Improving employee Attrition

Carbon60

The cause and cost of attrition

'Big data', why people leave their jobs, and what you can do to stop them

Businesses usually keep a watchful eye over what they're spending on candidate attraction, but pay less attention to the costs of attrition. And yet, the costs of attraction are dwarfed by the costs of attrition; **one business we audited spent 13 times more on attrition than attraction.**

So is this imbalance justified?

Until recently, we've lacked the quality of data needed on attrition and its causes to warrant serious investment. But thanks to the inception of **'big data'**, that's all changed.

Big data

It's data and it's big

Big data means more information and better information. It's rapidly changing our understanding of the impact and causes of staff attrition.

Why do most people leave their jobs?

They don't, they leave their managers

Big data has reinforced what many of us already knew – relationships at work are the main cause of attrition.

- **54%** of attrition is due to workforce relationships
- Tenure is **SIX** times better with **'good'** managers than **'bad'** ones

Why is attrition so important?

Because it costs - and it's about to get even more expensive

In 2013, the cost of attrition to UK businesses totalled £63 billion, rising from £42 billion in 2010.

We know that the UK economy is now growing - it's actually bigger than it was at the pre-crash peak in 2008.

We also know that when an economy grows, people move jobs more freely.

A tidal wave of attrition is headed our way, and it will be expensive. Attrition costs will rise by a minimum of **25%** as the level of resignations returns to historical norms.

Company practices and job adverts

'Candidates are being misled, it's time to be 'flawsome'

Companies are hiring the wrong people due to communicative problems; they aren't being honest about their company and the roles on offer, and candidates aren't being honest in return.

- **75%** of hires are **'bad'** according to the CIPD
- **75%** of candidates lie on their CV
- **10%** of CVs contain lies that are key to the candidate landing the role

And, nearly half of candidates think there's a discrepancy between the job advert and the role itself. Companies should be honest about their flaws – consumers embrace **'flawsome'** brands, and so do candidates.

With attrition set to soar in the near future, businesses cannot continue to make these kinds of mistakes.

What employees say they want

It's about more than just pay

- Management that provides encouragement, empowerment and clarity
- Training that enhances experience and improves long-term career prospects
- Opportunities for advancement and greater responsibility
- An organisation with a good brand and a positive image and culture
- Incentive-based remuneration and a fair wage

Bottom of this list is 'incentives', and yet it tends to be top of employers' lists of how to attract candidates.

Incentives don't necessarily work; where a degree of 'cognitive skill' is required in a job, higher incentives actually lead to poorer performance.
That's not to say incentives never work. The lesson here is to use more data, and learn from it.

The conclusion is simple: attrition is hugely important, but not all attrition is the same.

New insights from new data

Puncturing myths and providing new perspectives

Among other things, we've discovered that experience is often overvalued. Employers need to look beyond it to improve employee tenure.

We've also discovered lesser known facts that are of equal significance. For example, technologically proficient candidates last longer in their jobs.

If this were measured at interview, in many cases, attrition would decrease.

What you can do

'The 'IKEA effect' and creating autonomy

Extrinsic motivators, like pay, will always be important. But we focus on them too much, and often, they're the most rigid aspects of the job on offer. We need to start considering intrinsic motivators.

Data suggests that staff react positively to increased autonomy in their roles, even when they're just carrying out instructions. It's not unlike the sense of pride and ownership we get from successfully putting together IKEA furniture.

So, here are the three things that companies should consider shaping every role around:

Autonomy- the urge to direct our own lives and responsibilities
Mastery - the desire to get better at something specific
Purpose - the need to be part of something bigger than ourselves

People want autonomy, mastery and purpose in their lives and therefore at work. If you can give it to them, they'll have less reason to leave.

Do you want to cut your attrition?

Get in touch

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