

# Retention: Finders, Keepers

By Stacey Wagner

In the training profession, “building organizational capacity” is just another way of saying you need to have a talented workforce to provide customers with your unique products and services. But building organizational capacity in the current tight labor market is a frustrating challenge. With the U.S. unemployment rate now at its lowest in 30 years, recruitment is probably your organization’s most pressing problem. Whether your company is a dot.com startup or an established manufacturing firm, getting and keeping employees has become of paramount importance.

To attract prospective employees, businesses have begun to offer a multitude of enticements—from such common benefits as stock options and flexible working hours to unusual perks such as nap rooms, concierge services, on-site chefs and child care, and company-sponsored trips to exotic locations.

In addition, employers are scrambling to keep their incumbent workers happy, realizing that with every employee’s departure, intellectual capital walks out the door and into another organization’s grasp. Losing talented people has serious business implications. The cost of replacing an employee has been calculated at approximately one and a half times that employee’s annual salary, which can translate into a hefty burden.

The cost of losing workers notwithstanding, engendering employee loyalty is good for business. Loyal employees provide a return-on-investment that’s recognized and rewarded by the stock market. “Companies with highly committed employees tend to post sharply higher shareholder returns,” says a Watson Wyatt Worldwide study. A soon-to-be-published report by ASTD has found a correlation between organizational investment in training (employee development) and higher stock market returns to those organizations.

So, how do we get good people to come and stay in our organizations? What are employees looking for?

There are many things that organizations should and can provide to attract and retain workers. A broad mix goes into any

successful recruitment and retention strategy. Prospective employees obviously want competitive salaries and health-care benefits. They also want a meaningful corporate culture and work-life balance. But there is something else that they feel strongly about: training and development—the chance to learn new things, take on new responsibilities, and grow.

American workers who receive employer-sponsored training are more satisfied with their jobs and more likely to stay with their employer than those who do not receive training, according to a Gallup Organization poll called “Employees Speak Out on Job Training: Findings of a New Nationwide Study,” says the Society for Human Resources Management.

Employees know their worth in the marketplace, and they’re doing something about it. They’re taking responsibility for their development and demanding that

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employers help. A 1999 Kepner-Tregoe report found that the top three reasons employees left their organizations were a perceived lack of financial rewards, recognition, and career development.

The bottom line is that if employees don’t receive training at their current workplaces, they’ll go elsewhere. *Lean and Meaningful: A New Culture for Corporate America* states: “Companies that invest in continuous learning by their employees are positioning themselves for success in the future.”

How important is it to provide employee growth and career development? In their book, *Love ’Em or Lose ’Em: Getting Good People to Stay*, Beverly Kaye and Sharon Jordon-Evans say that career growth, learning, and development are among the top three reasons employees stay with their employers.

A 2000 study by ASTD and SHRM, sponsored by Provant and the National Association of Convenience Stores, deter-

mined that in a standard survey, participants ranked opportunities for employee growth and career development and chance for advancement as “very important” in recruiting and retaining.

The seven companies that participated in the ASTD-SHRM study—Dow Chemical Company, Edward Jones, Great Plains, LensCrafters, Sears Roebuck & Company, South African Breweries, and Southwest Airlines—attribute a good deal of their business success to their employees. These companies really get it when it comes to the much-used adage, “People are our most important asset.”

The participating companies in the study are experiencing lower turnover rates and higher employee satisfaction than the average company in their industries, and they believe that’s due in great part to the investments they make in their people through fair and equitable HR policies and practices and in employee growth and development.

Hiring good people and giving them continuous development and support are part of their organizational strategies. Six study participants (called Exemplary Practice Partners) said that their recruitment and retention strategies are linked to their business strategies; all said their employee growth and development initiatives were linked to their recruitment and retention strategies.

The ASTD-SHRM study points to these actions as most important for recruiting and retaining workers:

- ❑ Value your workers.
- ❑ Tie workforce initiatives to organizational strategies.
- ❑ Understand your identity and culture.
- ❑ Hire right.
- ❑ Understand the importance of employee growth and career development.
- ❑ Link training to HR and operations.
- ❑ Provide training and development for everyone.
- ❑ Use competencies.
- ❑ Track, measure, evaluate initiatives.

To get the ASTD-SHRM study, call the ASTD Customer Care Center at 800.628.2783.

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