How to Recognize the Subtle Signs and Act Before It’s Too Late

THE 7 HIDDEN REASONS EMPLOYEES LEAVE

By Leigh Branham

CONTENTS
The Process of Disengagement
Reason #1: The Job or Workplace Was Not as Expected
Reason #2: The Mismatch Between Job and Person
Reason #3: Too Little Coaching and Feedback
Reason #4: Too Few Growth and Advancement Opportunities
Reason #5: Feeling Devalued And Unrecognized
Reason #6: Stress From Overwork and Work-Life Imbalance
Reason #7: Loss of Trust and Confidence in Senior Leaders

THE SUMMARY IN BRIEF
In The 7 Hidden Reasons Employees Leave, employee-retention expert Leigh Branham knocks down the wall that separates employee from employer — and even management from senior leadership — in an effort to forge an open discussion on employee disengagement and what organizations need to recognize and actively pursue in order to retain their best and brightest people. Using a voluminous amount of interview and survey data, Branham isolates each reason, tells companies what to look for, and translates the needs and desires of employers and employees into a common language, enabling companies and their most valued human resources to better understand one another.

What You’ll Learn In This Summary
✓ How companies and employees can better communicate their expectations of one another.
✓ The importance of finding the right people to fill the right positions at the right time.
✓ Why coaching and feedback are critical to engagement and retention, and how companies can form deeper relationships with their people.
✓ What the new career realities are in today’s business climate.
✓ Why some managers are hesitant to recognize employees, and what senior leadership can do about it.
✓ How to help employees maintain a consistent work-life balance and minimize their levels of job-related stress.
✓ How managers can regain the trust and confidence of their employees.
The Process of Disengagement

Employee turnover is not an event — it is a process of disengagement that can take days, weeks, months or even years until the actual decision to leave occurs.

There are several sequential and predictable steps that can unfold in the employee’s journey from disengagement to departure. These are:

- Start the new job with enthusiasm.
- Question the decision to accept the job.
- Think seriously about quitting.
- Try to change things.
- Resolve to quit.
- Consider the cost of quitting.
- Passively seek another job.
- Prepare to actively seek.
- Actively seek.
- Get new job offer.
- Quit to accept new job, quit without a job, or stay and disengage.

Many managers are so busy or preoccupied that they wouldn’t notice where their employees were in the continuum if they wore signs around their necks that proclaimed “Trying to Change Things!” or “Becoming Less Engaged Every Day!” Managers need to better understand the signs of discontent before they lose their best and brightest people.

The Deliberation Process

There are two distinct periods in an employee’s thought process when he or she considers leaving a company. The first period is the time between his or her first thoughts of quitting and the subsequent decision to leave, when disappointment and even bitterness can set in due to an array of possible circumstances.

The second period of the deliberation process is the time between the employee’s decision to leave and the actual leaving. The chances of a manager gaining renewed commitment from an employee in this period are not very good. This is why managers must keep their antennae up and be alert to the signs that an employee is just starting to disengage when there is still time to do something about it.

Why They Leave

Employees begin to disengage and think about leaving when one or more of four fundamental human needs are not being met. These needs are:

- The need for trust. Expecting the company and management to deliver on its promises, to be honest and open in all communication with you, to invest in you, to treat you fairly and to compensate you in a fair and timely manner.
- The need to have hope. Believing you will be able to grow, develop your skills and have the opportunity for advancement or career progress.
- The need to feel a sense of worth. Feeling confident that if you work hard, do your best, demonstrate commitment and make meaningful contributions, you will be recognized and rewarded accordingly.
- The need to feel competent. Expecting you will be matched to a job that aligns with your talents and your desire for a challenge.

Hidden Reasons and Practical Actions

People complain of poor management when what they want is good management. They complain of favoritism when what they prefer is an even playing field. Along the same line, in describing the seven main reasons employees leave, one comes ever closer to pinpointing what it will take to make employees want to stay with an organization and be more fully engaged. Those seven reasons are:

(continued on page 3)
The Process of Disengagement  
(continued from page 2)  

● The job or workplace was not as expected.
● The mismatch between job and person.
● Too little coaching and feedback.
● Too few growth and advancement opportunities.
● Feeling devalued and unrecognized.
● Stress from overwork and work-life imbalance.
● Loss of trust and confidence in senior leaders.

Reason #1: The Job or Workplace Was Not as Expected

Every day, new hires enter organizations with a wide range of illusions and unrealistic expectations. Some stay and adapt, some disengage and stay, and many disengage and leave. At the root of their disenchantment is an expectation that was not met. In some cases, the employee’s expectations may have been unrealistic, and in some cases, they were not. When all is said and done, it doesn’t matter. Quite simply, unmet and unrealistic expectations both cost a business untold millions of dollars. You may never see an exit survey with a checklist of reasons for leaving that includes the choice “unmet expectations,” but it may well be the number one reason employees leave.

The Psychological Contract

Noted leadership expert and educator John Paul Kotter explained misaligned expectations in terms of a “psychological contract.” He defined this as “an implicit contract between an individual and the organization which specifies what each expects to give and receive from each other in a relationship.” Matches and mismatches can occur based on the four sets of expectations in this “hidden” contract.

When an employee realizes that the employer cannot meet a key expectation in the contract, there is often a feeling of having been betrayed, as if a real contract has been broken in bad faith. This can become the “shock” or turning point that begins the downward cycle toward disengagement and departure.

The more clearly an employee understands his or her own expectations, the higher the probability of a match in expectations. Many new employees fresh out of college, however, are only dimly aware of their needs and desires. That problem is compounded when the organization is also not clear about what it expects, which is often the case.

The psychological contract changes over time as the expectations of the employee and the organization change. With each change in expectations, open communication serves to keep both parties in alignment, or may lead to a mutual agreement to renegotiate or break the contract.

Matching Mutual Expectations

The following practices have been found to significantly raise the probability of new hire success, satisfaction and longer-term retention:

● **Conduct realistic job previews with every job candidate.** With every potential hire, initiate a frank and open discussion of job activities, performance expectations, immediate work team, working conditions, rules, policies, work culture, management style, the organization’s financial stability or other topics where surprises need to be minimized. If you lose candidates by divulging the truth about the job or workplace, you probably would have lost them anyway shortly after hiring them.

● **Hire from a pool of temp-to-hire, adjunct staff, interns and part-time workers.** When workers come aboard on a contingency basis, they have a chance to experience the ups and downs of the job firsthand before they and the organization have made the commitment to a full-time relationship.

● **Hire from current employee referrals.** Current employees tend to realistically describe the job and workplace to those they are referring. They have a vested interest in maintaining the friendship, and they are generally motivated to minimize surprises.

Create Realistic Job Descriptions

● **Create a realistic job description with a short list of critical competencies.** When a company’s list of “ideal candidate” competencies is too long, it unwittingly narrows its pool of candidates. The company also lays the groundwork for another problem later on — that the new hire will not be able to meet its performance expectations.

● **Allow team members to interview candidates.** When those who would work with the new hire as teammates are allowed to take part in the interviewing process, the interview often more accurately reflects the needs and competencies of both parties. It also creates greater “buy-in” from team members while sending them the message that their opinions count.

Hire From Within

● **Hire from your pool of current employees.** When you hire from within, you take less risk of turnover, because the inside candidate is already well versed in the ways and expectations of the organization.

● **Create a way for candidates to “sample” on-the-job experience.** Many companies have begun using CD-ROMs that simultaneously test the applicant’s aptitude for the position while also providing a glimpse of on-the-job realities.

● **Survey or interview new hires to find out how to minimize new hire surprises in the future.** Based on the feedback received from these, you can minimize misunderstandings and head off any potential disillusionment.
Allstate’s Written ‘Psychological Contract’

Some employers, such as Allstate Insurance Co., have created formal statements outlining what employee and employer can expect from each other. They believe employee loyalty improves when the company and employees clearly know what is expected. Among the expectations are:

From Allstate to the employee:
- Offer work that is meaningful and challenging.
- Promote an environment that encourages open and constructive dialogue.
- Advise the employee of performance through regular feedback.
- Create learning opportunities through education and job assignments.

From the employee to Allstate:
- Perform at levels that significantly increase the company’s ability to outperform the competition.
- Take on assignments critical to meeting business objectives.
- Willingly listen to and act upon feedback.
- Take personal responsibility for each transaction with customers and for fostering their trust.

Reason #2: The Mismatch Between Job and Person

Research over the last 25 years has shown that 80 percent of workers feel they are not using their strengths on a daily basis. When you consider it closely, though, it’s almost surprising that 20 percent of the working population does get to use their strengths daily. The key missing ingredient in so many companies is management’s lack of passion for getting the right people in the right jobs. Why is this so?

While many obstacles come to mind, the greatest of them all is a basic lack of understanding about the nature of human talent. Some managers believe employees are interchangeable parts to be moved into whatever slots most need to be filled. Others believe skills and knowledge are more important than talent. Those two misconceptions often lead to short-term solutions that ignore the long-term success that can result from focusing on properly matching employee talent with appropriate jobs.

Best-Fit Selection Practices

Companies with strong reputations for selecting the right talent and keeping employees well matched with their jobs seem to have certain best practices in common. Here are five of them:
- Make a strong commitment to the continuous upgrading of talent. The best employers have a serious, resolute mind-set about talent that begins with a fundamental belief that the organization’s future depends on getting and keeping the right people in the right jobs, and they leave little to chance when it comes to recruiting and interviewing.
- Follow a consistent and thorough talent forecasting and success-factor analysis process. Before recruiting, your organization should engage in a talent forecasting process based on key business objectives that drive talent needs. Focus your attention on pivotal jobs that create the most value for the organization. Understand what makes top performers successful in those positions by assessing your best and brightest employees. Then, supplement your interviewing process by using the same assessments to screen job candidates.
- Cast a wide recruiting net to expand the universe of best-fit candidates. The larger the selection, the greater the chance you’ll get a good fit. Avoid imposing too many restrictions in terms of job requirements. You can also expand the pool of candidates by changing the job itself or by creatively considering new sources of talent you’ve never before tapped.
- Follow a purposeful and rigorous interview process. Train all hiring managers in behavioral interviewing, in which candidates answer questions with stories of how they handled a given situation in the past. You can also use multiple interviewers to get a well-rounded view of a candidate. Always check several of the candidates’ references, without fail: It’s time well spent.
- Track measures of hiring success. Track the quality of hires, not just cost-per-hire, by quantifying the qualitative aspects of each candidate.

Job Task Assignment

Here are some practical tools and ideas that managers can use to assign tasks so that workers can be more engaged through the use of their motivated abilities:
- Conduct “entrance interviews” with all new hires. Meet with new hires during their first week on the job with the specific purpose of uncovering their greatest strengths and talents.
- Work to enrich the jobs of all employees. Some jobs are more easily enriched than others, but it can be surprisingly easy to make a significant impact with employees and increase retention.
- Delegate tasks to challenge employees and enrich their jobs. Employees might not have the patience to “pay their dues,” but you can enrich their jobs and provide for them a more meaningful role in the future by delegating tasks you might not have considered before.
Reason #3: Too Little Coaching and Feedback

Performance coaching and feedback are essential for employees because they help employees answer four basic questions:

1. Where are we going as a company?
2. How are we going to get there?
3. How do you expect me to contribute?
4. How am I doing?

The answers to these questions constitute much of what gives meaning to an employee’s efforts. Companies need to give feedback and coaching to make sure that employees’ efforts stay aligned with organizational goals and the expectations of direct supervisors. This alignment is a necessary precondition for employee engagement.

How to Coach and Give Feedback

The dynamics of manager-employee relationships are complex, but in the best-case scenarios, with a good faith effort and the right approach to coaching, employees can be re-engaged. Consider implementing these practices:

● Provide intensive feedback and coaching to new hires. Plan how you want employees to spend their first week on the job and spend time with them during that initial period. Discuss your performance expectations in detail, and ask the employee to draft a performance agreement that summarizes his or her objectives. Make it clear that giving feedback is your responsibility and getting feedback is his or her responsibility. You must both be proactive in your roles.

● Create a culture of continuous feedback and coaching. Conduct informal, on-the-job feedback conversations with your employees in addition to formal performance reviews.

● Train managers in performance coaching. Make sure your managers understand the five-step process for successful coaching. (See sidebar on right.)

● Make the performance management practice less controlling and more of a partnership. Most experts on performance management systems report that companies achieve greatest overall satisfaction and effectiveness with feedback systems in which managers and subordinates partner in handling performance issues, rather than having managers simply perform annual HR exercises with vague objectives that tie performance rank to pay scale.

● Terminate nonperformers when best efforts to coach or reassign don’t pay off. Despite your best efforts to coach nonperformers or change the nature of their job assignments, sometimes it is simply best to let the employee go. All too often, other valued employees know when that time has come long before the manager does, and failure for management to act can adversely impact the commitment of those valuable performers.

● Hold managers accountable for coaching and giving feedback. Introduce “upward evaluation” systems — allowing employees to give feedback for managers — and incorporate coaching and feedback competencies into the list of key competencies you require of all leaders. The only way to ensure coaching practices and mechanisms are working is to hold your managers accountable for making them work.

Reason #4: Too Few Growth and Advancement Opportunities

So much has changed in the worldwide business climate and in the way businesses now operate that the impact of those changes on the careers of individuals working in organizations needs to be acknowledged. Downsizing has changed the loyalty contract between employee and employer, and it has also heightened the level of stress over job security. Focusing on short-term, bottom-line results has created pressure on management to reduce costs and push workers to do more with less. Productivity gains have come at a cost — in reduced job satisfaction, stalled job creation and stagnant careers.

A new career contract has not materialized in most organizations, particularly ones that value control over autonomy and self-direction. Most employers of choice, however, communicate clearly that employees must take the initiative in their own career development. They also give their people the tools and training needed to accomplish this, enabling them to be the best they possibly can be.

How to Grow Employees

Here are the kinds of practices that serve to maintain a balanced approach to providing employees with the growth and development opportunities they need to stay, and stay engaged:

(continued on page 6)
Reason #4: Too Few Growth and Advancement Opportunities  
(continued from page 5)

- Provide self-assessment tools and career self-management training for all employees. Many talented performers may not understand, cannot articulate and often underuse their greatest strengths. Organizations should provide workshops, software or other tools to aid employees in increasing their self-awareness and enhance their goal-setting efforts.
- Offer career coaching tools and training for all managers. Provide company-sponsored training and tools to help managers to be better equipped to fulfill their responsibilities as coaches. Some organizations even request managers to use the same self-assessment tools available to employees, enabling them to benefit from them as well.
- Provide readily accessible information on career paths and competency requirements. Give employees access to job descriptions, listings of competencies, and educational requirements they will need to qualify for other positions within the company.
- Create alternatives to traditional career ladders. Do not penalize top performers by forcing them to pursue management positions as their only route to higher pay. Create higher-level technical positions with increasing responsibility and commensurate pay.
- Keep employees informed about the company’s strategy, direction and talent need forecasts. Your best people need to be kept informed about the company’s evolving marketing and growth strategies, and the career opportunities that will accompany them.
- Build and maintain a fair and efficient internal job-posting process. Do not rely on job-posting systems to let people know about new positions. Get the word out through career workshops and other, less formal ways.

Hire From Within Whenever Possible

- Show a clear preference for hiring from within. Consistently pursue internal hiring as the first option, going outside the company only when no internal candidate is available.
- Eliminate HR policies and management practices that block internal movement. Include wording in competency descriptions, performance reviews and the like that indicates that managers do not own the organization’s talent — the organization owns it. This will keep managers from “hoarding” your best performers and blocking them from upward (or even lateral) movement.
- Create a strong mentoring culture. Formal mentoring programs help increase opportunities for everyone, develop future leaders and enhance employee retention at all levels. Make mentoring one of the competencies for which your managers are evaluated, then train them to be the best possible mentors for your employees.
- Keep the career development and performance appraisal processes separate. Many companies have directed managers to have discussions with employees about career opportunities at the six-month interval between annual performance reviews, separate from discussions of performance. This enables all involved to focus on career development, as opposed to job appraisal.

Review All Talent Effectively

- Build an effective talent review and succession management process. Organizations must address the difficulties in preparing leaders and talented professionals for organizational opportunities that might not yet exist. This includes the “B” players who form the backbone of your organization but are not necessarily on the leadership career track.
- Maintain a strong commitment to employee training. Don’t fear the possibility of training employees that then leave your company. Train your employees so they can leave, or else they’ll leave. What if you don’t train them and they stay?

Reason #5: Feeling Devalued And Unrecognized

Everyone wants to feel important, yet many organizations manage to make their people feel quite the opposite. It could be seen as a lack of simple appreciation, or a greater focus put on making numbers, and not valuing employees. Some employees might feel like a mere number — that no one in any kind of position above them listens to them or even knows they exist, much less work there. Managers who do show some appreciation might not show it in a timely manner, or the rewards given might have little if anything to do with what the employees truly find valuable.

Reluctant Management

Managers might be reluctant to recognize employees for a number of reasons. Many of them might simply
not know how — they came up in the company with superiors who took a laissez faire attitude toward recognition (“If you don’t hear from me, you’re doing a good job”). Others might simply fail to pay enough attention to the performance of their people to know when something worth recognizing has been done.

Others have crises of confidence — they don’t know enough about an employee’s job to know the difference between average and superior performance. They might believe they will be perceived as insincere or phony if they praise people. Or, they are simply afraid to recognize some and forget others. None of these are excusable, but it does help to understand the thought and/or emotional process behind the recognition decisions managers make.

Pay Practices for Engagement and Retention

Here are some of the best pay practices that many pre- eminent employers have begun to embrace to better engage and retain their talent:

● Offer competitive base pay linked to value creation. The need to provide increased value to customers has led many companies to link base pay more to value creation and less to rank or years of service. This results in some companies paying lower-ranked employees more than their managers, if they are crucial to providing value.

● Reward results with variable pay aligned with business goals. Because of an increased focus on productivity, many companies are turning to new pay practices that require employees to put more of their pay at risk in exchange for greater rewards if the company achieves business success. Sometimes employees balk, the more motivated among them tend to find the risk well worth it.

● Reward employees at a high enough level to motivate higher performance. Variable pay awards to employees should be higher when the bottom-line impact of their results is significant, when that result is difficult to achieve, when it takes longer to achieve, and when base pay is more at risk.

Use Cash Rewards for Immediate Recognition

● Use cash payouts for on-the-spot recognition. Reserve 1 to 2 percent of your base pay budget for cash payouts or lump-sum payments to recognize top performers in the current time frame. These rewards have terrific motivational power, particularly when given as quickly as possible following an achievement.

● Involve employees and encourage two-way communication when designing new pay systems. Let employees in on the process behind their pay system — surveys indicate that those who understand how their pay is determined are more likely to be satisfied in their work.

Remember to Say ‘Thanks’

● Create a culture of informal recognition founded on sincere appreciation. Say “thanks” to your people for their efforts and find different ways to recognize them (a free lunch, a half day off, a gift, etc.).

● Make new hires feel welcome and important. Let new people see how your products are made, marketed and sold. Let them talk directly with customers to see the impact the product has on those who use it. Let them sit in on sales calls. Provide them with testimonials and articles about your organization.

● Ask for employee input, then listen and respond. Employees are hungry to be heard. You cannot afford not to seek, listen to and implement their ideas. Conduct regular meetings and surveys to enable them to share their input. Act on good suggestions, and give credit where it is due.

● Keep employees in the loop. Share information as soon as you can to avoid rumor-mongering in the ranks. Share it face to face when possible.

Tools Are Investments

● Give employees the right tools and resources. An organization might look to save money on software, hardware, furniture and equipment, but thinking of these things as only costs is shortsighted. The right tools at the right time are investments — not only in productivity, but in sending a message to employees that they are worth it.

● Keep the physical environment fit to work in. Time and again, departing employees complain of cramped, noisy, hot, cold, messy, dirty, obnoxious or unsafe working conditions. Ask yourself, “How would I like to work where my employees work?” If you can’t answer in positive terms, it’s high time to change things.
Reason #6: Stress From Overwork and Work-Life Imbalance
(continued from page 7)

cannot take one because their company does not offer them. These are the people who consistently work late, work through lunch, work through sickness, take work home and express frustration in myriad unhealthy ways.

Company leaders must determine whether their organization’s culture is unhealthy, or even toxic. When you force workers into choosing between having a life and a career, your organization has a toxic culture. Workers are not merely resources: They are people. You should be empowering them, not attempting to control them. Address these things, this culture, or your employees will — by leaving.

Engagement Practices to Avoid Imbalance

Employers of choice enable employees to maintain a life balance by doing the following:

● Initiate a culture of “giving before getting.” Make the first move in maintaining employee loyalty. If you demonstrate an initial willingness to trust your employees by giving valued services, they are likely to reciprocate in kind.

● Tailor the “culture of giving” to the needs of key talent. Match your benefits and work-life services to the needs of your people in the form of nontraditional work schedules, extra holidays or even simply comfortable office space. Treat them in such a way that they never want to leave.

● Build a culture that values spontaneous acts of caring. Relieve employee stress and generate more loyalty by sending your people cards or gift certificates, creating weekly “rituals” (“Pizza Thursday,” for example) or simply providing a sympathetic ear when they need one.

● Build social connectedness and harmony among employees. Part of the glue that binds people to workplaces comes from the relationships they form with other employees. Actively encourage these relationships by assigning team projects, creating cross-functional teams, organizing group outings and allowing employees reasonable time for personal “hallway” or “water cooler” conversations.

● Encourage fun in the workplace. Not everyone has the same idea about what does and does not constitute fun, but most would recognize that fun activities (planned or unplanned) can be highly effective stress-busters. You want to keep employees from burning out, particularly in high-stress positions.

Reason #7: Loss of Trust and Confidence in Senior Leaders

Senior leaders are challenged with creating a culture of trust and integrity that strengthens the bonds of employee engagement. While this challenge is shared by all managers and employees, it is incumbent on senior leaders to set the tone and the example.

This isn’t always easy, particularly when employees already have a number of issues with their managers and leaders. They complain about a basic lack of trust and integrity in leadership. They might feel management is out of touch with day-to-day reality. Or, they might feel that leaders are concerned only with their own greed, and not with the needs and concerns of workers.

You can see these issues manifest themselves in the effort and conduct exhibited by the workforce, in a lack of enthusiasm in the workplace, and in the increasing complaints and questions about policies and practices. You can see it in managers who begin to question the decisions and actions of senior leaders, or even in active resistance to leader initiatives and change efforts.

Practices That Inspire Trust and Confidence

Here are three things leadership can do to combat these impressions, to offset and reverse a loss of trust in senior leaders:

● Inspire confidence in a clear vision, a workable plan and the competence to achieve it. One of the first requirements of trust is competence — people will only follow leaders they deem to be capable. Employees want to know that the organization will be successful, and that they can be assured of their place in it, going forward. You must be able to inspire that confidence, and make decisions and directives that reinforce that confidence.

● Back up words with actions. Do what you say you are going to do — there is no easier way to cut off employee cynicism and disengagement. For example, don’t expound on how “people are our most important asset” shortly before you slash the training budget. Don’t talk incessantly about quality, then push your people to do their work in less time than it takes to do it right. That is the stuff of Dilbert cartoons; it’s not the way great companies inspire and retain employees.

● Place your trust and confidence in your workforce. Take the opportunity to engage and inspire your people by enacting policies that show you trust them. If you have an authoritarian, micromanaging style, get rid of it. When you give that kind of power away, you increase the collective power of the organization to innovate and meet new challenges, thus enhancing your own power in the long run.