



The Insync Surveys Retention Review  
September 2007

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Almost 90% of turnover is avoidable, but not with a one size fits all approach. This is one of the findings from The Insync Surveys Retention Review – a study to uncover the drivers behind staff attrition. In today's tight labour market it's becoming tougher to attract new staff and the retention of current staff is becoming more important. This raises a number of questions:

- Do you know the top three reasons your employees leave?
- Do you know what demographic groups are leaving your organisation?
- Do you know the cost implications of employee turnover for your organisation?

Estimates of the cost of turnover vary between 50% and 200% of an employee's annual salary. This means that every 1% decrease in turnover in a 1000 person organisation saves between \$275,000 and \$1,100,000 per annum.

An understanding of staff turnover issues is vital to create and execute an effective retention strategy and to ensure your organisation has the resources needed to grow and meet performance targets. There are a wide range of organisational, interpersonal and personal factors that affect an employee's decision to leave. Often the factors that influence one group of employees to leave aren't the same factors that influence another group.

## 1. About this study

In analysing the reasons behind employees leaving, Insync Surveys examined the exit survey responses of 1181 employees from 12 Australian-based organisations who departed their organisation in the 2006/07 financial year. The organisations ranged in size from 150 to 5000 employees and included a range of industries: state government, recruitment services, insurance, fast moving consumer goods, manufacturing, automotive, water, and asset management services.

Departing employees completed an online survey that tapped into both their reasons for leaving and 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 an examination of the drivers of turnover in different demographic groups, particularly gender and generation. See the box for a summary of each generation's 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)

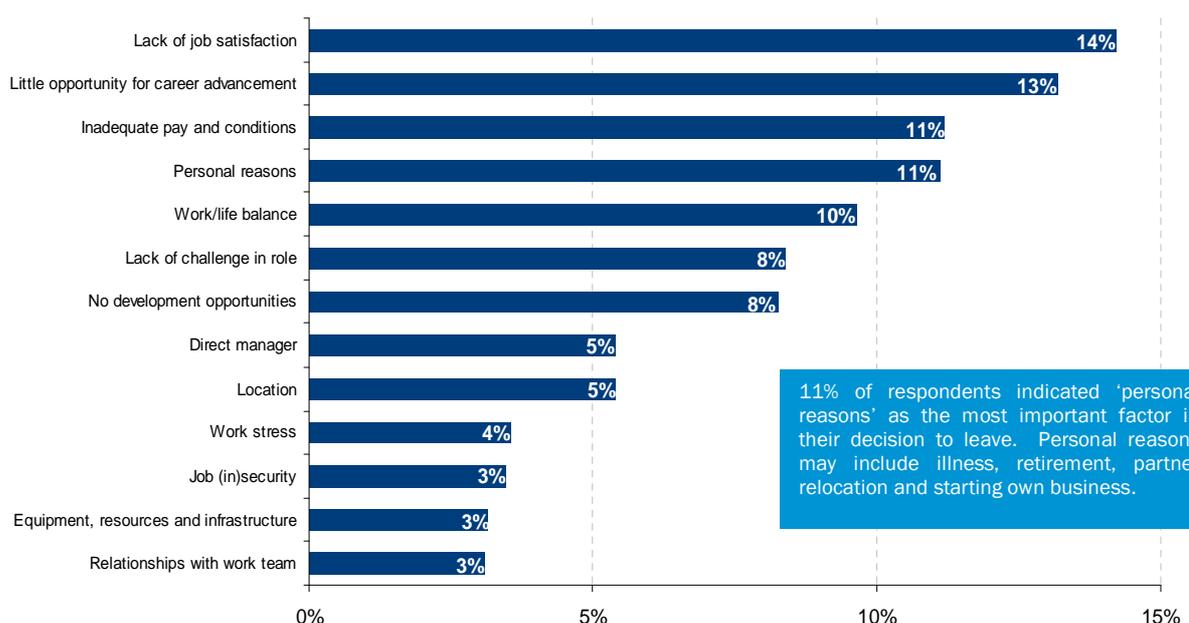
## 2. The big five reasons for leaving

While there have been a number of factors associated with employee retention and the movement toward improving the employee experience through work/life balance, The Insync Surveys Retention Review found that employees still fundamentally desire to be happy at work, well remunerated and provided with advancement opportunities. From a list of 13 reasons for leaving, a lack of job satisfaction, little opportunity for career advancement and salary were rated most often as the most important influences for an employee's decision to leave.

### Top five reasons for leaving within the employer's control

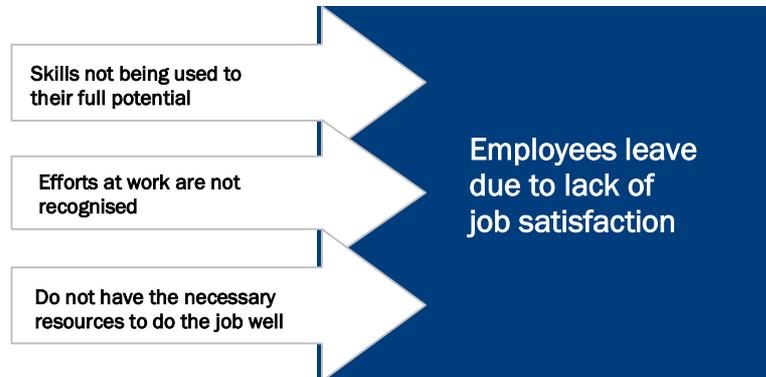
1. Lack of job satisfaction – 14%
2. Little opportunity for career advancement – 13%
3. Pay and conditions – 11%
4. Inability to balance work and life demands – 10%
5. Lack of challenge in one's role – 8%

### What was the most important factor in your decision to leave?



11% of respondents indicated 'personal reasons' as the most important factor in their decision to leave. Personal reasons may include illness, retirement, partner relocation and starting own business.

Further statistical analysis explored the aspects of the work environment that contribute to low levels of job satisfaction. Findings from The Insync Surveys Retention Review suggest that the most powerful predictors of an employee leaving due to lack of job satisfaction are:

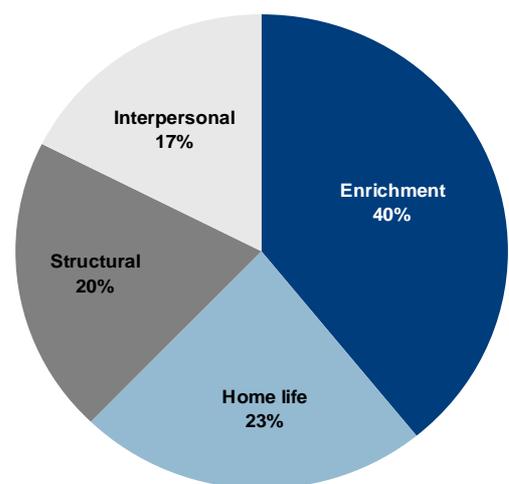


When looking at factors within the control of an organisation, The Insync Surveys Retention Review indicated that employee reasons for leaving can be grouped into four categories. Personal reasons, which were only 11%, were not included.

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

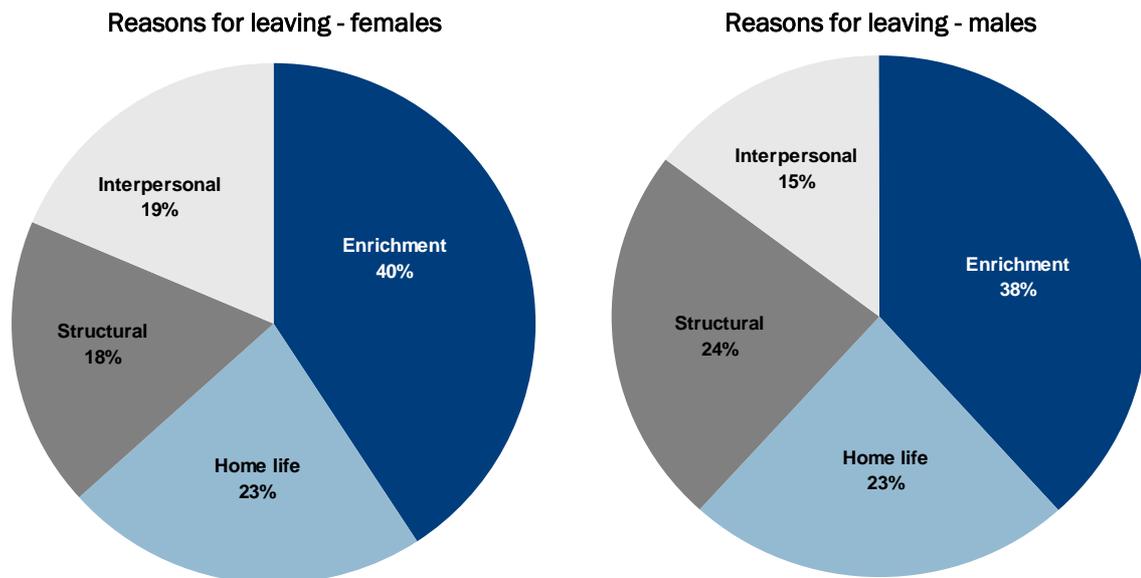
### Breakdown of reasons for leaving by factor

This chart shows the proportion of exit survey respondents who indicated that a factor was the 'most important' reason for their decision to leave, or that the factor was 'extremely important'.



### 3. Retaining women begins with line managers

A look at the reasons behind women moving out of organisations reveals that **enrichment factors**, such as growth and job satisfaction, and **interpersonal factors**, such as interactions between employee, manager and colleagues, play a larger role compared to men. Fifty-nine per cent of women rated enrichment and interpersonal factors as either extremely important or as the most important reason in their decision to leave, compared to 53% of men.



Interestingly, home life factors incorporating work/life balance were not rated as more important by women compared to men in their decisions to leave.

In particular, women were more likely than men to leave because of their relationship with their **direct manager**. When asked how important their direct supervisor or manager was in their decision to leave, women rated this as significantly more important at 37% compared to men at 32%.

Further statistical analysis explored aspects of the manager/employee relationship that contribute to a woman's decision to leave. A manager will strongly factor in a woman's decision to leave when they lack the following qualities:

1. Actively listening to employees and valuing their opinion
2. Recognising the contribution of employees and their efforts at work

Our results showed that women leave jobs not because they have different motivations than men, but because their opportunities are blocked and they are not led well. Building strong relationships and coaching women to develop and succeed go hand in hand. Providing opportunities for growth, demonstrating an interest in women's career development and recognising their efforts will increase retention.

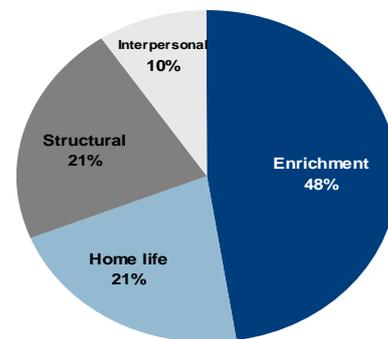
#### 4. Retaining the mature workforce

There has been a lot of hype around how best to attract and retain Generation Y employees at work. Indeed, the focus on Generation Y means the values of the mature workforce can be overlooked. Over the next two decades, the mass exodus of Baby Boomers from the workforce will drain entire industries of institutional knowledge and skills.

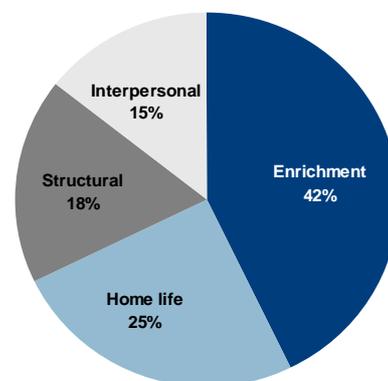
Smart organisations are acting now with early intervention to cope with the flow of older workers out of the workforce. The Federal Government's *Intergenerational Report 2007* indicated that economic growth will slow as the population ages. The report recommends reforms to support future growth and improve the flexibility of the workforce. As a consequence, it is important to know which reasons compel Baby Boomer and Generation X employees to leave.

Findings of The Insync Surveys Retention Review indicate that the retention of Baby Boomers must involve a different emphasis. The results paint a clear picture of the different reasons behind why employees leave.

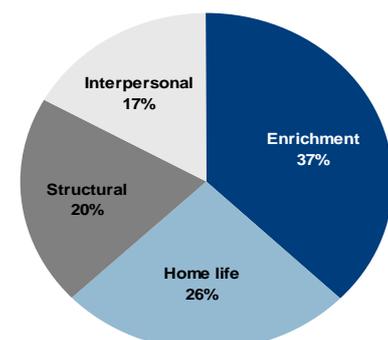
Reasons for leaving - Generation Y



Reasons for leaving - Generation X

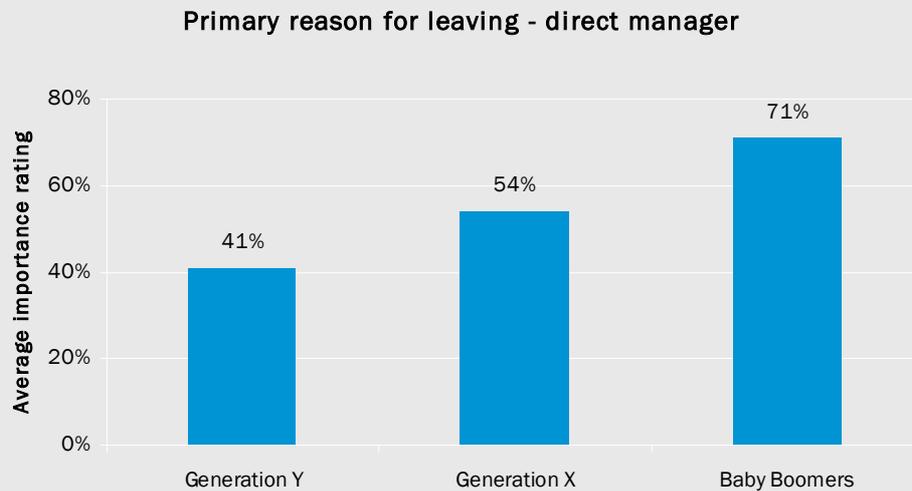


Reasons for leaving - Baby Boomers

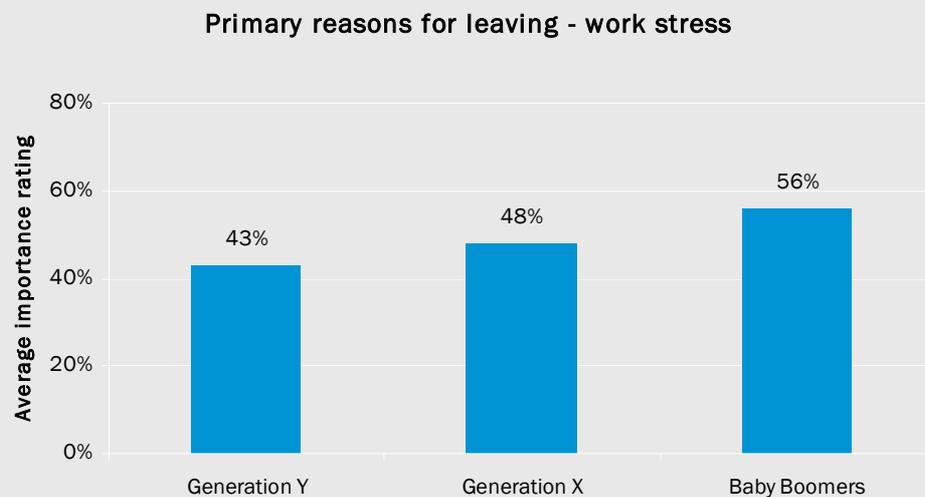


In considering specific drivers of attrition, a number of generational differences were observed:

Baby Boomers rated their **direct manager** as a primary reason for leaving, with an average importance rating of 71%. This was more than Generation X employees, at 54%, and Generation Y, at 41%.



Baby Boomers rated **work stress** as a significant reason for leaving, with an average importance rating of 56%. This was more than Generation X employees, at 48%, and Generation Y, at 43%.



The findings indicate that a differentiated retention strategy aimed at retaining mature employees is required from employers to retain valuable skills and knowledge. To make this strategy a reality, an approachable manager or a proactive Human Resources (HR) leader who identifies the benefits that mature age workers bring to the workplace is important. This will help create a path to retirement for employees which reduces work stress and encourages balance.

## 5. Employers to realise that life begins at 40

The Insync Surveys Retention Review findings indicate that although enrichment factors are the most important drivers of retention, work/life balance is also essential. This is particularly the case for older employees.

Baby Boomers and Generation X employees indicated a stronger propensity to leave their employer in seeking **work/life balance**. The average importance rating these groups allocated this factor was 61% and 63% respectively, compared to Generation Y, at 53%

In aiming to keep them in the workforce, employers need to recognise that Baby Boomers and Generation X employees may require flexibility. For older employees to continue to be committed to their employer, management must encourage employees' efforts to balance their work and non-work commitments.

Overall, employers will need to incorporate the ageing workforce into their talent management and retention efforts in order to engage older employees over longer periods. Every Baby Boomer retained is one less empty desk that needs to be filled.

Job sharing, phased retirement, part-time work, mentoring, consultancy and project work may delay or redefine retirement for Baby Boomers and Generation X employees. Indeed, employers need to be aware of employees' family, support/caring and lifestyle commitments when proactively planning to engage and retain older workers.

Living out a flexible workforce approach is harder than just writing a policy. Organisations must move beyond a work/life balance policy and toward a culture that supports these policies.

## 6. Winning with Generation Y

The Insync Surveys Retention Review findings confirm what most HR professionals already know: Generation Y employees have an appetite for career progression and growth and opportunities in these areas will increase their retention.

Generation Y employees were more likely than other generational groups to leave their employer in seeking greater **professional development** and **advancement** opportunities, both issues averaged 72% importance. This was higher than Baby Boomers, at an average of 58% for these factors, and Generation X employees at 65%.

Employers should invest in strategies to promote a culture that encourages self development and improvement with continuous stimulation and challenge. Initiatives worth pursuing are: working with other bright and creative individuals and coaching or mentoring.

A reverse mentoring program for Generation Y, that leverages their technological skills, is another strategy to enhance their sense of belonging.

In essence, satisfying Generation Y employees revolves around a positive work environment, flexibility and the opportunity to develop. By creating such a workplace and organisational culture, The Insync Surveys Retention Review indicates that employers can proactively retain Generation Y employees.

As Generation Y enters the workforce in increasing numbers, expectations and how they fit into the wider organisation should be clearly communicated from the outset. By aligning expectations, new Generation Y employees fitting into the organisation will in most cases increase retention, especially when combined with challenge and opportunity.

### References

- Australian Government. (2007). Attorney General's Department, *Intergenerational Report 2007*. Commonwealth of Australia, Canberra.
- Eisner, S.P. (2005). Managing Generation Y. *Advanced Management Journal*, 70(4), 4-15.

## Strategies for retaining your multi-generational workforce

While the findings of The Insync Surveys Retention Review indicated different drivers of retention across generations, the most important factor for all groups was still enrichment (growth, advancement and recognition).

Retention strategies aiming to balance the different needs of all your employees while focusing on enriching their work and personal lives include:

### 1. **Building a culture that values respect, inclusiveness, and open communication**

Frequent group collaboration and project teams with a mix of generations can facilitate an understanding of how others work and what they value. To effectively cater for generational differences, it's critical to break down stereotypes and bridge the gap between employees at different life stages.

### 2. **Refining work flexibility policies and practices**

The idea of flexible work should incorporate the needs of all employees, regardless of their life stage. Across different life stages, the work and non work commitments of employees vary and policies need to be flexible.

Work life balance initiatives have the potential to drive significant competitive advantage for your organisation. As financial necessity and personal interest encourage Baby Boomers to continue working beyond the traditional point of retirement; many of the most skilled and experienced people in the workforce will start looking for flexible work arrangements. Phased retirement could include job sharing, part-time work, consultancy, project work and telecommuting. By retaining this group for an extra five to ten years, organisations can keep important skills and institutional knowledge; reduce recruitment costs; and avoid stagnation brought about by an inability to fulfill headcount requirements.

### 3. **Developing dual-mentoring programs**

Pairing experienced with less experienced employees can facilitate skill sharing and assist both groups with career advancement. For example, Baby Boomers or Generation X employees enhance their leadership and technology skills while Generation Y can learn from and feel connected to the senior levels of their organisation.

### 4. **Rebalancing employee skills to meet your needs**

In today's tight labour market, strategic talent management can focus on enhancing the skills of your existing workforce to prevent the need for external new recruits. Knowledge of the required competencies across your organisation can feed into performance management systems, training and succession planning. Developing and promoting your staff from within can positively impact both retention and profitability.

## 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 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, Melbourne Cricket Club, many local councils, most university libraries, Mission Australia and World Vision. 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.

Data gathered from the Insync Surveys Entry/Exit Survey tool has been used as a basis for this research.

Traditional entry and exit interview processes often suffer from low participation rates and inconsistent data collection practices across the organisation. Properly used and understood survey data help organisations save valuable HR time and implement informed initiatives that will reduce the cost associated with recruitment due to employee turnover. Insync Surveys' Entry/Exit Survey allows organisations to monitor the changing perceptions of new and departing employees. This allows your organisation to deal with emerging issues as they arise.

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An academic paper based on this research and reference list are available from Insync Surveys upon request.

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