



**Can the Talent War Be Won Without
Winning the Turnover Battle?**

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Few organizations today would argue that finding talent is anything short of a war or, at least, a major battle. However, do organizations take this same view when considering ways to ensure the high quality of their new hires or the turnover rates within their employee groups?

We know that strategically strengthening the recruitment process with better candidate screening and independent third party reference checking, much like is done when recruiting top executive talent, works to get good people to join the organization. What is less clear is whether organizations with high departure rates among their workforce are approaching the turnover problems with the same strategic thinking and actions.

With annual turnover rates running from 10% to 20% in many organizations, we think this is a *prima facie* case to conclude that more must be done by organizations to screen for the best hires and provide motivating conditions to attain high numbers of engaged employees who will in turn help attract other top people to the enterprise and who themselves will stay and contribute.

The future belongs to those organizations that can re-focus, re-tool and resource their human resources groups in strategic partnership roles that can impact hiring quality and retention rates because as the old adage goes, 'more of the same, won't get different results.'

The underpinning rationale for this conclusion can be found in the work of the renowned Harvard University economist, Albert O. Hirschman and his book "Exit, Voice, and Loyalty"* published originally in 1970. It is not on the bestseller's list for HR directors and corporate executives but it should be required reading for all organizational leaders even if it's the Wikipedia overview of the topic.

Businesses know how harmful dissatisfied customers are and how much cheaper it is to keep good customers than to have to acquire new ones. Businesses today go to great lengths to monitor customer concerns with surveys and customer retention teams and reward programs – all designed with one goal in mind, keeping their best customers! When you were at your favourite 5-star restaurant the last time, do you recall the head waiter or even the owner coming by your table to make sure your party was completely satisfied? The best restaurants know that to keep being the best, they need their best customers happy and they are genuine in wanting to hear any concerns from you directly while they still have a chance to redeem themselves. Top restaurants like top businesses know the research that suggests unhappy customers are many, many more times likely to tell others of how bad it was last time, then they are to pass along any compliments.

Unlike the unhappy restaurant customer, many employees are not in a position to quit immediately and not return to work. In fact, dissatisfied employees can "exit" mentally while still remaining on the payroll and that poses risks to organizations in terms of service, productivity, morale, customer retention and ultimately, reputation, brand value, and profitability. Have you ever heard someone say "I'm working at Tom's Electronics until I can find a job"? How would you like to be Tom if the majority of the staff felt this way about their job and their company?

To some extent the "exit" or "voice" decision depends on the "loyalty" or commitment the individual feels to the organization. It also depends on the personality, values, attitudes, work history and

expectations that employees bring to the organization. In many cases, disgruntled people come that way and the challenge for organizations is not letting them through the door to allow them to inflict damage on customers and other employees alike.

Employees like customers who are dissatisfied can choose to voice their concerns in the hope that they will influence change and get their issues resolved or simply exit and go to other organizations to satisfy their needs. Hirschman makes the point that both exit and voice can be measures of decline in an organization with voice being more informative as it provides reasons for the decline. Exit without voice is but a warning sign of decline unless exit is used as a final means to find out what is going wrong inside the organization and what needs to be improved, continued and even expanded.

This means that organizations losing 10% or more of their employee group each year must go beyond the usual “money” reasons given by exiting staff and treat exiting employees as a strategic intelligence source as to what is going on inside the organization causing good people to leave. Granted there should be a reasonable level of turnover in an organization but the key here is to find why the good ones are exiting. The most common reason given is the money reason and too many organizations simply accept this and close the employee file despite the research evidence that suggests that this is simply the employee choosing the path of least resistance and not wanting to “burn bridges” or risk getting a bad job reference. Even decisions like returning to higher education appear on the surface to be reasonable causes to leave a job, but our experience in conducting independent third party interviews suggests that other factors were the real drivers of the decision to leave.

What organizations need to better understand is that the greater the opportunity to exit an organization, the greater the talent outflow as it usually the most talented employees and managers who are mobile. Also, in times of mobility, in the absence of a culture of openness and good communication, the chances are less that good employees will voice any concerns as they prepare their resumes and head out the door to possibly the competition. With good talent leaving, this leaves behind a less able workforce and often lower morale amongst those who cannot move easily but who see good performers leaving them behind.

Of course, there are always going to be the employees who have strong loyalty and commitment to the company and who will remain as dedicated and hardworking employees, despite things that create stress and hinder performance. Similarly, dissatisfied customers with strong brand loyalty that overrides any concerns might remain.

Organizations who can understand the concepts of exit, voice and loyalty will be better able to develop improvement measures that alleviate concerns and improve overall loyalty rates, motivation and retention.

At eeVoices, our group has also pondered the issues posed in the title of this thought starter: “Can the Talent War Be Won Without Winning the Turnover Battle?” Our conclusion is clear. The talent war cannot be won with high turnover rates as the rush to find good replacements will never catch up with the numbers “exiting” mentally and physically. We believe that top talent want to work in top organizations with other equally talented people. Unless the talent retention battle is won, there is little chance of winning the talent war which for now is looking endless.

We base this conclusion on our first-hand experience with the challenges and reality of life in the HR organization and from all vantage points: HR generalist and management, client manager, the executive office, and now as third party human resources service providers. Our answer to questions like these have inspired our vision and fuelled our belief that we got it right when we developed the product and service groups for eeVoices, an emerging, third-party multi-service human resources provider.

Our vision and mission of helping organizations take the risk out of people decisions throughout the entire employee life cycle is rooted in our deep and abiding belief that HR groups need to improve practices to mitigate a multiplicity of risk throughout the employee life-cycle from hiring the wrong person to ensuring that employees are listened to carefully from pre-hire days through to the day they exit.

As a final note to get leaders to find a copy of the Hirschman classic, you may have wondered how we chose our name, "eeVoices". To some extent this book helped inspire the use of "voices" in our company name and to link it to the double "e" which stands for "employees" and "employee engagement" or simply "engaged employees". We connected these two concepts in our corporate name to remind ourselves and our customers that "engaged employees" are those who are committed, loyal and motivated and who provide superior service and are crucial in retaining the best customers. They are also those who will contribute the most to organizational performance and help enterprises win the talent war as good people want to join top teams and top organizations.

* Albert O. Hirschman 1970. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge, MA: Harvard University Press.