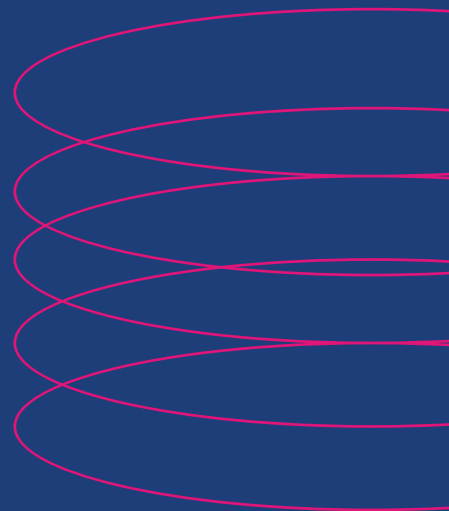


# The Ultimate Employee Retention and Engagement Guide in 2023

## Strategies and Best Practices



**ALL YOU NEED TO KNOW**  
to keep your best employees, attract quality  
talent and improve productivity.



# Employee Engagement

## EMPLOYEE ENGAGEMENT IN AUSTRALIA

According to the 2021 Gallup report, only 31% of employees in Australia are engaged – which equates to roughly 1 in 3 employees being engaged in their work and feeling a strong connection to their company. Gallup's report also shocking shows that 15% of employees in Australia are actively disengaged, meaning they are unhappy and unproductive in their company of employment, while the remaining 54% are not engaged, meaning they are simply going through the motions of day-to-day employment and not invested or interested in the work they complete or produce.

This research suggests that organizations need to prioritize initiatives that work to improve employee engagement to retain their top talent and increase productivity.

## EMPLOYEE ENGAGEMENT METRICS

Whilst employee engagement metrics differ from company to company, the measurements listed below are most commonly utilised by HR & Employers.

**Employee Net Promoter Score (eNPS)** measures how likely employees are to recommend their organization as a place to work and is derived from employees' responses to "on a scale of 0-10, how likely are you to recommend [company name] as a place to work?"

**Employee turnover rate** measures the number of employees who leave an organisation over a period of time. High turnover rates can indicate low engagement and suggest issues with management.

**Employee absenteeism rate** measures the number of days employees are absent from work, whether it be annual leave, personal leave or sick leave. High absenteeism rates can indicate job dissatisfaction and low levels of engagement.

**Employee productivity** measures the amount of much work employees are able to produce in a given period of time, independently and collaboratively. High productivity rates are a sign of high engagement amongst employees.

**Employee participation in training and development** measures the extent to which employees are willing to learn new skills and develop their value to the organisation, which can be an indicator of employee content with taking on new responsibilities and demonstrating a strong level of engagement.

**Employee feedback and participation in surveys** is a cost-effective method used to review practices and improve processes. High levels of participation in surveys can demonstrate interest in improving the workplace and strong engagement.

**Employee satisfaction** measures how satisfied employees are with their role, colleagues and work environment.

# Employee Retention

## EMPLOYEE RETENTION IN AUSTRALIA

According to the Australian Bureau of Statistics (ABS), the average employee turnover rate across all industries in Australia was 16.4% in 2020. This is a slight increase from the previous year's rate of 15.5%. However, it is important to note that these statistics do not differentiate between voluntary and involuntary turnover. Whilst these statistics are positive, the ABS has yet to release retention statistics over the period of the global pandemic.

Unfortunately, the years of employment uncertainty, skyrocketing cost of living, increased longing of work-life balance trends such as 'quiet quitting' has left employers scrambling to improve their competitive attraction to maintain retention rates. It's important to note here that low turnover rates don't necessarily indicate strong performance, high employee engagement or mass operational growth.

## LEADING FACTORS IN TURNOVER

A report by the Australian HR Institute (AHRI) found that the most common reasons for employees leaving their jobs in Australia are:

1. **Lack of career development opportunities**
2. **Poor management or leadership**
3. **Inadequate pay and benefits**

To have a comprehensive understanding of the engagement within an organisation, it's crucial for companies to monitor their turnover rates and identify the reasons for employees leaving in order to take proactive steps to retain their employees and improve employee engagement.

## FEEDBACK FROM FORMER EMPLOYEES

in order to obtain a comprehensive understanding of employee engagement and retention, we recommend executing regular feedback sessions and exit surveys.

In fact, A study by the Society for Human Resource Management found that companies who use employee feedback mechanisms such as surveys, focus groups, and suggestion boxes have lower turnover rates than those that do not. In addition, According to a study by Harvard Business Review, employees who feel that their opinions and ideas are valued by their employers are more engaged, more committed, and more likely to stay with their current employer.

# EMPLOYEE ENGAGEMENT & RETENTION STRATEGIES

## EDUCATION

**Provide opportunities for career development:** According to a Gallup report, 87% of millennials say that career development is important in a job. Providing opportunities for employees to develop their skills, take on new challenges, and advance within the organization can increase engagement and retention. This includes courses, career days and seminars.

## MENTORSHIP

**Implement a mentorship program:** Pairing employees with more experienced mentors can help to provide guidance and support, foster career development, and increase engagement and retention. In addition, provide regular feedback on their work.

According to a study by Gallup, employees who receive regular feedback from their managers are 3.5 times more likely to be engaged at work than those who receive feedback once a year or less.

## WELLNESS

**Offer wellness programs:** Promoting physical and mental wellness can help to reduce stress and burnout, while also demonstrating that you value your employees' well-being. This could include offering gym memberships, mental health resources, or on-site wellness activities.



# CULTURE



**Foster a positive work culture:** A positive work culture can help to create a sense of belonging and purpose among employees, which can in turn increase engagement and retention. Some ways to foster a positive work culture include promoting open communication, recognizing and rewarding employee achievements, hosting social outings or work place lunches and encouraging team bonding exercises and projects.


**Provide work-life balance:** Work-life balance is becoming increasingly important to employees, particularly in the wake of the COVID-19 pandemic. Offering flexible work arrangements, such as remote work or flexible hours, can help to support work-life balance and increase engagement and retention.

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# EMPLOYEE EXPERIENCE

**Provide opportunities for employee feedback and involvement:** Providing opportunities for employees to provide feedback on their job satisfaction, work environment, and organizational goals can increase engagement and help to identify areas for improvement. Involving employees in decision-making processes and giving them a voice can also increase engagement and retention.

**Celebrate employee milestones:** Recognizing employee achievements and milestones can help to foster a sense of pride and belonging, thus increasing engagement and retention. This could include celebrating work anniversaries, birthdays, or personal achievements.



# FINANCIAL TOOLS

Offering financial wellbeing tools is very important in retaining employees as financial stress can be a significant source of employee stress and has been proven to negatively impact productivity. Here are a few data points that illustrate the importance of financial wellbeing in the workplace:

A study by **PwC** found that 59% of employees said that financial or money matters cause them the most stress, and that financial stress is the top stressor for all generations in the workplace.

According to a survey by **Salary Finance**, 94% of employees who are offered financial wellness benefits said they were more likely to stay with their employer as a result.

A survey by **Willis Towers Watson** found that organizations that offer comprehensive financial wellbeing programs have lower turnover rates compared to those that don't. Specifically, the study found that voluntary turnover was 25% lower among employees who participate in a financial wellbeing program.

According to research by Morgan Stanley, 78% of employees say that personal finance issues are a distraction at work, and that offering financial education and tools can help to increase employee engagement and productivity.

Overall, these data points suggest that offering financial wellbeing tools and resources can be an effective strategy for retaining employees, reducing stress, and improving engagement and productivity in the workplace. This is where Paytime comes into action. Integrating Paytime in your payroll system enables employees to access their earned wages at any point in time, reducing the constraint of waiting for a pay day. This is calculated by timing their hourly rate to the hours they worked.



Interested in learning more about Early Pay Access?

# Get in touch with Paytime!

Our services are cost-free to integrate into your payroll system and work to directly improve the quality of life for your employees, enhancing employee engagement and retention.

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