LinkedIn Talent Solutions

3 factors strongly linked to better employee retention

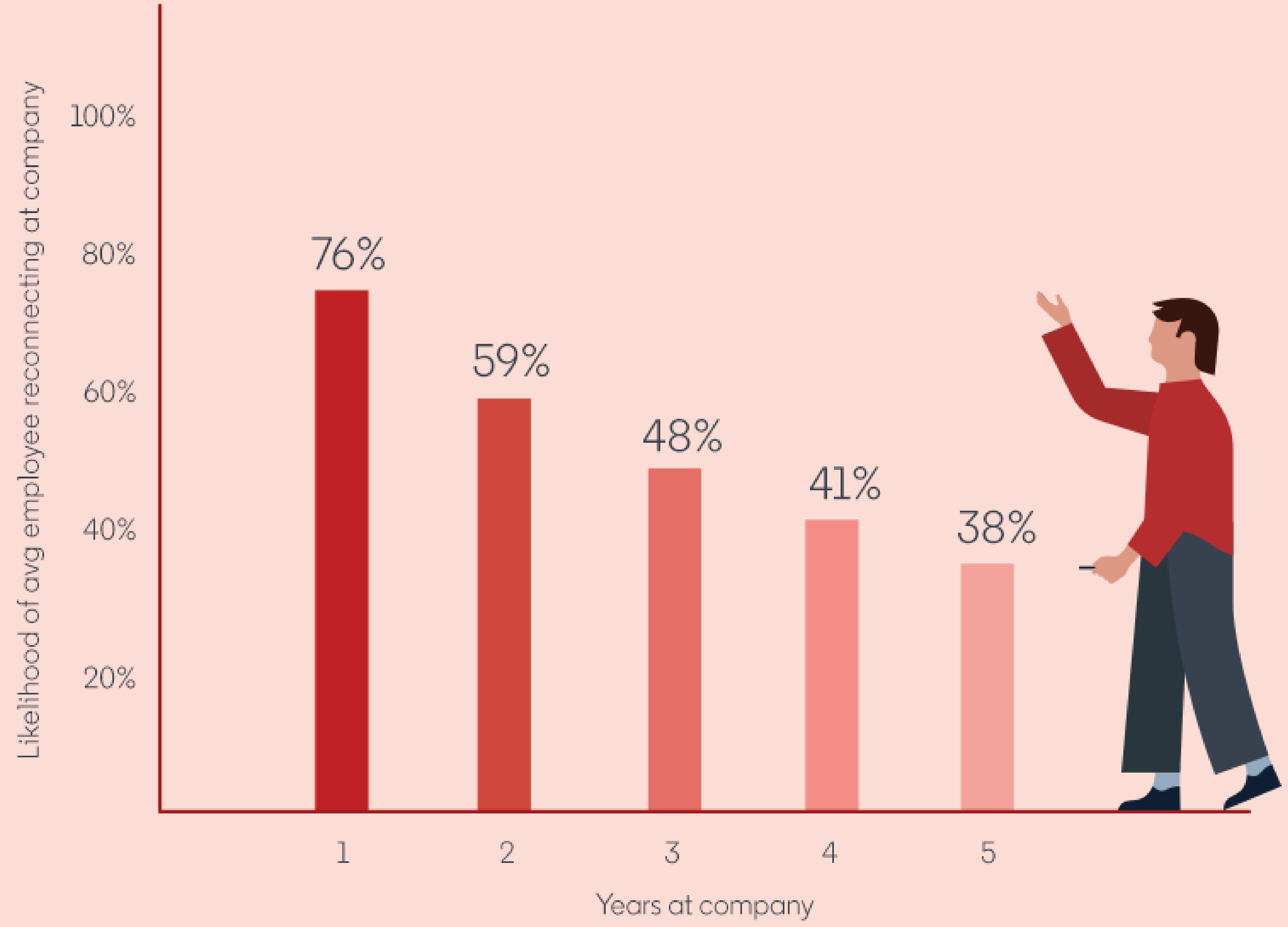
When you sign up for life insurance, they use a fancy calculation called a "survival curve." That's the probability of you being alive at any given point in time.

As grim as it sounds, it's proven to be pretty useful building actuarial tables. So we applied the same calculation to the world of employee retention to see the odds of someone staying at a company—and we found three factors that are strongly linked to better retention.

We looked at 32 million LinkedIn profiles to produce our own "retention curve." Our data suggests **there's a 76% chance of an employee still being at a company after 12 months there. After two years, there's a 59% likelihood, and after three years, a 48% chance.**

That's all fine and good, but things get really interesting when we look at what factors are linked to improved retention.

Estimated retention of the average employee over time



Based on aggregated LinkedIn data

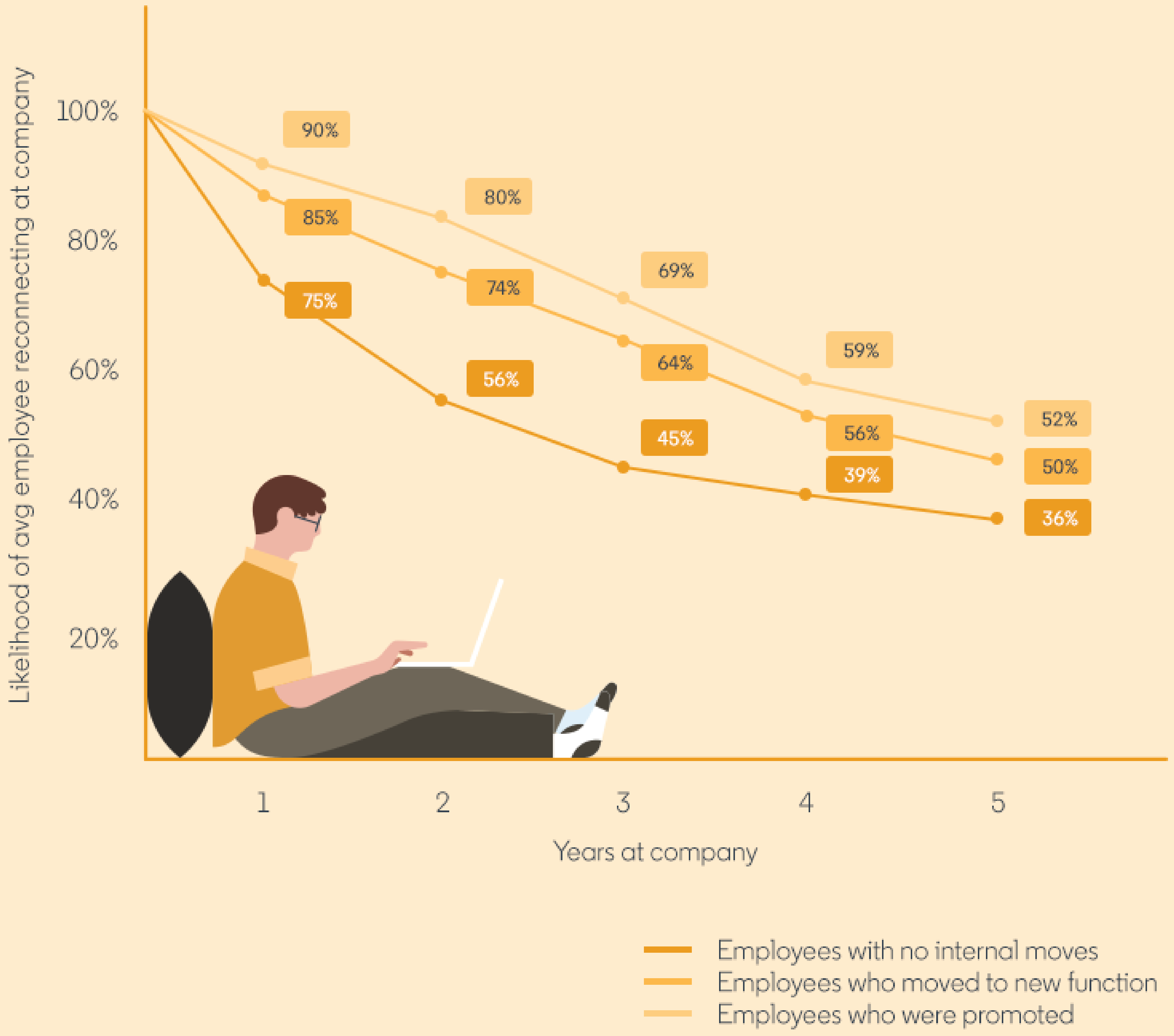
1

Employees who change positions are more likely to stay—even if they're not getting a promotion

Employees who change positions internally are much, much more likely to stick around than those who stay in the same role.

And it doesn't make a big difference whether they were promoted to a more senior role or moved laterally into a totally new function. Either new position was linked to greater retention. This is consistent with Glint data that shows *career* is one of the top drivers of engagement across cultures and countries. (For Glint's purposes, career means the employee's belief that they have the opportunity to grow professionally and that their career goals can be satisfied at their company.) And engagement is highly correlated with retention.

Retention of employees who change jobs internally

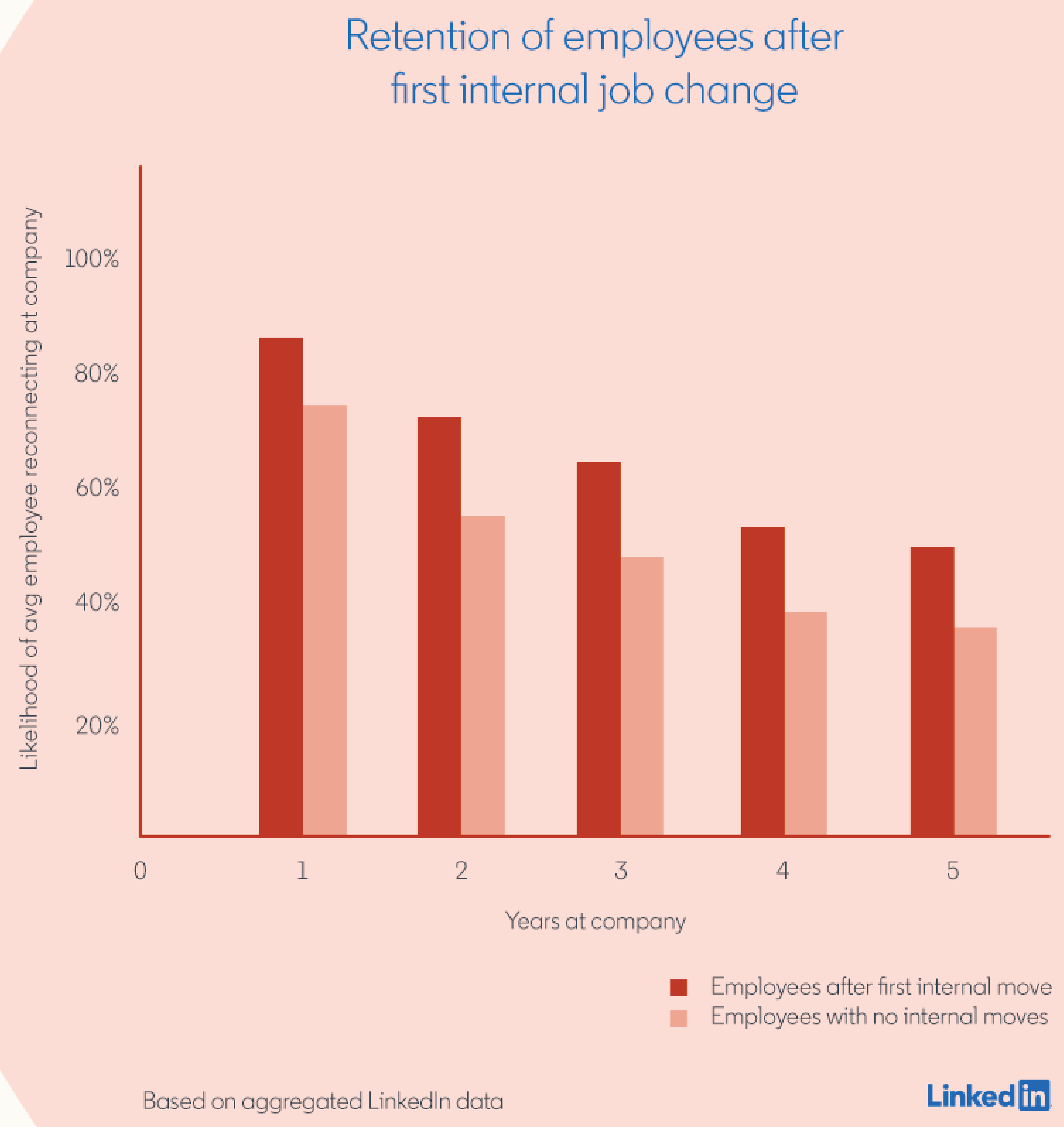


Based on aggregated LinkedIn data

After three years, someone who was promoted has a 70% chance of still being there, while **someone who moved laterally has a 62% chance.** In comparison, **someone who stays in their same position has only a 45% chance** of still being at that company after three years.

Now, it might seem obvious—circular, even—that someone who takes on two or more job titles at the same company will be there longer than someone who only ever has one position.

But even if you start counting *after* an employee's first internal move, their additional tenure still tends to be longer than the entire tenure of someone who stays in one role.



The lesson

Internal movement is strongly linked to greater retention, even if employees are making lateral moves rather than getting promotions. This finding backs up what **Nielsen's people analytics team discovered** about their employees: **making a lateral move increased an employee's chance of staying for the next 12 months by 48%.** It also supports the **"tours of duty" concept popularized by LinkedIn co-founder Reid Hoffman** in which employees repeatedly take on new roles in a company to gain operational experience across multiple areas.

Simply put: If you want to keep someone, don't let them be stagnant. They'll make a move one way or another—either within your company or out of it.

2

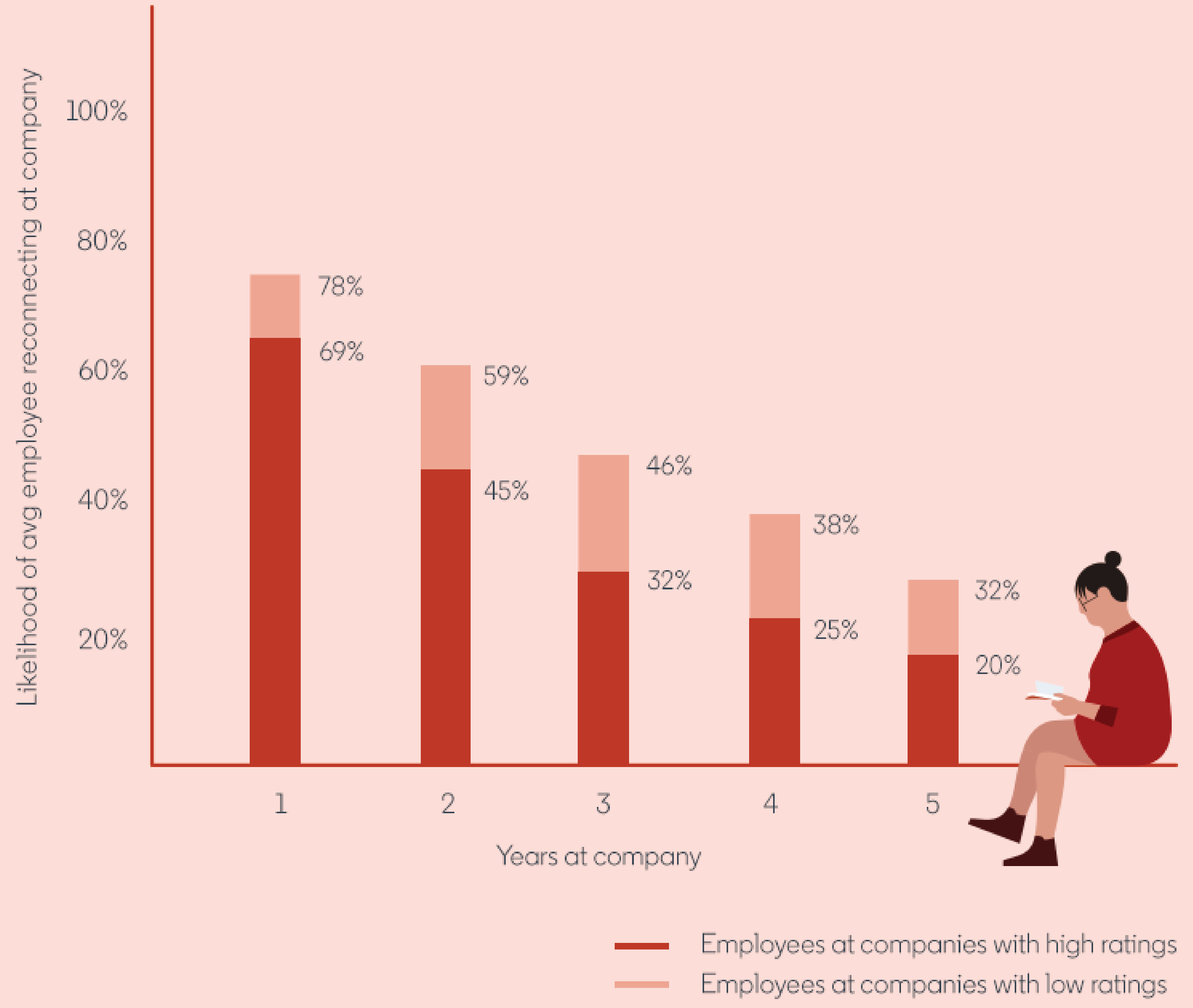
Management matters: Companies with highly rated management saw better retention

Those in the talent space have heard this truism a thousand times: People don't quit their jobs, they quit their managers. Our data seems to bear that out.

LinkedIn occasionally surveys members about companies they've worked at or interacted with. We ask them to rate the companies across 14 employer value propositions (EVPs), like "good work-life balance" or "a purposeful mission."

In line with the old saying, **companies rated highly (top 5%) for "open and effective management" saw significantly greater retention.** After three years, there was a 48% chance of employees still being at those companies. For businesses with low management scores (bottom 5%), there was just a 32% chance of an employee lasting three years.

Retention at companies rated for open and effective management



Based on aggregated LinkedIn data

The lesson

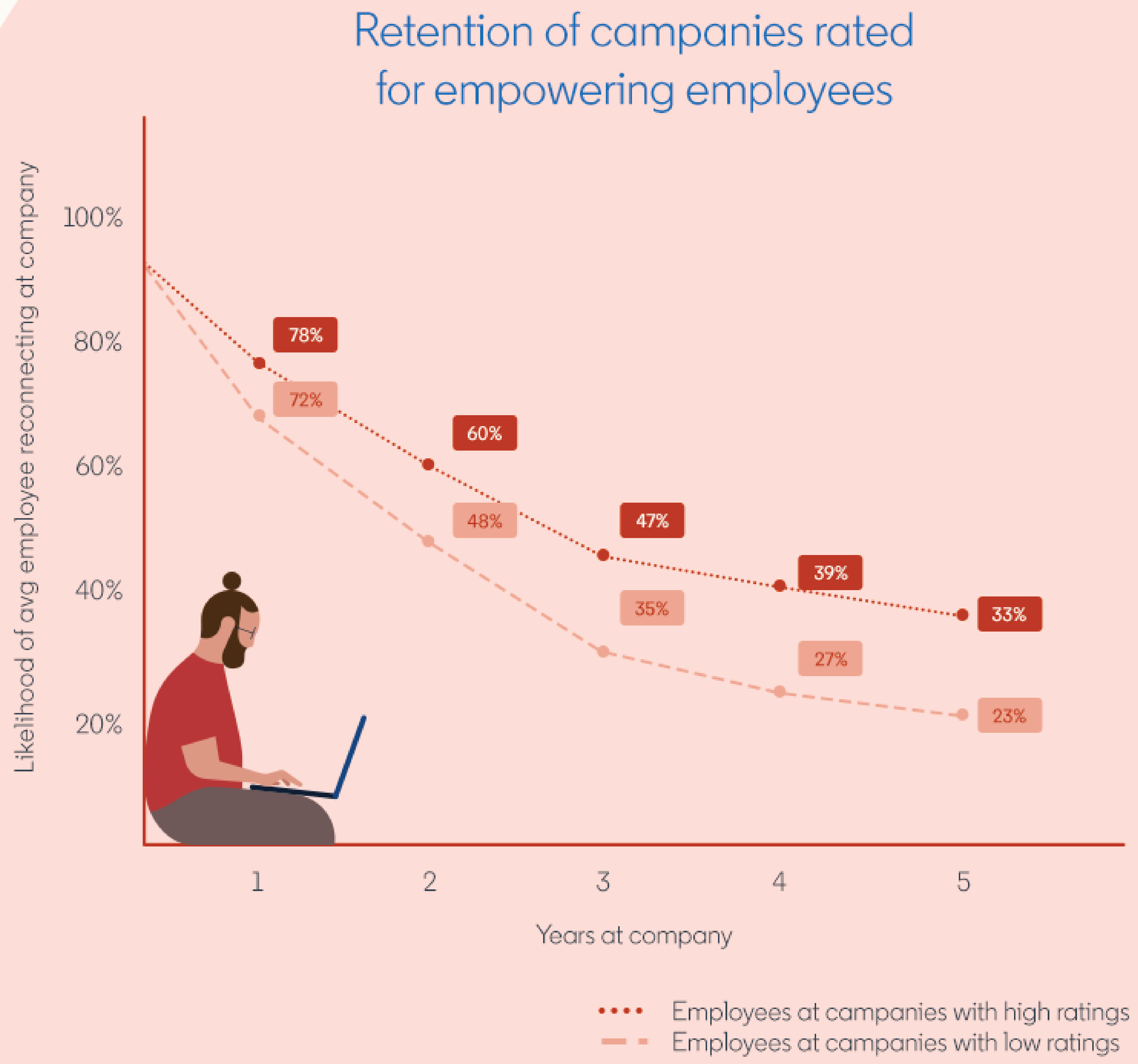
Managers matter. A lot. A 2017 survey **found that 56% of employees would turn down a 10% pay raise to stay with a great boss.** Research published in the *Harvard Business Review* examined eight management behaviors—including recognizing excellence, teeing up challenging but achievable goals, and sharing information broadly—that promote trust. “Compared with employees at low-trust companies,” *HBR* reported, “50% more of those working at high-trust organizations planned to stay with their employer over the next year.”

In studying departing workers, Gallup found that more than half said that in the three months prior to their leaving neither their manager nor other company leader had spoken with them about their job satisfaction or their future. Effective managers who are good communicators can boost a company’s retention—and its bottom line.

3 Empowered employees are loyal employees

It's basic human nature: We like to be in control, we like to feel respected, and we like to make a difference. If you're given more power and influence, you're less likely to walk away from it.

By cross-referencing our EVP survey with our retention data, we see that **companies perceived to be places where "employees have influence" get longer tenures out of their workers.** After three years, there's a 47% chance of an employee sticking with them. At companies seen as less empowering, employees only have a 35% chance of celebrating their three-year work anniversary.



Based on aggregated LinkedIn data

LinkedIn

The lesson

Autonomy is not just for self-driving cars. Employees want control over their work, whether that comes from freedom from micromanaging or flexible work arrangements.

Research published last year in the *International Journal of Human Resource Studies* found a link between employee empowerment on the one hand and organizational commitment and retention on the other. That study looked at people who work in the Lebanese banking industry and its findings were consistent with earlier studies of Canadian nurses and of Dutch school teachers.

"Another common reason for leaving an employer," **says Rick Lepsinger** of **OnPoint Consulting,** "is the employee's lack of empowerment or control over their work and their career path." **Recent research in the *Harvard Business Review*** suggests that, along with being associated with greater retention, leaders who empower their employees also inspire more creativity.

Final thoughts: Retention is critical to a company's ongoing success

In 2018, the number of people who quit their job in the United States reached its highest rate in the two decades that number has been tracked, according to the Bureau of Labor Statistics. Gallup called voluntary employee turnover a trillion dollar problem for U.S. businesses.

The LinkedIn retention study doesn't prove that internal mobility, enlightened management, or empowering employees improve retention. It shows correlation, not causation. But given the stakes, each of those approaches is worth pondering.

Consider that:

- Someone who was promoted was 55% more likely to stay at a company for three years compared to/with someone who remained in the same position, and someone who made a lateral move to a new function was 38% more likely to stay.

- Someone who works for a company that is seen as having open and effective management was 50% more likely to stay at that company for three years compared to someone at a company that scored low on open and effective management.

- Someone at a company where employees are empowered was 34% more likely to stay for three years compared to someone at a company seen as giving employees less influence and autonomy.

When you've worked hard to land talented people, you don't want to see them flying out the door; instead, you want to keep them engaged—**a disengaged employee, according to Glint research, is 12x more likely to leave in the next 12 months than an engaged employee.**

The LinkedIn retention study suggests—it doesn't prove—that the three factors cited above can help companies keep employees and keep them engaged. Successful companies will want to explore whether they still have untapped opportunities to create more employee mobility, provide more open and effective management, and give employees more influence over their work.

Methodology

Behavioral Data

All data reflects aggregated LinkedIn member activity as of July 2019. The "likelihood of average employee remaining at company" is derived using time-to-event data. For this estimate, we studied the employment data of 32 million active members who work for companies with 500+ employees and started after 2013.

Survey

We surveyed LinkedIn members who are active users of our platform (those who have made a connection on LinkedIn during their stated employment period) and who work for companies with 500+ employees. At the end of 2018, as part of our Annual Talent Driver survey, we asked them to identify the key attributes that they want when considering a job opportunity. We also randomly assigned 10 companies to every survey recipient and asked them to share their perceptions of each company (more than a thousand companies were included).

We then identified the top and bottom 5% of companies ranked by perception, stratified by industries for each attribute in the talent driver survey, and estimated the *survival function*, or median tenure, of employees who work for companies in the top and bottom vigintiles.

Authors

Candice Cheng
Insights Manager,
LinkedIn Talent Solutions

Greg Lewis
Content Marketing Manager,
LinkedIn Talent Solutions