



# BETTER WORKPLACES ON A BUDGET

## SURVEY REPORT

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Employee experience has been an important issue in 2022 as the job market has tilted in favor of employees and job seekers. As a result of high attrition rates which have bred new job possibilities, many employees in all sorts of fields are able to ponder alternative career avenues that they have never considered. Therefore, it is important for organizations to understand and address the issues that might be driving employees away. In the past, simply offering reasonable pay was often enough to keep the team together; this no longer seems to be the case.

At the same time, many organizations have limited budgets and are often quite constrained in terms of spending money to keep their employees. In particular, a slowing U.S. economy has caused many companies to question or deny some employee-centric expenses. Many would like to do more to improve the employee experience, but often, company leadership determines that there is no additional budget to spend.

Given this context, this study seeks to identify:

1. The most common reasons why employees are leaving their jobs and organizations.
2. Where additional budget might help address reasons for turnover.
3. How technology might play a role in addressing employee experience and turnover.
4. What employers might do to address reasons for turnover.



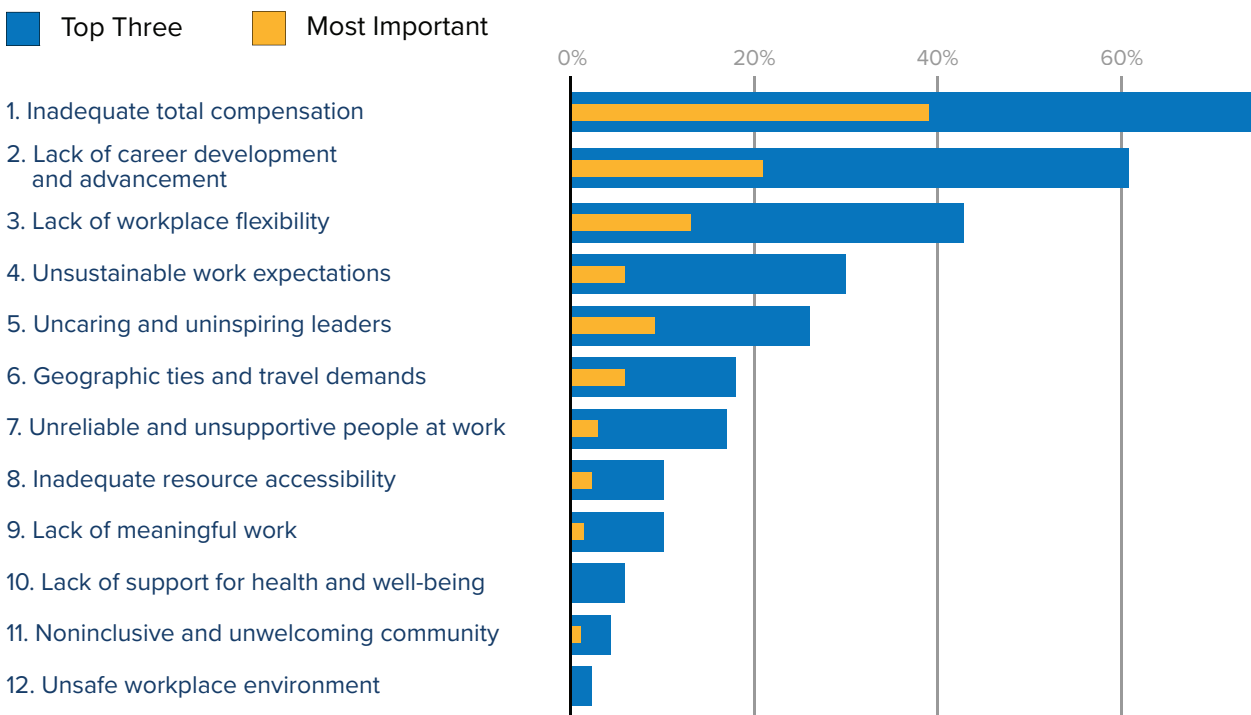
## OVERALL SUMMARY OF SURVEY FINDINGS

The following two graphs provide summaries of key findings from this study.

This first graph shows results from the question that asked HR professionals to rank the reasons for employee attrition in their organization.

### Inadequate total compensation is the top reason employees are leaving.

Lack of career development and advancement is the second leading reason that people are leaving, according to HR professionals in the U.S.



Results weighted to be representative of all HR professionals in the United States

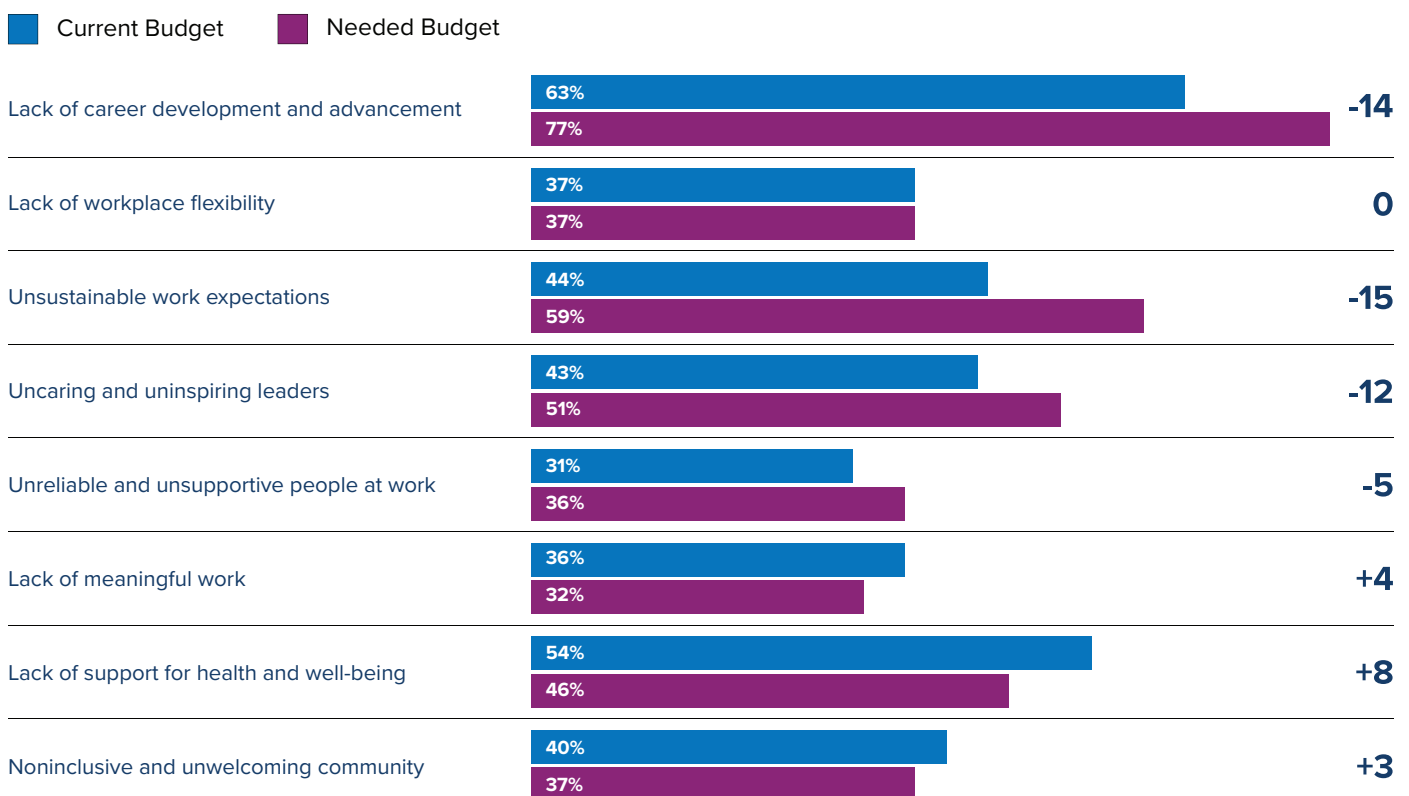
Chart: SHRM Research | Source: 1,516 respondents to the SHRM Voice of Work Panel

This second graph shows the gaps between current and needed budget to address the different reasons for employee turnover.

In particular, these results show the percentage of respondents who said their organizations have at least a moderate budget to address each issue, compared with the percentage of respondents who reported at least some budget needs. Negative gaps indicate more budget is needed compared to budget spent.

### Unsustainable work expectations shows the biggest gap between current and needed budget.

Lack of career development and advancement shows the second-biggest budget gap.



Results weighted to be representative of all HR professionals in the United States  
 Chart: SHRM Research | Source: 1,516 respondents to the SHRM Voice of Work Research Panel

The SHRM Better Workplaces on a Budget Recommendations report (<https://shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/Better-Workplaces-on-a-Budget.aspx>) provides specific ideas and guidance for addressing each of these reasons for turnover. This report identifies strategies that can be done without additional money and other ones that require additional budget.

## GENERAL PROJECT METHODOLOGY

This study included two parts:

1. A set of focus groups with senior HR professionals, which helped to drive the recommendations for ways to address reasons for employee turnover with additional budget and (more importantly) without additional budget to spend.
2. A large-scale survey of U.S. HR professionals that focused on the study's first three goals.

This report focuses on the second part: the large-scale survey of HR professionals.

## SURVEY OF HR PROFESSIONALS

In August 2022, SHRM surveyed U.S. HR professionals from the SHRM Voice of Work Research Panel. Responses were collected from over 1,500 professionals. For more information about the specifics of the survey, please refer to the Survey Methodology section later in this document. Because of the scientific nature of the survey, weighted survey results can be expected to accurately represent the population of HR professionals in the United States.

For the first part of this survey, respondents ranked 12 common reasons why employees have been leaving their organizations<sup>1</sup>:

- Lack of career development and advancement.
- Inadequate total compensation.
- Uncaring and uninspiring leaders.
- Lack of meaningful work.
- Unsustainable work expectations.
- Unreliable and unsupportive people at work.
- Lack of workplace flexibility.
- Lack of support for health and well-being.
- Noninclusive and unwelcoming community.
- Geographic ties and travel demands.
- Unsafe workplace environment.
- Inadequate resource accessibility.

1. See McKinsey study

<https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>

In addition, survey respondents rated eight of the potential reasons for employee turnover on a series of dimensions (four were not addressed because of the nature of those reasons and/or the expected low frequency):

1. Frequency

- Very common (listed as High category in graphs)
- Somewhat common (listed as Medium category in graphs)
- Uncommon (listed as Low category in graphs)

2. Current Budget to Address

- Large budget (listed as High category in graphs)
- Moderate budget (listed as Medium category in graphs)
- Little to no current budget (listed as Low category in graphs)

3. Budget Requirements

- Need a lot of money (listed as High category in graphs)
- Need some money (listed as Medium category in graphs)
- Do not need money (listed as Low category in graphs)

4. Wasted Budget

- Much wasted money and/or resources (listed as High category in graphs)
- Some wasted money and/or resources (listed as Medium category in graphs)
- Little or no wasted money and/or resources (listed as Low category in graphs)

5. Technology as a Solution

- Likely to help (listed as High category in graphs)
- Might help (listed as Medium category in graphs)
- Unlikely to help (listed as Low category in graphs)

Survey results were analyzed against each of the potential reasons for employee turnover. Implications for each of these areas are included at the end of each section.

For example, if current budget is rated as relatively low but needed budget is relatively high, that issue should be managed differently than a reason that is rated low on current budget and low on needed budget.

In addition, we should note that inadequate total compensation was addressed differently in this survey because it is an inherently budget-centric issue.

## RANKING OF TURNOVER REASONS

Respondents ranked the full set of potential reasons for employee turnover on how often each has contributed to employee turnover in their organization. Specifically, these HR professionals were asked to rank the top three reasons (that is, only rank the first, second and third most-frequent reasons for turnover).

The results show that the top reason for employee turnover was inadequate total compensation, which was ranked in the top three by 74% of HR professionals and listed as the top reason by 39%. The second-highest reason was lack of career development and advancement, which was listed in the top three by 61% of HR professionals and as the top reason by 21%. The third-highest reason for turnover was lack of workplace flexibility, which was in the top three reasons for 43% of HR professionals and the top reason for 13% of HR professionals.

Fourth on the list was unsustainable work expectations—30% of respondents had this in their top three reasons, and 6% listed it as the top reason for turnover in their organization. Fifth on the list was uncaring and uninspiring leaders, which was in the top three for 26% of HR professionals and in the top spot for 9% of respondents.

All other reasons for turnover were listed in the top three by less than a quarter of HR professionals.

	<b>Top Three</b>	<b>Most Important</b>
<b>Inadequate total compensation*</b>	74%	39%
<b>Lack of career development and advancement</b>	61%	21%
<b>Lack of workplace flexibility</b>	43%	13%
<b>Unsustainable work expectations</b>	30%	6%
<b>Uncaring and uninspiring leaders</b>	26%	9%
<b>Geographic ties and travel demands*</b>	18%	6%
<b>Unreliable and unsupportive people at work</b>	17%	3%
<b>Inadequate resource accessibility*</b>	10%	2%
<b>Lack of meaningful work</b>	10%	1%
<b>Lack of support for health and well-being</b>	6%	0%
<b>Noninclusive and unwelcoming community</b>	4%	1%
<b>Unsafe workplace environment*</b>	2%	0%

\* Not included in additional survey questions.

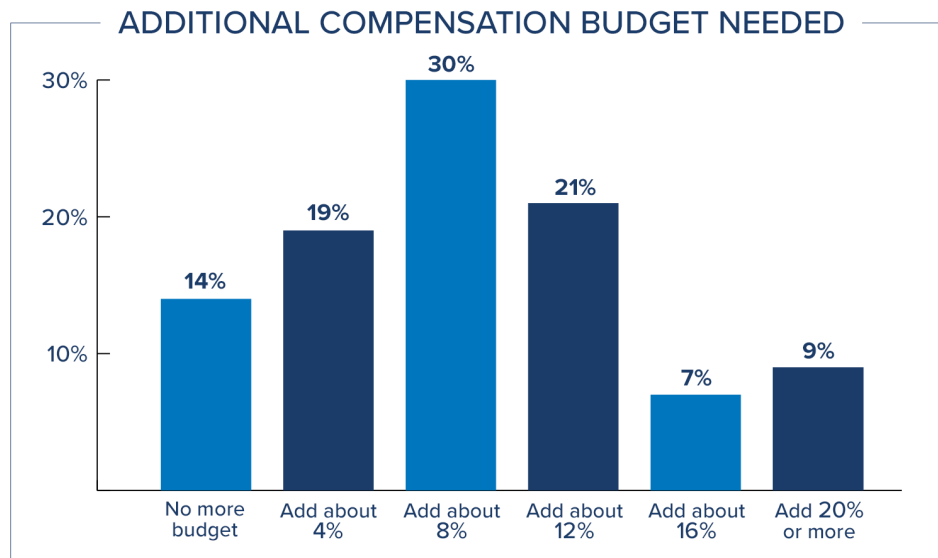
## INADEQUATE TOTAL COMPENSATION

The highest-ranked reason for employee turnover has to do with salaries, bonuses and other factors that are part of total employee pay (e.g., profit sharing, financial bonuses).

Table 1. Frequency of Inadequate Total Compensation

<b>Very common</b>	51%
<b>Somewhat common</b>	38%
<b>Uncommon</b>	11%

Ratings of frequency for this reason produced the same conclusion as the ranking exercise—inadequate total compensation is the most common reason for employee turnover. Nearly 9 in 10 HR professionals (89%) listed it as either very common (51%) or somewhat common (38%).



In addition to the frequency of this reason for employee turnover, respondents also rated how much additional compensation budget would be needed to address the issue. Only 14% indicated that no more compensation budget was needed, which is generally consistent with the number listing it as an uncommon reason for employee turnover. Overall, the median response was between 8% and 10% additional needed compensation budget, which is in line with the U.S. inflation rate during summer 2022. In addition, 9% claimed that they needed 20% or more added to their compensation budget.

### What These Results Tell Us About Inadequate Total Compensation

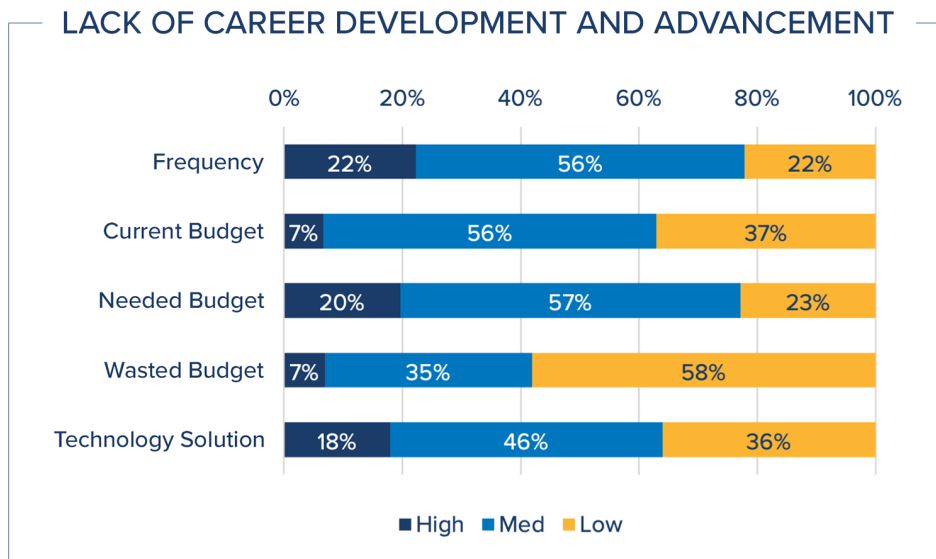
Inadequate total compensation is a very common reason for employee turnover—in fact, it's the top reason for turnover, as reported by more than a third of HR professionals. The typical organization would need an 8% to 10% increase to its employee compensation budget to address this reason for turnover.



## LACK OF CAREER DEVELOPMENT AND ADVANCEMENT

The second-highest reason for employee turnover involves the availability of promotions and advancement at work. In many companies, this issue is addressed with employee development programs, although many employees likely view this general issue as their perceived likelihood of promotions (and increased pay) in their organization.

Overall, 78% of HR professionals agreed that this was either a somewhat common (56%) or very common (22%) reason for employee turnover in their organizations. Many individuals are leaving organizations to advance their careers. When considering the amount of money needed to address the issue, HR professionals view both the needed budget and the current budget to be somewhat higher than other reasons for turnover.



### What These Results Tell Us About Lack of Career Development and Advancement

Lack of career development and advancement is a very common issue for employees leaving their organizations, with more than three-quarters of HR professionals indicating that it is either a very or somewhat common reason for leaving.

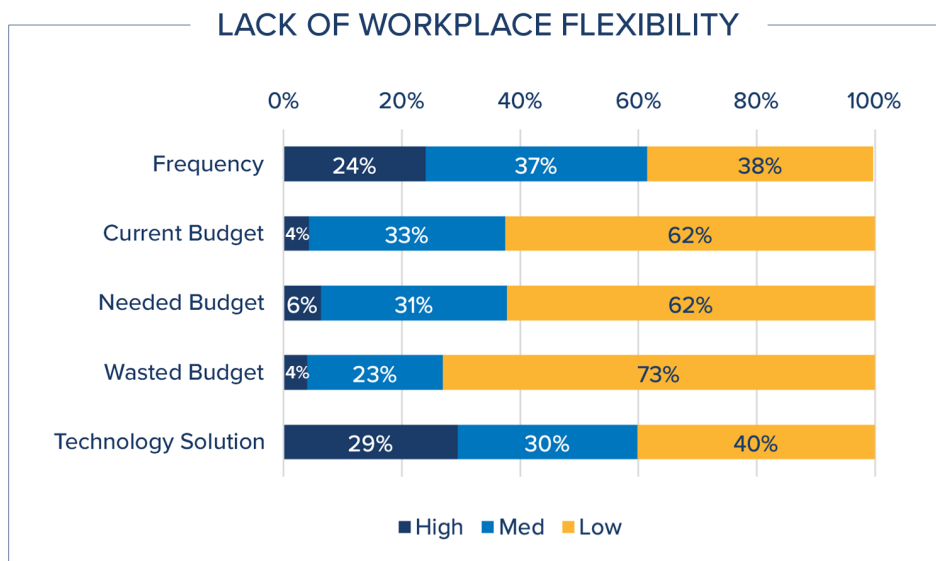
Across all organizations, the needed budget outpaces the current budget (+14%), which indicates a general need for more money to address this issue. There could be some limited potential for wasted money, with 42% indicating at least some wasted money and/or resources addressing this issue.

A technology solution could be useful in addressing this issue, as most HR professionals (64%) see some potential for a technology solution.

## LACK OF WORKPLACE FLEXIBILITY

The third-highest reason for employee turnover has to do with the various types of flexibility that organizations might offer their employees. This could include where work gets done, when it gets done and how it gets done. However, it should be noted that individuals will likely interpret it as the availability of remote work.

Overall, a majority of HR professionals agreed that this was either a somewhat common (37%) or very common (24%) reason for employee turnover within their organizations. When considering the money required to address the issue, respondents generally considered the needed budget and the current budget to be relatively low.



### What These Results Tell Us About Lack of Workplace Flexibility

Lack of workplace flexibility is a fairly common issue that is driving employees to leave their organizations.

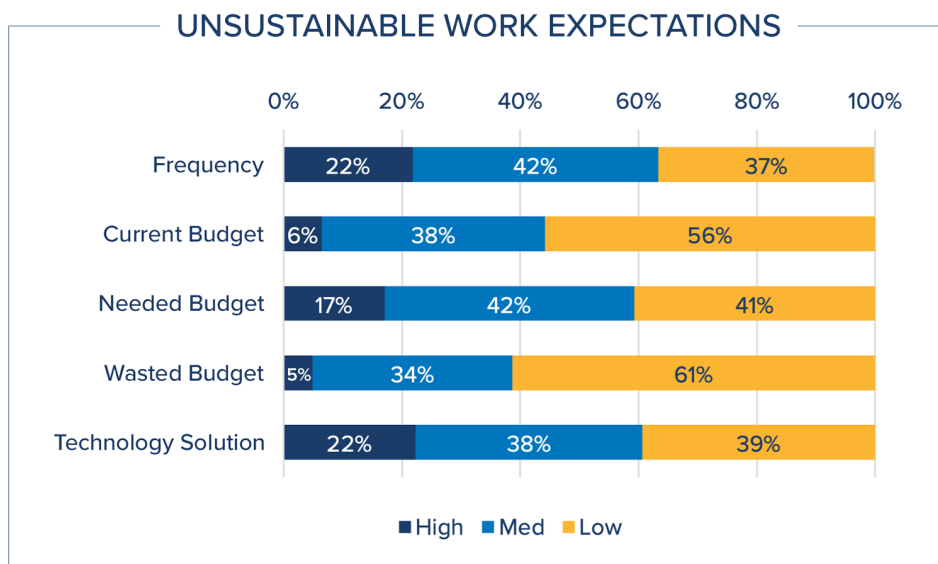
In general, budget is not an issue, because the current budget and needed budget are about the same.

A technology solution could be useful in addressing this issue, and most HR professionals (59%) see some potential for a technology solution.

## UNUSUSTAINABLE WORK EXPECTATIONS

This reason for employee turnover involves the issue of overwork and how well organizations are deploying realistic expectations for their employees' workloads.

Overall, most HR professionals agree that this was either a somewhat common (42%) or very common (22%) reason for employee turnover in their organizations. When considering the budget needed to address the issue, respondents generally considered the needed budget to be somewhat high, while the current budget is somewhat low compared to other reasons. And, needed budget is significantly higher than current funding to address this issue.



### What These Results Tell Us About Unsustainable Work Expectations

Unsustainable work expectations are fairly common and are causing some employees to leave their organizations.

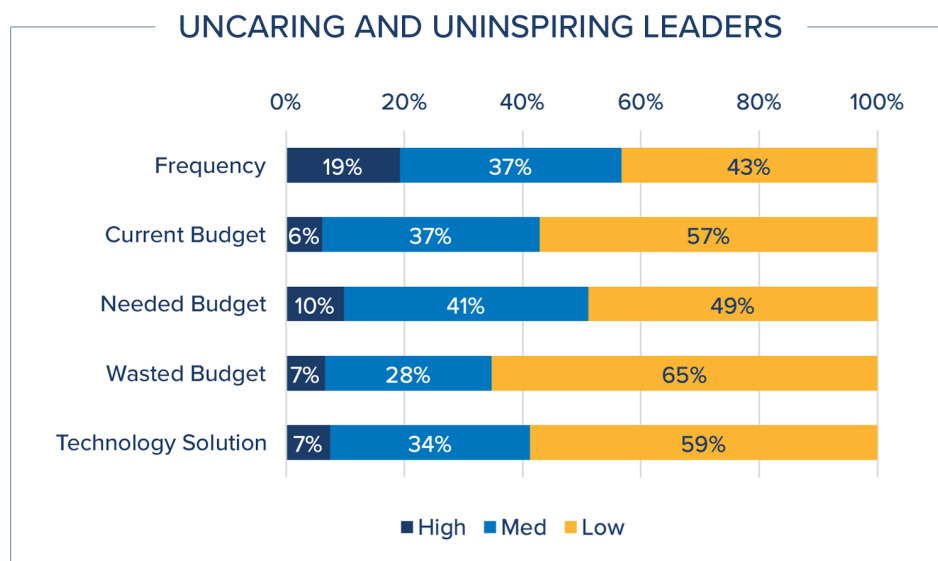
Across all organizations, the needed budget outpaces the current budget by a large margin (+15%), which indicates a general need for more budget. There could be some limited potential for wasted money, with 39% indicating at least some wasted money and/or resources addressing this issue.

A technology solution could be useful in addressing this issue, and most HR professionals (60%) see some potential for a technology solution.

## UNCARING AND UNINSPIRING LEADERS

One reason for employee turnover involves the quality of leadership at work (all levels of leadership) and often includes the individual relationships that employees have with each of their leaders.

Overall, just over half of HR professionals agreed that this was either a somewhat common (37%) or very common (19%) reason for employee turnover in their organizations. When considering the required budget to address the issue, respondents generally considered the needed budget to be moderately high while the current budget is more moderate.



### What These Results Tell Us About Uncaring and Uninspiring Leaders

Uncaring and uninspiring leaders are fairly common and are causing some employees to leave their organizations.

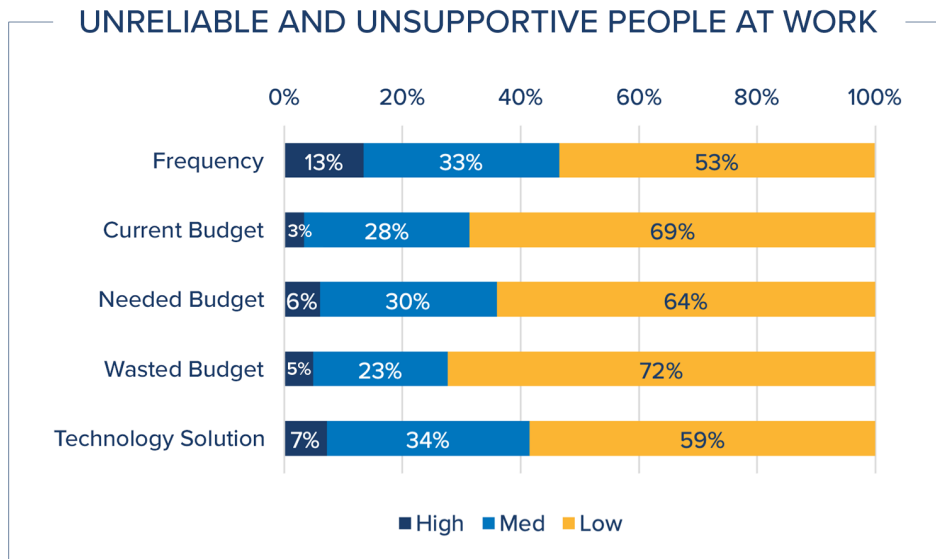
Across all organizations, the needed budget outpaces the current budget (+8%), which indicates a general need for more budget.

There could be some limited potential for wasted money, with 35% of HR professionals indicating at least some wasted money and/or resources addressing this issue.

## UNRELIABLE AND UNSUPPORTIVE PEOPLE AT WORK

This reason for employee turnover involves other employees in the organization, as well as non-employees (including customers, contractors and vendors) with whom employees interact.

Overall, just under half of HR professionals agreed that this was either a somewhat common (33%) or very common (13%) reason for employee turnover in their organizations. When considering the budget needed to address the issue, respondents generally considered the needed budget and the current budget to be relatively low compared to other reasons for employee turnover.



### What These Results Tell Us About Unreliable and Unsupportive People at Work

Unreliable and unsupportive people at work is a somewhat uncommon issue that causes some employees to leave their organizations, as 53% of HR professionals believe that it is *not* a common reason for employee attrition.

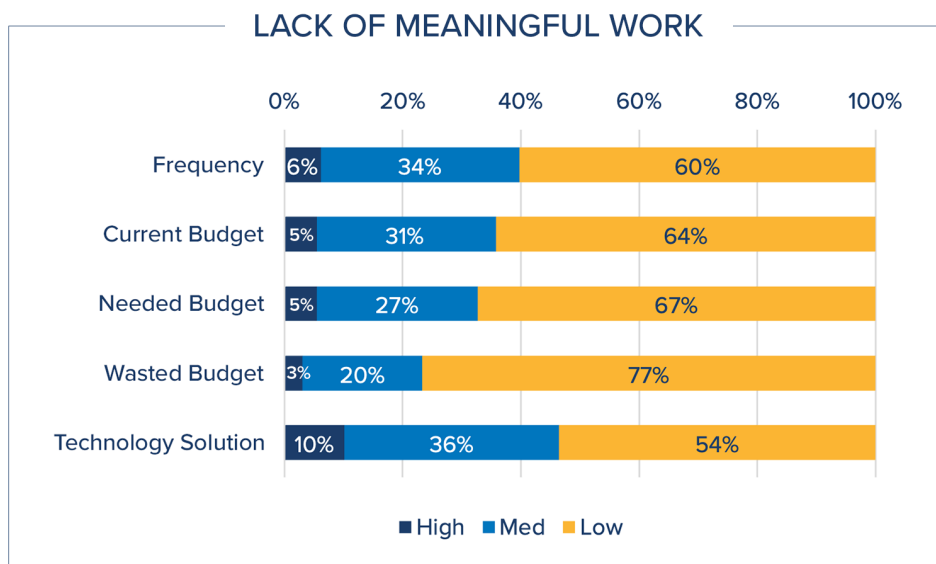
In general, budget is not an issue, because the current budget and needed budget are about the same. This is also generally viewed as an issue without a technology solution.



## LACK OF MEANINGFUL WORK

This reason for employee turnover relates to the meaning that employees derive from their work, which could result from the true impact of their work as well as an understanding of this impact (which, importantly, might not be the same thing).

Overall, well below half of HR professionals agreed that this was either a somewhat common (34%) or very common (6%) reason for employee turnover in their organizations. When considering the budget needed to address the issue, they generally considered the needed budget and the current budget to be low compared to other drivers of employee turnover.



### What These Results Tell Us About Lack of Meaningful Work

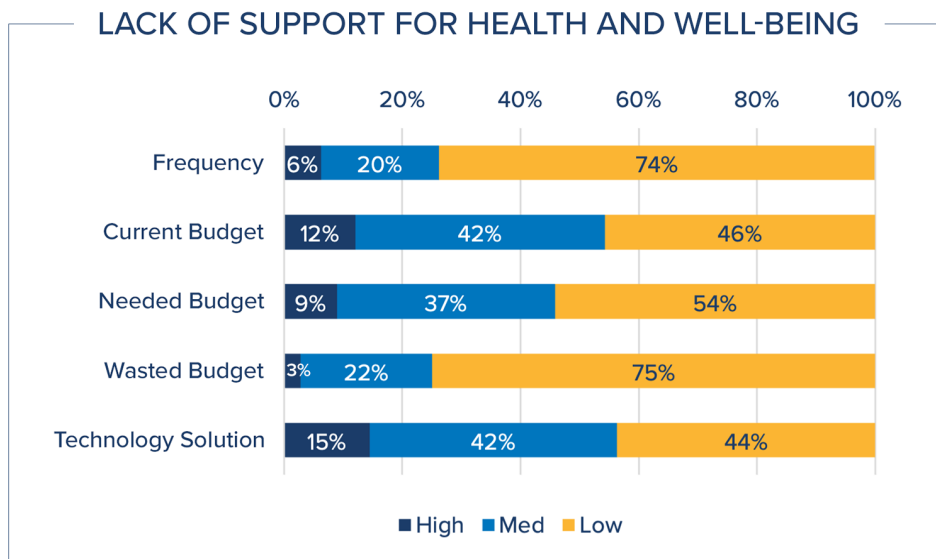
Lack of meaningful work is a somewhat uncommon issue that is causing some employees to leave their organizations; 60% of HR professionals believe that it is *not* a common issue at their organization.

In general, budget is not an issue, because the current budget and needed budget are about the same. This issue also does not have a technology solution, according to HR professionals.

## LACK OF SUPPORT FOR HEALTH AND WELL-BEING

This reason for employee turnover involves the general issue of employee health and well-being, which can include both physical and psychological issues.

Overall, only about a quarter of HR professionals agreed that this was either a somewhat common (20%) or very common (6%) reason for employee turnover in their organizations. When considering the budget needed to address the issue, respondents generally considered the needed and current budgets to be about average when compared to other drivers of turnover. And, they rated the needed budget to be somewhat lower than the current budget.



### What These Results Tell Us About Lack of Support for Health and Well-Being

Lack of support for health and well-being is not a common issue that is causing employees to leave their organizations. In fact, the clear majority (74%) of HR professionals consider this an uncommon issue.

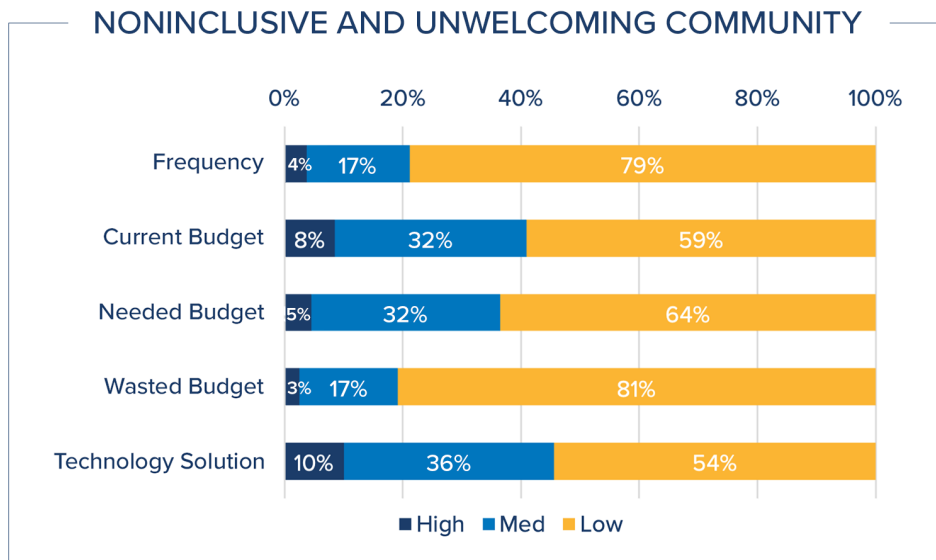
In general, budget is not an issue, because current budget exceeds needed budget. This is the only reason for turnover for which a majority of respondents indicated a moderate to large current budget. A technology solution could be useful in addressing this issue, as most HR professionals see some potential for a technology solution.

However, these results do not indicate that health care benefits are unimportant. Indeed, SHRM research shows that 88% of HR professionals believe that it is an important benefit. However, it appears that most companies are doing an adequate job with it, so lack of health and well-being support is not driving away employees.

## NONINCLUSIVE AND UNWELCOMING COMMUNITY

This reason for employee turnover involves the broad issue of diversity, equity and inclusion.

Overall, only 21% of HR professionals agreed that this was either a somewhat common (17%) or very common (4%) reason for employee turnover in their organizations. When considering the budget needed to address the issue, respondents generally considered the needed budget to be about equal to the current budget.



### What These Results Tell Us About Noninclusive and Unwelcoming Community

Happily, we can report that noninclusive and unwelcoming community is not a common issue that is driving employees to leave their organizations. The vast majority of HR professionals (79%) consider this an uncommon issue.

In general, budget is not an issue, because the current budget and needed budget are about the same. This issue also does not have a technology solution; it is just a human issue.

For ideas on how to address this reason or any other reason in this report, you can refer to the SHRM Better Workplaces on a Budget Recommendations report (<https://shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/Better-Workplaces-on-a-Budget.aspx>). This document provides specific ideas about addressing each reason for turnover. Importantly, this report identifies strategies that can be implemented without budget and others that involve additional budget.

## SURVEY METHODOLOGY

### Sample size

- Completed surveys: 1,516
- Panelists sampled: 5,999
- Response rate: 25.3%

### Scientific sample description

- Weights: Representative of HR professionals in the United States
- Margin of error: 3.87%
- Design effect: 2.35

### Sample time frame

- Survey launch date: August 18, 2022
- Survey close date: August 25, 2022

## SAMPLE DESCRIPTION

### Education

- Less than bachelor's degree: 35.3%
- Bachelor's degree: 45.5%
- Master's degree or higher: 19.1%

### Age

- 18-34: 32.8%
- 35-49: 37.8%
- 50+: 29.4%

### Gender

- Male: 23.7%
- Female: 76.3%

### Race / Ethnicity

- White (non-Hispanic): 64.8%
- Black (non-Hispanic): 13.6%
- Asian or Pacific Islander (non-Hispanic): 3.0%
- Hispanic: 13.5%
- All other: 5.1%

## STUDY AUTHOR

Mark Smith is the director of HR thought leadership with SHRM Research. He has over 20 years of experience in HR research and consulting. His primary areas of expertise involve strategic research approaches, high-stakes test development and validation, and individual assessment. He joined SHRM in 2018 after spending most of his career in consulting roles. At SHRM, he spent three years as director of exam development for certification before moving to SHRM Research in 2021. Mark holds M.A. and Ph.D. degrees in I-O psychology from the University of South Florida.





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SURVEY REPORT