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Staff Retention

Further than Figures

Staff Retention

Keeping talent in a competitive economy.

FROM: JUL-AUG 2006 ISSUE | BY MERGE GUPTA-SUNDERJI

It's official! In a research paper published earlier this year, the Canadian Federation of Independent Business (CFIB) quantified what many business owners across the country already know first-hand: it's getting harder and harder to fill vacant positions. The highlights of this report:

- One in two (52 per cent) small business owners in Canada rank the shortage of labour as a priority issue.
- It is estimated that there are 233,000 positions in the small and medium-sized business sector that were left unfilled for at least four months in 2005.
- Alberta is the province with both the highest likelihood of having a vacancy (44 per cent) and the highest vacancy rate (5.3 per cent). Other provinces experiencing well above average vacancy rates are Saskatchewan (4.3 per cent) and Manitoba (4.2 per cent).
- The business services sector saw the greatest deterioration from 2004 to 2005 as vacancy rates rose from 1.7 per cent to 3.0 per cent.
- While the labour shortage is particularly acute in some parts of the country — particularly western Canada — and in some sectors, no region or industry is unaffected.

While CFIB's research focused on the small to medium-sized sectors of the Canadian economy, newspaper reports and anecdotal evidence indicate that large companies face a similar challenge when it comes to finding good employees.

So if it's getting harder to recruit employees, then it becomes even more critical to keep the ones you've got! As the labour market continues to tighten and competition for people goes up, your good employees become even more attractive to your competitors down the street. And the poaching isn't just limited to companies in your industry; often, your best will be lured away by organizations and firms that you didn't even know existed. You might think that money is a factor, and you'd be right, but only to a degree. In reality, money is only one reason that employees jump ship. Here are ten practical strategies that you can employ to keep your talent from walking out the door.

#1: Pay Fairly

Let's get money out of the way first. Yes, you do have to pay competitively. If you're paying less than the general going rate, then your people will walk — right across the street to where they feel like they're being paid what they're worth. If employees perceive that they are not getting paid fairly, it's a de-motivator and they'll look elsewhere. Note that "fairness" has to be in the eyes of the employee, so as an employer, you need to stay abreast of what's happening in both your industry and geography in terms of pay scales. Once you pay

fairly, money becomes a non-issue and, believe it or not, it's all the other reasons that will cause your employees to stay, or go.

#2: Remove Bureaucracy

According to substantial research, bureaucracy is the number one reason that people quit their jobs. Tedious and unreasonable company policies and administration drive employees away. Whether it's having to jump through hoops to be able to take action, or needing to fill out form after form to achieve results, unnecessary administration frustrates employees to no end. If you are in a larger organization, you may not have the ability to eliminate some of the perceived bureaucracy, but in your role as a manager or supervisor, you can be a "buffer" to soften the impact on your employees.

#3: Learn to be a Good Leader

The same research that identified bureaucracy as the primary cause of employee exodus also ranked poor supervision as the second most common reason that employees resign. If your leadership skills are poor, your employees will leave at the first opportunity. And in a tight labour market, alternative opportunities abound. If you're losing employees rapidly, you might want to assess the leadership skills of the managers in your organization. The good news is that effective leadership is a learned skill. Invest in leadership training, it will pay dividends. Read some of the many books available on the subject. Find yourself a mentor who can help you develop these skills. And if you're already a good leader, be a mentor to someone else.

#4: Give Sincere Praise, Often

Employees value recognition for their achievements, and sincere praise is so easy to give, yet costs so little. Offer thanks for their efforts, both large and small. Let them know verbally and in writing. Most importantly, do it often. Don't save it for the annual or bi-annual performance meeting, let them know as soon as you observe it. In fact, my personal rule of thumb is "within 24 hours of the event having occurred."

#5: Open Communication

Yes, you've heard this before, and it's still true. Remember that communication is a two-way street. Actively solicit input and listen to what your people have to say. If you include them in the process, they're invested in your organization. Share information freely and promptly. Even if your facts aren't complete, let them know whatever you know. Let's face it, there are very few secrets in companies. If you don't share the truth quickly, employees will make it up. Many a manager will vouch for the efficiency of the company grapevine, and since you can't fight it, you might as well feed it: with accurate information instead of speculation.

#6: Create a Fun Workplace

Don't frown at laughter at work, encourage it. I recall one manager who insisted that laughing in the office was unprofessional and conveyed the wrong impression to clients. A small percentage of people may agree with this one manager, but the benefits far outweigh the possible disadvantages. People who have fun at work want to come to work and they want to stay at work. Create opportunities for your people to have fun.

#7: Get to Know Your Employees

Find out about their lives outside work — who are they really, the names and ages of their children, about their beloved pets, their hobbies, their interests when they are not at work. True, you may have employees that you really don't want to develop a relationship with beyond the boundaries of work — but you don't have to become best friends, just find out more about them. It will help you understand them better, and also build up their self-esteem and self-worth — all factors that make employees want to stay.

#8: Help Your People Develop Their Skills

Your best employees, coincidentally the ones you want to keep, seek opportunities to learn and grow in their careers, knowledge, and skills. Give them frequent chances to try new things, participate in challenging project teams, attend seminars, and read and discuss books. Let them feel that they can grow and achieve with you, rather than some place else.

#9: Shift with the Times

A new breed of employee is making its way into the labour force. Born between 1980 and 1994, and coined "Generation Y," 6.5 million of them are bringing different values and a different work ethic to the Canadian workplace. Generation Y (so called because it is typified by youth who continually question the standards and expectations imposed by society) is used to instant everything, believes in self-expression over self-control, and gives respect only after they are given respect.

For some of you, this may require an adjustment in what you think employees should say, do, and look like. If nothing else, ponder this: Gen Y, by their very nature, question rules, policies and procedures, and demand rationale before action. Don't ask a Gen Y to follow a rule without having a good reason behind it. If you can't justify something, change it or throw it out. If you don't create a workplace that is Gen Y friendly, they will go elsewhere.

#10: Consider Sweat Equity

As the labour market continues to tighten and competition for the best employees heats up, you may need to consider more tangible ways to keep employees from playing employer musical chairs.

Consider some form of sweat equity for the people you can't afford to lose. Offer stock or stock options as retention mechanisms. For example, many companies now offer stock options which can only be exercised at various future points if the individual is still an employee of the organization.

It is possible to keep the best. With some up-front effort, you can become — and remain — an employer of choice.

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