WHAT MATTERS MOST?

A WHITE PAPER ABOUT
ORGANIZATIONAL STAY FACTORS
UPDATED FINDINGS
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CAREER SYSTEMS INTERNATIONAL
A BEVERLY KAYE COMPANY
&
JORDAN EVANS GROUP
What keeps an employee with an employer? What keeps talent fully engaged on the job? Beverly Kaye, Sharon Jordan-Evans and their organizations have been researching this question for the past fourteen years. Their findings offer insight into what keeps today’s worker in and committed to an organization. It also breaks down stay factors by a variety of demographic variables, including age, gender, job function, job level and industry.

This report presents the latest findings about why people stay, both physically and psychologically. Future reports will be released as the number of responses significantly increases or any noteworthy changes in the overall results are identified.

About the Research

The Question and Process

Beverly Kaye, Sharon Jordan-Evans, and their organizations have spent more than fourteen years collecting data from over 17,000 employees in a variety of occupations, at all levels, in organizations of all sizes, in a wide range of industries and market sectors. Originally, the research question presented was: “Think back to a time when you stayed in an organization for a while. What kept you? What mattered most?” Responses were collected on paper, and then coded for statistical analysis. The answers from the first 15,670 respondents yielded a list of 20 stay factors.

In 2009, our research experts analyzed that list and reduced it to 13 stay factors. That reduction from 20 to 13 was based on the following criteria: (a) the items differentiate (i.e. there is no, or very limited overlap in meaning among the items), and (b) the list includes items that came up “high” in both our older and newer research studies. The 13 stay factors became the foundation for our on-line survey http://whatkeepsyou.csiprogram.com/ (2009 to present), which asks respondents to “Think about why you stay in an organization. What keeps you there? What matters most to you?” Respondents select their top three stay factors (ranked in importance) from the list of 13. Additionally, we ask respondents to rate the degree (1-5) to which each factor is being met in the current job.

The Results

The following pages present research background and key findings from our ongoing engagement and retention research. We reference all data, from the initial WKY survey #1 (1998-2008) and the updated, on-line WKY survey #2 (2009-present). Demographic breakdowns are also provided for those who wish to explore the research findings in greater detail or seek information about the retention drivers for a particular demographic group.

If you need any of the following, please call 800-577-6916 or email your request to HQ@careersystemsintl.com:

- More information about the research or findings presented in this report, including hard data
- Support for your retention or engagement-related initiatives
- A copy of previous reports
Research Background

Engagement and Retention …
Today’s Talent Management
Imperative

One of the major setbacks in building a competitive, profitable organization is the loss of talented employees and the consequent loss of momentum and productivity. That is true in a strong or weak economy, with high or low unemployment rates. Talented employees can leave the organization in two ways. Some leave physically, heading out your door and straight to your competitor. Others leave psychologically, disengaging, mentally checking out but physically staying put. Either form of voluntary departure creates big costs for organizations.

Two recessions since 2000 (the second of which was the largest since the Great Depression) created a talent smokescreen and caused many managers (at all levels) to become complacent, even smug about the need to engage and retain their talent. They believed the threat of losing good people had diminished as voluntary turnover rates dropped. Many managers resurrected a phrase spoken to their employees a decade earlier, “Quit whining — be glad you have a job.” Employees, hearing that phrase, in turn assumed a bunker mentality and disengaged, withdrawing discretionary effort. Many of them concurrently launched stealth job searches.

An ongoing Gallup study reports that only 26% of the U.S. working population is engaged (loyal and productive), 55% are not engaged (just putting in time), and 19% are actively disengaged (unhappy and spreading their discontent). They also report that this disengagement is costing the American economy up to $350 billion per year in lost productivity. Our assessment, based on the Gallup figures, is that each employer is wasting approximately 10% of its payroll dollars on lost productivity due to these levels of disengagement.

What will happen next as the economy strengthens, choices become increasingly available, and aging Boomers begin to retire? Will talent stay with their organizations or will they go? Recent research by CNN/Money revealed that an unbelievable eight out of ten workers plan to look for a new job when the economy lights come back on. But losing your talent is not inevitable. There are many things you can do to keep them engaged and on your team.

The odds of engaging and retaining talent during any economy are directly related to the degree to which companies are providing what employees really want from their jobs. And what people really want hasn’t changed much, despite dramatic economic swings. Our findings show that the top engagement and retention drivers are largely the same today, as we leave two recessions behind, as they were amid both recessions and at the peak of the tight labor market in 2000.
As the global economy increasingly becomes knowledge-based, organizations must build cultures that engage and retain talent if they are to survive, let alone thrive. We see the spotlight focusing again on engagement and retention for seven reasons:

1. **Demographics and the population hourglass fuel concern about skill shortages.** Baby Boomers throughout the world are already beginning to leave the workforce, either completely or on a part-time basis, creating a demographic earthquake as they take their institutional memory, well-honed productivity, leadership skills and experience with them. A Manpower study found the 1/3 of managers worldwide struggle to fill skilled positions, despite increased unemployment rates. The key is to check your own backyard (your industry, function, geography). Are you worried about having enough skilled workers?

2. **Workers’ attitudes and expectations have shifted.** Workers today will tell you, “Grow me, challenge me, care about me, or I’ll find someone who will.” Blind loyalty to an organization is a thing of the past, and the layoffs of the past recession have further reinforced that attitude. Today’s employment agreement is based instead on a mutual contract — I bring my best to the organization and in return the organization provides me learning, growth, reward and respect.

3. **New employment options continuously lure the best and the brightest.** Talented people always have choices and your competitors want your best and brightest. Additionally, the free-agent alternative (contract, part-time, temporary work) is beckoning countless workers, making retention all the more challenging.

4. **New job search methods make it easier to uncover opportunities.** Jobseekers may not even have to leave their desks, thanks to Internet job sites (e.g. Monster.com) that provide ready access for two-way job exploration, locally and abroad. And headhunters are always looking for the best people—the majority of whom are employed and, often, not even actively seeking employment elsewhere. And don’t forget social media. Their next job offer may come because they are linked in!

5. **The cost of losing talent is high, no matter what the economic conditions.** Experts across the board agree that the cost of replacing talented workers can easily average two times their annual salary, not including the indirect costs of lost knowledge, lost clients or sales, declining morale, and rising inefficiencies. Replacing platinum workers (those with highly specialized skills) costs four to five times their annual salaries.

6. **In times of uncertainty, the risks for losing top talent are especially high.** Workplace experts report that survivors of downsizing — the workers who remain in their jobs after the cutback announcements and departures — begin to walk out the door six to 12 months after the initial layoffs. They are often over-worked, underappreciated and looking for greener pastures. Those that stay may disengage, threatening productivity and team morale. If you’re in the midst of, or just emerged from big changes, you’re at risk.

7. **In the new economy, talent is a key differentiator.** Advances in technology increasingly level the competitive playing field, with talented employees increasingly becoming the only competitive advantage. One executive put it this way, “We all have the money. We all have the technology. The only differentiator is the people.” Is that true for you?

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“We are entering the era of unparalleled talent scarcity which, if left unaddressed, will put a brake on economic growth around the world, and will fundamentally change the way we approach the workforce challenges.”

World Economic Forum
During the first “talent war” from 1998 to 2001, leaders launched major initiatives to keep good people from bolting in response to multiple job offers. Today, competent, strategic-thinking leaders struggle to engage and retain talent that is demoralized, overworked and pessimistic about their companies’ futures. These leaders know that how they develop, care about and listen to employees today will determine how many not only stick around, but also stay fully engaged, regardless of the economy’s strength and the condition of the labor market.

And a final note to you believers: Even if you are a talent-focused manager and/or work for an organization that has a reputation as being "retention-oriented," you simply cannot afford to rest on your laurels. Fair or unfair, all organizations today are vulnerable. Even the best of the best lose employees who become anxious from hearing news everyday about the socio-economic environment and its effect on their industry or company. How many managers realize they need to stop thinking that engagement and retention strategies are something they do in addition to their jobs? How many now think about such behaviors as an ongoing and integral part of their leadership role and a way of getting work done, ensuring quality, retaining customers and maintaining shareholder value? In many cases we’re talking about a dramatic culture change.
Function — In the original survey, 31% of the responses reflected the opinions of workers in Engineering/Manufacturing jobs. The functions most represented in the recent survey are Human Resources at 28%; Training at 11%; and Operations/General Management at 9%.

Gender — Sixty-nine (69%) of the research population are female and 31% are male. The data reflects an increase of female participation of 18% over the last survey.

Geography — The original survey included respondents primarily in the United States. In the current survey, 13% of the respondents are international. In the U.S., 11% of the respondents work in locations in the Northeast, and 18% in the Midwest. The Southwestern, Northwestern, Western, and Southeastern regions of the U.S. are represented about equally at 9-13%.

Industry — The industries most represented in both the current and previous studies are Medical/Healthcare (13%) and Banking/Financial Services (9%).

Level — Forty-two (42%) of the responses reflect the opinions of middle managers (i.e. Manager and Supervisor). Thirty-one (31%) are individual contributors and 28% are Directors and above. The current survey represents the opinions of individual contributors and senior level managers more than in the original research.

Why They Say They Stay

After years of research and more than 17,000 responses, certain factors clearly and consistently surfaced as the top drivers of engaging and retaining talent. These stay factors have changed very little over time and across demographic groupings. In our original research, respondents revealed the top five reasons they stayed in an organization for “a while” as:

- Exciting work/challenge (49.9%)
- Career growth, learning and development (45.3%)
- Working with great people and relationships (44.6%)
- Fair pay (31.7%)
- Supportive management/good boss (22.6%)

Three of the top five stay factors remain important to respondents today. However, new data reveals less emphasis on pay and additional emphasis on recognition of individual contributions. The increased importance of supportive management and of being recognized, valued and respected in the workplace is an indication of what employees want, but what also might be missing in this time of economic uncertainty and change.

- Exciting, challenging or meaningful work (58%)
- Supportive management/good boss (40%)
**Different Strokes**

While the top five stay factors deserve your full attention and will improve the engagement and retention levels of all your talent, the following findings provide insight into what the various demographic groups want from their jobs and therefore how you can better engage and retain each group. For example, both men and women want flexibility in the workplace. What are you and your organization doing to promote flexible work arrangements? While you note demographic differences, remember to take individual differences into account as well. Find out what each of your talented employees wants.

**Stay Factors by Age**

In general, the ranking of most stay factors are somewhat consistent across age groups. However, the new data does reveal some interesting patterns and is consistent with the original findings:

- Being recognized/valued/respected (40%)
- Career growth, learning and development (35%)
- Flexible work environment (25%)

Fair pay moved down to number six (20%) and working with great people moved to number nine (15%).

It is clear from the data that pay is not what compels people to stay and stay engaged in organizations. Talent today continue to want opportunities to be challenged with meaningful work; want opportunities to grow and develop; and want to feel valued by their boss and their organization for their contribution in a flexible work environment. It makes business sense for organizations (and you) to devote resources to the five stay factors that matter so much to so many people. It also makes sense, though, to take demographic differences into account as you manage different ages, genders, levels, and functions.

- Being engaged by Exciting Work and Challenge and Meaningful Work is increasingly cited with age. In fact, respondents over 60 years old trumped all other age groups, with 57.5% citing this stay factor as the most important.

- Frequency of responses for Career Growth, Learning and Development steadily decrease after age of 40.

- Frequency of responses for Supportive Management/Great Boss as a reason for staying tend to steadily fall with increase in age.

- Doing work they perceive to be Fun is most cited by workers 30 and under.

- Pride in Organization, Profession and Industry as a reason for staying is increasingly cited with age.

- Job Security/ Stability and Location are increasingly cited with age.

**Stay Factors by Gender**

The most striking differences between the genders are:

- Fair Pay is cited more frequently by men than women as one of the top retention factors.

- Women polled cited Management Style/Great Boss more frequently than their male counterparts.

- Exciting Work/ Challenge is high on both male and female lists, but women list it 10% more frequently than men. The opposite was true in the original survey, when men cited this stay factor more frequently.
In our original survey, women cited *Flexibility* twice as often as men as a reason for staying; conversely, men cited *Job Security/Stability* twice as often as women as a reason for staying. Our newest data reveals no significant difference between men and women.

**Stay Factors by Industry**

**Aerospace**
*Exciting/Challenging/meaningful Work, Fair Pay, Career Growth/ Learning & Development, and Supportive Management/Good Boss* are top of mind for aerospace workers, which is consistent with earlier findings. However, earlier findings also indicated that *Being Recognized* and *Working with Great People/Relationships* was also important.

**Banking**
*Exciting/Challenging/meaningful Work* outranked all other stay factors by a minimum three to one margin. It is quite a contrast from earlier findings, where workers in Banking seem most concerned with *Career Growth*, followed almost equally by *Exciting Work/Challenge* and *Working with Great People*.

**Consulting**
*Exciting/Challenging/meaningful Work* outranked all other stay factors (58.24%), with *Supportive Management/Good Boss* coming in second. In previous research, workers in this industry also cited *Career Growth* and *Autonomy/Creativity* as top stay factors.

**Education**
*Exciting/Challenging/meaningful Work* outranked all other stay factors (47.47%), with *Supportive Management/Good Boss* coming in second – a stay factor that did not make the radar for this group in the early study.

**Electronics**
The top two stay factors are *Exciting/Challenging/meaningful Work and Being Recognized/Valued/Respected*. In the initial study, workers in the Electronics Industry appeared equally focused on *Exciting Work/Challenge, Career Growth, and Working with Great People* as key reasons for staying with their current employers. *Management Style, Great Working Environment/Culture* and *Pride in Organization/Profession/Industry* also stood out for these workers as reasons they stay.

**Government**
*Exciting/Challenging/meaningful Work* outrank all other stay factors (36.89%), with *Supportive Management/Good Boss* coming in second. *Working with Great People* and *Career Growth* is not ranked as important by this group although it was top of mind in earlier research.

**Healthcare**
For workers in the Healthcare industry, the top three stay factors are *Exciting/Challenging/meaningful Work, Supportive Management/Good Boss* and *Career Growth/Learning & Development*. The stay factors are consistent with earlier findings, with the exception being a greater desire today for a supportive manager over *Working with Great People/Relationships*.

**Hospitality**
The top two stay factors are *Exciting/Challenging/meaningful Work and Being Recognized/Valued/Respected*. *Exciting Work/Challenge* was cited in
previous research, but Being Recognized increased in importance over Career Growth, and Working With Great People.

Insurance

Manufacturing
The top three stay factors are Exciting/Challenging/meaningful Work, Being Recognized/Valued/Respected and Supportive Management/Good Boss. Exciting Work/Challenge was cited previously, as was Career Growth.

Non-Profit
This demographic group is newly added to our research. Forty-two percent of respondents cited Exciting/Challenging/meaningful Work among their top three stay factors. Cited next (at 9-10%) are Career Growth/Learning & Development, Being Recognized/Valued/Respected and Pride In Organization/Its Mission or Product.

Office Products
Supportive Management/Good Boss is cited most frequently, representing a shift from earlier findings, where Working with Great People/Relationships and Career Growth, followed by Exciting Work/Challenge and Fair Pay were the top reasons for staying.

Pharmaceuticals

Retail
The top three stay factors are Exciting/Challenging/meaningful Work, Career Growth/Learning & Development, and Supportive Management/Good Boss, which is fairly consistent with earlier findings.

Telecom
Exciting/Challenging/meaningful Work and Job Security/Stability are the top two stay factors for this industry. Career Growth was not cited as often by this group, although it was cited almost equally with Exciting Work and Working With Great People in the previous findings.

Transportation
Exciting/Challenging/meaningful Work, Fair Pay and Supportive Management/Good Boss is top of mind for workers in the Transportation industry. Previously, workers were also most concerned with Career Growth, Working with Great People/Relationships and having a Great Working Environment.

Travel
Workers in the Travel industry are the first group to cite Job Location as one of the top three stay factors. In addition, Being Recognized/Valued/Respected and Exciting/Challenging/meaningful Work are also important. Previously, wanting Diverse/Changing Work also distinguished these workers from those in other industries.

Stay Factors by Job Function

Administration
Workers in Administration (i.e., senior managers, and those who work in the top echelon of organizations) previously cited Pride in Organization/Profession/Industry and Meaningful Work more frequently than all workers in the other job functions. In new research, the resounding winner is Exciting/Challenging/meaningful Work.

Consulting/O.D.
We added this demographic group to our new research. Fifty-seven percent cited Exciting/Challenging/meaningful Work among their top three stay factors. Supportive Management/Good Boss and Career Growth/Learning & Development came in a distant second and third.

Customer Service
Fair Pay and Flexibility still rank in the top five stay factors, but Exciting/Challenging/meaningful Work ranks #1.

Finance
In early research, workers in Finance
cited Benefits more frequently than other workers. Today, the top stay factor is *Exciting/Challenging/meaningful Work* (31%) and Benefits dropped to #12 (2%).

**Human Resources (HR)**
*Exciting/Challenging/meaningful Work* (40.64%), *Supportive Management/Good Boss* and *Being Recognized/valued/Respected* are important for these workers. That is fairly consistent with earlier findings.

**Information Technology (IT)**
The most frequently cited stay factor is *Exciting/Challenging/meaningful Work* (21.82%). Ranked next and nearly tied (9-11%) are: *Career Growth/Learning & Development*, *Flexible Work Environment*, *Being Recognized/valued/Respected* and *Job Security/Stability*.

**Sales & Marketing**
Workers in Sales & Marketing previously cited *Fun on the Job*, *Working with Great People*, and *Fair Pay* more frequently than most of their colleagues in other professions. New research demonstrates an alignment with overall findings, where their top three stay factors are *Exciting/Challenging/meaningful Work*, *Supportive Management/Good Boss* and *Being Recognized/valued/Respected*.

**Training**
We added this demographic group to our new research. The top three stay factors are *Exciting/Challenging/meaningful Work* (45.61%), *Being Recognized/valued/Respected*, and *Supportive Management/Good Boss*.

**Stay Factors by Geography**
No significant differences were found among regions of the U.S. or international respondents. What matters most to people seems to not correlate to where they live and work.

**Stay Factors by Level**
Executives and Individual Contributors cite *Fair Pay* more often than any other level, differing slightly from the original survey, where Managers and Supervisors (i.e., middle managers) cited *Fair Pay* more often than other groups.

Workers at each successive organizational level cited *Flexibility* with less frequency; about a third of the Individual contributors polled cited it more often than their bosses.

Individual contributors cited *Management Style, Benefits and Great Working Environment/Culture, Autonomy/Creativity*, and *Flexibility* more frequently than their bosses (i.e., more than Directors, Managers or Supervisors).

In previous research, Managers, Supervisors, Directors, and Executives all cited *Exciting Work & Challenge* among the top three reasons for staying. In recent research, every level cited this stay factor as #1 by a significant margin.

**Conclusion**
You’ve read every word of this paper. Or, you came straight to this page in search of the “so what.” What’s the bottom line? Here are the takeaways as we see them:

**Stay factors really don’t change much.** Researchers began the study of *job satisfaction* and *employee motivation* decades ago. Today we call it *employee engagement and retention*, but the search is largely the same. We want to know what will keep our talent on the team and producing at their peak (stay factors). There is agreement and consistency across numerous demographic groups and over time, independent of economic fluctuations. People *still* want:

- Exciting, challenging, meaningful work
- Career growth, learning and development
- Supportive management/good boss
- Fair pay
- Working with great people

Newer research reveals that they still want the above but also want a lot more of:

- Flexible work environments
- Being recognized/valued/respected

**Generalizations are useful, but not enough.** Acknowledging the research (and this list of stay factors) gives us a head start in the race to recruit,
engage and retain talent. Beyond this list, though, savvy leaders at all levels need to conduct “stay interviews.” They need to know what each of their talented employees wants and needs. For one it might be a promotion, while another does his best in a fun, enjoyable work environment.

**Note when you’re surprised by research.** The finding that your most senior workers care as much (or more) as your GenYs about exciting, challenging, meaningful work could be shocking news. It might also inform some innovative approaches to engaging and hanging on to your Boomers a little while longer. Note, too, that this stay factor was cited #1 by respondents from every organizational level, from individual contributor to executive. Think about the implications of this finding. How might you help your talent find even a little bit more meaning and challenge in their work?

**The buck stops with managers.** Having a good boss lands squarely in the top five stay factors time after time. And bosses have tremendous power and influence when it comes to delivering on every single stay factor we’ve identified in our research.

**It’s important to track trends and shifts.** For example, we’ve seen “flexible work environment” move up the stay factor list in recent years. Is it because younger generations expect (even demand) that in a job? Is it because so many workplaces have adopted the “work-more” philosophy that asks employees to sacrifice more for their employers? Is it because we had more individual contributors and senior leaders responding to the second survey than to the first? We don’t know the reason why, but it makes sense to take note, look at your own employees and organizational culture and perhaps then, to take action!

**Close the gaps.** Survey your employees to find out what matters most to them and then ask to what degree each stay factor is being met in the current position. Our new survey does just that and found there is room for improvement. The most important stay factors (top four) were not being met to a great degree (average of 3 out of 5 stars). Ask your talented people what would move their score from a 3 to a 5 on a given stay factor and then link arms with them to close that gap.