How to Retain High-Performance Employees

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Abstract: Keeping high-performing employees has become a top priority for today's organizations. A two-year study by the authors reveals that managers, supervisors, and team leaders play the greatest role in employee satisfaction or dissatisfaction. Today's employees want challenging and meaningful work, opportunities to learn and grow, the sense of being part of a group, and a good boss. This article describes the things that managers and supervisors can do to create these conditions and be "good bosses" in order to contribute to employee satisfaction and retention.

The Tide Has Turned

The tide has turned. No longer can employers tell employees, "Like it or leave it." Unemployment is at a thirty-year low, and a shortage of labor is expected to last over the next decade. In today's marketplace, attracting and retaining good employees is a top priority in both large and small organizations. In fact, it is the biggest concern of nearly one-half of today's CEOs, according to a study by the executive recruiting firm Transearch. With the cost of replacing workers at 70 percent to 200 percent of their annual salaries—not including the effects on the organization of lost knowledge, declining morale and productivity, and customer dissatisfaction—it is no surprise that four out of five respondents rated employee retention as a serious or very serious issue in a survey conducted by the American Management Association (1997).

Of course, today's workers expect fair pay and competitive benefits. They also are interested in job location and job security. But these are not the factors that keep them at the job once they are recruited.

Managers and human resource professionals who are familiar with the work of Abraham Maslow (1943, 1970) and Frederick Herzberg and his associates (1966) will not be surprised to hear that once employees have attained a level of competence that allows them to provide for their physical needs, salary and benefits rarely are the prime factors in job satisfaction and retention. A study by the Hay Group (1998) reports that out of fifty retention factors, pay is the least important to one-half million employees from over three hundred companies. With today's low unemployment figures and the constant recruitment efforts of competitors, this means that keeping one's best employees has become a serious organizational concern.

Responsibility Lies with the "Boss"

The authors conducted a two-year survey of over three thousand individuals in various job roles and industries. It revealed that managers, supervisors, team leaders, and project leaders—those individuals who lead and interact directly with employees—have the greatest impact on employees' satisfaction or dissatisfaction with their jobs. In short, "problems with the boss" is the primary rea-

son that employees seek work elsewhere. The factors that drive employee satisfaction and commitment are largely within the control of the manager, supervisor, or team leader.

Four Primary Factors

The authors' study revealed the primary factors that contribute to retention as well as the managerial behaviors that create loyalty on the part of high-performing employees. These positive factors and behaviors can be placed in four categories: challenging and meaningful work, opportunities to learn and grow, the sense of being part of a group or team, and having a good boss. Of course, there is some overlap between these categories, especially between the first three and having a good boss, as the boss usually has some control over the other three factors.

Challenging and Meaningful Work

Exciting and challenging work and meaningful work that makes a difference or a contribution to society were cited as some of the most important factors in job satisfaction. These may be related to another important factor, the need to feel connected to a group or team, in that they reveal a desire to feel connected to one's work and to the larger society through one's work. If one is going to spend a great deal of one's life doing something, it at least should have some interest and some meaning or purpose.

The need for connection extends both from the work and to the work. One way in which connection and commitment to the work is developed is by having some say in how the work is done. This includes being able to influence or suggest improvements in work assignments, processes, schedules, and measurements.

Having autonomy and a sense of control over one's work are other very important factors reported by the study group. People whose bosses micromanage and/or fail to delegate generally feel frustrated. Taking responsibility for one's own work is a source of satisfaction for most workers. Even more satisfying is perceiving and meeting challenges on the job. This keeps the work exciting and instills a sense of pride in one's accomplishments.

Many employees, especially those in high-tech jobs, report that keeping up with knowledge and technology in the field is very important to them. This leads us to the second factor.

Opportunities to Learn and Grow

Career growth, learning, and development are three of the top reasons that people stay in their current jobs. A "good" boss provides opportunities for learning, challenges, and growth on the job that match the employee's abilities and aspirations. He or she encourages employees to improve the work itself as well as their skills and to keep up with the latest developments in their field.

Providing formal training and development opportunities is only one means of helping employees to learn and grow. Coaching, mentoring, and providing informal learning opportunities on the job can be done regularly. Employees also should be encouraged to "network," to join trade and professional associations, and to read publications related to their lines of work.

The Sense of Being Part of a Group or Team

Working with great people, being part of a team, and having fun on the job are some other important factors in job satisfaction. These factors relate to the human need to feel connected. The proliferation and success of formal work teams can be attributed, in part, to this need. The work team, if managed well, also can help to meet this need.

Even a department, section, or division can feel like a "team" if the manager and employees treat one another with courtesy and respect, listen to one another's ideas, recognize and celebrate one another's accomplishments, and work toward common goals. Of course, every team or work group can benefit from training in areas such as communication, group development, consensus decision making, planning, and conflict resolution. It is the manager's responsibility to provide the work group members or team members with the tools and resources to work well together. It is the group's responsibility to utilize them well. For example, being comfortable enough with one's co-workers to solicit peer feedback goes a long way toward helping employees to feel trust, connection, and satisfaction in their work groups.

A Good Boss

Most managers and supervisors realize that the following behaviors will not earn the loyalty or respect of their employees: rudeness, impatience, arrogance, intimidation, yelling, being condescending or demeaning, belittling or embarrassing people, swearing, telling lies, sexual harassment, using inappropriate humor, and demonstrating sexism or racism.

They may or may not realize that the following behaviors or practices can be equally destructive to good boss-employee relations: failing to solicit and listen to employee input, failing to recognize employees' accomplishments, withholding praise, giving only negative feedback, taking credit for others' accomplishments or ideas, blaming others for one's own mistakes, betraying trusts or confidences, managing up rather than down, micromanaging, withholding critical information, showing distrust, showing favoritism, setting unrealistic goals or deadlines, and failing to help good performers to grow in their careers in the hope of "holding onto them."

Satisfied employees report that their managers are good role models and demonstrate "inspiring leadership." They communicate well and often, they are trustworthy and supportive, they help to create a sense of purpose in the work, and they encourage employee growth and career development.

"Good" Bosses Pay Attention to and Communicate with Their Employees

■ They help to make the right job fit in terms of an employee's skills and personal interests.

■ They ask their employees about their work and solicit ideas for improvement.

■ They ask about their employees' developmental goals and career aspirations.

■ They take the time to listen and respond in a way that shows that they care.

■ They don't respond in a way that will stop the dialogue ("get real" or "it will never work here").

■ They provide frequent, honest feedback to employees about their performance and what is needed for improvement and career growth.

■ They recognize and reward good performance and particular accomplishments.

■ They learn about their employees by asking employees what motivates them, what they like most about the job, and what problems they have in the job. They ask employees what they like or don't like about "working here" and what might lure them away.

"Good" Bosses Are Trustworthy and Supportive

■ They are concerned about their employees' family concerns and work-life balance.

- They are concerned with and promote the physical and mental health of their employees.

- They strive to reduce overload and stress on the job, as much as possible.

- They give credit to others for ideas and contributions to the success of the work.

- They demonstrate flexibility in terms of work hours, attire, and so on.

- They demonstrate respect for employees and honor individual differences, interests, and values.

- They admit their errors and apologize when appropriate.

- They follow up on conversations, suggestions, problems, and so forth.

- They serve as "champions" for their work groups.

- They help to make the work fun and encourage the appropriate use of humor on the job.

"Good" Bosses Help to Create a Sense of Purpose in the Work and Encourage Employee Growth and Career Development

- They know that work that is boring or too stressful is not satisfying.

- They share information about the work and the organization.

- They help employees to develop a sense of pride in the organization and its services or products and help them to see the "big picture."

- They demonstrate their trust in employees' abilities by delegating and providing job autonomy and decision-making authority (for example, through creating and training self-directed work teams), especially in relation to scheduling, processes, and budgeting.

- They solicit ideas for improving work processes and the job.

- They encourage creativity and innovation.

- They try to keep the work interesting. This may include job rotation to provide new challenges and increase understanding of the "big picture." It may include combining related tasks so that jobs are not repetitive and boring and some achievement is perceived.

- They provide coaching and mentoring.

- They question things within the organization that hinder job accomplishment and employee satisfaction.

- They encourage employees to keep up with technologies, processes, and developments in the field in order to improve the work and the employees' skills.

- They help employees to set realistic career goals and to create developmental plans that will further those goals. They check on these at least once each year.

- They help employees to identify and take advantage of developmental opportunities.

- They help employees to network and to make useful connections inside and outside the organization (with internal and external customers, suppliers, trade and professional associations).

- They identify opportunities for development other than simple vertical moves (job enrichment, realignment, relocation, lateral moves).

THE COSTS OF LOSING GOOD EMPLOYEES

Some managers may think that they don't have time to do all these things. The response is: "Consider the time (and costs) required to recruit, interview, hire, assess, train, and integrate new employees to replace the ones who have left." Hard costs include advertising, search firms, travel, entertainment, interviewing, relocation expenses, and sign-on bonuses. Other costs include time spent on interviewing, selecting, orientation, and training; the work that is put on hold while this is done; and the effects on productivity, morale, and customer satisfaction. Unseen costs include the benefits to the competitor of hiring the lost employee and the possible influence of this employee on other employees (to leave). In addition, new hires tend to demand 15 to 35 percent more in pay than the employees they replace. High-tech workers, professionals, and managers cost twice as much as other employees to replace. When looked at from this perspective, one of a manager's primary job responsibilities should be the retention of high-performing employees.

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