



5 Reasons People Quit and 10 Things You Can Do to Make Them Stay



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by Paycor



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EXECUTIVE SUMMARY

Key Takeaways

The workforce is realigning.

Quit rates have risen every year since 2010 but broke all records in mid-2021 (SHRM), with 1 in 4 people actively searching for a new job (Workplace Health).

Employees are rethinking their careers.

Of the workers actively looking, 80% are concerned about their career advancement and 72% say the pandemic caused them to rethink their skill sets (WSJ).

U.S. businesses are reeling from a brain drain.

In September 2020, there were 2.2 million fewer women in the labor force than a year earlier (Bureau of Labor Statistics). Mothers of young children reduced their hours 4-5x more than fathers (Washington Univ., St. Louis). Baby boomers retired at more than twice the rate in 2020 than they did in 2019 (Pew).

Leaders make all the difference.

Leaders have an outsized impact on their employees' job satisfaction and overall quality of life (McKinsey). Leaders retain talent by giving employees a sense of control, providing a transparent work culture and continuously motivating and supporting high performance.





Why People Quit

People quit for the same reasons they've always quit, but the pandemic accelerated the trends.

Employees are more burned out than ever. They are desperate to ditch dead-end jobs or try something entirely new. They quit because they can no longer make work and life balance. And of course, people still leave jobs for the classic reason: bad bosses.

Why People Quit:

1. Burnout

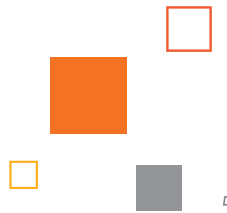
Everyone is burned out.

More than 59% of Millennials, 58% of Gen Z, 54% of Gen X and 31% of Baby Boomers are burned out (Indeed). Alarming, 76% of employees say workplace stress makes them depressed and are now 3x more likely to report mental health concerns than before the pandemic (MHA).

Burnout is the #1 reason people look for a new job (Monster.com). Lack of control, unclear expectations, dysfunctional workplace dynamics and lack of social support are key drivers of burnout (Mayo Clinic).

Leadership and top talent are more likely to bounce.

Nearly 60% of leaders say they're burned out (Global Leadership Forecast) and according to wellness expert Janice Litvin, burned out leaders are 4x more likely to quit. (86% of top talent are also burned out; they're 2x more likely to leave).





Why People Quit:

2. Fear of a "Dead-End" Job

Workers want new skills, fast.

American workers feel more pressure to reskill or upskill than ever. SHRM found 89% say they'll learn new skills for a better job. Economic insecurity is a powerful motivator. Sixty-three percent of Americans live paycheck-to-paycheck (Highland). One in 4 adults struggle to pay bills, and 1 in 6 have borrowed money or gone to a food bank (Pew).

If employees feel stuck, they'll head for the exit.

Workers are trying new ways to climb the income ladder. For example, construction companies are desperate to hire, but many contractors with commercial drivers' licenses find higher-paying jobs in trucking (NYT). As we reach full employment and competition for skilled labor reaches a fever pitch, companies that haven't had to worry about their "employment brand" may find that it's too late to catch up.



Why People Quit:

3. Life Overtakes Work

The pandemic was particularly hard on women.

In September 2020, there were 2.2 million fewer women in the labor force than a year earlier (BLS). Among parents whose children are ages two to six, mothers were more than 4x as likely to leave the workforce than fathers (Rand). Two out of every 5 mothers say they must “hide their caregiving struggles from colleagues” (Catalyst). One in 4 women have considered taking a leave of absence, moving to part time or finding a less time-intensive job (McKinsey).

Benefits can be life changing.

Pre-pandemic, 61% of workers said they’d take a job with a lower salary for better benefits (HRDive). Expect that number to increase as benefits take on new importance. Nearly 98% of HR leaders and C-suite execs plan to offer at least one new benefit due to lessons learned during the pandemic (Care.com). Along with pay equity, expanded leave, childcare and wellbeing benefits may be the best tools employers have to save losing a generation of women.





Why People Quit:

4. A "Pandemic Reset"

What does it mean to "work"?

When workers see a volatile job market and take time to figure out where they belong, the technical term is "reallocation friction." For employers, it can feel like an earthquake.

Millions of people are asking the question.

People are emerging from long periods of unemployment or exhausting, endless work weeks with big questions on their minds: *Do I like my job? How much time do I want to spend in an office? Do I want to switch careers? Does my company represent my values? How integrated do I want my work and life to be?*

There's no clear winner between remote or in-person.

Workers who want to quit overwhelmingly say they're looking for a job with more flexibility, but what does that mean? Half say if their current company doesn't continue to offer remote-work options, they'll look for a company that does (CNET). The other half say they want to get back to the office (NYT). By the end of 2021, Gartner predicts 51% of knowledge workers will be remote, compared to 27% in 2019.



Why People Quit:

5. Bad Bosses

How does a manipulative, micro-managing, passive aggressive striver respond to a crisis?

Poorly. The pandemic made bad bosses worse. Add remote work to the mix—only 20% of leaders believe they were effective at leading virtual teams (Forbes)—and you see numbers like this: 45% of employees don't believe their employer cares about their wellbeing (Gallup). Only 1 in 3 trust the leadership of their company.

The pandemic recovery will leave some companies behind.

If you're reading this whitepaper, chances are you're a leader of a company that cares about its employees. That's the right thing to do, and it's good business. As the economy reaches full employment, talented people won't settle for companies that are inefficient, don't offer fair market pay or tolerate everyone's favorite reason to quit: bad bosses.





How to Make Them Stay

Leaders, managers, supervisors...all have an outsized effect on retaining talent.

The most effective leaders give employees a sense of control over their lives, provide a work experience that feels transparent, authentic, fair and continuously motivate and inspire performance.





Give Them More Control:

1. Give Them a Great Start

We all know this:

Effective onboarding brings new hires up to speed 50% faster (HBR). Plenty of studies over the years reach similar conclusions. New employees need to feel a sense of control right away; they need to know how things get done, who to talk to and where to go for advice big and small.

Here's something you might not know:

Even the most senior leaders need onboarding and often feel the effects of a poor onboarding experience. Sixty percent of VPs and above said it took 6 months to have a full impact in their new role (EgonZehender). They said they didn't understand how the organization worked (69%) and struggled to form partnerships (57%).



HOW HR TECH HELPS:

HR tech should automate all the transactional aspects of onboarding and give HR leaders time to focus on the human interactions that make the real difference.



Give Them More Control:

2. Give Them More Control Over When They Get Paid

Bills are due every day, but employees get paid twice a month.

It's this basic cash flow misalignment that drives workers to expensive short-term fixes, like payday loans. Bankrate's 2020 survey found that 1 in 4 Americans have only enough savings to cover two months of bills.

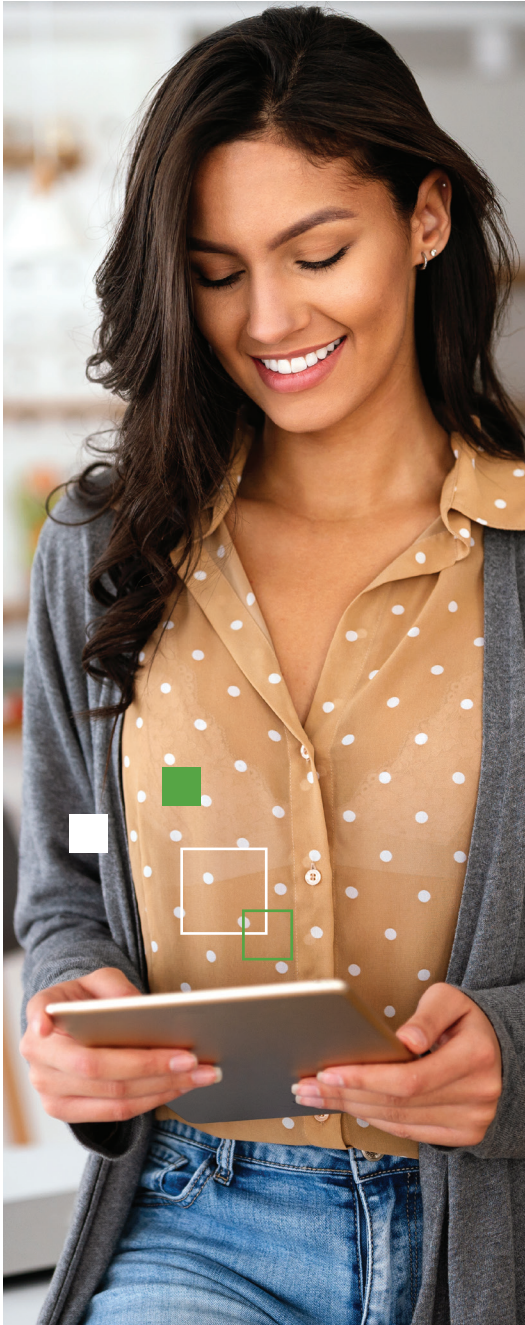
Most big problems don't have easy solutions. This one does.

Earned Wage Access (EWA) is a simple but powerful software that gives employees access to some of their accrued wages before the end of the payroll cycle. The best EWA programs cost the employee 1/7th of the cost of a payday loan. And workers reward companies that give them financial flexibility. Seventy-two percent of millennials and 71% of Gen Xers are more likely to be attracted to a company that "cares about their financial well-being" (PwC).



HOW HR TECH HELPS:

Kick the tires on EWA providers. Look for one that is approved by the Consumer Finance Protection Bureau, has a high net promoter score and integrates with your HR platform's mobile app.



Give Them More Control:

3. Give Them More Control Over Their Time

How much sleep are your employees getting?

Sounds like a weird question, but a well-rested workforce performs better and is just one of the benefits employers are getting from more flexible, predictive scheduling.

For decades, many companies leaned into “just-in-time” scheduling, which sounds good on paper but takes a toll on the person being scheduled. Fair Workweek laws try to help hourly workers get more control over their schedules so they can better plan their personal lives. Harvard found fair scheduling works, with employees reporting increased happiness, sleep quality, lower stress and more time to receive medical care.



HOW HR TECH HELPS:

Scheduling software should allow employees to set their own availability and pick up or drop shifts in real time—all from their phone. Bonus points for tech that gives managers advanced reporting to avoid under- or overstaffing.



Be Transparent:

4. Show Them Their Value

Get caught trying.

Gallup, Pew, WSJ, SHRM and dozens of top-notch research universities routinely publish study after study documenting the positive mental, emotional and financial effects good HR policy can have on employees—we cite some of them here. But employers can't solve everyone's problems, even though it may feel at times like that's what you're being asked to do. In practice, though, what employees want to know is that you're trying.

Be an open book.

Show employees' their total compensation (benefits, paid leave, insurance benefits, learning and development offerings, etc.). Explain your company's approach to salary benchmarking, pay equity and career advancement. Explain how your company is pursuing a DE&I strategy. Wherever possible, show them you're working on it.



HOW HR TECH HELPS:

HCM software can help you with all of this, from producing total comp statements to career planning. Bonus points for an HR platform that can give employees a way of recognizing each other for a job well done.





Be Transparent:

5. Optimize Benefits

Benefits can be life changing.

The pandemic exposed the fragility and vulnerabilities of our social and family networks, not to mention the healthcare system. HR leaders are stepping in to help. Per SHRM, studies show:

- 92% are expanding mental health offerings (everything from programs to help employees sleep better to mental health support for dependent children).
- 69% are adding new leave options.
- 77% will offer financial guidance.
- 45% are designing benefits specifically for traditionally marginalized groups.

But if a tree falls in the forest...

Organizations that survived the most disruptive days of lockdowns became experts at overcommunicating. Approach benefits with the same transparency, first by opening a dialogue with employees to better understand their needs. And then, close the loop by guiding them in their decision-making.



HOW HR TECH HELPS:

HR software should provide interactive decision-support tools that analyze benefits for employees. Bonus points for a solution that directly connects to carriers.

Be Transparent:

6. Open Up a Real Time Dialogue

Real problems are the ones you don't know about.

As the workforce realigns in the wake of COVID disruptions, all the questions you need answers to (are people really more engaged when they work remotely; are personal, financial or mental health issues dragging down productivity, etc.) can be found by asking employees for candid feedback in a safe, timely and actionable way.

Scale the intimacy of one-on-one conversations by tracking employee sentiment.

Ideally, executives, HR leaders and frontline managers could sit down over a cup of coffee and talk to every employee, all the time. In that setting, you might very well get an earful of honest feedback that could help guide decision-making.



HOW HR TECH HELPS:

Scale the “coffee talk” experience with AI-enhanced employee sentiment software. AI turns written words and survey data into the actionable insights you need to lead your organization empathetically and strategically through whatever disruption comes next.



Motivate & Inspire:

7. Give Everyone a Career Path

70% of your employees are dissatisfied...

...with their career opportunities (CEB). But that's not necessarily a bad thing. They're dissatisfied because they're ambitious. That's what you need. Sixty-three percent of HR leaders told CEB their business will face talent shortages in the next 3-5 years.

Ambitious people want opportunities.

Give employees growth opportunities and not only will you retain top talent, but you'll be also recruiting ideal candidates for future roles, some of which may not even have job descriptions yet.



HOW HR TECH HELPS:

Career management software can radically simplify complexity in this area of your business. It can help you identify key roles and skills, resolve the vague expectations that hamper performance and map all employees' goals to the objectives and key results of your organization. Bonus points for a solution that helps managers make feedback, coaching and career momentum part of the culture.



Motivate & Inspire:

8. Show Them How to Become Lifelong Learners

Learning & training solves a ton of problems.

Your employees want it and your business needs it. Leaders say the skills gap is among their most urgent concerns. Of the workers actively looking for new jobs, 80% are concerned about career advancement and 72% say the pandemic caused them to rethink their skill sets (WSJ).

If your company can help employees learn effectively, quickly and at scale, you've got a serious competitive advantage. Tie learning into performance and career management, and you may very well win the never ending "war for talent."



HOW HR TECH HELPS:

The right learning management system allows leaders across your business to create, manage, share and track training programs. Look for an LMS that makes learning accessible to anyone anywhere, offers pre-built modules to suit different learning styles and gives managers the ability to create custom courses.

Motivate & Inspire:

9. Invest in HR

It's all-hands on deck for HR.

In summer 2021, job openings for HR were up 52.5% year over year; more than 30% higher than pre-pandemic levels (Indeed). In a tight labor market where employees have the upper hand (and are coming out of the pandemic with new expectations of life and work), employers now see core HR functions—recruiting, retaining, training, benefits, employee wellness and company culture—as even more important, and in some industries, critical to their survival.

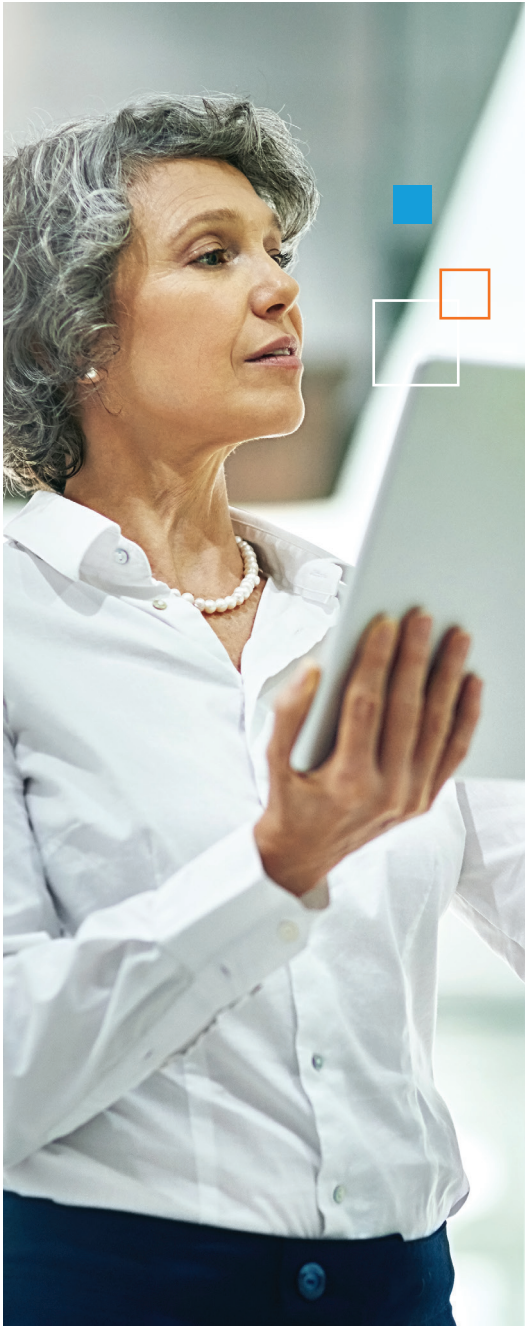
HR has a leadership mandate.

One day, we'll stop referring to the "new normal," and just say "normal," but until then, HR has a lot on their plate. Remote and hybrid work is far from settled. Organizations are at various levels of maturity in their DE&I initiatives. Employee benefits are rapidly evolving. And every demographic, educational and social trend seems to be pointing to an endless war for talent.



HOW HR TECH HELPS:

HR software should automate transactional tasks, allow for custom workflows, integrate with 3rd party apps, and provide a single source of truth for employee data. Once that's taken care of, look for a platform that empowers leaders to set goals, offer continuous feedback and inspire performance.



Motivate & Inspire:

10. Invest in Leaders

Want a better life? Get a new boss.

McKinsey found that “relationships with management” is the top factor not only of an employee’s job satisfaction but the second most important determinant of their overall wellbeing (second only to mental health).

The outsized effect of leadership.

Managers have an outsized effect on two universal qualities of a productive culture: a feeling of psychological safety (no one feels motivated by fear) and good work organization (everyone knows their value and enjoys areas of autonomy).



HOW HR TECH HELPS:

Leaders face impossible demands: keep people motivated with career plans that will prepare them for jobs of the near future, all while containing costs in an increasingly complex and competitive present. To empower leaders, you need an HCM platform built for them (*hint: Paycor*).

About Paycor

Paycor builds HR software for leaders. Our Human Capital Management (HCM) platform modernizes every aspect of people management, from the way you recruit, onboard and develop people, to the way you pay and retain them. But what really sets us apart is our focus on business leaders. For 30 years, we've been listening to and partnering with leaders, so we know what you need: HR technology that saves time, powerful analytics that provide actionable insights and a Personalized Support Model. That's why more than 28,000 organizations nationwide trust Paycor to help them solve problems and achieve their goals.

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