

Retain your best people

Employee retention is key to long-term health and success of an organisation

Higher life expectancy of older workers coupled with declining birth rates mean that employers today are facing a serious talent crunch. Companies agree that such situations stress the magnitude of not only attracting the right people, but keeping them as well - especially since talent retention affects many organisational issues such as transfer of knowledge and skills, staff morale and resources invested in recruitment.

But why do companies still lose valuable talent?

The hard cost of employee attrition

Losing capable people is expensive. It may cost 30%-50% of the annual salary of entry level staff and 150% of mid-level employees, but it costs up to 400% for high level executives. On top of the value of employee compensation and benefits, resources are expended to hold exit interviews, place job advertisements, interview prospective employees, and hire and train new staff. In addition, more money is spent to hire temporary workers as the search for permanent replacements take up some time.

The loss of good talents is not only of expertise, it is also erosion of team morale and loss of productivity and of existing and potential customers. One may argue that some employee turnover is unavoidable, even desirable. Some turnover is required to replace marginal or under-performing employees with more productive ones who could also bring in fresh ideas and new expertise. However, high turnover is unnecessary.

Keep valuable talent from leaving

It is important for managers to find out what drives their staff to succeed as this in turn will affect organisational success. There are several organisational issues which they can take note of to boost employee retention:

Set proper key performance indicators (KPIs) and clearly communicate expectations. Changing expectations or worse, no KPIs communicated to staff may leave staff confused and uncertain of what is expected of them. This encourages unhealthy stress as they become insecure of their jobs.

Recognise and reward. Staff rewards do not necessarily have to come in monetary form, even a simple thank you goes a long way. Appropriate raises that are tied to accomplishments help retain staff.

Have good managers. The quality of leadership can greatly affect staff retention. As the corporate adage goes, people do not leave organisations, they leave bad bosses. Anything a manager does that makes an employee feel undervalued will result in a turnover. And when managers show respect to their employees, it encourages a more conducive work environment.

Employees should be seen and heard. Employees should be encouraged to give ideas and feedback for the better of the organisation, and feel their contributions matter. Otherwise, they would simply hold their tongue and leave.

There should be fairness and equitable treatment. Playing favourites or treating some as "more equal" than others is a sure way to kill motivation, erode morale, respect and productivity.

Share information. Make employees feel part of the organisation by informing them what is going on in the company. Information sharing is important at all times, but critical during period of change such as downsizing, mergers and acquisitions. Keep communication consistent as well.

Promote work-life balance. Work-life balance policies focus on performance rather than the number of hours employees put in working behind their desks at the office. It allows staff to better cope with family responsibilities without sacrificing performance at work.

Train and develop talent. Having suitable training policies and mapping out career paths demonstrates the employer's commitment to developing staff skills and knowledge. It also shows how much the employer values them.

HR takeaways

Employee retention is one of the primary indications of the health of an organisation. It is a collaborative effort between managers and the HR department to retain talents. Gathering information from exit interviews with departing employees and conducting staff satisfaction surveys from time to time will help give management an indication of the state of things in the organisation. Such information will also be helpful in refining staff retention practices and policies.

And while compensation and benefits will always be an important factor in retaining staff, applying effective training, career paths and succession planning plans is key in attracting and retaining top talent.