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Reimagining reward analytics

Eight steps to building a retention strategy

Eight steps to building a retention strategy

Individuals leave their jobs for all sorts of reasons; some employee departures are a result of decisions made by the employer while others are based on the employee's decision to resign and move on, usually to another employer. If it is too high, labour turnover can have an adverse impact on an organisation as it will have to replace employees who have resigned and train new staff.

By understanding why people are leaving on a voluntary basis, organisations can take action to curb these departures. Through eight key activities, we help you to build a retention strategy to keep your labour turnover at a desirable level.

The 8 key steps to consider:

1. Develop a positive organisational culture
2. Build an effective onboarding programme
3. Improve line management skills
4. Commit to managing staff health and wellbeing
5. Build a culture of recognition
6. Offer learning and development opportunities
7. Investigate all possible flexible working options for your teams
8. Develop two-way communication between the organisation and employees

About Cendex[®]

Cendex delivers advanced, live reward data solutions to help organisations of all sizes **recruit**, **retain** and **motivate** talent with absolute confidence.

Cendex is an XpertHR[®] product, and part of the RELX Group; a world leader in information-based analytics and decision tools for business professionals. [Discover more](#)



1. Develop a positive organisational culture

The formal culture of an organisation is expressed through corporate channels, for example the organisation's mission statement and values. The more dominant, informal aspect of organisational culture is expressed through employee behaviours and norms and "the way we do things around here".

Workplace culture is a less tangible factor for employers to address than HR policies like flexible working or recruitment, but can have a major impact on whether or not employees are happy at their place of work and, ultimately, their decision to leave or stay. Cultivating a climate where employees are valued and the management style is inclusive and supportive can have a significant impact on staff morale and retention.

Employers should research organisational culture before taking steps to change it. One way of researching organisational culture is through an employee engagement survey, followed up with focus groups of employees run by external facilitators. From this, the organisation can develop a series of initiatives to help make it "a great place to work".

2. Build an effective onboarding programme

Onboarding enables new recruits to become engaged employees and succeed in their role. To achieve an effective onboarding process, the employer will need to invest time, thought and resources to determine what works best for its business.

A well-designed onboarding programme can make a real difference to an employee's experience of their new organisation, and it can have a big impact on engagement and retention. For the new starter, an

effective onboarding experience will help them to:

- ◇ become effective in their role;
- ◇ feel that they are a valued member of their team; and
- ◇ engage with the purpose of the organisation and its values and culture.

For the line manager, a good onboarding experience gives them the opportunity to:

- ◇ connect with their new team member quickly;
- ◇ identify their skills and how they can be deployed;
- ◇ identify what areas they need to develop; and
- ◇ build a trusting relationship with them.

For the organisation, effective onboarding means it can achieve a return on investment. A common problem for many employers is that new starters are not able to "hit the ground running". However, a positive onboarding experience gives new employees an understanding of what is required of them, gives them the resources to perform effectively and encourages them to feel motivated, which in turn means they will be

- ◇ productive and effective quickly, work to their
- ◇ highest potential and put in maximum effort.

Another issue for many organisations is that new recruits very quickly conclude that they have made a mistake, so leave, or the line manager believes that they have made a mistake in appointing the employee, leading to a performance management process or dismissal. These situations often arise because the organisation has not provided a positive onboarding experience, for example by failing to engage the employee with the values of the organisation or by not giving the manager the tools to manage the new recruit effectively, all of which can be avoided. Organisations are most vulnerable to attrition in these circumstances within the first six to 12 months of employment.

3. Improve line management skills

The quality of line management and the working relationship between an employee and their manager are often a major influence on an individual's decision to leave the organisation. Line managers are increasingly expected to implement people management policies, including those relating to absence, flexible working and performance management. It is essential that line managers are competent and confident in carrying out these responsibilities. Organisations should aim to provide training to promote awareness and understanding of the organisation's policies and procedures and aim to develop the competencies and behaviours that line managers need to carry out their role effectively, for example leadership and interpersonal skills.

If managers are good at managing and motivating people, they are more likely to have teams that are productive and committed to their jobs. Their team members are less likely to resign and leave management with the headache of having to recruit and train replacement staff and cover any gaps in the team's workload.

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4. Commit to managing staff health and wellbeing

Research into the financial benefits for employers of investing in employee wellbeing is at an early stage, but initial studies suggest that the return on investment is quantifiable and directly affects the bottom line. One of the less direct costs of poor employee wellbeing is increased labour turnover. Employees often leave an organisation for reasons directly related to ill health, for example where they are dismissed on the ground of incapability, or seek alternative employment with an organisation that will make it easier for them to manage a health problem, for example through flexible working. Costs associated with high turnover due to ill health include direct recruitment costs, for example advertising, the cost of obtaining temporary cover and induction and training costs.

Workplace health promotion should be more than a series of standalone initiatives. While it is important for employers to introduce wellbeing programmes focused on individual wellbeing, for example smoking-cessation or healthy-eating campaigns, they should embrace an organisational approach that acknowledges the combined impact of a range of factors on employee wellbeing, including environmental, organisational and societal factors. This means putting together a wellbeing strategy.

Employers should develop a vision for the wellbeing strategy. The vision should correspond to the organisation's overall HR mission and enshrine similar values. This should cover the goals of the wellbeing strategy, which should be achievable and clear.

The strategy should include a wellbeing plan under which future wellbeing initiatives will operate. The plan should provide a focus for targeting behaviours that present health risks and supporting lifestyle changes among employees.

The wellbeing strategy should make provision for measuring whether or not its goals are achieved and evaluating the success of wellbeing programmes. If appropriate, following evaluation, the organisation should make changes to wellbeing initiatives to meet employees' changing needs and to help achieve a return on investment.

A wellbeing policy can help an organisation to put in place wellbeing initiatives. The wellbeing policy should cover all of the wellbeing aspects that the organisation intends to address, including stress, substance misuse and bullying, although the employer could also introduce a specific policy on these issues.

Line managers are central to building a mentally healthy workplace. However, many line managers find it difficult to have conversations about sensitive issues. Employers should strengthen the ability of line managers to foster mental wellbeing among their team by helping them to build a supportive culture and management style. This means promoting a culture that encourages participation, delegation, constructive feedback and coaching. Training is key, because it helps line managers to understand how their management style and practices can promote, or impair, the mental wellbeing of their employees.

5. Build a culture of recognition

Recognition can be significant in how engaged employees feel at work, and a lack of recognition can have a detrimental impact on labour turnover. An employee who feels that their efforts go unrecognised is more likely to move on, potentially resulting in the loss of a valuable member of staff. Conversely, employees who have been recognised for their positive behaviour are more likely to exhibit those behaviours again, leading to further

performance and/or productivity improvements for the organisation. Ensuring that employees are recognised will help to create a positive working environment, meaning employees want to come to work and make an impact.

A recognition scheme formalises the act of recognition through a (typically) centrally managed and controlled process, often with nominations and tiers of awards. If an organisation is serious about recognition, having a specific recognition scheme may be only part of building a recognition culture within the organisation. It will be vital for the organisation to cultivate a management style that sees basic recognition as being part of effective management. As a matter of course, managers should be thanking employees for good work and contributions and saying "well done" when it is merited, rather than commenting only on the negatives.

6. Offer learning and development opportunities

Organisations will benefit from a competitive advantage if they develop their workforce - from apprentices through to future business leaders.

Access to learning and development opportunities not only enables employees to improve their knowledge and skills, but can also increase their engagement. It can also be a useful tool in retaining staff in a time of skills shortages.

Investing in learning and development to remain competitive, or to implement a specific initiative such as a programme of leadership development, are key reasons for organisations to increase spending in this area. For organisations seeking to cut back on training spend, there are alternatives to simply reducing the output of their training activities - including making more use of online and informal learning methods.

Whatever the learning and development initiative, don't forget to pay attention to the most appropriate method of learning delivery, and evaluate the outcomes to ensure that your organisation receives value for money and meets business needs.

7. Investigate all possible flexible working options for your teams

The experience of working from home, forced on many people by the coronavirus (COVID-19) crisis, has dramatically changed attitudes towards flexible working, and while planning for future work organisation, many employers will be reflecting on their experience of temporary flexible working arrangements during the pandemic. Based on their experiences and business needs, employers may consider a full or partial switch to homeworking for staff and flexible arrangements such as compressed hours (full-time hours over fewer days), annualised hours (fixed number of annual hours with core hours), job sharing and changes to start and finish times (flexitime).

Individuals are placing more value on their physical and mental wellbeing and are aware that creating and maintaining a healthy work-life balance is essential to achieving this. Offering flexible working arrangements is a direct way of helping staff to achieve a better balance between their work and home lives, so can boost their loyalty and commitment to the organisation.

8. Develop two-way communication between the organisation and employees

Regular communication was highlighted as particularly important during the coronavirus pandemic to keep employees informed about how

organisations were being affected by the outbreak and how they were responding. But a two-way exchange of information between the employer and its employees is important at all times.

Organisations should aim to communicate information about its activities to all employees on a regular basis, and encourage employees to provide ideas and feedback to management on all aspects of its operations.

Regular communication between an organisation and its employees can produce benefits for all, including:

- ◆ improved motivation and commitment;
- ◆ better identification of and solutions to day-to-day problems;
- ◆ better management decisions;
- ◆ increased understanding about management decisions or the need for change; and
- ◆ increased levels of trust and improved working relationships.

Information provided by management representatives to employee representatives might include:

- ◆ the organisation's general progress and profitability;
- ◆ any recent and probable developments in the business, for example information about the organisation's performance and strategic planning;
- ◆ recent and probable developments concerning the organisation's economic situation, for example contracts won or lost;
- ◆ planned structural changes within the organisation, especially if circumstances arise that might create a threat to job security;
- ◆ any management decisions likely to lead to changes in work organisation;

- ◇ any potential changes to policies and procedures and/or the terms and conditions of employees' employment;
- ◇ information about health and safety issues;
- ◇ information about equal opportunities matters; and
- ◇ departmental information, for example changes in work methods or specific issues that have arisen locally.

A lack of frequent two-way communication between the organisation and its workforce can cause uncertainty among employees about organisational issues and hamper their ability to carry out their work. Good communication with employees can result in better retention levels because employees feel more valued and committed to the organisation.

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