

Navigating Employee Retention in a Dynamic Market

How do you retain employees in an ever-changing market? Remember, employee retention efforts include all an organisation's policies and practices designed to encourage employees to remain with the company. The problem is that keeping employees happy is a moving target that's hard to define from one day to the next—and can change significantly over a year.

That's why most HR leaders think of retention as more than just policy- but instead as everything that goes into creating a thriving culture where employees want to stay.

By directly tackling these challenges and improving the employee experience across an organisation, leaders can fine tune their efforts to create workplace cultures where employees want to stay and reduce employee turnover.

What is the impact of high turnover on companies?

Although a certain amount of turnover is a reality for all organisations, an unnecessarily high turnover rate can cost organisations in several ways.

The most immediate impact of turnover is that human resources teams must spend additional time and money on the hiring process to replace those employees walking out the door. Even more critical, high numbers of employees leaving can negatively impact employee morale and productivity- as well as damaging the organisation's reputation with both customers and potential employees.

Ultimately, high turnover hurts business performance. Companies that choose to operate with higher turnover rates can experience operational problems, customer service issues, lower productivity, and reduced sales. In short, they may pay less to acquire their employees, but they sacrifice the greater performance and long-term value that comes with investing in more experienced workers.

The alternative is to see people as drivers of value, profit, and customer service- not just a cost to be minimised. Companies who choose this approach may spend more for talent, but in turn will generate more valuable work- which ultimately more than pays for the added investment.

What factors impact employee retention?

You'll find many well-documented reasons employees choose to leave. Some of the root causes include poor management, lack of job advancement, and a deteriorating work-life balance. Conversely, the factors that influence employees to stay include feelings of belonging, greater connection, and autonomy. These traits can help build a positive workforce culture and reduce turnover.

More than pay and benefits, employee retention strategies should include modern leadership, development opportunities, mental health support, and giving employees a say on how and where they work. Even physical factors, like the work environment and technologies a company chooses can affect whether employees will want to stay long term.

6 people strategies for improving company culture and reducing turnover

In the face of a complicated HR/People landscape, companies are looking to create workplaces where all employees can thrive. This requires taking the pulse of employee experiences and fine-tuning culture initiatives as needed.

1. Embrace people-centred change

Traditional change management practices, which tend to be linear, top-down, and process-oriented, no longer fit our evolving work environments. Instead, adequate support and genuine communication are the most impactful factors in building a people-centred approach to Embracing Change.

When employees feel seen and valued, they are more confident in change. In fact, 92% of employees at organisations with a company culture of integrated recognition believe change in general to be positive. Additionally, those employees are 18x more likely to say they hope to be at their organisation in a year, and 5x more likely to say they plan to stay for at least 3 more years.

Helping employees embrace long-term business decisions, which leads to retaining employees longer, is easier when an organisation relies on a foundation of people-centred change.

2. Show empathy

Empathy is the ability to understand and share the feelings of others and to apply that understanding in a tangible, constructive way. It goes beyond simply acknowledging someone else's emotions; it involves actively considering their perspective and using that insight to inform your actions and decisions.

The linchpin of empathy is the action taken as a result of listening, understanding, and having genuine concern for the person. For the empathy to be effective, it must include supportive action. This could be offering greater flexibility in a job, giving employees a stronger voice or more autonomy, connecting them with additional resources, or just some helpful problem-solving. Empathy does not always entail an immediate solution, but it must both acknowledge and address the problem.

Empathy goes a long way in motivating employees to stay loyal. In fact, employees picture themselves staying 2.5 years longer at their organisation when their leader is empathetic.

When employees feel both their leader and the overall organisation are empathetic, they:

- Feel more seen and valued.
- Feel more fulfilled at work.
- Are more satisfied with workplace culture.
- Want to stay longer.

3. Help all your employees feel seen

A large majority of workers, what we call the 80%, feel overlooked and underappreciated. These employees are the offline, frontline, and other workers who find themselves in work environments detached from mainstream corporate culture. About half of these people feel their organisation treats them as expendable. They also lack connection and a sense of community, which can lead to feeling unfulfilled in their work.

It's no surprise that companies find it increasingly difficult to retain employees in this group. Many employees leave for jobs where they feel more valued. Forbes reports turnover rates up to 500% per year. But just as harmful, the employees who do stay due to financial constraints or lack of training or opportunity feel more demoralised, resigned, and unfulfilled in their work.

4. Create an environment that's flexible, but fair

Companies that offer more flexibility get loyalty and better work outcomes in return. But to create a long-term work culture where people want to stay and thrive, that flexibility must remain equitable.

Flexibility that appears unfair can be damaging to key cultural outcomes, leading to burnout and reduced job satisfaction. The bottom line? Giving employees flexibility in when, where, and how they work will help them feel engaged and want to stay with their organisation.

When they experience equitable flexibility, employees are:

- more likely to be satisfied with their job.
- more likely to be satisfied with the employee experience.
- more likely to want to stay one more year.

5. Promote skill building and development

How important is professional development in helping companies reduce employee turnover? Turns out it's a significant factor. Ongoing studies continue to show organisations that don't provide any type of skill building have 76% lower odds of building a thriving workplace culture, and 72% lower odds of employees saying they still want to work there in a year.

Opportunities to develop more skills lead to greater employee fulfilment- which is a good predictor of employee retention. When leaders support employee skill building, the odds of fulfilment are 4x better, and employees are 4x more likely to want to work at their organisation for another year.

6. Encourage employee resilience

Resilience is a shift in mindset- from seeing change and challenges as setbacks or crises to overcome, to viewing them as opportunities to innovate, evolve, and improve. It's a chance to encourage employees to embrace change, collaborate, and practice cross-disciplinary thinking.

Positive business and cultural outcomes are dramatically higher at agile resilient organisations.

Create a culture where employees want to stay!

As you develop strategies to reduce employee turnover, remember that the most powerful magnet for keeping your employees fulfilled and happy is a culture where employees feel they belong and can do their best work.

Focus on efforts to refine your workplace culture and employee retention. Companies with high retention rates rank collectively in five specific categories: company resilience, career growth, positive work environment, business stability, and strong leadership.

Questions for Reflection

Nurturing a workplace environment where employees feel valued, supported, and empowered to excel is the cornerstone of reducing turnover rates. By fostering a culture of belonging and enabling individuals to thrive, you create a magnetic force that not only retains talent but also cultivates sustained organisational success.

As we envision the culture of our organisations, it's essential to delve into fundamental questions that illuminate our path, guiding us to a deeper understanding of ourselves and our organizational identity.

Engage with these guiding questions to deepen your insight:

1. How can we further enhance our workplace culture to promote a sense of belonging among employees?
2. What specific initiatives or programmes can be implemented to empower employees and facilitate their professional growth?
3. In what ways can we solicit feedback from employees to ensure that our efforts to improve workplace culture are aligned with their needs and aspirations?
4. How can we measure the effectiveness of our culture-building initiatives and track progress over time?
5. What role can leadership play in championing and reinforcing our organization's values to strengthen our cultural fabric?

Final Words...

Overall, creating a workplace where employees want to stay requires ongoing effort and attention to ensure that the organisation continues to evolve and adapt to meet the needs and expectations of its employees. By prioritising employee well-being, fostering a positive work environment, and demonstrating effective leadership, organisations can create a culture that attracts and retains top talent.

Partner with us

By providing tailored coaching sessions and insightful resources, Dynamic Coach equips leaders with the tools and strategies needed to understand and effectively use emotions in their leadership approach. This article seamlessly aligns with Dynamic Coach's mission by emphasising the importance of inner confidence in leadership and providing practical guidance for leveraging emotions to foster authenticity, motivation, and collective success within the workplace.

Work with us and cultivate a deeper understanding of your inner-confidence and develop the skills necessary to navigate interpersonal dynamics with empathy and resilience.