

Is Your Recruiting Problem Really a Retention Problem?

HOW AN INWARD FOCUS ON **EMPLOYEE ENGAGEMENT** IS VITAL TO AN ORGANIZATION'S HEALTH



Organizations that excel in retaining their employees generally have **better financial results and overall performance.**

A multi-state home care and hospice provider was experiencing rapid growth through both organic efforts and acquisition. Over 12 months, the company watched its number of open positions swell from an average of 12 to 15 to 90-plus. The surge was partially due to the organization doubling in size, but it didn't explain why there were seven to eight times more open positions than the year prior. If everything were running smoothly, open positions should have numbered 20 to 30, not 90.

Although the organization's first instinct was to focus on recruiting, the disparity between expected and actual open positions demanded further attention. A deeper look uncovered an employee turnover rate of nearly 40 percent in the previous 12 months, mostly voluntary by employees. This open-position percentage is more than twice the average turnover rate in the healthcare industry, according to a study by Compdata Survey, which found an average turnover rate of 19.2 percent, up from 17.7 percent.¹

The home care and hospice provider had little idea why staff members were leaving at such an alarming rate. The organization, however, realized that if it could reduce turnover to the industry average, it would need to fill only 45 open positions instead of 90.

UNDERSTAND THE TRUE COSTS OF EMPLOYEE TURNOVER

The challenges that this healthcare provider faced are not unique. Many organizations don't have appropriate retention strategies in place, and some don't track their turnover rate and are oblivious to the costs of employee turnover.

A paper from the Center for American Progress, citing 11 research papers published over a 15-year period, determined that the average economic cost to a company in turning over a highly skilled job is 213 percent of the cost of one year's compensation for that role.² In the home care and hospice industry, filling the highly skilled position of a registered nurse making \$70,000 per year can cost an organization as much as \$149,400.

Burnout is another factor in employee turnover. A Kronos® study on employee burnout found that despite 87 percent of HR leaders citing improved retention as a critical or high-priority issue over the next five years, 20 percent said there are too many competing priorities to focus on fixing this issue.³ Retention becomes an even more crucial issue when you consider that 51 percent of all employees are either watching the job market or are actively looking for a new job, according to research by Gallup.⁴

¹ Compdata Surveys, *2015 Total Turnover Rates by Region* (October 9, 2015), found at <http://blog.compdatasurveys.com/2015-total-turnover-rates-by-region>.

² Jack Altman, *How Much Does Employee Turnover Really Cost?* (January 19, 2017), found at http://www.huffingtonpost.com/entry/how-much-does-employee-turnover-really-cost_us_587fbaf9e4b0474ad4874fb7.

³ *The Employee Burnout Crisis: Study Reveals Big Workplace Challenge in 2017* (January 9, 2017), found at <https://www.kronos.com/about-us/newsroom/employee-burnout-crisis-study-reveals-big-workplace-challenge-2017>.

⁴ Annamarie Mann and Becky McCarville, *What Job-Hopping Employees Are Looking For* (November 13, 2015), found at <http://www.gallup.com/businessjournal/186602/job-hopping-employees-looking.aspx>.

A positive company culture leads to a more **highly engaged workforce.**

The lesson to be learned from these situations is significant: Organizations that excel in retaining their employees generally have better financial results and overall performance. So what can organizations do to retain employees? The following discussion outlines strategies for positively impacting employee retention, which will, ultimately, reduce the need to recruit and fill open positions.

EVALUATE EFFECTIVENESS OF SUPERVISORS

Most experts agree that an employee having a poor relationship with a boss is one of the main reasons employees leave their jobs. A positive manager-employee relationship is very important in retaining staff. Although employees and managers don't need to be friends, having a professional relationship is key. Generally, managers are tasked with developing their employees, holding them accountable, guiding them, and motivating them, but the challenges in accomplishing these tasks are twofold.

First, organizations rarely spend time developing their middle managers. While managers are expected to manage their staff, they often have never managed anyone in a professional setting. With little experience in managing and leading, they are more likely to fail at this task.

As an industry, we must spend time developing our managers to be effective leaders. To accomplish this, senior leaders must be good leaders themselves, which might require them to develop their own leadership capabilities. Supervisors who respect and help develop their employees have a direct impact on improving retention.

Second, determine whether employees view their relationships with their supervisors as positive or negative. At least annually, employ a third party to conduct an anonymous employee satisfaction survey to gauge the health of employee-manager relationships. Real data on employee satisfaction is crucial to retention, and this data can be used to improve detrimental behavior.

CREATE A CULTURE OF ENGAGEMENT

Corporate culture encompasses the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions. This culture is often implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company employs.

A positive company culture should lead to a highly engaged workforce. Engaged employees are enthusiastic about their work and actively work to further the organization's reputation, interests, and mission. Employee engagement reflects a strong relationship between the employee and the organization. Despite the importance of employee engagement and its positive impact, Gallup reports that only 34.8 percent of employees say they feel engaged at work.⁵

⁵ *Employee Engagement in U.S. Stagnant in 2015* (January 13, 2016), found at <http://www.gallup.com/poll/188144/employee-engagement-stagnant-2015.aspx>.



Employees using self-service tools to review their time and attendance, scheduling, and HR information – and to make requests – are more apt to be highly engaged.

To create an engaged workforce, there must be alignment between the mission, vision, and values of an organization and its leadership and staff. The leadership team sets the tone and must actively demonstrate the organization's commitment to employee engagement. The benefits are multi-fold.

In a recent Gallup Meta-Analysis study of 1.8 million employees on the effects of employee engagement on an organization's bottom line, top quartile business units outperform bottom quarter business units by 20 percent in productivity.⁶ In an industry where margins are tight and productivity is critical, a 20 percent increase in productivity could dramatically improve the bottom line.

Engaged employees also are less likely to leave a job, reinforcing the connection between employee engagement and retention. In the same Gallup study, work units in the top quartile saw significantly lower turnover (24 percent lower in high-turnover organizations, 59 percent lower in low-turnover organizations), shrinkage (28 percent lower), and absenteeism (41 percent lower), as well as fewer safety incidents (70 percent lower), patient safety incidents (58 percent lower), and quality defects (40 percent lower).⁷

The key takeaway is that a supportive company culture – one that promotes employee engagement – results in better performance and lower turnover.

FURNISH TOOLS THAT FOSTER ENGAGEMENT

Engaged employees tend to be those who are allowed to make their own choices and decisions. Providing employees with self-service tools that let them easily access their time and attendance, scheduling, and HR information – and act on it – cultivates and deepens employee engagement.

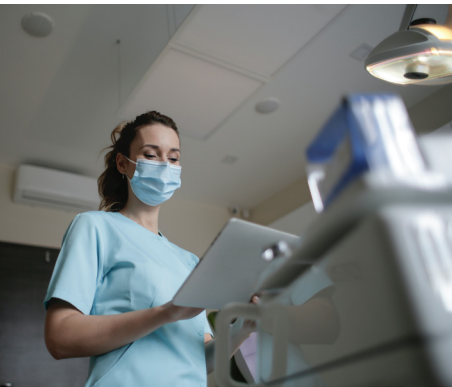
Human capital management technology enables employees – at a time clock or on a mobile device – to check and approve their timecards, view their accrual balances, request time off, and review the status of time-off requests. Using self-service tools, they also can communicate their preferred shifts and availability, check their schedules, request schedule changes, make a shift swap with a coworker with the same skills and certifications, accept open shifts, request shift coverage by a similarly trained coworker, and update their schedule availability and preferences.

In addition, employees can use technology self-service tools to update their personal information, make direct deposit changes, view their pay statements and W-2 forms, and change W-4 deductions. During open enrollment, employees can use these tools to select medical, dental, and other benefits online.

Self-service tools give employees greater self-sufficiency and control of the decisions that affect their everyday lives, increasing their engagement at work.

⁶ *The Relationship Between Engagement at Work and Organizational Outcomes, 2016 Q12[®] Meta-Analysis Report* (April 2016), found at http://www.gallup.com/services/191489/q12-meta-analysis-report-2016.aspx?g_source=2016+meta+analysis&g_medium=search&g_campaign=tiles.

⁷ Ibid.



Learning opportunities and mentoring can provide employees with the professional growth and development they are seeking.

OFFER COMPETITIVE COMPENSATION

Although people may say, “It’s not all about the money” when weighing employment opportunities, the money offered still needs to be competitive. If compensation for a position is below the average market rate, the employee in that position will become hyper-focused on compensation. When an employee is underpaid (based on market averages), other job issues may become magnified. Perhaps the commute will seem longer, relationships with other staff will be stressed, and the belief that there is growth potential will wane. An employee may ultimately leave and say it is for reasons outside of money, but if the compensation had been fair and competitive, other issues might not have seemed so significant.

To eliminate the compensation issue and ensure positions are within adequate pay ranges, research what the market is paying for the positions of each of your key employees. If you want to be competitive, consider raising compensation slightly above the market average, such as to 105 percent. Keep in mind that you are not finished once a new employee accepts a specific compensation package. That package needs to be re-evaluated annually to ensure it is still competitive. Market averages will fluctuate, and a savvy organization will stay on top of these changes.

PROVIDE GROWTH AND DEVELOPMENT OPPORTUNITIES

Generally, employees are not looking for a dead-end job. Most want opportunities to advance their careers and develop professionally. In seeking a new position, many cite lack of growth potential and training as reasons why they left a previous employer.

Many think of growth potential strictly as promotions into higher-level roles. If your organization has the scale to offer specific career tracks to your employees, communicate this to staff. Employees should know of the potential next steps in their career if they perform well. This can be a powerful motivator and support retention efforts.

Growth potential, however, can be much more than a promotion. Employees can grow by learning new skills from both supervisors and peers. Consider the information that people within your organization can share with others. For example, a finance manager could share the intricacies of a profit and loss statement with the director of nursing. A supervisor could share treatment strategies with a field nurse.

To encourage this sharing of information, consider assigning each employee a mentor, someone the employee can look up to and learn from. Ideally, this mentor would not be someone the employee directly reports to, although this is a possibility. The mentor and mentee should have regular conversations, meeting monthly or bimonthly.

About **80%** of workers of all ages cite flexible work options as important in choosing to accept a position.

Ongoing training is also key to having an engaged and motivated staff. In health-care, regulations change frequently. Providing staff with the education and training they need to stay up to date is critical to their understanding and skill development, as well as to patient care. Depending on the size of your organization, you may have an internal training department or you can partner with other organizations on industry-specific training.

Motivational speaker Zig Ziglar famously said, “What’s worse than training your employees and losing them? Not training them and keeping them!” The point is that the investment you make in training will be paid back to your organization in many ways. Your staff will be more experienced, productive, and effective, and will be more likely to stay with your organization than if these opportunities to grow and develop are not offered. According to a Gallup survey, employees who get the opportunity to continually develop are twice as likely to say they will spend their career with their company.⁸

Implementing employee growth and training programs positively affects employee retention.

INSTITUTE FLEXIBLE WORK OPPORTUNITIES

In a FlexJobs survey, 82 percent of millennials say they would be more loyal to their employers if they had flexible work options. In addition, 81 percent of Gen Xers and 79 percent of baby boomers cite work flexibility as a top factor in evaluating a job prospect. Working from home and flexible starting and/or stopping times were the most desired options.⁹

Technology can dramatically affect the flexibility an employee has at work, especially with frontline workers. High-performing technology often can enable your staff to complete required work more efficiently, or remotely. Staff can complete work at home while caring for a sick child or keep up with the office while attending to personal appointments.

Flexible work options also can include opportunities for employment other than full time. It is becoming more common for administrative, management, sales, and other non-clinical positions to be handled by one or more experienced part-time employees. Many experienced stay-at-home dads and moms are looking for meaningful work during school hours. In addition, there are good opportunities to employ semi-retired professionals who still want to put in some hours each week.

Being open-minded and flexible can help your organization attract and retain great employees.

⁸ Amy Adkins, *Only 35% of U.S. Managers Are Engaged in Their Jobs* (April 2, 2015), found at <http://www.gallup.com/businessjournal/182228/managers-engaged-jobs.aspx>.

⁹ *FlexJob Reports: Millennials' Interest in Travel and Work Flexibility Higher Than Gen X and Boomers* (October 3, 2016), found at <http://www.prweb.com/releases/2016/10/prweb13730207.htm>.

Having the **right people** and utilizing them at the right place and at the right time is **vital** to an organization's health and wellness.

IT'S ALL ABOUT PEOPLE

Healthcare providers, as is true for so many other industries, are in the people business. Attracting and retaining excellent employees is the lifeblood of this industry.

Forward-thinking organizations proactively invest in retention strategies to ensure they have the staff needed to thrive. Those that attract and retain the right people will ultimately be the most successful. Having the right people and utilizing them at the right place and at the right time are vital to an organization's health and wellness.

Thoughtful and proven retention strategies can help eliminate the need for frantic recruiting of new employees to fill a large number of open positions and making an investment in retaining the right staff can provide a valuable ongoing return to your organization.

CONCLUSION

Empowering employees can help boost morale and decrease employee turnover, resulting in significant savings. Today's human capital management solutions provide the technology that helps employees feel more in control of their day, leading to a happier and more engaged workforce.

"We began our implementation during COVID-19 and they have been responsive and intuitive partners throughout...we know that CBIZ will be right there with us every step of the way, and our outcomes are greatly improved through Centrally HR."

**– Mary, Chief Human Resources Officer
ALG Senior**



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