Developing a Culture to Retain Good Employees

CG Creelgroup

Objectives

The powerful role culture and values play in driving turnover

Where and when **fit** is most important

Necessity of a clear definition of what a **good employee** is to build a culture that will attract and retain the right employees

Creation of a retention plan for each **great** employee

What is Turnover?

Turnover is when employees leave an organization

May be voluntary or involuntary

Caused by a number of reasons

- Pay/benefits
- Lack of fit
- Management
- Work environment
- Work-life balance, etc.

Turnover and Fit

National data suggests that about 22% of American workers quit in the first year

The majority of voluntary turnover in first two years is caused by lack of job fit

Skills – Evaluated in the application and interview

Interests – Evaluated in the interview

Values – Frequently overlooked

Acclimation for new employees is important

New hire support programs

Voluntary vs. Involuntary Turnover

The Bureau of Labor statistics tracks national turnover in the monthly report

Increasing proportion of "quits" suggests the workers are more confident they will find another job

July 2019 Report

62% of total turnover was voluntary or quits

31% of total turnover was involuntary due to layoffs or terminations

6% Of total turnover was due to "other" reasons such as retirement, transfer, death, or disability

Turnover in Healthcare

First year turnover is higher in the hospital sector than in other industries averaging close to 28%

The national average for voluntary nurse turnover is estimated at 21%

Depending on the specialty, the cost of replacing one registered nurse can range between $10,000 and $60,000

A hospital with 250 RN's could save over a half million dollars a year by reducing voluntary turnover by 50%

What makes employees decide to leave?

High levels of dissatisfaction

Low Levels of satisfaction

Hertzberg's Theory of Motivation

There are some job factors that result in satisfaction, while other factors need to be present to prevent dissatisfaction

The opposite of "satisfaction" is "no satisfaction"

The opposite of "dissatisfaction" is "no dissatisfaction"

Hertzberg's Theory of Motivation

Factors that affect dissatisfaction are called "hygiene factors"

These factors do not lead to positive satisfaction for long-term, but their absence may lead to dissatisfaction

Factors that affect satisfaction are called "motivational factors"

Employees tend to find these factors intrinsically motivating and may lead to superior performance

Both types of factors are important for creating a strong organizational culture

Hygiene and Motivation Factors

Job Dissatisfaction

Herzberg's Two-Factor Principles

Job Satisfaction

Influenced by *Hygiene* Factors

Improving the motivator factors increases job satisfaction

Influenced by *Motivator* Factors

- Working conditions
- Coworker relations
- Policies and rules
- Supervisor quality
- Base wage, salary

Improving the hygiene factors decreases job dissatisfaction

- Achievement
- Recognition
- Responsibility
- Work itself
- Advancement
- Personal growth

Factors Frequently Cited as Contributing to Low Levels of Satisfaction in Healthcare

Job stress

Lack of career opportunities

Lack of recognition

Lack of role clarity/autonomy

Relationships with co-workers/management

Work schedules

Work is too physically demanding

The Role of Compensation

One common belief is that dissatisfaction with pay is a major contributor to turnover

However, Sheridan (1992) in an empirical study of people hired in the same job at the same time in 3 different companies, found that organizational culture match counted more than **4x** as much in the decision to leave the organization than salary

In a study specific to healthcare, Vandenberghe (1999) found that culture/values fit was the best predictor of turnover among nurses. Factors like pay and personality traits had little to no effect on turnover.

Therefore, as long as compensation is at least competitive, it seems to have little to no influence on decisions to turnover
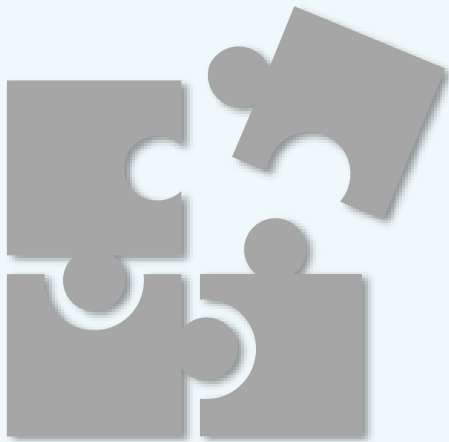
Motivators and Values

What motivator factors are present and how they are expressed is determined by culture

What motivator factors are important to an individual are determined by a values

Culture/values fit determines whether motivator factors are effective or ineffective

Values and Culture Fit are Critical to Retention

What is fit?

Why is fit important?

Where is fit most important

What is Fit?

Fit is an employee's perceived compatibility with the job, organization, and culture

Fit occurs when employees work in jobs where the demands of the job are congruent with their interest and values

The more individuals fit with their jobs, coworkers, and organizational culture, the lower the turnover (voluntary and involuntary)

Why is Fit Important?

Good fit between a person and organization has been strongly linked to organizational attraction, retention, and work-related attitudes and actions

Research suggests that fit is an important precursor to employee engagement

Poor fit is a strong predictor of intention to leave

Employee engagement is related to critical outcomes such as productivity, organizational citizenship behaviors, and overall job performance

Types of Fit

Organization

Unit

Profession

Where is Fit Most Important?

Fit with the work team and immediate co-workers has the most effect

The culture of the work unit is the culture the employee experiences 8-12 hours a day

The values expressed by and rewarded in the unit are the organizational values the employee lives with 8-12 hours a day

Typical Description of a "Good" Employee

They produce quality work

Typically value professionalism, appearance, opportunity for creative and artistic self-expression

They are productive

Typically value competition, achievement, success, challenging goals, advancement opportunities

They are reliable

Typically value accuracy, clear rules, planning, feedback, organization, and hard work

Matching Culture with the Values of Good Employees

Characteristics	Values	Needs	Good Culture Fit
Quality	Professional Appearance Creativity	• To work in a professional atmosphere • To have opportunities to use their imagination, allow for experimentation, exploration, & creative problem solving • To have the time to ensure work is accurate	• Recognizes and rewards professionalism • Provides resources necessary to ensure work can be done well • Ensures adequate time is provided for high quality work
Productivity	Competition Achievement Notable Success High Energy Levels	• To get things done, done well, and on time • Feedback on performance, relative to others • Leadership development opportunities • To know their company is better than the competition	• Track performance in measurable ways • Provides clear feedback-meaningful performance appraisals • Visibly recognizes success—merit pay/incentive pay • Encourage ambitious goals • Identify and promotes the company's strengths • Provides opportunities to advance-career ladders/development opportunities
Reliability	Dependability Follow Through Commitment	• To meet expectations of supervisors • Understand rules, procedures, and details of the organization • Structure and order	• Clear policies and procedures—distribute and educate • Provides good training—initial orientation and ongoing • Clear expectations of performance—agree on the standards and definitions of success • Provides information to make good decisions—involving in decision making

Hiring for Fit

Provide clear communication on the organization's values and culture
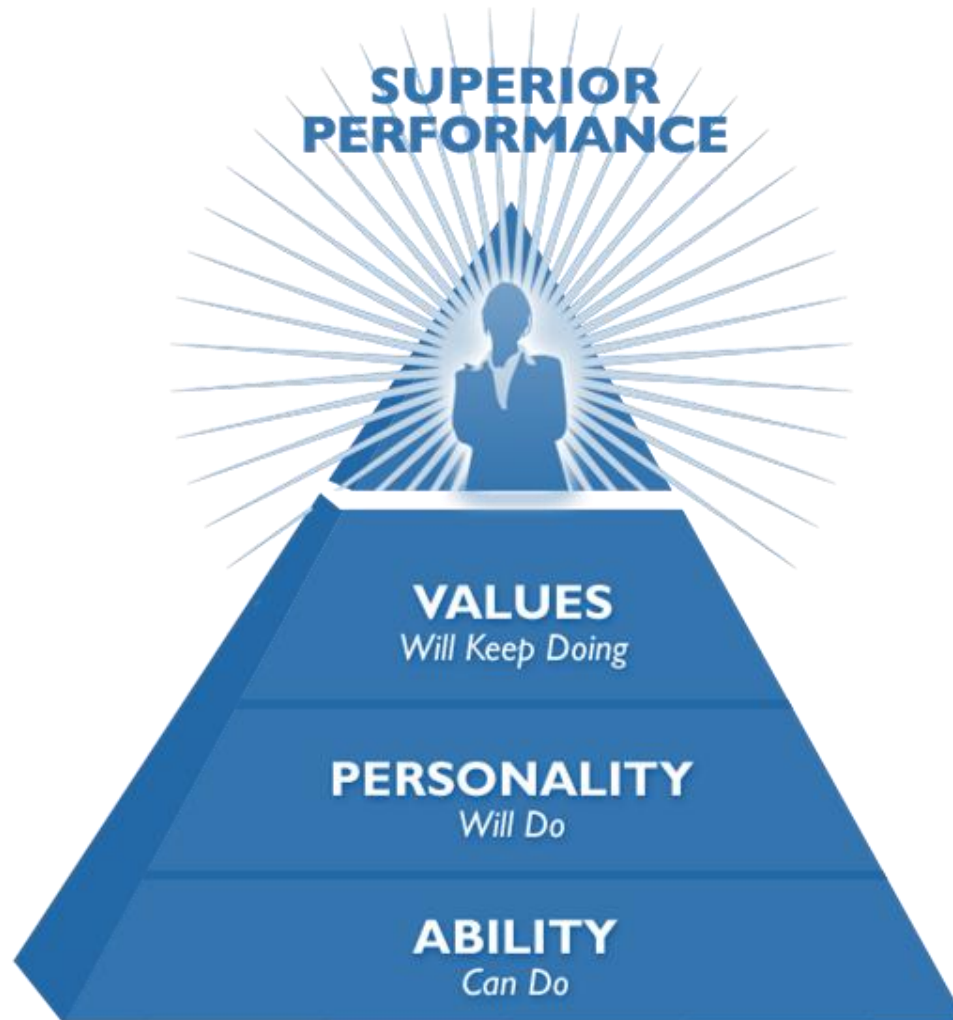
Particularly focus on the unit culture

Include fit-related questions in interviews

Provide realistic job preview to help determine fit

Consider using personality and or values assessments as part of the hiring process

What Makes a "Good" Employee?

SUPERIOR PERFORMANCE

VALUES
Will Keep Doing

PERSONALITY
Will Do

ABILITY
Can Do

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Where Should You Begin?

Assess your organizations hygiene factors to ensure "dissatisfiers" are not present to a degree that overpowers the "satisfiers" and create a plan to eliminate or reduce any you find

Create a consistent and clear definition of the kind of employees you really want to hold on to

Realistically define the key characteristics of the employee

Prioritize the key characteristics

Identify the "good" or "great" employees

Recognize that "good" employees are not the same as "great" employees

Identifying the Targets and Measure Success

Evaluate the typical definition of "good" employee at both the organizational and department level

Assess the presence or absence of the important attributes for "good" employee fit

On an organizational level, make sure tools are available to the departments to create a good fit culture

Ensure a specific retention plan exists for each "great" employee

Set specific retention goals and track and report on turnover of these employees

Follow up on departments that exceed the goal to ensure managers are using the tools available to them