Global firms are facing a talent exodus as world economies return to growth. Growth is expected to pick up over 2013 and 2014 – we can expect labor markets to revive and staff turnover to increase. Organizations therefore need to start thinking now about how to secure the long-term commitment of their workers. Failure to create the right environment will encourage disgruntled employees to take off in search of better conditions.

Hay Group has pinpointed when your staff are most likely to take flight. What’s more, we have identified the five retention factors that will help secure the long-term commitment of your workforce.

By considering how your firm performs against the five retention factors now, you will be preparing your firm for the turnover wave heading your way.
Preparing for take off

Employee turnover to hit new heights

Workers around the world are already starting to seek new job opportunities as growth returns and labor markets begin to pick up.

In 2018, 49 million more employees will be heading out the door compared to 2012 – a total of 192 million employees worldwide.

The global employee turnover rate will see the sharpest increase in 2014 (see fig. 2), with the greatest growth happening in that year. But regional economic and job market forecasts show that turnover will spike sooner in emerging economies than in developed (see fig. 3).

Emerging economies in Asia and Latin America will spike between now and 2014, while mature markets will peak between 2014 and 2018, led by dominant economies such as Germany and the US.

About the research

Hay Group analyzed:
- global macroeconomic trends and forecasts*
- our opinion database of over 5.5 million employees worldwide.

This enabled us to identify:
- the timing and scale of the employee turnover ‘spike’ for 19 countries around the world
- the five key retention factors organizations need to consider in order to safeguard staff retention.

* In association with the Centre for Economic Business Research

Fig. 2 Global turnover and number of employees
Source: Hay Group Cebr analysis
Fig. 3 Timing and scale of the sharpest employee turnover increases by country, 2012–18
Source: Hay Group Cebr analysis

<table>
<thead>
<tr>
<th>Region</th>
<th>Drivers of employee turnover</th>
<th>Turnover spike</th>
<th>Average turnover rate 2013–2018</th>
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<tr>
<td>World</td>
<td>Global economic recovery and growth, especially in emerging markets</td>
<td>2014</td>
<td>23 per cent</td>
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<td>Asia Pacific</td>
<td>Ambitious middle class fuelling growth</td>
<td>2013</td>
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<td>Latin America</td>
<td>Increased spend on infrastructure; World Cup / Olympics</td>
<td>2013</td>
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<td></td>
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<td>2016 Double spike</td>
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<td>North America</td>
<td>Recovering housing market; energy production; business services</td>
<td>2014</td>
<td>23 per cent</td>
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<tr>
<td>Europe</td>
<td>IT and business services sectors</td>
<td>2016</td>
<td>18 per cent</td>
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</tbody>
</table>
What makes people stay?

To identify what makes for a committed workforce, we studied Hay Group’s opinion database of over 5.5 million employees worldwide. We compared the views of ‘stayers’ (committed to their companies for more than two years) with those of ‘leavers’ (intending to leave within the next two years).

The analysis identified five factors that impact employee retention:

1. **Confidence in the organization and leadership**
   Employees need to feel they work for a well-led organization that is heading in a positive direction. This requires leaders to communicate company strategy clearly, consistently, regularly and with authority.

2. **Room for growth**
   Most people want to reach their potential at work. Employees want to know that there are opportunities to learn, grow and progress. If not, many will begin to wonder if their future lies elsewhere.

3. **A fair exchange**
   Employees need to feel valued if they are to deliver more with less in difficult times. Tapping into employees’ discretionary effort demands a fair balance between the contributions they make and the rewards they receive.

4. **An environment for success**
   Engaging employees is not enough. To sustain commitment, firms also need to enable them to perform at their best. This means placing the right people in the right roles, creating efficient work processes, enabling collaboration and providing a supportive working environment.

5. **Authority and influence**
   Engaged workers want to contribute positively to their organizations and help them to perform better. Firms need to provide staff with the basic authority to allow them to do their jobs and influence how work is done.

How do organizations measure up?

Significant numbers of employees express doubt over their firms’ ability to provide these retention factors.

1. **Confidence in the organization and leadership**
   - 38 per cent of employees globally voice concern over their firm’s direction and goals.
   - 31 per cent do not have trust and confidence in their senior managers.

2. **Room for growth**
   - 47 per cent of workers are unsure that they can achieve their career objectives at their current company.
   - Almost as many are seeking more learning and development opportunities (44 per cent) and greater supervisory support for development (43 per cent).

3. **A fair exchange**
   - 53 per cent of staff express concern about the fairness of their compensation.
   - 43 per cent do not believe that their company demonstrates care and concern for its workforce.

4. **An environment for success**
   - 60 per cent of the global workforce feel that their firm is effectively managed and well run.
   - But 46 per cent are unhappy with the amount of collaboration and support between departments in their organization.

5. **Authority and influence**
   - Most employees feel that they have enough authority to effectively perform their roles and believe that their organizations support creativity and innovation.
Businesses must give serious thought to what drives employee commitment, and where they need to focus to protect retention as job markets recover.

Take action now

Make no mistake: we are in the eye of a turnover storm. You must give serious thought to what drives employee commitment, and where you need to prioritize to protect retention as job markets recover.

Those in regions facing an employee turnover spike in the next two years must focus their key potentials, as well as employees with mission-critical skills and in crucial roles.

For firms in the economies with the luxury of a little more time, the calm before the storm should be used to secure the commitment of their core employees.

No matter when the spike hits, the five retention factors add up to an essential roadmap for organizations looking to minimize turnover as the job market recovers.

Can you stop your employees taking flight?

The calm before the storm should be used to secure the commitment of your key employees

If you’d like to discuss how Hay Group can help your organization address employee retention, or if you’d like to know more about our world-class HR tools, please visit www.atrium.haygroup.com/ww/retention