- I didn't see eye to eye with my manager. I think she was trying to get rid of me anyway.
- My supervisor caused a hostile work environment. She would verbally attack me in front of everybody. She would scream at me in meetings a lot. This started around April of 2019 and it continued through June of 2019.

LACK OF MANAGER COMPETENCE — Selection/Developmental Coaching/Remedial Counseling/Training

- My manager was never there and did not know what was going on.
- I was being harassed and bullied by my supervisor. Everyone complained she was doing drugs. I reported her and it was supposed to be confidential, but she found out and started bullying me. I felt like I was treated wrongly.

MANAGER FAIRNESS — Selection/Developmental Coaching/Remedial Counseling/Training

- I left because of a conflict with my direct manager and her superior. She treated blacks and whites differently, and also treated the patients poorly. I tried to get to talk with someone in HR, but they kept blowing me off.

GENERAL BEHAVIOR — Selection/Developmental Coaching/Remedial Counseling/Training

- I left because I did not like the fact that I was micro-managed by the director. I have a lot of experience in this field, and if my direct supervisor gave me autonomy, then she should have as well.

LACK OF SUPPORT — Policy/Selection/ Developmental Coaching/Training

- I left because I had a death in the family, and one of the administrators said something inappropriately right after. I started looking for another job right after.

UNPROFESSIONALISM — Selection/Developmental Coaching/Remedial Counseling/Training

- I left because of the management. They are not friendly at all. Every chance they got; they would belittle me. They acted like I did not understand what was going on. I spoke to them about this and nothing changed.

POOR COMMUNICATION — Selection/Developmental Coaching/Remedial Counseling/Training

- They did not give us the communication we needed.
- One minute things would be done one way and the next minute things were done differently. Policies kept changing and communication was not good.

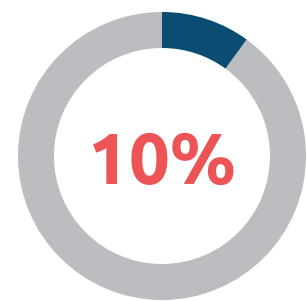### UPPER MANAGEMENT — Selection/Developmental Coaching/Remedial Counseling/Training

- There were a lot of issues that were not being addressed by upper management.
- I left the company because of how management was treating employees. I felt that the head manager did not respect employees and had no problem cursing at the employees.

CATEGORY #4
JOB CHARACTERISTICS
PREVENTABLE

Job Characteristics was the number one rising category of turnover, up 117% since 2013.

- The percent of interviewees citing general job characteristics as the most important reason for leaving has increased substantially since 2012.

- Workload issue was the second most cited reason for leaving in this category.

- Limited resources and poor training were leveling off but still appear more frequently than in 2010.

10 out of 100
employees quit for job characteristics reasons in 2019

10%

TRENDS IN JOB CHARACTERICS REASONS FOR LEAVING

Limited Resources
Lack of Empowerment
General Job Characteristics
Dissatisfaction
Poor Training
Task or Role Overload
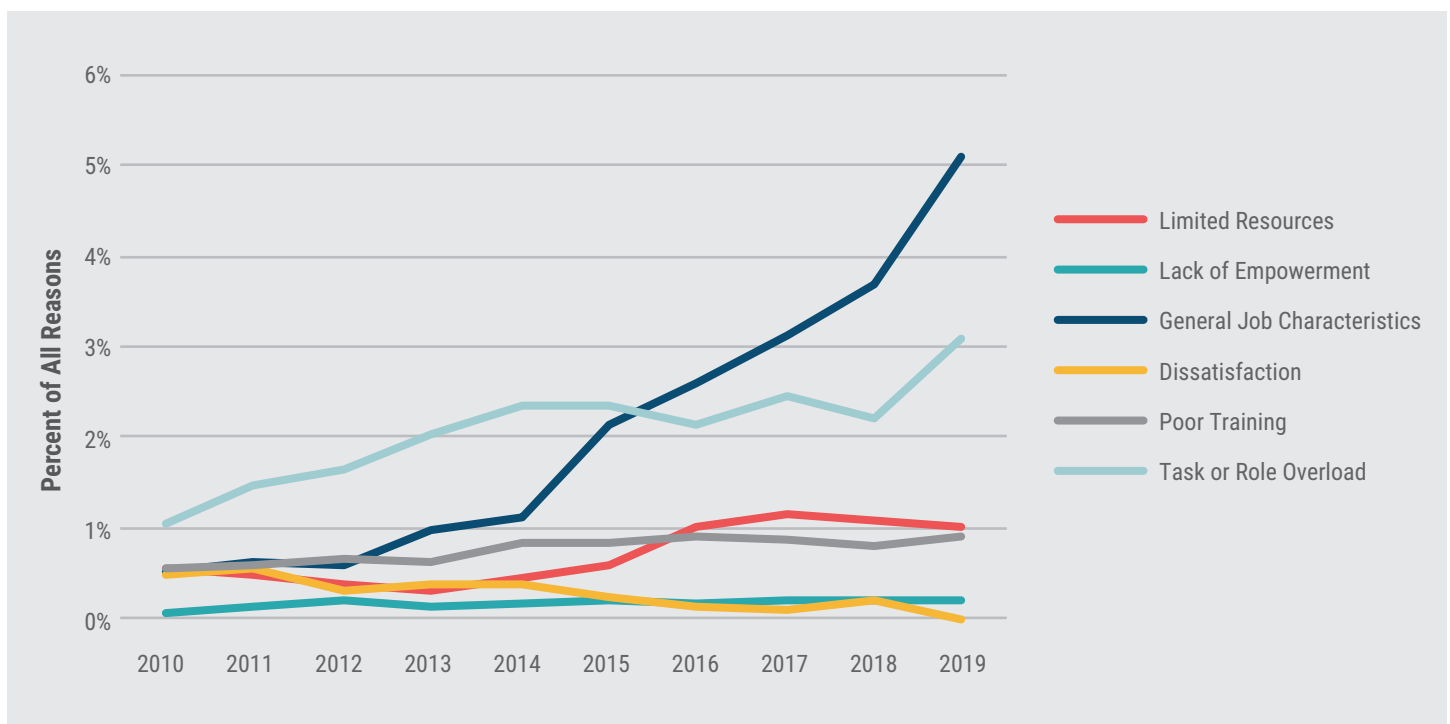
What are the actual tasks you are hiring for versus the ones you tell candidates?
Realistic job previews and responsible selection assessments reduce job characteristic disconnects.

Work Institute

2019 JOB CHARACTERISTICS
Responses and Potential Solutions

REASON ———————————————————————————— **SOLUTION**

GENERAL JOB CHARACTERISTICS   Job Previews/Selection Systems/Interview Skills

- The work is extremely physical work. When I am there I am sweating profusely. I am also sore all over at the end of my shift.
- I was forced into doing a job that I was not hired to do.
- I left the company because the work that I ended up doing in my job was not what I signed up for when I took the position.
- I left the company because it was not the job that I applied for. What I was told about during the interview was nothing like what they were having me do

LIMITED RESOURCES   Manage excessive turnover

- I started to feel uncomfortable at the job. It felt unsafe. The staffing was low for the acuity of the patients.
- I left the organization because I did not like the working conditions. There were not enough people there to handle all the work and they would not hire more people.
- The company was always short staffed, and I was not able to do my job to the fullest.
- I left the company because I felt that we did not have the proper resources with tools and people to get the job done.

LACK OF EMPOWERMENT   Trust/Inclusion/Communication/Mismanagement

- Was not provided the authority commensurate with my responsibility to run the project.
- There was no autonomy; we were told to do what we were told, or they basically made us feel unwanted. They claim they want retention, but I feel that is just words.

DISSATIFIED WITH WORK   Job Characteristics

- Hated it, my responsibilities were not at all what I was led to believe.
- I feel like this job was not for me. It was just something I could not be comfortable with.

POORLY TRAINED   Skill and Knowledge Development

- They changed over to a new system in computers. I am 69 years old I did not want to go through another change. There is a lot of problems with the new system. We only received a couple of hours of training on the new system.
- The proper training was not given to me and so I was not doing well.

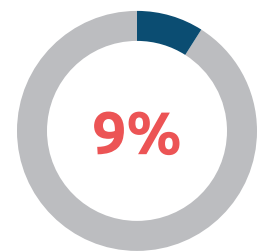## TASK OR ROLE OVERLOAD   Excessive Demands/Understaffing/Role Definition

- I was stressed out begin out in the field. The job was not for me anymore. I needed to slow down.
- I am leaving because I felt stressed about the job all the time. I am concerned about my health with all this stress.

CATEGORY #5
WELL-BEING
PREVENTABLE

Job stress, being overworked, and lack of support to take time off were concerns facing U.S. workers.

- Pregnancy and family issues continued to trend downward
- Personal, general, and care-giver issues have increased in the past year.

9 out of 100
employees quit for well-being reasons in 2019

9%

TRENDS IN WELL-BEING REASONS FOR LEAVING

Percent of All Reasons

4%
3%
2%
1%
0%

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

— General Personal
— Personal Health
— Caregiver Issues
— Pregnancy
— Family Issues
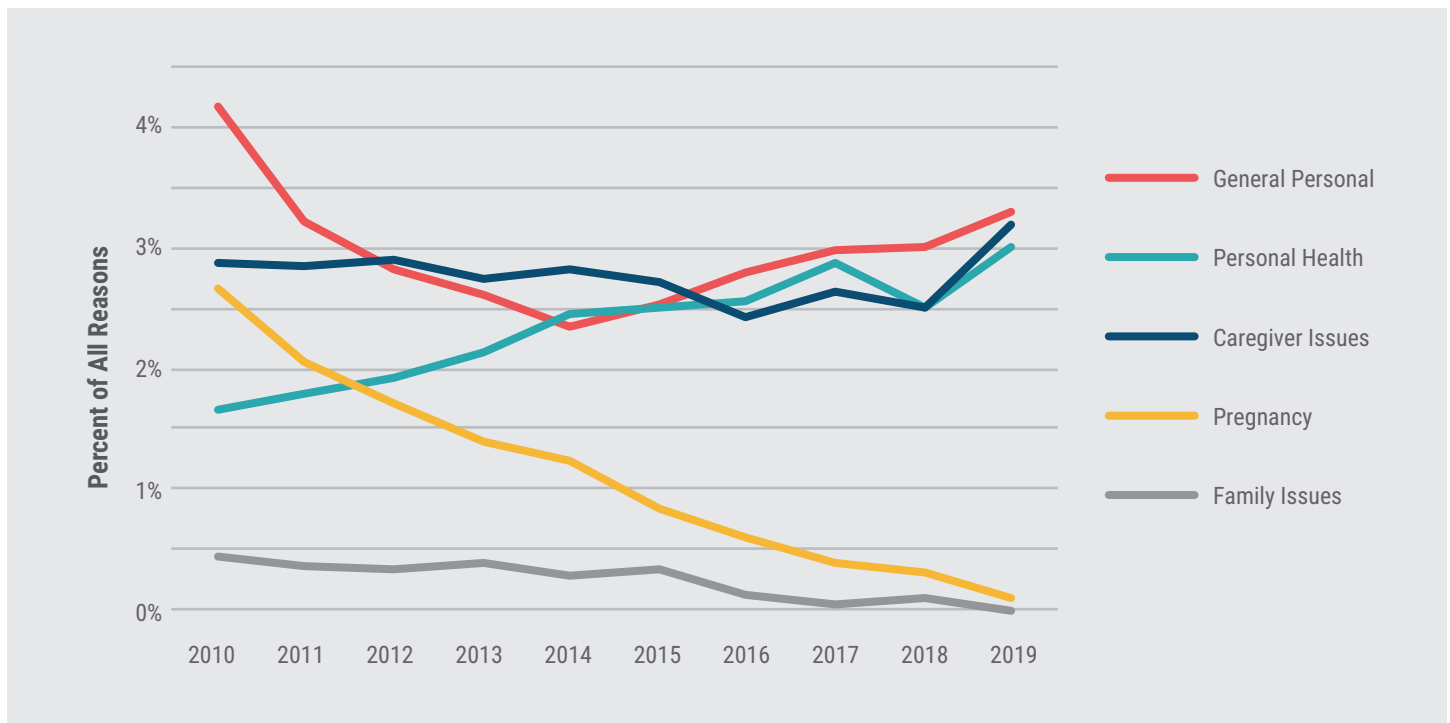
Based on your employees' opinions, is employee well-being a priority at your organization?

To promote work-life balance consider flextime and telecommuting, assistance with childcare/eldercare, financial counseling, and flexible leave options.

Work Institute

CATEGORY #6
COMPENSATION & BENEFITS
PREVENTABLE

While benefits represent a small percentage of the overall number of people who voluntarily quit their job, it continued to trend upward.

- Compensation has seen modest gains since 2010.
- The percentage of interviewees citing benefits as the most important reason for leaving increased by more than 100% since 2010.

9 out of 100
employees quit for compensation & benefits reasons in 2019

9%
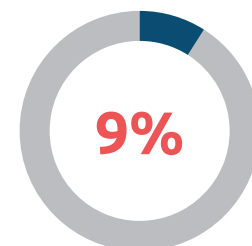
TRENDS IN COMPENSATION & BENEFITS REASONS FOR LEAVING

Legend:
- Compensation
- Benefits
- Other
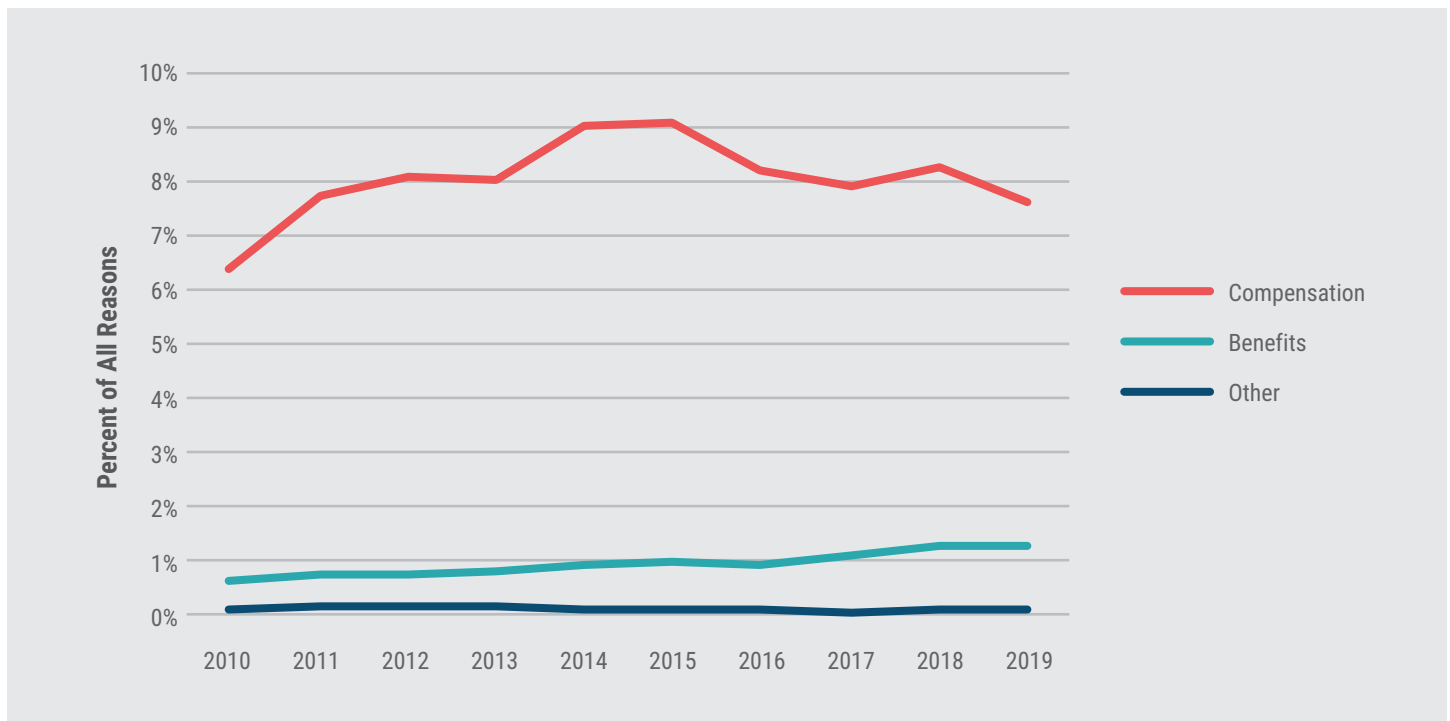
The popular press leads many to think compensation is the reason for turnover. Sometimes it is and sometimes it isn't. Find out the real reasons for turnover in your organization. Be interested in normative and benchmark data, but understand that it might not be representative of your employees.

Work Institute

CATEGORY #7
WORK ENVIRONMENT
PREVENTABLE

While accounting for only six percent of turnover in this study, Work Environment is an easy fix.

- Employees could and would leave due to poor culture even as it has leveled off the past two years.

- Problematic co-workers, while improving some in 2018, has trended upwards since 2010.

- Note the freefall in "atmosphere/crisis" since 2014.

6 out of 100
employees quit for work environment reasons in 2019

6%
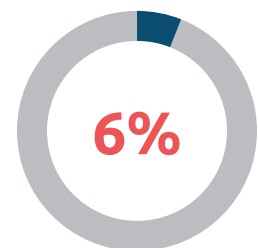
TRENDS IN WORK ENVIRONMENT REASONS FOR LEAVING
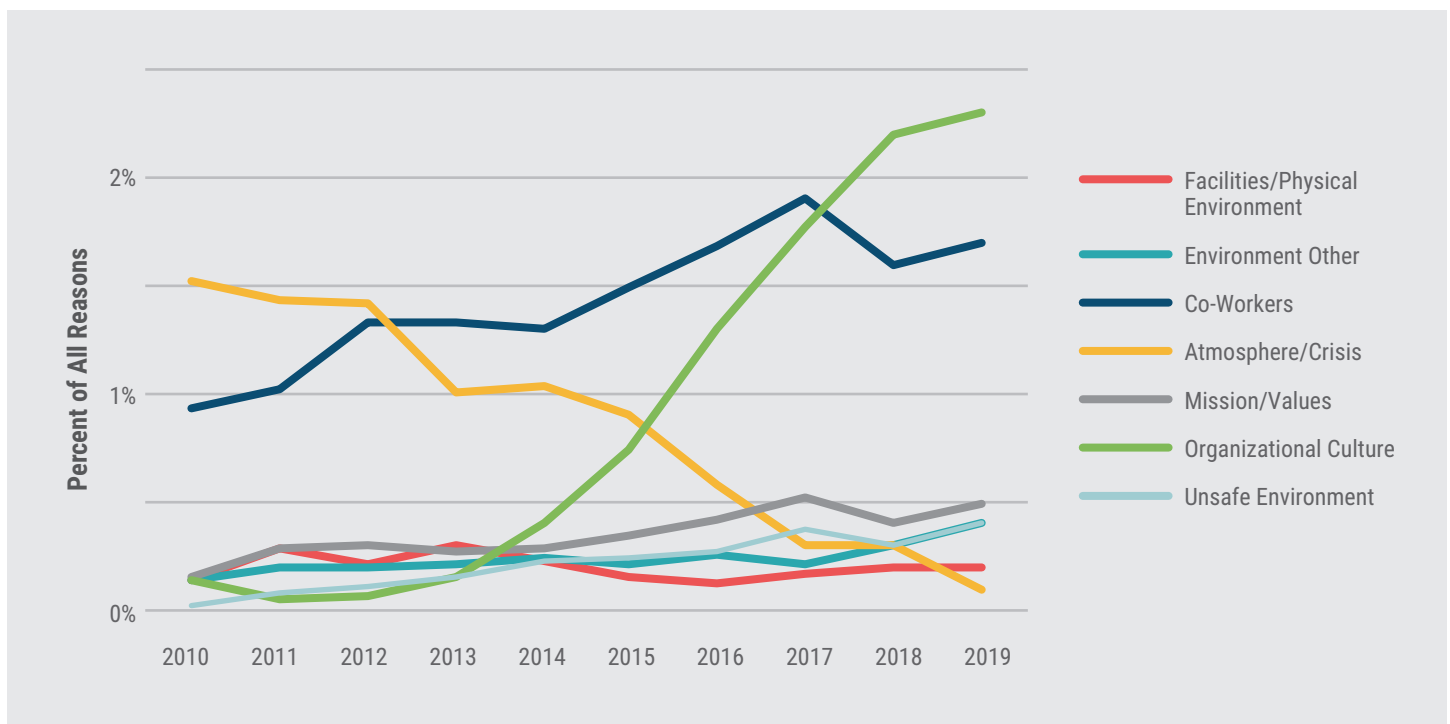
Applicant selection assessments and interviewing must include person-environment and person-culture fit as company culture becomes increasingly important.

Work Institute

ADDITIONAL INSIGHTS

" Turnover is segmented by sex, age and tenure. Employees are increasingly frustrated with job and stress. Manager behavior is a red flag and getting worse. "

TURNOVER SEGMENTED BY SEX

The biggest differences in interviewee sex were found in Compensation and Benefits and Career Development. Males are more likely to voluntarily leave their organization due to Compensation and Benefits or Career Development reasons when compared to females.
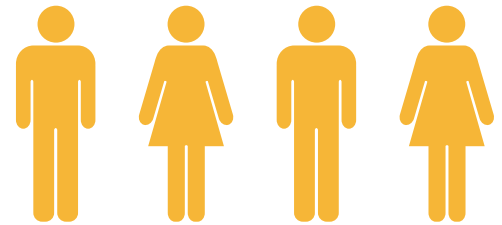
- Female employees are 28.5% less likely to decide to leave than male employees.

- Manager Behavior, Well-Being, and Work-Life Balance categories are higher for females.

REASONS FOR LEAVING BY SEX
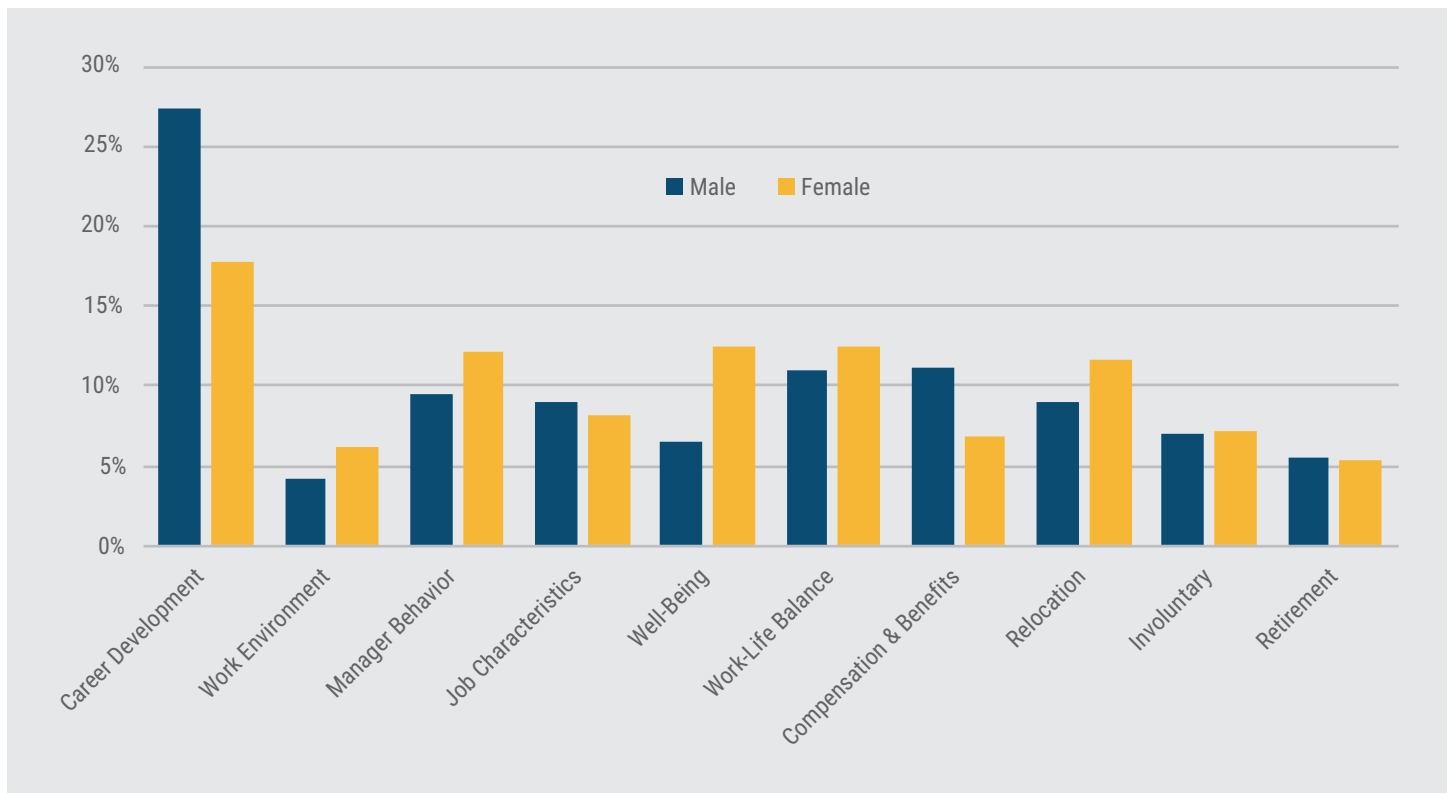
Organizational risk increases when companies do not understand the experiences throughout diverse populations in their workforce.

Work Institute

TURNOVER SEGMENTED BY AGE

The Career Development category was consistent throughout ages 20 to 59. As a category for turnover, Manager Behavior increases with age.

The popular press, HR mythology, and many organizations stereotype employees based on generational labels. It is not about what era the employee was born, but about where that employee is in their personal life and career stage.

Do not rely on popular opinions about generational differences. Career stage explains much more about why employees leave employers. Younger employees care more about being developed and older employees care more about retirement. What does your data show?

Manager Behavior and Work Environment become more important as employees age.

REASONS FOR LEAVING BY AGE
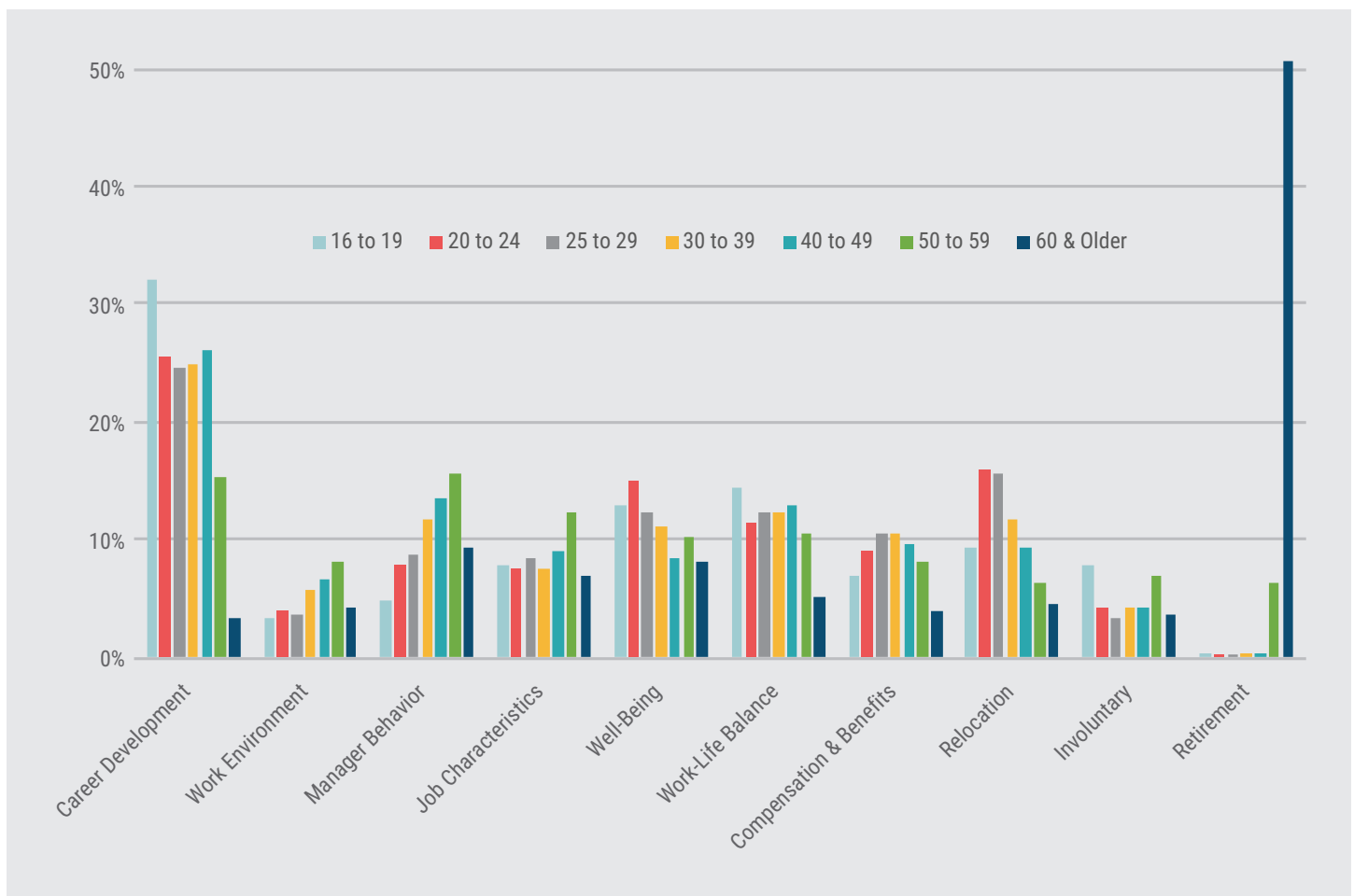
Employees are less likely to leave their current job (excluding retirement) as they age.

TURNOVER SEGMENTED BY TENURE

First Year Turnover continues to be the highest category of turnover for employers. Over 1/3 (37.9%) of employees that leave the organization do so in the first year.

- Career development is the most often cited reason for leaving in the first ninety days followed by well-being and work-life balance.

- Years two through ten become vitally critical for career development.

TENURE GROUP	PERCENT
90 Days or Less	15.3
91 Days to 1 Year	22.6
1 Year to 2 Years	17.5
2 Years to 5 years	22.6
5 Years to 10 Years	10.7
Greater than 10 Years	11.4

REASONS FOR LEAVING BY TENURE
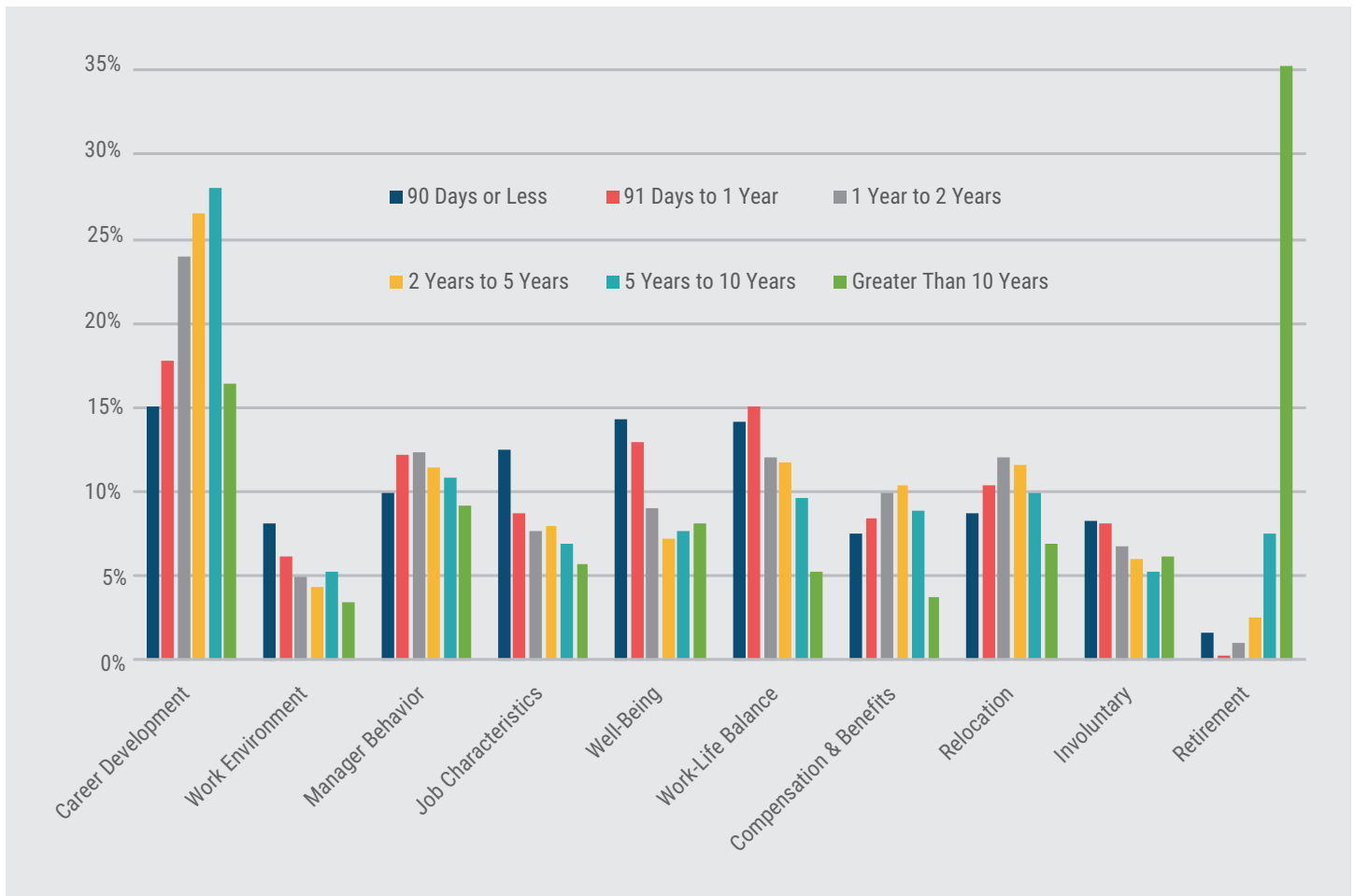
Different factors impact retention across employee tenure.

Work Institute

TURNOVER HAS TO BE MANAGED

Organizations continue to struggle with finding and keeping people and creating the workplace conditions necessary to drive productivity. Companies increase budgets and resources on engagement and retention initiatives that do not work. Billions are spent on employee attraction, retention, and development, yet employees remain disenchanted with roles and disenfranchised from companies. Organizations must collect feedback from their employees to know what causes their departure to reduce wasteful spending on retention initiatives that do not work.

Organizations are not taking the necessary actions to support employee retention.

- U.S. turnover continues to trend up.

- Preventable and manageable reasons for leaving continue to trend up.

REASONS FOR LEAVING BY YEAR
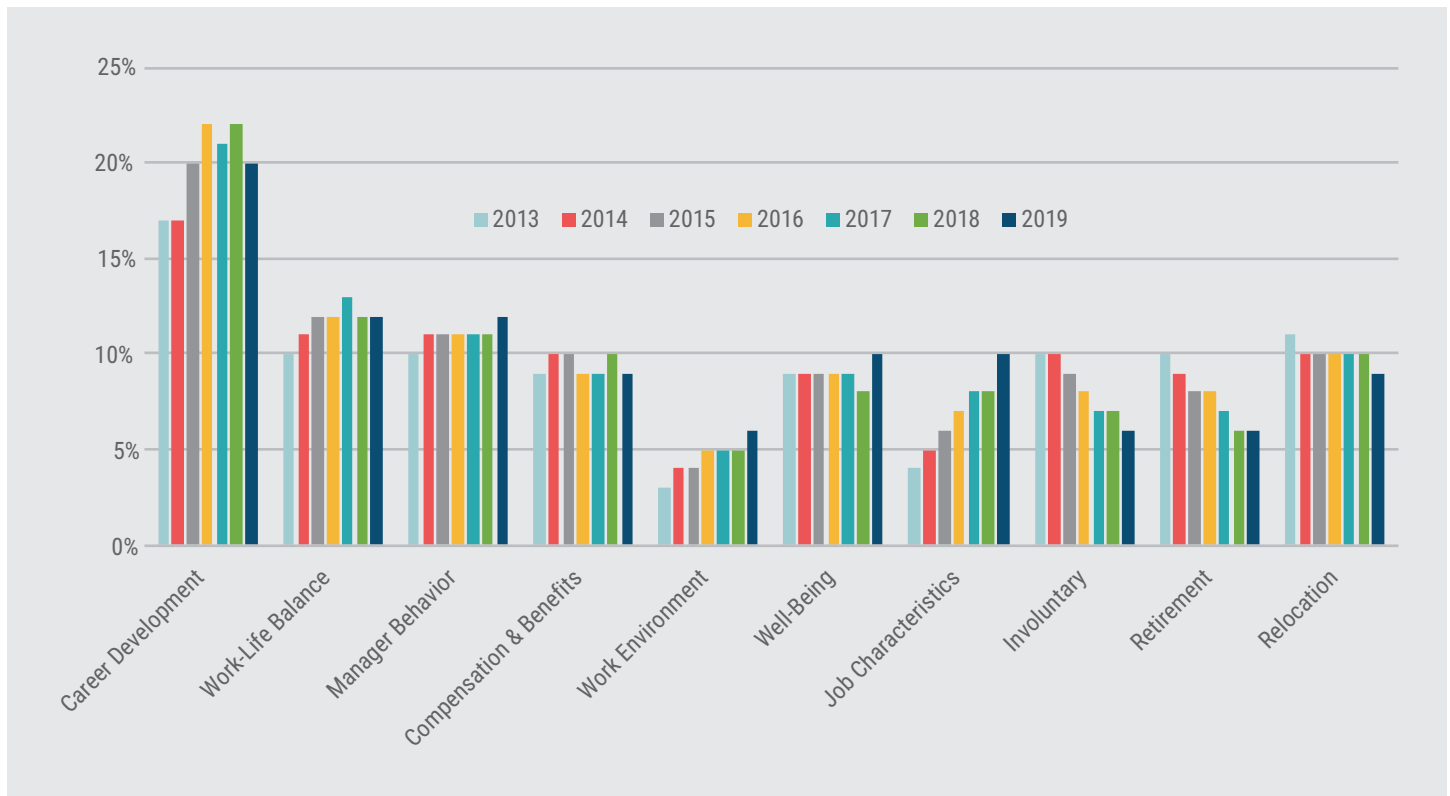
Retaining employees requires organizations to understand the real reasons for turnover, intent to turnover, and intent to stay within their workforce. Only then can organizations be confident in changes intended to increase retention.

EMPLOYEES WERE INCREASINGLY FRUSTRATED WITH THEIR JOB AND STRESS

Employee engagement continues to be the latest management panacea-du-jour. However, dependence on this ill-defined construct is a mistake. Companies copy others' best practices, increase recruitment personnel and expenses, and risk wage inflation. Still employees do not stay and are often disengaged. One in three American workers report they are chronically stressed on the job, and mainstream press reports that more than half of U.S. workers are looking for new jobs.

Top stressors for employees today are:

LACK OF OPPORTUNITY FOR GROWTH AND DEVELOPMENT	SCHEDULING, INCLUDING LONG HOURS	MANAGER COMPETENCE	JOB CHARACTERISTICS

Companies and managers must recognize engagement and retention, not as something owned by employees alone, but as a shared relationship wherein employers and employees each and together own the promise to do what they say they will do.

There are several job conditions key to engagement, motivation, and retention. These are some of the reasons employees stay:

CHALLENGE	Performing tasks at the upper level of one's competence, being stretched, and developed.
COMPETENCE	Using one's interests and skills and having the opportunity to improve those skills.
CONTRIBUTION	Contributing to the success of the organization and being recognized for those contributions.
COMMUNITY	Being part of a work community.
COMPENSATION	Fair reward for work well done.

Everyone I know who is happy is working well [with colleagues] at something they consider important. —Abraham Maslow [amended]

Work Institute

MANAGER BEHAVIOR IS A RED FLAG – AND IT'S GETTING WORSE

Manager behavior concerns are described as unprofessionalism, lack of support, poor treatment of employees, generally poor behavior, poor communication, lack of manager competence, and lack of manager fairness.

Employees are likely to find a different employer to get what they expect in supervision if their manager does not demonstrate acceptable competence. Employers must ensure managers are well trained in their conduct and relationship skills otherwise they will continue to pay the high price of employee turnover. Organizations must revisit their current training programs to verify the supervisor and manager practices expected and taught align with current requirements learned through employee feedback.

Skill, knowledge, and attitude behavior requirements include:

- **Coaching with emotional intelligence**
- **Conducting meaningful stay conversations**
- **Developing people**
- **Developing teams, including collaboration among peers and with supervisors**
- **Change management: understanding and communicating personal, group, and leadership practices at each stage of the change cycle**
- **Communication, business writing, presentation skills**
- **Conducting effective meetings**
- **Finance for nonfinancial managers**
- **Negotiation**
- **Conflict Management/Dealing with difficult situations, including the importance of immediacy**
- **Professional image/demeanor, courtesy, appropriate display of emotions**
- **Ethical behavior.**

Increasing the rating of a supervisor from "very good" to "excellent" doubles the odds that the employee will report intent to stay with the organization for a long time.

Employees quit for a variety of reasons. The employer opportunity is to know why people stay or leave within their organization and most importantly, do something about it.

PREDICTIVE ANALYTICS

"Companies can and must use predictive analysis to determine actions. Keeping it simple is the key to success."

PREDICTIVE ANALYTICS – SIMPLIFIED

Work Institute conducts both exit and stay research in organizations. After employees leave their organization, they are asked to rate their previous employer, supervisor, job, and teams. The same questions regarding their current employer, supervisor, job, and team are asked to current employees.

Core drivers are the foundation of predictive analytics. Rating of job, team, and supervisor are strong predictors of whether an employee will stay or leave. As ratings are improved, one can predict the likelihood employees will stay longer.

Core Drivers of Retention and Engagement

Employee Feedback on *Your* Workplace Drivers

Organization

Manager

Team

Job

Employee Attitudes

Engagement

Commitment

Employee Outcomes

Performance & Productivity

Well-Being

Retention

Business Results

Revenue & Profit

Employees who provide higher ratings to their supervisor, the job itself, and their team stay longer with their organization.

ORGANIZATIONAL RATINGS*

Employees who rate their employer as "fair" or "poor" are 9.7 times more likely to look for a job within twelve months than those who rate their employer as "excellent." For every one hundred employees who move their organization ratings from "fair" or "poor" to "excellent," thirty-seven fewer employees would leave in the next year, amounting to $185,000 in savings for ten-dollar-per-hour employees and $555,000 in savings for salaried employees.

Employees who rate their employer as "good" or "very good" are 2.8 times more likely to look for a job within twelve months than those who rate their employer as "excellent." For every one hundred employees who move their organization ratings from "good" or "very good" to "excellent," twenty-six fewer employees would leave in the next year, amounting to $130,000 in savings for ten-dollar-per-hour employees and $390,000 in savings for salaried employees.

Supervisor rating, job rating, and team rating are significant predictors of an employee's intention to stay or leave.

MANAGER RATINGS*

Employees who rate their manager as "fair" or "poor" are 7.6 times more likely to look for a job within twelve months than those who rate their manager as "excellent." For every one hundred employees who move their manager ratings from "fair" or "poor" to "excellent," twenty-one fewer employees would leave in the next year, amounting to $105,000 in savings for ten-dollar-per-hour employees and $315,000 in savings for salaried employees.

Employees who rate their manager as "good" or "very good" are 2.3 times more likely to look for a job within twelve months than those who rate their manager as "excellent." For every one hundred employees who move their manager ratings from "good" or "very good" to "excellent," fourteen fewer employees would leave in the next year, amounting to $70,000 in savings for ten-dollar-per-hour employees and $210,000 in savings for salaried employees.

The odds of deciding to leave decreases by 31.8%, 12%, and 5.3% for every 1-point increase in the core driver ratings for supervisor, job, and team.

GROWTH AND DEVELOPMENT RATINGS*

For every one hundred employees who move their growth and development ratings from "fair" or "poor" to "excellent," twenty-one fewer employees would leave in the next year, amounting to $105,000 in savings for ten-dollar-per-hour employees and $315,000 in savings for salaried employees.

For every one hundred employees who move their growth and development ratings from "good" or "very good" to "excellent," fourteen fewer employees would leave in the next year, amounting to $70,000 in savings for ten-dollar-per-hour employees and $210,000 in savings for salaried employees.

Calculations are based on a $45,000 salary.

Consider what you could save if you made investments in the many other reasons people leave organizations.

Employees who provide higher ratings on their supervisor, job itself, and team stay longer with their organization.

Work Institute

WHAT ORGANIZATIONS MUST DO TO INCREASE RETENTION

In the U.S. alone last year, more than 42,000,000 workers voluntarily left their jobs. Despite retention being a core focus for many companies in 2019, it was a collective failure. Voluntary turnover has risen by about 2,000,000 employees annually for the last four years. In 2019, voluntary turnover alone cost U.S. industry in excess of $630 billion, an increase of $30 billion over 2018.

As employment opportunities increased employees had options. In a strong economy, employees can choose environments where workplace conditions support their preferences, expectations, and intents. Listening and responding to the workforce is increasingly necessary regardless of mission, location, industry, or size.

Learning from and responding to the employee voice in your company is an intentional, consistent, and continuous improvement requirement.

FRAMEWORK NEEDED TO RETAIN YOUR EMPLOYEES

Employers must adopt a retention model and methodology that captures the root causes of employee perceptions, behaviors, and subsequent turnover at the most local level of the organization. Collected and analyzed properly, capturing the employee voice provides the necessary information to diagnose, prescribe, remedy, and increase retention.

- Capturing the employee voice eliminates confirmation, benchmarking, or others best practice bias. We can uncover the real reasons.

- Work Institute has tested and proven the right questions. It is time to pose those right questions to current and former employees through STAY and EXIT interviews or surveys. By asking the right questions, we uncover remediation and development requirements to drive improvements in retention.

Listening and implementing meaningful change shows you care; ratings show you can count.

- Properly survey existing and former employees. What is required for them to stay? Why did they really leave? What are their likes and dislikes (not the ones you feel are important but the ones important to them)? What is their planned behavior regarding staying or leaving?

- Ask open-ended questions, and then listen to their responses. And then ask more open-ended questions based on what they reported and listen some more. Open-ended questions signal to the employee you are interested in listening, you care, and want to know more. Follow up questions illustrate you respect their experience. We learn more when we discover what is important to the employee and how they rate importance, than when we have them rate things chosen by someone else. Be wary of providing predetermined answers for the employee to choose.

With proper data, managers can predict employee intentions to stay or to leave and can uncover what needs to change to encourage employees to stay. No data without action and no action without data.

CALCULATE THE COST OF TURNOVER IN YOUR ORGANIZATION. Keep it conservative and simple. As the median income for a salary worker in the U.S. translates to a yearly income of approximately $48,672, cost your turnover at $15,000 per employee departure. Establishing a baseline gives you a measure from which to improve.

IGNORE WHAT OTHER COMPANIES HAVE DONE. "Best Practices" come from within, from *your* employees' feedback, not other companies'. Ignore the turnover ratios from different companies. Set and manage objectives to reduce your turnover and eliminate errors. Work toward greatness, not to just be slightly better than others. Understand that companies are incredibly diverse in the reasons employees leave. A common turnover profile does not exist.

7.60%

92.40%

■ Unique Turnover Profile
■ Common Turnover Profile
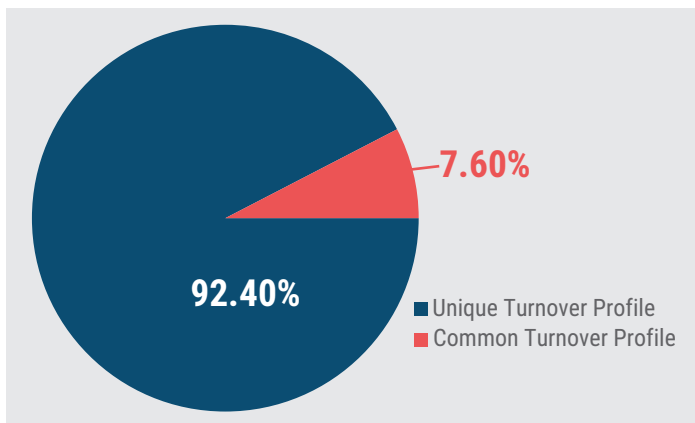
DO NOT EXPECT INDUSTRY FEEDBACK DATA TO ALIGN WITH YOUR EMPLOYEE'S VIEWPOINTS — CHANCES OF YOUR COMPANY HAVING A SIMILAR TURNOVER PROFILE ARE LESS THAN 8%.

Contentment with being like others drives an organization to mediocrity, not excellence.

HOLD MANAGERS ACCOUNTABLE. Human Resources may have responsibility for recruitment, but Operations needs to be responsible and accountable for retention. Allocate turnover expenses, direct and indirect, to operational managers, their budgets, and their bonuses.

FOCUS ON PREDICTABLE AND PREVENTABLE TURNOVER REASONS.
Over three quarters (77.3%) of 2019 turnover was more preventable.

PREVENTABLE	PERCENT
Less	22.7
More	77.3

UNDERSTAND THE DIFFERENCES BETWEEN REMEDIATION AND DEVELOPMENT.

• REMEDIATION: If combined Fair/Poor ratings exceed 15%, make the first objective to reduce the Fair/Poor ratings.

• DEVELOPMENT: Then move into a Strengths-Based Approach, focusing objectives on increasing "Excellent" ratings.

START NOW. Time is to be lived now and not in the past. Employees leave every day and more will leave tomorrow. What objectives need to be set now to meet tomorrow's objectives? Make information actionable by being current and available "just in time."

ACT. Actions must be taken on evidence-based data to establish essential employer-employee trust. Doing something about employee preferences will win the talent war. Take actions only if the benefit is greater than the cost.

COMMUNICATE, COMMUNICATE, COMMUNICATE. Sharing employee observations and employer commitments to improvements increases applicant attractiveness and employee intent to stay, retention, and engagement.

ASK, HEAR, ASK SOME MORE, COMMUNICATE, ACT.

Work Institute

ABOUT WORK INSTITUTE

Work Institute is the leading authority in workforce intelligence and retention. Utilizing evidence-based research methods that capture "the why" behind employee thoughts, feelings, and behaviors, Work Institute helps organizations improve employee engagement, performance, and retention.

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

RESEARCH AND CONSULTING SERVICES

Recruitment Studies	**Pulse Studies**
Onboarding Studies	**Vulnerability Studies**
Engagement Studies	**Custom Research**
Stay Studies	**Data Analysis**
Exit Studies	**Predictive Analytics**

Work Institute provides consulting services aligned with organization requirements and supporting cost-benefit.

DEVELOPMENT SERVICES

Leadership Training and Development	**Focus Groups**
Pre-Hire Assessments	**Communication Services**
Development Assessments	**On-Line Training Modules**
Developmental Coaching	**Group Facilitation**
Remedial Coaching	**Action Planning Workshops**
Technology Knowledge and Skill Assessment	**Action Research Workshops**
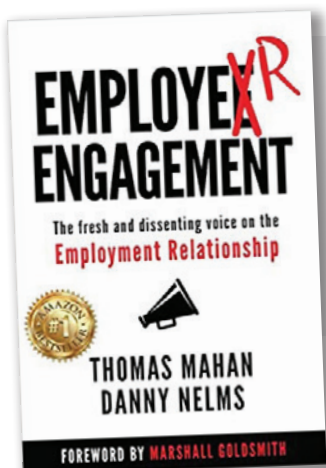
Dr. Thomas F. Mahan, Chairman and Founder and Danny Nelms, President have a new book (2020). *EmployER Engagement: The Fresh and Dissenting Voice on the Employment Relationship* available now thru Amazon. This instructional book provides additional detail on Retention and Engagement Management.

Call Work Institute
1-888-750-9008

ABOUT COHRE

Work Institute thanks the Center for Organizational and Human Resource Effectiveness (COHRE) at Middle Tennessee State University (MTSU) for collaborating on our 2020 Retention Report.

As an extension of the educational mission of the Industrial and Organizational Psychology graduate program, COHRE's mission is to enhance the quality of the I-O Psychology program, serve its students, represent the MTSU with pride, contribute to the community, and impact organizations and the people in them with integrity.

COHRE has provided services to an impressive range of clients across a variety of industries. COHRE's unique position as both an affiliate of MTSU and as a resource to the local community enables it to serve as a portal to the resources the university has to offer, as well as the knowledge and experience of external consultants and alumni.

COHRE's affiliated Industrial and Organizational Psychology graduate program has been ranked by the Society for Industrial and Organizational Psychology as the top I-O Master's program in the nation. Similarly, the MTSU chapter of Society for Human Resource Management was named a National Outstanding Student Chapter for 2017-2018. These nationwide recognitions underscore the value of MTSU's I/O program.

MTSU's I-O psychology program draws top talent from around the globe and COHRE utilizes these individuals to work as project associates in consulting projects. Furthermore, COHRE integrates nationally acclaimed professionals from its MTSU affiliation with a selective group of collaborative consultants supporting human resource and organization development solutions.

Work Institute is pleased to call on COHRE to support customers with project work. Areas of COHRE expertise, among others, include:

EEOC Evaluation	**Program Evaluation**
Expert Testimony	**Selection Assessment**
Job Analysis	**Strategic Planning**
Performance Management	**Training Needs Analysis**
Policies & Procedures Review	**Training and Development**

Work Institute

ABOUT THE AUTHORS

THOMAS F. MAHAN, ED.D.: Dr. Thomas F. Mahan, professor and author, is founder and chairman of Work Institute. An Organizational Behavior Scientist and 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. Dr. Mahan has co-authored *The Why Factor: Winning with Workforce Intelligence* and *EmployER Engagement: The Fresh and Dissenting Voice of the Employment Relationship.* Mahan earned his doctorate in Counseling and Consultation from Peabody College of Vanderbilt University.

DANNY NELMS, MBA: Danny Nelms is the president of Work Institute and the co-author of *The Why Factor: Winning with Workforce Intelligence* and *EmployER Engagement: The Fresh and Dissenting Voice of the Employment Relationship.* His 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. Mr. Nelms earned his MBA at the Massey College of Business at Belmont University.

JEEUN YI, M.A.: Jeeun is a Sr. Project Associate for COHRE. Currently, Jeeun is leading a team developing a situational judgment test for selection purposes. Her areas of expertise include applied statistics, organizational survey, teamwork assessment, employee training and development, organizational development, and compensation. Jeeun earned her Master of Arts in Psychology with a concentration in Industrial/Organizational Psychology from Middle Tennessee State University (MTSU).

ALEXANDER T. JACKSON, PH.D.: Dr. Jackson is an Assistant Professor in the Psychology Department at Middle Tennessee State University. He earned his Ph.D. from Kansas State University and teaches courses in training and development, occupational health psychology, organizational psychology, and psychological testing. His areas of expertise include judgment and decision making, training, test development, occupational health, and personality.

MICHAEL HEIN, PH.D.: Dr. Hein is the Director of the Center for Organizational and Human Resource Effectiveness (COHRE) and a Professor of Psychology at Middle Tennessee State University. He received his Ph.D. in Industrial/Organizational (I-O) Psychology from the Georgia Institute of Technology in 1990. He has over twenty-five years of experience with job analysis, training needs analysis, performance appraisal, and organizational performance measurement.

RICHARD MOFFETT, PH.D.: Dr. Moffett is the Associate Director of the Center for Organizational and Human Resource Effectiveness (COHRE) and a Professor of Industrial/Organizational (I/O) Psychology at Middle Tennessee State University. Dr. Moffett has over thirty years of consulting experience in the areas of training, leadership development, and organizational development. He received his Ph.D. in I/O Psychology from Auburn University.

citation
T. F. Mahan, D.A. Nelms, Y.Jeeun, A.Jackson, M.Hein, and R.Moffett, "2020 Retention Report: Trends, Reasons & Wake Up Call" (Franklin, TN: Work Institute, 2020), https://workinstitute.com/retention-report/.

WORK INSTITUTE IS THE GO-TO RESOURCE FOR EVIDENCE-BASED INSIGHT AND SOLUTIONS ON THE PREFERENCES, EXPECTATIONS, AND INTENTS OF THE WORKFORCE TO IMPROVE RETENTION AND ENGAGEMENT AND REDUCE HUMAN CAPITAL EXPENSES.

Work Institute