

# Is It Pay? Fact-Based Reasons Employees Quit Plus Real Retention Solutions

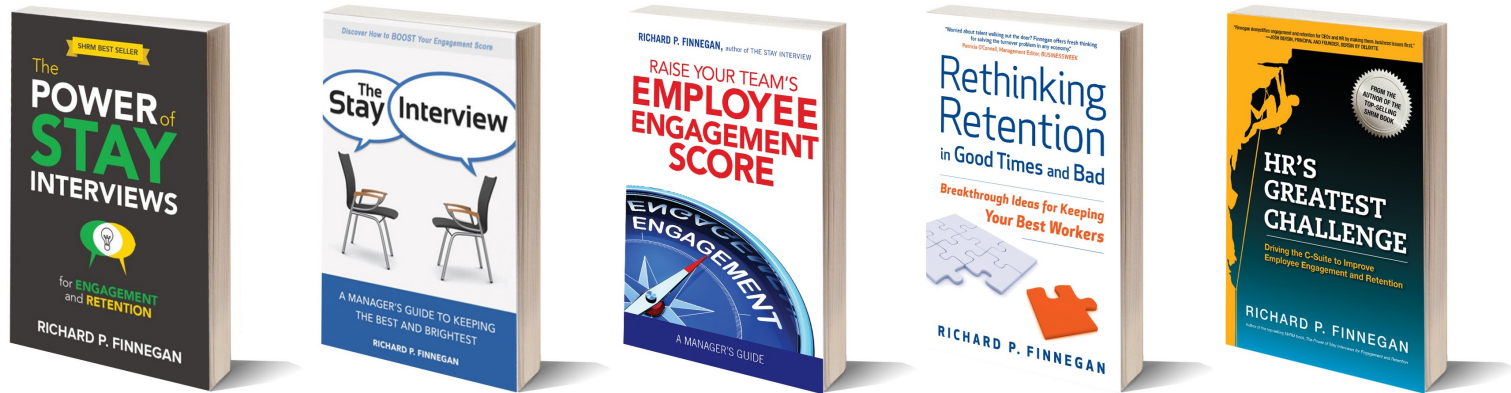
Presented by  
Dick Finnegan, Speaker, Author, & CEO, C-Suite Analytics



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drive change  
SHRM23

# Dick Finnegan Resume



- Trained as therapist
- “Recovering HR Executive”
- Partnered with professor to study academic research re employee retention
- Developed scientific approach to reducing turnover
- Applied on 6 continents, 49 states, all industries
- Recognized by Forbes and BusinessWeek as leading retention expert
- CEO and founder of C-Suite Analytics

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# Today's Very Fast-Paced Map

- 1. Audience participation survey
- 2. “Great Resignation” causes & forecasts
- 3. 3 reputable studies of why employees are quitting
- 4. Everyday lessons on pay’s impact on quits
- 5. Best proof that pay is disconnected from retention
- 6. 3 giveaways worth waiting for

# Audience Participation Survey

**Q1. Please raise your hand high if your company does exit surveys in any form when employees leave.**



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ANALYTICS**  
*Business-Driven Employee Solutions*

# Audience Participation Survey

Q1. Please raise your hand high if your company does exit surveys in any form when employees leave.

**Q2. For those who raised your hands, please raise your hand again if you believe your conducting exit surveys has helped you cut your turnover.**



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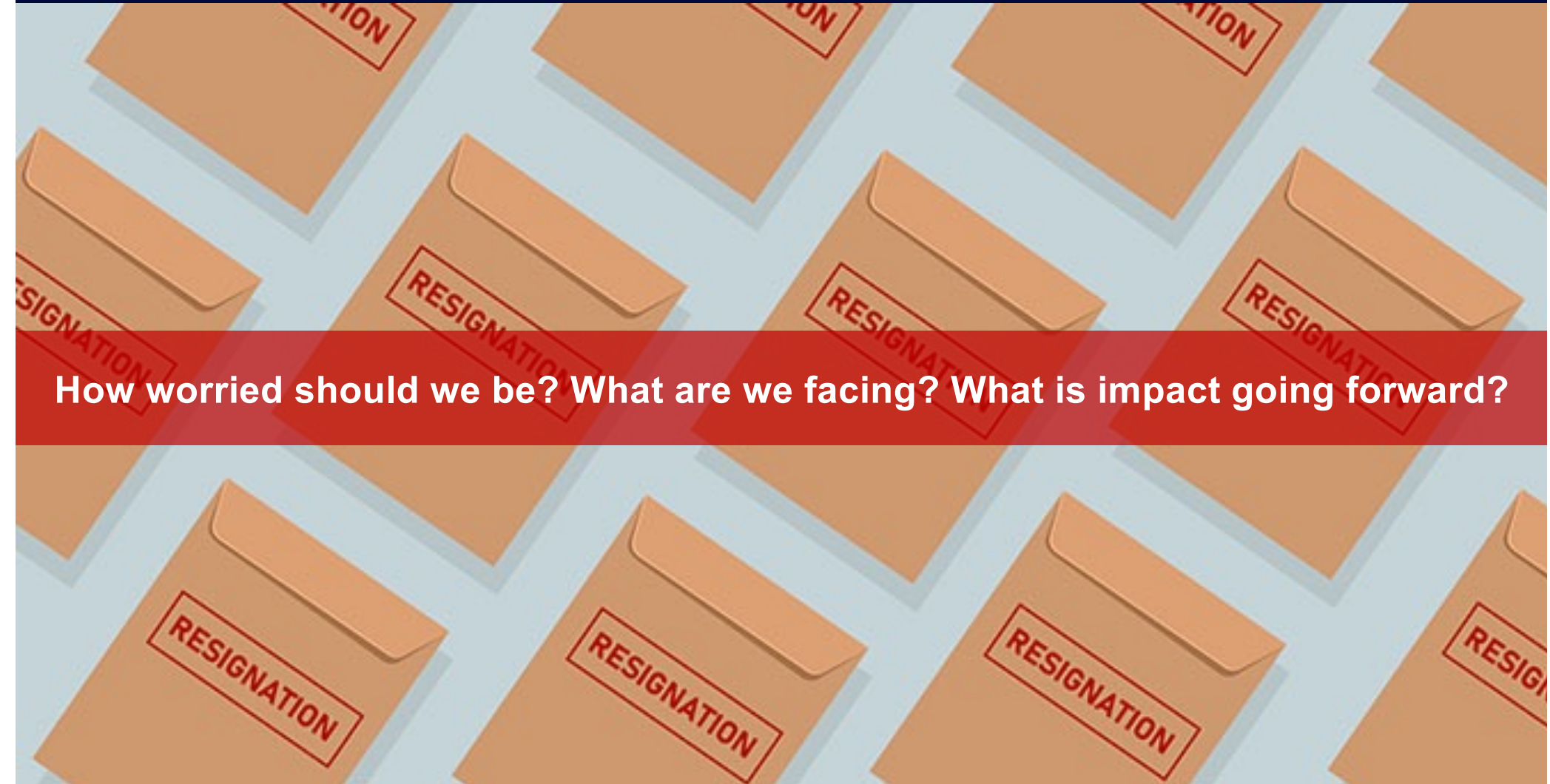
**Q3. For those who don't believe exit surveys help to cut your employee turnover, please shout out the main reason why conducting exit surveys has not cut your turnover.**



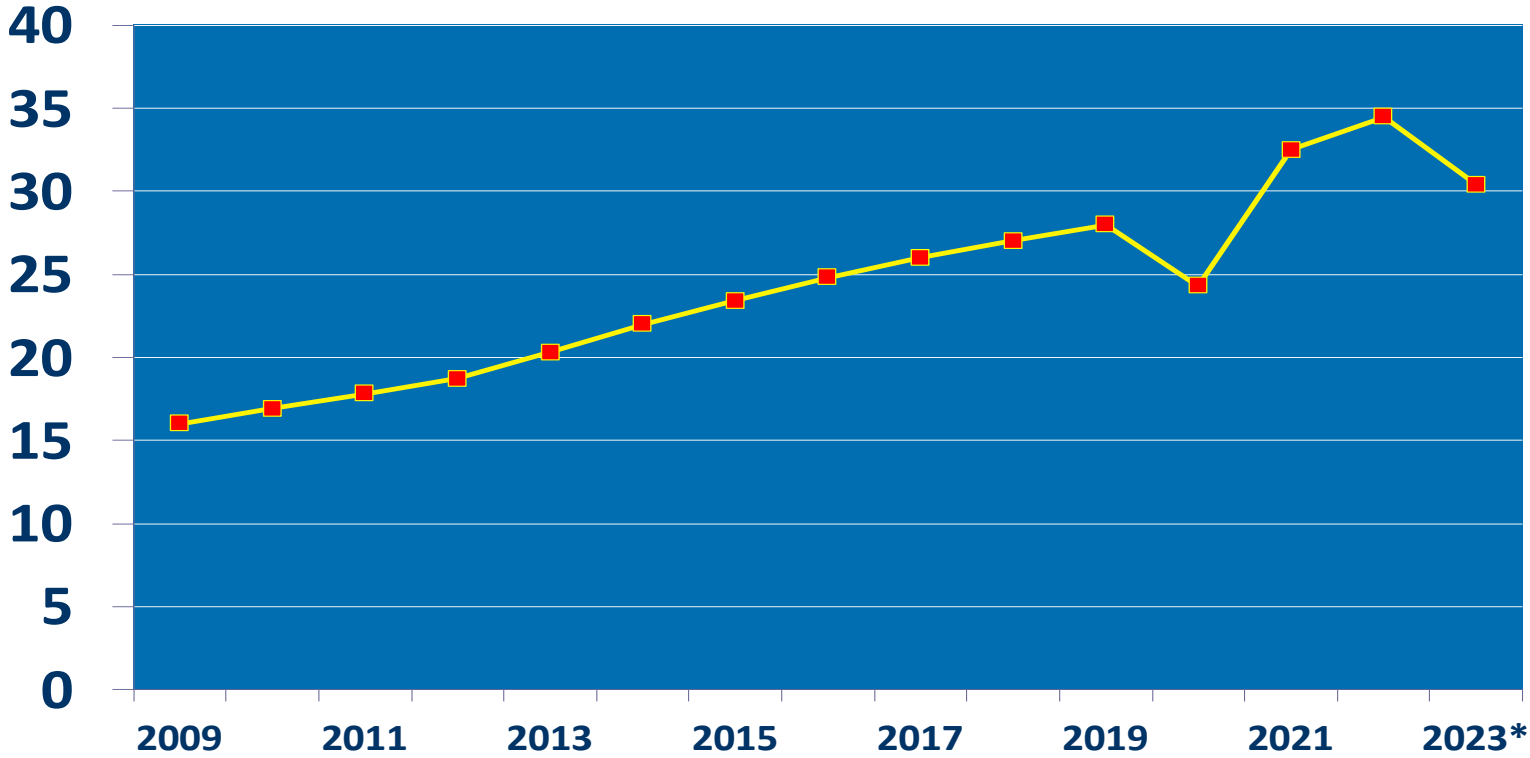
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# “The Great Resignation” Update

How worried should we be? What are we facing? What is impact going forward?



# U.S. Voluntary Quit Percentages, Post-Recession



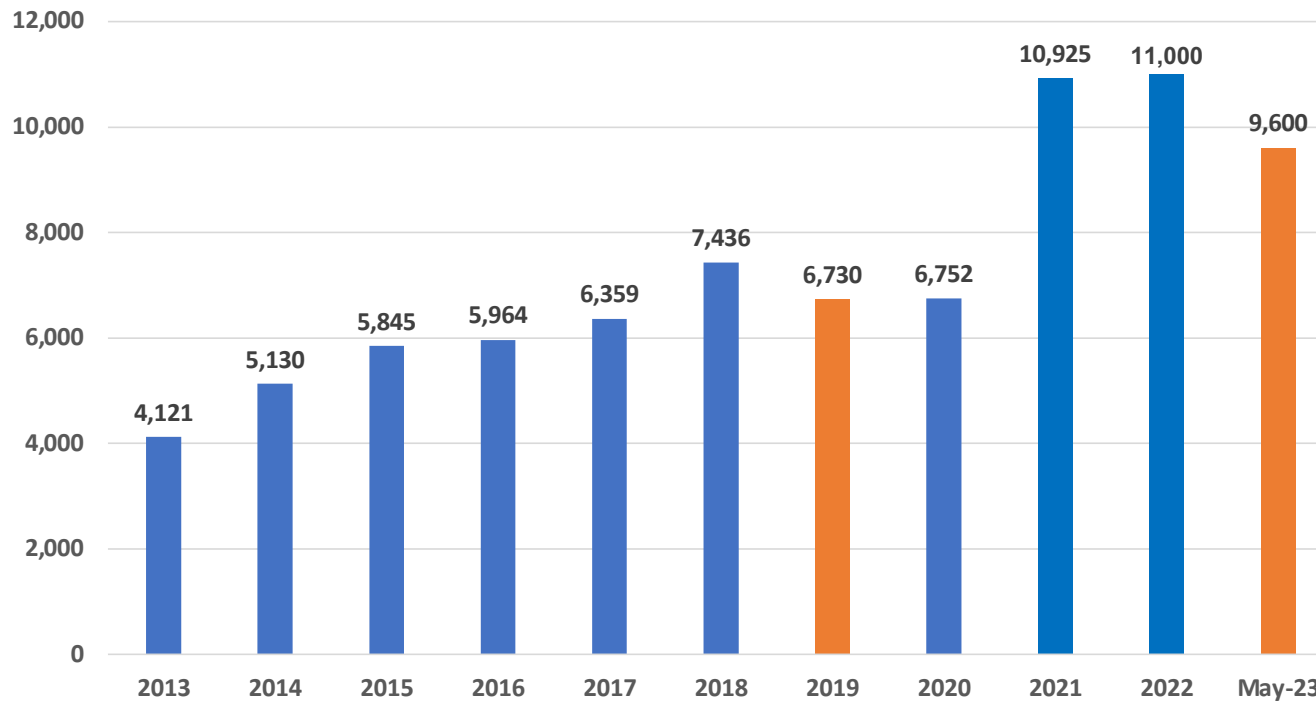
Data: U.S. Bureau of Labor Statistics. \*2023 Q1 Annualized.

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# U.S. Job Openings As of May, 2023

In Thousands



... and we have untold millions fewer people in the workforce

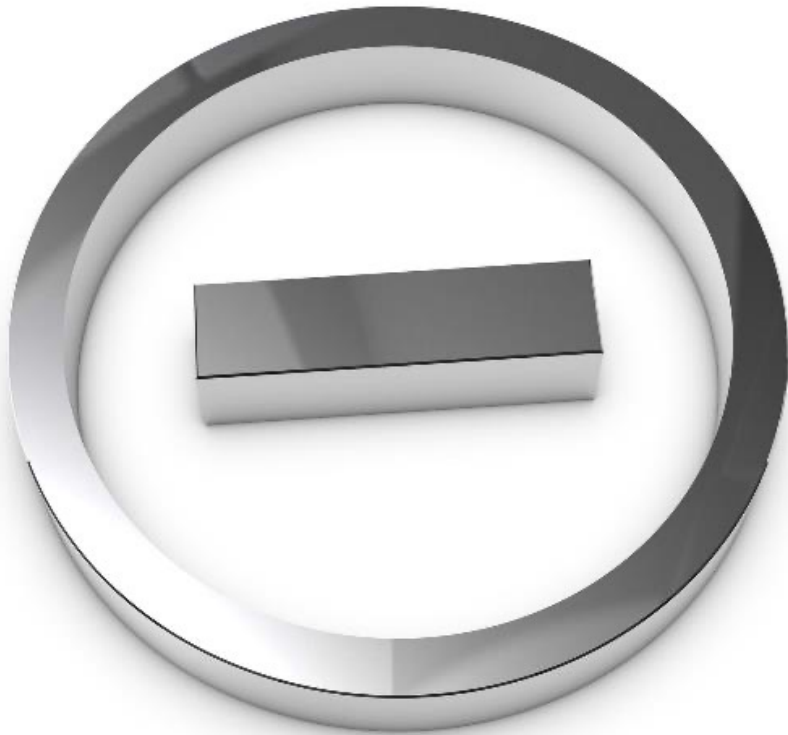
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Data: U.S. Bureau of Labor Statistics



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# 1<sup>st</sup> 2 Subtractions – Workforce



**2 Million +  
Early  
Retirements**



**1 Million  
Covid Deaths**

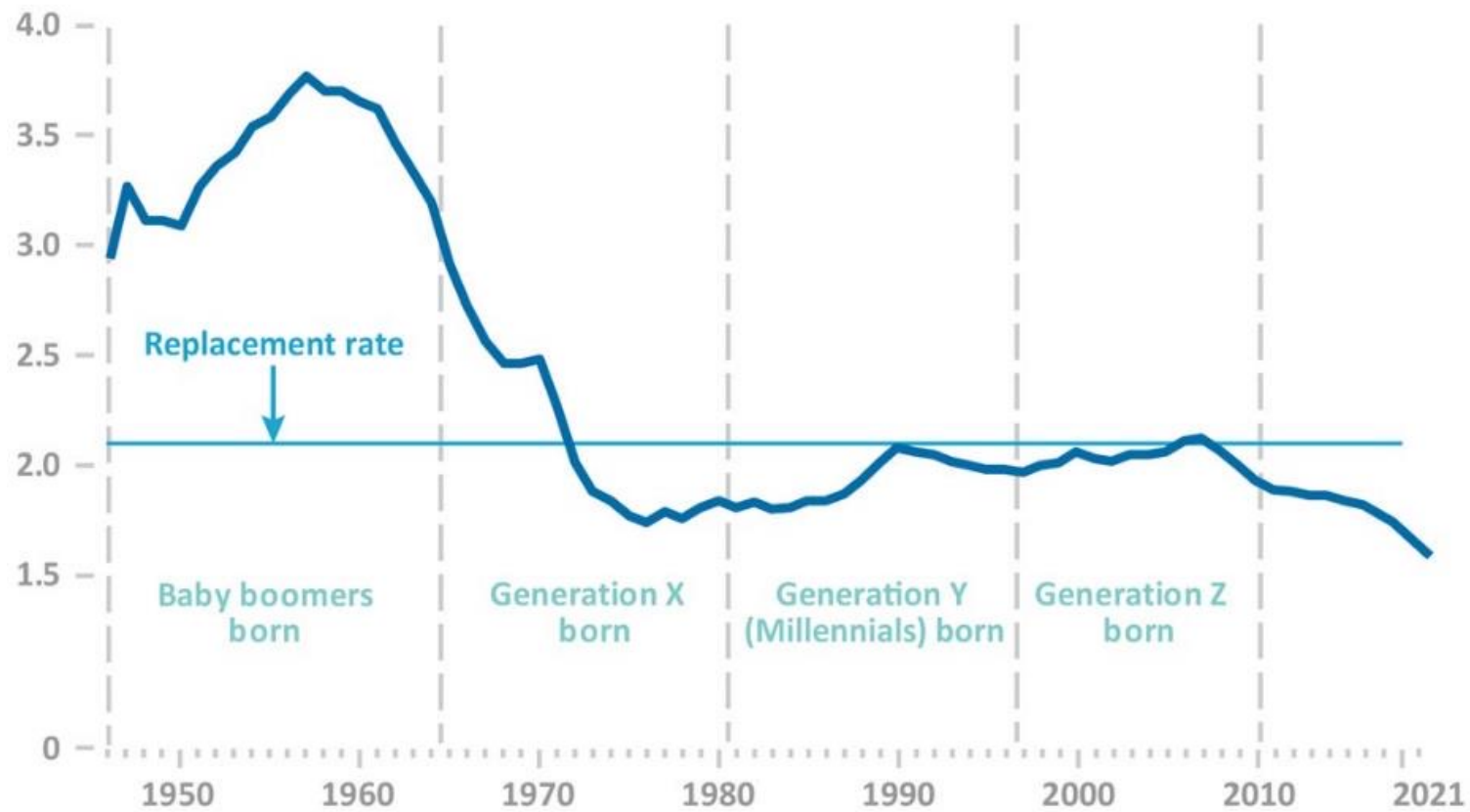


# Subtraction 3 - COVID-Driven Entrepreneurs



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# Subtraction 4 - US Birthrate Declines

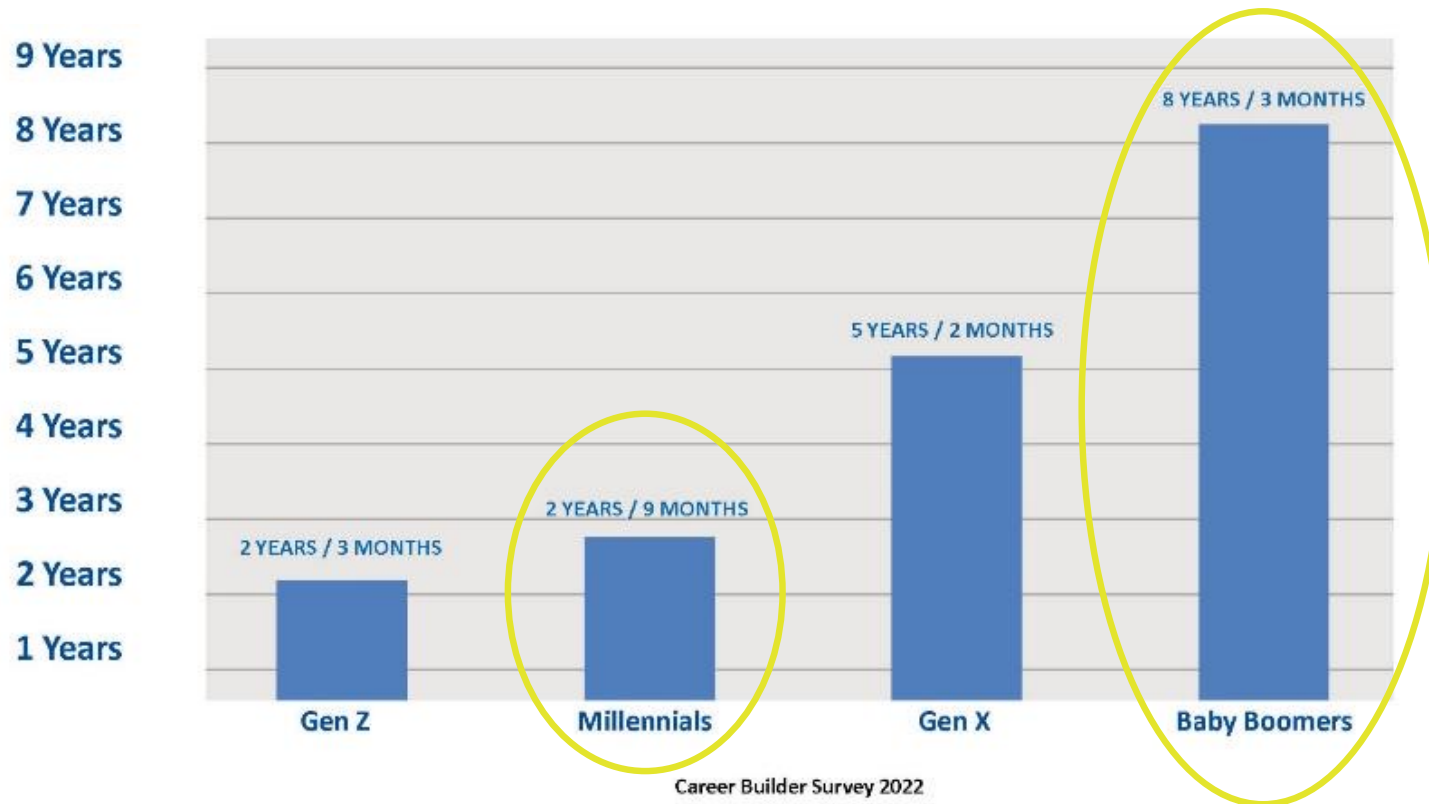


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# Subtraction 5 - Young Workers Less Loyal



**Millennials Avg LOS: 2 yrs 9 mos**  
**Baby Boomers Avg LOS: 8 yrs 3 mos**

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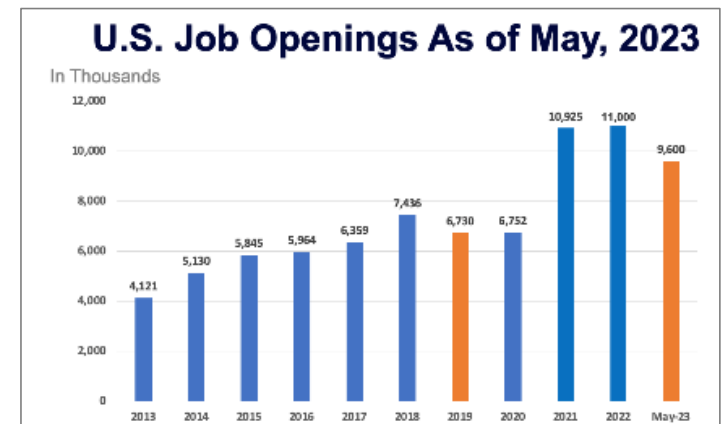
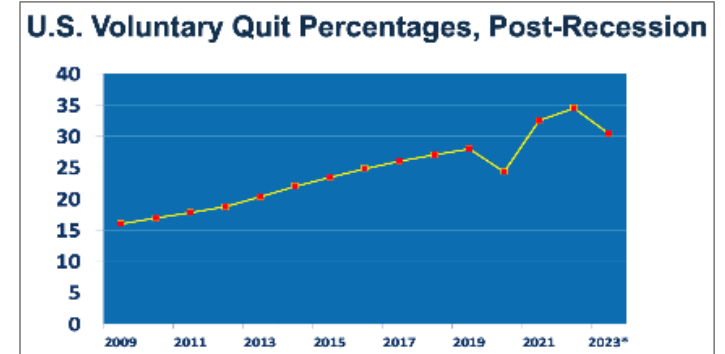
# Five Subtractions Got Us Here

2 ongoing...

- Birthrate declines
- Young workers less loyal

3 brought on by COVID 19:

- Early retirements
- COVID deaths
- COVID-driven entrepreneurs



# When Will “The Great Resignation” End?

Workers still have power over their bosses, and a recession won't stop the Great Resignation...

– Fortune, December 2022

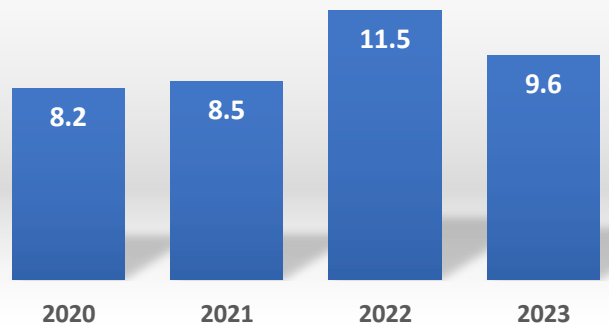
The Great Resignation is coming to an end this year...

– Fortune, 2023

“If immigration does not improve, I'm not sure how we get back to growth”

– Burning Glass Economic Think Tank, 2022

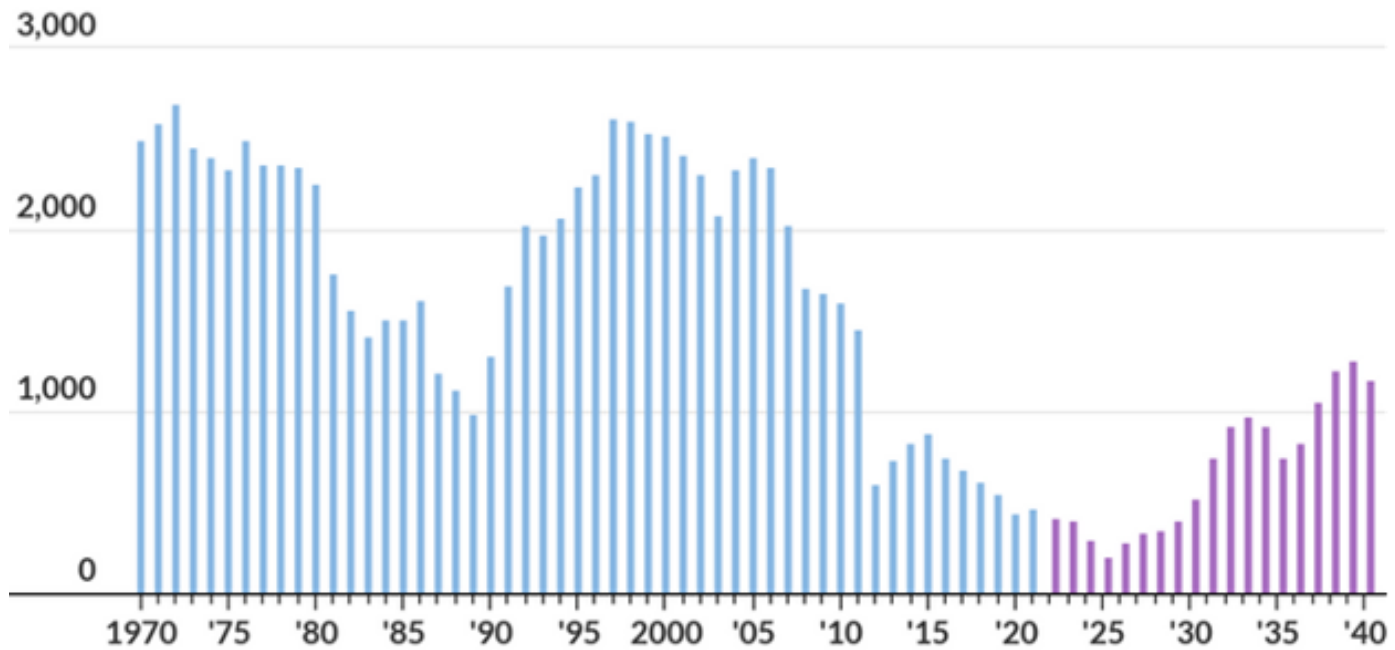
March Open Jobs



# Labor shortage

Annual growth of working-age population (thousands)

■ Historic data ■ Census projections



Source: Census Bureau

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# Methodology for Determining “Is It Pay”?

- **Googled “why employees quit during the great resignation”**
- **Sought 3 studies from reputable sources**
- **Preferred that each used a different way to source their data**
- **All studies took place during “The Great Resignation”**

# Why Employees Quit? Study #1



**Conducted by:** Pew Research Center

**Released:** February 2022

**Data source:** Surveyed 6,627 non-retired U.S. adults, including **965** who say they left a job by choice last year.

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# Pew Research Findings

Among those who quit a job in 2021, those surveyed indicated the following were either a major or minor reason...

1. Pay was too low 63%
2. No opportunities for advancement 63%
3. Felt disrespected at work 57%
4. Because of child care issues 48%, *surveyed only those with children*
5. Not enough flexibility to choose when to put in hours 45%
6. Benefits weren't good 43%
7. Wanted to relocate to a different area 35%
8. Working too many hours 39%
9. Working too few hours 30%
10. Employer required a COVID-19 vaccination 18%



**“At least a third said the top 3 reasons listed here were the major reasons why they left.”**

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# Why Employees Quit? Study #2



**Conducted by:** SHRM

**Released:** November 2022

**Data source:** Surveyed **1,516** HR professionals “who ranked a list of 12 common reasons why employees have been exiting”

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# HR Professionals Ranking “Top 12” Results

SHRM’s survey of HR professionals found that employees are leaving because of...

1. Inadequate total compensation
2. Lack of career development & advancement
3. Lack of workplace flexibility
4. Unsustainable work expectations
5. Uncaring and uninspiring leaders



**74% said inadequate compensation “including pay, bonuses, profit sharing, and the like” was the top reason...and only 14% said their current compensation budget was adequate.**

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# Why Employees Quit? Study #3



**Massachusetts  
Institute of  
Technology**

**Conducted by:** Massachusetts Institute of Technology (MIT), leveraging data from Revelio Labs

**Released:** September 2021

**Data sources:**

Analyzed **34 million** online employee profiles to identify employees who recently left their employer for any reason.

Also reviewed free texts of **1.4 million** Glassdoor reviews, focusing on the frequency of mentioning 172 topics.

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**Toxic Corporate Culture**

**#1**

#2

#3

#4

#5

#6

#7

#8

**Why Employees  
are Quitting  
During “The Great  
Resignation”**

#9

#10

#11

#12

#13

#14

#15

**#16**

**Pay**



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Institute of  
Technology**

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# Leave Reasons' Importance Relative to Compensation

1. Toxic corporate culture....10.4 Xs more important
2. Job insecurity & reorganization...3.5 Xs more important
3. High levels of innovation...3.2 Xs more important
4. Failure to recognize performance...2.9 Xs more important
5. Poor response to COVID 19...1.8 Xs more important

*Toxic corporate culture is defined as (1) failure to promote diversity, equity, and inclusion, (2) workers feeling disrespected, and (3) unethical behavior.*

**“Much of the media discussion about “The Great Resignation” has focused on employee dissatisfaction with wages. How frequently and positively employees mentioned compensation, however, ranks 16<sup>th</sup> among all topics in terms of predicting employee turnover...consistent with a large body of evidence that pay has only a moderate impact on employee turnover.”**



# Smart Analysis



**Study #1:** Pew surveyed employees, top leave reason was pay.



**Study #2:** SHRM surveyed HR pros, top leave reason was pay.



**Study #3:** MIT, studied millions of online employee comments, top reason was toxic corporate culture with pay being the 16<sup>th</sup>-ranked reason.

***Which data-sourcing method do you believe in the most?***

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# 5 Everyday Lessons On Pay's Impact On Quits

1. Employees who change companies for pay risk the knowns of their current job vs the unknowns of their new job.
2. Everyone has their “I quit” \$ number but based on #1 above we must also acknowledge that few employees leave for pay alone.
3. So pay matters much more for workers who are unemployed.
4. Can pay become a substitute for recognition? A \$50,000/yr employee getting a 5% raise increases their take-home pay by about \$82 per paycheck. Is this lifestyle-changing or purely recognition?
5. Online searches for why employees leave lead to #1 being “better opportunity”, a worthless phrase from worthless exit interviews.

# Major 2023 Pay Actions



- ❑ Home Depot investing \$1 billion in employee wages despite forecasts of lower sales.



- ❑ Walmart raising minimum to \$14 per hour up to \$19 per hour, average wage \$17.50.



- ❑ Target raising minimum wage to as high as \$24 per hour depending on local market.

## Walmart CFO speaking to investors:

**“Retaining talent and establishing career opportunities for our associates remains a central objective to our growth ambitions. We are confident we can make the investments needed to remain competitive in a tight labor market while also growing our profitability.”**

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**More important thought: But what are Home Depot, Walmart, and Target doing to address “toxic corporate culture”?**

# The Dominant Reason I Know Employees Don't Stay/Leave Mainly for Pay

**CATERPILLAR**

↓ 47%

**COVENANT HEALTH**

↓ 31%

**Clayton**  
home building group

↓ 28%

**UNITED FACILITIES**

↓ 58%

**WAYNE SANDERSON**

↓ 49%



WASTE CONNECTIONS, INC.

↓ 30%

**Quest Diagnostics™**

↓ 45%

**Mount Sinai West**

↓ 25%

**JENSEN PRECAST** EST. 1968

↓ 41%

# Two Opposite Ways to Approach Employee Retention

1 SIZE FITS ALL

**HR-only solution  
resulting from**

- Engagement surveys
- Exit surveys
- Salary surveys
- Benefits surveys
- Employee committees

**O  
R**

**Leaders drive  
retention by  
building 1-1 trust  
with each employee**

1 ON 1

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**T R U S T**

**The #1 reason employees stay or leave...or for that matter engage or disengage...is how much they trust their immediate supervisors**

**This does NOT mean each time an employee quits it is because she doesn't trust her boss...thought that might be true**

**It DOES mean each individual leader becomes your very best employee retention solution**

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# FINNEGAN'S ARROW®



Reduce Cost  
of Turnover



Improve  
Employee  
Engagement



Improve Revenue  
& Profitability

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# Supervisors' Impact on Turnover

A global consulting firm interviewed 1,000 recently-quit employees and asked about pay, benefits, development, advancement, and relationships with supervisors...and found supervisor relationships influenced all other opinions, concluding...

**“Offering a higher salary or developmental/ advancement opportunity may not be enough to retain employees”**

# What Do Employees Talk About Over Dinner?

Boss...Colleagues...Duties

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# Forbes

“Dick Finnegan, the Stay Interview expert, writes,

**‘The greatest reasons why employees quit is what they talk about over dinner.’**

Even those of us who love hard data must acknowledge this, which reinforces the old adage that people don’t quit jobs, they quit bosses. And it is those bosses they talk about over dinner.”

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# The Power of Stay Interviews

A Stay Interview is a structured discussion a supervisor conducts with each individual employee to learn the specific actions he must take to strengthen that employee's engagement and retention with the organization

## Stay Interviews...

- Bring information that can be used today
- Focus on individual employees including top performers
- Put supervisors in the solution seat



# Stay Interview 5 Questions



1. When you travel to work each day, what things do you look forward to?
2. What are you learning here?
3. Why do you stay here?
4. When was the last time you thought about leaving our team? What prompted it?
5. What can I do to make your experience at work better for you?

## In Stay Interviews, what do employees ask for the most?

- More pay
- Development
- Work/life balance
- Better work processes
- Promotions





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# What Do Employees Ask For The Most?

## **BETTER WORK PROCESSES!**

Eliminate this report / Improve equipment / Get others to be more accountable

**EMPLOYEES MOST WANT TO BE MORE PRODUCTIVE!**



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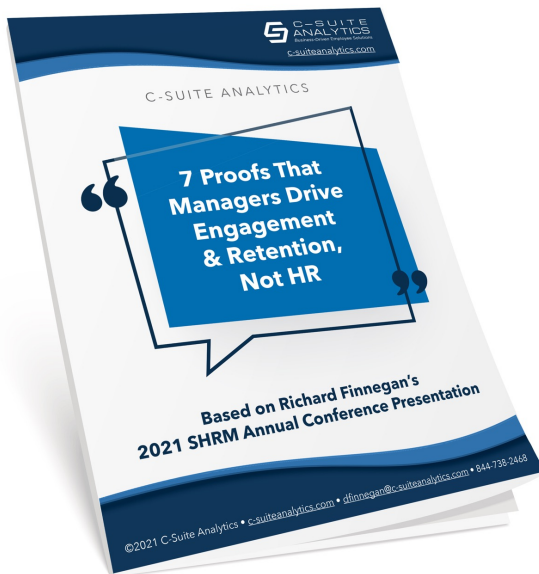
## **BIGGEST WALK-AWAY LESSON:**

**Raising pay is not enough...and improving “toxic corporate culture” must begin with each first-line supervisor building trust with each individual employee.**

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# Free Giveaways to Alert Your C-Suite Executives

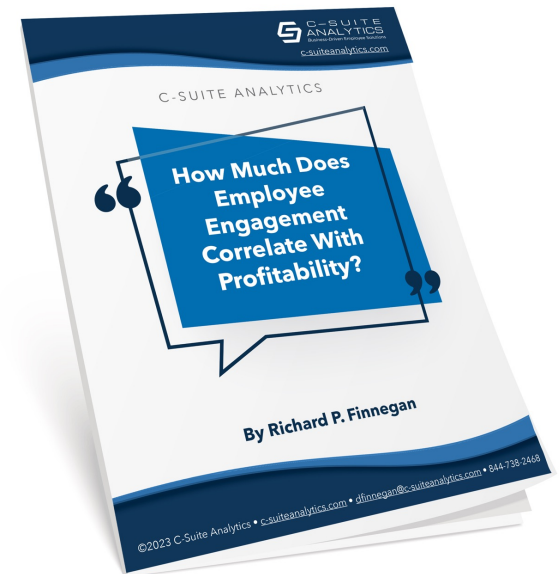
**TEXT** Your Full Name and Email **NOW** to: 866-218-7772



**7 Proofs Managers Drive Engagement & Retention, Not HR**



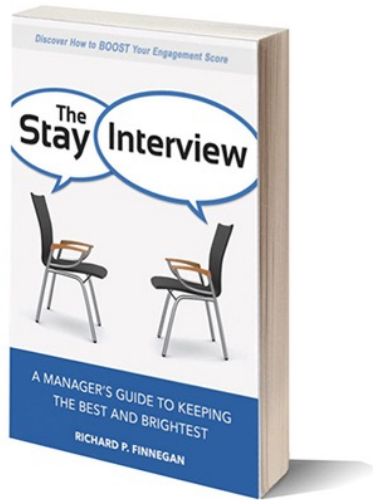
**Free Access to Online Turnover Cost Calculator**



**How Much Does Employee Engagement Correlate with Profitability?**

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## Attend Consultant Lora Fish's Session

Monday @7:30 – W213:  
Why Women Left the Workforce & 3 Ways to Win Them Back

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- Also share your feedback in the session survey in the SHRM Events app or virtual platform.



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