



# *Preventing Employee Wipe-outs*

**Understanding the top 10 reasons employees resign**

*By Rick Weaver*

According to Gallup, 77% of workers hate their job. That's right – they "hate" their job. They do not just "dislike" their job. It's not that they "do not care for" their job. They HATE it! Although most will stay put, each day some of this group will turn in their resignations, costing their employer huge turnover expenses. So why do these employees eventually leave? Let's look at the top reasons employees give for finally calling it quits.

We must begin by eliminating a huge myth – "employees leave most often because of money". Although, some will tell their employer in an exit interview they are leaving because of wages, it is seldom mentioned when a third party does the exit interviewing. The real reasons, which follow, are kept from employer-driven exit-interviews because they may be considered negative toward the employer, hurting chances to return to the employer at a later date or to get a good recommendation for a future job. Sharing this information with third party interviewers, trained specifically to ask the right questions, is less threatening as it does not go back to the employer with a name attached to a specific comment.

Another myth is that employees leave to "find a better opportunity". According to the book "The 7 Hidden Reasons Employees Leave" by Leigh Branham, the seeds of discontent go much deeper. The book supposes that even if this reason was correct and valid, it would signal a failure of management, not a legitimate reason for departure.

There are ten main reasons employees voluntarily leave their employers. Of course, these ten reasons do not include retirements nor does it include the unpreventable departures due to job or employee relocations, as these cannot generally be prevented.

## ***Reason #10 – Interdepartmental Conflict***

Many companies today state they want teamwork. They even rename positions to "Team Leader" and "Coach". Yet they keep the "pre-team" culture that rewards departmental competitiveness.

"When you add it all up, the cost is in the trillions," said business consultant Scott Hunter, author of Making Work Work. His work consulting with hundreds of organizations has shown him how organizational power struggles have robbed companies of profits and productivity.

The effects of interdepartmental conflict extend beyond the internals, eroding customer service, product delivery, and profitability.

Most hurtfully, interdepartmental conflict robs people of their internal desires to deliver for the whole organization, making it important to "defeat" the other department.

Teamwork (a.k.a. empowerment, contemporary management) is the single most profitable and effective management style. Any organization that embraces teamwork must review their culture and make sure that said culture truly supports the concepts of teamwork.

## ***Reason #9 – Favoritism***

Although we probably all know at least one person that got ahead because of "who they knew", it is also true that any employee can get to know the right people.

The route of the problem of this dissatisfaction is that some people do not feel they should have to get ahead by kissing up to the boss. Yet kissing up has little to do with it. In fact, most bosses detest being "kissed". People that have been successful in winning the "who you know" game have done so by using the same people skills they use at home, church, and social groups. They build relationships based on communication and trust.

The State of New York is looking at adding people skills, or soft skills, testing for high school students. Just as employers complained in the past about math skills, then computer skills, many employers now complain that too many students enter the workforce without basic soft skills. The test would cover 10 areas, including the communication, negotiation, public speaking, and decision making.

Companies that offer people or soft skills training to their employees find the training not only reduces the impression of favoritism, they reap huge benefits in lowering their turnover while they add black ink on the last line of their financial statement.

### ***Reason #8 – Management Focus***

Employees become frustrated when expected to deliver results for which they have no ownership. When management does not take the time to share the company vision or why decisions are made a certain way, it will eventually lead to turnover.

Human Resources expert SmartPros commonly hear "I hate it when the higher-ups make major policy changes, never considering how they will impact us, the people who get the work done."

People want to be valued and they want their experience and contribution to the organization to be valued. When they are not part of the decision process, they fail to see the focus of the company and goals of their individual contribution.

Organizations that deliberately communicate corporate goals, departmental goals, and realistic individual goals reap high performance rewards including reduced turnover and higher production and profits.

### ***Reason #7 – Unqualified Supervisors***

There are two truths in management relations: First, nobody likes working for an idiot and second, nobody in management is an idiot. Yet many people will leave a job because they are tired of working for an "idiot".

Many businesspeople do not understand that individuals bring two aspects of themselves to the job. One aspect is the knowledge of how to do the job. The other is the knowledge of getting other people to do the job.

Just because someone masters one aspect does not mean they have mastered the other aspect. We promote people who are "doers" into the ranks of management, yet we have done nothing to teach them the leadership qualities they need to extract talent from their organization.

Leadership qualities exist within every individual. Training and development can easily bring out those qualities.

Larry was the top salesperson in his organization when they promoted him to Vice President of Sales. Within a few short months Larry faced a mutiny. Instead of seeking marketing and sales opportunities, Larry "helped" his salespeople close sales. They resented it. I coached Larry regarding top leadership traits and within two months there was a dramatic turnaround. Larry's first year as VP saw a sales decline. The year following our leadership coaching saw a double digit increase. The secret, he now knew both aspects of the job: how to sell, and how to be a leader.

If your leadership team is not producing record results, leadership training or coaching will have an average return on investment of 37% the first year. Find a coach and reap this return.

### ***Reason #6 – Continual Change***

Okay, this one sounds like an unavoidable problem. Anyone in the business world knows that change is the lifeblood of staying competitive in a constantly changing marketplace. New processes and technology surface frequently. So in this world of change, how can we stem employee loss due to change.

The answer lies in the reason employees are leaving. It is not so much that there is change as it is the way the change is managed.

In many companies the change results in employees receiving new assignments, new bosses, the loss of responsibilities, or a change to a new work station. At the same time the employee must adjust to the changed policy or procedure. These add tremendous stress to the employee and can eventually lead to burnout and resignation.

According to psychologist Lloyd Thomas, a faculty member of the Institute For Life Coach Training in Fort Collins, Colorado, this stress will result in organizational burnout very quickly. Indeed, stress is a leading cause of an increase in an employer's healthcare and workman's compensation rates as the stressed employees begin to seek help.

What we are talking about here is not so much the change itself, but the transition to the new. When a company follows due diligence in the change, particularly communicating the reasons for the change, how the change will be managed, and what the company will do to help the employees bridge to the new, that company is reducing the stress for their employees.

### ***Reason #5 – Lack of Appreciation***

People want to be told they are doing a good job. They want to know managers see and appreciate their efforts. Yet supervisors tend to point out shortcomings and mistakes much more frequently.

Companies are afraid of giving recognition as they feel it could haunt them should negative appraisals be required in the future. They are also convinced that recognition programs are expensive.

This is not true when you look at the type of recognition being sought. According to Shannon Schuyler, national director of “Great Place to Work”, the number one recognition an employee is looking for is a verbal thank-you. The number two method is a written thank you.

Overnight package carrier DHL has a personalized rewards and recognition program for its 1,200 IT workers. The program rewards and recognizes workers on a continual basis with perks ranging from verbal praise by a manager at a staff meeting to gift certificates or e-mail notes from a senior IT executive. The goal, said DHL CIO Steve Bandrowczak, is to create a world-class working environment that helps the company attract and retain top-notch employees.

There are many other forms of recognition that are low cost. I helped one company begin a process of making departmental and individual successes noted on the employee bulletin board next to the time clock. The average cost of creating and displaying the recognition was less than \$1. The benefit in motivating employees was \$7,000 per day in increased productivity. Who wouldn't spend \$1 if they could get \$7,000 in return?

### ***Reason #4 – Benefits***

Admit it, once you read the name of this reason for leaving an employer you thought people wanted better hospitalization, longer vacations, or stronger profit sharing. Although these may be important to some, this is not really the issue. Perhaps this item would be better termed as “Hopelessness”.

People leave jobs when they see hopelessness. They have a family situation and they do not know how they are going to meet the challenge. Let us say for example Sally has just learned that school bus service has been cut back in her district. She was quite comfortable letting her 14-year old walk to the corner and wait with the rest of the children, however she does not feel as comfortable having the child walk the mile to school alone. She knows she needs to push her workday back 30 minutes to take the student to school. Since no one in Sally's department has used the company's long-standing flexible schedule benefit, she does not even know her company has a plan to help her. Feeling defeated, she

looks for another job. Sally's situation is indicative of many others.

PriceWaterhouse Coopers has found a tremendous benefit in providing ongoing benefits education to their employees. They do not just tell the employees what the benefits are, they help the employees understand why the benefit is even important to them.

One of the major “benefits” people leave for is wage freezes and withdrawal of bonuses. When a company falls on tough times, they typically enter a survival mode where they believe salary freezes and the elimination of bonuses will help restore black ink (or at least cut the bleeding on the bottom line.) The effect on employees is devastating. Employees will focus on the lack of income advancement. The effect will be a cancerous disease robbing productivity at a rate of 5 to 20% of payroll, far more than the impact of the raise or bonus.

Companies that recognize people as a valuable asset do not look to salaries as a way to cut – except as a last resort. Even then they do so with careful employee education, getting the employees to buy into the reasons for the freezes.

### ***Reason #3 – Trust***

Following the days of Enron, Adelphia, Tyco, Kmart, and other scandals where executive were accused of lining their own pockets while layoffs and downsizing took place, trust has become a major issue. Employees do not just want their employer to be honest with them, the trust factor must be so intense that employees know their management is looking out for their futures. Just as children know their parents would lay their lives on the line for their children, employees expect top brass to lay profits on the line for its people.

At Coscan Homes in Southern Florida, President Al Paizza wants his supervisors to have a personal relationship with their workers. Paizza learned that throwing money at workers in the form of wages and bonuses did not lower the turnover rate. Yet once his managers had befriended workers, his turnover rate dropped to 30%, half of the rate for his industry. The truth is that it is much harder to quit working with a caring friend than your average supervisor or manager. With a turnover expense in the range of 150-205% of the annual salary for each position, reduction in turnover now gives him a competitive advantage.

Trust is the foundation for relationships. Building trust can be easy when the right steps are followed. The payback is tremendous.

## ***Reason #2 – Menial Tasks***

Oddly the second most common reason for employees to leave is that they are being asked to take on menial responsibilities they feel are beneath them. In Branham's book, "The 7 Hidden Reasons Employees Leave", Branham found employee displeasure that the work environment was not properly explained during the hiring process. In businesses where there is not an administrative assistant, executives find it demeaning to make their own copies and telephone calls. In companies that do not provide daily maintenance, workers are upset they must take their own trash to a common drop spot.

This also occurs during downsizing as support functions are outsourced or eliminated.

These are easily resolved by openly sharing corporate culture during the interviewing process and with team building in the event of staff reduction. It does no good for upper management to hide from this issue. Facing it directly is cheaper and easier than replacing frustrated employees.

## ***Reason #1 – Balance***

Finally, the main reason employees leave a company: Balance. Employees want to work for someone that recognizes they are entitled to a personal life. Employees are working longer hours than ever before in our nation's history. In most organizations, workweeks have grown to 50+ hours. Not only are people putting in long hours at the office, they take work home. Family, friend, and spousal relationships are sacrificed and employers continue to make employees feel guilty. Employees made this the #1 reason for leaving a job for each of the last two years.

According to the Florida Department of Education, the need for balance now accounts for 29% of teacher resignations.

A newspaper in Columbia, South Carolina, has been busy working on this problem since 2002. They do so by instituting policies that help employees balance their work and home lives. These include flexible work hours, arranging daycare in or near the office, and other benefits that have been low-cost or self-supporting.

While minimal expense is involved, the newspaper has reaped the benefit of reduced turnover expense.

Other companies have found that training classes have been great. 360 Solutions LLC of Texas offers a half-day workshop on the topic of Balance, based on material prepared by internally known motivator Connie Podesta. During the workshop, participants learn the basic principles they need in their lives to keep work and home in proper perspective.

## ***So What Finally Prompts an Employee to Leave?***

Looking at these ten reasons for employees to leave a job and considering that 77% of employees probably fall into one of these ten reasons, one must wonder why the employees do not just leave their job.

The answer according to several polls by BostonWorks.com, Gallup, and Nielsen show that people do not leave their jobs predominantly because they either are unable to find another job or they have an unusual tie to their employer (such as health insurance for an employee with a medical condition in their family).

Most experts feel that as the economy strengthens, good jobs will begin to open and unprecedented movement is possible. In fact, by the year 2010 enough jobs will exist that unhappy employees will easily find it easy to move.

## ***Riding the Wave of Employee Retention***

This article has identified ten of the most common reasons employees resign. Even at the most conservative of estimates, replacing a departed worker costs 150% of the wages of the job. At the other end of the estimates: 350%. Even at entry level or minimum wage jobs, once you consider the training, lost productivity, paperwork, interviewing, uniforms, name tags, and other items costs begin to add up quickly.

By applying the thoughts and suggestions mentioned here one can transform dollars spent on turnover into dollars that reside on the organization's bottom line. Companies with high retention rates position themselves with the talent they need to carry themselves into the future as a strong, healthy, and vibrant competitor.

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