

MONEY CAN'T BUY YOU LOYALTY

Why Fit and Development Are the
Keys to Employee Retention

Right Management's 2024 State of Careers Part 2



INTRODUCTION

Today's workforce demands more than just perks, paychecks and benefits. Employees crave a meaningful career journey, customized training, skills development and an organization that fits their values and individual needs.

Yet again, leaders are out of touch, believing they can buy employee loyalty with on-site gyms and moderate pay increases. Since the pandemic, employees have reevaluated what they want from their careers and what they expect from their leaders and organization. They want more to remain engaged and loyal in this new environment.



EMPLOYEE EXPECTATIONS HAVE CHANGED, AND MANY LEADERS ARE OUT OF TOUCH

As detailed in our previous State of Careers report, "The Engagement Illusion," a widespread engagement crisis threatens productivity, innovation and retention because leaders across industries are failing to meet employee expectations. If leaders don't start investing in their people and meeting employees where they're at, they jeopardize their organizations' future success. In this critical moment, organizations must implement data-informed strategies to drive engagement and loyalty. So, how do organizations tackle the employee engagement crisis and bridge the disconnect between what leaders perceive and what employees experience?



An organization is only as good as its people, so it is up to managers and leaders to create an environment where every individual can achieve their full potential. When people are motivated and cared for, they give their best because they know their contributions matter. By investing time and resources in understanding people and their motivations, we enhance loyalty, retention and create sustainable growth.

—BECKY FRANKIEWICZ, PRESIDENT, NORTH AMERICA REGION &
CHIEF COMMERCIAL OFFICER, MANPOWERGROUP

THE CURRENCY OF EMPLOYEE LOYALTY GOES BEYOND A PAYCHECK

What keeps employees engaged, motivated and satisfied is not more money. Even when accounting for meaningful variance, pay and job logistics are the smallest drivers of employee engagement. Instead, a good organizational fit paired with more career growth and skill development opportunities is the right recipe for driving employee loyalty.



Accounting for a third of variance, the strongest predictor of engagement is **organizational fit**. This includes work-life balance, value congruence and how well individuals get along with coworkers and managers.

While fit cannot be easily changed once an individual is hired, these factors can be considered during the recruitment and onboarding processes to ensure employees clearly understand the organizational culture and team dynamics.

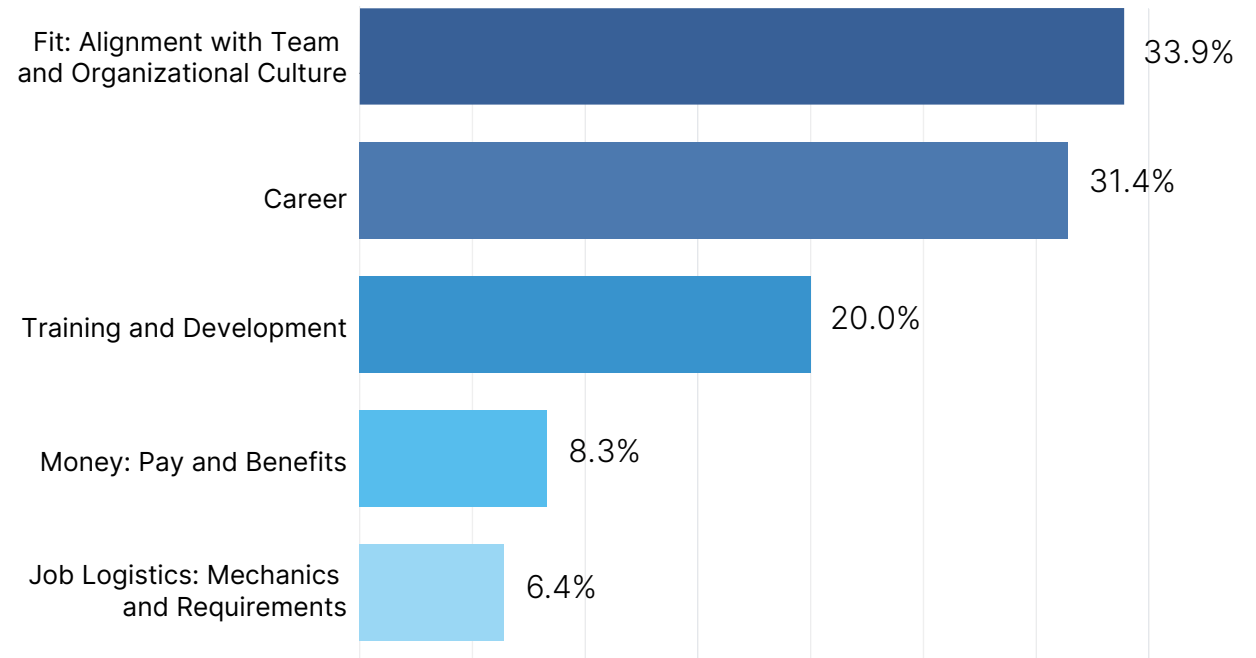


Close behind fit is **career support**, accounting for 31% of engagement. Workers' perceived opportunities to advance their careers (e.g., promotion prospects, the opportunity to do meaningful and purposeful work, and the ability to achieve success within their current role) are consistent drivers of increased engagement.



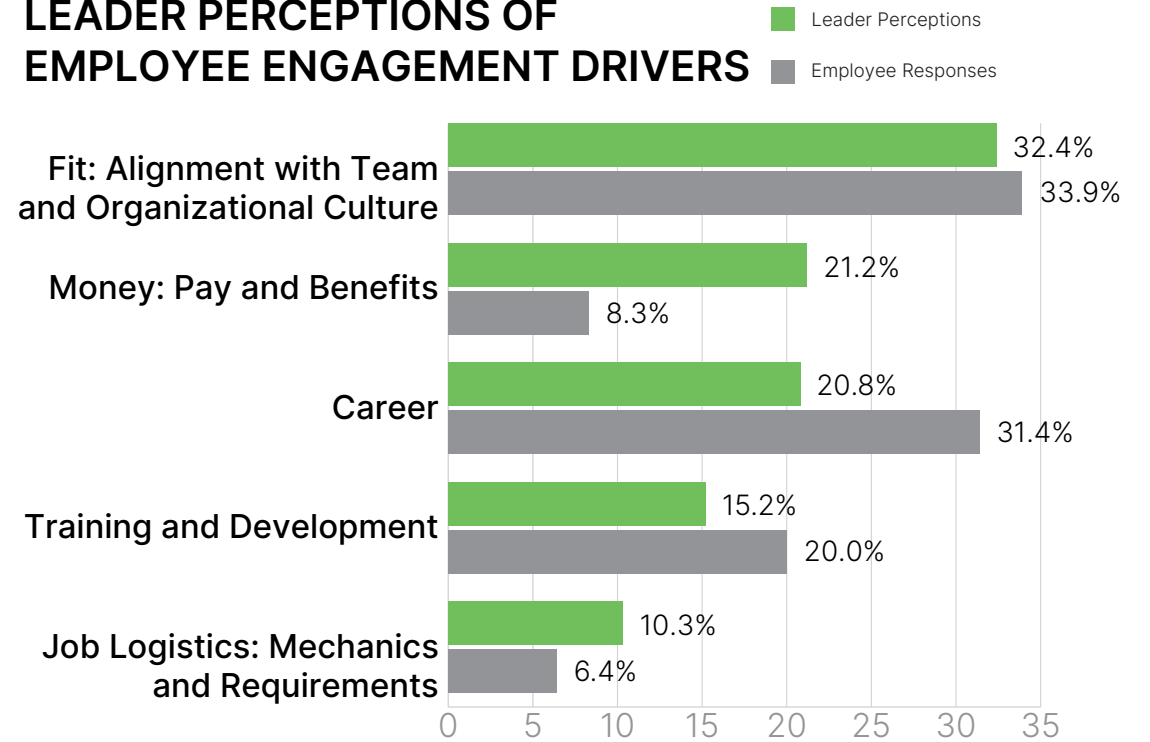
Learning and development, accounting for 20% of engagement, is the third ingredient for boosting engagement and loyalty. Our research looked at broader learning and development and formal training programs, including perceptions of fair decision-making, feedback availability, coaching opportunities and internal mobility. In doing so, it's clear that access to growth and learning opportunities increases employee loyalty.

EMPLOYEE ENGAGEMENT DRIVERS





LEADER PERCEPTIONS OF EMPLOYEE ENGAGEMENT DRIVERS



LEADERS ARE MISDIRECTED IN THEIR EFFORTS TO DRIVE LOYALTY

Though leaders and employees agree on the importance of organizational fit, they diverge significantly in other ways. Leaders viewed pay and benefits as significantly more important for predicting engagement than employees, a finding in alignment with our previous research demonstrating disconnects between leaders and employees.

After organizational fit (32%), leaders perceive pay and benefits as the next highest driver group of employee engagement at 21% of responses, with additional perks like gym and club membership at the top of that group. With employees reporting pay and benefits as significantly less important (8%), leaders are investing in the wrong factors and unaware of their minimal impact on engagement.

Leaders perceive career support as the third highest predictor of employee engagement, accounting for nearly 21% of engagement scores. Although this is lower than the 31% seen in employee engagement scores, it still highlights a significant agreement on its importance.

EFFECTIVE DEVELOPMENT STRATEGIES FOR EMPLOYEE RETENTION

CUSTOMIZE TALENT APPROACHES TO CAREER STAGE

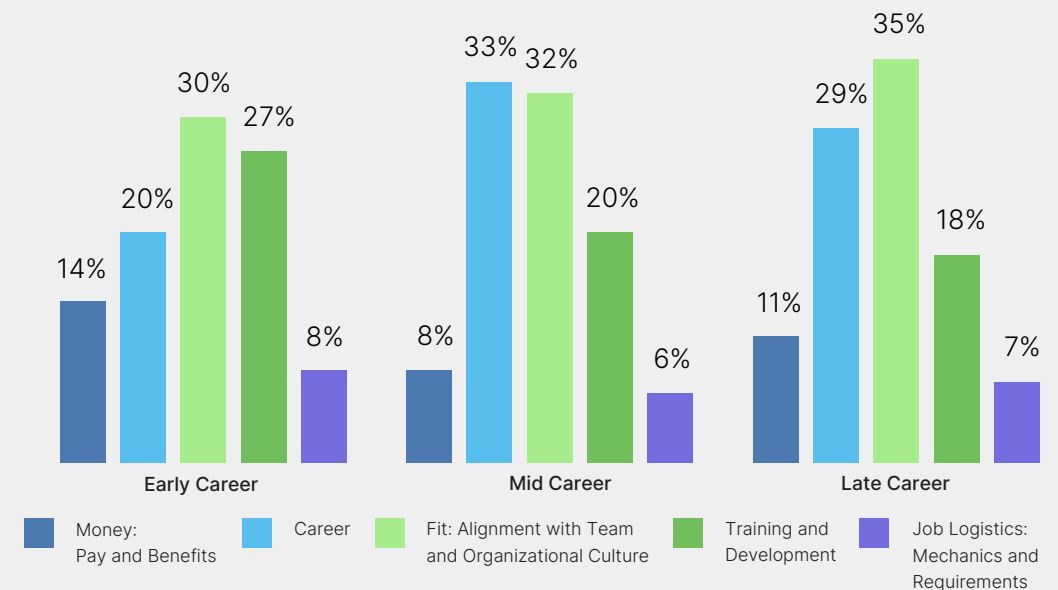
While talent and career development are critical drivers of engagement and loyalty, not all employees have the same career goals and development needs. Workers at different career stages need organizational support customized to their level.

Certain factors, like pay (14%) and learning & development (27%), are more important early in one's career and decrease by mid-and-late career stages.

Career support, on the other hand, becomes increasingly important to workers over their careers, peaking at mid-career (33%) and then slightly decreasing in the late-career stage. Fit stays relatively stable over time, with only a slight increase.

With this in mind, a strategic approach would target early workers for additional L&D and mid-to late-career employees for more tailored, individual-focused career guidance.

ENGAGEMENT DRIVERS BY CAREER



Boosting pay alone won't drive lasting engagement and loyalty. Employees feel valued through personalized career investment that meets them where they are in their career. As they advance, their focus shifts to unique career paths and feeling appreciated. By addressing these needs, organizations can cultivate genuine engagement and loyalty.

—KATE GIUCA, VP PRINCIPAL CONSULTANT, RIGHT MANAGEMENT, NORTH AMERICA

A ONE-SIZE-FITS-ONE APPROACH TO CAREERS

Talent and career development should be tailored not only by career stages but also by individuals. Based on our survey, employees have different understandings of what a career is. For example, one-third of employees see a career as a long-term commitment or goal—the most selected answer—while 16% view it as an opportunity for continual learning.

Given the wide range of career definitions and the changing nature of career goals across respondents, an individualized, multidimensional approach to career support is most effective.

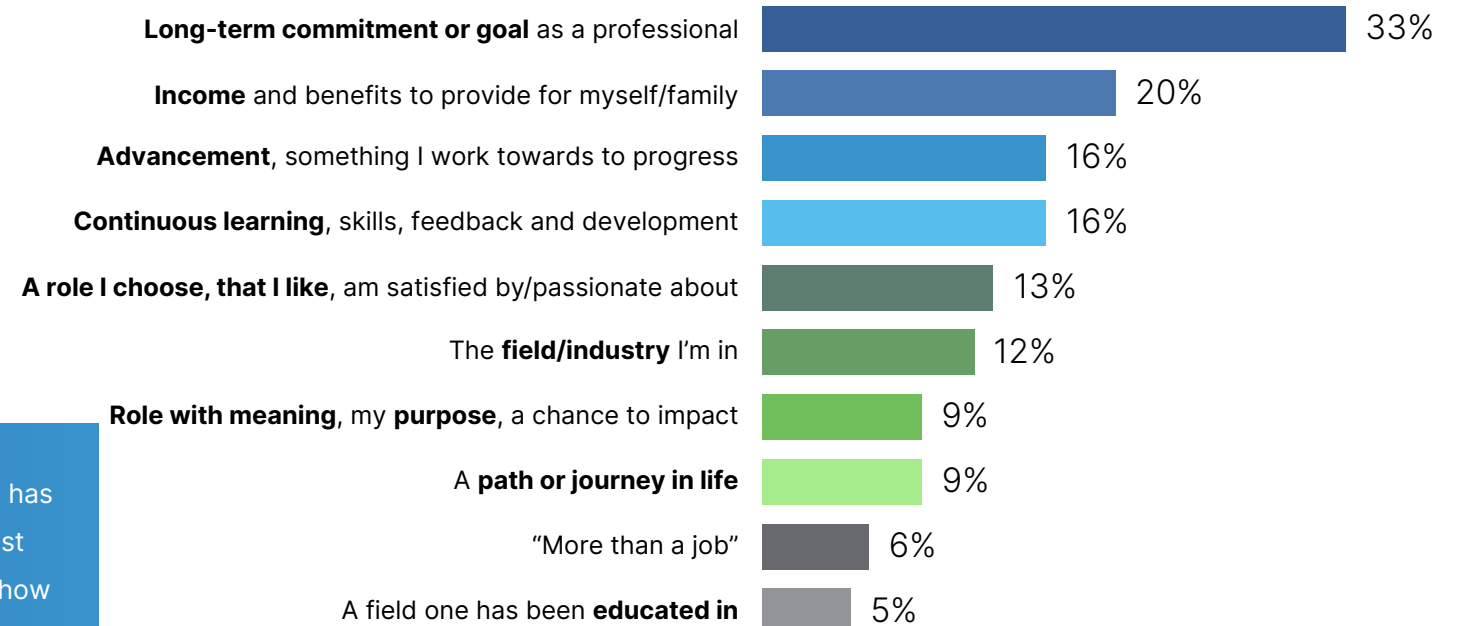
Unfortunately, too many organizations provide a “one-size-fits-all” career support model rooted in the career ladder approach. This often includes a single, stagnant career path, formal learning and development based on achieving the next rung on the ladder and manager coaching focused on upward mobility.



A one-size-fits-all approach to career and talent development simply doesn't work. Each employee has unique needs, aspirations and goals. To truly impact employee loyalty and retention, employers must offer tailored, individualized support. By investing in personalized development plans, companies show they value their people, fostering deeper engagement and long-term commitment.

—ROBIN SILVERMAN, VP PRINCIPAL CAREER MANAGEMENT CONSULTANT,
RIGHT MANAGEMENT

WE ASKED WORKERS: WHAT DOES THE TERM 'CAREER' MEAN TO YOU?



CONCLUSIONS AND KEY TAKEAWAYS

With an engagement crisis gripping today's workforce, helping individuals find the right organizational fit, career growth paths and training opportunities has never been more crucial. The problem is that leaders continue to overvalue pay, benefits and perks when employees want a good organizational fit, learning and development, and meaningful career growth opportunities.

By aligning their talent strategies with this report's findings, organizations can mitigate engagement challenges, boost loyalty and, by extension, drive future success. To improve fit, leaders should focus on recruitment and onboarding processes to ensure candidates have a clear view of the organizational culture and team dynamics. A strong talent management strategy will incorporate hiring practices that assess and support fit.

Optimizing employee engagement and loyalty should continue well beyond the hiring process. Our research shows that employees crave ongoing development and career growth opportunities. Therefore, a robust talent management strategy must include a career management strategy.



ABOUT THE REPORT

A global talent development leader for over 40 years, Right Management is pleased to continue our tradition of delivering data-driven insights to clients with our State of Careers reports. We teamed up with Reputation Leaders to deliver insights on the state of careers across North America. Our aim is to help HR executives and industry leaders make actionable and informed business decisions to ensure their employees grow and organizations thrive.

This report, the second installment in our series, is based on an independently commissioned survey conducted in January 2024 of 401 leaders and 1,002 employees across the United States and Canada. Right Management's proprietary State of Careers research provides new insights into critical workforce questions to keep organizations competitive in the long run.

In this report, we determined engagement based on responses to a series of 10 questions, including dimensions such as satisfaction, belonging and commitment to their organization. Fully engaged individuals were those who strongly agreed with at least three of the 10 statements. Somewhat engaged individuals strongly agreed with one to two statements. Disengaged individuals did not indicate strong agreement with any of the questions.

Leaders estimated engagement by responding to the same questions on behalf of their organization. Those who strongly agreed with at least three of the 10 statements were considered to have an organization that is fully engaged. Leaders strongly agreeing with one to two statements were considered to have somewhat engaged organizations, and organizations were considered disengaged when leaders did not indicate strong agreement with any of the questions.

The employee engagement model was based on 30 factors and an engagement index derived from an average of 10 questions on a five-point scale. Using a linear regression validated by a deep forest learning model, we achieved an R-squared value of 0.6403 after excluding the 10% most outlying observations, resulting in a final sample of 889 observations. This model explains 64% of the variance in the data.

Similarly, a relative importance model was applied to the same 30 factors for leaders. After removing the 10% most outlying observations, the linear regression for the remaining 353 observations yielded an R-squared value of 0.5952, explaining 60% of the variance in the data.

ABOUT THE STUDY'S PARTICIPANTS

- 401 leaders; 1,002 employees
- 75% from the United States; 25% from Canada (weighted)
- All from companies with more than 1,000 employees

All from a mix of industries, including IT, Financial and Business Services and Manufacturing

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