Leverage Your Turnover and Exit Data to Increase Employee Retention

By Leigh Branham

With more than half the workforce looking to change jobs in 2012 as the economy improves, smart employers are shifting their focus back to employee retention. As a result, more companies are retooling their exit surveying or interviewing processes and tracking turnover data more closely.

About 90 percent of companies do exit interviewing or surveying, but only about 40 percent believe the process is effective, and, remarkably, only 30 percent even bother to report the findings to management (Saratoga Institute). Why? My experience tells me that the main reason is that departing employees frequently don’t wish to divulge the real reason for leaving, especially when it’s the employer that’s doing the interviewing or surveying. Consequently, HR staff and managers don’t take seriously or believe the data that’s gathered.

Several years ago, the *Harvard Management Update* published the results of a survey revealing that 90 percent of managers believe that the main reason employees leave is “more pay.” This is understandable since it’s actually the reason most employees give in exit interviews—for the very simple reason that most employees do get increased pay when they change employers and it’s easier to say than “I hated my boss.” But that doesn’t mean that low pay was the primary reason for leaving. In fact, my own analysis of 21,000 *third-party* exit surveys from employers in 17 different industries reveals that almost 90 percent of employees left their employers for reasons *other than pay*. The top reasons, as reported in my book, *The 7 Hidden Reasons Employees Leave* are:

1. The job or workplace was not what they expected
2. Poor fit/not challenged
3. Too little feedback and coaching
4. Too little career growth or learning
5. They didn’t feel valued or recognized
6. They were overworked or stressed out
7. They didn’t trust or have confidence in senior leaders

When asked whether they left mainly for “push” reasons such as these, or “pull” reasons, such as better pay, a better career opportunity, spouse relocation, or return to school, 53 percent cited “push” reasons, only 10 percent mentioned “pull” reasons, and 37 percent described a combination of push and pull reasons.

My research also reveals that about a third of employees think about leaving for six months to a year before actually leaving and another 25 percent think about leaving for one to five years before walking out the door. This means that almost six in 10 employees who leave might have been kept if corrective actions had been taken sooner.

It’s also worth noting that in two-thirds of all turnover, the exiting employee left because of a “triggering event,” such as being passed over for promotion, petty or unreasonable enforcement of authority, an unexpectedly low performance rating, being asked to do something unethical, seeing a valued co-worker leave, and dozens of other such instances that shock the employee into a realization that the situation is no longer tolerable. My research also shows that another two-thirds of employees felt that “the employer could have tried to change” the conditions that ultimately caused them to leave. The lesson here for managers—look for the warning signs of disengagement and check in with valued employees frequently to find out how they are feeling about things in general.

So what are the warning signs of impending turnover? There are three kinds—physical, data-based, and event-based. Event-based signs are the triggering events previously described. Physical signs are simply the daily indicators such as changes in the employee’s facial expressions, body language, and general demeanor. Data-based signals are those that come when we take the time to collect and analyze data such as engagement survey scores by function and supervisor, avoidable turnover rate of high-performing employees, absenteeism patterns, grievances by department, and spikes in turnover at certain milestones (e.g., a bank discovered that turnover increased among employees who recently completed their degree programs and among those whose managers had recently quit or retired).

Systematic tracking of such measures will invariably uncover significant differences among managers, such as the following:

Unit/Manager A

- Regrettable Turnover: 15%
- Avoidable Turnover Rate: 47%
- New Hire Retention Rate: 95%
- Absenteeism Rate: 5%
- Engagement Survey: 88%

Unit/Manager B

- Regrettable Turnover: 26%
- Avoidable Turnover Rate: 97%
- New Hire Retention Rate: 67%
- Absenteeism Rate: 13%
- Engagement Survey: 69%

Employers for whom employee engagement is critical (not just desirable) to achieving business objectives keep an eye on all three of these early warning signs of employee disengagement and turnover. But they don’t stop there; they take action—usually including the following:

- Conduct third-party engagement and exit surveys (or interviews).
- Tie engagement survey/data to exit survey/data.

- Analyze internal data by key demographics.
- Combine exit findings with other employee data (absenteeism, employee complaints, etc.) to find patterns.
- Identify problem areas/managers.
- Distribute findings to supervisor + one level up.
- Have manager interview supervisors about lessons learned from exit and engagement survey findings.
- Offer praise/reward or consequences for non-performance.
- Provide resources such as training and coaching to help managers address root causes.
- Train managers in how/why employees leave & how to conduct a “stay/re-engagement interview.”
- Track and recognize improvements.

We measure what we treasure, the saying goes. If your organization aspires to be a true employer of choice, start heeding the signs and tracking the right measures today…then take the right actions.

Note: Readers who would like to take the author’s anonymous third-party exit survey, may do so by visiting www.keepingthepeople.com, and clicking on surveys, then Decision to Leave.

Leigh Branham is Principal of Keeping the People, Inc., a consulting firm he founded in 2003 to help organizations analyze the root causes of employee disengagement and turnover, and develop and implement strategies to become “employers-of-choice.” Leigh is the co-author, with Mark Hirschfeld, of “Re-Engage: How America’s Best Places to Work Inspire Extra Effort in Extraordinary Times” (McGraw-Hill, February, 2010) and previously authored “The 7 Hidden Reasons Employees Leave: How to Recognize the Subtle Signs and Act Before It’s Too Late” (AMACOM Books) which will be released later this year in an updated second edition.