

The following Fact Sheets are available on line at [www.aofp.ca](http://www.aofp.ca):

1. Becoming an Employer of Choice
2. Employee Turnover
3. Using the Turnover Calculator
4. Fostering Employee Commitment
5. Keeping your Good Employees
6. Employee Engagement
7. Essential Skills
8. Workforce Diversity
9. Managing a Family Business
10. Rewards
11. Recruiting Foreign Workers
12. Orientation
13. Employee Empowerment
14. Introducing Technology
15. Effective Appraisals

### How can this Fact Sheet help me?

This fact sheet is designed to help you understand why employees leave and what will encourage employees to stay.

Ontario's food and beverage processing industry is facing an unprecedented labour shortage. Employers will have difficulty finding new employees to fill vacant positions. Employers of Choice face this challenge by improving the retention of existing employees, in addition to improving their recruitment efforts.

### Challenges and Opportunities

It is often said that employees join organizations but leave their supervisors. Poor quality of supervision is one of the key causes of employee turnover. Despite this fact, many supervisors are promoted into supervisory positions on the basis of their technical competence and are poorly trained to supervise people. A recent study reported in *Business Week* (May 23, 2006) found that only 46% of employees thought that their current supervisor provided guidance, support, and timely feedback to help them work productively.

Key causes of turnover include:

- Poor relationships with supervisor, coworkers, work group.
- Poor employee selection methods.
- Inadequate employee orientation.
- Lack of training and development or of opportunities to apply it.
- Lack of career development and advancement opportunities.
- Ineffective and/or infrequent communication.
- Lack of merit-based rewards.
- Work that is not interesting and challenging.
- Lack of support for work-life balance .
- Poor working conditions.
- Organizational events (such as major changes).

## Case Study

At **Wrigley Canada**, the turnover rate for new hires is roughly 6%. This relatively low rate is a reflection of their 12 core values, one of which states, "We make an extraordinary effort to attract, identify, recruit and retain the very best person for every job." Applicants are screened for English language skills and tested for emotional maturity. Only individuals who demonstrate a sufficiently high level in both are considered for employment. Applicants who apply for team leader positions are interviewed not only by management, but also by the associates who will report to the position.

## Solutions

In descending order of importance, organizations that keep good employees:

- Have high quality people with the necessary skills.
- Help employees learn and develop new skills.
- Provide a competitive base salary.
- Have managers who understand what motivates employees.
- Make hiring decisions that are respected by employees.
- Have good retirement benefits.
- Act to ensure the organization's long-term success.
- Pay employees fairly when compared to others doing similar work in the organization.
- Provide employees an appropriate amount of decision-making authority to do their job well.
- Have a reputation as a good employer.

Based on the causes of turnover, employee retention may be enhanced by:

- Improving the quality of supervision at all levels of the organization.
- Using a sound selection strategy to find the right people.
- Providing a longer orientation program to integrate new hires into the organization.
- Using pay-for-performance to reward strong performance.
- Designing jobs and providing cross-training to maximize challenge and variety.
- Communicating often and keeping employees informed, especially during times of organizational change.
- Supporting work-life balance programs.

## References

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Wasmuth, W.J. (1983). Strategies of managing employee turnover. *Cornell Hotel and Restaurant Administration Quarterly*, 24, 65-77.

### The following Fact Sheets may be helpful:

1. Becoming an Employer of Choice
4. Fostering Employee Commitment
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These resources are available on line at [www.aofp.ca](http://www.aofp.ca) under Workforce Development.

## How do I Start?

A lot can be done to reduce employee turnover and improve retention. The first step is to begin tracking and analysing turnover (e.g. is it more pronounced in particular shifts, lines, or departments?).

Management should ask employees why they are leaving. They should seek possible solutions from current employees. Exit interviews, employee surveys, and focus groups can help. This information can be used to develop short-term and long-term practices.

In the longer term, a retention strategy should be developed. This may consist of implementing a number of best practices in workforce management, including:

- Being more selective when hiring new employees to ensure that you get the right person for the job.
- Providing realistic expectations of what the job entails to new hires.
- Providing supervisors (especially new supervisors) with the necessary training to develop their people management skills.
- Providing opportunities for advancement through training and promotion from within.
- Communicating with your workforce on an ongoing basis and keeping them informed of anything that may affect their job.

### ADVANTAGES OF BEST PRACTICES

- More qualified job applicants
- Better trained and informed employees
- Better health and safety practices
- More engaged and productive employees
- Fewer line interruptions
- Fewer product quality problems
- Easier implementation of new technology
- Lower absenteeism and employee turnover
- Higher sales per employee
- Higher market value to book value