

Why Good Employees Leave: The Unintended Consequence of Great Onboarding

Are you sitting down? Last year, 65% of organizations said their number one global benefits strategy objective was to “attract and retain talent.” This year the number has risen sharply, with 82% saying this is now their number one objective, [according to Thomsons Online Benefits’ 2018 “Global Employee Benefits Watch: The Tipping Point.”](#)

And can you blame them? After all, more than one in four U.S. employees—roughly 42 million workers—will leave their jobs this year to go work for another company, according to the recently released [2018 Retention Report: Truth and Trends in Turnover](#). This is an 11% increase over last year, when 38 million employees quit (Bureau of Labor Statistics, 2018). If this trend continues, by 2020 over 48 million employees, or one in three workers, will quit their jobs.

Furthermore, employees with 1–2 years of tenure are particularly at-risk to disengage and turnover, according to new research from [Chadwick Martin Bailey \(CMB\)](#).

Every time an employee leaves your company you have to invest heaps of valuable time into recruiting and training your new hires. You will also have to spend large amounts of money on funding this recruitment for new people and, of course, training these new hires.

What’s more, the constant chopping and changing of employees greatly disrupts the consistency and workflow of the company, decreasing current employee effectiveness and productivity.

But it doesn’t have to be that way.

A consistent employee experience amplified by engagement efforts during the critical 1–2-year tenure range will position you to effectively retain the talent you need to ensure organizational success.

Research Overview

In 2018, we partnered with award-winning market research firm CMB to uncover what, on a psychological level, engages and retains employees. We surveyed 1,466 employees of varied tenure and roles across nine industries. Leveraging predictive analytics and a proven social psychology framework, the findings validated the impact of key psychological benefits on employee engagement.

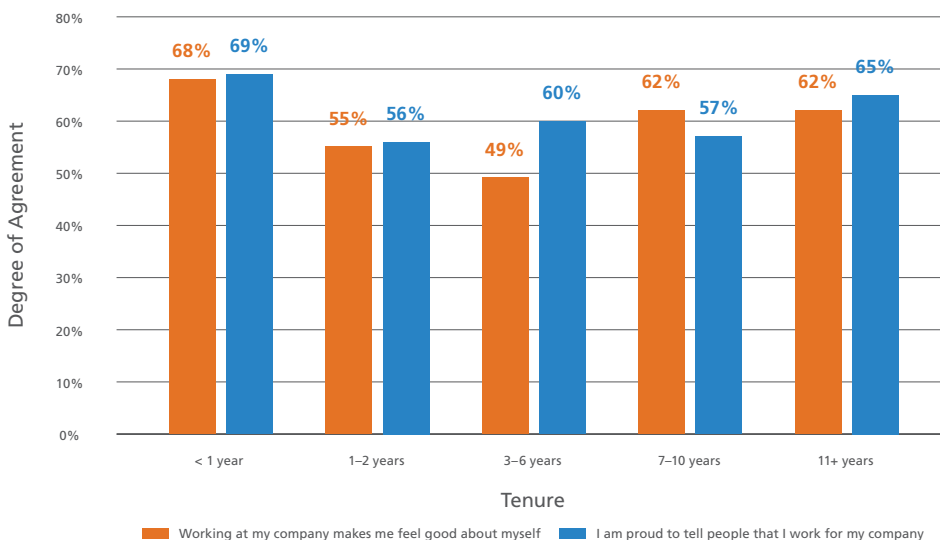
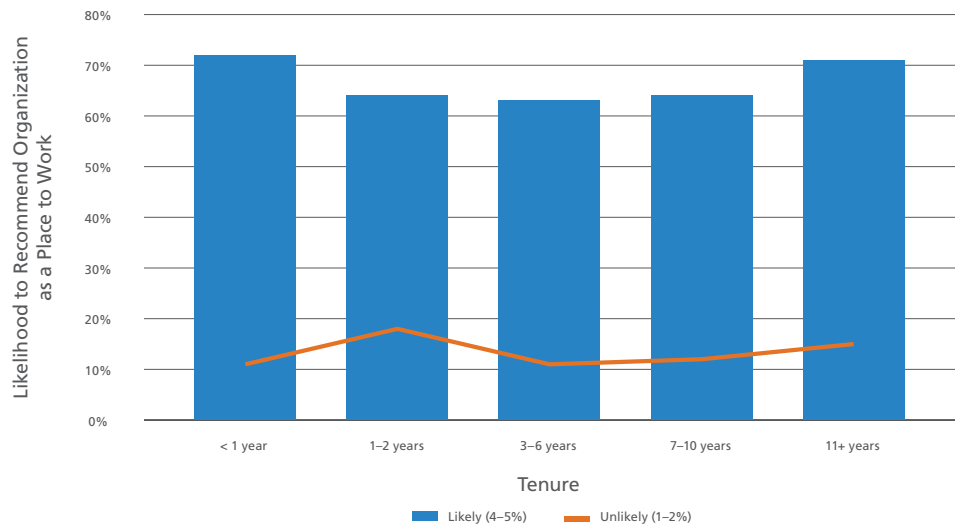
Through this research, we also explored the interrelationships between these psychological benefits and supporting employer initiatives that drive critical business issues like employee attraction, engagement, retention and advocacy. We discovered more nuances and factors we need to be talking about.

Read on to learn more about what we discovered is working, the unintended consequence we've uncovered and our ideas for how you can avoid a spike in disengagement—and loss of good talent—within your own organization.

The Research Is Clear: Onboarding Works

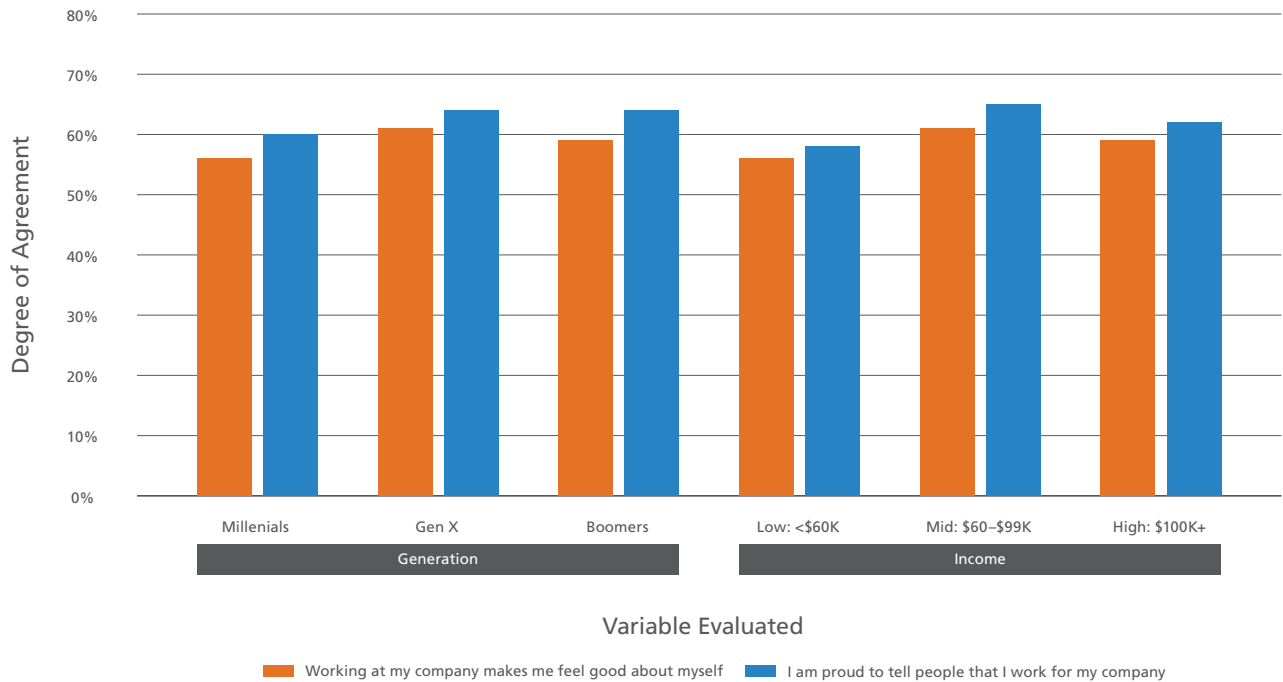
Employees are eager to connect and become advocates for organizations early in their tenure.

They're significantly more willing to recommend their organization during their first year—a true reflection of great onboarding progress by companies and that employees are generally feeling good about their decision to work for the organization.



The reason they're willing to advocate is because their pride and self-esteem levels tend to be very high during the first year. We see this through their significantly greater likelihood to report that, "working at my company makes me feel good about myself," and that, "I am proud to tell people that I work for my company."

Generation and income don't factor into these feelings. We see that traditional demographics (like age) are not driving advocacy; rather, the role a person plays within the organization does.



What's it mean? We're doing a great job of starting people off on the right foot. Psychologically, they feel pride and self-esteem which is great for them as individuals. But it's also good for organizations because those feelings lead to high levels of satisfaction and willingness to advocate on behalf of their organizations.

Tactically, this means the investments organizations are making in the onboarding process are working. Oracle does an exemplary job in their onboarding practices, starting well before the new employee's first day. They include resources like a social network channel chat specific to new hires as well as a checklist to help continue onboarding through the first day, week and month at the job.

According to Oracle, "Since launching the Onboarding Center of Excellence, we've seen a nearly 50-point increase in new-employee satisfaction scores with onboarding."

Microsoft saw their own success with a similar initiative, citing benefits such as [increased effectiveness, greater connections and improved collaboration](#).

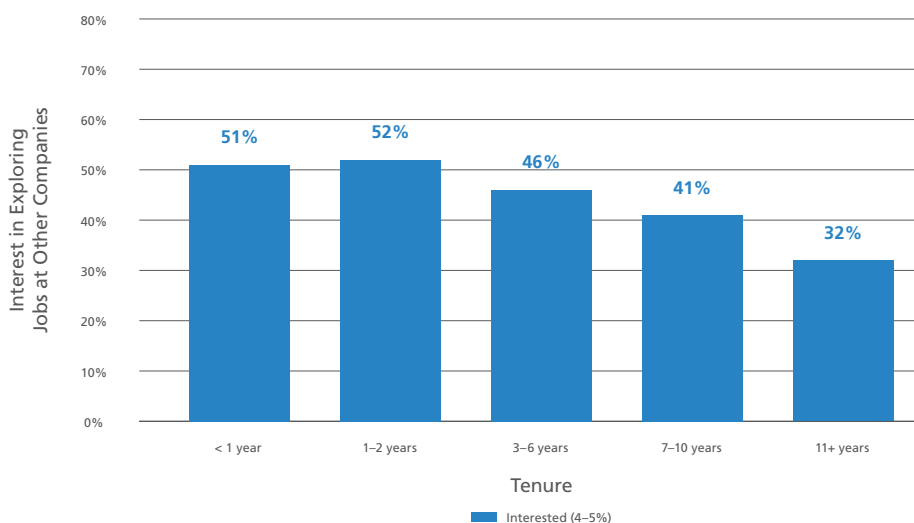
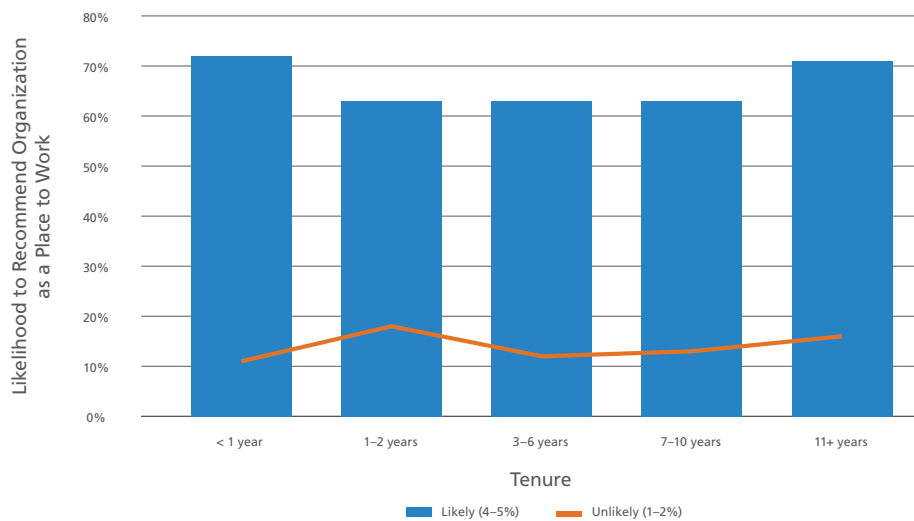
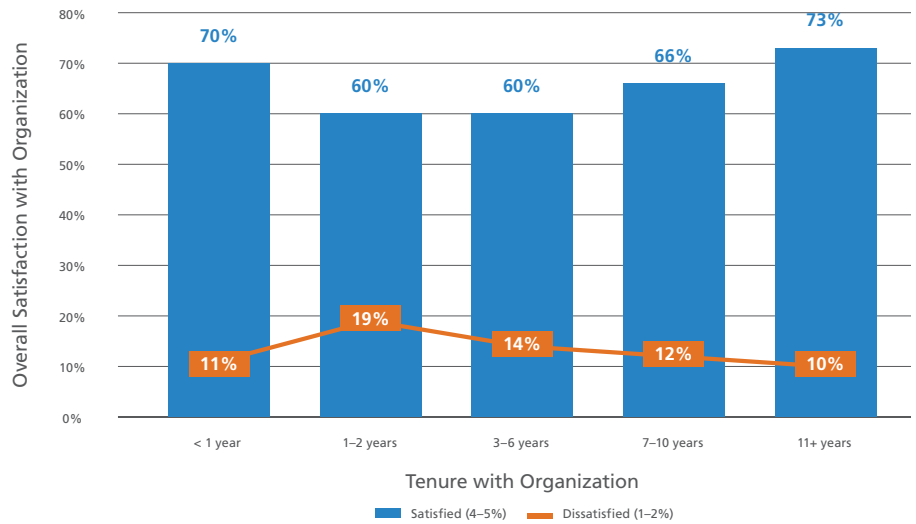


An Unintended Consequence: The Reality Slump

While it's encouraging to see such strong levels of engagement and positivity in new hires, the research has revealed an unintended consequence which is manifesting as what we call the "reality slump."

Despite this strong start, across the board, our research validated that engagement, satisfaction and advocacy levels decrease significantly in the 1–2-year tenure range, at times creating a downhill trajectory that never fully recovers. Consider the following:

Employees are most dissatisfied (and least satisfied) during the 1–2-year tenure range. It's a critical juncture when employees exit the proverbial honeymoon stage and become most vulnerable to disengagement. Notice, too, that it takes until somewhere after the ten year tenure mark recover to year one satisfaction levels.



We also see a sharp uptick in their unlikeliness to recommend the organization as a place to work in years 1–2 (as well a marked decrease in likelihood to recommend). This means that they are actively disengaging and no longer the strong advocates we saw in the first year.

Finally, employees are most likely to be interested in exploring jobs at other companies during the 1–2-year tenure range, which means they are most at-risk to turnover during this time.

The cost of turnover, voluntary or involuntary, is estimated at one-third (33%) of a worker's salary. When applied to one-fourth of a workforce, the cost is staggering: Employers will pay \$600 billion in turnover costs in 2018 and can expect that number to increase to \$680 billion by 2020—and that's in the United States alone.

The Role of Psychological Benefits

In addition to asking about common engagement measures like satisfaction, loyalty and advocacy, we looked at other factors rooted in social psychology that could help us understand additional nuances driving engagement.

The research team, led by CMB's social psychologist and VP of Consumer Psychology, Erica Carranza, Ph.D., and senior methodologist and VP of Advanced Analytics, Jay L. Weiner, Ph.D., identified three types of psychological benefits key to driving employee engagement and—ultimately—retention, including:

1. Functional benefits, or things a person wants to accomplish/do
2. Emotional benefits, or the way that people want to feel
3. Identity benefits, or the way a person wants to be



When we evaluate the impact of each of these psychological benefits, we found that organizations who are able to effectively reinforce the psychological benefits are approximately three times as likely to have engaged, loyal employee advocates.

Unfortunately, though, we see the “reality slump” noted in traditional engagement measures persist within these psychological benefit measures as well. Consider this chart:



We've isolated several key questions from our research that helped us better understand how effectively organizations were reinforcing the psychological benefits among employees. As you can see, the slump is highly visible in the 1–2-year range; but so is the recovery—though it takes varying lengths of time to do so.

Combat the Reality Slump: Where You Need to Focus Next

We've confirmed that, generally speaking, when an employee makes it past the first two years, their engagement levels recover, including in the following measures:



To focus your retention efforts, your area of best opportunity is among employees who have been with your company at least a year but less than three years.

Here are four ideas to improve the employee experience among this segment at your organization:

1. Meet Them Where They Are

It's clear from this research that employees have different needs (and expectations) at each stage of the employment journey, so a one-size-fits-all approach will likely miss the mark.

Conducting an employee experience audit, either structured or informal, should be your first step to gather feedback directly from your employees.

Understand the needs and desired support of people with 1–3 years of tenure. This insight will guide your decisions about what type of programs, initiatives and other support you will offer.



2. Capitalize on Known Onboarding Successes

Given the focus organizations have placed on onboarding initiatives, it's likely that these new-hire graduates are feeling a jarring difference in the level of support, interaction and connection they may have had when first joining the organization.

Consider building on your improved onboarding process, drawing inspiration from those efforts and adjusting them based on what employees in the 1–3-year tenure range may need. For example:

- > Extend the duration of your new-hire ambassador, welcome or buddy program.
- > Organize round-table conversations specific to employees at different stages of the employee journey (like the recently promoted, recent returns from leave or those eager to broaden their network).
- > Ensure managers are tuned in and accessible to their teams, even when they have full confidence in those team member's proficiency levels.
- > Celebrate achievements large AND small, such as the completion of an independently-led project, a team member transition or a significant hurdle that's effectively managed. Recognizing mini-milestones help employees see their day-to-day progress and development, not just the typical career milestones in the employee journey that are spaced years apart.

3. Reinforce People-to-People Connections

While one might assume a person who has been with an organization for a while can connect with colleagues easily, it's not always as effortless as we'd like to believe.

When people are engrained in their day-to-day duties they may find it even more difficult to create connections with those outside their own projects or departments.

Encourage team members to connect and create more opportunities within your organization to foster this, including employee resource groups, interest clubs, coffee or lunch networking groups, mentorships, volunteer opportunities or company celebrations, to name just a few.

4. Help Them Grow Internally Before They Get the Itch to Look Externally

The number of people planning to leave their jobs this year should give you some anxiety. Especially when there are easy ways your people can stretch their wings. Encourage job shadowing so your team members can get exposure to areas outside their day-to-day environment. If someone decides to make that experience permanent, make sure you're vocalizing your support so others who might be looking elsewhere will be inspired to see what their current organization can offer.

Consider creating a hierarchy within your hierarchy to enable smaller promotions and signal progress and increased proficiency (e.g. Project Manager I, Project Manager II, Project Manager III, etc.). Ongoing training and education continues to be a major focus for organizations and is a great way to show you're invested in your employees' success, too.

And finally, be on the lookout for the rising stars you'll need in leadership positions of the future. According to Gartner, the [top priority for HR leaders in 2019](#) will be building critical skills and competencies for the organization, including a focus on developing connector managers and developing a leadership bench. Be sure that you're communicating your interest and aspirations for these high potentials, though, or they may leave without knowing what could have been in store.

Not sure where to start? No problem. ITA Group created an engagement diagnostic—[EngageFx](#)—based on the recent research.

Unlike your typical employee engagement survey, EngageFx will inform where to start based on your unique employee feedback evaluated with key benchmark data. With our understanding of the research and your individual diagnostic results, we can recommend solutions, including the order in which you should prioritize various initiatives to most effectively retain and engage your people.

Let's Talk—itagroup.com