

Whitepaper



Workplace Relationship
Development Indicator

Retention Intervention: A Strategic Approach

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A new phenomena of "insider hiring" in executive job markets is about to sweep Australian Human Resources Departments. Simply head hunting for high powered staff is no longer enough. There will be a growth of defensive employment strategies to combat the executive "churn and burn" rate.

(Paid to Stay, Business Review Weekly, December 15, 2000)

Best practice organisations treat retention as a strategic problem.

(Executive Compensation Newsletter, Arthur Andersen, 2000)

Introduction

The WRDI Institute white paper entitled: About Turnover and Retention, provides some background information on retention, the various types or classifications of turnover, the causes of turnover, and an approach to diagnosing turnover and assessing retention risk. This white paper outlines twelve (12) key strategies to addressing turnover - "cradle to grave" approach. This approach is underpinned by the Workplace Relationship Development Indicator (**WRDI™**) survey. What gets measured gets managed! The WRDI™ provides a basis for measuring and managing retention issues, proactively and predictability. It is contended that by addressing turnover strategically, lasting benefits can be delivered to an organisation.

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For many companies, retaining employees is easier said than done!

A Strategic Approach to Retention

Retention is a Complex Issue

For many companies, retaining employees is easier said than done! Often *ad hoc* approaches are adopted, without a deeper framework of understanding of the causes, best practices, and approaches that work. For example:

- provision of gym memberships or dog walking services for employees, is hardly likely to impact on retention if fundamental aspects of the employment relationship are distressed; or
- “stop gap” pay measures may provide “breathing room” to address critical issues, but they are not a long-term “fix”, as they do not address the underlying intangible issues.

Retention is a complex and multifaceted phenomena. Patchwork solutions or "quick fixes" are unlikely to succeed. A “shotgun” approach to turnover where all employees are dealt with as one large mass is unlikely to work.

Differentiating Retention from Turnover

Furthermore, in addressing turnover, what also is important is retaining the “right people” (i.e., selective retention), as opposed to maximising retention. Retaining employees with low job satisfaction and / or emotional attachment to the organisation (i.e., affective commitment), is hardly likely to lead to enhanced organisational performance. Some organisations may therefore have a retention problem, as opposed to a turnover problem (i.e., their turnover may be in fact quite low). These organisations may be retaining a workforce that is feeling “stuck” and disenfranchised, possibly seeing few alternative employment options. These “walking wounded” hardly provide a foundation for an organisation to move forward.

These issues are explored further in the WRDI Institute white paper entitled: About Turnover and Retention. It is recommended that this white paper (i.e., About Turnover and Retention), should be read as a precursor to this white paper, as there are some conceptual matters explained in the former which will facilitate ease of understanding herein.

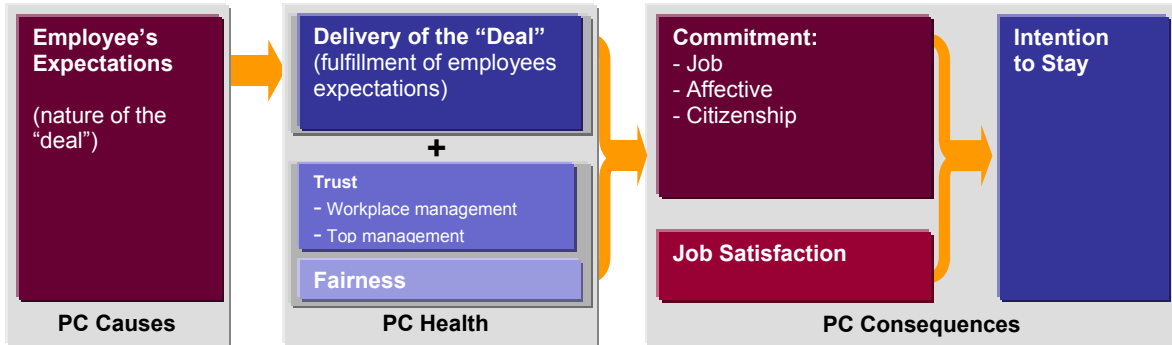
Retention: From "Cradle to Grave"

High turnover is most likely a symptom of some deeper issue or set of issues, within and / or outside an organisation. Ultimately, retention is about how an organisation manages its relationships with its workforce, and as such, the responsibility for turnover lies primarily in the hands of top management.

The WRDI Institute has developed a "cradle to grave", strategic approach to addressing turnover problems. This approach is underpinned by the Workplace Relationship Development Indicator (**WRDI™**) survey, which is based on a model of the psychological contract (or employer / employee relationship). The White Paper on About Turnover and Retention includes more details of the WRDI™

model, and its measures and diagnostic capability. This model is included below for reference purposes:

**The WRDI™ Model of the Psychological Contract (PC):
Causes, “Health” and Consequences**

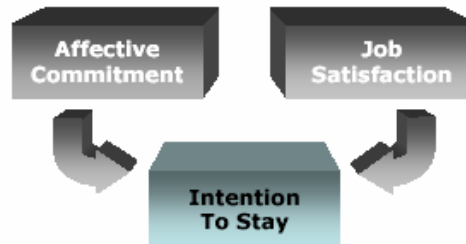


The two major predictors of intention to stay are::

- affective commitment (emotional attachment / engagement); and
- job satisfaction.

Intention to stay is in turn, the main predictor of turnover.

The Two Strongest Predictors of Intention to Stay



What gets measured gets managed! The WRDI™ provides a basis for diagnosing retention issues, proactively and predictability. It is able to differentiate retention from turnover issues by identifying, on both an individual and workforce segment basis, the “walking wounded”. As such, it underpins an objective approach to “selective retention”, and the consequent enhancement of organisational effectiveness.

Lasting Organisational Benefits

Apart from the obvious turnover reduction cost benefits, there are other very significant organisational effectiveness benefits associated with this “cradle to grave approach”. For example, reduced turnover is associated with a simultaneous

The WRDI™ is able to differentiate retention from turnover issues by identifying, on both an individual and workforce segment basis, the “walking wounded”



increase in job satisfaction and affective commitment (two of the main precursors of turnover), which in turn, are related to:

- higher levels of worker motivation and performance;
- reduced workplace stress;
- enhanced worker well being; and
- more satisfied customers.

Addressing turnover strategically can deliver lasting benefits to an organisation.

From Cradle to Grave

WRDI Institute's "cradle to grave" approach to addressing turnover includes twelve (12) key strategies. Whilst these strategies have been presented as such, they should not be viewed in isolation. In fact some of them are closely related. For example, linking psychological contracts to the business strategy, becoming an employer of choice and creating new deal employment relationships, are similar concepts.:

I. Acceptance of Management Responsibility

Top management must be committed to addressing turnover / retention issues. HR and line management need to partner with each other in addressing retention, overseeing the development of policies and systems, and their effective implementation. This commitment needs to be translated into responsibility, and "sheeted home" via Key Performance Indicators (KPIs).

From a practical and pre-emptive perspective, it makes sense to deal with turnover intentions of present employees, in order to prevent dysfunctional turnover, rather than deal with turnover on a *post hoc* basis with former employees. The WRDI™ survey provides a measure and diagnosis of "intention to stay" – the strongest predictor of turnover. Rather than rely on the subsequent turnover figures, manager's KPIs may be based on survey findings.

However, a necessary precursor to the acceptance of this responsibility is an education program about retention, psychological contracts, the "new deal" employment relationship, and the WRDI™ survey. WRDI Institute's 1 day seminar entitled: *Addressing the Key HR Challenges of the New Millennium*, provides a framework of understanding for managers to systemically address retention issues.

Beyond this education and awareness seminar, there is also a need to prepare managers for conversations with their people (i.e., engage in career dialogue), about a range of key issues (e.g., careers, job related concerns, possible negotiations to accommodate employees' needs, etc.). In practice, many managers are wary of open and honest two way communication, and otherwise sharing information to empower employees to contribute as partners in the organisation's business. They are concerned about making mistakes or not being able to adequately address employees' needs. Management development therefore constitutes a key retention strategy, as managers play an integral part in the development of their employees.



Good communication and feedback systems are integral to effective retention strategies.

2. Regularly Survey Employees and Re-Recruitment (The WRDI™)

There is a power shift in the Australian employment market in favour of employees.

(Paul Bassat, Seek, 2000)

The link between distressed or violated psychological contracts, and a lowering of workers' commitment, job satisfaction and higher turnover, has been established by a number of researchers.

(Guzzo, Noonan & Elron, 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Schalk, Freeze & Van den Bosch, 1995)

Good communication and feedback systems are integral to effective retention strategies. The regular surveying of employees and associated feedback, provides an opportunity for "healthy dialogue" between management and employees, and an opportunity to listen to employees' needs and suggestions. Often senior managers are isolated from the "coal face". Survey findings provide a reality check with "real time" feedback.

More importantly, surveying the workforce with the WRDI™, provides management with vital:

- objective;
- quantitative; and
- diagnostic information;

by workforce segment, concerning retention and alignment issues.

The isolating of causes of retention by workforce segment and associated targeted interventions to address deficits, or achieve desired improvements, provides a clear direction for management of the organisation to move forward. Individuals also derive a benefit from their tailored Relationship and Career Development (RCD) Reports (available as part of a mass survey), which provides them with a new framework in which to think about their work life.

More specifically, mass survey applications of the WRDI™ underpins a "re-recruitment" approach – one of the newest weapons in an organisation's retention arsenal. In re-recruiting the existing workforce, there is a need to constantly revisit the question as to what motivates employees to stay. The WRDI™ provides a diagnostic answer to this question. Organisations without a re-recruitment strategy are in danger of experiencing a fundamental disconnect with their workforce, which virtually guarantees that they will continue to suffer from costly turnover.

The WRDI™ enables management to foresee talent loss and take preventative action. It provides a "window of opportunity" to proactively address turnover and return lasting organisational benefits.



**Workplace Relationship
Development Indicator**

Psychological contracts vary within a continuum from "relational" to "transactional". They must link to the business strategy, and will vary across workforce segments.

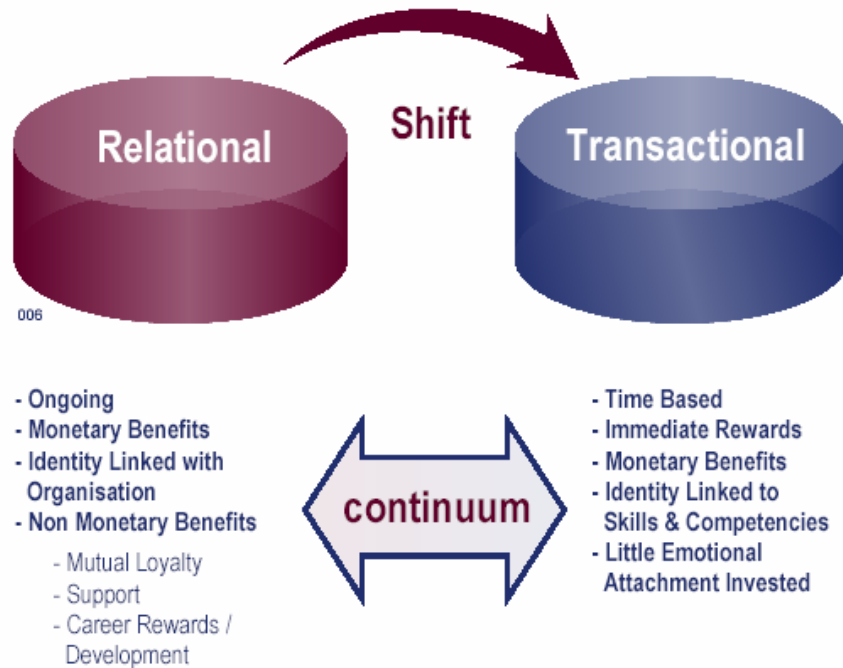
3. Link Psychological Contracts to the Business Strategy

The ability to compete effectively may depend on creating psychological contracts consistent with the expectations of customers, and the flexibility demanded by technological changes and the market place. (Rousseau, 1995)

Note: The term "psychological contract" may be substituted with the term employer / employee relationship. For more information on the psychological contract, refer WRDI Institute White Paper on Creating "New Deal" Employment Relationships.

Psychological contracts vary within a continuum from "relational" to "transactional" with a shift having occurred towards the latter in recent times.

Recent Shift in the Psychological Contract



They must link to the business strategy, and will vary across workforce segments, depending on the:

- history and positioning of the business (e.g., start up businesses may offer lower job security and resources, but higher job challenge and % of pay based on performance);
- stability of the external environment (e.g., businesses operating in more stable environments may offer longer term job security);
- nature of customer service and relationships (e.g., businesses involved in "one off" customer transactions are more likely to offer high % of pay based on performance);



-
- value and knowledge contributed by the position (e.g., senior management and key specialists roles are likely to offer higher levels of rewards and career development opportunities); and
 - the emerging needs of employees in the contemporary workplace (e.g., sufficient decision making power and authority, some flexibility in work practices).

For example, those established organisations competing through distinctive forms of customer service in stable environments, tend to train their employees extensively and foster a service orientation. These organisations seek a longer term relationship with their employees (i.e., relational psychological contracts), and hence lower turnover, where cultural norms which support good customer relations are developed.

Today, many organisations are opting more for "hybrid" psychological contracts (i.e., a combination of relational and transactional psychological contracts that incorporate performance based pay). Hybrid psychological contracts incorporate shared values and commitment (including intention to stay with the organisation), as well as specified results and time frames. Performance management systems should be effectively integrated with psychological contracts (see point 8).

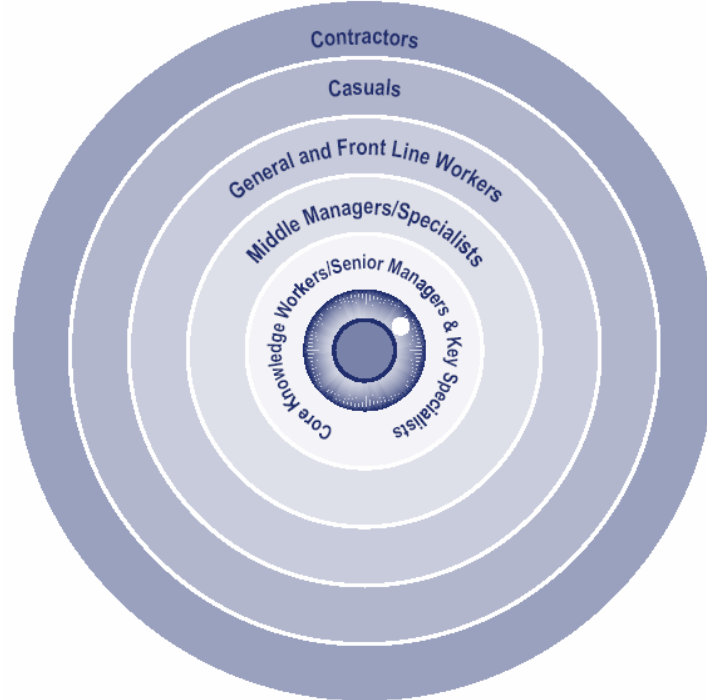
However, inappropriate psychological contracts can lead to excessive turnover. For example, they may excessively emphasise pay based on short term performance or results, when the development of longer term, quality, customer relationships are critical to business success.

However, inappropriate psychological contracts can lead to excessive turnover.

A best practice approach to retention is to segment the workforce in much the same way as a marketer segments their customers. One size does not fit all! The choice of segments is highly strategic. The core / complementary model of employment is useful in structuring and analysing psychological contracts and the workforce. In this model, the workforce is viewed as a series of layers (or segments), with an inner core of critical employees (where a significant component of the intellectual capital of the organisation resides), extending through to more peripheral employees and contractors.



The Core / Complementary Model of Employment



As mentioned previously, different workforce segments will require dramatically different psychological contracts or “deals” (i.e., different mixes of tangibles and intangibles). For example:

- senior managers require job challenge and the stimulation of career development opportunities;
- salespeople require recognition;
- professionals value the opportunity to develop technical skills, autonomy in decision making, sufficient resources to do the job, and a supportive boss;
- employees in lower knowledge jobs value a supportive work environment (i.e., being part of the team).

Creating winning “deals” or employment propositions with workforce segments is vital to retention. More specifically, the “deal” or employment proposition, can be assessed by measuring the strength of employees’ realistic expectations across those items comprising the psychological contract (i.e., expectations or psychological contract profiles from the WRDI™). These items, which include both tangibles and intangibles, comprise a comprehensive list of key job / workplace characteristics and conditions, vital to retention. They can be grouped according to the four broad areas of:

- rewards and recognition (e.g., pay based on performance);
- safety and job security;



A workforce segmentation scheme often identifies pockets of turnover and leads to a redefinition of job functions / roles.

- career development (e.g., job challenge, training, autonomy, advancement); and
- support and social aspects of the job (e.g., management support, group support, flexible work arrangements, adequate resources).

The challenge is to balance trade offs between benefits and costs, both direct and indirect, across these items. Input from accounting professionals may be required to evaluate and assess the “deal” or total employment proposition. For example, an organisation may be unable to offer a highly competitive salary, but it may be able to offer great career growth prospects as a substitute.

A workforce segmentation scheme often identifies pockets of turnover and leads to a redefinition of job functions / roles. Employment propositions can be compared and evaluated for various workforce segments by comparing expectation profiles generated by the WRDI™ for each of those segments. If the employment proposition is unsatisfactory to employees (or has not otherwise been delivered), and those employees have the opportunity to join another organisation where that employment proposition is presumed to be better or otherwise delivered, then they are likely to depart.

Psychological contracts / employment propositions must be effectively managed. To that end, the WRDI™ provides (refer WRDI™ model), by workforce segment:

- a measure of the “deal”;
- a basis for it to be re-negotiated, if appropriate;
- a measure of its delivery;
- a measure of the “health” of the relationship or psychological contract; and
- a measure and diagnosis of consequences of the psychological contract (including intention to stay).

The WRDI™ therefore plays a vital part in structuring and managing employer / employee relationships and diagnosing retention.

4. Become An "Employer Of Choice"

Organisations that desire to become "employers of choice" must devise strategies and innovative programs which will satisfy a spectrum of both work and personal needs, including tangible and intangible rewards. They need to develop a competitive advantage in recruiting and retaining staff. They need to develop positive psychological contracts with their employees.

(Anderson & Pulich, 2000)

Competitive pay practices will prevent unnecessary turnover but they won't differentiate an employer in the labour market.

(Executive Compensation Newsletter, Arthur Andersen, 2000)



Even making salaries and financial rewards more competitive in a recent survey was judged to be ineffective by more than 1/3rd of respondents - 56 % of respondents did not select \$ as one of the 3 most common reasons why high performing people had left organisations.

(Avoiding the Brain Drain, Kepner - Tregoe, 1999)

There are many “employers of choice”, each for different reasons. “Employers of choice” compete with each other on the basis of their distinctiveness. They create winning employment propositions, tailoring the company / organisation's "brand" and "products" (i.e., the jobs it has to offer), to appeal to the specific people it wants to find and keep. A company / organisation's brand is the face it presents to the world. At its heart must be an appealing culture and inspiring values: qualities that apply to every activity and function within the company, and to every aspect of its behaviour.

Note: One of the measures of the consequences of the psychological contract in the WRDI™ is affective commitment, which refers to the emotional attachment or person – “fit” with the organisation. “Healthy” psychological contracts, together with an appealing culture and inspiring values, will be reflected in higher levels of employees’ affective commitment.

A winning employment proposition at a more senior management or key specialist level, may be characterised by the following:

- "elbow and head room" (i.e., autonomy);
- a position that stretches but does not defeat (i.e., job challenge);
- something new to work on (i.e., career development and job challenge);
- great colleagues (i.e., supportive environment);
- highly competitive compensation (i.e., competitive salary package, other benefits).

Note: The items in brackets form part of those items comprising the psychological contract, as measured by the WRDI™.

The ability to define, develop, and deliver a superior employment proposition will be especially critical for large companies / organisations facing the small company / organisation challenge. Small companies / organisations offer more opportunity to satisfy a desire for:

- meaning;
- excitement;
- flexibility;
- impact; and
- reward.



the WRDI™ puts substance to the meaning of an "employer of choice".

Retention starts at the recruitment stage: long before an employee's first day on the job.

Small companies may also offer equity ownership in a business that a few talented executives can drive up the share price. However, large companies need not be too defensive, as they possess natural advantages of their own, including the:

- magnitude of the impact;
- depth (the resources to take risks);
- capital (resources to support big decisions); and
- variety of experiences over the course of employees' careers.

Be it for large, medium, or smaller size organisations, the WRDI™ puts substance to the meaning of an "employer of choice". Becoming an "employers of choice" is not so much about providing more "superficial" or peripheral employee benefits and services. By inference, an "employer of choice" will have:

- "healthy" psychological contracts with their workforce segments;
- high levels of employee job satisfaction (i.e., person – job "fit");
- high levels of employee affective commitment (i.e., emotional attachment or person - organisational "fit"); and
- high intention to stay with the organisation.

The WRDI™ provides an objective measure and diagnosis of these key factors which differentiate "employers of choice".

5. Improve Selection Procedures

Retention starts at the recruitment stage: long before an employee's first day on the job. Selecting the "right" people for the "right" job is crucial to retention, particularly with the shrinking availability of skilled talent. A comprehensive job description and a Realistic Job Preview (RJP), are fundamental components of the recruitment process.

RJPs are critical, at the recruitment stage, in avoiding the subsequent "reality shock" of new recruits' unrealistic expectations and associated dissatisfaction about the job and / or the organisation. Costly turnover is most likely to occur among new recruits who are unable to resolve the differences between their initial expectations and reality.

The WRDI Institute has developed an online RJP tool called the Work Expectations Match (WEM™). The WEM™ is an expectations management questionnaire, that matches applicants' expectations to key aspects of the job and work setting. The WEM™ is a derivative of the WRDI™, based on a model of the psychological contract, and its measures are vital to applicant selection, retention and performance.

Beyond RJPs, a variety of selection procedures can play their part, including:

- the tracking and analysing of applicant source data and acceptance rates;
- an identification and assessment of the skills and competencies required for success (includes technical as well as "soft skills");

- use of psychometric testing to assess applicants' intellectual aptitudes, interests and personality characteristics; and
- interviews and reference checks.

Note:

1. "Soft skills" (i.e., self-reliance, flexibility, resilience, proactivity, relationship building, etc.), are being recognised as becoming increasingly more important to success in the contemporary workplace.
2. The WRDI Institute has developed an on-line behaviourally based reference check called the WEM™ RefCheck.

6. Implement Post Recruitment Assessment (WRDI™: Individual Report)

The results of research showing the rapid development of psychological contracts during organisational socialisation (i.e., over the initial period of employment where naïve newcomers make sense of their environment), has implications for employers. Based on this evidence, we recommend that employers attend to the dimensions included in employee's psychological contracts from the most rudimentary stage onwards, to encourage the inclusion of realistic and desirable employer and employee obligations.

(Thomas & Anderson, 1998)

Negotiation and renegotiation may be particularly important in developing a match between what employers both want and offer.

(Herriot & Pemberton, 1996)

Selection and recruitment services should not stop at the point of commencement of employment. New recruits are the highest "at risk" group in terms of retention and turnover. This initial period of employee orientation and socialisation is most critical insofar as the possible mismatch of employer / employee expectations, and the emergence and identification of contentious issues.

The direct and indirect costs of replacing new recruits who resign prematurely is a "no win" result for all concerned.

The direct and indirect costs of replacing new recruits who resign prematurely is a "no win" result for all concerned. For the recruiter, there are issues concerning minimum guarantee periods, and loss of reputation. For the employer, there is the wasted time and effort (not to mention the associated costs), spent in inducting and training the new recruit, plus the additional work load on other employees until a replacement is found and trained.

Managing new recruits and building their commitment during the initial stages of their employment (even beyond the initial 3 months up to 12 months or more), is critical to retention. Research clearly demonstrates that the longer an employee stays with an organisation, the less likely they are to leave.



Post recruitment follow up assessment, underpinned by the new recruit's completion of the WRDI™ and generation of their Post Recruitment Assessment (PRA) Report during the initial stage of employment (i.e., around 3 months into the job), can assist their adaptation to the organisation during this critical period. The "safety net" assessment of the PRA Report, provides a vital post recruitment "value added" benefit, for recruiters and employers.

More specifically, the PRA Report:

- identifies areas of concern (e.g., unmet or unrealistic expectations);
- acts as a powerful catalyst in generating "healthy dialogue" between the two parties on matters of concern;
- includes targeted interventions for both the new recruit and their manager to address any perceived deficits;
- provides vital, objective information on the effectiveness of recruitment and orientation practices (i.e., provides a basis for benchmarking recruitment practices);
- provides employers with a precautionary check against confirming an inappropriate new employee appointment; and
- endorses or validates the initial new recruit selection.

Note: Refer the WRDI™ web site under the section on "Retention" for further information on the application WRDI™ in Post Recruitment Assessment.

7. Ensure Employment Relationships are Consistent with the "New Deal"

Low unemployment rates have brought a shift in attitudes of many firms towards their workforce, with a new sensitivity developing towards employee's needs. This doesn't stem from altruism or a great awakening of corporate conscience, but rather it is based on an understanding of the economic implications of employee turnover.

(Avoiding the Brain Drain, Kepner - Tregoe, 1999)

A recent comprehensive U.K. study has confirmed decisively the link between good people management practices and bottom line results: job satisfaction and organisational commitment accounted for a 10% profitability and 23% productivity difference between companies.

(Patterson, West, Lawthom, & Nickell, 1997)

The management of people had a greater effect on a business's performance than competitive strategy, focus on quality, manufacturing technology and investment in R & D put together.

(Patterson, West, Lawthom, & Nickell, 1997)



"New deal" employment relationships are based on a "win-win" outcome for both parties. They are more "exchange based", being characterised by:

- greater flexibility;
- mobility;
- self-reliance;
- enhanced performance;
- trust and openness; and
- adult-adult attitudes and responsibilities.

There is an emphasis on:

- commitment to the organisation's vision, values and goals (as opposed to "blind" loyalty);
- the quality of working relationships, including attachment or cohesion with teams;
- career prospects and "employability" (as opposed to job security);
- a greater involvement and "voice" in what is going on; and
- recognition and attention from management (which includes a greater focus on the individual and their needs).

The development of progressive Human Resources policies goes hand in hand with "new deal" employment relationships. These policies address areas such as: Training and Development, Flexible Work Practices, Career Development, etc. However, one of the challenges of the "new deal" is to manage a diversity of needs for various workforce segments without creating chaos!

8. Implement a Performance Management System

Managing the performance of human resources is a function of at least three systems (i.e., goal setting, performance appraisal, and reward systems), which seek to align work behaviours with the business strategy, employee involvement, and workplace technology.

Goal setting specifies the kinds of performances and outcomes that are desired. Performance appraisals involve:

- assessing performance data and the achievement of those outcomes; and
- facilitating career development, providing information about strengths and development needs.

The feedback aspect of performance appraisals is particularly critical, as it brings both the organisation's and employees' expectations to the surface. Reward systems provide the reinforcers to ensure that outcomes are repeated.

Reward systems and employee compensation lie at the heart of the employment relationship. Compensation has direct effects on:

- job satisfaction;

Reward systems and employee compensation lie at the heart of the employment relationship.



- attraction and retention;
- performance;
- co-operation;
- flexibility;
- skill development;
- risk taking, etc.

Compensation decisions also have important consequences for individuals, not only in terms of income, but as indicators of social status and success in life.

Compensation is a visible, salient, personally and socially significant signal of the nature of the employment relationship. Messages conveyed by compensation include:

- values (e.g., productivity, parity, cost containment);
- performance (e.g., membership versus risk taking, citizenship behaviour versus job achievements);
- time frames (i.e., short term returns versus long term growth); and
- equity (i.e., relative distribution between employees, employees and managers, and the organisation and the external labour market).

Performance management systems therefore constitute a key retention strategy.

9. Provide Career Development Education and Workshops

The organisation that will thrive in the new reality are those with employees who have the option to leave but choose to stay. Those that fail will be populated by employees who are there only because they are afraid to go elsewhere.

(Noer, 1997)

Technical people in information systems departments rate career development and nonmonetary compensation as more important factors in job satisfaction than money.

(ComputerWorld, June 29, 1998)

The shift from a traditional career model to a new model confronts us with a problem outside our experience! No norms exist to tell us how to evaluate, plan, review, analyse, promote or otherwise live out the new career. The largely static, restrictive assumptions of the old view of careers and organisations needs to be replaced by a more dynamic, knowledge driven model.

(Michael Arthur)



Career development is a retention strategy which appears "counter intuitive" in that it may encourage some employees to leave.

Training viewed as an investment, signals a desire to retain and deploy the individual, and their newly acquired skills.

Career prospects within organisations form part of the "new deal" employment relationship, with "employability" and career development now assuming increased importance. Employees are now being challenged to take more responsibility for their own career management and development, given that there are no long term guarantees! New meanings of job security have emerged in terms of a readiness and willingness to adapt, rather than learning a set of skills that might aim to guarantee life long employment.

Career development is a retention strategy which appears "counter intuitive" in that it may encourage some employees to leave. The upside for organisations is that they end up with a more independently minded and empowered workforce. Research indicates that career related issues are one of the major reasons why people leave organisations. Career development now forms an important part of organisational development in the contemporary workplace., providing it is ultimately consistent with the needs of the organisation. Develop the employee and you develop the organisation!

However, in the era of flatter structures, management is unsure as to what they are able to offer their employees by way of career development. Some employees are unsure of what the concept of a career means in the contemporary workplace, given that the traditional career model is dead!

The WRDI Institute has developed workshops and associated materials on career development / management in the contemporary workplace.

Consistent with this approach is the need for organisations to:

- develop career paths within the organisation;
- provide cross functional learning opportunities; and
- have a clearly defined training and development policy.

Career development therefore constitutes a vital retention strategy by:

- pro actively addressing the career concerns of employees;
- unearthing "hidden" career possibilities that can be accommodated within the organisation for a "win – win" outcome; and
- otherwise preventing needless resignations.

Note: Other key training needs for managers / supervisors additional to the above include: career dialogue training, conflict handling,, providing performance feedback, managing upwards, and change management.

10. Provide Training and Development

Training and development (including personal and professional development), is positively linked to retention. Training and development are also essential means of improving organisational performance. They are tools to enhance the skills and broaden the career opportunities of individuals, and to improve the effectiveness of services. Training plays a critical role in helping employees to cope with the rapid



The explosion of knowledge and information in recent times has highlighted the need for lifelong learning and ongoing professional development.

pace of change in organisations. Most employees now face the prospect of undertaking ongoing training throughout their careers (i.e., the age of continual learning), in order to acquire the new skills that are demanded by technological and organisational change.

Training should be more oriented to implementing the organisation's strategy, rather than necessarily benefiting the individual. Organisations internalise members when learning specific skills and behaviours offers competitive advantage. They externalise when knowledge is widely available and of little competitive advantage, or is otherwise too costly to learn or acquire. Notwithstanding, some companies are finding that general education programs including business and life skills development, can also be valuable.

Training viewed as an investment, signals a desire to retain and deploy the individual, and their newly acquired skills. Periodic re-skilling, cross-training opportunities, inter-firm experiences and involvement in projects, form part of the "new deal" relationship. Such training contributes to employees' development, whilst at the same time, facilitating linkages within and between work groups.

Employees need to develop flexible skills that can be readily applied to new tasks or situations, and adapted to meet changing work requirements. The current push towards cross-functional teamwork and projects is a development function that enhances commitment to organisation objectives. It makes interdependence and co-operation among individuals and functions more visible, and otherwise creates a social environment where organisational commitment can be built through relationships, social involvement, and shared values and ideas.

Personal development includes an emphasis on interpersonal and relationship building skills, developing resilience, handling change and ambiguity, and enhancing general life skills, all of which are transferable to any job / career (i.e., development of "soft skills"). The development of self-management and self-reliance skills reduces management load. Converging theories of work motivation emphasise the critical influence of volition and self-influences on performance. A person with a strong sense of mastery and high level of optimism is likely to approach change in a positive way, and is likely to exhibit a high level of work commitment, even in the face of uncertainty.

The explosion of knowledge and information in recent times has highlighted the need for lifelong learning and ongoing professional development. Knowledge is the only competitive advantage. Organisations need to instill the concepts of continuing knowledge and education, particularly for their higher knowledge workers. Providing opportunities for professional development also helps create a balance between organisational and personal aspirations.



I I. Provide Employee Advice and Support (Career Counselling and Employee Assistance Programs)

(a) Career Counselling: "At Risk" Employees

Individually tailored WRDI™ Relationship and Career Development (RCD) Reports produced as part of a workforce survey, identify "at risk" employees (i.e., those who are more likely to leave the organisation, be it for work related issues or otherwise). The provision of optional, confidential career advice / counselling, provides a further "safety net" for these employees to consider alternative options, apart from leaving the organisation. The opportunity for further assessment and to "talk things through" with a professional can further assist in the clarification of career and personal development issues.

(b) Career Counselling: "Stuck" Employees

What employees do while they are with organisations is as important, if not more important, than how long they stay.

The WRDI™ individually tailored RCD Report also identifies those employees who appear "stuck" in their jobs (i.e., the "walking wounded"). Career counselling and / or career development workshops for this group provides an opportunity for them to re-invent themselves, to take charge of their careers and become more effective employees (whether this may ultimately be inside or outside of the organisation). Those employees who remain "stuck" in their jobs (i.e., low job satisfaction and possibly low affective commitment, with a high intention to stay), are more likely to experience a lower quality of work life:

- experiencing more workplace stress;
- providing lower levels of customer satisfaction; and
- otherwise being a less motivated employee.

Thus the WRDI™ RCD Report and associated career counselling and workshops, constitute a critical episode for all employees to reassess their work life. It may be the case that it is in the best interests of both parties that some of these "stuck" employees move on.

(c) Career Counselling for Higher Potential Employees

The provision of optional, confidential career counselling for medium to higher knowledge employees, including high potential employees or key talent, can further assist in the clarification of career development issues and options. The accommodation of these options can then be explored with management in the first instance, rather than result in the premature and unnecessary resignation of the employee.



Mentoring and coaching is useful at all levels, but particularly so in grooming those earmarked for future development and promotion.

(d) Employee Assistance Programs (EAPs)

Research has shown that the availability of support is a factor in turnover reduction. The successful use of EAPs has been linked with decreased turnover and absenteeism. Furthermore, the tracking of counselling issues (e.g., management issues, conflicts at work, stress or burnout, etc.), provides an early warning system in respect of potential turnover issues. Burnout has been implicated as a factor in high turnover rates.

12. Conduct Exit Interviews (WRDI™ Exit Interview Version)

Exit interviews provide further valuable information relevant to retention / turnover. This information keeps employers in touch with market trends in employment movements and competitor initiatives. Knowing who the competition is, and what they are doing, constitutes key retention information.

Exit interviews also provide valuable information on why people leave organisations, be they related to:

- the organisation (i.e., dysfunctional or avoidable turnover - for example: career issues, conflict with management, etc.), or
- personal issues (e.g., changing career aspirations, family reasons, etc.).

Completion of the WRDI™ (Exit Interview version) Questionnaire, by departing employees, and their associated reports, underpins the exit interview process. Furthermore, with its classification system of types of "Leavers", the WRDI™ report is able to identify those employees whom the organisation may wish to take action on in respect of counter offers or subsequent re-employment approaches.

Exit interviews, incorporating the WRDI™, constitutes a key retention strategy.

Note: The exit interview version of the WRDI™ is not yet available..

Exit interviews, incorporating the WRDI™, constitutes a key retention strategy.

Beyond Retention: Responding to a Dynamic Environment

Both the immediate and lasting organisational benefits from reduced turnover have been outlined in this paper. Beyond addressing retention strategically, the WRDI™ and associated interventions, also under pins an approach to the building of an organisation's "relational wealth". Relational wealth resides in the connections employees have with each other, the larger work group, and the wider organisation. It is critical to helping organisations respond to a dynamic environment, where new or greater performance contributions from the workforce are required. The benefits of relational wealth accrue in firms with high interdependent work, where long term repeat business customer relations and suppliers.



Relational wealth:

- helps employees tolerate the changes that are required periodically to reconfigure the organisation;
- enables organisations to retain competent people and redeploy existing resources towards new strategic goals.

However, relational wealth cannot be easily acquired and cannot be imitated. The establishment of “healthy” psychological contracts (where high levels of trust exist between management and employees), underpins the building of relational wealth within an organisation.

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The WRDI Institute is one of the world's leading authorities on human capital, workforce alignment and retention. The WRDI Institute provides HR measurement and solutions in the following areas:

- Human Capital Assessment;
- Retention (including key talent retention risk assessment);
- Talent Management;
- Career Development;
- Organisational Development, including Workforce Alignment and Performance Enhancement;
- Industrial / Employee Relations (EBAs); and
- Post Recruitment Assessment.

The WRDI Institute has developed a suite of white papers on the following contemporary workplace themes:

- Creating "New Deal" Employment Relationships;
- Managing Your Human Capital: The Ultimate Determinant of Organisational Performance?
- Improving the Bottom Line: A Diagnostic Approach to Enhancing Workforce Alignment Through Career Development;
- About Turnover and Retention;
- Retention Intervention: A Strategic Approach;
- The Psychology of Mergers / Acquisitions;
- Employer of Choice: Putting Substance to the Rhetoric!
- The Balanced Scorecard and the WRDI™;
- Managing Expectations: Strengthening Recruitment Practices and Enhancing Retention.

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