

## Why Do Workers Leave?

### INSIGHT INTO WHO DECIDES TO QUIT AND REASONS BEHIND WHY THEY DO

After nearly three years of little to no job growth, a potentially sustainable job recovery seems to be close at hand. However, the unemployment rate is still teetering at historically higher levels, and with approximately 3.7 million jobs available for 12.5 million unemployed,<sup>1</sup> it's difficult to understand where a war for talent may be coming from. Yet, a recent government survey<sup>2</sup> found that 51 percent of job separations were due to quits – the first time since 2008 that quits outnumbered layoffs. And more trouble with retention may lie ahead for employers as revealed in the 2012 Aflac WorkForces Report.<sup>3</sup> The latest study found that nearly half (49%) of employees are at least somewhat likely to look for a new job this year, with the majority of those identifying themselves as top performers with their company.

For employers, curbing turnover costs have been a daunting task for decades, and now that the ongoing war for talent is accelerating, the ability to retain workers is more

pertinent and more challenging than ever before. As the job market slowly transitions to becoming employee-driven, understanding why workers leave may be the key to business success. In fact, the employment approach that organizations chose during the economic downturn will decidedly come back to either hurt or help them as the employment market continues to improve.

Organizations that haven't already made retaining their top talent a priority will need to do so quickly. As HR decision-makers analyze the best measures to prevent an exodus of workers, the second annual Aflac WorkForces Report provides important insight into why workers leave. The study of more than 6,000 workers analyzes the mindsets and attitudes of employees who are considering leaving their job and those who aren't. Findings from the report reveal practical insights for employers who aim to increase employee retention and strengthen their bottom line.

# 49%

OF EMPLOYEES ARE AT LEAST SOMEWHAT LIKELY TO LOOK FOR A NEW JOB THIS YEAR.

## PROFILES OF EXITING EMPLOYEES

Not surprisingly, a recent study by the Society for Human Resource Management (SHRM),<sup>4</sup> reveals that the majority of HR professionals and managers surveyed agreed that turnover will rise significantly once the job market improves. Further, they also feel that the job market will improve within the next year.

Coupled with the results from the Aflac study regarding employees' intentions to stay with or leave their employers, these latest survey findings should have companies asking themselves: Which employees are poised to leave?

Unfortunately for employers, a majority of those employees who say they are extremely or very likely to leave their jobs describe themselves as the kind of workers that companies need to retain the most to stay

competitive in a tight economy. The Aflac study found that those most at risk of leaving share these qualities or traits — hard working (90%), high achiever at work (79%), highly educated (73%), and ambitious, strives to get ahead (64%).

They are also more likely to be younger members of the workforce. Nearly half (42%) of employees under the age of 34 are the most likely to look for a job in the next 12 months, versus 53 percent of those between the ages of 45 and 64 — who say they are not very or not at all likely to look for a job.

Beyond the characteristics that make up these at-risk top performers, the Aflac report uncovered several distinct reasons why these workers are considering an exit.

### They are likely to be physically and financially stressed out...

# 43%

OF STRESSED WORKERS ARE  
LIKELY TO LEAVE THEIR JOB.

The Aflac study found that workers who said they are stressed out are more likely (43% vs. 30%) to leave their job compared to workers who are not stressed. Another quarter (28%) of employees who are extremely likely to leave their jobs in the next year say they don't have peace of mind.

The Aflac Report also finds that workers most likely to leave their employers are considering doing so because of financial concerns. Nearly half (49%) of employees likely to consider new employment believe their families will not be financially

secure in the event of an unexpected emergency, and 17 percent believe that the financial condition of their household will worsen in the next 12 months. Interestingly, the majority (55%) of those not likely to look for a job say that saving for retirement is the biggest financial challenge facing them in their life right now.

Additionally, a staggering 78 percent of those likely to leave their employers and have delayed retirement have done so because they believe they are not financially prepared to leave the workforce.

38% of those likely to look for a new job say that a comprehensive benefits package “demonstrates that my employer cares about me”.

### They feel their employer is not taking care of them...

The degree to which workers feel their employer takes care of its employees weighs heavily on their loyalty or lack thereof. For example, nearly 4-in-10 (38%) workers who don't feel their employer takes care of its employees are likely to leave in the next year, compared to 76 percent of those who agree that their employer takes care of its employees and are unlikely to look for another job. Furthermore, 32 percent say that retaining employees is not an important issue for their organization.

Additionally, 38 percent of those likely to look for a new job say that a comprehensive benefits package demonstrates that their employer cares about them. Yet, 57 percent said that having a comprehensive overall benefits package will play an important role in a decision to leave a current employer. This shows that companies with underperforming or noncomprehensive benefits programs may be in danger of losing important members of their workforce.

### They don't believe their company has a great reputation...

Although a company's reputation in the marketplace as a great place to work may seem like something nice to have, the Aflac report found that reputation greatly influences whether workers are likely to be loyal or not. The report found that 35 percent of workers who don't believe

their company has a reputation as a great place to work are likely to leave in the next 12 months. This compares to a full 77 percent of workers who believe their company has a great reputation and who say that they are very unlikely to look for a new job in the next 12 months.

### They are largely dissatisfied in their jobs...

Not surprisingly, a decisive factor in employee retention is overall job satisfaction. The Aflac study found that while only 6 percent of extremely satisfied workers say they are likely to leave their jobs in the next year, while more than three-quarters (79%) of workers who are not at all satisfied with their jobs

are extremely likely to leave in the next 12 months. Over one-fourth (28%) of workers who say they are only somewhat satisfied with their jobs are arguably going through the motions by indicating they are extremely likely to leave in the next 12 months.

ONLY **6 PERCENT** OF EXTREMELY SATISFIED WORKERS SAY THEY ARE LIKELY TO LEAVE THEIR JOBS IN THE NEXT YEAR.

## HOW CAN EMPLOYERS STEM THE TIDE WITH HIGH-RISK WORKERS?

Whether by choice or otherwise, the majority of companies have become complacent in recent years during the enduring employer-driven market. For many, watching the bottom line trumped any efforts to retain or take care of employees as well as they did during pre-recession times. However, as is evidenced by the Aflac report and others, the consequences of these actions, or inactions as the

case may be, are now impacting the ability to retain workers and particularly top performers.

So how can business leaders and HR executives begin to stem the tide that is building as we move closer to an employee-driven market once again? There are several best practices and important actions to pursue to prevent top talent from walking out the door.

MORE THAN  
**HALF**  
OF AMERICAN  
WORKERS DON'T  
HAVE A FINANCIAL  
PLAN IN PLACE  
TO HANDLE THE  
UNEXPECTED.

### Assist Workers in Easing Stress— Physical and Financial

Streamlined staff levels and higher productivity expectations have left many U.S. workers lacking in the work/life balance arena. Struggles with the day-to-day workload have contributed to rising stress for workers. To make matters worse, the recession caused financial distress for many workers with 51 percent trying to reduce debt and only 8 percent saying they will be financially prepared in the event of an unexpected emergency.<sup>3</sup> All these combined factors translate into an overworked and highly stressed-out workforce, which can greatly impact employee health and productivity.

For instance, individuals with stress caused by large outstanding debts and unstable financial situations report incidences of ulcers and digestive problems, migraine

and other headaches, anxiety, depression and even heart attacks at rates between two and three times higher than the national average. And financially stressed employees experience higher absenteeism and turnover, lower levels of job satisfaction and lower productivity.<sup>5</sup>

Without question, American workers are facing a difficult, uphill battle when it comes to their financial health. More than half (58%) don't have a financial plan in place to handle the unexpected.<sup>3</sup> The impact of recent economic downturns, corporate layoffs, and hiring and pay freezes have left the workforce vulnerable. At the same time, companies have been preoccupied with maintaining the bottom line and have often disregarded the value of a financially-stable worker.

There are several best practices or services that an organization can consider to help support its workforce in overcoming financial stress.

**EDUCATION:**

Go beyond general retirement planning or employer-sponsored savings account programs. Implement education programs, seminars or online courses to emphasize the prevention of financial problems through money-management skills, such as credit use, budgeting and tax planning. Be sure to offer follow-up refresher courses as a way to curb information overload and confusion.

**TREATMENT-ORIENTED PROGRAMS:**

Consider offering credit counseling and debt management services to your workers, or refer them to nonprofit or community-sponsored programs that may be available to them.

**PSYCHOLOGICAL ASSISTANCE:**

Counseling and EAP programs can help employees cope with the mental stress that can influence work performance and overall job satisfaction. However, many workers aren't aware that EAP services include financial assistance and support.

Last, be sure to offer such financial education and support at relevant times, such as at tax time, rather than just at annual enrollment or new hire.

**Chart 1: Influence of Worker Financial Health on Decisions to Leave<sup>3</sup>**

	Workers Extremely/ Very Likely to Leave Their Current Job in the Next 12 Months	Workers Not Very/Not At All Likely to Leave Their Current Job in the Next 12 Months
I am not at all/not very prepared to pay for out-of-pocket expenses not covered by major medical insurance.	61%	38%
My family is financially prepared in the event of a medical or unexpected emergency.	25%	45%
I have confidence in my ability to cope with a financial crisis.	26%	45%
I feel protected by my current insurance coverage.	31%	54%
I have less than \$500 to pay for out-of-pocket expenses not covered by major medical insurance.	41%	22%

Beyond diminishing financial stress, implementing flexible work arrangements or options is an effective way companies can decrease overall workload and physical stress, moving the dial on worker retention. Nearly one-third (32%) of employees say offering more flexibility in their work schedules would keep them in their jobs. Another 82 percent say having a flexible work schedule would have an impact on their ability to cope with personal issues, and 56 percent say it would have a strong/very strong impact.<sup>3</sup>

It is very clear that workers want and need work/life balance options but

employers aren't providing adequate solutions. Only 38 percent of companies offer flexible work options.<sup>3</sup> Despite the belief of many organizations that a down economy is not the time to invest resources (financial or otherwise) in these programs, now is perhaps the best time to do so to remain well-positioned after an economic recovery.

Organizations that are currently offering such programs need to actively promote their work/life balance options among employees and candidates, as well as encourage staff to take advantage without fear of a negative impact on their career.

### Offer Robust Benefits to Help Demonstrate That You Care About Your Workers

As indicated in the Aflac survey, a company's benefits offerings are often indicative and interpreted by employees as how much they matter to their employers.

There is undeniable evidence linking benefits offerings and employee loyalty. In fact, the 2012 Aflac Workforces Report found that workers

who are extremely or very satisfied with their benefits program are six times more likely to stay with their employer, compared to those workers who are dissatisfied with their benefits program. Similarly, when asked what their current employer could do to keep them in their jobs, 49 percent said, "improve my benefits package."

**Chart 2: Benefits Impact On Decision to Leave Employer**

	Extremely/Very Likely to Leave Job in Next 12 Months
An overall benefits package is at least somewhat important to my decision to leave my employer.	88%
I'd be at least somewhat likely to accept a job offer with a more robust benefits package but lower compensation.	61%
The overall benefits package is at least somewhat influential in my decision to leave my employer.	74%
I'm not satisfied with my current benefits package.	28%
Current benefits do not meet the needs of my family.	28%

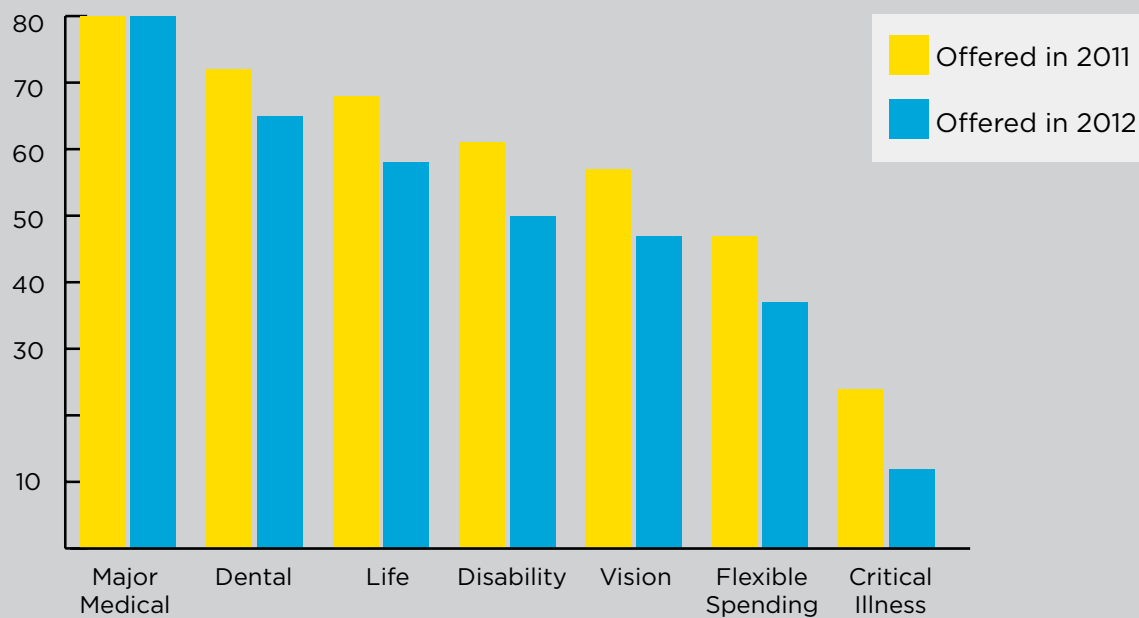
As company leaders and HR decision-makers seek effective ways to combat worker attrition, examining their benefits programs should be considered a top priority. Given the high correlation between attitudes toward benefits and employee loyalty, offering robust benefits programs can safeguard, support and help to build a positive reputation that works to substantially increase employee retention.

Although a strong business case can be made for offering robust benefits options that better protect workers,

U.S. companies are actually decreasing the amount of ancillary benefits options they offer in 2012. The Aflac study found that on average, 10 percent of companies across the U.S. are decreasing all their ancillary benefits options. Many others are decreasing a portion of their benefits options, leaving employees with fewer choices for coverage and protection.

Evidence shows that employees desire more benefits options and that a comprehensive benefits package can have a crucial impact on workplace

**Chart 3: Annual Comparison of Employer Benefits Offerings**



outcomes, yet employers often fall victim to the perception that simply providing major medical benefits to workers is sufficient. Many do not know that often ancillary or fringe benefits can make the biggest difference in demonstrating goodwill toward employees. Simply put, more choices to bolster protection are a must-have for employees.

To that end, companies ought to consider reinstating or implementing an-

ancillary benefits, such as an adequate 401(k) program to help workers prepare for retirement. According to the Aflac study, only 28 percent of workers agree that they are well prepared for retirement. Offering a support program, such as a 401(k) program or a stock purchase plan can help workers in this regard. Flexible spending plans are also helpful in building better savings for employees. Other sought-after benefits by workers are

the opportunity to telework and enroll in income-protecting policies, such as life and disability insurance.

When it comes to enhancing ancillary benefits packages, voluntary or supplemental insurance plans are often the solution. Voluntary insurance plans can resolve the many market pressures faced by HR and benefits managers today, at no direct cost to the company. They also offer an opportunity to better protect and help foster peace of mind among employees, with a variety of insurance policies, such as accident, cancer/specified-disease, dental, life, short-term disability, specified health event, hospital confinement indemnity, hospital intensive care, lump sum critical illness and vision.

While voluntary is traditionally viewed as coverage that exceeds an employee's core benefits package,

since many companies are cutting back on core health care coverage to curb rising costs, the need for voluntary insurance is now essential. In addition, offering voluntary benefits options can also help diminish possible worker turnover. The Aflac study found that 33 percent of workers who are likely to leave their jobs say adding voluntary benefits would be important to them because the benefits help to meet their needs. Another 32 percent say having voluntary benefits options would provide them more comprehensive coverage, and 1-in-5 workers say voluntary benefits options would be important because offering them is the right thing for their employer to do. Yet, 30 percent of workers who are extremely or very likely to leave their jobs say their employer and their spouse's employer do not offer any type of voluntary benefits.

### **Don't Just Offer Benefits – Effectively Communicate Them**

Not only do overall benefits impact worker retention, but effective benefits communication and promotion also provides an additional advantage to keeping employees satisfied. The communication and marketing of benefits is often an afterthought for many organizations, when in reality, they can be the most crucial factors in whether or not the organization achieves a return on its investment in its benefits program.

Unfortunately, feedback from U.S. workers indicates that most companies' benefits communications and education aren't up to par. In fact, the 2012 Aflac WorkForces Report finds that only 9 percent of workers say their HR department communicates extremely effectively about benefits offered. Another 22 percent

say their HR department communicates not at all or not very effectively.

This ineffective communication contributes largely to whether workers stay or go. The study found that nearly 4-in-10 workers (37%) who are extremely/very likely to leave their jobs say their HR department communicates not at all/not very well. Sixty-five percent of those workers say their HR department only communicated about benefits at open enrollment or new hire.

Workers who say their HR department communicates too little are twice as likely (63% vs. 34%) to leave their jobs. The bottom line is the more a company communicates about benefits, the less likely employees are to leave.



## Chart 4: Frequency of Benefits Communication and Likelihood to Leave

	Extremely/Very Likely to Leave Their Job in Next 12 Months
Communicates about benefits only at open enrollment or new hire enrollment	65%
Communicates 2 times throughout the year	18%
Communicates 3 - 5 times throughout the year	12%
Communicates 6 - 9 times throughout the year	3%
Communicates 10+ times throughout the year	1%

Corporate America spends billions of dollars on health and welfare benefits every year, and yet employees feel ill-informed about the type of benefits available to them and/or about how to enroll. It is vital that organizations begin going beyond simply communicating and start marketing their benefits programs. Both employees and employers can experience the negative effects of insufficient communication and marketing of benefits. On the other hand, when a company shows it cares about its employees, both parties reap rewards in the form of happier, more engaged and loyal workers.

# 76%

OF THOSE WHO AGREE THAT THEIR EMPLOYER TAKES CARE OF ITS EMPLOYEES ARE UNLIKELY TO LOOK FOR ANOTHER JOB.

### Don't Underestimate the Role of Corporate Reputation

Once a company has established an effective world-class benefits program, it can use those benefits offerings to gain a competitive advantage to attract high-quality candidates. Why? Because companies today are judged by both their brand promises and their ability to fulfill those promises, including the benefits and advantages gained from working for their company. Whether or not the company delivers on those brand promises once a candidate becomes an employee adds to employer reputation, ultimately affecting areas such as employee referral and attrition. As organizations begin to make greater investments in crafting, managing and promoting their reputation, the benefits they offer to employees can support their investment, while also directly impacting the potential for worker attrition.

Amidst shifting health care costs, pay cuts, layoffs and decreasing benefits,

a company's reputation factors more heavily on employees' productivity, engagement and retention than ever before. Especially as Web communities offer greater transparency into a company's true colors, corporations must demonstrate social and moral responsibility as a matter of their own survival.

According to a survey by Hewitt Associates of 518 HR executives,<sup>6</sup> 47 percent believe that employee trust has declined as a result of the way their company has managed its recession-induced cost reductions. The survey also found that 37 percent believe their organization's handling of the economic downturn will make talented employees much more or somewhat more likely to leave. Another survey of employees conducted by Deloitte<sup>7</sup> shows that 41 percent view their employer with less respect.

## Drive Employee Engagement to Improve Job Satisfaction

Job satisfaction may also be suffering from a lack of employee engagement. Recently, Fast Company published an article titled “The Sharp Drop-Off in Worker Happiness – And What Your Company Can Do About It,” which points out that The Conference Board began studying worker satisfaction and engagement 25 years ago, and every year since then, employee happiness has fallen.<sup>8</sup> A startling revelation indicating that workers are progressively less satisfied with their jobs, potentially leading to job-hopping to find the career contentment they seek.

Towers Watson regularly studies the effects of employee engagement on both a company’s bottom line and its effects on the overall health of the workforce. They say that elements such as job satisfaction and management appreciation directly connect to a company’s ability to drive employee retention and engagement.

Improving upon engagement remains only half the battle. As mentioned earlier, when it comes to boosting job satisfaction, the 2012 Aflac WorkForces Report uncovered a clear correlation between satisfaction with benefits and overall job satisfaction. Consider this: 71 percent of workers who indicate they are extremely or very satisfied with their benefits package say they are also extremely or very satisfied with their job. This compared to only 33 percent of workers who say they are extremely or very satisfied with their job but who are also dissatisfied with their benefits package. For companies struggling to provide robust benefits, the potential gap in employee engagement combined with a recovering job market clearly paints the picture that changes are necessary to retain employees.

CONSIDER THIS - **71 PERCENT** OF WORKERS WHO INDICATE THEY ARE EXTREMELY OR VERY SATISFIED WITH THEIR BENEFITS PACKAGE ALSO SAY THEY ARE EXTREMELY OR VERY SATISFIED WITH THEIR JOB.

## CONCLUSION

There are a multitude of reasons for why employees may choose to leave their employer. Although during challenging economic times it may be easier for employees to overlook certain aspects of their workplace that are unsatisfactory, the drivers for leaving an employer seem to remain the same in good times and bad.

A perfect storm is brewing that could leave companies wondering what they could have done differently to retain their workforce, but it's clear that workers no longer take the word of corporate management at face value. They are instead looking for true retention efforts that are supported by actions, policies and benefits.

Some retention and engagement best practice improvements are obvious, but making benefits offerings a part of the retention effort is often forgotten. There are many perks — particularly now that organizations are budget constrained — such as EAP services, flexible work options, wellness programs and voluntary benefits, which are practical and cost-effective ways to boost employee engagement, satisfaction and retention. Additionally, benefits offerings and effective benefits communication contributes to corporate image, employee satisfaction and retention, not to mention creating an impression that an employer truly cares about the well-being of its workforce.

## WORKS CITED

- <sup>1</sup> U.S. Bureau of Labor Statistics, Job Openings and Labor Survey, May 2012.
- <sup>2</sup> U.S. Bureau of Labor Statistics, Job Openings and Labor Survey, April 2012.
- <sup>3</sup> 2012 Aflac WorkForces Report, a study conducted by Research Now for Aflac, February 2012.
- <sup>4</sup> Society for Human Resources Management/CareerBuilder Survey, <<http://humanresources.about.com/cs/retention/a/turnover.htm>>, accessed on March 23, 2012.
- <sup>5</sup> Aversa, Jeannine, "Stress Over Debt Taking Toll on Health," The Associated Press, June 9, 2008, <<http://www.lifebenefits.com/lb/pdfs/F62382-28.pdf>>, accessed on March 23, 2012 on LifeBenefits.com.
- <sup>6</sup> "Cost Reduction and Engagement Survey," Hewitt Associates, April 2009.
- <sup>7</sup> "2009 Top Five Total Rewards Priorities," Deloitte, LLC Survey by Drake International, a global HR firm, March 2009.
- <sup>8</sup> Crowley, Mark C., "The Sharp Drop-Off in Worker Happiness – And What Your Company Can Do About It," FastCompany, April 30, 2012.