



What Keeps 'Em?

The Retention and Engagement Drivers Report

Updated Findings

(Involving over 7,000 Respondents to-date)

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Career Systems International

A Beverly Kaye Company &

The Jordan Evans Group

Preface

This report is the latest in a series exploring 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 four years of research capturing 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 six comprehensive retention reports) contained findings from over 8,000 respondents. Shortly following that release, in an attempt to better 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 sixth report come from a revised database (separate from the previous 8,000) comprised of 7,457 new responses. 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 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 quit and stay. Either kind of departure costs organizations dearly.

Today's weak economy, with an unemployment rate hovering around 6%, has created a talent smokescreen. Managers say their turnover rates are lower than ever. Some have even put engagement/retention initiatives on hold. That is a risky thing to do. A recent Gallup survey finds 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).

Today, workers may be reluctant to leave jobs, even jobs they no longer enjoy, simply because they believe their current job is the best alternative in a weak economy. They may not be actively seeking greener pastures, but they *are* disengaging, producing less, polishing their resumes and biding their time until the employment picture improves.

What will happen as the economy strengthens and choices become available again? Will talent remain loyal and committed to their organizations, or will they jump ship? It depends on the degree to which their companies are providing what they really want, in the midst of a weak labor market. And what they really want hasn't changed. The top three retention drivers are the same today as they were at the last peak in 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, even in an uncertain economy. Leaders must realize that today's business downturn has created an *artificial calm* in the war for talent.

The focus will continue on retention and engagement because:

- ✓ **There are not enough workers to go around.** The U.S. Bureau of Labor Statistics projects an estimated 10 million shortage in the U.S. workforce by 2010.
- ✓ **Workers' attitudes and expectations have shifted—permanently.** Blind loyalty to an organization is a thing of the past.
- ✓ **New employment options 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.** Even in a slow economy, job options abound for talented skilled workers, and are easier to find and pursue with the Internet. On top of that, a slow economy doesn't stop headhunters, who 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.** During an economic slowdown, it's even more critical for companies to carefully manage their assets—especially their human assets. 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.

- ✓ **In times of 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 make all companies increasingly more equal, with star employees becoming the all-important competitive advantage

The key motivators for organization-wide employee retention efforts have no doubt shifted in the past year. 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, many of those same leaders struggle to engage and retain talent demoralized, overworked and pessimistic about their companies’ futures as *survivors* of downsizings and restructurings. The leaders know that the way they develop, care about and listen to employees today will determine how many stick around when the economy again strengthens and the labor shortage escalates.

“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.