

6 REASONS TO RETHINK YOUR FOCUS ON RETENTION

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Companies spend massive amounts time, money and headspace on strategies to increase employee retention, hoping that doing so will indemnify them from the risks of losing valuable employees, or thinking this will solve whatever labor shortage they face that threatens the health and growth of their business.

Do they have it all wrong? Maybe retention is the wrong approach. Perhaps there is a better way.

Retention is an overrated strategy that jeopardizes a company's success, longevity and competitive advantage in the workforce. Here are six reasons why employers must rethink their focus on retention.



- 1. You hired the wrong person in the first place.** If you hire the wrong people to begin with you will experience high employee attrition, which in turn will skew the retention data you track. Alternatively, you may experience high retention - since many companies overlook or fail to take action on employees who are poor fits for the job or company - but have low performing employees. Either way, it's a losing scenario.
- 2. It's the wrong metric.** Retention does not equal engagement. Organizations that zoom in on retention as a primary metric often get stuck with people who have mediocre performance and minimal ambition. And employees who want challenging, engaging jobs leave quickly when they see average performance being rewarded. These companies achieve high retention at the cost of low engagement.
- 3. It's bad for business.** Lengthy employee tenures can be counter-productive for organizations. After a certain tipping point, unless the employee has progressed successfully up the corporate hierarchy, the longer an employee stays with a company the more likely they are to be unproductive, unengaged and unfulfilled. Businesses also increase their risk of stagnation when they have large percentages of highly tenured employees, because they are less likely to be exposed to innovative ideas and processes from new employees coming from other industries and companies.
- 4. It's out of your hands.** Employees, especially Millennial employees, leave companies all the time to pursue completely different career tracks and personal goals, even if they have invested time and money in specific education and job experience. Engineers quit to open bakeries, accountants relocate to be closer to loved ones, machinists leave well-paying, stable jobs to pursue music careers. No matter what you do or offer, employees may still leave.
- 5. It's an obsolete model.** Retention is an outdated paradigm based on a social contract between employer and employee that no longer exists outside of Academia. The reality is that corporate layoffs are common and American workers are adjusting to a new normal where jobs are not forever. Employee retention represents an outmoded mindset for addressing this trend.
- 6. It's distracting.** Focusing on retention distracts organizations from the vital task of re-designing work, roles and practices to remain agile and innovative in our fast-changing, global markets. Now more than ever, companies must quickly evolve their jobs and organizational structures to stay competitive. A focus on retention is counterproductive to this end.

A Better Approach

Instead of fighting to hold onto employees, companies will be better positioned for success if they develop their organizational cultures and talent management practices to not only withstand employee turnover but to prosper within a healthy influx of people, ideas and practices. To thrive in this way, employers must lead with strategies that drive employee engagement, agility, collaboration, career development and robust succession planning to bring out the most value from (and appreciation by) their employees. Employers who are willing to embrace this new model of work, where enthusiastic employees give organizations 100% when they are there and readily transfer knowledge to the next generation of talent when they move up or on, will have a significant competitive advantage in the labor markets and industries they serve.