Workplace America SM
Highlights
from the 15th Annual Study of Employee Engagement and Retention
For over a decade now employee engagement has been part of an organization’s strategic plans. In that time, we’ve seen the economy turn both up and down which drive different challenges. To make your organization less susceptible to these ups and downs, building a culture of employee engagement is very important. Research in this field shows engaged employees will give “discretionary effort” in their everyday work.

The real advantages of higher employee engagement and retention levels go beyond turnover cost savings however. In fact, engaged employees perform better because of their discretionary effort. In this year’s study, we saw dramatic increases in organizations reporting increases in productivity, safety, and patient satisfaction, while customer service, profitability and sales remained important considerations as well. (Fig 1)

In this 15th edition of Workplace America, we’re pleased to see respondents reporting support for increasing employee engagement is strong and has increased from last year. 80% of senior leadership teams are committed to supporting engagement and retention efforts and over 73% of them make these initiatives a strategic priority. (Fig 2)

Senior leadership support is required as the economy continues to grow. Our economy is expanding with record low unemployment rates at or below 4% for the past 12 months and 83% of organizations reporting they are planning to add staff or maintain current staffing levels. (Fig 3) With nearly as many organizations, 76%, forecasting unmanaged turnover staying the same or increasing in 2019, this creates a challenging revolving door for employers to navigate. For employees, there are many choices. For employers, if you want workers to stay, you have to be able to create a culture of engagement.

A growing economy and a shrinking unemployment rate often mean an increase in employee turnover. What is really important when turnover increases is understanding who is leaving, when and why.

Understanding Your Turnover

Accurately categorizing turnover is the first step to determining who is leaving. So, who is leaving? Are employees being fired or are they quitting?

“Managed” turnover at the most basic level is a departing employee who did not meet performance requirements and the organization “managed” them out. “Unmanaged” turnover is an employee they would have preferred to have remained on the job but departed anyway. If you’re not using “managed” and “unmanaged” to categorize your attrition, then consider adopting these labels to increase the accuracy of understanding who is leaving your organization. The appropriate actions to reduce each type of turnover are different.

The Increased Pace of Attrition

The next question to answer is when are employees leaving? Accomplish this by tracking the month after hire the employee leaves. Unfortunately, early-tenure-turnover remains disturbingly high with 68% of organizations reporting their highest turnover occurs sometime within the first 12 months of employment. (Fig 4) This is up from 52% just six years ago.

Early-tenure-turnover can be especially costly for
an organization because they have invested a lot of money into the recruitment, selection, and training of the employee only to have the employee depart prior to performing the work they were actually hired to perform. At this point they represent mostly cost without contributing any value in return.

What are the Drivers of Turnover?

This brings us to why employees are leaving the organization. For managed attrition, the reasons why employees are managed out should be well documented. For unmanaged attrition, the organization needs to accurately capture why employees are choosing to leave. This information is best gathered before the employee departs the work location and ideally is gathered through a questionnaire or online survey instead of a face-to-face interview which can be intimidating. One practice which is sure to result in unreliable data is to have the unmanaged departing employee’s immediate supervisor fill-in the reason they left. They will likely write-in the leave reason as “personal reason beyond the control of the organization.” How many leaders do you know who would cite themselves as the primary reason a well performing team member chose to leave? Yet, leadership reasons remain one of the top factors driving unmanaged attrition today.

We believe tracking turnover is such a fundamental part of a successful engagement and retention plan, we added a new question to Workplace America this year on this topic. These data show most organizations track voluntary/involuntary, 76%, and also a majority track leave reason at 59%. (Fig 6) But not enough organizations are looking at other reasons such as function 46%, Job Level 38%, and location 37%. These data points can yield rich rewards when putting together a full picture of turnover trends. But we believe the biggest missed opportunity of all comes in at second to last, leader to whom they report at 35%. When you track which leaders are driving high retention or conversely high attrition on their teams, you can begin to see a path forward to increasing overall employee engagement.

Our full Workplace America 2019 report explores the causes of turnover and tactics proven to increase employee engagement in much more depth. Information on obtaining a full copy is below. We did want to offer our key takeaways here with four points we hope drive some of your internal discussions to create a culture of engagement.

Key Takeaways

1. Culture Matters Most. Culture, a resounding engagement keyword for years, is now more important than ever. 73% of organizations cite “morale and culture” as the top impact of poor engagement and retention. “Incompatibility with culture” surpassed leadership issues as the 3rd biggest reason employees quit after their first year. Everything in your organization speaks to culture but some elements speak louder than others: Communication, especially 2-way communication allowing all employees to have a voice; Social
Responsibility, from quality and integrity to recycling; and finally People, all people from the front-line to the C-suite set your culture. Everyone should have a stake in, and accountability for, creating a culture of engagement.

2. Recognize Leaders as Change Agents.
Leaders can help drive culture change or become an obstacle. Recognize that your employee engagement will never be higher than your leader engagement. Measure leader engagement by level and strive to have engagement rise with level. Find leaders who engage their teams, recognize them, and learn from them. Share their best practices widely. To do this successfully you’ll need to measure leader engagement effectiveness, train leaders on engagement and retention skills, and hold them accountable. Engaging leaders lead higher performing teams. Leverage this fact by linking engagement metrics to operational performance metrics. Market these findings to increase leaders’ awareness that their ability to engage their teams will enable them to meet their performance goals.

3. Grow your Talent or Watch them Go.
Career growth, or the lack thereof, has been the biggest cause of regrettable turnover for the past 7 years. Think beyond the traditional “raise and promotion” definition of growth as most team members want something other than a promotion. Create in-role opportunities for growing skills, experiences, and responsibilities. Train leaders on how to conduct career growth discussions and hold them accountable for having these with each team member. This will allow them to address each individual’s needs. Implement Stay Interviews to help leaders effectively discuss their team members’ career, leader, recognition, and engagement preferences. When growth goals are achieved, whether an advancement or in-role goal, celebrate and share them to motivate others.

4. Accountability Begins with HR…
Establish Better Metrics. We have consistently stated that HR alone cannot drive engagement and retention. Operations’ leadership must be involved to be successful. However, HR should create the processes, metrics, and drive accountability. HR leaders can become business leaders by considering these areas for improvement: only 49% of organizations measure the engagement effectiveness of individual leaders, 43% track turnover by tenure, 35% track turnover by leader, 26% hold leaders accountable for retention, and just 24% know the cost to replace an employee. The pre-requisite to accountability is measurement. Once the metrics above are in place, all stakeholders can be held accountable including recruiters, trainers, and leaders. Begin by holding HR accountable for creating and maintaining these metrics.

Thank you for your interest in Workplace America. To obtain the full report visit our website at www.talentkeepers.com/research.

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