

Ceridian's 2017

# Pulse of Talent

Key Factors for Retaining Top Performers



# Key Factors for Retaining Top Performers

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# Introduction

## Attracting the Best and Brightest

High performing employees – with the best job dedication and the strongest commitment to helping the company achieve its goals – can be elusive to find and difficult to keep. However, the effort in identifying these bright stars is almost always worth it.

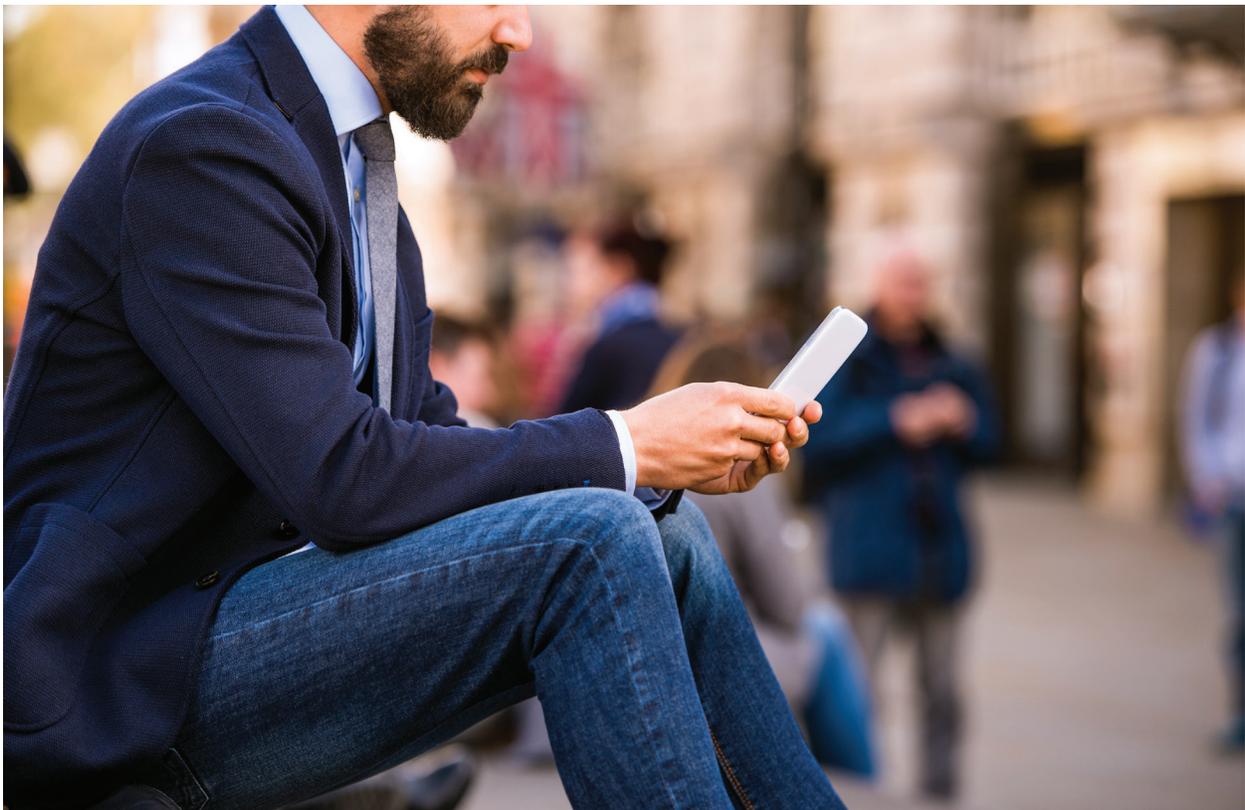
“These are the people you want on your team. When people are using their strengths to perform at their highest levels, they tend to be more committed, more energized and engaged, and more excited about being at work,” says Lisa Sterling, Chief People Officer at Ceridian.

But it’s more than just finding rock star employees, she adds. Creating a culture where people feel heard and respected can have a tremendous effect on people’s work ethic and desire to give their all every day. “It starts

at the top. A culture of excellence is driven from an organization’s leadership.”

This report explores the various factors that are key to building employee loyalty, and it dives into why talent quits and how a company might be able to change their minds.

It offers insight into the question that plagues managers and human resources personnel: How can you keep your high-performing employees engaged and committed?



## Introduction (continued)

### Surveying the workforce

We asked 1,602 North Americans<sup>1</sup> about their views on work, job hunting and retention. We polled salaried and hourly workers, as well as a mix of full-time and part-time employees 18 years of age and older. The study was conducted by The Nielsen Company through its online research panel in the summer of 2017.

At 81%, American respondents were far more likely than Canadians (62%) to view their work environment as positive. These employees typically work for companies of between 100 and 499 employees, and identified their most recent performance reviews as extremely positive.

However, how respondents view their company doesn't necessarily result in loyalty. In the U.S., 24% of respondents who view their company positively are actively looking

for new work, while another 36% would consider new opportunities if the right one came along. And as one might expect, active job hunters in both countries are hoping to be out of their current job within a year.

So, what drives loyalty and commitment? Are there factors that high performers share? And what makes these employees tick? Read on for an exploration into these questions.



81%  
of American respondents  
feel they work in a  
positive environment

## Why Does Talent Quit?

### The role of salary

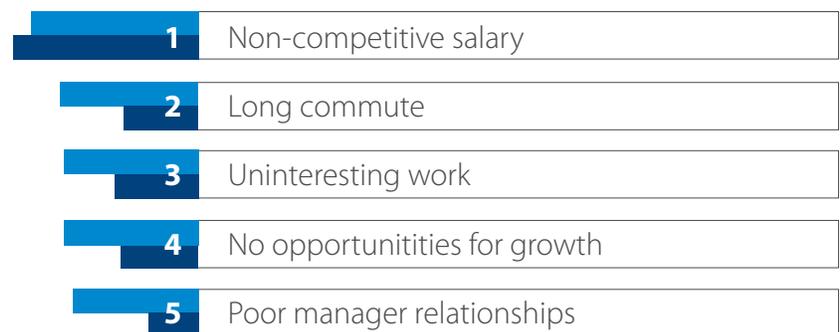
Salary was a top motivator for respondents to leave their jobs. In fact, just over one in four (27%) respondents across North America listed it as a reason for quitting a previous position, while 17% listed it as the primary reason for their departure.

**Salary factors into just over ¼ of respondents' decisions to quit.**

It's important for companies to be cognizant of pay equity, Sterling says: People will often take a lower-paid role they adore or find fulfilling. When people feel they aren't being compensated fairly compared to others, disengagement can set in and cause people to begin looking for similar roles at other companies.

Let's take a deeper look at employees who identified themselves as "active job hunters" and compare them to the rest of the respondents.

### Top five reasons job hunters quit



■ Active Job hunters  
 ■ All North American respondents

\*Images represent 30% of the total.

\*Respondents could choose multiple answers

## Why Does Talent Quit? (continued)

### Active job hunters

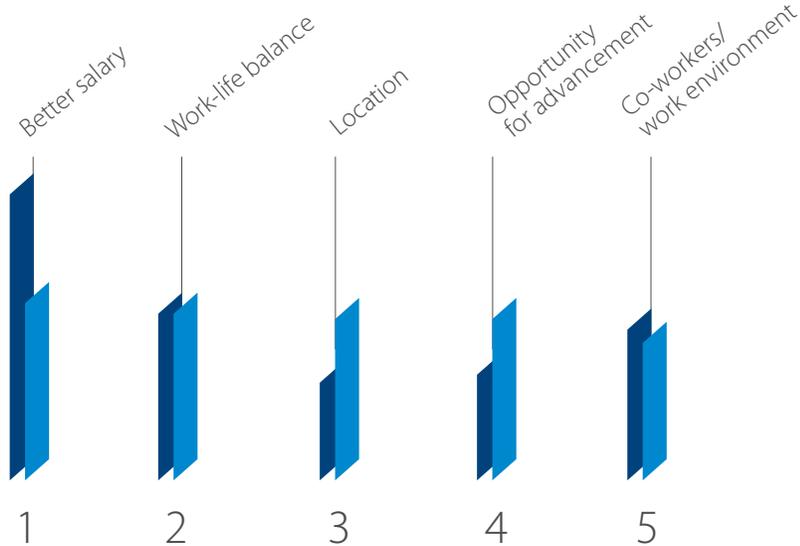
When asked why they quit their last job, 24% of active job hunters in the U.S. identified long commutes as being a significant reason for leaving their previous role, while 21% of U.S. respondents indicated salary was the reason for leaving.

Better pay is still a primary factor in what people want in their next job, with over one-quarter (29%) of active job seeking respondents citing this as the primary factor that entices them to apply to a company. In the U.S., 19% of active job seeking respondents listed salary as a primary reason to join a new organization, tied with good work-life balance, followed closely by location (18%), opportunity for advancement (16%) and

co-workers/work environment (13%). In Canada, salary is the top reason active job hunters are enticed to join a new company, followed by better work-life balance, good work environment/co-workers, and opportunity for advancement.

It's not completely unsurprising, says Sterling. While salary might be a sticking point for employees, once the decision is made to leave a job, people tend to take stock of what's important to them, and while financial stability is significant in the decision-making process, work-life balance (which includes how long people are stuck in traffic) and career growth tend to take greater priority.

Top five things active job seekers want from their next job



American respondents
   
 Canadian respondents
   
 \*Images represent 40% of the total.

## Why Does Talent Quit? (continued)

### What drives high performers to leave?

We dove a bit deeper into high performers (HPs) – carving out statistics on people who had received an “excellent” on their last performance review and had been promoted at least three times throughout their careers.

**38% of high performing** respondents in the U.S. are actively job hunting.

### High performers on the move

Between the U.S. and Canada, high performers differ most in their loyalty to one company: In the U.S., 38% of high performers are actively job hunting, while in Canada only 13% of HPs are actively job hunting. In comparison, 23% of U.S. respondents overall are actively looking for new opportunities, while in Canada this number is 35%. North of the border, HPs were more likely than all Canadian respondents to have held a single job for more than 10 years (58% versus 47%). They are less likely to be seeking out new opportunities, with nearly half (45%) of Canadian HPs saying they wouldn't consider a new job outside of their company, while this number is only 35% among all Canadians.

Overall, when it comes to why people quit and why they stay in a job, high performing respondents generally followed the trends set by their colleagues and counterparts outside the HPs category. For HPs, salary is still the main reason people leave (24%), while good relationships with colleagues and interesting work are primary reasons people stick around (49% and 47%, respectively).



# Are Gen X Optimists or Pessimists? Depends on Where They Live

While most age cohorts are relatively similar country-by-country, 30- to 48-year-old respondents – which includes older Millennials but mainly encompasses Gen Xers – tend to differ most between Canada and the U.S.

In the U.S., respondents in this age range are the most positive about where they work: they tend to be happiest with how much they're paid (72%, compared to 44% in Canada), believe they have a good work-life balance (83% versus 58% in Canada) and are less reticent to come into work in the morning, with only 6% saying they have negative feelings about the daily grind (in comparison, 17% of Canadians in this age bracket feel negatively about going to work each day).

North of the border, respondents in the midst of their careers are generally a more negative group – least likely to rank their current work environment positively (57% versus 89% for the same cohort in the U.S.). They're less likely to view themselves as paid fairly compared to fellow employees (55% in Canada versus 78% in the U.S.). And they're far less likely than their American counterparts to believe their company treats them fairly: 29% of Canadian respondents believe their company hands out promotions when deserved, compared to almost three-quarters (72%) of U.S. respondents.

## Portrait of a positive Gen Xer

Perhaps how U.S. Gen Xers view their organization as a whole is a hint as to why they're so positive: U.S. respondents aged 30 to 48 were also the most likely to say their company has clear values (85% in the U.S., compared to 62% of respondents in Canada across the same age range), know their company goals (71% versus 41% in Canada) and view their company's financial outlook as favorable (73% versus 31% in Canada).

## Gen X: Canada vs. U.S.

Happy with their salary



Believe they have good work-life balance



Feel negatively about going to work in the morning



Rank their current work environment as positive



Believe they are paid fairly compared to counterparts



■ U.S. respondents  
■ Canadian respondents

\*Images represent 100% of the total.

## What Builds Employee Loyalty?

Aside from a fair salary, let's explore the reasons why people choose to stick around at a company.

### The true team effect

Great colleagues are a primary attraction for most respondents. In fact, nearly half (47%) of all respondents from across the U.S. and Canada listed co-workers among a host of reasons they choose to stay at their current employer. Good working conditions (42%), interesting work (42%) and job security (41%) were also listed by at least two-in-five North American respondents among their reasons to stay put.

**47%** of respondents say good relationships with colleagues are why they work where they do.

But it can be difficult to find the right balance between an employee who has all the talents you're looking for, is a superstar and has a great deal of potential, and one that will fit in with his or her fellow teammates and organization structure, Sterling says. If your company values rapid innovation and transformation, and you've got a seemingly perfect candidate that likes a more slow-and-steady approach to change, that can create

discontent among your team. "When people are all running after the same outcome, that's when people feel energized and committed," she says.

Organizations should dive deep into determining exactly what they want from their best employees, while also learning about what makes the best teams achieve more, says Sterling.



## What Builds Employee Loyalty? (continued)

### Why unhappy people stay

Now, let's look at a different subgroup: respondents who are not currently job hunting, but aren't happy with their salaries. Overwhelmingly, collegial relationships keep these employees in their jobs. Job security (42%), relationships with managers (42%), good working conditions (41%), interesting work (41%), job benefits (39%), and a feeling that they are respected (37%) are also factors in keeping employees who feel underpaid in their current jobs. But, it's worth comparing respondents who are unhappy with their salaries to those who are happy.

### How salary satisfaction influences other factors

| Reason respondents stay in their current job*                       | Those unhappy with their salaries | Those happy with their salaries |
|---|-----------------------------------|---------------------------------|
| Salary  | 14%                               | <b>61%</b>                      |
| Relationship with colleagues  | <b>51%</b>                        | 57%                             |
| Good working conditions   | 41%                               | 57%                             |
| Interesting work  | 41%                               | 56%                             |
| Job security  | 42%                               | 53%                             |
| Relationship with managers  | 42%                               | 48%                             |
| Good benefits   | 39%                               | 48%                             |
| I'm respected   | 37%                               | 48%                             |
| I like and respect the company I work for and believe in its vision | 29%                               | 41%                             |

\*Respondents could choose multiple answers

So, what does this mean? Well, salary certainly isn't everything – but it does seem to help create a baseline for overall happiness at a company. Those satisfied with how much they make tend to view other factors related to job satisfaction more positively than those who aren't.

"It's not surprising," says Sterling. And what's more, it can have a positive effect on an organization's bottom line: "When people feel like they're being paid fairly and equitably, and they feel like they're being taken care of at the organization, they're far more inclined to help that organization succeed. They are more inclined to put forth discretionary effort."

## What Builds Employee Loyalty? (continued)

### Why do high performers stay? | The importance of company goals and values

It's important to note that high performing respondents across the U.S. and Canada were more likely than all of respondents to work for companies that have clear values (85% versus 72%) and far more likely to know their company's business goals (72% versus 49%). And, overall, they tend to be more optimistic about their current employer, viewing their company's financial outlook favorably (70% view their financial performance as excellent, compared to 48% of all respondents) and the business' future health and success on sure footing (81% feel positive or very positive about the company's financial future versus 69% of the general population).

"Companies that truly live their values elevate the workplace to a higher level," Sterling says. "Values naturally become part of the DNA of an organization – it's not just a slogan plastered on the wall. And that's when it starts to drive behavior and actions. When employees see their colleagues and leaders living those behaviors, individuals tend to have a more positive outlook overall. It's authentic – and people gravitate towards it."

### The impact of work-from-home policies

The majority of high performing respondents work for companies that have work-from-home policies in place (58% compared to 34% for the general respondents). In the U.S. specifically, 68% of HPs can work from home at least one day a week.

**68% of high performers** in the U.S. have work-from-home policies in place, compared to **34%** of non-high performers in the U.S.

And while Sterling admits work-from-home policies can be controversial, she says they can have immense benefits, creating a work environment where employees feel empowered, trusted and respected. "It conveys that organizations know their employees can be successful,

even without the watchful eye of a manager in an office," she says. "Personally, I'm way more productive when I can work from home a few days a month. I'm a big believer in the concept that work is what you do, not where you go."

High performers are far more likely to know their company's business goals compared to non-high performers

## What Builds Employee Loyalty? (continued)

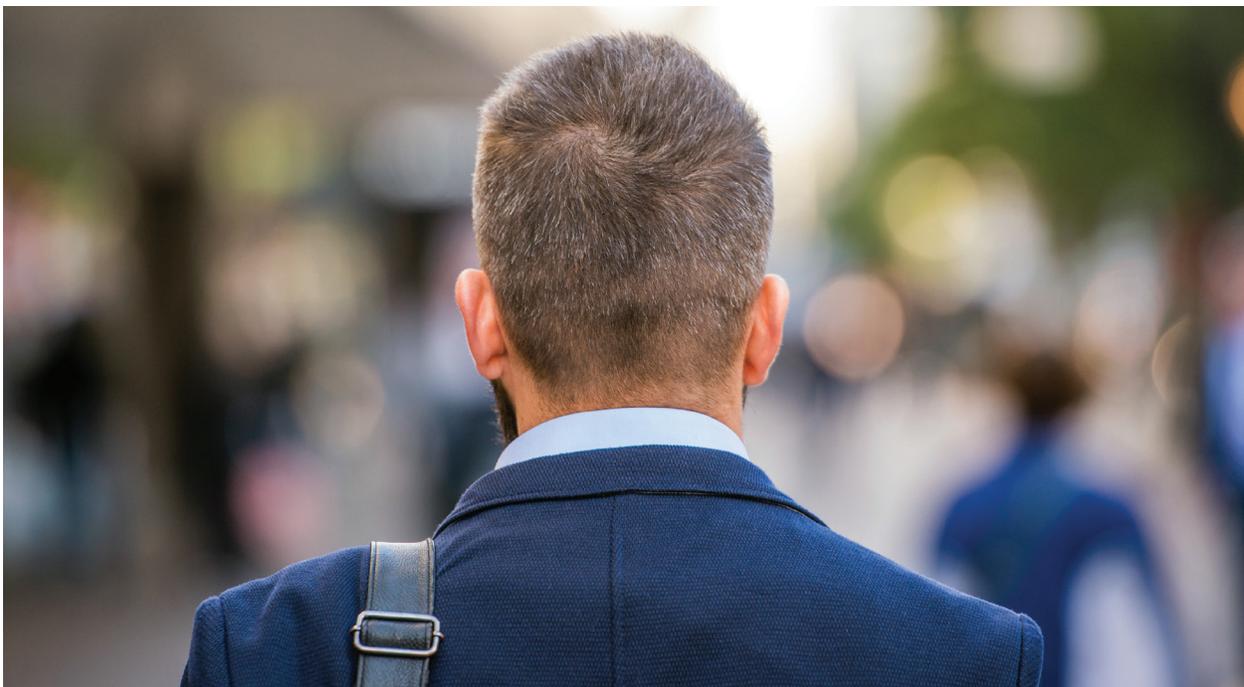
### Positive high performers

HP respondents are typically content with their current situation, with 77% saying they are paid fairly compared to colleagues (this sits at 65% for all respondents), 70% saying they're happy with how much they're paid (compared to 55%) and are more likely to believe promotions are handed out on a merit basis (64% versus 46%).

Overall, being a high performer generally meant more positive views on everything that contributes to a good work environment, from comradery to work-life balance and relationships with company leaders, which Sterling says jives with the idea that high performers tend to be more engaged and excited about being at work generally.

### Reasons high performers stay in their jobs\*

| Top 5 reasons HPs stick around |     | Top 5 reasons all respondents sticks around |     |
|--------------------------------|-----|---|-----|
| Good relations with colleagues | 49% | Good relations with colleagues              | 47% |
| Good salary                    | 48% | Good working conditions                     | 42% |
| Interesting work               | 47% | Interesting work                            | 42% |
| Good working conditions        | 46% | Job security                                | 41% |
| Job security                   | 46% | Good salary                                 | 39% |



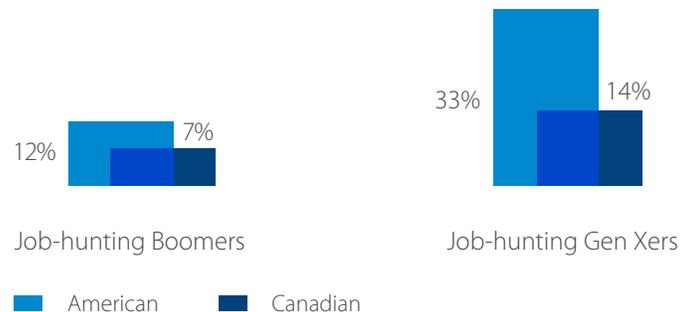
# Loyal Boomers

Respondents over the age of 49 are, perhaps unsurprisingly, least likely to be job hunting. Only 12% of American Boomers surveyed are actively hunting, compared to 33% of Gen Xers and 22% of Gen Y and Z.

In Canada, only 7% of Boomer respondents are actively job hunting, compared to 14% of Gen Xers and 17% of Gen Y and Z. Canadian Boomers are also least likely to want to accept a new job at all, with 47% saying they wouldn't take a new opportunity no matter what was offered (compared to 35% of all Canadian respondents).

Perhaps for this reason, the over-49 demo is the most likely to accept a raise to stay in a job they dislike – with 45% of American and 50% of Canadian respondents saying they'd accept a bump of up to 10% to stay in a job that makes them unhappy.

## Job Hunters Boomers vs. Gen X



While those nearing the end of their careers are most likely to have worked through a company reorganization, they're least likely to view it positively. In particular, only one in three (34%) American respondents over 49 rated their company's reorg management positively, compared to 60% of all U.S. respondents.

## Can You Change Their Minds?

So, you've got employees looking to move on. Is there anything you can do to keep them in place? Short answer: It depends.

### The impact of work environment

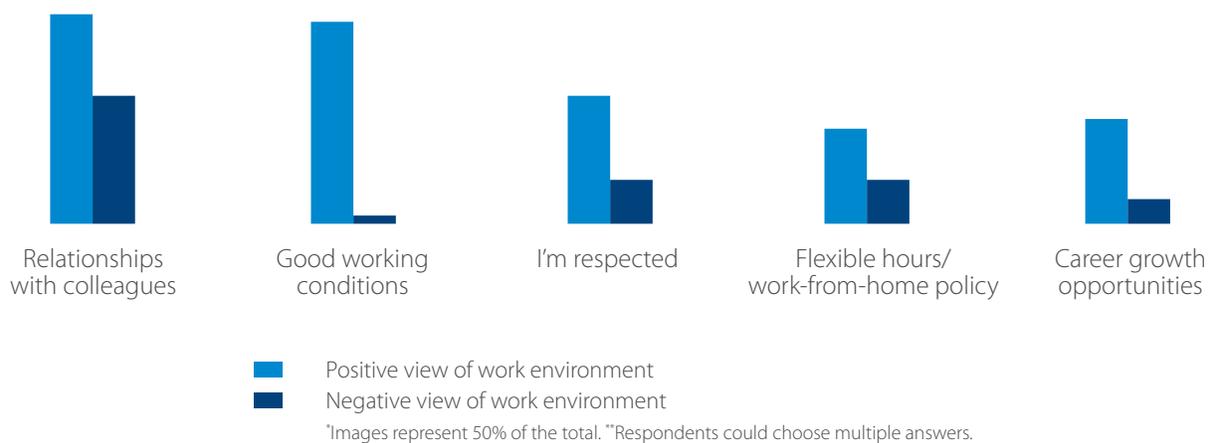
For those actively and passively looking for new opportunities, salary is one of the important reasons they stick it out in a current job.

But, how a person views their work environment seems to have an effect on why they stay in a position. For example, in the U.S., job hunters with positive views of their work environment were more likely to list working conditions (47%) as a reason to stay put, compared to only 5% among those who rated their company's work environment poorly.

Depending on how a person views your company, there are a few things within an organization's control that could help influence their decision to stay: greater flexibility (such as the introduction of a work-from-home policy) and a clear path to career growth opportunities might help encourage employees who view a company favorably to stay put.

In comparison, respondents who have negative views of an organization are harder to pin down. (But thankfully, as we've already seen, high performers tend to skew more towards the positive.)

## How job hunters' views on work environment influences their reasons to stay put.\*\*



## Can You Change Their Minds? (continued)

### How much would it cost to convince them to stay?

For 42% of North American respondents, a 1% to 10% salary increase would compel them to stay in a job they don't like. But for active job hunters in the U.S., only 29% could be compelled with a bump of up to 10%.

The harsh truth is that for another 39% North American respondents, if they're unhappy in their jobs, no amount of money could convince them to stay with an employer. And that's okay.

**42%** of North American respondents could be compelled to stay in a job they don't like for **a salary increase up to 10%**.

"At a certain point, salary increases just come to a point of diminishing returns. Salary becomes irrelevant because you can't keep increasing their salary and hope to get the same level of commitment from them," Sterling says. "And for people who are unhappy, they're usually unhappy about a lot of different things – not least of which is a

general feeling of unhappiness with their leadership. While there might be small programs that could entice employees to stay, if you're finding a lot of your best workers are leaving, it might be time to look at underlying leadership issues."



## Can You Change Their Minds? (continued)

### Convincing high performers to stay: It's not about money

Convincing one of your best employees to stay depends on several factors. Twenty-seven percent of American HPs and 46% of Canadian HPs wouldn't accept any salary increase to stick with a job that made them unhappy. Also, 23% of HPs say they're enticed to apply to new organizations because of salary (compared to 29% of all respondents), so when it comes to keeping high performing job hoppers on board, salary isn't necessarily the right route to take.

### Jumping on the learning and development train

Learning and development opportunities are important for high performers, particularly in the U.S. where 91% of HP respondents list it as extremely or somewhat important (compared to 82% of U.S. non-HP respondents). Perhaps unsurprisingly, 69% of high performers in the U.S. work at organizations that provide external and internal workshops and learning opportunities (compared to 48% of U.S. non-HP respondents).

So, there might be some opportunities in professional development to convince people half out the door to stick around. Sterling cautions, however, against offering learning and development opportunities just for the sake

of being able to say you offer them. From her experience, learning and development should be tied directly to career growth, with tailored education and experiences that help employees advance their career trajectory – rather than simply helping them get better at their existing jobs.

"Rarely can you convince people to stay in a job because of learning opportunities," says Sterling. "Instead, it comes back to this idea that when you provide education opportunities directly tied to their career growth, employees feel like you have their best interests at heart, rather than your own – which is necessary in creating loyalty."

91% of U.S. higher performers say learning & development is important.

# Gen Z and Millennials on the Move

Respondents at the start of their careers were far less likely to be loyal to their jobs. More than half of North American respondents under 30 want to work for their current employer for less than five years, compared to 38% of all respondents.

And while salary was a primary factor in deciding to leave a job (as well as the primary draw to a new job), young respondents were more likely than any other group to list a lack of interest in work as a reason for wanting to quit (20% of American young respondents and 22% of Canadian young respondents, compared to 15% of respondents overall).

**63%** of respondents under 30 believe that the optimal time to stick with an employer is **less than five years**.

While 46% of Canadian and 36% of American 18- to 29-year-old respondents wouldn't stick with a job they're unhappy with for any amount of money, more than half of young adults (54% of Americans and 53% of Canadians) would take a new job for a 1-to-10% pay increase.



## The Final Word

### Culture is Key

Money isn't everything, and particularly for people on the younger side of their careers, interesting work will almost always win out when it comes to finding new opportunities.

What's more, loyalty changes with age: those under 30 are more eager and willing to hop around than those nearing retirement. High performers are typically satisfied with their pay, but even they often look for new opportunities. So, if you've got a young, high-performing employee, you might need to accept that there's nothing you can pay them to make them stick around in a job they aren't satisfied with.

And while even your highest performing employees might leave, when it comes to employee retention, there's a lot to be said about preventative measures.

Unsurprisingly, employees who work in positive environments, with good colleagues, strong relationships with managers and are treated fairly – both in terms of growth opportunities and wages – are more likely to stick around.

And it is no coincidence that high performers tend to work at companies that have well-communicated values and business goals.

What it all comes down to, Sterling says, is when you put your people first and take care of them, they put you first and give you that discretionary effort that drives a culture of excellence.

It might seem like a big undertaking, admits Sterling. But for organizations that want to make a change – those that want to create a more positive culture – it's worth starting small.

She suggests opening a dialogue with your employees, really listening to what they like and dislike about your

organization. But, she cautions, be prepared to only ask about issues your company is willing to act upon: If you absolutely can't raise everyone's salary, for example, it might do more harm than good to hint that it might be a possibility.

Next, Sterling suggests pilot programs to test out cultural change.

She points to a recent execution at Ceridian called "Take 2," which gave employees the ability to take two hours to use outside of work as they see fit, with no cap and no manager approval required.

"The program only ran in the summer months, but it was a great starting point," she says. "It allowed us to see how people reacted to that flexibility, and see where we might need to offer more education if we wanted to expand the program further, which is what we're planning. Instead of doing nothing, we did something that put us in a position to learn a lot about the bigger things we should be doing. And there's no reason other organizations couldn't follow suit. We have since permanently implemented Take 2 as part of our Time Away From Work programs."

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