



Employee Retention

The key challenges and how to solve them

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INTRODUCTION

Getting the best available talent on your books is no mean feat; but once you've got them, how do you ensure you retain them successfully?

No matter the sector, employee retention is one of the biggest drivers of organisational performance and long-term business growth. Every successful business relies on a productive workforce that fully understands the ins and outs of their organisation.

Sustainable high performance is only possible when great employees stay for long enough to form positive relationships with their colleagues and engage with the collective vision and values of a company.

High employee turnover can be incredibly disruptive to business growth for a number of reasons. Many businesses fall into the same trap of not placing enough emphasis on employee engagement and career development, leading employees to look elsewhere.

That's why employers must take a proactive approach to nip emerging issues in the bud and prevent integral employees from considering leaving the company.

So, in such a competitive job market, how do you keep employees who are likely to leave and spot those who might be on their way out? This essential guide covers everything you need to know.

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What is employee retention?

Employee retention refers to an organisation's ability to retain their employees and prevent them from feeling the need to look for another job or be swayed by a recruiter offer.

High retention is an outcome that results from other factors such as employee engagement, recognition, work-life balance and competitive pay and benefits.

Businesses can track their own employee retention rate by working out the percentage of employees that decided to leave the company on an annual basis.

For instance, if a business has a headcount of 100 employees but 10 decide to leave within a 12-month period then the business has a retention rate of 90% and a turnover rate of 10%.

There are certain industries that tend to have higher employee turnover rates than others, such as retail, hospitality, healthcare and manufacturing. However, it's important to note these are just a few examples and high turnover can impact any business in any industry.

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What are the main benefits of retaining employees for longer?

There are many advantages to be gained for companies that manage to retain their best employees.

Here are four reasons why employee retention should be a priority for every modern business:

Reduction in hiring costs

Building teams of highly talented employees that are a good cultural fit for your company isn't easy and can at times be a costly process. Beyond salary, the total cost of replacing an employee includes the costs associated with hiring a professional recruiter, posting on job listings sites, managing onboarding processes and delivering ongoing training to get the new recruit up to speed. All of this can have a significant impact on company time and resources.

According to the Society of Human Resource Management (SHRM), the average hiring process takes 42 days from start to finish.

When you account for the loss of productivity during that period, it's easy to see why holding onto key talent is so important.

It correlates with high engagement, satisfaction and productivity

High employee retention usually indicates that most employees are engaged and satisfied in their current job. It's also recognised as one of the positive outcomes associated with great workplace cultures.

By contrast, employees find it difficult to grow or feel engaged at companies where turnover is high within the team. Short-lived teams are not only unable to sustain authentic relationships, they also do very little to boost individual morale and can often have a negative influence on the remaining team members choice to remain with the company.

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It facilitates internal progression

Many companies are quick to look externally to fill senior managerial roles because they are simply unable to develop existing talent to cover key skill gaps.

However, it can often be far more cost-effective to train existing employees that already understand what makes your business work and culture tick. Retention matters here because one of the biggest factors in facilitating internal progression is keeping employees long enough to allow them to be trained and developed into more senior roles.

It enhances your employer brand

Low employee turnover is a clear signal that an organisation is doing the right things to inspire loyalty among their team. After all, why would an employee leave if they feel happy with their job and career progression?

In today's competitive labour market, employer brand matters. The growing popularity of sites such as Glassdoor has made it easy for new recruits to check turnover rates and reviews left by ex-employees, both of which can influence their decision to apply for a job at a particular company. High turnover rates directly damage a company's reputation, making it more difficult to attract and retain top talent in the future.

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Why is high employee turnover so damaging?

Aside from the costs involved with replacing employees, high employee turnover can also disrupt the workflow and morale of other team members.

Low morale typically leads to further problems like absenteeism and disengagement, creating a negative work environment which has a knock-on effect on other employees.

Turnover also results in a lack of knowledge and experience within the company because when employees leave, they generally take valuable skills and expertise with them. This can quickly have a big impact on the quality of the product or service being offered, and a drop in sales or customer engagement.

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What are the main reasons people leave their job?

Sometimes employees have personal reasons as to why they choose to leave a company. They might be relocating due to family commitments or their partner's work prospects in another location. Maybe they're looking to change their career path completely.

As an employer, sometimes there's nothing you can do. However, there are several common reasons that employees provide in exit interviews as reasons they are leaving –many of which are preventable issues.

Understanding these issues can help employers to spot the signs early and prevent talented employees from handing in their notice due to one of the following reasons:

Salary expectations

People often leave if they are offered a better salary or benefits package elsewhere. If companies are serious about employee retention, they need to commit to offering competitive salaries and being completely transparent on salary policies and reviews.

Lack of training and development opportunities

Employees that don't feel like they have a fair chance to advance their careers within a company may decide to leave in search of better opportunities elsewhere. Employees today also value having more freedom and control over their own skills development, rather than simply being prescribed training by their employer.

Poor leadership

It's often said that people don't leave bad jobs, they leave bad managers. Unfortunately, in many cases this is true. When employees feel like they are being managed poorly, they become demotivated and less invested in their work and start thinking about making a fresh start in another company.

Lack of recognition

Great work needs to be recognised. When an employee goes above and beyond, it's down to employers to let them know their efforts are appreciated. This can be done through a defined rewards or bonus program, monthly wrap ups with team successes, but also a simple 'thank you' goes a long way. If employees don't feel their work is being recognised, it can lead to low morale and ultimately influence them to look elsewhere.

Lack of work-life balance

Employees might leave a company if they feel like their job is consuming too much of their personal time and they aren't able to strike a good balance between their work and home life. Chronic stress and burnout are growing issues, so it's important that employees feel like their psychological wellbeing is being prioritised.



How does a business know if it has a retention problem?

Employers can determine whether they have retention issues by monitoring their annual turnover rate and comparing it to industry standards.

Each industry and sector has a different average rate for employee turnover, so it can be useful to study this data and use it as a benchmark for retention strategies.

Exit interviews can be useful because they can provide an insight as to why employees may be leaving. If people keep flagging up the same reasons for their exit, then this is a clear indication that something needs to be fixed within the business to prevent further employees from leaving.

It's also a good idea to run regular engagement and satisfaction surveys to gain better insight into the current feeling among your workforce and whether there are any early indications of problems that might escalate into bigger issues further down the line.

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How can businesses maximise employee retention?

Superb employee retention strategies aren't built overnight. It takes time to finetune the processes that contribute to a thriving workplace culture, and each step in the employee journey presents an opportunity for optimisation.

As a starting point, here are several elements that employers would do well to focus on:

Onboarding

Retention starts from day one on the job. New recruits should be made to feel enthused by the induction process and pleasantly surprised by the lengths their new employer has gone to make them feel welcome. This is a key opportunity to engage employees and form their first connections with company culture.

Benefits and rewards

Often it's the little details beyond basic salary that make a lasting impression on employees. Employers should be thinking about their wider employee value proposition, which may include things like healthcare benefits, attractive pension programmes or wellbeing perks.

Autonomy

Trusting employees to get their job done in a way that plays to their strengths and wider commitments outside of work is a huge factor in retention. Flexible, agile and hybrid forms of working are now far more commonplace than they used to be.

Wellbeing

When employees are happy, healthy and engaged at work, they are far more likely to stay with a company for the long haul. Wellbeing initiatives such as fitness or yoga classes, cycle-to-work schemes, employee assistance programs, childcare or pet care support and holiday trading are becoming more and more commonplace among top employers.

At Gerald Edelman, we have partnered with Work Life Well to provide our team with a central hub of online classes and resources to help improve their physical and mental wellbeing. The Work Life Well team also host monthly workshops with the whole firm on a topic that is current or important.

Two-way communication

Whether it's committing time for annual salary appraisals or personal development plans, employees want to feel like they have an opportunity to discuss how they can advance within the company. Open communication is crucial to address potential concerns and prevent feelings of frustration or discouragement from growing. If there's no route to discuss their thoughts on key matters, then this can influence employees to begin looking elsewhere.



What pitfalls to avoid when trying to improve retention rates?

One of the biggest mistakes that companies make when focusing on employee retention is failing to understand the root causes of turnover.

Either they don't get the information they need from exit interviews, or they fail to implement the correct initiatives to allow open conversations and feedback around recurring issues amongst the workforce.

A lack of transparency over pay reviews and appraisals also presents major issues. Employers who fail to recognise where salaries need to be reviewed and rely solely on the employee to raise this, can risk an employee looking elsewhere prior to having a discussion with them. It's always better to take a proactive approach and ensure that your team feel happy within the current structure of their role.

The same goes for remote employees. It can be easy for employers to overlook employees that aren't working from a central office, when in reality there is a unique set of challenges when it comes to engaging remote workers. Optimising channels of communication, providing necessary equipment and accounting for a potential lack of social interaction are all important factors to consider.

It's always better to take a proactive approach and ensure that your team feel happy within the current structure of their role.



Need support with your employee retention strategy?

Many of our clients face the need to outsource a portion of their HR responsibilities, normally due to a lack of internal time or resources. They understand the importance of engaging employees and maximising retention, which is why they turn to an expert HR consultant to create and deliver a winning strategy.

In partnership with NatWest Mentor, we can conduct an analysis of retention issues, provide training and support for managers and establish a best-in-class retention strategy that matches your needs as a business.

Get in touch via the 'Contact' button below to arrange a quick chat with one of our friendly team members, or discover more about our **HR consultancy services**.

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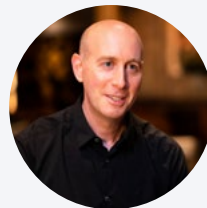


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