

Employee Retention

Best Practices in Keeping and Motivating Employees

By LISBETH CLAUS

ASK ANY CEO of an organization, “What keeps you awake at night?” and you will get a response that relates to people management issues. A main concern for any organization (whether small or large; private, public or non-profit) is its capacity to attract, engage, and retain the right people. The problem of retention is compounded by the predicted talent shortage resulting from the upcoming retirement of the baby boomers, the scarcity of talent with relevant work skills for today’s jobs, the changing values about work and the high cost of turnover.

Research and human resource practices provide us with a number of recommendations to increase employee retention. Each recommendation contributes to employee retention. Combined, they produce synergy.

1. Develop an attractive employee value proposition.

An employee value proposition means that your company has something attractive to offer that is perceived as valuable to an employee. As an employer, you must understand what makes your organization attractive to potential recruits and current employees. Branding yourself as an employer of choice is not just a slick set of marketing tactics. The best advocates for an employer’s brand are its current employees. What messages do they send to others about their employer? Are they honestly saying and believing that, “This is a great place to work.”

2. Create a total reward structure that includes more than compensation.

Every company should have all the normal compensation mechanisms common to their type of employment. Yet, total rewards packages go far beyond money. While money might temporarily retain employees, it does not always equate with engagement. People want a chance to make a difference and realize themselves. That self-realization is multi-dimensional

and different for each employee. The total reward structure should include, in addition to compensation, support for employees to attain their personal objectives aligned with the goals of their organization.

3. Give feedback on employee performance on a regular basis.

Most managers and employees are not enamored with the performance appraisal process in their organization. Yet, an effective performance management process serves many purposes. Ongoing performance feedback allows employees to better know where they stand, gives them a formal means to provide input, indicates that their managers pay attention to them and that their performance matters. This feedback contributes to employee engagement and retention.

4. Be flexible in terms of work-life balance.

Workers more and more value a balance between work and life. They want more flexible ways to engage with their employer. To attract and retain workers with different work and career expectations, organizations have to be more flexible in structuring work and its expectations. It calls for a different managerial mindset and practices that involve letting go of old ways of controlling workers’ time and attendance in favor of result criteria such as output, productivity and quality.

5. Create a culture of engagement.

Employees have become more connected with others in the organization (and the broader supply-and-customer chain) through project-based team work and process management activities. Employees are shifting their loyalty to people, teams and projects and away from company loyalty. It is organizations that

create the culture and climate that allow people, processes and projects to become fully connected and engaged with one another. Engaged employees are more likely to stay with their employer.

6. Train managers to be effective.

Exit interviews consistently show that “poor and bad” management practices greatly contribute to an employee’s decision to leave a company. It is imperative to provide supervisors and managers with adequate tools to become effective managers since we cannot assume that these competencies are innate.

Professor Patrick Connor, recently retired after teaching 25 years at the Atkinson Graduate School of Management, is famous among MBA students and alumni for his ‘Connorisms.’ He told them, “Your employees do not work for you, they work for themselves.” When I teach my students about managing organizations, I have them reflect on what really matters to employees and what they are constantly asking of their managers and their organizations. In the end, what employees expect of their managers is fairly simple: Can I trust you? Are you committed to excellence? Do you care about me? What people constantly ask of their organization is: Do you tell the truth? Do you keep promises? Do you act fairly? Do you respect me?

Managers and organizations that keep these questions in mind will have a competitive advantage over others in retaining their employees. ■■

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