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RETENTION BEFORE THE FACT

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“Retention is always important because of the investment you make in people,” observes Gerald Shields, CIO of American Family Life Assurance Co., better known to TV viewers and duck fanciers as Aflac (Paul 2006). While the extent of organizations’ people investments varies greatly from one industry and employer to the next, experts agree that the costs of losing valued employees can be considerable. That is why some experts encourage companies to begin efforts to retain employees before their employment officially begins.

The U.S. Department of Labor’s Bureau of Labor Statistics estimates the average cost to replace a worker in private industry at \$13,996 (O’Connell and Kung 2007). Other sources have replacement costs ranging from nearly 29% of an employee’s annual wages to several times his or her yearly salary (Salary.com, 2006). While annual turnover rate estimates also vary, most put churn in the mid- to upper teens in percentage of employees: from about 14% to 19% (Baylor 2006; “How Bad,” 2007).

Those turnover rates have employers worried, according to research by IOMA (2006). It found 83% of HR professionals at U.S. companies expressing concern about both retention and recruitment. When IOMA narrowed its viewfinder to the nation’s largest firms, a whopping 95% of organizations expressed worries. Researchers at Hewitt reported in 2006 that 37% of U.S. companies acknowledged recruiting and retention challenges (“How Bad,” 2007).

Widespread employer concern about holding onto workers has led to more dialogue about the problem and to various strategies to combat turnover. Although logic would suggest that retention initiatives take place after employees have been part of an organization’s workforce for a period of time, some experts now say that the time to commence retention efforts is during the recruitment process—before individuals are hired. IOMA research (2006) found that what appears to be a kind of oxymoron—retention before the fact—is one of the top five strategies that firms are using to address their concerns about finding and keeping the talent they need.

If employers “can find a sure-fire way to identify job applicants who are able to do the job and actually be happy on the job, many later attempts at increasing staff retention will be rendered unnecessary,” states David Hyatt of the research and performance management consulting firm CorVirtus (Hyatt 2006). In agreement are Mei-Chuan Kung and Matthew O’Connell, who have conducted research into applicant assessment techniques. They say that “certain applicants have a higher propensity for turnover, and those characteristics can often be identified prior to hire” (O’Connell and Kung 2007).

Development Dimensions International (DDI), which conducted research on 4,000 workers in various industries, identified six traits that DDI says can help employers determine, during prehire interviews and testing, whether or not an applicant is likely to become an engaged and lasting employee. The six characteristics are “adaptability, passion for work, emotional maturity, positive disposition, self-efficacy and achievement orientation.” DDI says that online or live questionnaires can help employers gauge whether or not applicants possess the six traits (McGee 2006).

In addition to using pre-hire personality assessments, some employers profile their own firms’ “personalities.” This helps ensure that candidates’ values and work preferences can be matched to organizational culture. Savvy employers also profile or benchmark the specific jobs for which they’re hiring to better match applicants to positions. And they use behavior-based interview techniques to gain perspective on candidates’ working styles, asking for specific illustrations of the actions applicants have taken to respond to past workplace challenges. Giving applicants a chance to spend time

observing existing employees on the job is another tactic employers use to provide realistic glimpses of jobs and workplaces, with the goal of finding candidates who are the best fit for the company and the work.

Some employers point out that the expansion of such screening processes to include more testing or more involved interviewing can add to the expense and the time required to evaluate applicants. Retooling a firm's selection methods to factor in retention considerations can require special training, or retraining, of recruitment staff to ensure their consistency and capability in carrying out the new methods.

Are the extra costs and trouble worth it? The argument, of course, is that taking care during the recruitment process can save organizations the far greater costs associated with replacing employees who leave and the resulting losses in productivity and morale of remaining workers. A good system of hiring, David Hyatt maintains, "often can eliminate nearly all performance-related turnover." While many employers may not agree with Hyatt's optimistic prediction, most are likely to concur that engineering retention considerations into the recruiting process makes sound business sense.

Documents used in the preparation of this *TrendWatcher* include the following:

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