

2017

HR MYTHBUSTERS

The Reality of Work at Mid-Market
Companies Nationwide

Namely  HR for Humans

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INTRODUCTION

There are countless studies each year that promise to predict the future of work. Surveys say that [telecommuting](#) is on the rise and that [performance reviews](#) are a thing of the past. Thought leaders predict that [organizational structures](#) will focus on teams and that [chatbots](#) will transform HR functions.

But what's actually happening in organizations nationwide? What if we could take a closer look at real data points—real employees, real HR departments, real companies? What if we could remove the inherent bias of surveys and dig into the proof points themselves?

In HR Mythbusters 2017, we aim to do just that. We've taken a deep-dive into what's going on for the 125,000+ employees our HR platform serves. And in the process, we've tackled core assumptions about work and HR. Some of these assumptions proved true, while others were indeed busted.

Without further ado, let's get to the data.



1

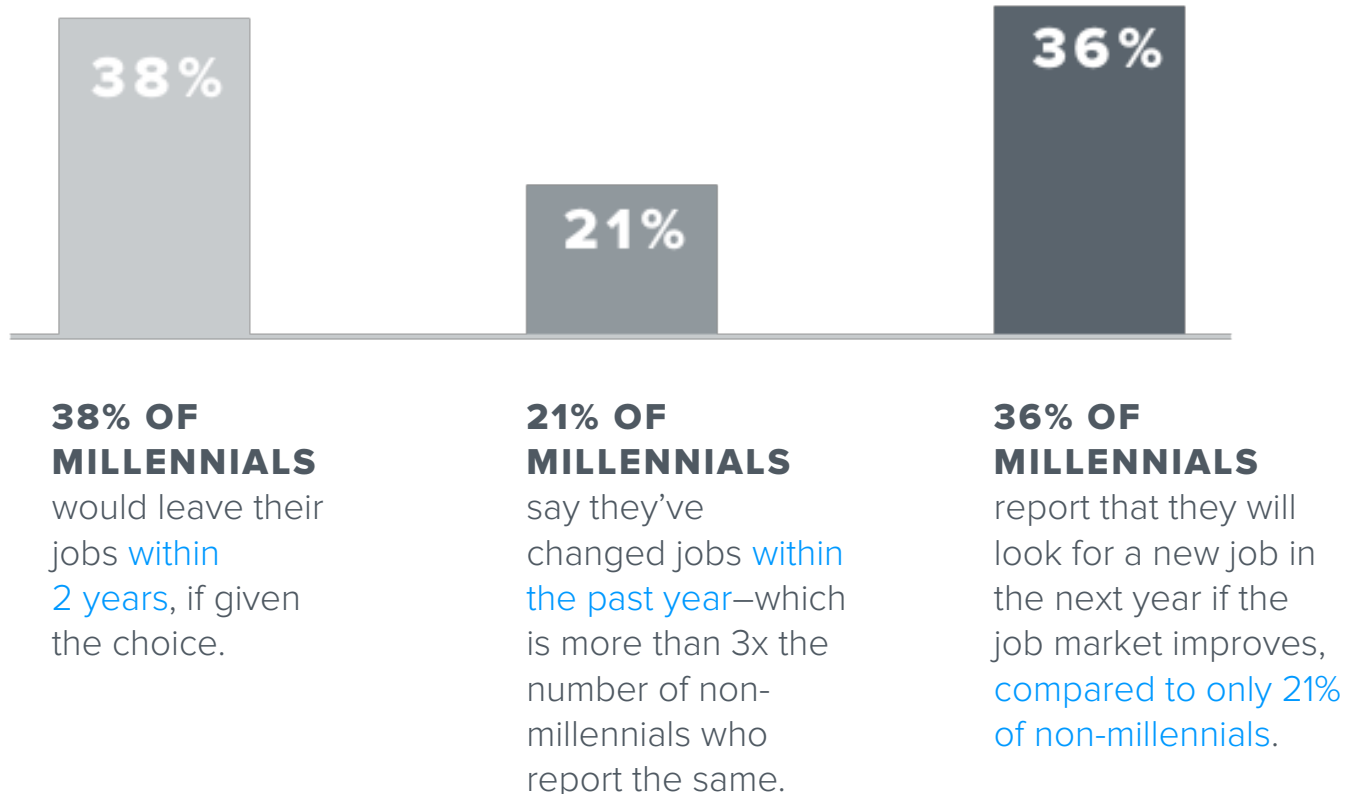
EMPLOYEE AGE & TENURE

Millennials aren't the only
job-hopping generation.

THE MYTH

Popular opinion has it that millennials are the job-hopping generation. Many assume that millennials have a short-term mentality when it comes to their career opportunities—a far cry from previous generations that often embraced the idea of being “lifers,” remaining with one company for an entire career.

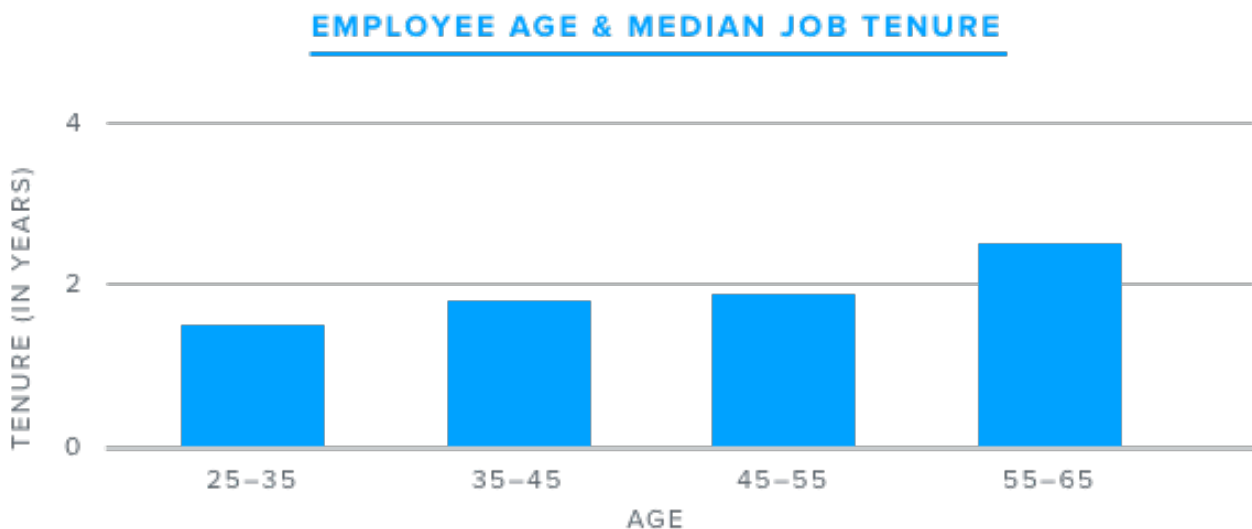
MILLENNIAL TENURE



WE ASKED...

What is the average tenure of millennial employees, and how does that average tenure compare to that of preceding generations?

THE FINDINGS



We looked at the average tenure of employees between the ages of 25-65 and broke out the results into ten-year age bands. We considered the 25-35 year old band to be representative of the millennial demographic.

While we assumed the median tenure of 55-65 year old employees would be dramatically longer than that of 25-35 year old employees, the results said otherwise. The older group had an average tenure of 2.53 years compared to the younger group's 1.42 years. When you consider that

55-65 year olds have had decades more opportunity to extend their tenure at any given company, the yearlong gap is essentially negligible.

Our other key takeaway? Median tenure is quite brief in general. It turns out that assumptions about the “job-hopping generation” does not apply solely to those *of* a certain generation, but is applicable to those working *in* a certain generation.



MYTH = BUSTED

WHAT THIS MEANS FOR HR

Employee retention has always been always an HR buzzword. But Namely data reveals that HR teams are up against a trend of shortening tenures. For those that have focused primarily on retaining millennial employees, it's time to broaden perspective. Companies should consider what retention incentives they can offer employees at all stages—and more accurately approach their workforce planning initiatives with these median tenure statistics top of mind.

2

FASTEST- GROWING JOBS

Engineering positions are on the rise.

THE MYTH

With every new year comes a list of the “hot” new jobs to pursue—those that are rapidly expanding, give employees the most bang for their college degree, and are great starting points for those looking for a career move. But are these positions that real companies are hiring for?

FASTEST GROWING JOBS

TECHNOLOGY

HEALTHCARE

FINANCE

PREDICTED TOP JOB TITLES

SOFTWARE ENGINEER

HOME CARE AIDE

DATA ANALYST

The Bureau of Labor Statistics (BLS) regularly predicts job growth over the next decade. In their [2007 Report](#), they predicted that by 2016, the fastest growing jobs would be in technology, healthcare, and finance.

They also predicted that the top job titles would be Data Analysts, Home Care Aide, and Software Engineer.

WE ASKED...

For employees who started new jobs in 2016, what were the most common job title keywords?

THE FINDINGS

After combing through our employee database, we looked at employees who started new jobs in 2016. Of that group, these are the most frequently recurring job title keywords:

MOST FREQUENTLY RECURRING JOB TITLES

1 Engineer	6 Marketing
2 Sales	7 Designer
3 Customer/Support	8 Developer
4 Operations	9 Product
5 Analyst	

Though the rise of sales roles was largely unforeseen by the Bureau of Labor Statistics, the meteoric rise in technology and engineering roles was. [Subsequent labor reports](#) appear to corroborate Namely's findings, and it's estimated that by 2024 the number of software engineer jobs in the US will grow by 19 percent—significantly faster than most other roles.



MYTH = VALIDATED

WHAT THIS MEANS FOR HR

As the demand for highly technical work continues to rise, there are ramifications for talent acquisition teams. To succeed in the increasingly competitive talent market, consider hiring recruiters with specializations—like individuals that focus exclusively on technology or engineering roles, for example. Since they'll know exactly what qualities to look and test for, the quality of your new hires will go up exponentially.

3

PERFORMANCE & VACATION TIME

Time off is key to higher
employee ratings.

THE MYTH

As the John Wooden adage goes, “Nothing will work unless you do.” It’s a commonly held belief that hard work pays off—and even harder work? Well, all the better. Many assume that working round-the-clock will lead to improved work performance and that taking vacation time can negatively impact employee performance.

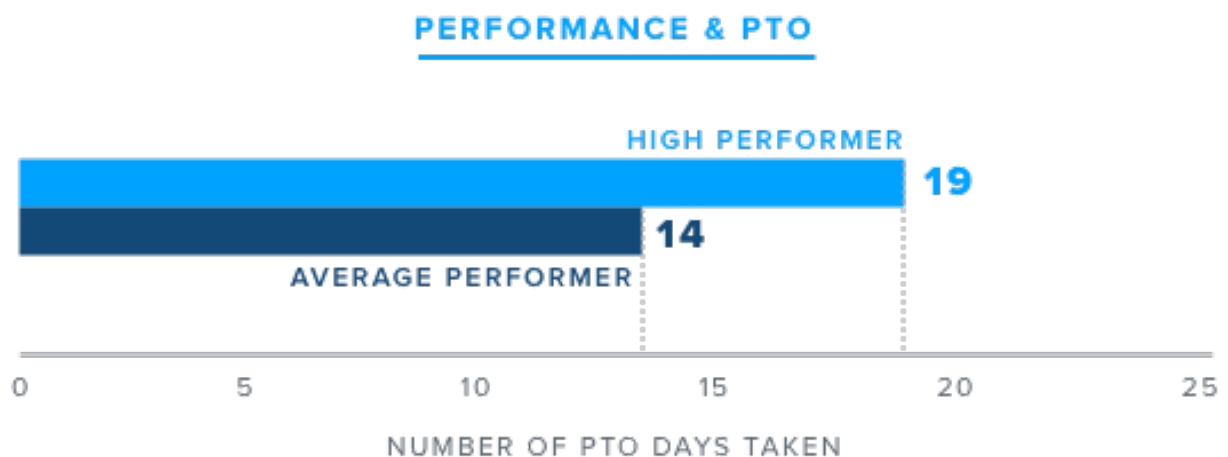


Though taking some vacation can benefit workers, one survey found that anything [more than 10 days](#) can lead to lower levels of engagement and productivity.

WE ASKED...

Were high performers more or less likely to take vacation days in 2016?

THE FINDINGS



After analyzing Namely’s vacation and performance review data for employees, a correlation quickly emerged: Employees who take more time off tended to have higher—not lower—performance ratings.

As a default, performance ratings in Namely are measured as low, core, or high. We found an appreciable difference when cross-referencing vacation data with these ratings. High performers tended to take an average of 19 vacation days per year, while individuals who scored lower took only 14.

Though conventional wisdom has always suggested performance and vacation were inversely related, academic research on the subject appears to corroborate our findings. [A study conducted by the University in Mannheim in 2012](#) found that “psychological detachment from work”—that is, a vacation absent of work in any form, including passively receiving emails—had a marked impact on well-being and job performance.



MYTH = BUSTED

WHAT THIS MEANS FOR HR

Last year, Americans left [nearly 700 million vacation days](#) on the table. Because of vacation’s positive correlation to performance, your HR team should push company leaders to encourage its use. One study found that [80 percent](#) of workers believed they would be more comfortable taking time off if they were encouraged to by their manager.

Some employers inject added urgency by instituting a “use it or lose it” policy for time off, resetting accrued time every year. Be sure to note that this approach is not currently permitted in some states, including California, Montana, and Nebraska.

4

TURNOVER AT HIGH-GROWTH COMPANIES

Want to retain employees?
Grow fast.

THE MYTH

As startup companies rapidly grow, it sometimes happens that they outgrow their employees. Perhaps employees crave a more stable environment or others no longer enjoy working for a larger corporation. As a result, it's a straightforward assumption that companies that grow faster will have a higher employee turnover rate (i.e. that the two rates are correlated).

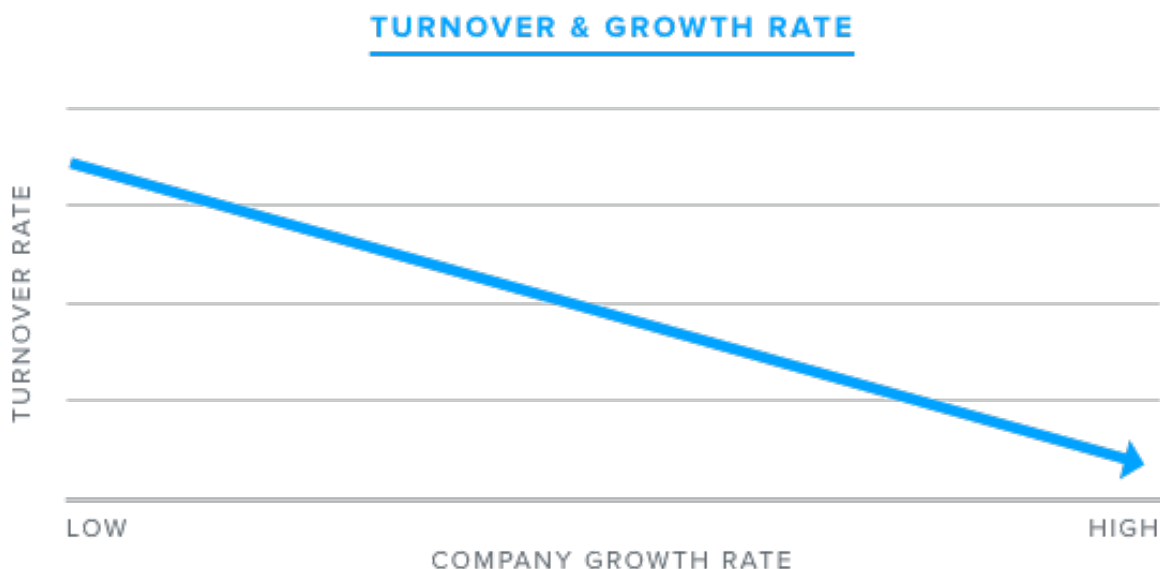
Employee [happiness](#) drops more dramatically at faster-growing startups.



WE ASKED...

Do companies that grow fast experience higher turnover?

THE FINDINGS



We limited our analysis to companies with over 50 employees at the start of 2016. We found that companies that grew faster actually had lower turnover among incumbents (i.e. people who were with the company at the start of 2016). For every additional 10% in headcount growth, companies' turnover rates were an average of 1.6% lower.

While these companies may trade stability for growth, our finding validates the fundamental idea that a company can't be high-growth if employees are frequently leaving.



MYTH = BUSTED

WHAT THIS MEANS FOR HR

When a company is small, each and every employee plays a core role in the culture. When an employee departs, it can feel like a significant loss to the team. It's important to help employees maintain perspective. Be sure to communicate your overall growth, encourage employees to participate in job referrals to shape the company's future, and keep a close eye on your overall retention efforts.

5

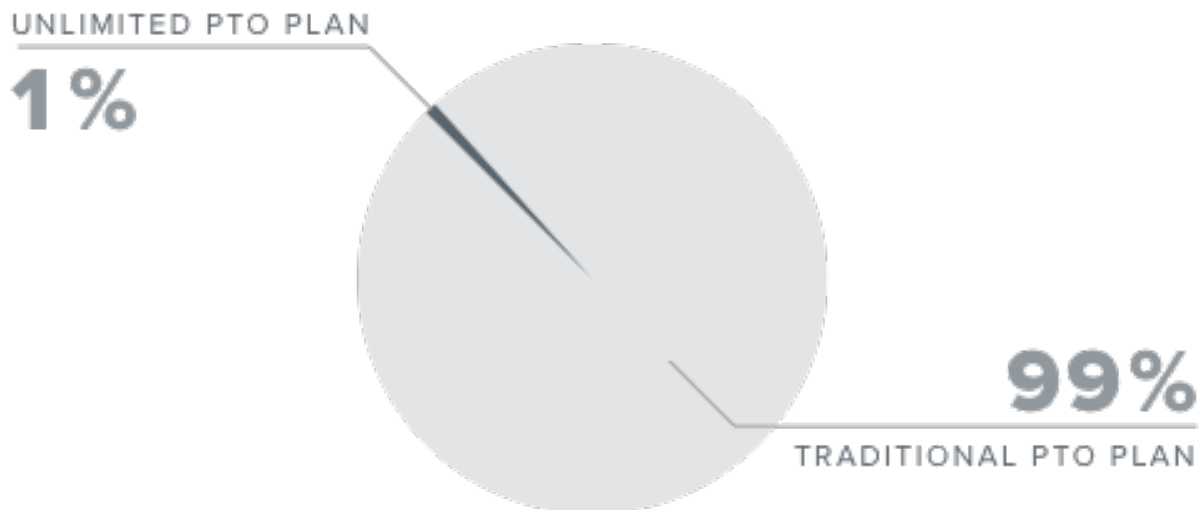
UNLIMITED VACATION USAGE

When 'unlimited' means
'less time off.'

THE MYTH

Many companies now offer unlimited PTO as an attractive benefit or to signal a fun company culture. While the buzz around unlimited vacation has increased over the years, few companies actually offer this benefit. While there is limited data around the effectiveness of unlimited vacation, many sources have argued that employees at companies with unlimited PTO actually take less vacation than those with more traditional PTO policies.

PTO PLANS OFFERED BY COMPANIES



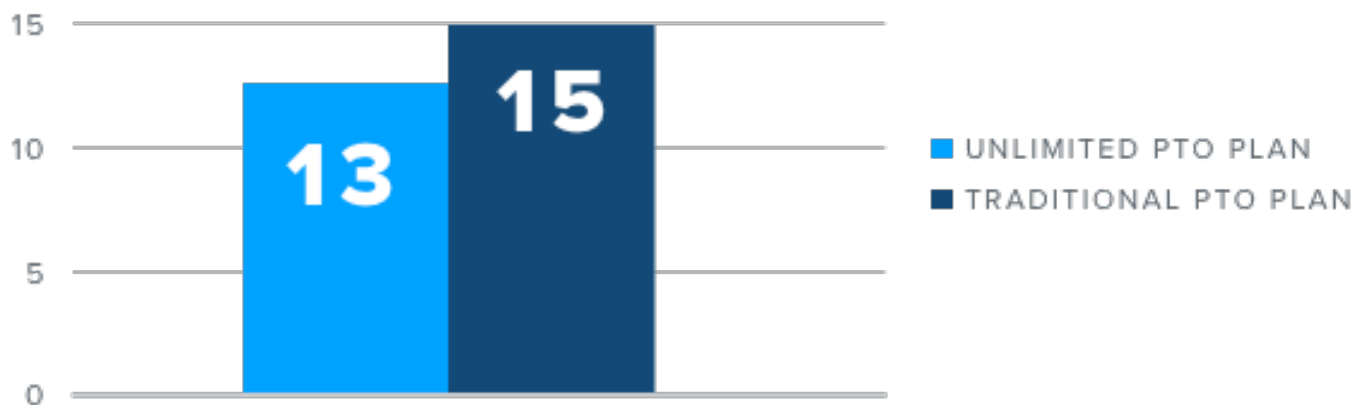
In 2013, employees with traditional plans [reported](#) using just 16 days of vacation. Only around 1% of U.S. companies are [estimated](#) to have unlimited paid-time-off policies.

WE ASKED...

On average, do employees on an unlimited vacation plan take less time off than employees on a traditional plan?

THE FINDINGS

AVERAGE PTO DAYS TAKEN BY EMPLOYEES



We dug into PTO request data for personal time off requests in 2016, and then we segmented the requests for those on an unlimited plan versus a traditional plan. We found that employees with unlimited vacation plans take an average of 13 days off—compared to a traditional plan average of 15 days.



MYTH = VALIDATED

WHAT THIS MEANS FOR HR

While the excitement around unlimited PTO is still palpable, the data around underutilization speaks for itself. Companies who offer unlimited PTO should act quickly to facilitate a culture that encourages employees to take well-deserved vacation time. Unlimited vacation time can be a strong benefit that increases employee, engagement, productivity, and retention—but only if the policy is actually utilized.

CONCLUSION

When we take a closer look at employee data from real companies nationwide, the divide between fact and fiction emerges. In the process, we busted a few common misconceptions about work—and validated others. While focused in scope, the methodology behind this report emphasizes two core trends that can be more universally applied to the world of work.

First, **data-driven conclusions**. It's imperative for HR departments to use data when building out key initiatives. That's a big reason Namely was founded: to give everyone in the company access to the data they need to make smarter decisions. Establishing a new vacation policy? Consider how vacation and performance are related. Worried about employee retention rates? Dig into who is leaving the company to identify any demographic patterns. Grounding your HR practice in data will help you become more informed and effective in all that you do.

Second, **employee-centric thinking**. These findings—about vacation time, performance, tenure, and more—all have one thing in common. They represent the reality of

CONCLUSION

countless employees. It all comes back to the individuals who come into work each day, ready to hit the ground running, grow their careers, and collect paychecks. As HR professionals, these employees should be top of mind, whether you're working to hire, engage, or retain them.

The reality of work is ever-evolving. HR Mythbusters 2017 provides a brief snapshot into how thousands of employees currently approach work. Stay tuned for ongoing reports that highlight new trends and updates from today's workplace.