



Retention

Discusses the importance of communication between an employee and an employer to ensure that both parties needs are met

- Matching employer and employee needs
- Using performance management to assist in staff retention
- Other retention strategies
- Motivation questionnaire

1.1 Retention Strategies

How to keep quality employees within the business

Why this is important

The cost to a business of losing a valued staff member is recognised to be 50-100% of the annual wage of that person. This is the result of both direct and indirect costs of unplanned employee turnover.

Direct costs are such things as the cost of recruitment, the cost of training a new person and the cost of mistakes made by the new person while they are becoming familiar with the business.

Indirect costs are such things as reduced business performance, increased stress and the effects of reduced job satisfaction while remaining staff run the business short-handed.

Making an effort to retain employees who might otherwise be lost can add value to a business in terms of improved work performance and labour productivity.

This fact sheet will cover:

- Matching employer and employee needs
- Using performance management to assist in staff retention
- Other retention strategies
- Motivation Questionnaire

Matching employer and employee needs

Employer and employee needs change over time. Retention is about determining if the needs of both parties are still compatible, or if new arrangements can be found that accommodate the changing needs of either party, but still provide both parties with the required outcomes.

When there is incompatibility between the employer and the employee there is no value in retaining the staff member.

What does an employer need?

- To get the work done efficiently and effectively
- To be able to pass on responsibility with confidence in the quality of the work.

What does an employee need?

The needs of an employee are different for each individual. However, some of the following needs have been identified as fairly generic amongst all people.

- **Money:** While money is not necessarily the primary driver of most employees, people do need fair remuneration
- **To belong to the in-crowd:** Being kept up to date with what management is up to and why decisions are being made helps people feel that they are an "insider" in a business. This gives people a sense of social belonging. Improving the quality of interpersonal relationships in the workplace will increase staff retention by developing a culture of belonging

- **The opportunity for growth and development:** This includes education and training, a career path and stimulation from outside sources such as discussion groups
- **Leadership:** Employees need a vision of what the business is working towards, with clear expectations and directions as to how they are contributing to this in their daily work
- **Control of their work:** This includes such things as the power to influence some farm decisions and may also include having the opportunity to meet their responsibilities through planning their own work load
- **A balance between work and other parts of life:** This includes knowing as well as possible when the working day will start and stop, so that the rest of life can be planned around work. Roster systems, allow effective planning of time off and contribute to a work/life balance.

Using performance management to assist in staff retention



Performance management is part of a complete staff management package.

When used effectively, performance reviews can help retain employees as it leads to a plan for employee growth and development. Most people want to know how they are doing and how to improve. By giving your employee this feedback through a performance review process, you can help the employee improve their performance, leading to increased job satisfaction and motivation.

Performance reviews also give an employer and employee the opportunity to talk about what is important to each of them, and this can improve understanding and employer/employee affiliation.

A process for assisting in the retention of employees:

1.	Work through the performance appraisal process (see Performance Management Fact Sheet 4.1)
2.	Identify training and development needs of an employee within the current position and develop a plan to meet these needs
3.	Discuss the business plans, vision and direction for the following season and, where relevant, further into the future
4.	Discuss the business and personal goals of the employee (refer to the attached questionnaire). It is very important that employers listen to understand what is most important to that employee, as this is key to retaining that staff member
5.	Discuss options for continuing to meet the employee's needs within the business
6.	Take a break. The employer can take the opportunity to consider which of the options that the employee is seeking that may also fit within their own business strategy, or if there are other options that the employer would like the employee to consider
7.	From here the employer can put together a proposal for the following season and go through the negotiation process until an agreement is reached that is suitable to both parties.

Career planning and retention

Career planning is the process of making and implementing career decisions. As an employer it is an effective way to contribute to your employee's development. Assisting with career planning can also lead to increased retention, particularly if your business provides growth opportunities.

What is a career plan?

A career plan describes a person's career goals and outlines the steps they need to take to reach their preferred career option/goal. To be effective career plans need to look out over a three-year horizon.

A career plan should set out:

- Their career goal – this may be broken down into smaller, more manageable objectives over a period of time
- A stocktake of current skills and experience
- An analysis of the gap between their goals and current situation
- What they need to do (actions) to achieve the goal and by when (date)
- In what order the actions need to be carried out – in particular what you are going to do NOW!
- A skills development plan
- Specific dates by which decisions or activities must be complete
- How progress will be monitored
- A way of evaluating success or ways of making alternative plans to stay on track
- A way of keeping an eye on future opportunities.

An effective career plan includes:

- A clear statement of the career goal
- A summarised personal profile - values, interests, skills
- A list of current skills and qualifications
- A list of career objectives
- A list of additional skills or qualifications needed
- Any personal development strategies planned
- Details about how support networks, mentors etc will be utilised.

Career goals and plans will change throughout a person's life as they gain experience and achieve previously set goals. It is important to understand the stage at which your employee is at before starting career planning with them. Are they new to the industry and looking for a wide range of experience? Are they looking for a career in farm management? Or are they looking for business opportunities?

It is important to remember that while you may not be able to provide the employment opportunities your employee is looking for, if you are creative you can meet people's needs through allocating responsibility and thinking outside the square. In some situations it may also be more appropriate to help them into another job where they will be able to meet their career goals more effectively.

Other ideas to improve retention

- Organised sporting and social events
- Giving staff ownership of areas of work (e.g. organising the shearers for shearing) to increase personal responsibility and job satisfaction
- Praising staff
- Housing improvements
- Give time off for sports or to attend children's school and sporting events
- Do a spontaneous act of kindness or thanks for staff
- Split up farm "freebies" amongst all people on the farm
- Recognise and show appreciation to the partners of staff members
- Help the staff become part of the community by taking them along to community functions
- Ensure that staff are not treated as the bottom of the social hierarchy of the community
- Offer staff a session in business planning with the farm's consultant (employer pays)
- Consider profit-sharing with senior staff members
- Give staff an opportunity to buy into the business e.g. own a small, growing number of stock
- In the case of multiple farm ownership it may be possible to create a career path for progression within the business.

Remember people are different – one size does not fit all so check that what is offered is important and of value to the staff member.

Retention can be closely linked to remuneration (for remuneration strategies to increase retention see the Remuneration Fact Sheet 4.7).

What are the benefits to me?

There are many direct and indirect costs of unplanned employee turnover. Retaining employees will:

- Reduce recruitment costs (advertising, time interviewing and checking references etc)
- Reduce training costs
- Raise the profile of the business as a quality work environment where people like to stay
- Increase business performance by reducing down-time while new employees reach full performance
- Increase business performance by reducing stress errors of remaining workers
- Reduce employer stress
- Increase workplace confidence.



What do I do next?

- Communicate the business plans to staff and discuss how everyone is contributing to success
- Take time to communicate appreciation to staff
- Discuss with employees what matters most to them
- Go through the performance management process with staff
- Consider making changes to the employment relationship to better match the needs of the business and employee.

Useful references

Leadership Fact Sheet 6.1

Useful websites

www.peoplemanagement.co.uk

www.hrinz.org.nz

www.hr-guide.com

www.humanresources.about.com

www.joanlloyd.com

www.talentkeepers.com

Useful links

Work-Life Balance: <https://www.employment.govt.nz/workplace-policies/productive-workplaces/work-life-balance>

Productivity: <https://www.employment.govt.nz/workplace-policies/productive-workplaces>

Retention:

https://worksafe.govt.nz/search/SearchForm?Search=retention&action_results=Go

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