Statistical Summaries of Retention Data

What Keeps 'Em?

The Retention and Engagement Drivers Report

Updated Findings
(Representing 7,665 of over
15,000 Responses Received to-date)
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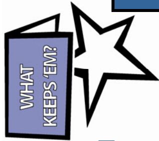
Career Systems International
A Beverly Kaye Company
&
The Jordan Evans Group

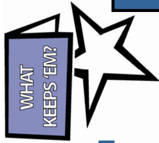


Preface

This report presents our latest findings into the reasons employees stay not only with their employers, but also remain engaged in their jobs. The findings, the drivers for employee retention and engagement, come from over six years of research centering on first-person responses to the question "What Kept You?" Future reports will be released as the number of responses significantly increases or any noteworthy changes in the overall findings are identified.

The March 2001 report (which was the third of seven editions) contained findings from over 8,000 respondents. Shortly following that release, in an attempt to more accurately represent global retention drivers, a decision was made to separate the category "Pay and Benefits" into separate "Pay" and "Benefits" categories. Analyses and reporting from that previous database have thus been discontinued. The findings of this seventh report come from a revised database (separate from the previous 8,000+) comprised of 7,665 new responses collected since March 2001. This change does not appear to affect the level of frequency of responses for the top five retention drivers.

To further discuss the findings, ongoing research and data collection covered in this report, assistance in your retention or engagement-related initiatives, or to request a copy of our past reports call 800-577-6916 or email your request to HQ@csibka.com.



Engagement … Today's Talent Challenge

Introduction

One of the major barriers to building effective organizations is the loss of momentum, productivity and intellectual capital when talented employees leave. That is true in a strong or weak economy, with high or low unemployment rates. There are two ways good people leave. Some leave physically, as in heading out your door and straight to your competitor. Or they leave psychologically, as in mentally checking out and staying onboard. Either kind of departure costs organizations dearly.

The recent weak economy created a talent smokescreen and caused many managers (at all levels) to become complacent, even smug. They felt the threat of turnover diminish as turnover rates dropped and, many used a phrase with their employees that was familiar a decade ago, "Quit whining --- be glad you have a job." Meanwhile, the employees hearing that phrase assumed a bunker mentality, the very opposite of what organizations need when they're desperately trying to weather the economic storm. Some simply disengaged, withdrawing at worst or reducing at best their discretionary efforts. Many of them concurrently launch stealth job searches. An ongoing Gallup study reported recently that only 26% of the U.S. working population is engaged (loyal and productive), 55% are not engaged (just putting in time), and 19% are actively disengaged (unhappy and spreading their discontent). They also report that this disengagement is costing the American economy up to $350 billion per year in lost productivity. Our assessment, based on the Gallup figures, is that each employer is wasting approximately 10% of their payroll dollars on lost productivity due to these levels of disengagement.

What will happen now, as the economy strengthens and choices become increasingly available? Will talent remain loyal and committed to their organizations, or will they jump ship? Recent research by CNN/Money revealed that eight out of ten workers plan to look for a new job when the economy's lights come fully back on. But it doesn't have to be a given that everyone, let alone talented employees, will leave. There's a chance that some of your talented employees will stay. The odds of retaining talent during any strong economic period are directly related to the degree to which their companies are providing what they really want. And what people really want hasn't changed much, despite economic ups and downs. Our findings show that the top three retention drivers are the same today as they were at the peak of the tight labor market in 2000:

- ✓ Exciting work and challenge
- ✓ Career growth, learning and development
- ✓ Working with great people and relationships

Organizations can and *must* build cultures that engage and retain talent, especially in an ever-changing economy. The spotlight on retention and engagement will continue because:

- ✓ **There are not enough *skilled* workers to go around.** The U.S. Bureau of Labor Statistics projects a shortage of millions in the U.S. workforce by 2012. Baby Boomers are already beginning to leave the workforce, either completely or on a part-time basis, creating a demographic earthquake as they take their institutional memory, leadership skills and experience with them.

- ✓ **Workers' attitudes and expectations have shifted—permanently.** Blind loyalty to an organization is a thing of the past, and the layoffs of the past recession have further reinforced that attitude. Today's employment contract is based instead on a sense of mutuality --- I bring my best to the organization and in return the organization provides learning, growth, reward and respect.

- ✓ **New employment options continuously lure the best and the brightest.** The free-agent movement is beckoning countless workers, making retention all the more challenging to managers.

- ✓ **Finding a new job has seldom been easier.** Whether the economy is fast or slow, job options abound for talented skilled workers, and are easier to find and pursue with the Internet. And headhunters are always looking for the best people—the majority of whom are employed.

- ✓ **The cost of losing talent is high, no matter what the economic conditions.** Experts across the board agree that the cost of replacing talented workers can easily average two times their annual salary, not including the indirect costs of lost knowledge, lost sales, declining morale, and rising inefficiencies.

- ✓ **During and immediately following downsizing, the risks for losing or disengaging top talent are especially high.** Workplace experts report that downsizing "survivors"—the workers who remain in their jobs after the cutback announcements and departures—begin to walk out the door 6 to 12 months after the initial layoffs. And of those staying, the disengaged survivors won't accomplish the same amount of work they have in the past and, in fact, they greatly threaten team morale.

- ✓ **In the new economy, talent is a key differentiator.** Advances in technology increasingly make all companies more equal, with talented employees increasingly becoming the all-important competitive advantage.

During the early "talent war" years of 1998 to 2001, leaders launched major initiatives to keep good people from bolting out their doors in response to multiple job offers. Today, the more competent and strategic leaders struggle to engage and retain talent demoralized, overworked and pessimistic about their companies' futures as *survivors* of downsizings and restructurings. These leaders know that the way they develop, care about and listen to employees today will determine how many not only stick around, but do so fully engaged, regardless of the economy's strength and the condition of the labor market.

> *"Talent is now a critical driver of corporate performance and a company's ability to attract, develop and retain talent will be a major competitive advantage far into the future."*

"War for Talent", Ed Michaels et al.