

REASONS EMPLOYEES LEAVE REASONS EMPLOYEES STAY

Success Strategies for Today's Workplace

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As middle managers, it is incumbent upon us to understand why our best employees leave and what steps we can take to retain them. Companies love to say, “Our people are our greatest assets.” But sometimes the actions of the company tell a different story.

In good times and bad, but especially in good times, the battle for top talent



can be fierce!

On top of that I’ve been told that the cost of a bad hire is actually 4 to 5 times the annual salary of the position being filled. So now that you’ve got the position filled, you need to do everything in your power to keep them around for a while.

There exists quite a disconnect within the corporate ranks. Managers tend to believe that employees leave for more money. But in fact, the overwhelming majority of employees wind up leaving for reasons other than money. Before the problem can get resolved both parties need to get on the same page.

For managers to think that money is the main issue is taking the easy way out. Citing pay as the main concerns allows us to avoid doing the heavy lifting that could unearth things t that really need to be fixed. The fact of the matter is, there are things that can be done to keep employees happy and thriving, on the job.

1 Lack of training

These days' companies want to hire "ready-made" employees. By that I mean they want people who they can just plug in have them get to work. It doesn't matter who you are, all new employees need meaningful training if for no other reason than to complete the "on-boarding" process. All employees come from somewhere else, right?



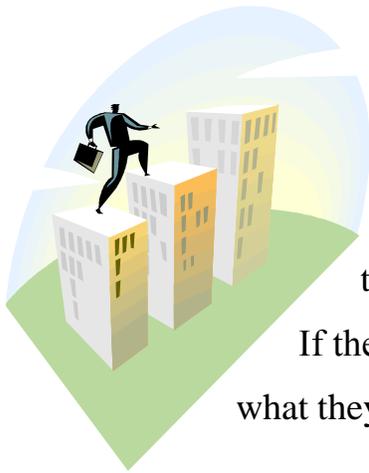
Another interesting facet of "ready-made", performing employees is that busy tend to ignore them. Part of the motivation is that no one wants to be guilty of micromanaging their workers. We can all understand that however, top performers want and need both feedback and coaching. If your top performers get frustrated, the organization is in real trouble.

2 Lack of growth opportunities / promotion

If a company is healthy and growing, that

should mean opportunities for advancement. When an organization begins to stagnate, it's only a matter of time before employees start heading for the exits.

Most organizations are fond of promoting from within but at times that policy doesn't hold at the higher levels. Don't kid yourself; your employees will notice such a pattern. Well-established career paths with clear processes and performance requirements make it clear to one and all that the organization is fair, growing and eager to promote top candidates.



A consistent trait among top performers is the need to grow and advance. Among the biggest attractions that help with employee retention are the opportunities to develop within the organization.

If they don't feel challenged eventually they will seek what they need elsewhere.

Can you come up with a way to use your employees' skills and abilities? If so, this will boost their satisfaction. What about additional training opportunities? Build a clear path from increasing skills followed by career growth and you'll have a winning formula in place.

A more controversial aspect of the "grass is greener" mentality is whether or not you, as a manager, should be willing to provide support to a subordinate while they look for opportunities outside of the company. This would definitely confirm your commitment to your employees as individuals but could potentially damage your standing with your current employer.

3 Work is not respected / Lack of recognition for work done

For many employees their sense of self is attached to their work. Think about it. Most of us will spend at least 1/3 of our lives at the workplace. And this doesn't include commute time. One thing that drives top performers crazy more than almost anything else is when they work hard and feel a lack of respect for the effort they put out. If your top performers feel devalued and unrecognized they probably are already having thoughts of leaving. Don't expect them to ask for recognition; as humans we all crave it on some level. The fallout from all of this is that your low performers are the ones who tend to stick around and endure adverse conditions.

4 Incompetent management

In the process of pursuing profits it's easy to lose sight of the pillars that make an organization prosperous. Staff members who are being overworked. Managers who are unprofessional or don't care. Managers receiving promotions to positions that are ill suited. After a while employees begin to lose confidence: first in their managers and second in the organization as a whole. Leaders with out of control egos. I've worked in at least two organizations where the CEO's had designated parking spots and separate bathrooms for themselves. One of them even had a bar in his office! These sorts of characters contribute to retention issues.



5 Company without clear direction

Where is your organization headed? What are its' goals and how do its' leaders plan to achieve those goals? Signs of poor senior leadership are when employees feel they don't have a voice. Is anyone listening? Are their opinions solicited? Does senior management invest in its' employees? Is management clear about its' decisions? You cannot have complete agreement with all decisions but it must be clear why they are being made. Once again, I remember a time when my former company laid off an employee, hired her back months later, only to lay her off once again! Those sorts of decisions send a scary message to all the other workers.

6 Incompetent co-workers are not terminated

Nothing can deflate the morale of a team quicker than seeing incompetent co-workers remain on the job and heaven-forbid, getting promoted.

Although this has to be one of the most difficult decisions a manager has to make, it must be done sooner rather than later. The longer an incompetent worker is allowed to remain on staff, the worse it will be when the inevitable happens. Ask yourself this question, "Will my department (company) be better or worse without this particular employee on the payroll?"

7 Overworking workforce / stressful work environment



These days' companies are living by the mantra, "Do more with less". We all understand the ramifications of the recession and how that has made organizations' more hesitant to hire until absolutely necessary. But as a result U.S. employees may be hitting the wall. Being expected to perform the job of 1.3(or more) people for prolonged periods of time can burnout even the most dedicated staff. At some point work quality and customer service will

suffer and at that point an organization's culture becomes unhealthy.

Acknowledge the existence of excessive workloads and show appreciation for your workers' efforts. Think of creative ways to allow employees to escape their work, if only for short periods of time. Small gestures can go a long way with employees and their families.

8 Concern about the company's future / stability

How stable is your organization? Where and how can one acquire accurate information in order to make an informed decision? According to an FDIC publication, in 2001 over 250 companies with a combined \$258.5 in assets, filed for bankruptcy. All of the 10 largest U.S. bankruptcies have occurred since 2001. How does your company's Key Performance Indicators stack up within industry? Sometimes it's not just about the viability of the company. Your employer might be humming right along but your position within the

organization might be tenuous. It is always a good idea to discuss both the direction of your company and how **you** fit into the picture.

9 Inadequate Compensation

What is the relationship between salary and job satisfaction? To the surprise of many it's not the number one concern of employees. At some point increasing salary becomes a matter of decreasing returns. On the other hand if your employees get the sense that they are making less than market rate (and the information is out there) you can expect a certain amount of resentment to take hold. During the recent economic downturn it was totally understandable for everyone to

take a "haircut" financially but as things begin to return to normalcy you can bet that compensation will be paramount in the minds of your employees. It would be suicide to freeze pay raises and promotions when



your competitors have an eye on your top talent. Keep abreast of what the pay schedules are given: 1) your industry, 2) company size, 3) geographic location and 4) scope of duties for each worker.

In Closing

As long as you're going to incur significant expense in recruiting some top talent, it only makes sense to recoup those expenses by retaining that talent for at least a few years.



With recruiting expenses at about 35% or more of an employee's first year salary, and the cost of replacing a “mistake hire” reaching at least 2-3 times of that annual salary, there should be plenty of incentive to get it right. In a recent report by the Society for Human Resource Management (SHRM), 30% of employees interviewed said they were likely

to look for work outside of their current employer in 2010. Imagine that! In the midst of the worst economy since the Great Depression, almost a third of employees were looking to leave.

Whether it's 1% of your workforce, 30%, or 50%, employee turnover can be costly. When an employee walks out the door, their experience, skills, and knowledge leave with them. And since change can be hard to adjust to, it can also impact the dynamics of your remaining team members. Stress levels of former co-workers can be expected to rise – especially if they have to pick up the slack when an employee quits.

When an employee you value resigns, it can be hard for you, your team, and your entire company. Knowing why they leave can help you expand the reasons for your employees to stay. You've invested in your employees.

Keep your workforce strong and retain your most valuable assets – your people – by making it hard for them to want to leave.

Although all employees leave eventually, you need to maintain healthy turnover numbers so that your organization can continue to thrive. Success leaves clues but so does failure. Knowing why employees leave can help you make the necessary changes to keep your employees excited, engaged, and satisfied in their jobs. The result will be a happy, productive and thriving workforce.



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