



Unlocking the Secrets of Employee Retention


Transform your workplace with proven
strategies and practical insights

Unlocking the Secrets of Employee Retention

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When it comes to employee retention, three things matter more than anything else: **purpose, pride, and fun.**

This is what Great Place To Work® has found by analyzing data from more than 1.3 million employees at over 2,400 companies across the U.S. Our results show that when employees don't experience these three things, they're more likely to leave in pursuit of new opportunities.

This is especially true in recent years, as more and more people reassess their priorities post-pandemic, including how and why they work.

For example, as of October 2023, some 472,300 workers have gone on strike¹ in the U.S., versus just 58,100 striking workers two years ago – a jump of over 700%.

In our 2023 workforce study, we found that 53% of workers were open to quitting. And 2023 research by Mercer found that 55.5% of employers surveyed are having difficulty hiring or retaining employees.²

The data directly refute the commonly held belief that employers hold all the power in the working relationship. The reality is that while employers may choose who to hire, it is employees who ultimately decide whether to stay—and when to leave.

1. <https://striketracker.ilr.cornell.edu/>

2. <https://www.imercer.com/articleinsights/workforce-turnover-trends>

The true cost of employee turnover



Recruitment takes both time and money.

The Society for Human Resource Management says employers can expect to pay an average of \$4,700 per new hire.³ But many researchers and employers say that estimate is too conservative. Gallup, for example, says the cost of replacing a single employee can range from one-half to two times an employee's annual salary.

3. <https://open.lib.umn.edu/humanresourcemanagement/chapter/7-1-the-costs-of-turnover/>

53%

of workers are open to quitting.

76%

of job seekers say they'd prefer to work at Great Place To Work Certified companies.

The high cost of hiring means retaining employees is more valuable than ever. Offering competitive salaries and benefits can help you reduce turnover, but if that's all you consider doing, you're missing a big part of the retention picture. Factors like growth opportunities, meaningful work, inclusion and belonging, and work-life balance (all factors that are measured in Great Place To

Work Certification™) are becoming more important than ever when it comes to attracting and keeping employees.

Just how important are these? Well, in a 2023 Great Place To Work market study¹, 76% of job seekers said they would prefer a company if it was Great Place To Work Certified™.

The high cost of hiring means retaining employees is more valuable than ever.

The true cost of employee turnover



2023 Turnover Rate
(Bureau of Labor Statistics)

3.8%

=38 employees in a 1,000 person company



Cost Per Hire
(SHRM)

\$4,700



Turnover Cost Per Year

\$178,600

Report methodology



Since 1992, Great Place To Work has led the industry for quantifying the employee experience.

Our Great Place To Work Model™, based on insights from more than 100 million employees around the world, helps us empower organizations to build cultures that retain talent and unlock the potential of every employee.

To assess workplace culture and employee retention patterns, we examined data from Great Place To Work Certified companies in the U.S. We examined data from more than 1.3 million employees, gathered between February 2022 and May 2023. This diverse group includes full-time and part-time staff across all levels of management and represents a broad spectrum of age groups, genders, and ethnicities.

These Certified workplaces, recognized for their exceptional workplace culture, were a critical source of our insights, with employees reporting high levels of satisfaction across more than 60 employee experience metrics.

This data was measured using our proprietary Trust Index™ Survey, which delves into the nuances of employee sentiment within these organizations.

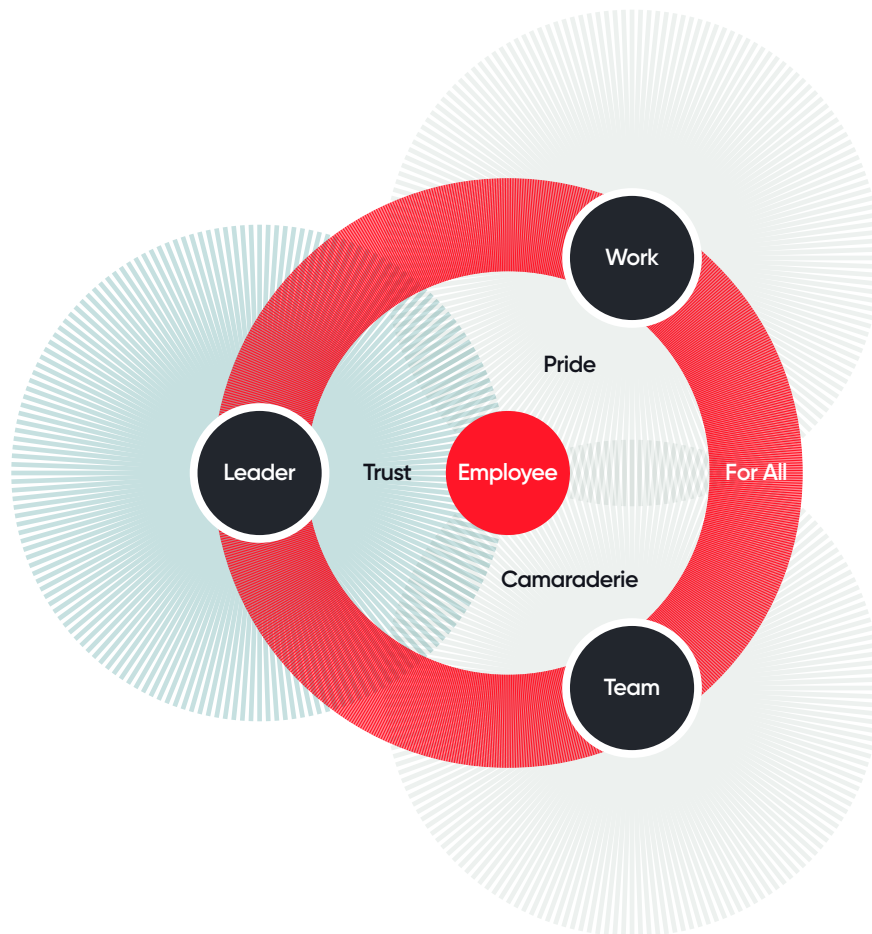
Additionally, the 2023 Great Place To Work Workforce Study was central to our analysis. This expansive survey, conducted in 2023, reached a wide array of workplaces and engaged over 4,400 respondents in both full-time and part-time roles. Its goal was to establish a baseline for the employee experience, capturing the essence of day-to-day life within the typical American workplace.

The Great Place To Work Model

The Great Place To Work Model framed all three studies, utilizing our proprietary Trust Index to gather both quantitative and qualitative feedback. Employees responded to 60 statements on a five-point scale and responded to two open-ended questions.

To understand what defines a great workplace according to our model, employees must trust the people they work for, have pride in their work, and feel a strong connection team. Such a positive workplace experience must be consistent for every employee, irrespective of their role, identity, or location.

Great Place To Work Model




Through this model, we gauged various dimensions of the workplace experience, ranging from leadership accessibility and communication, to respect for the individual, support for well-being, opportunities for contribution, and fair practices related to compensation and growth.

Employees were empowered to share confidential feedback,

offering candid insights into whether their work was meaningful, if they felt valued and cared for, and if they could genuinely be themselves within their organizational culture. The result is a multifaceted understanding of the current state of the American workplace, informed by the voices of those who experience it daily.



Top 3 drivers for employee retention





The top drivers of employee retention aren't perks, promotions, or even pay.

Rather, what makes employees more likely to stay at a workplace is how they feel about it and their place in it.

This retention report draws upon the robust Great Place To Work Model, which is predicated on the fundamental belief that a great workplace is one where employees trust their leaders, take pride in their jobs, and enjoy their colleagues.

To quantify this, we employed our Trust Index™ Survey, assessing employee experiences against these critical dimensions.

Our research of over 1.3 million employees revealed three key factors that increase their likelihood of staying.

This survey meticulously evaluated 60 statements that map to the core tenets of employee experience. Each statement's influence on an employee's intention to stay was measured, with the resulting data indicating an increased likelihood of long-term commitment based on agreement with these statements.

The research indicated that although "special and unique benefits" do correlate with employees' intent to stay, making them 1.7 times more likely to remain, their impact is somewhat less pronounced than that of intangible elements. This suggests that the essence of company culture and other non-material factors hold a more substantial influence in employee retention than these traditionally emphasized elements.

Across industries, regions, and demographics, our research of over 1.3 million employees revealed three key factors that increase their likelihood of staying with an organization.

Factors Increasing Employee Retention

Out of 59 factors, these three have the most influence on employee retention

EXPERIENCE

INCREASE IN LIKELINESS TO STAY

Purpose

"My work is meaningful"

2.7x

Pride

"I'm proud to tell others"

2.2x

Fun

"This is a fun place to work"

1.7x

Retention Driver 1

Purpose

"My work is meaningful."



Purpose is the number one driver of employee retention.

Our research shows that when employees feel their work serves a meaningful purpose, they are 2.7 times more likely to stay with a company.

We all want to leave our mark on the world, and for many of us, work is where we get a chance to do just that.

For example, here's what one employee at Southern Ohio Medical Center, a rural community hospital, had to say about their work purpose:

“When you are surrounded by a team that shares that purpose, it makes your work meaningful and fulfilling.”

“The staff here go above and beyond to meet patient needs. We treat our patients like family. I chose nursing as a career because I felt it was my calling and I wanted to make a difference and help others. When you are surrounded by a team that shares that purpose, it makes your work meaningful and fulfilling.”

If we're unable to connect the work we're producing to a greater purpose beyond a company's profits, we're unlikely to remain engaged – and more likely to seek out new opportunities that can give us that feeling of making a difference.

Real world example:

ALTAR'D STATE

Employees at fashion brand Altar'd State feel a strong sense of purpose at work every day, in part thanks to “Mission Mondays.” On Mondays, 10% of the company's net proceeds go to local charities in their communities. Past causes the company has supported include hunger and homelessness, service members, environmental concerns, and those facing terminal illness.

In its Certification data, many employees at Altar'd State expressed how much meaning they felt at work. One employee said:

“I always tell people that I don't just work retail, because our giveback mission is what truly stands out. I've worked at other retailers prior to Altar'd State and I've never held the pride I do in sharing Altar'd State's mission. Although we are a large company, having the opportunity to create local relationships with other organizations is something that is truly unique.”

Retention Driver 2

Pride

"I'm proud to tell others
where I work."



When employees are proud of their work, they are **2.2 times** more likely to stay

with an employer, according to our research. However, workplace pride goes beyond simply hitting targets or securing a promotion.

Rather, workplace pride is made up of three components:

- Pride in one's individual work
- Pride in team accomplishments
- Pride one's association with the company

Each of these statements feeds into the next, creating a domino effect of pride at every level. For example, if an employee is proud of their own personal work but feels at odds with their team or with the company's mission, then the overall power of pride is diminished.

“Our team is really passionate about what they do because they know that their contributions and ideas matter.”

Here's what an employee at Management Recruiters of Tallahassee (MRT), had to say about the importance of workplace pride:

“I work with a truly amazing team at MRT. One of the advantages of working here is that I'm surrounded by a lot of sharp people who genuinely care about the people they come in contact with each day. Our team is really passionate about what they do because they know that their contributions and ideas matter.”

Real world example:



At IT firm Atlassian, the company is clear about how each team's work contributes to the big picture. Leadership is also held accountable for creating and maintaining a positive workplace, through regular surveys in which employees can express their honest feelings about their manager, team, and the company as a whole.

To encourage pride in teammates, the company hosts a peer-to-peer recognition program. Employees can thank their colleagues for a job well

done and even send them a gift, such as a bottle of wine or specialty beer, a gift card, books, or other personalized surprises.

Finally, Atlassian creates a reputation to be proud of by focusing on corporate responsibility. The company contributes 1% of its profits, employee time, and products to social impact organizations through its own Atlassian Foundation.

Retention Driver 3

Fun

"This is a fun place to work."



The experience of fun within employee experience and company culture transcends mere entertainment.

An approach where fun is deeply embedded in a company's values fosters a sense of community and family, transforming the workplace into a space where employees feel a deep sense of belonging and camaraderie. Fun is about more than just occasional leisure activities; it's a consistent, intrinsic part of the organizational culture.

Real world example:



Nugget Markets, Inc. offers robust benefits like comprehensive health coverage, but it's Nugget's unique culture, and its focus on fun, that truly sets it apart. The people at Nugget Markets believe in the power of humor, celebration, and enjoying the workday. This philosophy is succinctly encapsulated in the company's value statement: "Smile, laugh, celebrate, enjoy humor, have a good time." The result is a workspace that's more than just a place of employment – it's a community.

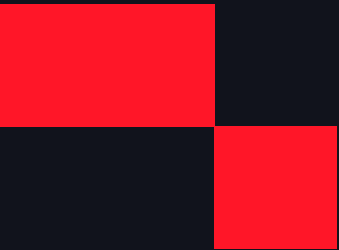
Fun isn't restricted to special events either – associates at Nugget Markets are encouraged to bring fun into their daily work. Whether it's singing at the checkstands or participating in store contests, like the "best bagger" competition, there's a continuous emphasis on enjoying the workday. This atmosphere not only uplifts the employees but also positively influences the customers' experience.

An employee's perspective


Highlighting the impact of this culture, a long-term employee shared:

"No matter how difficult the circumstances, it's fun to work at Nugget. There's a touch of humor and a special family culture that's hard to define but is felt by all. Thanks to our CEO, Eric Stille, and his family, we have a safe, fun, and rewarding place to work, and I am proud to be part of this Nugget family for over 20 years."

Nugget Markets exemplifies how a workplace dedicated to fun, camaraderie, and a family-like atmosphere can significantly enhance employee retention. Their approach shows that when employees enjoy their work environment, they are more likely to remain committed and satisfied with their jobs.



Gen Z: Motivators for job satisfaction and retention





Gen Z is a generation that values meaningful work, a positive workplace culture, and feeling included, regardless of their position.

They consider three specific factors more important than others: the impact they have at work, the fun they have in the workplace, and their excitement to come to work. This might suggest that for Gen Z, the day-to-day experience and the potential to make a difference are particularly important.

According to a 2023 Deloitte Gen Z research report,⁴ there's a notable misalignment between Gen Z workers and their bosses in workplace priorities.

Key areas of difference include Gen Z's high value on empathy, which bosses rank lower, leading to Gen Z's feelings of disrespect and disengagement. Additionally, many Gen Z employees feel they lack adequate mental health support, with less than half believing their

bosses help maintain a healthy workload.

Finally, there's a disparity in how both groups view work's role in personal identity, with 61% of Gen Z workers versus 86% of bosses considering work a significant part of their identity. These findings highlight the need for improved understanding and communication to foster a more inclusive, supportive work environment.

4. <https://www.deloittedigital.com/us/en/blog-list/2023/gen-z-research-report.html>

What Anchors Gen Z to Their Workplace

Among 59 factors, these rank highest for Gen Z's workplace retention.

STATEMENTS

INCREASE IN LIKELINESS TO STAY

My work is meaningful

2.5x

I'm proud to say where I work

2.1x

I feel I make an impact at work

1.6x

I'm proud of my company's achievements

1.3x

My workplace is fun

1.9x

I feel included regardless of my position

1.6x

I look forward to coming to work

1.7x

Top leadership behaviors that boost retention



The aphorism ‘people don’t quit jobs, they quit managers’ has never been more true.

Companies looking to retain employees need to start by evaluating how leadership behaviors may be contributing to turnover.

Through our research, we’ve identified **nine high-trust leadership behaviors** that create a great workplace and also contribute to key employee experiences of a sense of purpose, pride, and fun.

Nine High-Trust Leadership Behaviors

1 Listening

Asking questions and setting aside your own assumptions or defenses when an employee is talking

2 Speaking

Sharing information clearly, frequently, and transparently

3 Thanking

Creating a culture of appreciation by recognizing good work

4 Developing

Helping employees to grow as people, not just performers, by nurturing their talents and interests

5 Caring

Taking time to understand and listen to employees' experiences, both inside and outside of work

6 Sharing

Distributing profits, compensation, bonuses, and incentive plans fairly

7 Celebrating

Recognizing and rewarding employees who demonstrate the organization's values – without showing favoritism

8 Inspiring

Showing employees how their work relates to the company's higher purpose and business success

9 Hiring

Ensuring new team members feel anticipated and valued from day one with a supportive onboarding experience

Hiring and welcoming

Leaders make new team members feel anticipated and valued.

How employees are hired and welcomed into the company is linked to an increase in employees' intent to stay with the organization, with employees four times more likely to want to stay when a leader is welcoming.

Onboarding doesn't start on an employee's first day of work. It starts when they are welcomed into the workplace for their interview, and then continues as they receive

their offer letter or phone call, as they're sent their benefits enrollment information, and as they're introduced to their teammates.

Even how you post a job opening can determine whether your organization is welcoming or not. Language, tone, and the accessibility of the application process are all factors that contribute to how welcome a candidate feels.

Real world example:



IT company NVIDIA set out to eliminate unintended bias in its job postings that could discourage some candidates and thereby create an unwelcoming environment.

Using a writing tool, the company learned that in specific contexts, words like hacker and "go-getter"

attract more men than women, while words like "fostering" and "nurturing" skew to women. NVIDIA then aimed for more neutral alternatives – reporting that the number of applications from women has since grown by 6%, and is continuing to trend up.

Inspiring

Leaders inspire purpose and demonstrate integrity.

When leaders lead with integrity and purpose, employees are more likely to stay.

Inspiring is about more than being a great public speaker. It is about acting in a way that aligns with the company's values and "walking the talk" every day.

Showing vulnerability, asking questions, sharing stories and feedback, and actively listening to employees can all be ways to inspire and reaffirm that your organization wants to make a difference in the world.

Real world example:

YNAB.

Financial app developer You Need a Budget (YNAB) says one of its core values is being humbly confident – meaning everyone, from entry-level employees to senior leadership, are good at what they do while also being open to feedback, willing to share credit, and willing to admit mistakes and have healthy debates.

The company holds itself accountable to this value by hosting follow-up meetings with new employees after onboarding to ensure that YNAB is meeting the

employee's expectations and, if it is not, how it can improve.

YNAB also regularly highlights customer stories in company meetings, newsletters, and a "YNAB Love" channel on Slack. These stories help employees see the direct impact of their work on people's lives and better understand how their individual work aligns with the company's goals.



Choice and control: Deciphering the impact of work location flexibility on employee commitment





Employee retention is significantly enhanced when individuals have a voice in choosing their work location.

In fact, only 43% of employees who are restricted to employer-assigned locations show a willingness to stay long-term, whereas this figure rises to 60% among those who can choose where they work.

However, it's crucial to note that not every industry or role can offer this level of flexibility. In situations where choosing a work location is not feasible, employers should seek alternative ways to address

In situations where choosing a work location is not feasible, employers should seek alternative ways to address their employees' needs.

their employees' needs. This could include offering more flexible work hours, supporting work-life balance, or accommodating personal commitments.

The key is to understand the relationship between the choice of work location and long-term commitment, and to provide practical solutions where location choice isn't an option.

Setting clear policies that allow employees to make informed decisions about their work location does more than just show trust; it strikes a balance between individual preferences and the overall needs of the team and the business. Such policies not only demonstrate the company's commitment to employee well-being but also strengthen the bond between employees and leadership.

Impact of Office Mandates on Intent To Stay

Turnover risk is lower when employees can choose where they work.

Employees who can choose between remote, hybrid, or onsite work are


3x

more likely to want to stay.

Employees whose teams or work groups choose their remote work policy are

2x

more likely to want to stay.



Predict and prevent employee turnover with Great Place To Work.

**"90% of our new hires
said that Great Place To
Work Certification was
the key deciding factor in
selecting IDOC."**

Nella Gonzalez
People Operations Manager, IDOC

Great Place To Work customers: Act on your employee feedback today. Check the three key metrics (purpose, pride, fun) in your customer portal. Excelling? Keep it up! Need improvement? Contact your Customer Success Manager or email support@greatplacetowork.com. We're here to help you retain top talent

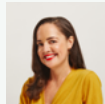
If you're not a customer yet, and want to know more about what's driving your employee turnover or retention, we invite you to start your journey with Great Place To Work today by asking your people for feedback via our Trust Index Survey. This is your opportunity to gain crucial insights and set the foundation for becoming a Great Place To Work Certified company. Discover how our proprietary tools, comprehensive data, and supportive community can transform your workplace.

How will you and the world know if your company is a great place to work? Learn how to become a Great Place To Work Certified company today.

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Great Place To Work®

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About us

Great Place To Work is the global authority on workplace culture. We're on a mission to change the way the world works by creating more resilient, successful, sustainable businesses. Great Place To Work gives leaders and organizations the recognition and tools to create a consistently and overwhelmingly positive employee experience.

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