

# Why Are Employee Retention Strategies Important?

Retaining a positive and motivated staff is vital to an organization's success. High employee turnover increases expenses and also has a negative effect on company morale. Implementing an employee retention program is an effective way of making sure key workers remain employed while maintaining job performance and productivity.

## Manage Employee Turnover

Employers implement retention strategies to manage employee turnover and attract quality employees into the organization. Retention programs focus on the relationship between management and their workers. Competitive pay, benefits, employee recognition and employee assistance programs are all a part of a company's attempt to maintain employee satisfaction. Human resources specialists utilize feedback they receive from exit interviews and focus groups to improve employee relations and reduce turnover.

## Cost Effective

A company can significantly benefit from employee retention programs because of a direct effect on an employer's bottom line. High turnover can be very expensive. According to the Society for Human Resources Management, "employee replacement costs can reach as high as 50 to 60 percent of an employee's annual salary." Strategies geared towards retaining good workers helps offset employee replacement costs and reduces the indirect costs such as decreased productivity and lost clients.

## Maintain Performance And Productivity

Employee retention practices help support an organization's productivity. Recruiting and training new employees takes time. An unfilled position means work is not getting done. Even if a position is filled, there is still a learning curve most employees must overcome before their work becomes profitable. Taking the necessary steps to keep current workers satisfied with their roles will ensure productivity is not interrupted.

## Enhances Recruitment

Effective retention strategies often begin during the employee recruitment process. Employees are more inclined to remain with a company that fulfills the promises made when their employment offer was extended. Companies that provide a realistic view of their corporate environment, advancement opportunities and job expectations to new hires can positively influence employee retention.

## Increases Morale

Employees that enjoy what they do and the atmosphere in which they work are more likely to remain employed with their company. Retention strategies are important because they help create a positive work environment and strengthen an employee's commitment to the organization. Strategies that target employee engagement, such as team-builders and community involvement, increase company morale and give employees a sense of pride in what they do.