

HOW TO REDUCE EMPLOYEE TURNOVER

**THE TOP 7 STRATEGIES TO REDUCE
EMPLOYEE TURNOVER TODAY**



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THE PROBLEM

Employee turnover statistics for 2024 indicate a complex landscape influenced by various factors, including economic conditions, workforce demographics, and organizational culture. Here are some key points:

- 1. Overall Turnover Rates:** The average employee turnover rate is expected to hover around 22% in 2024, slightly higher than previous years. This reflects ongoing shifts in job preferences and the impact of the pandemic on work-life balance.
- 2. Voluntary vs. Involuntary Turnover:** Voluntary turnover remains a significant component, with around 15% of employees choosing to leave their jobs for better opportunities or work environments. Involuntary turnover, due to layoffs or terminations, is estimated at about 7%.
- 3. Industry Variations:** Certain industries are experiencing higher turnover rates. For instance:
 - Hospitality and Retail: Approximately 30-50%, driven by seasonal employment and low job satisfaction.
 - Technology: Roughly 13-20%, as employees seek new challenges and remote work options.

THE PROBLEM

4. **Generational Trends:** Younger generations, particularly Gen Z and Millennials, are more likely to switch jobs, with turnover rates around 30%. They prioritize flexibility, company culture, and career development.

5. **Impact of Remote Work:** Companies offering remote or hybrid work options report lower turnover rates, averaging 15% compared to 25% for those requiring in-office attendance. Employees value flexibility in their work arrangements.

6. **Retention Strategies:** Organizations that focus on employee engagement, development programs, and competitive compensation packages have seen a reduction in turnover rates. Implementing mentorship and continuous feedback loops are effective strategies.

7. **Economic Influences:** Economic uncertainty, inflation, and market dynamics are impacting employee decisions, leading to fluctuations in turnover as job seekers weigh stability against opportunities.

THE PROBLEM

8. Job Market Competition: With low unemployment rates, companies are competing more fiercely for talent, making retention a critical focus to avoid the costs associated with high turnover.

Overall, 2024 is shaping up to be a pivotal year for employee retention, with organizations needing to adapt their strategies to address the evolving expectations of their workforce.

THE COST OF TURNOVER



The average cost of turnover for an employee is between 50-200% of their annual salary, depending on their level, according to the Center for American Progress. (1)



Employee turnover can be a significant financial burden for businesses. When an employee leaves, the company incurs various costs, including recruitment expenses for sourcing and hiring a replacement, training costs for onboarding new staff, and lost productivity during the transition period.

Additionally, there are often hidden costs, such as the impact on team morale and the potential loss of institutional knowledge, which can affect overall performance. Over time, these expenses can add up, making it essential for organizations to invest in employee retention strategies to minimize turnover and maintain a stable workforce.

TOP 7 STRATEGIES TO REDUCE EMPLOYEE TURNOVER OVERVIEW

1. Recognize and reward employees
2. Promote work-life integration
3. Competitive compensation & benefits
4. Offer career and life development opportunities
5. Hire for cultural fit
6. Conduct stay interviews
7. Foster a positive work culture



STRATEGY 1: RECOGNIZE & REWARD EMPLOYEES

Why It Matters: Employees are more likely to quit when they feel undervalued and are unclear about whether their contributions matter.

Frequently recognizing and rewarding employees makes it clear their efforts are important for your company's success.

It reinforces positive behaviors that increase employee engagement and build a work culture where employees want to stay.



The Facts: Companies with effective recognition programs have 31% lower voluntary turnover, according to the Workhuman/SHRM Employee Recognition Survey. (2,3)

Companies that prioritize recognizing their employees multiple times per month are 41% more likely to see increased employee retention. (4,5)



Key Implementation Strategy

At least 5-10 times a month create opportunities for your employees to recognize the efforts of other colleagues or receive rewards for progress.

What This Looks Like:

- Peer-to-peer shoutouts in dedicated channels on your communication platform (i.e., Slack, Microsoft Teams etc.)
- Meetings begin with success and gratitude sharing.
- Update job descriptions and the organizational chart to ensure staff are effectively being recognized for their work or promoted to roles that recognize and reward their skill set.
- Create a recognition system where peers and leaders can nominate employees who display exceptional work effort and results or consistently display organizational values. Recipients can receive a prized parking space
- Extra time off work, preferred work assignments, gift cards or a host of other rewards and recognition.



Case Study of Implementation

Problem

Several talented junior staff began leaving a growing media tech company because they were completing job duties assigned to their managers but not receiving recognition for their work. This significantly disrupted the pipeline for talent in senior management roles as the company grew following their Series A round of funding.

Solution

Without recognition of their actual work, which went well beyond their job descriptions, junior staff felt their future professional prospects were hampered. They could not market their full skill sets because their job descriptions did not reflect their achievements. After a listening session, the leadership team updated their organizational chart and job descriptions to better recognize the work junior staff completed.

This solution provided both immediate recognition and a systemic response that addressed the root cause of the problem. Junior staff felt appreciated for their efforts and the company's eNPS score rose to 90+. Employee Net Promoter Score measures employee experience between -100 and 100, with higher scores reflecting loyal employees who are likely to spread positive messages about their company and stay with the company.

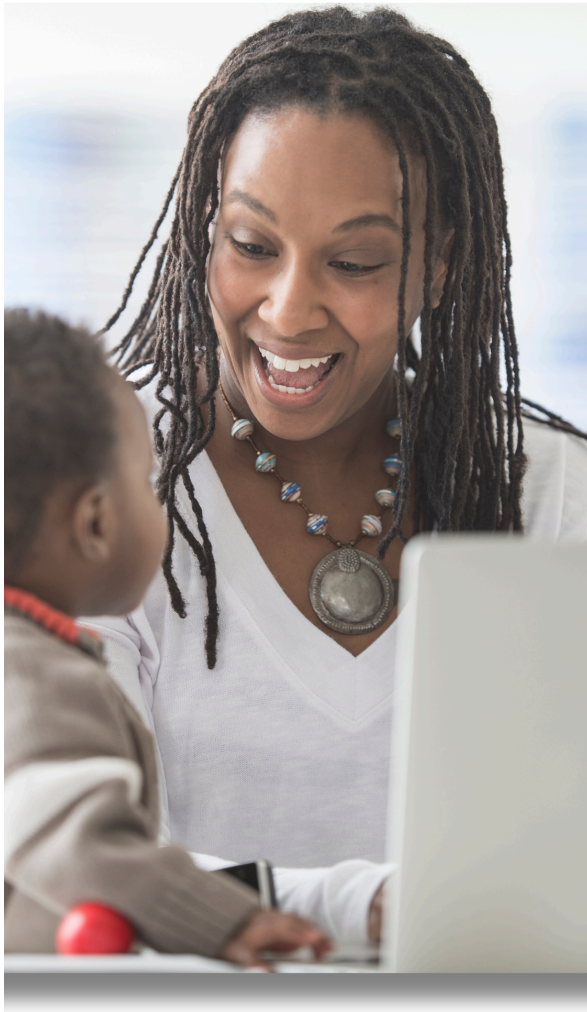
STRATEGY 2: PROMOTE WORK-LIFE INTEGRATION

Why It Matters: The stress of balancing work responsibilities and life obligations is the key driver of burnout and poor quality of life, both reasons employees quit.

Building on work-life balance, work-life integration recognizes that there may be moments of work imbalance but there is a way to meet the needs of your organization and the individual.

The work-life integration approach addresses the root causes of stress for employees and therefore gives the employer more options for meeting the employees needs without sacrificing the goals of your company.





The Facts

The American Psychological Association found that employees who feel they have a good work-life balance are 2.6 times more likely to be satisfied with their jobs and more than twice as likely to stay with their current employer.^{6,7}

Key Implementation Strategy

Create project kickoffs, onboarding processes, and weekly check-ins that identify performance goals and ask employees to share any inside or outside of work experiences that may impact completion of the project.

This sets clear expectations for high quality work completion but allows flexibility for how work is completed.





What This Looks Like

- Daily capacity check on a scale from 1-10
- Protocol for requesting flexible hours and location to complete work
- Monthly mental health day
- Create safe and brave agreements for psychological safety (speaking up about professional and personal needs without retaliation or humiliation)
- Create project kick offs and debriefs that include discussing trade offs for expedited timelines, setting boundaries, and outside the box strategies for balancing work when more than usual is expected.

Case Study of Implementation

Problem

A research organization was garnering increasingly large federal contracts as employees began expressing burnout and overwhelm. Despite having a profit-sharing model for the company, the workload presented challenges to employees having time outside of work for a high quality of life. It was an issue the employer wanted to address before seeing a potential exodus of exceptional staff.

Solution

During the onboarding process for new staff and professional development for all current staff, employees were introduced to the process of safe and brave agreements to create psychological safety for discussing work stress. These agreements helped expand the definition of work stress to include experiences such as parenting or extra pressure to prove oneself because of your age. Expanding work stress to include experiences inside and outside of work that were not normally discussed created open dialogue about innovative strategies to successfully complete work and meet the needs of the individual as best as possible.

The safe and brave agreements process becoming a standard part of onboarding new employees gave permission for all staff to share their needs, explore flexible options for completing the work, and better understand the organizational perspective when it was not possible to meet their needs. This approach to work-life integration provided a sustainable solution to addressing the root cause of stress and allowed employees to work collaboratively with organizational leaders in a way that builds trust.

STRATEGY 3: COMPETITIVE COMPENSATION & BENEFITS

Why It Matters: Fair compensation and benefits communicate how much you value an employee. When it is not present, employees are more likely to search for job opportunities that they feel better value their skills and time.

Compensation and benefits are not solely monetary. Understanding what really motivates your employees gives you both monetary and non-monetary options for making your employees feel valued for their skills and time.

The Facts: According to the Work Institute's Retention Report, compensation is the top reason for 10% of employees leaving their jobs, and organizations with competitive pay see 22% lower turnover rates. (8)



Key Implementation Strategy



Inquire about non-monetary and monetary benefits that motivate employees and provide frequent updates about the status of implementing these benefits.

What This Looks Like



During quarterly engagement surveys ask whether there are experiences at work that employees wish occurred more often or experiences that are not present, but they wish were present.

Explore whether a diverse combination of financial incentives including salary, bonuses, retirement, profit sharing, and/or equity are a better motivator to retain your best employees than your current financial structure.

Explore benefits that include paid sabbaticals after a certain number of employment years, wellness stipends, or access to experiences that are popular in your community.

Case Study of Implementation

Problem

A federated nonprofit was having difficulty holding onto new staff. Given the mission of the nonprofit, many staff joined the organization to support families, but the structure of their leave policy did not accommodate new staff who had childcare obligations.

There was not enough time off at the start of their employment to care for their children and successfully complete the work.



Solution

After doing an analysis of their leave policy, it was clear that the accrual system of paid time off (PTO) was burdening new staff and benefiting senior staff. It was further complicated by most of the new staff being junior staff who were paid less and did not have the financial resources to secure childcare. Using a benefits and burdens decision making process, it was decided limited PTO should be offered at the outset of employment instead of solely through an accrual system to balance the benefits and burdens more fairly among staff.

This solution accounted for employee motivations related to families, both supporting families through this federated nonprofit and supporting their own families. By extending the benefits that one group received to others in the organization who were burdened by a policy, the nonprofit was able to use resources already available to keep staff motivated and feeling cared for.



STRATEGY 4: OFFER CAREER & LIFE DEVELOPMENT OPPORTUNITIES

Why It Matters: Employees are more likely to stay if **they see a future** with your company.

Today's workforce cares deeply about **personal and professional growth**. Development opportunities show employees they can grow professionally and personally with your company.

This can include both formal promotion opportunities and career development, as well as helping employees develop skills outside of work that improve their quality of life such as parenting or financial literacy classes.

The Facts: A LinkedIn Workplace Learning Report revealed that 94% of employees would stay longer at a company if it invested in their career development. (9)



Key Implementation Strategy

For each employees' job role, designate a percentage of time to professional development. Periodically ask employees about the professional and life skills they would like to develop.



What This Looks Like

- Learning and development tracks created to provide professional development for all staff but particularly for junior staff.
- Mentorship pairings for new staff to learn from seasoned staff.
- Affinity groups for staff that provide opportunities to gain support on specific issues (i.e., having a disability at work, being a young parent, veteran status etc.)
- Education stipend for staff to develop professional skills and other skills important for improved quality of life (i.e., purchasing a home, caregiving a parent etc.)
- Inquire about whether educational opportunities or cross-departmental experiences interest employees.

Case Study of Implementation

Problem: A multinational startup had difficulty giving staff meaningful opportunities to learn from one another and grow their skillsets. A very demanding remote work environment made this significantly more difficult. They wanted to find solutions for internally developing their staff with minimal external consultation.

Solution: A workplace improvement implementation team consisting of champions in the organization was formed to address this issue. They engaged an activity from their work culture professional development training that paired staff together to focus on professional growth, wellness, and building a work culture of belonging.

These pairing created a semi-structured approach for cross-departmental staff to learn more about each other's work and act as an innovation partner. Framing these pairings as peer coaching opportunities for professional growth and supporting the other's personal well-being made employees feel more deeply connected to the organization. This connection and growth helped employees see their future with the company.



STRATEGY 5: HIRE FOR CULTURAL FIT

Why It Matters: Employees who align with your company's values and culture are more likely to stay.

Hiring for cultural alignment can lead to long-term retention, reducing the frequent cycle of hiring and training costs.

Engaging a value-based and diversity-driven approach to hiring, creates a work culture where new hires fit and the workplace is enriched by diverse ideas and life experiences.

The Facts: Research from the Society for Human Resource Management (SHRM) indicates that cultural fit accounts for 80% of turnover and that hiring for values alignment reduces this risk considerably. (10)

In a survey of employers, bad hires were cited as one of the top causes of employee loss, with 41% of surveyed employers estimating a single bad hire costing their business \$25,000 or more. (11,12)



Key Implementation Strategy

Assess your hiring process and current work culture values to ensure they reflect diversity in ideas, equitable practices that fairly share the burden of work, and an inclusive approach to collaboration among team members.

What This Looks Like

- Develop value-based interview questions such as:
 - Tell me about a time when you made a mistake at work. How did you handle it, and what steps did you take to correct it?
 - How do you foster an environment where team members feel safe to express their ideas and concerns?
- Engage belonging surveys to clarify how much your work culture demonstrates your company's values.
- Update your interview criteria to ensure you are attracting talent that best aligns with your mission, vision, and values.



Case Study of Implementation

Problem: A large state-wide government agency needed to update hiring practices to increase diversity in age and racial background of candidates. The attrition of younger staff because of generational differences in how to complete work assignments and attrition of employees of color because they did not feel safe to speak up and share innovative ideas caused the agency to lose very talented employees.

Solution: A workplace improvement implementation team consisting of champions in the organization was formed to address this issue. The group reviewed the current hiring process with a lens for the alignment between the process and the updated mission, vision, and values that aimed to create a more diverse workforce and inclusive work culture.

Recommendations were provided to human resources that included updating the “education requirement” to “suggested education” if lived experiences were equivalent, reducing the number of recommendations required, and including soft skills as a hiring criteria in addition to technical skills.

The team went a step further and conducted listening sessions with current employees in the agency about the culture. Employees shared a desire to have more psychological safety. The team created a training with their learning and development team for how managers can create psychological safety for staff, with a focus on addressing the issues that led to staff leaving.

STRATEGY 6: CONDUCT STAY INTERVIEWS



Why It Matters: Proactively gathering feedback can lead to actionable improvements that preemptively address issues that could lead to turnover.

Interviews and interactions asking employees about reasons they have stayed or will stay is a strengths-based approach to retention.



Instead of reactively examining problems, your company builds on what is working and further improves it.

The Facts: According to a Gallup survey, 52 percent of voluntarily departing employees say their manager or organization could have done something to prevent them from leaving their job. Companies that use stay interviews effectively can reduce turnover by 20%. (13,14)

Key Implementation Strategy

Create feedback culture where employees are expected to frequently share their perspectives about their professional quality of life (the positive and negative experiences associated with their work life).

What This Looks Like

- Regular check-ins to discuss job satisfaction, career goals, and challenges employees face.
- Annual listening sessions to uncover what is contributing to professional quality of life.
- Measure factors contributing to professional quality life such as burnout and feeling the work environment is compassionate instead of hostile.
- Develop coaching experiences between staff focused on developing a better quality of life at work while still achieving work goals.



Case Study of Implementation

Problem: A large philanthropic organization experiencing leadership transitions struggled to retain mid-level management and junior staff. The cultural shifts occurring made staff question whether the organization was moving in a direction where they wanted to stay.

Solution: A mid-level manager's coaching sessions with an external consultant revealed her professional identity was defined by unreasonable expectations from leadership-creating a poor professional quality of life. By the employee identifying this and learning skills to communicate with leadership about these expectations, it helped clarify what the employee had control over and did not have control over.

The employee recognized that she had control over ongoing support for organizations the philanthropy funded, a key reason why she initially applied for the job. By being given space to reflect on why she stayed at the organization and develop emotional regulation skills to deal with experiences outside of her control, she reported significantly increased job satisfaction and desire to stay at the organization after initially feeling uncertain about her future.



STRATEGY 7: FOSTER A POSITIVE WORK CULTURE

Why It Matters: A negative work culture where employees are mistreated by managers and co-workers or are unfulfilled by their work is a significant contributor to turnover.

Particularly for high earning employees who can command competitive pay elsewhere, a positive work environment is a strong contributor to whether they decide to stay.

A supportive, inclusive work culture increases employee satisfaction, loyalty to the company and trust in colleagues. Creating this type of work culture is an ongoing process that requires intentionality and responsiveness to changes in the workplace and society.

The Facts: According to a Gallup study, companies with high employee engagement (a key outcome of a positive work culture) experience 41% lower absenteeism and 59% less turnover in low-turnover organizations, and 24% less turnover in high-turnover organizations. (15)



Key Implementation Strategy

Create routine spaces for staff to learn about professional and personal interests of colleagues. Use this space to foster trust, collaboration, and a deeper appreciation for other's multi-faceted gifts professionally and outside of work.

What This Looks Like

- Create cross-departmental "office hours" to learn about colleagues' work.
- Team connection opportunities only focused on outside of work interests.
- Virtual "coffee breaks" or "by the cooler sessions" for informal check-ins.
- Team building activities led by employees who are not typically in leadership positions.
- Opportunities to create and participate in work committees focused on advocating for employees or work culture improvements.
- Provide low-stakes opportunities for employees to practice brave conversations about difficult issues.



Key Implementation Strategy

Problem: After a failed union vote at a national nonprofit, distrust became the norm. Senior leadership distrusted the managers and other staff who they believed led the push for unionization. Employees distrusted senior leadership and feared retaliation. A successful organization with an important mission risked an exodus of employees because of an untenable work environment.

Solution: Rebuilding trust required both organization-wide and individual solutions. Through completion of a professional development program focused on repairing harm and sustaining a thriving work culture, senior leadership identified and responded to specific contributors to distrust and fear of retaliation.

The practice of sunseting positions without notice (which employees viewed as retaliatory firing) was updated with a clear protocol for termination that leadership employed.

Additionally, a formalized decision-making process was developed to provide clarity about how input from employees is used to make organizational decisions.

Both of these organization-wide solutions helped employees manage expectations about navigating the work environment and feel leadership was making a good faith effort to regain trust without leadership sacrificing employee accountability.

Additionally, departmental office hours were initiated to help staff learn more about the work other departments completed. As there was fear departments undermined each other's work, this monthly activity helped employees more fully appreciate the work of colleagues in other departments. This fostered more collaboration and less bottlenecks for completing multi-departmental projects.

Ultimately, a culture of distrust gave way to curiosity about others, clearer accountability, and appreciation for others. While transforming an increasingly hostile work environment into a productive and compassionate workplace required organization-wide solutions, individuals needed practice having brave conversations with one another.

These brave conversations involved talking directly about the harm caused and seeing others from a new perspective. This practice was so powerful for one senior leader that she eventually sent a Christmas card to one of the staff members she swore to never forgive because she believed this staff member led the unionization effort and jeopardized the future of the entire organization.

They learned a positive work culture does not mean everyone agrees, but everyone feels seen, respected, and appreciated for what they offer.



HOW TO GET STARTED

iOpening Enterprises has a science-backed system for building positive work cultures where employees want to stay, thus helping employers save money by reducing turnover.

We use “the 3 E’s to work culture transformation” as our science-backed system.

1. **Establish:** Establish a shared language to communicate about work culture stresses and successes. Employees are guided toward effective communication through emotional intelligence training.
2. **Engage:** Grow emotional intelligence skills through structured executive coaching and peer coaching programs. Equips employees to prevent work culture challenges leading to turnover, burnout, and underperformance.
3. **Elevate:** Develop an in-house team to sustain an emotionally intelligent workforce that achieves success without sacrificing staff well-being. This team implements organization-wide processes to improve work culture.



CULTURE TRANSFORMATION PROGRAM

Our Elevate Work: Culture Transformation Program is able to help your organization by:

1. Giving you tools to quickly identify the root causes for employee attrition and retention.
2. Building an organization-wide common language to discuss these root causes more effectively and transparently.
3. Providing a roadmap for implementing organization-wide practices that address these root causes in a sustainable way.



CULTURE TRANSFORMATION PROGRAM

This comprehensive program focuses on creating long-term cultural change within organizations. Using emotional intelligence (EQ) tools, the program helps build a peer-coaching culture where employees feel supported, valued, and engaged.

ELEVATE WORK

- ✓ SUPPORT WITH COMPASSIONATE ACCOUNTABILITY WITHIN YOUR ORGANIZATION
- ✓ DEVELOP YOUR ORGANIZATION'S COMMUNICATION PROFILE
- ✓ TAOLORED FOR YOUR ORGANIZATIONS SPECIFIC NEEDS

Conclusion and Next Steps

If you are an organizational leader and want to learn more about our custom approach to building a workplace where employees want to stay, then visit our website below.

LEARN MORE AT WWW.IOPENINGENTERPRISES.COM



WWW.IOPENINGENTERPRISES.COM

TRANSFORM YOUR WORK CULTURE

BUILD A WORK CULTURE WHERE EMPLOYEES WANT TO STAY

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