

# When it comes to retention, it's keep or weep

A well developed retention strategy is critical for success. *By Prof. M Amr Sadik*

Despite all of the efforts made to convince and demonstrate to organisations and their executives the vital role of having a stable workforce and keeping people satisfied, we still hear sad stories and witness horrifying, unethical and depressing practices. Probably, the current practices and systems or motivational theories are not sufficient enough to be comprehended by organisations. Just take a close analytical focus on the reasons for strikes that recently took place in Egypt since the commencement of the Arab Spring revolution.

Adam Smith, in his book *The Wealth of Nations* pointed out different themes for reaching that wealth, and ignored or overlooked the human capital. But,

if Adam Smith were living in our time, he would probably have emphasised human capital as one of the major themes for the wealth of nations. Today, organisations are facing growing challenges in managing their businesses under rapidly changing circumstances and, unless they have stable human capital, it may reflect and impact on their survival in the market. Getting people on board is undoubtedly one of those enduring and arduous tasks that the majority of HR executives and managers face. I use the term "executive" for all HR practitioners from Vice President to HR Manager, particularly if they are specially talented with very distinctive skills. Finding them is sometimes a miracle and then retaining them is a ruthless mission.

The following have become all too common:

- CEOs are saying that employees are their most important assets;
- Educators are writing about employees being the unique source for competitive advantage;
- Consultants are addressing the ferocity of the war for talent;
- Researchers and HR executives are surveying and measuring employee satisfaction.

Indeed, organisations can't survive or even manage without people, and only people can make and retain competitive advantage. But many organisations have struggled to find the right fit for their operations, and when they finally find talent they have to contend with the retention issue. They are unable to understand the phenomena of people leaving them despite the fact that they have paid lucrative packages.

Employees are motivated to a great extent by the work they do, and then by being appreciated, but they are also demoralised by some of the practices of organisations.

When people leave an organisation, no one cares to analyse critically the reasons behind such a decision, and I'm not saying one should conduct a normal and regular exit interview. The impact of turnover is not yet administered effectively, and nor are the exit interviews, so the excessive turnover is a symptom of a chronic issue that ought to be addressed honestly and transparently.

For a considerable number of HR people, exit interviews are just an administrative task and a filling in of the blanks. As per exit interview practices, employees are inclined to state politically correct reasons for resignation, but the fact is that they do so because they are leaving anyway and couldn't care less about what is going to happen to the other employees.

Numerous of studies have linked high employee retention to the bottom line results and improving service quality, operational effectiveness, reduced overtime and hiring costs, as well as increased customer satisfaction. Without a doubt, there is a great correlation between employee retention and strong company performance. But unfortunately this is still lip service, and in fact no-one is doing anything tangible to address the matter from all perspectives.

In today's competitive business environment, organisations find out that recruiting of people has shifted from the employer's hand to the employee's hand, and it has become critically important to retain people. To retain people, one must know why employees remain on board and what prompts

them to leave.

## What drives people to leave?

I have worked roughly with most of the industries from the hotel industry that has intensive staff turnover, with regional hotels and international chains, and telecommunication where technicians are hard to retain, going to consultancy, food manufacturing, heavy industry, FMCG organisations and ending with educational institutions.

All of those industries have one single staff retention strategy in common, and their central focus is only on adjusting the financial package for the departing person. Yes, in fact, the financial remuneration is crucial in today's high cost living environment, but money isn't the only factor that organisations must address. There are some other factors that prompt people to stay on board or to depart.

If you are uncertain as to why people are leaving your organisation, take a good look at this actual workplace incident:

One day I was sitting with my Chief Commercial Officer (CCO) discussing the staffing issues of the commercial department and what promotions and salary adjustments were going to take place. All of a sudden during this serious and intense conversation, the CCO said, "Well, if they don't like and appreciate what we will be doing for them, they can leave as there are thousands of applicants waiting to join us." The conversation was immediately terminated as there was no point in continuing if that was the attitude of management.

The irony of the story is that the Chief Executive Officer had agreed with the statement and the approach.

Organisations are encountering the pain of being unable to find what they are looking for and also wondering why people are leaving them. They need to start to address what is going on. They need to tackle a variety of subjects with regard to turnover and retention. Organisations have to ensure that their most important and valuable capital, human capital, is maintained and are here today and tomorrow and consider their company to be an employer of choice.

There is therefore a need to look into several possibilities and address a variety of strategies. First, we need to question and predict the possibilities of future turnover in order to avoid it

Is that possible? The obvious answer is, "No." It is hard to do, but conventional wisdom and experience says, "Yes, we can see tomorrow's turnover, as we see the predictions of Nostradamus."

If you are still in doubt, take a look at the following actual case:

An employee who is serving you wholeheartedly

and is considered to be one of the good guys has asked you for a loan to face a devastating situation that is unavoidable (family crisis) that has happened because of an act of nature (flood, hurricane or earthquake). This poor fellow has requested for such a loan in order to provide shelter to his mother and sister, and asked for it to be deducted over a period of one year. Unfortunately, the company either doesn't have a policy or your policy doesn't entertain that and so obviously you have rejected the request.

Do you think for a moment that such an employee will remain on board for long, or will continue working as before? Don't kid yourself and keep playing with the old cliché of people being the most important asset. That is the joke of the century.

It's understandable that being unable to accommodate your employees' special needs, as an organisation, makes sense but, unless you take care of your people, who take care of your business, they will leave for somewhere else, and most of the time that will be your competitors. When a company overlooks the desperate needs of its employees and focuses only on its own needs, employee turnover often results.

There are a few positive and negative indicators for HR executives and organisations to note regarding the probability of turnover. For instance, the following indicators have less impact on turnover:

- Thoughts of quitting;
- Role conflict;
- Absenteeism rate;
- Workplace stress;
- Role overload;
- Degree of routine tasks;
- Lateness; and
- Cognitive ability of the individual.

On the contrary, the following indicators have a direct impact on turnover:

- Organisational commitment;
- Relationship with supervisor;
- Job performance;
- Participation in decision making;
- Job scope and involvement;
- Promotion opportunities;
- Quality of communication;
- Pay satisfaction;
- Organisational justice; and
- Training opportunities.

I was flying to an African country to interview and

recruit a Resort Manager for our newly opened resort. After several interviews, we hired a very competent manager who became the Chief Executive Officer of a group of hotels and resorts in Africa. It was clearly discussed and agreed during the final interview and also mentioned in the contract that his package will be adjusted after six months based, of course, on his performance. When the time came for action, the Deputy Manager, who was also the owner's representative, refused the adjustment for no valid reasons, and instead said, "If he doesn't accept the decision, he can resign, but before he leaves he will have to reimburse all the recruitment expenses." Is that a retention approach or even ethical practice?

We can't stop employees from leaving unless we have a plan to make them stay!

### What can we do?

Two friends of mine, Mr H H and Mr A A A, who have worked for 14 years with one employer. What were the reasons that they spent all those years with their employers?

Employees' retention is measured by an employee's longevity with a company and has always been at the central focus of all organisations, because organisations are investing, not only time and money to find them but also to train, develop and reward them.

Thus, it is in the best interests of the organisation to keep the people and to further motivate them. When they do so, people can continuously provide value to their organisations. To keep your people on board employers must also recognise what is in the best interests of their employees.

The following list describes what organisations can focus on and do to retain their people:

## FOCUS 1

### Competitive advantage

Jeffrey Pfeffer said, "If competitive advantage has to be achieved by people, then the skills of those people are critical."

**Action:** This requires that we need to focus and look into:

- People and the way we hire and select them;
- Skills and the way we evaluate and train our people.

## FOCUS 2

### Organisational culture

Jack Welch said, "What sets GE apart is a culture that uses diversity as a limitless source of learning opportunities, a storehouse of ideas whose breadth and richness is unmatched in world business."

**Action:** This necessitates that we need to address:

- Vision and Mission Statements;
- Core values.

## FOCUS 3

### Organizational justice

Socrates said, "Nothing is to be preferred before justice."

**Action:** This forces us to look into:

- Internal policy and procedures;
- Salary and benefits scheme;
- Decision making process.

## FOCUS 4

### Psychological contract

Frances Burney said, "People who live together naturally catch the looks and air of one another and without having one feature alike, they contract a something in the whole countenance, which strikes one as a resemblance."

**Action:** This entails:

- Competitive compensation and benefits;
- Flexibility to balance work and home life;
- Career development opportunities.

## FOCUS 5

### Organisational leadership

Seisei Kato of Toyota said, "Never fail to reward merit, but never let a fault go unremarked."

**Action:** This demands us to look into:

- Discipline system;
- Reward system;
- Leadership practices;
- Employee Relations program.

## FOCUS 6

### Organisational development

Judith E. Glaser wrote, "A central premise behind Creating WE is the organisation's ability to get to its next level of greatness which is determined by the climate of the culture and the quality of the relationships. The quality of relationships is determined by the quality of conversations".

**Action:** This requires that we focus on:

- Internal communication system and policy;
- Relationship among colleagues, peers and superiors.

If the above-mentioned are adequately and collectively addressed, the majority of employees will be content with their work environment and actively engaged in their jobs. Having a well-developed retention plan is critical to the success of your organisation.

Finally, ask yourself simple question: if you are a Hotel General Manager, what concierge services are you providing to your customers? You have to treat your employees like customers!

"If people are not valued for their worth, productivity, creativity or other contribution, they will leave to work for a place that does value them. Employee retention is key to customer retention.

When employee turnover increases, a company's customer defection rate will likely rise." *The High Price of Turnover*, Rick Villegas, *Harvard Business Review*

The insights provided here are intended to lead organisations to revisit their practices, policies and systems and address them continuously to establish justice in the workplace that will eventually impact on a higher rate of employee satisfaction, motivation and retention. ■

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