

Employee Retention Strategies



Employee Retention Strategies is uniquely designed to provide small- to medium-sized organizations (and business units of large organizations) with affordable, effective, fast and lasting solutions to improve employee retention, satisfaction and commitment.

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Myths About Employee Morale Prevent Companies from Achieving Retention Success

Despite years of research that point to far different solutions, many companies use the wrong tactics when trying to improve employee morale, satisfaction and retention. These myths prevail, in part, because businesses have used these methods, however wrong, for a very long time and have become used to trying the same ideas.

Myth #1: People most often leave a company for more pay.

Exit interviews, conducted to learn why people leave an organization, contain some of America's greatest fiction. People frequently say they're leaving for more money because it's the easiest reason to give. More often the causes leading to departure are related to issues that were unsatisfying in the job or the company.

Typical issues that cause dissatisfaction are company policies and procedures, quality of supervision, working conditions, relationship with the immediate supervisor and salary.

Yes, pay does matter. While research shows most people don't actually leave a job for more money, there are two important facts: Very-low-income workers will leave for more money because it's a survival issue. For the rest of workers, the issue of money actually is about fairness. People become dissatisfied with pay when they feel it is unfair within the company, within the industry or when pay doesn't seem to match the amount or type of work required.

To increase employee satisfaction and retention, companies make more gains by working to improve whether people feel a sense of achievement, recognition, competence and growth, whether there are choices about how work gets done and whether employees feel respected by management..

Myth #2: Incentive programs produce long-term profits and improve productivity and morale.

So, who doesn't like free stuff? However, incentives such as gifts and cash bonuses for meeting speed and volume goals don't affect employee commitment. They're really a throwback to outdated management beliefs that workers must be coerced in order to work hard. All the extras don't add up to the real glue that creates employee commitment: the chance to learn and grow, meaningful work, good supervisors and respect and appreciation for a job well done.

Incentives have been over-used particularly in the past decade, as management books touted the importance of improving recognition of excellent work. Yet, studies show that carrot-and-stick motivation actually does not pay off in long-term company profitability or employee satisfaction or retention. To the contrary, incentives can harm quality when employees aim for speed or other goals rather than quality.

Myth # 3: People don't want more responsibility.

They don't want more **work** if they're already overloaded due to lean staffing; but people indeed want the opportunity to grow and develop their skills, advance their careers and have the opportunity for greater variety. Keep in mind what the research confirms: People do want to try new things, to feel skillful and to experience the personal satisfaction of higher levels of achievement.

People don't need a job promotion in order to gain more responsibility. The same job can be broadened to include more variety, more contact with different parts of the organization and greater control over decisions on accomplishing work tasks.

Myth #4: Loyalty is dead.

Not at all, though it is ailing in many organizations. People are seeking greater work-life balance than in the past, and employers have made great strides in providing more flexible hours and dress codes. Still, people seek to make a contribution, and organizations that provide healthy doses of the main satisfiers enjoy significantly lower turnover and higher morale. Profits are higher, too, according to recent research studies.

Things have changed, indeed. Today's workers will, in fact, change careers and jobs much more often. When the economy is good, people have become much more at ease in changing companies, are more likely to acquire new skills and move to companies that offer greater chance to use more of their knowledge and more willing to take the risks of starting anew at another organization.

What has emerged in current management studies are that the same qualities that hold employees are the ones that best serve the customers: Employees who can make quick decisions on behalf of the customer and the company; employees who have a broader scope of responsibility that allows them some freedom and leverage to solve customer problems; learning opportunities that give employees the skillfulness to address customer issues; and supportive management and supervisors who use any mistakes that occur as teaching opportunities.

Myth #5: Improving employee satisfaction is expensive.

Research tells us the true satisfiers can't even be bought: career growth,

meaningful work, respect and appreciation and being able to influence how work gets done. In these leaner times employers have the same opportunity to gain true loyalty despite lowered budgets.

The trinkets and prizes given in recognition and rewards programs aren't necessary ingredients for developing an engaged workforce. The "glue" that holds people is made of much different stuff: Management that listens and responds to employees' ideas about improving service, supervisors who support people's growth and initiative, training in how to do the job successfully, good relationships with coworkers and genuine appreciation for a job done well. There are no costs incurred to build or enhance these motivators.

Myth #6: Employee satisfaction is "fluff."

Does having engaged workers make a difference in the bottom line? Studies now show that lower turnover and greater levels of employee satisfaction have a definite positive impact on customer satisfaction and profitability, which are the key factors in company growth and sustainability. Consider these facts:

- A strong link was found in a study by PricewaterhouseCoopers between employee retention and the quality of service as rated by companies' customers.
- According to the American Society of Training & Development, organizations that invested the most in training had higher gross margins and income per employee.
- The cost of replacing an employee who leaves has been estimated by various studies to be between 70 and 200 percent of that worker's annual salary.
- The Council on Competitiveness found that a 10-percent increase in education has a more positive impact on productivity than a 10-percent increase in work hours.

The bottom line on the bottom line? Investing in people and using the most effective management practices increases profits.

Myth #7: Supervisors are the problem.

Many senior leaders express dismay about the quality and actions of their middle managers and front-line supervisors. The "blame game" is old, yet the solutions are strikingly similar to those required to build an engaged workforce.

In most organizations today, supervisors have more people reporting to them than in the past, more demanding customers than ever and greater amounts of change – all occurring at the same time. Yet, the amount of training provided to managers and supervisors in many organizations is minimal. More importantly, the amount of time that senior managers spend in dialogue with middle and line managers also is minimal.

Middle managers and supervisors can appear resistant to improvement efforts. However, the true failure exists in our understanding of their world,

the challenges they face and the support they need in order to be successful.

Successful organizations seek to build teamwork between senior leaders and middle managers and line supervisors (which is a key ingredient in creating teamwork throughout the company).

Myth # 8: My company/industry/people are different!

Yes, every company is unique, and every industry has its own set of unusual challenges. However, a very costly mistake is made when we believe information from other sectors doesn't apply to us or our organization.

Retention research studies cross all industries, all types of work settings and in varied economic conditions. Still, the same results come up time and again. We build employee loyalty – and, indirectly, customer loyalty – through providing people with growth and learning opportunities, minimizing red tape, allowing people to think and make good choices, supporting middle managers and front-line supervisors and appreciating the efforts that people give to help our customers.

It's downright dangerous to ignore these findings – risky to the bottom line and the organization's future.

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Your Research-Based Retention Resource

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