

## The Key to Retaining Good Employees

The key to retaining good employees is understanding *and being honest about* why they leave. One problem that organizations face (of which they could be comfortably unaware) is a lack of honesty and consistency in framing turnover events by supervisors and managers<sup>1</sup> to peer and higher leaders which degrades organizational integrity and (perhaps more importantly to for-profit companies) leaves critical workforce information unanalyzed. Organizations need a framework for analyzing turnover that is impersonal and neutral, that does not take sides or pick favorites, and that frames the essential facts of each turnover event in a simple, generic way that makes all turnover events comparable to each other and that helps to identify negative patterns and areas that management can control and improve. Also, the framework should be applicable to any organization.

But first a story.

Once upon a time there was an HR administrator named Bob who worked for a medium-sized business. His good friend Tom was responsible for hiring new employees. One day Tom came into Bob's office and threw a timecard down on Bob's desk. The timecard had been used by a formerly promising new employee named Cody who they had hired just 4 days previously at an unusually high starting hourly rate to make sure he accepted the offer. Bob said, "Did he quit?" Tom said, "Yeah. Sorry b\*\*\*\*\*d." Out of curiosity (since the decision had already been made) Bob proceeded to tactfully probe for the *real* reason for this ostensibly voluntary turnover, since, he figured, Tom's postulation of Cody's unorthodox parenting as the reason for Cody's departure seemed more indicative of Tom's feelings than of Cody's reasoning. Tom disclosed that Cody

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<sup>1</sup> In the context of discussing exit interviews done by an employee's former boss Phillips writes: "...supervisors may selectively interpret responses or not hear honest information about reasons for leaving" (Phillips 320). It is worth noting that one way to decrease the impact of dishonesty and inconsistency in the framing turnover events is for standard exit interview policy to require someone other than the employee's former boss to do the interview.

asked for too many meetings and asked for a written description of his job. It was apparent that Cody did not want to be as flexible with responsibility as Tom wanted him to be, but that is all that Bob ever learned about it.

This story illustrates a potentially critical gap in human resource management for organizations with non-systematized processes or habits for hiring and retaining employees. If an organization does not have common frameworks and paradigms through which to view and compare the facts of employee turnover, then it will be impossible for the organization to correlate this data and identify patterns that could facilitate insightful analysis on how the organization could improve its human resource management to reduce what Jean Phillips calls *dysfunctional turnover* (Phillips 311), or, the departure of employees the organization would have liked to retain.

But let me pause here. You may be thinking, "But Tom *didn't* want to retain Cody and obviously Cody wanted to leave because he left voluntarily. So, what's all the fuss about?" Remember, Cody *was* a promising employee and was paid an unusually high starting hourly rate. So, what changed? Well, Bob doesn't know exactly what changed, and that's the point. While both Tom and Cody may know why Cody "voluntarily" left, nobody else knows, and therefore the facts of the matter were not captured in such a way as to be useful to Tom's peer and higher leadership.

As you can tell from the story, I began by looking at the end of an employee-employer relationship rather than at the beginning. As one could gather from Phillips, it might seem more intuitive to start with organizational core values, objectives, needs, job descriptions, methods to attract applicants, methods to screen candidates, methods of making successful job offers, incentives to increase performance and finally benefits to increase retention etc. But upon

consideration it seems to me that understanding turnover (i.e. why employees leave) is perhaps one of the easiest ways to facilitate actionable analysis based on readily available information.

I suggest that organizational leaders honestly ask themselves, "Why do employees leave?" The challenge that goes along with this suggestion is that leaders do not cop out of the analysis by merely saying the departed employees were just bad employees. To attribute all the causes for a turnover event to the perceived failings of the employee is too simple an analysis to be legitimate 100% of the time and fails to consider information that would be useful to an organization in managing its workforce.

To understand individual turnover events and to discover any broader patterns that the aggregate may indicate, the supervisor/manager immediately responsible for the employee should discern the facts about why an employee left to the greatest extent possible, then this information should be translated into a framework that makes it useful to peer and higher leaders and that makes it comparable to information about other turnover events. An excellent framework option is *The Six Types of Turnover* (Phillips 311). The act of merely looking at a turnover event through this framework will help leaders see what could have been done differently and, in some cases, how a better result could have been reached. *The Six Types of Turnover* are voluntary or involuntary, functional or dysfunctional and avoidable or unavoidable. Every turnover event can (and we could say *must*) be categorized into three of the six categories of turnover.

Every turnover event is either voluntary or involuntary in respect to the employee's will. If the employee decided to leave *and could have decided to stay* (albeit perhaps adhering to a standard or policy they may not have liked or may not have been comfortable with) then the turnover was voluntary. If the employer decided the employee would leave, whether they were asked to resign or were fired, then the turnover was involuntary. Making this distinction in the

turnover record over time is important because it indicates who is making the decisions (the employee or employer) which would be critical for upper management to know when addressing overall workforce/staffing issues that relate to turnover. Having this information could also indicate which managers are better at handling what they are dealt, and which tend to push employees out of the organization.

Every turnover event is either functional or dysfunctional in respect to the employer's interests. As Phillips writes, "Functional turnover is the departure of poor performers. Dysfunctional turnover is the departure of effective performers the company would have liked to retain" (Phillips 311). It is important for managers to remember that the functionality aspect of this framework is not about whether or not departed employees were well-liked; it is about whether or not the departed employee was performing the job well. It should be further emphasized that it is important to mark turnover events as either functional or dysfunctional *accurately* in respect to the facts of the matter because some supervisors or managers may be inclined to present turnover events to peer and higher leadership in such a light as to minimize supervisor responsibility and make it seem like the turnover was inevitable due to shortcomings of the employee.

Every turnover event is either avoidable or unavoidable from the employer's standpoint. Essentially this means that the employer either could have or could not have done something to retain the employee. As Phillips writes, "Causes of avoidable turnover include low pay, job stress, and poor work-life balance" (Phillips 311). That is, pay, job stress and work-life balance are things that the employer *could* do something to improve. Unavoidable turnover is due to factors that the employer cannot control such as geographical relocation, serious illness and death. It is important for the immediately responsible supervisors/managers to take the avoidability question seriously and not confuse unavoidable turnover with turnover caused by

employees' unhappiness with, say, compensation, benefits or work-life balance which are all things that an employer *could* change even if they don't want to or say they can't.

As you can imagine, it would be very useful for management to have a complete record of all turnover events in terms of where they fall in *The Six Types of Turnover*. For example, if the organization was experiencing high voluntary turnover among new employees, then it might examine its entry-level pay scale relative to competitors. If a turnover event was dysfunctional, then management should definitely want to know whether it was avoidable or unavoidable. If a turnover event was avoidable, then management should ask whether it was functional or dysfunctional. All six categories are interconnected and better understood in relation to each other. As Phillips writes, "Organizations generally try to minimize turnover that is voluntary, dysfunctional, and avoidable" (Phillips 311). It may seem logical to minimize all turnover, but this is not actually the case when we take into account things like certain unavoidable turnover and functional turnover. Instead, it is more realistic and useful to determine whether the overall state of an organization's turnover is optimal or non-optimal. According to Phillips, optimal turnover is "...the turnover level producing the highest long-term levels of productivity and business improvement" (Phillips 311). This conception takes into account the fact that some turnover is good and necessary to facilitate progress toward higher performance and organizational objectives.

The point is not so much that managers should determine *why* good employees leave since they probably already know (even if they pretend they don't know or even if they present the employee to peer and higher leadership as merely an inexplicably bad employee). Rather, the point is for the immediately responsible leader/manager/supervisor in each turnover event to *be honest* about each turnover event in terms of the real reasons for the turnover and to be able and willing to frame the event in terms of the six types of turnover in order to facilitate actionable

analysis based on this readily available information. Retention of the maximum number of good employees requires that managers know the essential facts about why employees leave and to present those facts honestly and consistently in a simple framework that helps peer and higher leaders evaluate patterns and make decisions in the best interests of the organization.

## Works Cited

Phillips, Jean M. HRM Core Concepts. Chicago: Chicago Business Press, 2020.