

2021 GUIDE

Retention: How to Keep Good People

www.inpulse.com



Welcome

The world of work has moved from the Information Age to the Social Age. Now, more and more people come to work for belonging, connection and purpose. These are three key ingredients of engagement in the ongoing war for talent – and are exactly what Inpulse’s Emotional Analytics can tell you about attracting and keeping good people in a tough market.

As a leading engagement specialist, Inpulse has a unique focus on Emotional Analytics: helping your organisation identify how your employees are feeling and why. Emotional Analytics is the best way to better understand your people and make informed strategic people decisions.

In a recent Human Capital Trends report,* Deloitte found that 71% of companies cited people analytics as an urgent priority. C-suites everywhere recognise that understanding their people and how they feel will help them drive greater performance.

A key aspect of this is attracting and keeping the best candidates, and this guide draws on Inpulse’s experience to show how best to do this. We will look at:

- The changing nature of recruiting and retaining the skills and talent you need
- The growing importance of understanding and connecting with individuals
- The power of engagement in driving retention and how to maximise its impact

* <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html>

The war on talent

According to their ongoing research, LinkedIn found that 53% of HR professionals are finding it more difficult to recruit qualified people than they were five years ago. Reasons for the war on talent are piling up as years go by.

War on recruitment

Employers are interested in what their people and their potential hires feel, need and want, which helps to establish a strong workplace culture (where everyone feels heard and recognised), boost engagement and team performance, improve competitive advantage and employer brand identity.

Employers are providing more attractive offers that align with employees' needs at work, for example flexible working or support for first-time parents.

Employers are able to find and reach out to potential candidates more easily, via portals such as LinkedIn. Remote working has also made it easier for employers to hire cross-border.

War on retention

A huge part of retention is employee engagement. Engaging the talent you have is the key to retaining them.

The independent UK organisation, Engage for Success,* sponsored by the Chartered Institute of Personnel and Development (CIPD) and the UK government, report that **organisations with high levels of engagement have 40% lower turnover of workers.**

* www.engageforsuccess.org



53%

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Engaging talent through emotional analytics

A recent LinkedIn survey found that 15% of its users said they were satisfied with their current role, 12% were actively seeking new roles and a massive 73% were what they called 'passive job seekers'.

This last group were effectively open to offers, and it is with these people in particular that engagement will have most effect – by making them 'stickier' in their roles and less susceptible to the allure of elsewhere.

At Inpulse we have wide and practical experience in helping organisations improve the engagement of their people. We do this by measuring employee emotions (how employees feel about their work and why) and the impact this has on their

engagement and other behaviours in the workplace.

Emotions and behaviour determine employee outcomes. This data is invaluable to management, who can make strategic decisions based on the survey results.

This is the most effective way to improve retention, recruitment, engagement, performance and competitive advantage.

After all, 58% of job performance is driven by how we feel.

At present, we have almost eight million data points and 350,000 employees across the world using our online engagement platform. This gives us unrivalled insight into employee emotion and behaviour, and the actions that yield the most rewarding results to drive up retention.



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Understanding emotion and its role in retention

When we first started to develop the Inpulse platform and surveys, no-one was really paying attention to emotions. Surveys tended to focus on what people thought and did – but truly, it's emotion that lays at the centre of everything.

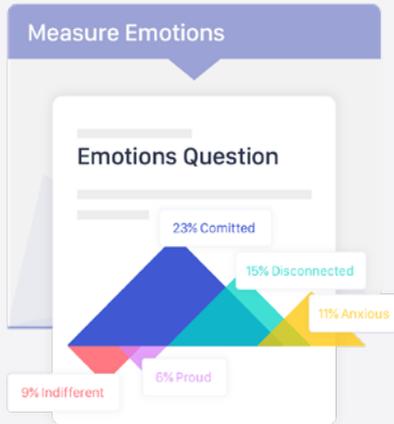
We know from the work of psychologists Daniel Kahneman, Simon Sinek and others that emotion is a prime factor in how people behave, which in turn influences the outcomes they get.

Every Inpulse survey starts with an emotion-based question, which asks participants how they feel about the subject of the survey.

They can select up to two emotions from a range of nine preselected options. We've found that employees often have a primary dominant emotion, and a secondary more reflective emotion.

The second question always asks 'why?' as a free-text question to understand the factors leading to the emotions selected.

Inpulse has commissioned independent data scientists to identify themes from our data. From analysis of millions of data points, we can see that by far the most popular emotion selected is 'Committed' – chosen by 25% of all respondents.



Broadly speaking this is encouraging – it's better to have committed employees than not. However, what lies behind this commitment reveals useful information for those seeking to recruit and retain talent.

One quarter of those who choose 'Committed' do so because of personal drive – they want to do well and will always give their best in any circumstances. But only 15% expressed commitment to their organisation.

The good news is that when people are self-driven, they will work hard and often give that extra – the much sought after 'discretionary

effort' – upon which successful organisations depend for high productivity and sustained quality of output. These are often top performers.

The less good news for organisations is that if the source of commitment for many people comes from within, then it is highly portable. This means that if circumstances are not right, they will be happy to move somewhere else and apply their commitment and discretionary effort there instead.

Such people are committed to doing the job well, having a sense of achievement and challenging

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themselves. Where they do it is less important. This means they are more open to other offers. If they accept these offers, it can mean a triple hit for organisations.

Firstly, organisations can lose their most effective and driven

people. Secondly, it may well mean that these people are now helping a competitor work against them. Thirdly, there is the cost of replacement.

The Work Institute's 2017 report into retention estimated that it costs up to one third of a worker's annual salary to replace them. In the UK taking an average full-time salary at around £30,000, this means that the average cost of turnover per employee is £10,000, and much more for those with rarer skills and higher salaries.

Given this insight that a large proportion of workers have strong personal commitment, organisations need to ensure that they are tuned into their people and understand them and their motivations clearly.

At a corporate level, they must be clear on their purpose and help people connect with it so that they can see the contribution that they are making. This will reinforce to those who pride themselves on doing the best job that they are making a difference and that their

current job and place of work is the best place for them to do it.

Further, employers need to manage and build their external reputation so that their people will have their choice of place of work validated by family and friends. Where people are driven by self-worth, working for a well-respected organisation is important and they will feel more connected to an employer recognised as doing good things.

A wise employer will always ensure that people are able to identify and share success stories and 'reasons to believe' so that all employees, especially those driven by personal commitment to doing well, are reminded of good performance.

There is also a strong message here for team leaders and line managers. If a large number of their people are driven by personal commitment, it pays to have regular conversations with people individually to find out what's important for them and how the leader can work with them to help them achieve this.

In a working world in which people are self-driven, local leaders are vital in connecting with people and ensuring that they continue to see where they are now as the best place for them to be.

LOCAL LEADERS

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The rules of engagement are shifting... Here's what to focus on now

From 'what have people done before?' to 'what can they offer in the future?'

As the world of work changes and technology advances, the employee skills required to maintain competitive advantage in the future may not yet be known. This demands greater soft skills from the talent pool such as adaptability and versatility.

It's why HR leaders are beginning to shift their focus from 'what have people done before?' to 'what can they offer in the future?' There is a significant move away from targeting potential recruits purely by details such as age, location and qualifications, to giving ever greater prominence to what motivates them, what they are looking for from work, their ability and enthusiasm to learn new skills and culture fit.

From demographic analysis to psychographic analysis

Linked to this is the shift from demographic analysis to psychographic analysis. Employers often target potential recruits by age, location, current employment, education and past work. But to attract employees that are motivated, high performing and engaging, employers should really be focused on psychographic attributes of potential candidates. Employers should ask, 'What are they looking for?' 'What are their intrinsic career goals, aspirations and needs?'

Demographic details tell employers very little about the candidate's employee 'identity', which matters most when it comes to performance, loyalty, engagement, motivation and culture fit.

ORGANISATIONS NEED TO ENSURE THAT THEIR EMPLOYER BRANDING ANTICIPATES DEMANDS

From employing temps to engaging temps

The trend toward temporary sources of labour looks set to continue and employers will need to get better at making temporary employees feel valued and engaged.

Short-term workers often feel excluded, which greatly affects engagement and goes on to affect performance and culture. This is why successful organisations have realised the value of engaging this group and getting the most value from them while they are there.

From waiting for talent, to hunting for talent

Employers are now recruiting proactively because no organisation can afford to lose good people, and hire average ones. The talent pool is shrinking while opportunities are expanding, and the pressure for organisations to maintain their competitive edge is intensifying.

For this reason, employers are relinquishing the idea that ‘the best talent will find us.’ As tastes, ideas and needs shift, so will the definition of a desirable employer. This means organisations must be plugged in to how people are thinking and feeling to ensure that their employer branding anticipates demands.

The rise (and opportunity) of the conflicted employee

Impulse surveys ask people to select two emotions. The first tends to be an instinctive response and the second is more considered.

The analysis of our data points also shows a compelling trend for people looking to attract and keep talent – the rise of the conflicted employee.

Conflicted in this context means people who chose one positive and one negative emotion. This is especially the case with those who are committed – nearly 30% of individuals who feel committed are conflicted and chose a second negative emotion.

The most common is 'Irritated', with others including 'Anxious', 'Stressed' or 'Disconnected'.

Where people are conflicted in this way, it means that organisations are living on borrowed time, because the irritation or other second negative emotion will wear away the commitment until people decide to leave. We often find that if left unresolved, they are likely to leave the organisation within six months.

This means that there is an opportunity to put it right and work with teams to find out and address the cause of any negative emotions. Regular conversations, especially at local level, will have huge impact. In our experience, even just seeing that a negative emotion has been recognised and is being discussed can often go a long way towards lessening its sting.



**REGULAR CONVERSATIONS,
ESPECIALLY AT LOCAL LEVEL,
WILL HAVE HUGE IMPACT**

Harnessing engagement to attract and retain good people

So far, we have identified that the war for talent is still real and that the future of recruitment and retention will rely heavily on an understanding of individuals and especially their emotions.

Now let's look at what our data tells us in terms of what we can do to use engagement as a proactive way to attract and retain talent.

At the heart of this is the employee experience. Employee experience is the perceptions people have about where they work. These perceptions are influenced by every touch point they have with their organisation, and in particular the way leaders and colleagues behave (the culture), the technology

and systems and the physical environment.

Given what we know about the power of emotions, the cultural factors in the employee experience are the most influential, let's look now at what organisations need to address these.

Looking at all the factors which drive positive emotions, and therefore engagement, there are three key areas which stand out from our data:

1. Strong relationships with line managers
2. Feeling valued and treated fairly by the organisation
3. Purpose and pride in the organisation

Strong relationships with line manager

The strength of a relationship being determined by the level of autonomy managers encourage, the support they give their teams and the degree to which they show a genuine interest in people.

Trust is a vital element in the leader's toolbox, all the more since, as we have seen, millennials and generation Z people are prepared to move jobs more frequently than previous generations in the search for a better experience, part of which are regular and rich feedback and involvement. To make matters harder, at the same time as trust is becoming more vital to have at work, it is also getting harder to build.

In their 2015 report, '[Leadership, Trust and Communication: Building trust in companies through effective leadership communication](#)', Dr Katalin Illes and Dr Martin Matthews of the University of Westminster identify four key pillars of trust in leaders:

Ability – knowledge, skills and professionalism – in short, being able to do the job

Benevolence – showing interest, recognising individual needs, being approachable – demonstrating that they care for their team

Integrity – living organisational values and behaving fairly, openly and ethically

Predictability – acting consistently, walking the talk.

Marcus Buckingham and Gallup's assertion that 'people leave managers not companies' may be an overstatement, but our evidence shows that it contains a large kernel of truth. We can see that the way managers behave has a big impact on people's engagement levels and when these start to drop, employees are far more likely to leave. Good leadership relationships establish strong bonds which encourage people to stay.

Feeling valued and treated fairly by the organisation

Analysis of recent Inpulse surveys shows that there is a strong correlation between people feeling valued and high levels of engagement. This may sound unsurprising, and many of us will know this intuitively – why would anyone stick around if they don't feel appreciated? – but it's something that organisations often ignore and leaders can forget.

As a reminder, after asking people how they feel, the second question in any Inpulse survey is why they feel that way, to which people can respond in free text. Analysing these comments show that feeling valued is one of the key themes which drives positive emotions, in turn driving engagement which improves retention.

The comments also help us understand what makes people feel valued. Firstly, and linked with the previous section, the behaviour of the line manager has the biggest impact. Many who say they are valued back it up by commenting

FEELING

VALUED

DRIVES

POSITIVE

EMOTIONS

that their manager cares about them, takes time to explain issues to them, and speaks with them regularly.

On the flipside, those who profess to be disconnected or irritated will mention lack of contact with managers and poor communication between managers and teams. Again, we can see that regular conversations everyday in which managers discuss successes and contributions make a big difference.

They also allow managers to understand the personal needs of individuals and for them to be recognised as individuals, as well as

enable individuals to be challenged and developed.

But being valued is not all about the behaviour of managers. Another important theme is how well people feel they are treated by colleagues and team members. Where they like the people they work with and feel that there are good levels of collaboration across teams, people will feel better connected and valued. When fellow employees show support for colleagues through words of kindness, sympathy or even if they simply acknowledged others, these factors will help connect people with their teams.

ORGANISATIONAL PRESTIGE IS A KEY DRIVER OF PRIDE AND COMMITMENT

Purpose and pride in the organisation

The American psychologist Barbara De Angelis commented that, ‘what allows us, as human beings, to psychologically survive life on earth, with all of its pain, drama and challenges, is a sense of purpose and meaning.’ Our data helps prove her case, as purpose is the third key theme which helps drive positive emotions and thereby engagement and retention.

The importance of purpose – taken as meaning what an organisation exists to achieve and the way it does this – comes across in different ways.

Firstly, people identify directly with the overall purpose of the organisation. This, as you’d expect, is especially strong for our clients in the health and charity sectors where many survey participants comment on how committed they are to what the organisation is about. But organisational purpose is evident in other organisations as well, although it is often expressed more as pride about

the way organisations do things. For example, workers in client construction businesses will often comment on their commitment to the quality of workmanship, or the great constructions they are making and the business' focus on health and safety at work.

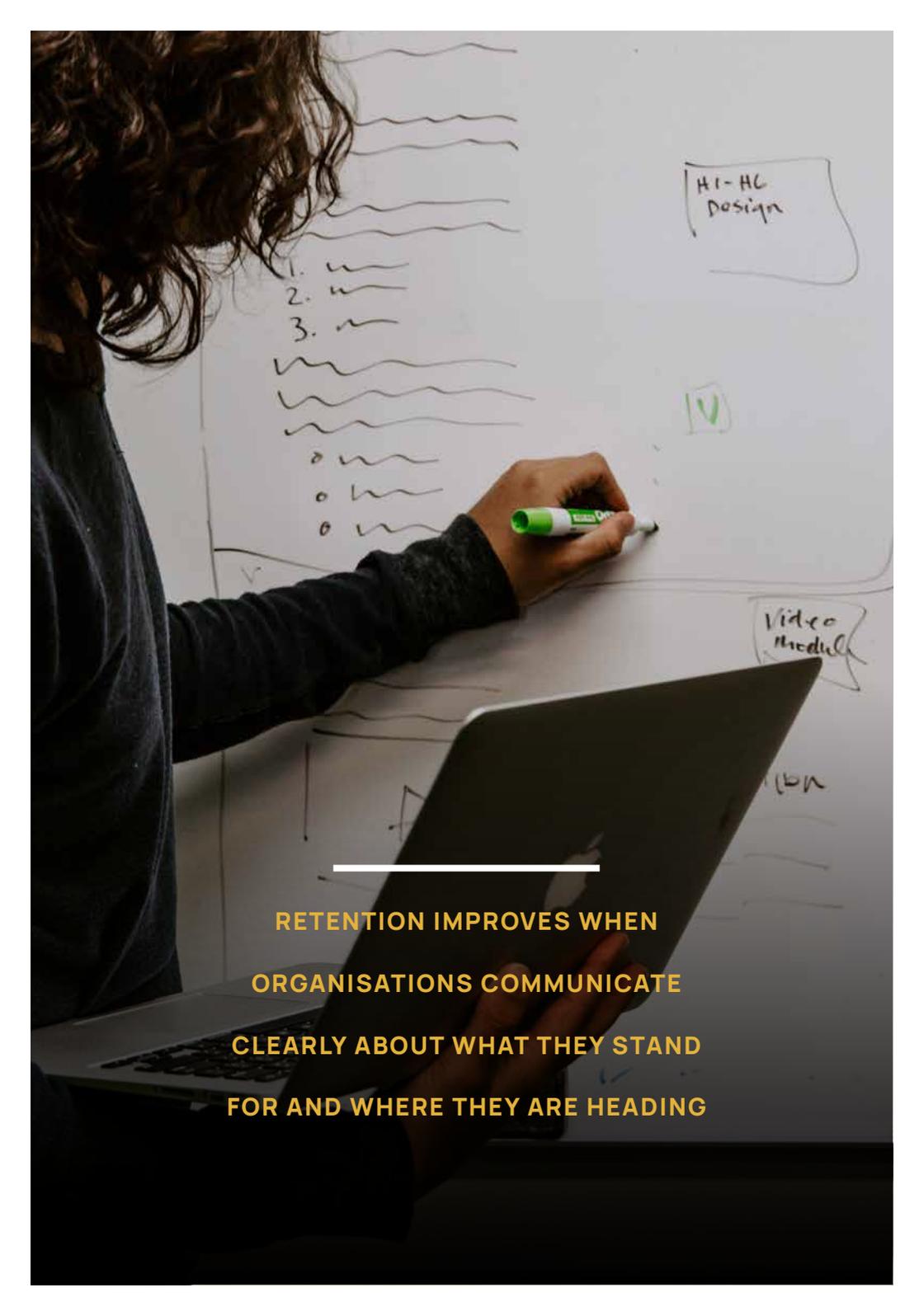
The perceived prestige of the organisation is also a driver of pride and commitment. In one recent survey for a leading food processing business, many participants backed up their positive emotions by saying they liked working for an industry leader and a business that is making its mark in its sector.

In other businesses, this pride is driven by the principles to which the organisation operates, and the perceptions others have of it externally. People driven by purpose often like to have external validation of what they are doing and the decisions they make, such as who they chose to work for.

How does this information about the importance of purpose and pride in organisation and self help those organisations seeking to raise engagement as a tool to grow retention of talent? It reinforces the value of communication about the organisation, what it stands for and where it is heading.

This communication needs to be more than awareness raising through intranets and documents. To have the impact on engagement we have seen it can have, it needs to be targeted, two-way communication where local, trusted line managers help their teams truly 'get' the organisation's purpose and crucially, what they can do in their day-to-day work to make it happen.

Giving this clear line of sight can only happen at team and individual level and this reinforces the value of regular, local conversations.



**RETENTION IMPROVES WHEN
ORGANISATIONS COMMUNICATE
CLEARLY ABOUT WHAT THEY STAND
FOR AND WHERE THEY ARE HEADING**

In summary

We have seen that attracting and retaining good people is a big headache for many organisations, and this will continue.

The world of work is changing so that the deal between employers and the employed is shifting. Understanding and connecting with how people feel, what they need and their expectations is more and more crucial.

This means that organisations must change what they do to keep talent. They need to concentrate more on understanding and influencing emotions as these impact engagement which is a major driver of people's decision to stay or go.

Analysing Inpulse's unique database of employees' emotions and the

reasons behind them, we have seen that organisations seeking to increase retentions should concentrate in three key areas.

The first is **equipping team leaders** to build strong relationships and connect with the people they manage.

The second is to **develop collaboration and a sense of team** so that people feel that they belong and are valued.

Third is to **focus on a clear purpose for the organisation** which people understand and can see their part in achieving and keep communicating about successes and the impact the organisation is having.



Partner with Inpulse to harness Emotional Analytics and increase your retention

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