

Week 7



Staff Retention

Introduction

- The average job tenure in UK has fluctuated up and down over this period
- Job turnover rates have increased among people in the 18-24 group and older men
- Organization should have an extensive strategy to reduce the dilemma of staff turnover

Definition

- Staff retention –the ability of the organization to retent their talented, capable and experience staffs



The reasons of staff turnover

- Overall, there are three key reasons why employee retention should be seen as having broader business implications, rather than simply being a concern of HR alone:
- Turnover is expensive, including both tangible and intangible costs, with estimates of the costs of turnover ranging from 50% - 200% of an employee's annual salary.

The reasons of staff turnover

- Excessive employee turnover is often cited as a key barrier to high quality service.
- Turnover reduces the productivity of an entire work unit/team, particularly as a result of uncompensated extra workloads, the stress and tension caused by turnover and, as a result, a decline in corporate morale

The cost of turnover

- The costs of employee turnover includes both *direct and indirect costs*. The direct costs of turnover include separation and replacements costs as follows:
 - Separation costs
 - Severance costs
 - Unemployment insurance premiums
 - Outplacement fees
 - Replacement costs.



The cost of turnover

- Indirect costs include the harder-to-measure variables such as :
- the loss in organizational knowledge and skills, reduced corporate growth through lower productivity
- the negative impact on organizational commitment that frequent turnover can have among the employees who stay at the organization.

The main reasons for leaving

- In traditional internal face-to-face exit interviews, “better pay” and “better job opportunity” are often the main reasons cited for leaving the organization.
- However, relying on the information gathered in this way can be misleading, since, in this type of interview situation, employees are often reluctant to identify the true causes for their decision to resign and tend to provide more “socially acceptable” reasons for leaving.

The formation of an effective retention management program

- Establish and maintain both the practice and the impression of fair treatment of all employees, so as to help foster a positive, consistent and reassuring work environment.
- Ensure that senior management and immediate supervisors demonstrate their own sense of commitment to the organization.

The formation of an effective retention management program

- Emphasize the need for a close match between the personality/work style of prospective employees with the organization's culture as well as providing prospective employees with realistic job previews

The formation of an effective retention management program

- Properly incorporate new employees into the organization and manage their expectations and initial experiences with the organization

The formation of an effective retention management program

- Communicate realistic and attainable expectations of performance to all employees, so as to avoid the potential for “shock” and the development of dissatisfaction

The formation of an effective retention management program

- Give positive and constructive feedback on a regular basis, including through both formal job performance reviews and informal channels of communication with employees
- Offer clear-cut opportunities for job enhancement, advancement and career development