The War for Talent: Is It Really All About the Money?

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How do you . . . keep your best people?

Summary: During the past year we've read the articles, heard the rumors, and fielded complaints from architects and engineers across North America: there's a shortage of qualified new hires. Even if your firm hasn't directly experienced this current shortage, you may be faced with the challenge of keeping your best people at a time when they have many other options available to them—both inside and outside the industry.

At the Advanced Management Institute, our conversations with CEOs and HR directors from firms across the country confirm that the shortage of qualified architects and engineers is both widespread and an increasing problem. To get through this hiring shortage, firms will need to retain the professionals in whom they have invested so much time and energy and learn to understand what makes them leave—and stay! If we can accurately pinpoint why they join, leave, and stay, we can design management practices and human resource initiatives that are on-target and effective.

According to reports in recent years by *The Harvard Management Update* and Monster.com, most managers believe that "better pay" is the number one reason for employee turnover. This is easily understandable. When we hire, the new recruits generally ask for pay increases, and when they leave, they usually say during exit interviews that they are leaving for a "better offer." And we check the box on the exit interview form—"more pay" or "better opportunity" and don't think twice about it. After all, they probably wouldn't be moving on unless they were receiving a pay increase, would they?

So we go about our business, not stopping to ask if low pay was *really* the issue that first started them thinking about leaving and eventually led to their decision to leave. But isn't that what we really need to know—the *root cause* for leaving?

Money can't buy you love

That's what I wanted to know two years ago when I contacted The Saratoga Institute and asked if they would allow me to analyze the 19,700 post-exit surveys they had conducted over the years, along with 3,179 verbatim comments. I wanted to know what employees were saying to third-party questioners about the real reasons they had decided to leave.

The results were strikingly different than what most executives believe. Only 12 percent reported that money was the main reason for leaving, with 88 percent reporting they left for one or more of the following reasons:

- The job or work environment was not as promised or expected

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- The job did not fit or provide enough challenge
- They didn't receive enough coaching or performance feedback
- They didn't see opportunity for career growth or advancement
- They didn't feel valued or recognized for their contributions
- They had become burned out from stress and overwork
- They had lost trust and confidence in the company's leaders.

I call these "the seven *hidden* reasons employees leave" because, if most of us believe that pay is the main reason, then these root causes of employee disengagement and turnover are hidden from the very people who most need to understand them.

Why don't we know this?

Oddly, although 93 percent of all companies do exit interviewing or surveying, only 30 percent of those companies even bother to report the results of those exit interviews to line managers and executives. Why? I believe it's because the exit interviewers intuitively understand that the reasons given are superficial ones, provided to avoid burning a bridge, preserve the possibility of a good reference, or avoid an unpleasant conversation.

The Saratoga data show that most employees who do leave mainly for pay-related reasons are moving on because they need the extra money to pay the bills. Others feel devalued by the fact that pay isn't linked to performance, or they have no idea how pay raises are determined. These factors have more to do with failures of communications and performance management than just the size of the paycheck.

A culture of engagement

So, how important is money? It's extremely important—both to our livelihoods and as a signal of how much we are valued. But we have known since the heyday of the great industrial psychologist and researcher, Frederick Herzberg, that money is not the deepest motivator or satisfier for most workers.

The problem is this—it's often easier to throw money at the problem than to change the "soft" (actually hard!) stuff—the way we manage our employees and our firm's culture. Besides, if we believe it's mainly about the pay, we can go on believing it's not our fault. And that's a lot more comfortable.

What can your firm do to stop the loss of your best and brightest people? Learn about the real reasons that people leave and start taking action to combat these losses. Learn how to engage your staff, so that whether or not to stay isn't even a question for them anymore. This isn't always easy and may even mean that some difficult firm culture changes are in order. But when you can stop the turnover and create a culture of engagement, you may find that those talented professionals you'd like to add to your firm will start coming to you.