

Retaining Your Best Employees

Get an insider's view of how
top HRs lead the way



loopa



Foreword

The COVID-19 pandemic in 2020 caused major disruptions for businesses. Companies struggled to stay afloat and had to find ways to retain their employees while balancing work and personal well-being.

However, many were forced to lay off workers and both employees and employers faced job insecurity, pay cuts, and shifting to remote work while maintaining productivity and morale.

Beyond their concern about their future, people were also concerned about the health of their families and friends. Meanwhile, companies were trying to shift to a remote workspace and still keep productivity and engagement high. Combine all these factors and you get a stressful situation for both employers and employees.

Fast forward to 2023, and the economy has rebounded. However, implementing retention strategies can still help reduce employee turnover during the ongoing recovery and potential recession in the coming years.



AMRIT SINGH

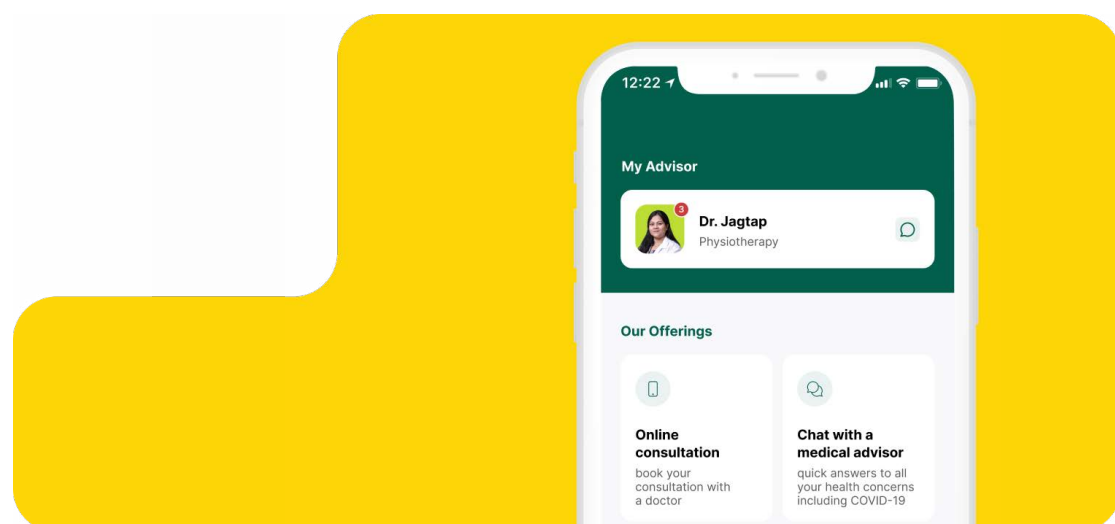
Co-founder and CRO at Loop

About Loop

The Indian healthcare system is flawed. Hospitals react to sickness but do not offer quality care. Doctors attend to the patients but do not give them enough time and care. Bills are soaring high, booking an appointment is cumbersome, and lab tests are getting expensive.

You see, there are many areas that need attention. And that's what we, at Loop, are aiming to fix. At scale. **We've built an insurance and care platform that makes employee health benefits simple, useful, and holistic.**

Founded in 2018, Loop Health is the fastest-growing B2B healthcare startup in India. We're proud to serve 400+ companies like NoBroker, Medline, Zoomcar, General Electric, and Bajaj to insure 300,000+ employees and their families. We are backed by top-tier investors like Elevation Capital, Khosla Ventures, and General Catalyst, and have raised more than \$40m+ towards our vision of rebuilding healthcare and insurance from the ground up.



Introduction

The high rate of employee turnover continues to be a significant challenge for employers across various industries. It's a serious cause of concern as **high turnover can result in significant financial losses and negative impacts on business operations**. To mitigate these issues, employers must focus on implementing effective employee retention strategies.

By identifying the reasons for employee turnover and addressing them proactively, companies can **create a culture that attracts and retains top talent**.

This retention strategy guide can help shape your employee retention efforts in 2023.



Table of contents



Why Does Employee Retention Matter?	6
What Are The Main Causes Of Employee Turnover?	8
What Are The Best Practices To Increase Retention Rate?	11
Creative Strategies To Retain Employees ...	18
Conclusion	23



Why Does Employee Retention Matter?

A high retention rate demonstrates that employees have faith in the organization, its principles, and its ultimate goals. On the other hand, **a low retention rate signifies that the organization is struggling with high turnover.** Even with a thorough recruitment strategy, losing employees can lead to financial loss.

Here are some common factors that contribute to job dissatisfaction:

- No growth opportunities
- No job security
- Zero trust
- Uncompetitive compensation
- Lack of mutual respect

FACT CHECK ▾

According to SHRM, replacing a manager earning \$40,000 annually can incur recruiting and training expenses ranging from \$20,000 to \$30,000. This does not take into account the additional costs such as the time spent on interviews, loss of knowledge and productivity, and the effect on company culture.

Money is one aspect, but there's more.

- The departure of a highly skilled employee can result in **a loss of specialized capabilities**.
- The departure of an employee can also lead to **a loss of critical knowledge and understanding of the inner workings** of the business operations.
- Repeatedly introducing new staff members to customers **can damage customer relationships**.
- **Training time** to get new members up to speed costs managers and coworkers precious time.
- The departure of key team members can **negatively impact the motivation** and morale of the remaining workforce.

Implementing long-term retention strategies can prevent negative impacts caused by high turnover. By adopting effective employee retention techniques, management can effectively combat turnover and attract and retain valuable employees. **Keep in mind, it is more cost-effective to retain a skilled employee than to recruit, train, and replace one.**

What Are The Main Causes Of Employee Turnover?

The hard truth is that you cannot completely put a full stop to employees leaving their jobs. But to a large extent, what you can do is control it. And this is possible when you understand the reason behind employee turnover and know the best solution to offer.

Below, we have listed some common reasons that trigger employee turnover in an organization.

1. Education continuity



Many businesses do not provide ongoing training and education to their employees. This would result in employees getting disillusioned with their jobs and they are less likely to stay because there is no chance to advance or improve.

2. Change in job profile



Employees may at times feel unfulfilled in their current job role and seek a new challenge that aligns with their personality and skills. This desire for change may lead them to seek out new opportunities..

3. Growth opportunities



Stagnancy is another red flag - it makes employees feel like quitting. The routine tasks at work can feel boring after a point and not of any professional value-add. With lesser opportunities to advance, what will challenge employees to remain motivated?

4. Lack of recognition



There are changes in the workplace, it's not like it used to be. Modern organizations must emphasize and recognize employee efforts. The lack thereof can deter employees from staying loyal. It's not only about remuneration or promotions, but feeling valued like they're contributing to the success of the business.

5. Culturally unfit



Being culturally unfit is a common reason leading to employee turnover. For example, someone who's extremely creative will perhaps struggle in an environment that's very structured whereas someone who's been a part of traditional culture will find it hard to adjust to a flat table hierarchy.

6. Poor management



Everyone at some point in their career comes across a manager who they don't get along with. It can be because of anything like a manager with poor people skills, being managed badly, or a clash in personality. In fact, this is one of the primary causes of low retention rates so it's crucial to address them.

7. Uncompetitive compensation



As individuals who have experienced the workplace, we understand the feeling of wanting to be compensated fairly for our efforts. Sometimes, we may see colleagues performing the same job and earning more. This is why compensation, including salary and benefits, is often a driving factor for employees when considering a job change. To retain top talent, organizations need to stay informed about industry standards for compensation and offer competitive packages that match or exceed the market.

8. Burnout



In the recent years, there's been an increase in understanding employee burnout caused by factors such as longer working hours, constant device connectivity, lack of control, unclear job expectations, and insufficient resources. The failure to provide support to staff to manage or reduce the workload is driving people to seek less stressful jobs.

What Are The Best Practices To Increase Retention Rate?

HR leaders often struggle to achieve a high employee retention rate and prevent valuable employees from leaving. To retain valuable employees, **it is important to understand the root causes of employee turnover**, as we've stated above, and adopt effective retention strategies. Sometimes, the answer lies right in front of you, yet you have not been able to match them to the appropriate problem.

The following list of employee retention best practices can help boost retention rates in any organization ➤

1. Learning and development programs

One of the best strategies is to retain those who want to learn new skills or upskill and help them do so to eventually develop leaders within your organization. By investing in employee development, businesses can **ensure that their employees are empowered and motivated to stay**. A study has shown that businesses with high training rates experienced a 53% reduction in employee turnover.



2. Hire the right people

The best way to ensure that employees don't leave is to hire the right ones. **Clearly define the job description and role and hire only the ones who fit the bill** – both in terms of skill expectations and company culture. Optimize your selection process rather than taking anyone who applies on board.

What you can do is clearly narrate the traits and skills potential candidates must possess. You can also make use of tools like **personality questionnaires or pre-employment assessments** to really weed out the good ones.

Remember that the greatest candidates aren't necessarily from Ivy League institutions or have the highest CGPAs. To get a more varied application pool, build partnerships with professional groups, community college career offices, and other relevant associations.

3. Flexible and remote work options

As working styles have evolved over the years, an increasing number of employees are looking for remote or flexible arrangements at the workplace. Instead of tying employees to their desks for long work hours, **give your teams this opportunity as and when required**. This will enable employees to work comfortably and thereby perform better and manage personal and professional commitments with ease while remaining stress-free.

4. Provide opportunities for internal mobility

The LinkedIn 2021 Workforce Learning Report found that employees at companies with internal mobility tend to stay almost twice as long. Companies with low mobility had a median tenure of 2.9 years, while those with high mobility were able to retain talent for a median of 5.4 years. It is not surprising that **top performers will seek opportunities elsewhere if they don't see opportunities for learning and growth within the company** or feel that the company is invested in their career development.

5. Focus on employee recognition and appreciation

One of the prime employee retention strategies for small businesses, especially, is having a rewards and recognition program. To ensure that your best talent stays, shower them with praise and awards in line with their skills. Also, ask managers to use the program frequently.

A simple 'thank you' can go a long way. **Create a culture at work where everyone leads by kindness and openly appreciates one another.** Instead of pushing the agenda of competition, ask for employees to work in congruence and as a team. Further, send appreciation notes and rewards to your best talent to help them feel noticed.

Ensuring that your employees feel valued at work can help improve engagement, and ultimately, retention.

6. Handout surveys and feedback

Periodically requesting input from your team via an employee survey is one of the easiest methods to enhance engagement, motivation, and retention.

Employees who believe their views are heard at work are 4.6 times more likely to offer their best performance, according to a Salesforce study.

Direct questions allow you to better grasp how your staff is feeling at any given time. Plus, you can discover reasons employees continue to work for you, and gather insights on areas of improvement.

You may enhance the likelihood that the feedback you receive is honest, helpful, and productive by employing pulse surveys and asking employees simple questions at any time (while providing them the option to respond anonymously).

PRO TIP ➤

There's one solution to employee turnover you're missing and one that's often overlooked - exit interviews. An exit interview is your opportunity to ask employees what went wrong and why they left.

As they're on their way out, you can expect them to provide honest feedback and be more candid about their grievances. You must **put this information to use and amend your organization's ways** and improve them so employees want to stick around.

7. Prioritize wellness

Why wellness? Because a healthy mind and body help employees produce better work.

Surely, you've heard of Maslow's Hierarchy of Needs. His theory illustrates the importance of both mental and physical well-being, especially in the context of work.

As a leader, **if you help your employees realize their full potential, you're enabling them to operate so they're always giving their 100%.** However, when their basic needs are unmet, it's impossible for them to reach higher levels of performance.

They're constantly focusing on fulfilling their basic needs rather than focusing on what matters.

So, how can you support well-being in your workplace? Offer mental health consults, preventive care, employee wellness sessions, financial well-being workshops, stop overworking your employees, and more.

8. Enhance your benefits package

Now more than ever, benefits like remote work opportunities, flexible schedules, or health benefits matter more. **The benefits and perks you offer form a core element of your employee value proposition (EVP) and directly reflect your employer branding and company culture.**

Of course, salaries are one aspect to win over employees, but this won't keep them in your system for long. You must invest in your employees by giving them things like generous PTO, strong healthcare benefits, and more.

Offering benefits shows you care and is an excellent way to earn their trust. Such a reputation helps retain as well as attract the best talent.

TIP ➤

A golden formula for reducing the turnover of employees is to build a happy and healthy workforce. Ensure this by extending preventive health care and adequate coverage for physical and mental health ailments. Loop enables you to do this with a host of customized insurance schemes.

9. Offer competitive compensation

Offering competitive pay and benefits is **crucial to keeping employees loyal to your organization**. When organizations pay under the market rate, employees may be tempted to accept more competitive offers. To improve employee engagement and retention, companies should consider offering health benefits, telecommuting, time off, healthy work-life balance, wellness programs, and competitive salaries.

10. Check the quality of managers

Bad managers are one of the **biggest reasons employees leave**. Train your managerial staff on people management. Inculcate the values of empathy and understanding in them. This will promote a healthy 'pass down' of company culture and arrest turnover rates.

Leading by example is one of the most effective strategies to motivate people. Employees are affected by the tone you create on every level, from work ethic to business culture to the general flow and spirit of the office.

Thus, be passionate about your work, take on obstacles front-on, and embrace your company's ideals. Your employees will imitate your behavior.

Creative Strategies To Retain Employees

Model #1 - The Join, Stay and Leave model

The “Join, Stay and Leave” model helps organizations understand the **factors that influence employee engagement and retention** at each stage of the employee experience.

The model breaks down the employee experience into three stages:

- **Join:** This is the stage when an employee first joins the organization. Factors that influence an employee’s decision to join an organization include things like **pay and benefits, the company’s reputation, and the work-life balance offered.**
- **Stay:** This is the stage when an employee is actively engaged in their work and committed to the organization. Factors that influence an employee’s decision to stay with an organization include things like **opportunities for growth and development, the quality of the working environment, and the level of support and recognition provided.**
- **Leave:** This is the stage when an employee decides to leave the organization. Factors that influence an employee’s decision to leave an organization include things like **poor management, lack of opportunities for advancement, and poor work-life balance.**

Organizations should understand why employees join, why they stay, and why they leave an organization.

Get answers to questions like the following to develop a better understanding and improve retention:

- What draws employees to your organization? Are they drawn to your business model or just seeking a temporary opportunity?
- What are employees looking for in a job?
- Are you offering benefits that really attract employees?
- As a business, what do you expect from prospective employees?
- Once on your team, do employees stay long enough to contribute or are they seeking experience, exploring other fields, or have other motives?
- Are the connections made inside the workplace strong enough to keep them back?
- If they decide to leave, what's a likely cause for resignation?
- If they decide to leave, what could be the potential reasons for resigning?

Reduce attrition by **understanding the reasons through exit interviews and improving them**. Analyze causes and take action.

Model #2 - Herzberg's Motivation-Hygiene Theory or Dual-Factor Theory

Herzberg's Two-Factor Theory, also known as the "Motivation-Hygiene Theory," is a model developed by psychologist Frederick Herzberg in the 1950s. The theory suggests that two types of factors influence an employee's job satisfaction and motivation:

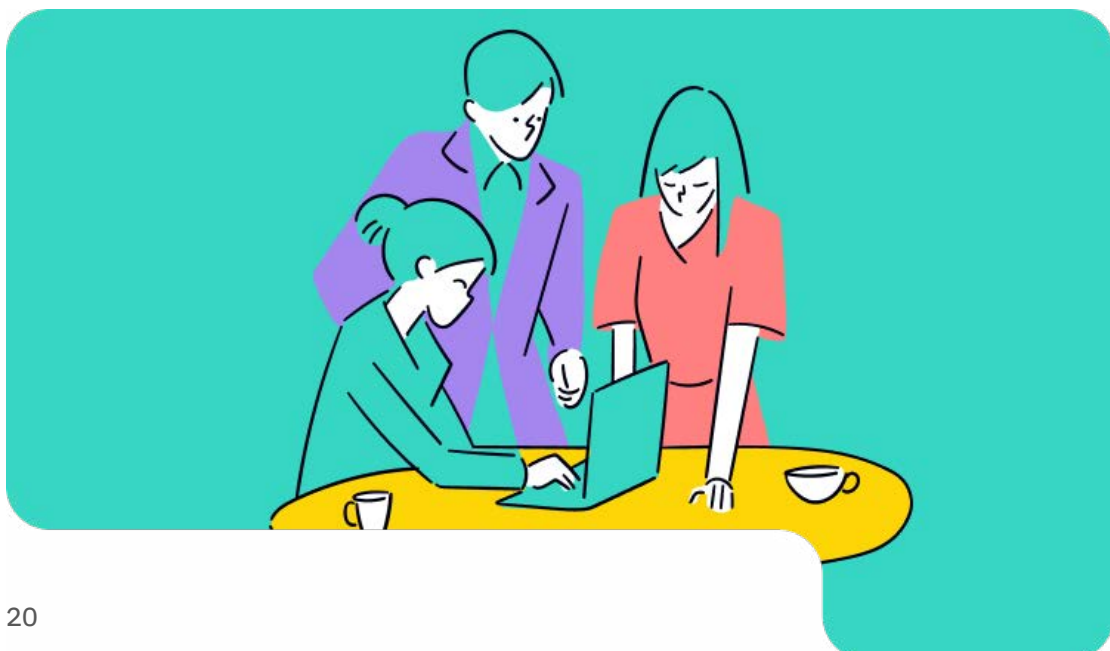
- **Hygiene factors** - Hygiene factors are the basic needs that an employee requires to be satisfied with their job.
- **Motivators** - Motivators are the factors that drive an employee's ambition and desire to achieve goals.

Motivating factors

- Achievement
- Recognition
- The work itself
- Job advancement opportunities
- Growth opportunities

Hygiene factors

- Relationship with peers
- Company policies
- Physical workspace
- Working conditions
- Salary
- Status
- Security
- Supervision



How to Apply The Two-Factor Theory At Your Workplace?

Apply Herzberg's theory for better employee productivity, motivation, and retention in the workplace by first comprehending your workers' current perceptions and then implementing changes.

- **Identify and minimize the dissatisfiers** -
Reduce employee dissatisfaction by soliciting feedback and avoiding assumptions. Improve management practices and empower workers by gathering employee insights and implementing strategies such as:
 - Introducing more valuable and relevant training programs for employees
 - Creating a culture where communication is frequent and open
 - Promoting purpose among employees by educating them on how their jobs contribute to the organization's goals

- **Improve working conditions** - Apply changes to enhance the work environment based on Herzberg's two-factor theory.
 - Provide opportunities for growth to employees
 - Take the physical work environment into consideration
 - Improve on-the-job engagement by accounting for individual contributions
 - Develop meaningful recognition programs

Proper application of Herzberg's two-factor theory leads to **reduced turnover, better productivity and higher engagement** by addressing motivators and de-motivators.



Conclusion

One of the cornerstones of running a successful business is employee retention.

It ensures that **your product or service is consistent and of high quality**, because the same excellent employees are always doing their best work.

It makes the office feel more like a family rather than a rotating door. When your team can form a bond at work, they will be happier, more productive, and remain at their jobs for longer.

Thus it is important to know how to improve employee retention in your company. It is equally essential to know how to **maintain employee retention, even when the retention rate is high**.

If you want to get the most out of your employees as a company, you need to **give them high-value and high-quality wellness programs** that assist them both within and outside the workplace.

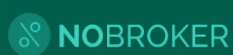
Here at Loop, we are committed to aiding employers and employees in building a healthy work environment.

We support you and your organization to take little strides toward a brighter future, **by motivating employees to improve their job outcomes and assisting employers in reducing healthcare costs** - it's a win-win situation!



Retain the best
with the best
health benefits.

Trusted by industry leaders:



Learn more

