A slew of studies points to some surprising deciding factors that make the best employees leave or stay.

The Tides of Talent

Every day when you arrive at work there are people you wave to, friends and colleagues you chat with, and many others with whom you exchange polite greetings. Some you know well, others are simply familiar faces, and many you don't recognize at all. You see them in the lobby, on the elevator or loading dock, settling into their offices, cubicles, and myriad workplaces that make up the diverse world of work.

Sometimes you wonder, who are these people? What attracted them to work here? How long will they last? Perhaps you think about the customer service rep you used to see occasionally. She learned quickly and was friendly, but she moved on to another job elsewhere.

Like the ocean, the workplace is in constant motion; the tide of people ebbs and flows. For the most part, this constant movement of people is relatively smooth and even somewhat predictable. But just as the phases of the moon and changing weather affect the tides, many forces attract people to workplaces—or drive them away. Understanding these forces, learning more about why people move from job to job, and what causes this movement can provide invaluable visibility into the dynamics of your workplace. By Craig R. Taylor

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The tidal pool

Why people join an organization, what motivates them to stay, and what may prompt them to leave are questions at the very heart of performance and learning strategies. Productivity, customer service, quality, sales performance, and, above all, profitability are directly affected by the commitment, competence, and experience of workers. The constant churn in talent that many organizations are facing undermines all of those things. And it's going to get worse.

According to childstats.gov, in 1964 the percentage of children in the U.S. population under the age of 18 was 36 percent. By 1999, that number had dropped to 26 percent and will continue to fall until at least 2020. Forecasts from the U.S. Bureau of Labor Statistics indicate there will be 151 million jobs in the United States by 2006, but only 141 million workers.

A new, little discussed unknown affecting the American workforce is the long-term impact on the supply of international workers since passage of the Homeland Security Act of 2002. It's clear that the relatively free-flowing movement of workers, both hourly and professional, across U.S. borders will inevitably slow as people are viewed with more scrutiny in the context of national security. These workers helped fuel many industries and jobs, including high technology, throughout the past decade.

Many studies provide an abundance of data that all points in one direction: In the future, there will be fewer workers to go around. Every organization will find it necessary to redouble its efforts to attract and, most important, keep talented employees. Unavoidable population demographics will mean that in the battle for talent, there will be winners and there will be losers.

Why we move

New research is shedding light on employee movement. Why people join organizations, what motivates them to stay, and the primary drivers that cause people to leave can help performance and learning strategists better determine the design of everything from orientation programs to e-learning content to leadership development.

TalentKeepers, an employee retention company based in Orlando, Florida, conducted a U.S. survey of 4299 workers to better understand the drivers behind joining, staying, and leaving jobs. The survey measured these factors:

Organization issues, such as compensation, benefits, career opportunities, and company reputation

Job issues, such as work schedules, opportunities to learn new skills, and challenging work

Leader issues, including the degree to which leaders make employees feel valued and whether the leaders are trustworthy, good motivators and coaches, and flexible in solving problems.

What attracts people to an organization is often quite different from what causes them to stay or leave, according to the findings. Organization issues, followed closely by job issues, was most often sited as the reason people joined their present employer. Leader issues were a distant third. That makes sense, given that we usually know less about our supervisors or managers when we begin a new job than the pay and benefits. The latter are actively marketed and communicated to job candidates and well understood.

But the issues reverse after as little as three months on the job. Leader issues then become the most powerful contributor to why employees report they stay and also become the primary driver that might make them leave.

One respondent said, "Mistrust, integrity, and inconsistent application of corrective action within the team would make me leave." Said another, "Working with a supervisor who doesn't allow room for growth and uses his or her title to intimidate all of his or her direct reports would prompt me to leave."

A jolting outcome of this study highlights the risk that many employers will face when the economy improves, which it always does. Employees with low job satisfaction are most at risk of voluntary separation. Couple that with the finding that overall job satisfaction during the last six months of 2002 decreased for 43.7 percent of the survey respondents. Many of these employees will become turnover statistics at the first sign of opportunity. What looks like loyalty to an employer may feel "locked-in" to the employee, and

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the first opportunity to leave looks like freedom.

Another study, the Pennington Performance Group's 2003 Workplace Forecast, puts it this way: As the economy picks up, "it will be payback time for the poor treatment of employees. Star performers who survived the carnage of layoffs will once again have plenty of options. They will remember how their employer treated them and their co-workers, and they will leave."

When we move

Longitudinal research on employment patterns reveals what most experts agree are three fairly definable periods in the employee lifecycle, in which the risk of voluntary turnover is highest.

Phase 1. The initial 30 to 60 days in a new job is the first critical period for people and employers, and the first phase in which turnover is a risk. Remember what that's like? Acclimating to a new organization, to a new culture, and, crucially, to a new leader is often challenging in the best circumstances. When it goes poorly, the employee and organization lose time and potential.

Financially, this period is the easiest to quantify, and the easiest to design solutions for. Costs associated with this period are usually limited to recruitment and hiring expenses—such as advertising, testing, interviewing, and selection, plus orientation programs and phase 1 job training. Yet, this figure continues to rise.

The Saratoga Institute, a subsidiary of Ft. Lauderdale-based Spherion and recently acquired by PricewaterhouseCoopers, conducts some of the best-known annual human resource benchmarking research. In the most recent study, which included 820 U.S. companies, "The cost to hire a new employee rose an average of 33 percent since 2000," says Barbara Davison, Saratoga's vice president of corporate development. "That's the largest increase we've seen in many years."

Training plays a critical role in this early phase. "Turnover cost models today must include the learning curve," says Davison, who adds "the learning curve must be shorter now." Learning and training organizations are under considerable pressure to optimize the performance of new employees. Increased financial pressure, plus the growing application of better tools to measure training progress and outcomes such as those provided by e learning, often put training in the white-hot spotlight. Time-to-productivity measures now are expected to be "two to three months, as opposed to the six months it used to be," notes Davison.

Phase 2. For those employees who successfully assimilate and go on to perform well, another juncture comes after one year to 18 months. People have made it through the anxiety of assimilation, and productivity is up. But expectations also begin to rise. In this period, employees start seeking more responsibility, and growing with the organization becomes a real possibility.

Phase 3. After about three years, expectations of career growth emerge again, prompting self-assessment weighed against organizational realities. For many workers, it's a time to recommit or move on. And many factors influence that decision.

As an employee's experience grows, so does the cost of losing him or her. Less tangible, yet more critical, costs now become a major part of the equation. Product knowledge, an understanding of systems and processes, the application of methods and protocols, sales and service skills, and countless other details become part of the employee's corporate memory and skill set. Research proves that this cumulative knowledge and experience manifests itself in higher productivity, more sales, greater customer satisfaction and loyalty, fewer errors and injuries, and less absenteeism. The loss of experienced talent is a performance and financial drag on an organization, and an emotional drain on its employees.

The evolution of loyalty

The rise of the free agent workforce is an employment trend familiar to many of us. Temporary contract workers, freelancers, and independent professionals and consultants have long been a part of the working landscape. Free agents became more popularized during the rapid growth of technology jobs in the 1990s and are now represented in virtually every employment

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sector. Though the Free Agent Nation failed to materialize, as some predicted, the trend continues to grow. A new study by Kelly Services, a US$4.3 billion human resources solutions firm based in Troy, Michigan, confirms it: Free agent workers now represent 28 percent of the U.S. labor force; that's a 25 percent increase since Kelly's first U.S.-wide study in 1998.

Certainly, some people took the free agent route because of the current economy and job market, and they'll likely secure more permanent jobs when the economy recovers. But overall, these are confident workers who choose this employment lifestyle. According to Kelly's study, 93 percent believe that the demand for their skills is moderate to high; 43 percent report that their workloads have increased over the past year. That's in spite of the economic doldrums.

"More people want a flexible lifestyle," says Jim Tanchon, Kelly Services's senior vice president of global sales. Driven partly by recent events, "People are looking for balance now. People are more aggressive," he says, in finding a work-life [balance] that meets their needs and values. Many of these "fleet-footed people," as Tanchon calls them, now view jobs as a "portfolio development strategy. It's a chance to learn and develop new skills."

With many people becoming more loyal to their careers than to their employers, it's still unclear what long-term impact that will have in the workplace. But increased employee churn is likely one result. Heightened awareness and strategies to tackle the churn will be essential for all employers.

What we want

In the Saratoga study, the key to retaining talent points towards leaders. In evaluating the reasons for controllable turnover, "Poor management still tops the list as the number 1 reason for leaving a job," says Davison. Number 2 is better pay and benefits, but Davison believes that may be a smokescreen for the real reason—ineffective leaders. With leaders as a key driver of employees' decision to stay or leave, what should supervisors, managers, and other leaders do to improve an employee's intent to stay?

In another study by TalentKeepers, conducted early in 2003, 1380 U.S. workers, who were new to their jobs and therefore unbiased by current leader behavior, were asked to rank several leader characteristics. In order of importance, new employees say they most want a leader who

- creates a sense of trust with team members (is a trust builder)
- practices two-way communication by sharing and asking for information (is a communicator)
- believes in the importance of employee retention and has the expertise to retain team members (practices retention skills)
- recognizes and takes into account the needs and views of each team member (is flexible).

Those findings substantiate that employees want leaders whom they can trust, who communicate with them and know what it takes to keep them, and who are flexible in how they work with employees.

Changing jobs is usually a disruptive process, even for experienced employees. Generally, people prefer to stay put but need their leaders to create a climate and culture that make staying worthwhile. Leaders need to be trained to pay close attention to how people are feeling about their work and to take proactive steps to keep talent from walking out the door.

Saratoga's Davison describes it this way: "Lack of management training is the key issue. A lot of organizations have put managers through soft-skills training, but they're not developing compassionate managers. Managers who are more understanding create a better place to work, which is key to retention." She adds, "Organizations need a strong, sturdy retention program or they will lose their key talent."

Changing tides

Anxiety over the economy, potential (as of press time) war with Iraq, and massive layoffs by many big companies may be only temporarily masking a talent time bomb for a lot of organizations. Even now, many companies face talent shortages driven by employee churn, and that should give a lot of training and HR professionals the jitters. High tides conceal much of what lies beneath the surface.

As every boater knows, it's always preferable to comfortably ride the tides in and out than it is to be surprised by low tide, leaving you stuck on the bottom, unable to move. Winners in the battle for talent will be those organizations that understand the causes of employee movement and that take action now to create solutions. TD

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