RECRUIT TALENT IN TODAY’S MARKET

Employee Engagement Playbook
INTRODUCTION

In order to better understand what factors contribute to whether an employee changes jobs, Glassdoor Economic Research analyzed more than 5,000 job transitions listed on resumes shared anonymously on Glassdoor.

In this eBook, we'll share the most significant factors that contribute to whether an employee stays or leaves and what you can do about it.
SECTION 1

The Cost of Losing Employees
Employee retention is now more important than ever. Throughout 2016 into early 2017, unemployment remained at its lowest rate since 2008.¹ When unemployment rates are low, voluntary quit rates are high: U.S. Bureau of Labor Statistics data shows that quit rates are inversely proportional to unemployment rates.²

![Unemployment vs. Quits](chart)

**MONETARY COSTS**

Recruiting replacement employees is an expensive proposition: the direct costs of hiring include recruiting costs and training costs.

One study estimates that it costs businesses an average of 21% of an employee's annual salary to replace a lost worker.³

SECTION 1: The Cost of Losing Employees

ORGANIZATIONAL COSTS
The loss of organizational knowledge, including systems knowledge and team, client and vendor relationships, is also a blow to companies that’s significant but not easily measured. Having to do the work of others and adjust to new personalities can lower engagement and morale for existing employees.

TIME COSTS
Not only is recruiting and training expensive, a true accounting of replacement costs includes time, which means lost productivity.

It takes an average of 52 days to fill an open position, up from 48 days in 2011.¹

That’s almost two months of lost productivity — not to mention all the time it takes for a new employee to get up to speed. In addition to the time crunch on productivity for the position itself, coworkers lose productivity by spending time conducting interviews and training the new employee.

Source: ¹ Bersin by Deloitte, Talent Acquisition Factbook 2015, April 2015
SECTION 2

Factors That Matter for Retention
1. Company Culture

According to Glassdoor research, when workers change jobs, it’s usually for a company with a better culture. In all six measures of company culture on Glassdoor, average ratings were higher for the new employers where employees took jobs, and were lower for their original employers.

![Average Glassdoor Ratings (External Movers Only)]

Employees Are More Likely to Stay in a Positive Culture

Companies that invest in culture will have a better chance of attracting new employees, and they’ll also have a better chance of retaining them.

Impact of 1-Star Ratings Increase on the Probability an Employee Will Stay

- A one-star improvement in a company’s Glassdoor rating raises the odds that a typical employee will stay for their next role by 4%.†
- A company’s Career Opportunities rating, along with its Culture & Values rating, is an even stronger predictor of employee retention, with a 1-star improvement increasing retention by 5%.†
What You Can Do to Create a Better Culture:

- Define your mission and values.
- Connect each value to behaviors.
- Consistently reinforce values in communications and in team meetings.
- Engage leadership in promoting culture and values.
- Invest in employee engagement programs.
- Include feedback from employees in decision making.
- Conduct surveys and focus groups to identify what’s working and what needs improvement.
- Publicly commit to a feedback implementation timeline.
- Engage employees on Glassdoor to capture more feedback.

RECRUIT STRATEGICALLY:
Look for star employees from companies with slightly lower Glassdoor ratings than yours. You’ll have an easier time selling them on the winning points of your company’s unique culture.

ACTION TIPS

- Affirm that information gathered in reviews will be used to improve the company culture and/or processes.
- Share positive reviews at team meetings to reinforce company culture.
2. Employee Development

A great culture is the first important key to retaining employees, and companies that include employee development as part of their culture will be even more likely to hold on to their talent. Workers should not always have to change companies to change roles, but that’s the case for the majority of people in our study.

When Changing Roles, Most Employees Leave Their Employer

Role changes are almost three times more likely to occur by changing employers rather than being promoted from within:

73% of workers left their employer to change roles, while only 27% stayed at the same employer.¹

Avoid Job Stagnation

Staying in one role for too long can be defined as job stagnation, and workers who stagnate in jobs for too long are more likely to leave. In our sample of resume data, employees changed jobs on average every 15 months, ranging from less than a month to more than seven years in the same job.¹

On average, stagnating in a given role for an additional 10 months is associated with a 1% higher chance that the typical employee will leave the company for their next job — a statistically significant impact.¹

Source: ¹ Glassdoor Economic Research, "Why Do Workers Quit? The Factors That Predict Employee Turnover", February 2017
How to Invest in Employee Development:

- **Clearly define opportunities** for promotion or job transfer.
- **Focus on empowering employees** during the first year and a half of employment.
- **Train managers** to discuss development options and establish achievable stretch goals for employees.
- **Empower employees** with training and development options such as:
  - Encourage and share stories of career development within the organization.
  - Encourage passion projects, employee-led interest groups, and/or volunteer projects.
  - Remind employees of the opportunity to write Glassdoor reviews at work anniversaries or upon promotion.
    - When an employee writes a new review, the previous review from that employee disappears. Candidates receive information about how your company promotes from within if the employee has been promoted since the last review.
    - Position review writing as a way to share feedback about the culture, as well as provide information to future employees.

**RECRUIT STRATEGICALLY:**
Common recruiting wisdom is correct — employees who have been in the same job for at least two years may be ripe to consider a new opportunity. Pinpoint candidates who are hungry to take on additional responsibilities.

**ACTION TIP**
To learn more, download the Enterprise Employee Engagement Playbook or the Employee Engagement Playbook for Small and Midsize Businesses.
3. Compensation

Compensation matters for employees just as much as culture and opportunities for development. Changing companies shouldn’t be the only way workers can get a raise, yet it often is.

63% of job moves in the Glassdoor study resulted in the same or higher pay for workers. By contrast, 37% of job moves resulted in lower pay for workers.¹

Average Base Pay for Original vs. New Jobs¹

Workers who changed jobs earned an average pay raise of $2,724 | 5.2%

Source: ¹ Glassdoor Economic Research, "Why Do Workers Quit? The Factors That Predict Employee Turnover", February 2017
Pay Motivates Employees to Stay

Don’t underestimate the power of frequent pay raises, bonuses and equity offerings in your retention strategy. Happy, productive workers appreciate increased pay as a reward.

On average, a 10% higher base pay is associated with a 1.5% higher chance that a worker will stay at the company for their next role — a statistically significant effect.¹

Benefits can also be a retention magnet, especially in an age of rising healthcare costs and increasingly generous PTO and paid leave policies. By focusing on competitive pay and the benefits that matter most as part of your total compensation package, you’ll be well equipped to retain satisfied employees.

Out of a list of 54 benefits, these three basic benefits — health insurance, vacation/PTO and retirement planning options like 401(k)s and pensions — showed the highest correlation with employee satisfaction.²

How to Keep Compensation and Benefits Up to Date:

✓ Include salary, equity and bonus opportunities in career advancement discussions.
✓ Evaluate and define your company salary philosophy.
✓ Review salary data and benefits programs at least once per year.
✓ Consider free/low cost benefits that contribute to your culture, such as:
  • Wellness programs (meditation, yoga, sports groups, gym discounts)
  • Volunteer Time Off (VTO)
  • Employee interest groups
  • Financial education

RECRUIT STRATEGICALLY:
Given the importance of culture and opportunities, the job description and your company’s culture may be more appealing to the candidate than the potential for a pay increase. But don’t forget to emphasize benefits and bonus or equity opportunities when talking to candidates.

ACTION TIPS

• Include market factors, pay scale positioning and equity positioning in your analysis.
• Read our eBook, Glassdoor’s Guide to Salary Conversations.
4. Industry Norms

How long your employees stay is influenced by what industry your company is in, which partly reflects the nature of work. For example, most construction work is seasonal, and workers routinely change jobs and employers after each project is completed. By contrast, public sector roles tend to be famously stable, with workers staying in jobs for longer periods of time.

The industry with the most frequent job changes is the construction, repair and maintenance industry. Employees in that sector change jobs every 10.6 months on average. By contrast, the industry where employees spend the most time in jobs is Government, where workers spend 18.6 months on average in each role.

Average Time Spent in Roles Varies Widely by Industry

Source: Glassdoor Economic Research, "Why Do Workers Quit? The Factors That Predict Employee Turnover" February 2017
How to Adjust for Retention Expectations in Your Industry:

- Ensure managers discuss promotion and raise opportunities annually at minimum to account for this 10–18 month average time in roles.
- Conduct competitive research on the culture, career development and compensation strategies for employment competitors in other industries.

RECRUIT STRATEGICALLY:
Consider cross-pollinating with workers from other industries for roles that are not necessarily industry-specific, such as accounting or software engineering. For instance, workers from industries with typically long tenure stretches may be more likely to stay loyal if your industry’s average tenure is on the shorter side. On the other hand, workers from industries that have shorter average tenure may appreciate the stability of a company with typically long tenure stretches.

ACTION TIPS

- Research Glassdoor ratings and profiles of your competitors and Glassdoor Best Places To Work to find the secrets of high-rated companies.
- Read our eBook, Stealing Your Competitor’s Playbook: How to Win the Competition for Talent.
Given the high costs of losing trusted employees, it’s worth making the necessary investments to retain them. By focusing on the proven factors of company culture, employee development, and compensation while keeping industry norms in mind, you’ll be well on your way to improving your retention rate and recruiting more employees who stay. In addition, using Glassdoor as a feedback and candidate communication tool will allow you to promote a positive culture that focuses on employee development and rewards them appropriately.
About Glassdoor

With millions of company reviews, salary reports, interview reviews and benefits reviews on more than 700,000 companies worldwide, Glassdoor is a trusted and transparent place for today’s candidates to search for jobs and research companies. Glassdoor helps employers across all industries and sizes advertise their jobs and promote their employer brands to a well-researched, highly selective candidate pool. By advertising jobs via mobile devices, email alerts and throughout Glassdoor, employers influence candidates at the moment they’re searching jobs and making decisions. This results in more-informed candidates that require 50% fewer resumes to find a quality hire at a fraction of the cost of traditional job boards.²

There is simply no better way to jumpstart your employee engagement campaign than by claiming your Glassdoor Free Employer Account. You’ll gain an effective platform for transparent communication along with metrics that help you assess where your efforts are best channeled for maximum return on your employee satisfaction and commitment, which ultimately feeds your company’s bottom line.

Unlock Your Free Employer Profile

To get involved in the conversation on Glassdoor and start managing and promoting your employer brand, email employers@glassdoor.com, call (415) 339-9105 or visit www.glassdoor.com/employers.

For the latest in recruitment marketing tips, best practices and case studies, follow us on Twitter: @GDforEmployers.

Sources: ¹Glassdoor Internal Data, March 2017; ²As measured by application-to-hire ratio compared to other job sites based on a study of 2015 hiring data for 30 million applications