Keeping the People, Inc.

The 7 Hidden Reasons Employees Leave

by Leigh Branham, SPHR

As a career transition coach for more than 20 years, I heard hundreds of departing employees emotionally describe the sources of their dissatisfaction with, and disengagement from, their former employers. That's why I was not particularly surprised to read a report that 75 percent of U.S. employees are disengaged. The experience led me to write *Keeping the People Who Keep You in Business* (American Management Association, 2000).

In an effort to authoritatively document the root causes of employee disengagement and voluntarily turnover, I contacted the Saratoga Institute in California, considered by many to be the world leader in third-party exit interviewing and employee commitment surveying. The Saratoga Institute had a database of 19,700 exit and current employee surveys it had conducted for organizations in 17 different industries from 1999 through 2003, a five-year period that started during a war for talent and ended during the buyer's market that followed.

I was pleased that Saratoga was willing to let me analyze the data and verbatim comments from these surveys. This led me to write *The 7 Hidden Reasons Employees Leave: How to Recognize the Subtle Signs and Act Before It's Too Late* (American Management Association, 2005) The "seven hidden reasons" I identified by analyzing this data are remarkably similar to the turnover causes I described in the earlier book and most readers will not be surprised by the list because the true root causes of employee engagement and voluntary turnover are hiding in plain sight.

So, in what way are these root causes hidden, and from whom? The research tells us they are hidden from the very people who most need to see them clearly—the line managers in every organization charged with engaging and keeping valued employees. One study found that 89 percent of managers believe that most employees are "pulled" away by better pay. Yet Saratoga's data reveals that in 88 percent of voluntary turnovers something besides money is the root cause. This astounding disconnect between belief and reality allows managers to deny responsibility for correcting and preventing the root causes of employee disengagement.

Because so many more employees quit and stay — i.e. disengage — than quit and leave, employee turnover can rightly be viewed as just the tip of the costly disengagement iceberg. The question that remains unasked in so many exit interviews is not "why are you leaving?" but "why did you first start thinking about leaving?" Asking that question would show that the lessons learned about turnover are just as applicable to disengaged workers.

Here then, are the seven hidden reasons employees disengage and leave, offered in no particular order because they vary in importance among different cultures and for different individuals. Each reflects the employee's felt loss of one or more of the following: trust, hope, worth, and competence.

Reason 1: The job or workplace was not as expected.

About 35 percent of American workers quit in the first six months. Why? Many workers have an unrealistic expectation about the job or workplace, or in some cases are deliberately misled during the interviewing process.

More than six in 10 turnovers begin with some kind of post-hire shock — the employee realizes she has to report to a different boss or won't be advancing to the next position as soon as expected, for example.

The problem usually starts with managers hiring in such a big hurry that they don't take the time to give a realistic preview of the job. Or, they over-sell the job or company for fear that the candidate won't consider the job or company as they are. Of course, most candidates will quit when they discover the un-discussed realities, resulting in costly turnover.

What to do: Find a way to give job candidates a realistic preview. UPS, for example, asks every applicant "are you eventually hoping for full-time work with us?" If they are, most of them will be disappointed. A company called Geo Access makes sure everyone they interview understands that the culture encourages frank, sometimes, blunt communication, which is not everyone's preferred style.

And at Wells-Fargo Bank teller applicants watch a CD-ROM showing angry customers making unreasonable demands, then freeze the frame and ask applicants to respond to multiple choice questions about how they would handle the situation. This approach kills two birds with one stone — testing aptitude for customer service while allowing those who realize they would hate the job to withdraw from further consideration.

Reason 2: There is a mismatch between job and person.

Every CEO should know by now that getting the right people on the bus and into the right seats is a prerequisite for business success, yet 60 percent of U.S. employees are not using their best talents.

The following are just a few ways we let the matching process go wrong.

- We are in too big a hurry to hire, so we hire warm bodies just to fill slots.
- We believe that the skills that make people *eligible* for the job are more important than the talent that makes them *suitable* for the job.
- We believe that anyone can do the low-level jobs well. And by doing so, we disrespect the excellence it takes to keep customers coming back.
- And we wrongly believe that we can train the wrong people to become the right people — that we can put in what was left out. Instead of asking a turkey to climb a tree, we need to learn that it's better to hire a squirrel.

Employers of choice take hiring very seriously. If they cannot find the right person, they postpone hiring. They analyze the talents and personality factors that separate the best workers from the average ones.

The State of Georgia's Social Welfare Department decided to analyze what made some of their agents much more effective than others in collecting child-support payments from deadbeat parents, so they carefully observed and interviewed them to find out. Then they used what they learned to hire for specific talents. Agents hired based on the new hiring profile have collected an average of $200,000 more per year, and the agency has saved the state of Georgia an estimated $100 million.

Great employers tend to use behavior-based interviewing and multiple interviewers. They check references with skill and persistence. They emphasize quality-of-hire over time-to-fill or cost-per-hire. Mostly, they are interested in building a superior talent pool, and they know it all begins with selecting the right person in the first place.

Reason 3: There is too little coaching and feedback.

Lots of companies talk about making their managers better coaches, but more than 60 percent of employees — especially younger ones — say they don't get enough feedback. Lack of feedback is the number one reason for performance problems. We know that many managers just give feedback once a year — at performance appraisal time, which is like a basketball coach telling his players at the beginning of the season, "You're going to go out and play 30 games, and at the end of the season, I'll evaluate your performance."

Too many managers have never been well-coached themselves. Lacking a good role model, they either give no feedback and coaching at all or revert to the "YST" model — yelling, screaming, and threatening (see Ferdinand Fournies's *Coaching for Improved Work Performance*, McGraw Hill, 1999). Most managers fear giving honest feedback mainly because they haven't been trained to do it well.

What to do about it: I teach a simple "Get-Give-Merge-Go" model — get the employee's perspective first, then give your own, then merge the two into an agreement on next steps. Whatever coaching model you teach, it should assume an adult-to-adult partnership between manager and employee, not parent-to-child.

Many preeminent employers have initiated "upward evaluations" that give employees the opportunity to anonymously give feedback to their managers on their coaching and people management abilities. Such programs usually work best when they are done for developmental purposes, not as part of a formal performance evaluation.

Reason 4: There are too few growth and advancement opportunities.

A recent survey asked employees to rate today's managers on 67 leadership competencies. "Developing direct reports" came in 67th. While 85 percent of employees say career growth is a key reward, only 49 percent say their companies are providing it.

Obstacles include: managers who are reluctant to discuss career issues with their employees, rigid time-in-grade policies that restrict employees from advancing when ready, and managers who hoard and stifle talent by blocking movement to other departments

To address these issues, some employers provide a confidential hotline by which employees can seek a better position if they felt they were being stifled. Others have “what’s-wrong” meetings with managers whose employee survey and exit interview results reveal a high incidence of career growth complaints. Many organizations now provide self-assessment-and-career-growth workshops for employees, supported by career-coach training for managers. Such training prepares both parties to initiate meaningful discussion of talents, needs, and new options within the organization.

Reason 5: Workers feel devalued and unrecognized.

Let us count the ways workers feel devalued--inequality of pay for similar work, not being acknowledged for a job well done, being treated with disrespect, having their differences regarded as negative rather than prized, not receiving the right resources, and having to work in an unacceptable physical work environment. Unfortunately, all these are symptomatic of viewing employees as interchangeable, disposable, and easily replaceable, which is still very prevalent in American business.

The desire to be recognized, praised, and considered important is our deepest craving, yet 60 percent of employees say they feel ignored or taken for granted. There are actually understandable reasons for this — many of today’s managers were told as young employees “if you don’t hear from me, it means you’re doing a good job.” So, they manage their own direct reports the same way. Some managers don’t pay enough attention to their employees to know when to recognize their contributions. And still others believe that recognition is the job of human resources, not theirs.

Great employers start making people feel important on day one. Hallmark throws welcoming parties for new hires. Another organization puts pastries on the desk of new hires on their first day at work so other employees will have an incentive to drop by and welcome them. Employers of choice don’t just recruit — they re-recruit after the hire and keep on re-recruiting. They train their managers to understand the power of paying attention to even the smallest of employee contributions, and, yes, simply saying “thanks” often goes a long way.

For a remarkable story of a leader who set a new standard for making employees feel important, read Michael Abrashoff’s *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy* (Warner Business Books, 2002). As Captain of the Navy’s U.S.S. Benfold, Abrashoff inherited a ship with a 28 percent retention rate and 31 worker’s compensation cases. In one year he achieved 100 percent retention and only two worker’s comp cases. How? He did it largely by getting to know each crew member one by one, listening carefully to their ideas, and implementing as many as possible.

Reason 6: Workers suffer from stress due to overwork and work-life imbalance.

“Doing more with less” has taken its toll on the American worker. More than 40 percent of Americans say their jobs are extremely stressful. Another 70 percent say they don’t have a healthy balance between work and personal lives, and, remarkably, 60 percent would give up some pay in exchange for more personal or family time. Generations X and Y workers will continue to insist on having more time outside of work to live their lives. They want something their parents didn't have: Sanity!

A friend of mine just turned down a job at a company where a part-time job is strictly defined as only 40 hours per week instead of 80. I heard about an employee whose boss wouldn't let him return home early from a business meeting to be with his wife while she was undergoing a Caesarian section. He resigned the next day. And then there was the CEO who scheduled a meeting of 80 managers to discuss implementing a work-life balance plan, then held the meeting on a weekend. People who work in such "cultures of sacrifice" are already lined up and ready to switch employers at the first opportunity.

More employers are wising up and realizing that showing sensitivity to employees' needs actually pays off. When First Tennessee Bank allowed some of its branches to adopt flextime, it found that customer retention rates were 7 percent higher in those offices, and employee retention rates were twice those without flex-time. SAS Institute in Cary, N.C. saves $67 million per year in avoided turnover costs by constantly dreaming up new ways to take care of their employees. SAS doesn't open the campus gates until 7 a.m. each day and closes them promptly at 6 pm. The message to employees is clear: Go home, have a good life outside of work, and come back refreshed tomorrow.

Small companies are learning they can compete for talent with larger employers by creating more civilized workplaces. The founders of D3, a small Kansas City marketing communications firm, were determined not to have the same kind of employee burnout they had experienced with their previous employers. So they proclaimed regular work hours of 8:30 am to 5 pm, insisted their associates take comp time to refresh, take them on regular outings to parks and art museums, and have even turned away business when they knew it would impose an unhealthy workload.

Reason 7: There is a loss of trust and confidence in senior leaders. If you don't have trust in your senior leaders, you basically have no foundation for becoming an employer of choice. Conversely, companies with high trust levels outperform companies with low trust levels by 186 percent. So, why do only 39 percent of American workers trust their senior leaders? Why do only 50 percent of employees believe that management is at all concerned with the well-being of employees? And why do 82 percent of workers believe that their senior leaders help themselves at the company's expense?

For one thing, workers have watched executive pay rise 570 percent since 1990. If the paycheck of the average workers had grown by the same percentage as CEO paychecks, the average worker would now make $68,000 a year instead of the $26,000 a year.

Employees in too many companies look at their senior executives and see self-interested, short-term focused, ego-driven greed. There are, of course, plenty employee-focused, trustworthy, and loyalty-inspiring senior executives, but not enough to go around. CEOs cannot inspire commitment from their workforces unless they can first show they are committed to them. Many CEOs of employers of choice have what I call a "give-and-get- back" mindset that is typical of "servant leaders."

One of those CEOs is David Neeleman of Jet Blue Airlines, which, in a declining industry had 12 consecutive quarters of profitability and the highest percentage of seats filled of any airline. Neeleman is proud to say he operates a "lean, but not mean" organization. Jet Blue reservation agents work from home to conserve costs.

Yet, Neeleman knows many of his 6,000 employees by name, asks about their personal lives, and is constantly thinking about ways to improve the morale of all crew members. He even stays behind after planes have landed to help clean the cabins and pitches in to pass out snacks when he flies. One of the pilots was quoted saying "I'd walk through a burning building for him."

Finally, and importantly, because only 40 percent of workers believe their companies are well-managed, senior leaders need to build and communicate a solid plan and vision for success that employees will follow. Nobody wants to work for a losing organization with no plan for success.

What every employer needs to know is that 95 percent of voluntary turnover—and disengagement — is avoidable. While it should also be mentioned that the employee shares much of the responsibility for staying engaged, most of the levers that increase employee engagement lie within the power of the direct manager or senior leaders to control.

Too many companies still rely on the tangible, easy-to-implement solutions revolving around pay, benefits, and trendy perks even though we know the most powerful solutions revolve around the more challenging intangibles, such as good management and healthy cultures.

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