



The Insync Surveys Retention Review 2010

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Stop staff jumping ship as times pick up

Employers and employees alike had a rough 2009 due to the global financial crisis. Business leaders wrestled with tightening budgets and cost-cutting strategies. The job landscape was vastly different to the one our 2007 Insync Surveys Retention Review examined. While back in 2007 we were experiencing dramatic talent shortages, last year many employees if not asked to leave, were asked to stay positive and productive despite pay freezes or cuts. For many organisations, the focus was on streamlining operations to remain financially viable rather than maintaining employee morale.

As signs of an economic upturn begin to appear, talent retention returns to the agenda as an organisational priority. Employees may feel their organisation was unfair or asked too much of them during the downturn. Scary predictions of 10% unemployment, or even 7%, now seem unlikely. In June 2009, total job ads were 51.4% lower than 12 months earlier according to the ANZ Job Advertisements Series, but figures from the Australian Bureau of Statistics show that unemployment peaked at just 5.8% in July 2009. This suggests that a lot more people would have changed jobs last year if they could have. In January 2010, Australia's jobless rate was 5.3%. Employees are gaining confidence and the upper hand again. Those who reluctantly stayed put may now be about to leave.

About this study

In analysing the reasons behind employees leaving voluntarily, Insync Surveys examined the exit survey responses of 1548 employees from 25 Australian-based organisations who departed in the 2009 calendar year. The organisations range in size from 50 to 10,000 employees and include a range of industries from state government to private enterprise.

Departing employees completed an online survey that tapped into both their reasons for leaving and

Savvy organisations know that retaining staff to maintain capability and productivity levels at this critical juncture will best position them for financial success in the long term. Retaining talent also saves money that may otherwise have been spent on recruitment and training costs. These issues raise a couple of questions for leaders:

- What levers can we pull to ensure our staff stay on board in 2010?
- As we recover, what might impact high-performing and critically skilled talent to leave?

In the aftermath of the global financial crisis, the new 2010 Insync Surveys Retention Review informs organisation leaders of the motivations behind staff attrition. Organisations should not become complacent about retention. A strengthening economy may mark the beginning of a mass exodus of talented staff seeking improved opportunity and conditions. The staff turnover issues presented in this report are important to consider when creating and executing an effective retention strategy. This report will help to ensure your organisation has the resources needed to bounce back and grow.

their general attitudes about their work environment. Telephone interviews supplemented the online survey results in some instances.

A core component of the Insync Surveys Retention Review is a consideration of the drivers of turnover across different demographic groups, particularly generation and gender. See the box overleaf for a summary of generations' work attitudes.

Generations' work attitudes

Baby Boomers (1945 – 1964)	Generation X (1965 – 1979)	Generation Y (1980 -)
Strong work ethic	Results-focused	Goal-oriented
Process-focused	Desires autonomy	Values teamwork and fairness
Seeks consensus	Strong social conscience	Growth-oriented
Respects authority	Seeks responsibility	Technically savvy
Optimistic	Self-reliant	Enjoys variety

Source: SAM Advanced Management Journal (Autumn, 2005)

Key findings

“Fewer departing employees indicate a “lack of job satisfaction”

as their number one reason for leaving, selected by 10% of employees in 2009 compared to 14% in 2007.

Employees aren't happier; since 2007 there's been a notable **increase in work stress and job security** as emerging factors for resigning.

Work-related stress causes more women to walk than men.

Within employers' control, **opportunity for career advancement is the most important reason behind resignations.**

Contrary to popular thinking, one's **manager is not commonly rated as the “primary” reason for leaving**; professional growth and development are more important.

“Enrichment factors” are critical to Generation Y, with a higher proportion of them **leaving their employer in 2009 for career and professional development opportunities** than other generations.

Women indicate a stronger propensity to leave their employer in seeking work/life balance.

Suppressed demand for new jobs

“Lack of job satisfaction” as a reason people leave their employer has fallen from 14% in 2007 to 10% in 2009. This supports the view that there is suppressed demand for new jobs among employees as supply has dried up. But employees aren’t any more satisfied – they just haven’t been resigning due to job dissatisfaction – which means these people are now waiting for the right opportunity. Attrition is likely to surge to levels above long term trends as job supply increases again. Just as some employers get set to bounce back after the bottom-line pain they’ve gone through to maintain capacity during harder times, that very capacity is about to walk out the door. Retention initiatives are therefore more important in 2010 than at any time in the last few years.

Since 2007, there’s also been a notable increase in work stress and job security as emerging factors for leaving; this further highlights that workforces aren’t happier lately. There has also been a decline in pay and conditions as a driving influence in one’s decision to leave. Generally speaking, these trends continue to reflect the view that the “grass isn’t always greener” during difficult financial times.

The Insync Surveys Retention Review found that despite the economic downturn, employees still fundamentally seek growth and advancement opportunities and desire to be happy at work. This is similar to what was shown in the 2007 Insync

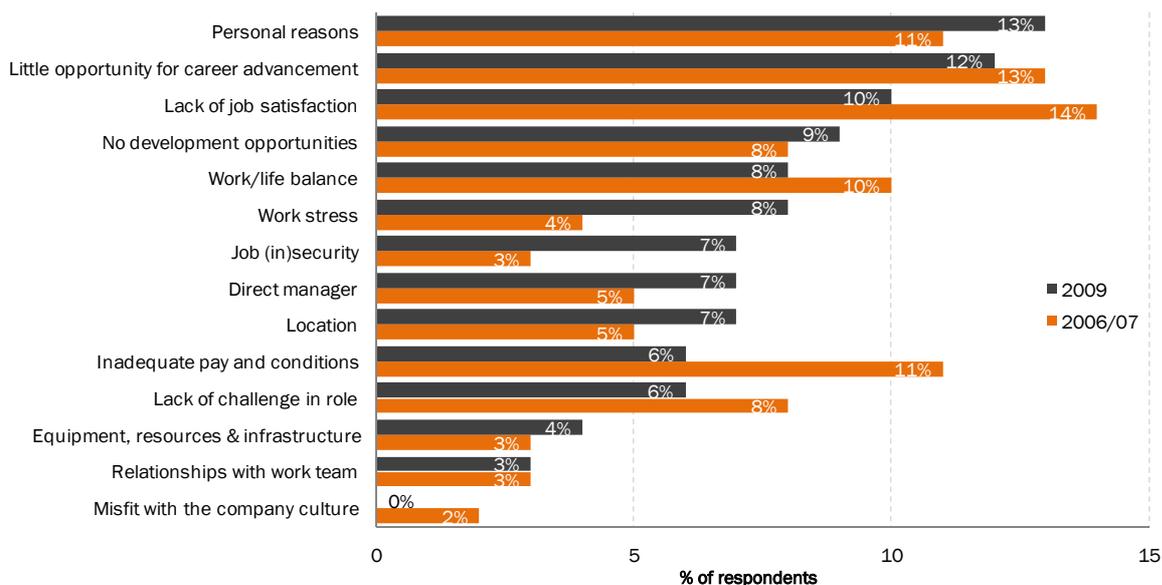
TOP FIVE REASONS FOR LEAVING WITHIN THE EMPLOYER’S CONTROL

- 1 Little opportunity for career advancement 12%
- 2 Lack of job satisfaction 10%
- 3 Lack of professional development opportunities 9%
- 4 Inability to balance work and life demands 8%
- 5 Workload-related stress 8%

Surveys Retention Review, when demand for talented employees was almost at its peak according to the Olivier Job Index. But now, instead of jumping ship, there’s been an increased desire among employees to receive non-monetary professional development opportunities.

Despite the two year gap since the Insync Surveys Retention Review in 2007, employees have continued to leave for better career or training opportunities. The top five reasons for leaving in this section of the report show that regardless of the impact of the financial downturn, employees still expect to extend their portfolio of skills within their working environment.

Why people leave their employer



Note: 13% of respondents indicated “personal reasons” as the most important factor in their decision to leave, the top reason in 2009. Personal reasons may include illness, retirement, travel and study. These reasons for leaving are usually beyond the employer’s control. Hence, 87% of turnover is within the employer’s control.

Lessons from the benchmark database

Insync Surveys benchmarks exit survey data. Use the table below to identify with other organisations in the marketplace.

Check if your organisation is experiencing these reasons for leaving	Typical results in other organisations	Benchmark tip
Professional development opportunities Career and advancement opportunities More challenging work Dissatisfaction with the job	Benchmarked over time, Insync Surveys has found these factors are very likely to impact an employee's decision to leave	If these reasons rate highly with your organisation, you are similar to others
Remuneration and incentives Work/life balance Work stress Personal reasons (including retirement, health, travel, study etc)	These factors are likely to influence an employee's decision to leave, though may be more important based on the demographics of the employee	If any of these reasons rank as top issues you may have a unique problem to tackle
Corporate culture and the work environment Equipment and resources Relationships with direct managers Relationships with colleagues	These factors are relatively less likely to impact an employee's decision to leave	Warning bells should be ringing if any of these reasons rank as top issues – you may have a major problem with your culture, resourcing, leadership or even bullying

People leave their manager: myth dispelled

There's a widespread saying that employees don't leave organisations, they leave their managers. However, the Insync Surveys Retention Review tells us a different story.

Insync Surveys' exit survey benchmarking shows that the behaviour and actions of the boss are not commonly rated as a primary reason for leaving when compared to other issues. Although it can be a contributing factor in an employee's decision to leave, it doesn't rate as highly as other reasons centred on growth and enrichment.

Benchmarking allows leaders to identify unique issues of concern compared to other organisations in the wider marketplace.

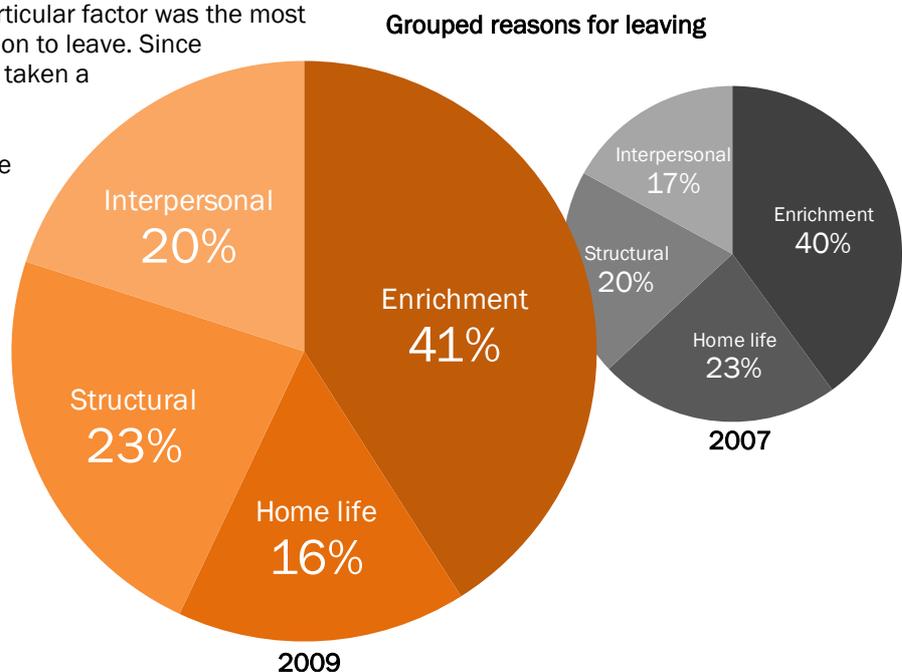
Retention can be linked to four key themes

When looking at retention factors within the control of an organisation, Insync Surveys has taken analysis further by grouping employee reasons for leaving into four themes, based on our own factor analysis. These groups are described in the table below.

1	Enrichment factors	<ul style="list-style-type: none"> Focuses on motivators that seek to enrich the work potential of employees Includes achievement, recognition, skill development and advancement
2	Home life factors	<ul style="list-style-type: none"> Focuses on the amount of time given to work and non-work roles and the level of involvement across different aspects of one's life Includes work/life balance, family commitments, telecommuting and work flexibility
3	Structural factors	<ul style="list-style-type: none"> Focuses on aspects of an organisation's physical environment and equipment, resources and infrastructure Includes salary, employment conditions, monetary rewards and job security
4	Interpersonal factors	<ul style="list-style-type: none"> Focuses on employee relationships within an organisation and the need for respect, involvement and belonging Includes interactions between employees and their direct supervisor, colleagues and senior management

Home life priorities take a step back

By grouping statements, this chart shows the proportion of respondents who indicate a particular factor was the most important reason in their decision to leave. Since 2007, "home life factors" have taken a step backwards in importance whereas "interpersonal and structural factors" have become more important. This further supports the findings on page 4, that employees are no happier in their workplaces. Luxuries such as flexible working conditions have become less of a priority. Employees are also concerned about job security and they're putting in the hours to protect themselves. Hence, people are working harder and experiencing heightened job stress.



Expert link

Superpartners is Australia's largest superannuation administrator, and partners with some of the country's largest industry superannuation funds. With over 1500 employees and offices in every Australian capital city, it has around \$66 billion under administration.

Michelle Clarke, HR Manager at Superpartners says:

“The cost of replacing someone at Superpartners is anywhere up to 2.5 times their annual salary. This includes recruitment and training costs and also lost productivity. Over the past two years we have focused on retaining key staff, and during this time our attrition rate has reduced by 50%. This significantly impacts our bottom line and Insync Surveys' Entry/Exit Survey has been part of this progress.

“When we first decided to implement Insync Surveys' Entry/Exit Survey, we'd been through a significant period of growth and had outgrown systems. We were already conducting exit interviews, however, were spending more time collecting data rather than acting on it. In addition, our employee response rates were fairly low.

“Data collection is now very simple, and the analysis and benchmarking is left to the experts. This allows us to focus our attention on the right areas at the right time and make smart investment decisions for programs and interventions. At the organisational and business unit level, turnover is a key performance indicator. Many managers look to the Entry/Exit Survey results for insight and planning.

“Learning and career development has come up as an issue in our exit data. While we do have tools and support available some staff didn't know about them. Good promotion of our programs has seen a positive shift in this space.”

“Another benefit of the Entry/Exit Survey is its simplicity for participants. This gives us a solid response rate of up to 94%, which makes our data meaningful. We didn't get this kind of response rate when we managed it ourselves.

“We receive the Entry/Exit results at an individual, team, business unit and organisational level and this knowledge supports our HR business partners to work with their internal clients to identify hot spots, realise quick wins and plan targeted interventions for more systemic issues. Managers can then focus on the key issues in their teams, turnaround attitudes and ensure they continue doing the things that are important to their people. Not only has this contributed to our reduced turnover, but we've also seen a positive impact on absenteeism over the same time period.

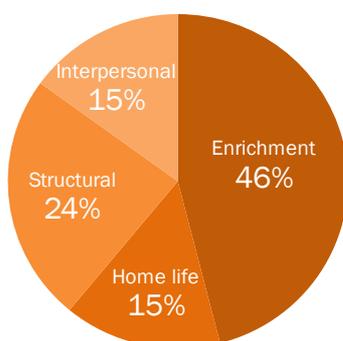
As the job market improves, the rich Entry/Exit Survey results are invaluable to us.”

Gen Ys still focus on growth during economic downturn

The new Insync Surveys Retention Review findings reinforce what most HR professionals already know: professional development is a priority for Generation Y employees and they are likely to seek such opportunities. A look at the reasons Generation Y staff resigned in 2009 reveals that “enrichment factors”, such as growth and job satisfaction, played a larger role compared to Generation X and Baby Boomers. Forty-six percent of Generation Y employees rated enrichment as the most important reason in their decision to leave.

Top five reasons for leaving

Generation Y



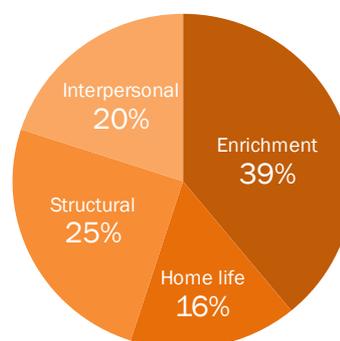
Top five reasons within the employer's control

1. Lack of job satisfaction
2. Lack of professional development opportunities
3. Little opportunity for career advancement
4. Inadequate pay and conditions
5. Inability to balance work and life demands

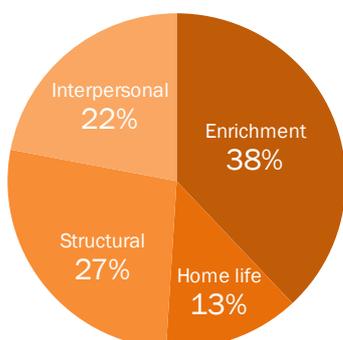
Top five reasons within the employer's control

1. Lack of job satisfaction
2. Lack of professional development opportunities
3. Little opportunity for career advancement
4. Inability to balance work and life demands
5. Workload-related stress

Generation X



Baby Boomers



Top five reasons within the employer's control

1. Lack of job satisfaction
2. Little opportunity for career advancement
3. Workload-related stress
4. Lack of challenge in one's role
5. Inability to balance work and life demands

Note: As shown in reasons for leaving bar chart on page 4, 87% of turnover is within the employer's control. Therefore, the above and following percentages should be considered based on that 87%.

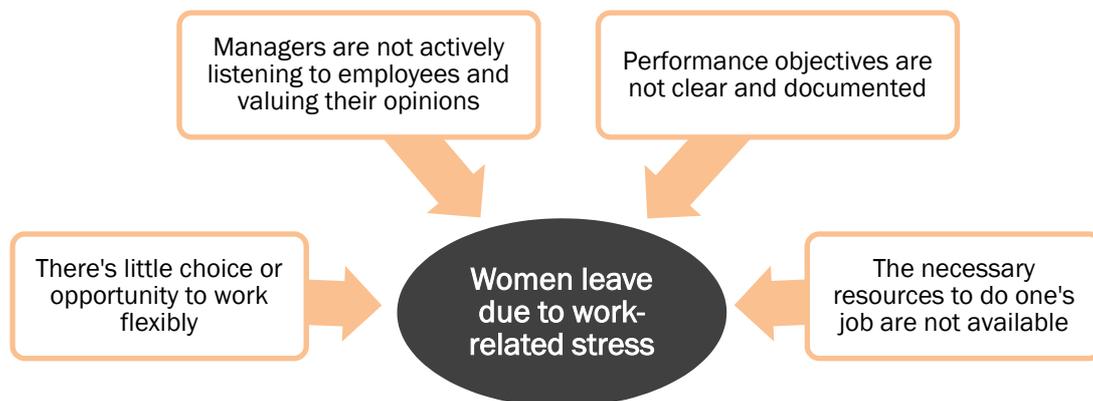
Women resign for work/life balance and when unsupported in their workplace

A look at the reasons why women and men resigned in 2009 reveals that “enrichment factors”, such as growth and job satisfaction, played a substantial role across both groups. This finding was consistent with the 2007 Insync Surveys Retention Review.

Women indicate a stronger propensity to leave their employer in seeking work/life balance. On a seven point scale, women rank this factor seven percentage points higher than men. In other words, the average importance rating women allocate to this factor is 48% (3.36 on a seven point scale), compared to men at 41% (2.87 on a seven point scale).

Women also rate work stress as a primary reason for leaving, with an average importance rating of 49%. This is more than men at 40%.

Further statistical analysis explored the workplace drivers that contribute to a woman’s decision to leave due to work-related stress. The findings suggest that workplace stressors will strongly factor in a woman’s decision to leave when:



Our results show that although “enrichment factors” are the most important drivers of retention for women, balancing demands both within and outside the workplace are also essential. Women leave jobs not because they have different motivations than men, rather because they may be unsupported in balancing their work and non-work commitments.

How do you guarantee that employees perceive work/life balance to be practical and achievable? The move towards flexible working is a significant cultural shift that centres on supporting staff and measuring outputs and achievements, rather than processes. In Insync Surveys’ opinion, to enable this commitment to work/life balance, five distinct practices need to be in place:

- Support and role-modelling from senior leaders
- Dispelling perceptions that work/life balance policies will negatively impact career opportunities
- Manageable workload and time expectations
- Communication around the inclusive nature of work/life balance (flexible working options are not only for women)
- Support from colleagues

Retention tips following periods of uncertainty

Despite retention taking a back seat in 2009, it's now regaining significance for organisations. Those that chose to hold on to key staff and treat them well may now reap the benefits as other organisations lose talented employees to competitors. As many employers will learn, their treatment of employees during times of crisis will play a pivotal role in future retention. However, employers who treated their staff well are only half way there. Job supply will rise and the threat of employee temptation is only a few clicks away.

For employers who were forced to respond to the downturn with measures such as forced leave without pay, retrenchments and other cuts, they may have sown the seeds of departure. These organisations are left with no choice but to mend the psychological contract they've broken with employees.

While the findings of the Insync Surveys Retention Review indicated different drivers of retention between women and men and across generations, the most important factor for all groups is still "enrichment": growth, advancement and recognition.

Our research suggests the following retention strategies have a workforce-wide relevance:

1 Keep communication open and transparent

Communication is vital in retaining or regaining the trust and loyalty of staff during the turnaround. Even if news hasn't always been positive and cost-cutting may have been inevitable, being transparent and authentic now will count ten-fold as organisation performance improves. For example, a quarterly update from the CEO can keep communication open. Talking about the difficulty your organisation and industry may have gone through is very important, especially with younger people.

2 Don't restrict development opportunities

As stress and workload have increased, some staff may now feel unappreciated and overworked. Leading organisations will focus on fostering teamwork and solidarity despite external pressures, which will ultimately forge the way to success in 2010. Consider inexpensive, non-financial methods that can contribute to morale building without breaking the bank. It may be as simple as praise from the boss or the opportunity to lead a project. Skill development is imperative, particularly when hiring the next generation of leaders. Formal and informal methods such as mentoring and in-house staff training may present new avenues for learning and growth.

3 Maximise commitment to the organisation and the road ahead

As a by-product of recognising and valuing staff, commitment to the organisation is an integral advantage among retained staff. High levels of commitment create a desire to be aligned with the organisation. Generating dedicated and loyal staff leads to better business outcomes. Many organisations that protected and promoted staff during the global financial crisis are now reaping the financial and tangible benefits of a more engaged, confident workforce. Commitment to the organisation in times of change or uncertainty can dictate the difference between employees demonstrating loyalty or looking for a better offer.

Similarly, those organisations that enjoy high levels of commitment through trying times are those that do not falter in their support of professional development and a healthy balance between work and life commitments. Reward tenure and respect the contribution employees make to the organisation.

4 Renew the psychological contract with staff

As an employer you will be very grateful to the people who stuck by you and made sacrifices with you in 2009. You've shared the pain and now you're probably keen to share the gain. Tell them. Tell them that no new employee can win your trust like they have, because they have shown their mettle. Leaving now would be like selling at the bottom of the market, right before they reap the rewards and recognition they deserve for the loyalty they've shown.

About Insync Surveys

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne, Sydney, Perth, we deliver customer, employee, board and other stakeholder surveys for some of the largest organisations in the Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows us to benchmark your results. Insync Surveys' organisational psychologists help your organisation to improve performance and the working lives of your people.

Contact us

To discuss your organisation's retention needs or to access other free research reports from Insync Surveys, including the 2007 Insync Surveys Retention Review, please contact:

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