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# Study: 1 in 4 workers will quit this year—here’s why

*By Danny Nelms*

CEOs and HR directors have long realized that high turnover among employees puts negative pressure on their bottom lines and can create a domino effect on customer service, workplace morale, and the quality of products and services.

The bad news for U.S. businesses is that an estimated 42 million workers—one in four—will leave their jobs this year, costing employers $600 billion. Turnover rates are expected to continue rising to record-high rates fueled by a number of economic, demographic and social factors.

The good news for businesses is that most turnover is preventable.

That’s among the findings of Work Institute’s 2018 Retention Report, a national study of workplace turnover and retention. We used a scientifically valid methodology and data from over 234,000 exit interviews to uncover the root causes of turnover and reveal the reasons employees leave their jobs.

Managers should focus on employee retention strategies and base them on an understanding of what’s really behind the increasing turnover rates. Assumptions are made, but now is the time for businesses to get the truth.

One factor is the low unemployment rate—now at 3.8 percent, the lowest level since 2000—but changing demographics and the impact of immigration present challenges to employers. It is no longer an employer’s market, and employees are taking advantage of that as employers are increasingly forced to recruit from the ranks of the employed.

Pressure on the available workforce comes from changing demographics. Population growth has consistently declined in recent decades, as has the percentage of the population participating in the labor force.

Some of that decline is attributed to baby boomers’ retiring and younger workers’ staying in school longer to get


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better-paying jobs in the future.

Changes in immigration could further reduce the available workforce for the most- and least-skilled jobs.

Conventional wisdom is that most employees leave their current jobs for better-paying positions; but our study shows that career development, work-life balance and management are the most-cited reasons employees leave.

These factors and low unemployment leave employees with career options, and they are not hesitant to make job moves. Indeed, some 40 percent of employees who quit their jobs last year left within 12 months of being hired, the highest rate of first-year turnover in eight years.

Employers, from the CEO to HR and team managers, must embrace this employee-in-control marketplace and understand the needs of their employees if they want to reduce costly turnover. Understanding root causes of turnover is an important first step.

Here are the top five preventable reasons employees leave their jobs:

- Career development, no opportunity to grow in a preferred job and career, which leads as the top reason for the eighth year in a row.
- Work-life balance is important, and includes favorable schedules, shorter commute times and scheduling flexibility.
- Manager behavior, specifically unprofessional or unsupportive managers, is increasingly a cause for turnover. Employers must ensure managers are well-trained in their job competency or pay the price through employee turnover.
- Personal reasons, or the need for workplace policies that allow employees flexibility to deal with personal or family issues.
- Compensation and benefits, with pay cited more often than benefits.

Work Institute often finds businesses that are firmly entrenched in viewing employee relations the way they always have, and that see turnover as an inevitable cost of doing business. We want employers to understand the root causes of turnover and how the cost can impact the quality and bottom lines of their organizations.

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