Improve Employee Retention By Taking a People-First Approach

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The opposite of employee retention is churn, and it's a big problem for many companies. A normal rate of churn is just part of business; it's rare for employees to work at one company for their whole career. A high rate, on the other hand, presents a number of challenges. Replacements — if you're lucky enough to find them in the middle of a widening, cross-industry skills gap — aren't cheap.

The average costs associated with replacing an employee total between six and nine months' worth of that employee's salary, and data suggests that companies aren't doing a great job of keeping the need for such expenditures down. A 2018 survey found that 30% of job seekers have left a job within the first 90 days.

The first question is: Can this be managed? The answer is almost certainly yes. It's not an accident that some companies succeed in minimizing churn. The next question, then, is how?

It would be a mistake to suggest that a single factor is responsible for employee retention, but there are crucial elements that every company should be aware of. At the top of that list is the degree to which they are people-focused.

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Talent

Creating the right environment for retention

Organizations that want to minimize churn need to build an environment that people want to be, and stay, a part of. The simple fact that employees are unique individuals, each of whom has their own needs, goals and dreams, cannot be overlooked. Modern workers increasingly want their employers to respect them on a holistic level that takes all these aspects into account.

This is also why companies with high retention are typically those which offer value to employees beyond pay and benefits. That value can come in a number of forms: personalized development plans, skill training, support for continuing education and mentoring programs are just a few examples of initiatives that companies can use to show their employees that they're seen and appreciated.

As social consciousness continues to grow as a corporate concern, a specific value-creation strategy is becoming more and more common in companies around the world: the creation of emotionally supportive processes and spaces that allow employees to express themselves fully and freely.

This idea of safe spaces creates a convenient topical segue from individual employees to overarching workplace culture, an equally important factor in churn rate. Even if employees' roles are rewarding on a personal level, the broader atmosphere created by colleagues, leadership and brands themselves plays a major role in retention.

Respect, tolerance and equality *should* go without saying. Unfortunately, many businesses are still struggling to promote them authentically. Modern companies are often multicultural

in makeup but fail to match the diversity of staff with diverse ways of being proactive and innovative. It’s one thing to increase the number of women or minorities in the workplace, but leaders also need to ensure that those groups aren’t hamstrung by cultural undertones of intolerance.

Communication

Whether in creating a cultural strategy for a new organization or attempting to revamp an existing, problematic culture, effective communication should be at the core. Employees need reliable ways to be heard across departments and throughout hierarchies without any fear of being marginalized.

Winning teams are created when everyone involved feels capable of expressing their ideas and perspectives freely and *in a way that is best for them* without being shut down or disregarded. This can mean rethinking the way meetings are held or the gates through which communication must pass, and it’s up to leadership to make it happen.

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Flexibility

Flexibility can be discussed as a function of both how a company treats its employees, and of its broader culture. As many as 35% of employees indicate that flexibility on the job is more important to them than having a higher position or better job title, and 80% would give preference to a job with a flexible schedule. These statistics are especially poignant in the current work environment, as employees returning to “regular” work post-pandemic understandably expect some continuation of the flexibility that was afforded due to Covid.

Clearly, employees want flexibility on an individual level, and offering it can help reduce churn. It could take the form of flexible working hours, autonomous goal-setting or substantial parental leave options (preferably all of the above). However, embracing flexibility as a cultural principle in the workplace is also key to retention. Approaching problems with a one-size-fits-all mindset tends to stifle innovation and snuff out consensus before the building process even begins.

The great awakening

The reality is that companies don't intend to treat employees poorly or foster a culture that spits employees out faster than it can bring them in. Rarely are people and ideas consciously pushed to the margins. And yet, it happens anyway, largely as a result of executives operating with outdated perspectives in a new and emerging cultural landscape.

Other factors compound the issue of churn: a decline in population growth rates, evolving employer needs that are fueling the skills gap and a relatively slow uptake of automation in many industries all contribute to the fact that talent has choices.

The goal for leaders who want to help bridge the gap shouldn't be to criticize the old, ineffective modes of business, but to model radically superior ones – taking all of the above factors into account – within their own organizations. Creating companies that employees never want to leave will not only maximize profitability, it will also indicate progress in the push for social equality and light the way forward for those still lagging behind.

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