

# Broad-Based Approach to Employee Retention

A broad-based approach to employee retention simply means your organization engages in business practices that foster good working relationships and a productive, satisfied workforce. It focuses more on general, ethical business principles to maintain a stable employment relationship rather than specific retention programs such as bonuses, incentives and strategic plans to convince employees to stay.

## Retention Versus Turnover

Retention refers to the percentage of your employees who remain employed by your company. Companies measure overall retention and departmental retention rates. Measurements also may indicate how long and how many employees stay in certain positions before they transfer to another department or are promoted to higher-level positions. Turnover means the percentage of employees who leave the company through involuntary termination or resignation, which is called voluntary termination.

## Employee Satisfaction

One of the most common reasons employees look for new jobs is because they just aren't happy in their current jobs. Although some employees continually seek more money and better benefits, the underlying reason is dissatisfaction. Employers can resolve issues related to employee dissatisfaction in a number of ways. The approach must be consistent, or employees will believe the company only takes action when it's in crisis mode. Improving employee satisfaction requires treating employees respectfully, providing a safe work environment and engaging in fair employment practices. Employees who are satisfied with their jobs and the company are easy to retain.

## Policy Enforcement

All companies have workplace policies and guidelines. Employees should be made aware of workplace policies during the first few days on the job. Once new employees learn how the business operates, the do's and don'ts of workplace behavior and the consequences for violating company policies, they depend on their employer to enforce guidelines in a fair and consistent manner. For example, if workplace policy states employees may not park in guest parking spaces that are closer to the entrance, consistent and fair application means that the company president isn't allowed to park in a guest space just so she can have a shorter, more convenient walk to the entrance.

## Compensation and Benefits

Money isn't everything in the employment relationship, but it's an important factor that can make or break your organization. Paying the highest wages in the industry won't automatically guarantee your employees will stay. Plus, there are tradeoffs for paying too-high wages that employers may regret. The cost of employment includes base salary, incentives, benefits and employer-paid taxes. Adding all these costs to already high wages can make it difficult for companies to remain profitable. Compensating employees in an equitable manner and providing a good benefits package goes a lot further than locking employees into staying by paying wages that outpace the industry and labor market conditions. This is referred to as the "golden handcuff" strategy -- employers believe they can retain valuable employees by paying them so much that they couldn't leave even if they wanted to. Golden handcuffs make it difficult for employees to leave because they know other employers are not likely to meet their salary demands. A broad-based approach for employee retention is paying employees fair, competitive wages and providing a good benefits package that includes health insurance and other coverage they can actually use.

## **Motivation and Employee Recognition**

The connection between motivation and employee recognition is an interesting one that professor and management consultant Frederick Herzberg outlined in his "motivation-hygiene" theory. Herzberg believed that employees are motivated through employee recognition. He further believed that nonmonetary employee recognition is the most effective form of motivation. For example, an employee who demonstrates excellent customer service skills should be recognized through promotion to a higher-level position or given more complex tasks based on his outstanding performance. Therefore, putting the high-performing customer service agent in a lead role or assigning him to assist with training new customer service agents is an ideal form of recognition and, thus, motivation. Motivated employees are more inclined to stay with the company, making employee recognition a board-based approach to employee retention.

## **Employee Communication**

Employees usually stay with companies that value their contributions. Aside from actually telling employees that their skills, talent and expertise are valued, employers can do other things to show how much they appreciate the workforce. Regular communication with employees suggests the company cares enough about its employees to keep them informed of major changes such as organizational structure as well as seemingly insignificant matters such as modifications to department procedures. Well-informed employees feel appreciated and are therefore inclined to stay with the company that keeps them in the loop on business activity.