

# HR INSIGHTS

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## Employee Retention

It costs nearly 20 percent of an employee's annual salary to replace a current employee. If you are experiencing high turnover, chances are you are experiencing high losses as well. The costs of reviewing applications, processing candidates, conducting interviews, training and purchasing equipment for new hires aren't only monetary—they also cost time and lost productivity.

Given the high cost of losing an employee, retention should be a top priority for every organization. If you do not already have a retention strategy, now is the time to make one. The first step in curbing turnover is figuring out why employees are leaving.

## Why Employees Leave

Employees leave organizations for a variety of reasons, depending on their unique circumstances. However, there are some common reasons that may help determine the best retention strategy for your organization. Below are some of the most common reasons employees leave:

- **Stagnation**—Employees are often looking for career and personal growth. If they have no upward mobility at your company, they may look for it elsewhere.
- **Pay**—Compensation needs to be competitive to attract the best talent. Likewise, good pay is needed to retain top talent.
- **Workplace culture**—Expectedly, co-workers matter to employees. If they feel ostracized or marginalized by co-workers (or management), they will want to leave that environment.
- **Better opportunities**—Like with stagnation, employees leave when they believe they have better prospects elsewhere. This could be due to a higher-paying position or simply a job more aligned with their interests.

## How to Retain Employees

*Over 3 million employees in the United States quit their jobs in March 2017, according to the Bureau of Labor Statistics.*





Retention strategies are not universal. It is possible that techniques and strategies that work for some organizations will not work for yours. This means you need to analyze why *your* employees are leaving and strategize how to combat those reasons.

Exit interviews are a great way to analyze why employees are leaving. During exit interviews, managers ask questions to employees who are on their way out of the company. Questions should be related to the employees' time with the company, such as what they enjoyed, what they disliked and what prompted their resignation. Exit interviews will only be useful with employees who resign or leave voluntarily, not those who have been terminated.

Depending on the responses from the exit interviews, you can begin crafting a retention strategy. For instance, if a main catalyst for employee turnover is a lack of upward mobility, think about how to change that. It could mean creating new roles or, if roles already exist, making a clear guide for career pathing at the organization.

Creating a retention strategy does not need to be solely reactive. Consider creating a survey to gauge employee satisfaction with the company. Include questions about what people like and what they do not like about their job.

### Summary

There is no hard and fast rule for successful employee retention. Creating a retention strategy for your organization requires you to analyze both your company and its industry. Contact Touchstone Consulting Group for more information on retention and for materials to help you craft your strategy.

