Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies

by David G. Allen, Phillip C. Bryant, and James M. Vardaman

Executive Overview

Despite extensive scholarly research and organizational interest in employee turnover, there remains a gap between science and practice in this area. This article bridges this gap and replaces several misconceptions about turnover with guidelines for evidence-based retention management strategies focused on shared understanding of turnover, knowledge of cause-and-effect relationships, and the ability to adapt this knowledge and apply it to disparate contexts. We provide new tools such as an illustration of the relative strength of turnover predictors, a summary of evidence-based HR strategies for managing turnover, and a new framework for implementing evidence-based retention strategies. We conclude with a research agenda to build on this evidence-based understanding.

Employee retention remains a critical issue for organizations and managers: the costs associated with recruiting, selecting, and training new employees often exceed 100% of the annual salary for the position being filled (Cascio, 2006), and the Bureau of Labor Statistics reports that the national annual voluntary quit rate in the United States typically approaches 25%. The direct costs, work disruptions, and losses of organizational memory and seasoned mentors associated with turnover are significant issues. Many organizations are also increasingly concerned about their ability to retain key employees (e.g., high performers and employees with high-demand or difficult-to-replace skill sets). These concerns may also have broader implications for organizational competitiveness in an increasingly global landscape, and for how to address social and demographic trends such as an aging and increasingly diverse workforce. Despite the importance of turnover to business

there remains a gap between science and practice in the understanding of the management of employee retention. Here we fill that gap by developing an evidence-based understanding of the domain.

Even when voluntary turnover rates drop because of unfavorable labor markets, it would be shortsighted to ignore retention management. For example, there is evidence that high unemployment rates have little impact on the turnover of high-performing employees or those with in-demand skill sets (Trevor, 2001). Aggressive recruitment of valuable employees still occurs, and the retention of high performers remains critical (Smith, 2009). In fact, large-scale layoffs in difficult times often lead to higher turnover among survivors (Trevor & Nyberg, 2008). Further, concerns remain about an eventual talent shortage in both the overall supply of talent and in the specialized skills and competencies most valued by organizations. Coupled with the likelihood that many current employees may remain with their organizations only because there are fewer external opportunities, the possibility exists for substantial pent-up turnover to occur when labor

* ***David G. Allen*** *(dallen@memphis.edu) is an Associate Professor and First Tennessee Professor of Management in the Fogelman College of Business and Economics at the University of Memphis.*
Phillip C. Bryant *(pbryant1@cbu.edu) is an Assistant Professor at Christian Brothers University, Memphis, TN.*
James M. Vardaman *(jvardaman@cobilan.msstate.edu) is an Assistant Professor in the College of Business at Mississippi State University.*

markets become more favorable for employees. A recent survey reported that 54% of employed adults, including 71% of those between the ages of 18 and 29, are likely to seek new jobs once the economy improves (Adecco, 2009).

Despite extensive research on employee turnover, there are few resources that effectively and comprehensively bridge scholarly evidence concerning employee retention and practitioner employee retention efforts. As a result, many managers hold important misconceptions about turnover. For example, many managers may believe that turnover is uniformly bad, that most employees quit their jobs because of pay, that job dissatisfaction is the primary reason people leave, that there is little managers can do to affect individual turnover decisions, or that generic best practices are the best way to manage retention. These misconceptions can be harmful to organizations and to managerial careers because they may lead managers to enact ineffective retention strategies that fail to reduce turnover, that are not cost-effective, or even that retain the wrong employees while chasing away the most important ones.

Our objective is to replace these common misconceptions about turnover with evidence-based retention management information, as summarized in Table 1. Evidence-based management refers to translating knowledge and principles based on the best available scientific evidence into organization practice, enabling managers to make decisions informed by social science and organizational research (Rousseau, 2006). Effective evidence-based management requires accessible systematic reviews of evidence such as those that we present here (Briner, Denyer, & Rousseau, 2009). Figure 1 illustrates our evidence-based approach.

Table 1
Five Common Misconceptions About Employee Turnover

Turnover Misconceptions	Evidence-Based Perspective
Misconception #1 All turnover is the same, and it is all bad	• There are different types of turnover • Some turnover is functional • Turnover costs vary
Misconception #2 People quit because of pay	• Pay level and pay satisfaction are relatively weak predictors of individual turnover decisions • Turnover intentions and job search are among the strongest predictors of turnover decisions • Key attitudes such as job satisfaction and organizational commitment are relatively strong predictors • Management/supervision, work design, and relationships with others are also consistent predictors
Misconception #3 People quit because they are dissatisfied with their jobs	• Job dissatisfaction is the driving force in fewer than half of individual turnover decisions • There are multiple paths to turnover decisions • Different paths have different retention implications • It is also important to consider why people stay
Misconception #4 There is little managers can do to directly influence turnover decisions	• There are evidence-based human resource practices associated with turnover • Recruitment, selection, and socialization practices during organizational entry affect subsequent retention • Managers can influence the work environment and turnover decisions through training, rewards, and supervisory practices
Misconception #5 A simple one-size-fits-all retention strategy is most effective	• Context-specific evidence-based strategies are more effective • Turnover analysis helps diagnose the extent to which turnover is problematic • Organizational context matters for interpreting turnover data • Multiple data collection strategies enable more targeted and effective retention strategies

Creating a Shared Understanding

Misconception #1: All Turnover Is the Same, and It Is All Bad

Employee turnover can certainly be problematic and in some cases devastating for organizations. However, turnover is a complex phenomenon that comes in many shapes and sizes. It is not always harmful, and in some cases may even be beneficial for organizations. Developing and implementing effective evidence-based guidelines for managing turnover requires that the parties involved (e.g., line managers, executives, and human resource managers) have a shared understanding and frame of reference for interpreting what turnover is and how it affects the organization. Creating a shared understanding entails defining types of turnover, understanding the costs and benefits associated with turnover, and emphasizing the importance of turnover to organizations.
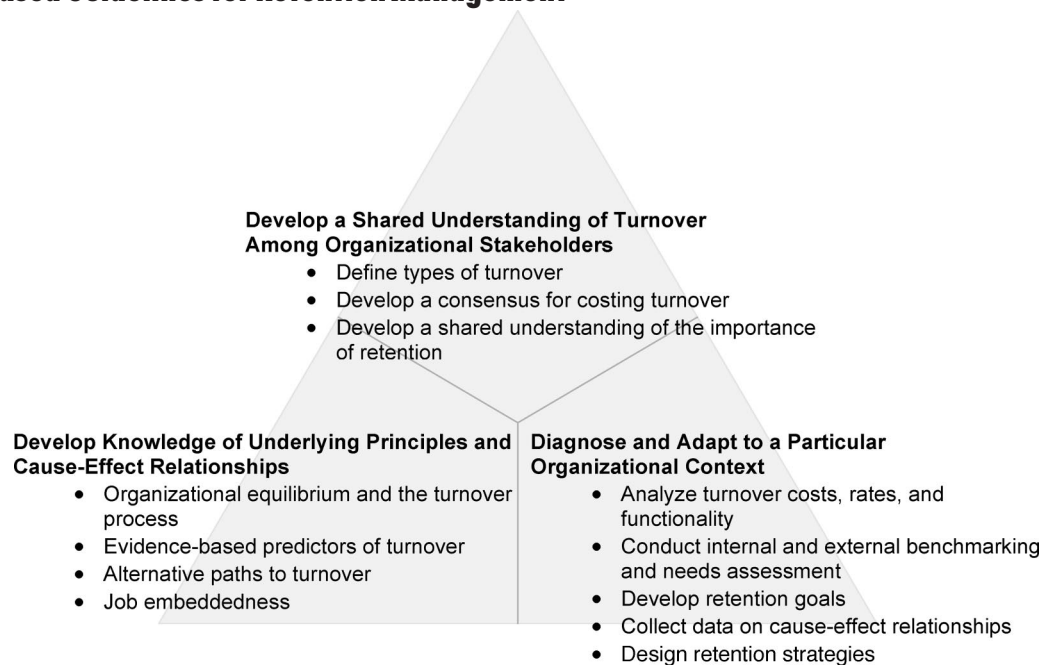
Defining Turnover

Employees leave organizations for a wide variety of reasons such as taking a better paying job, leaving an abusive supervisor, going back to school, following a relocating spouse, or getting fired. Although there may be shared characteristics and outcomes associated with each incidence of turnover, there are different types of turnover, each with its own implications. Types of turnover can be described across three dimensions (Griffeth & Hom, 2001). One important distinction is between *voluntary* and *involuntary* turnover. Voluntary turnover is initiated by the employee, while involuntary turnover is initiated by the organization, often because of poor job performance or organizational restructuring. Effectively managing involuntary turnover is important, but the loss of these employees is generally viewed as being in the best interests of the organization. Retention management typically focuses on voluntary turnover, because these employees are often individuals the organization would prefer to retain.

Even within instances of voluntary turnover, however, there is an important distinction between *dysfunctional* and *functional* turnover (Dalton, Todor, & Krackhardt, 1982). Dysfunctional turnover is harmful to the organization, such as the exit of high performers or of employees who have difficult-to-replace skill sets. Functional turnover, although disruptive, may not be harmful, such

Figure 1
Evidence-Based Guidelines for Retention Management

Develop a Shared Understanding of Turnover Among Organizational Stakeholders
- Define types of turnover
- Develop a consensus for costing turnover
- Develop a shared understanding of the importance of retention

Develop Knowledge of Underlying Principles and Cause-Effect Relationships
- Organizational equilibrium and the turnover process
- Evidence-based predictors of turnover
- Alternative paths to turnover
- Job embeddedness

Diagnose and Adapt to a Particular Organizational Context
- Analyze turnover costs, rates, and functionality
- Conduct internal and external benchmarking and needs assessment
- Develop retention goals
- Collect data on cause-effect relationships
- Design retention strategies

as the exit of employees who are easy to replace, and may even be beneficial, such as the exit of poor performers. Retention management strategies typically focus more on dysfunctional turnover.

Finally, even if an organization invests substantially in the retention of key employees, some of those employees would still leave. Thus, while some turnover is *avoidable*, some turnover will always be *unavoidable* (Abelson, 1987). Avoidable turnover occurs for reasons that the organization may be able to influence, such as low job satisfaction, poor supervision, or higher pay elsewhere. Unavoidable turnover occurs for reasons that the organization may have little or no control over, such as health or dual career issues. The distinction is important because it may make little strategic sense to invest a great deal in reducing turnover that is a function of largely unavoidable reasons.

Understanding Turnover Costs

When employees leave, it costs the organization time and money. The total costs associated with turnover can range from 90% to 200% of annual salary (Cascio, 2006; Mitchell, Holtom, & Lee, 2001). In addition to the obvious direct costs associated with turnover, such as accrued paid time off and staffing costs associated with hiring a replacement, there are a wide range of other direct and indirect costs associated with turnover. Consider Table 2, which identifies two primary types of costs associated with voluntary turnover: separation costs and replacement costs. PriceWaterhouse Coopers (2006) estimates that turnover-related costs represent more than 12% of pretax income for the average company, and nearly 40% for companies at the 75th percentile for turnover rate. However, as we pointed out in the previous section, turnover is not always dysfunctional for the organization. Table 2 also illustrates some of the potential benefits associated with an employee's leaving. From a strategic perspective, organizations need a clear shared understanding of the costs and benefits associated with turnover to develop an effective retention management plan. There is no single appropriate formula to determine turnover costs. What is more important is that

Table 2
Voluntary Turnover Costs and Benefits

Separation Costs	*Tangible*
	HR staff time (e.g., salary, benefits, exit interview)
	Manager's time (e.g., salary, benefits, retention attempts, exit interview)
	Accrued paid time off (e.g., vacation, sick pay)
	Temporary coverage (e.g., temporary employee, overtime for current employees)
	Intangible
	Loss of workforce diversity
	Diminished quality while job is unfilled
	Loss of organizational memory
	Loss of clients
	Competition from quitter if he/she opens a new venture
	Contagion — other employees decide to leave
	Teamwork disruptions
	Loss of seasoned mentors
Replacement Costs	*General Costs*
	HR staff time (e.g., benefits enrollment, recruitment, selection, orientation)
	Hiring manager time (e.g., input on new hire decision, orientation, training)
	Recruitment
	Advertising
	Employment agency fees
	Hiring inducements (e.g., bonus, relocation, perks)
	Referral bonuses
	Selection
	Selection measure expenses (e.g., costs of RJP, work samples, selection tests)
	Application expenses
	Orientation and Training
	Orientation program time and resources
	Formal and informal training (time, materials, equipment, mentoring)
	Socialization (e.g., time of other employees, travel)
	Productivity loss (e.g., loss of production until replacement is fully proficient)
Turnover Benefits	Savings may be achieved by not replacing leaver
	There is an infusion of new skills or creativity into the organization
	Vacancy creates transfer or promotion opportunity for others
	Cost savings may be achieved by hiring a replacement with less experience or seniority
	Replacement could be a better performer and organization citizen
	Replacement could enhance workplace diversity
	Departure may offer the opportunity to reorganize the work unit

Adapted from Fitz-enz (2002) and Heneman & Judge (2006).

there is an internal consensus within the organization that the metrics used are appropriate,

so that any analysis and subsequent conclusions and recommendations are based on a shared understanding and seen as credible.

Addressing the Growing Importance of Turnover

Not only is turnover costly, but a growing body of research evidence links turnover rates to organization-level performance indicators. For example, research shows that reducing turnover rates is linked to sales growth and improved employee morale; also, research has found that high-performance human resources practices increase firm profitability and market value in part by reducing organization turnover rates (Batt, 2002; Huselid, 1995). The impact of turnover rates on organizational performance may also be a function of who is exiting the organization. For example, research shows that turnover among employees with high social capital (e.g., wide relationship networks) has a strong negative impact on firm performance (Shaw, Delery, Jenkins, & Gupta, 1998; Shaw, Gupta, & Delery, 2005).

Turnover remains important even as challenging economic times may temporarily make retention seem a less pressing issue. For example, many organizations are concerned about the future availability of skilled labor. In a white paper, staffing firm Manpower noted, "Demographic shifts (aging populations, declining birthrates, economic migration), social evolution, inadequate educational programs, globalization, and entrepreneurial practices (outsourcing, offshoring, on-demand employment) are between them causing shortages, not only in the overall availability of talent but also—and more significantly—in the specific skills and competencies required" (2006, p. 1). Furthermore, the effects of globalization and an increased reliance on technology may create demand for workers with skill sets that U.S. colleges and universities are not providing (Gordon, 2005). There is an emerging consensus that it may soon become more challenging for organizations to retain their key employees. Organizations and managers who have a shared understanding of turnover effects and trends may achieve a competitive advantage.

Knowledge of Underlying Principles and Cause-Effect Relationships
### Misconception #2: People Quit Because of Pay

It is true that compensation matters for retention, and employees often leave organizations to take higher paying jobs elsewhere. However, when we consider what leads employees to seek out these other opportunities to begin with, we find that pay level and pay satisfaction are relatively weak predictors of individual turnover decisions (Griffeth, Hom, & Gaertner, 2000). To effectively develop and implement evidence-based guidelines for managing turnover requires knowledge of underlying principles and cause-effect relationships. Thus, we review the research evidence concerning how and why individuals make turnover decisions and what organizations can do about it. The model in Figure 2 summarizes the general processes from research on why and how employees decide whether to stay with or leave organizations.

Organizational Equilibrium and the Turnover Process

The idea of organizational equilibrium serves as a foundation for most turnover research: individuals will continue to participate in the organization as long as the inducements offered by the organization are equal to or greater than the contributions required by the organization; these judgments are affected by both the desire to leave and the ease of leaving the organization (March & Simon, 1958). Note that while inducements can be specific, tangible rewards such as pay, there can also be other types of inducements such as working conditions, relationships, or future opportunities. Further, these inducements are evaluated in light of the attractiveness and attainability of alternative opportunities affecting the ease of movement. Thus, organizations and managers can actively manage individual turnover decisions by managing the inducements-contributions balance.

Evidence has also shown that many turnover decisions involve a process in which individuals evaluate their current job against possible alternatives, develop intentions about what to do, and engage in various types of job search behavior (Hom & Griffeth, 1991; Mobley, 1977; Steel, 2002). In general, specific organizational and in-

Figure 2
Voluntary Turnover Model
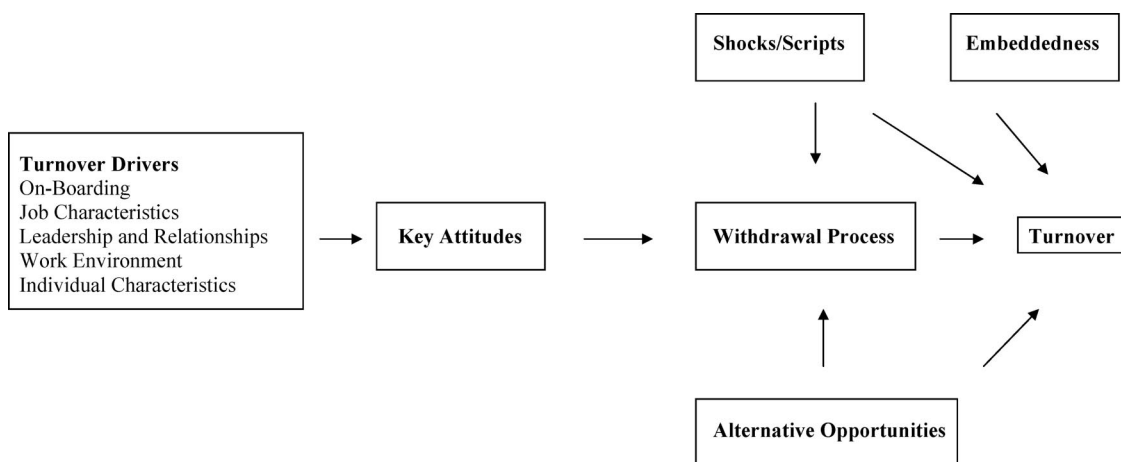
Adapted from Allen (2008).

dividual factors that cause turnover have direct effects on key job attitudes such as job satisfaction and organizational commitment that can initiate the withdrawal process. This withdrawal process typically involves thoughts of quitting, job search, evaluation and comparison of alternative opportunities, turnover intentions, and eventually turnover behavior. Organizations and managers can monitor and manage key aspects of the work environment that influence employee desire to stay or leave, while also considering the availability and attractiveness of alternatives. When alternatives are plentiful and employees perceive many options, they tend to evaluate the work environment and their own attitudes against a higher standard than when options are sparse. Thus, plentiful opportunities become an especially difficult issue for retention: not only do employees have high ease of movement, but they may also be more difficult to keep satisfied.
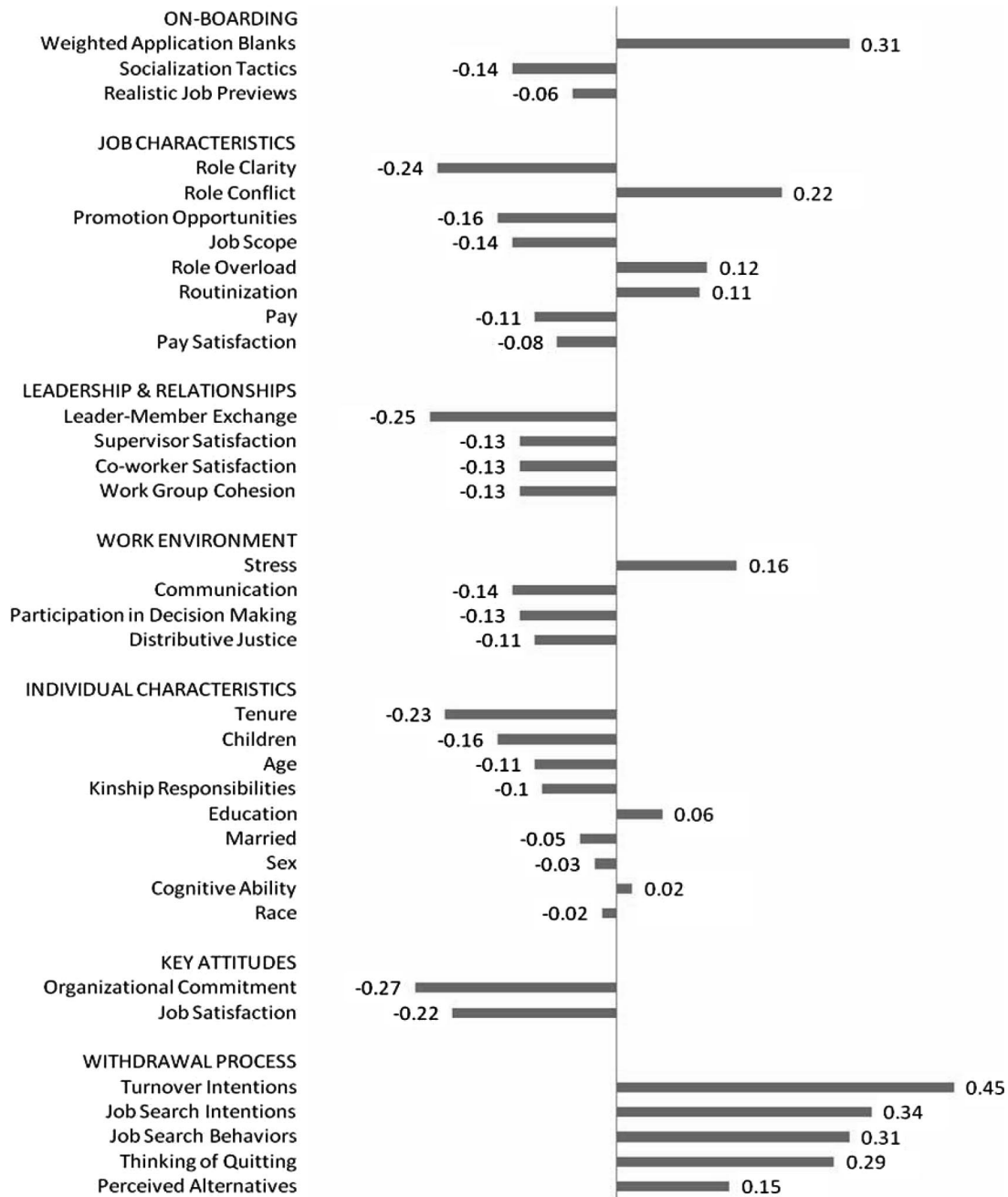
Turnover Predictors

Numerous studies have been conducted to determine the specific drivers of turnover, examining issues related to the work environment, job design, the external environment, individual demographics, job performance, and the withdrawal process. Meta-analysis is a technique used to summarize the results of numerous individual studies into a single useful estimate of the strength of a relationship. Figure 3 summarizes the results of the

most recent and comprehensive meta-analyses of relationships with turnover (Bauer, Bodner, Erdogan, Truxillo, & Tucker, 2007; Griffeth et al., 2000; Phillips, 1998). These studies provide the best available research-based estimates of the relative importance of a wide variety of turnover predictors. In Figure 3, positive values indicate that as the predictor increases the likelihood of turnover increases; a negative value indicates that as the predictor increases the likelihood of turnover decreases. Although these estimates represent summaries, and some relationships may differ depending on each unique context and setting, there are implications that generally apply across settings.

The strongest turnover predictors tend to be related to the withdrawal process, such as turnover intentions and job search; it is critical for organizations to monitor and manage these variables (e.g., via employee surveys) and to understand the causes of these variables in their context. Organizational commitment and job satisfaction are two of the most important turnover drivers; organizations need to monitor and manage these key attitudes. The relationship an individual employee has with his/her immediate supervisor/manager plays a critical role in many turnover decisions; organizations that better prepare supervisors and managers for these relationships may improve retention. Role clarity and role conflict are important; organizations need to work to ensure that

Figure 3
Meta-Analytical Relationships With Turnover

ON-BOARDING
Weighted Application Blanks — 0.31
Socialization Tactics — -0.14
Realistic Job Previews — -0.06

JOB CHARACTERISTICS
Role Clarity — -0.24
Role Conflict — 0.22
Promotion Opportunities — -0.16
Job Scope — -0.14
Role Overload — 0.12
Routinization — 0.11
Pay — -0.11
Pay Satisfaction — -0.08

LEADERSHIP & RELATIONSHIPS
Leader-Member Exchange — -0.25
Supervisor Satisfaction — -0.13
Co-worker Satisfaction — -0.13
Work Group Cohesion — -0.13

WORK ENVIRONMENT
Stress — 0.16
Communication — -0.14
Participation in Decision Making — -0.13
Distributive Justice — -0.11

INDIVIDUAL CHARACTERISTICS
Tenure — -0.23
Children — -0.16
Age — -0.11
Kinship Responsibilities — -0.1
Education — 0.06
Married — -0.05
Sex — -0.03
Cognitive Ability — 0.02
Race — -0.02

KEY ATTITUDES
Organizational Commitment — -0.27
Job Satisfaction — -0.22

WITHDRAWAL PROCESS
Turnover Intentions — 0.45
Job Search Intentions — 0.34
Job Search Behaviors — 0.31
Thinking of Quitting — 0.29
Perceived Alternatives — 0.15

roles and expectations are clearly defined, communicated, and supported. Job design and the work environment matter: work satisfaction, job scope, promotion opportunities, communication, and participation in decision making are moderately related to turnover; organizations that can design jobs and the environment consistent with these findings may realize improved retention. Coworker relationships matter: workgroup cohe-sion and coworker satisfaction are moderately related to turnover. Organizations that foster a supportive and cohesive culture may realize improved retention.

Pay may not matter as much as many managers expect. Although compensation is clearly important, pay level and pay satisfaction are typically relatively weaker predictors of individual turnover decisions; pay increases may not always be the

most efficient way to address turnover issues. Demographics are relatively weak predictors: education, marital status, sex, and race are only weakly related to turnover; organizations may instead want to focus on how members of different groups might respond differently to various organizational interventions. For example, research could uncover that the turnover decisions of a particular subgroup of employees (e.g., women) are more strongly influenced by certain issues or interventions (e.g., changing work-life balance policies and resources).

Misconception #3: People Quit Because They Are Dissatisfied With Their Jobs

It is true that job dissatisfaction is one of the most consistent attitudinal predictors of turnover. However, research is showing that job dissatisfaction might be the driving force in fewer than half of individual turnover decisions (Lee, Mitchell, Holtom, McDaniel, & Hill, 1999). Understanding underlying principles and cause-effect relationships also entails knowledge of the multiple pathways to decisions about whether to stay or leave.

Alternative Paths to Turnover

Not everyone follows the traditional path to quitting. The *unfolding model* of turnover identifies four primary paths to turnover, and suggests that these paths to turnover are often initiated by a shock: an event that leads someone to consider quitting his or her job (Lee & Mitchell, 1994). Shocks can be expected (e.g., completing a professional certification) or unexpected (e.g., being mistreated by a co-worker); job-related (e.g., being passed over for a promotion) or non-job-related (e.g., spouse offered an opportunity in another location); and positive (e.g., receiving a job offer), neutral (e.g., a merger or acquisition announcement), or negative (e.g., receiving a negative performance evaluation) (Mitchell et al., 2001).

One path involves leaving an unsatisfying job, and is characterized by the traditional view of the turnover process described earlier. Retention strategies in this case would focus on common retention management activities such as assessing workplace conditions and attitudes and managing common causes of dissatisfaction and turnover.

Some employees, however, leave jobs with which they are quite satisfied. A second path involves leaving for a more attractive alternative. Because this path may not involve dissatisfaction, it tends to be driven by external market forces, and may be initiated by a shock such as an unsolicited job offer. Retention strategies in this case focus on ensuring the workplace is externally competitive in terms of rewards, opportunities, and the work environment, and having a strategy for responding to external opportunities for valued employees.

A third path involves individuals who have scripts or plans in mind that involve considering quitting in response to certain events, such as completing a particularly marketable training program, or after receiving a retention bonus (e.g., planning to find a new job when one completes an MBA). Although it may be difficult for organizations or managers to directly affect individual scripts, some scripts may be influenced by linking rewards to tenure (e.g., service requirements after paying for an educational program, or retention bonuses tied to length of service). Further, organizational research may uncover particularly prevalent scripts in a particular context that may be amenable to a tailored response (e.g., revised maternity and family-supportive policies for large numbers of family-related scripts) (Mitchell et al., 2001).

Finally, a fourth path involves individuals who quit despite being relatively satisfied, without having a script in place, and perhaps even without searching for an alternative. These are likely impulsive quits, typically in response to negative shocks such as being passed over for a promotion. Retention strategies in this case focus on investigating the types and frequencies of shocks that are driving employees to leave, providing training to minimize negative shocks (e.g., on how to provide negative feedback and on minimizing harassment or perceptions of unfair treatment), providing employees realistic job previews and clear communication to minimize unexpected shocks, and providing support mechanisms to help employees deal with shocks (e.g., grievance procedures, flexible work arrangements, and employee assistance programs) (Mitchell et al., 2001).

Job Embeddedness

Just as important as why people leave may be why they stay. The concept of job embeddedness involves the multiple ways that employees become embedded in their jobs and their communities over time (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001). Over time, employees develop connections and relationships both on and off the job that form a network. To the extent that leaving a job would require severing or rearranging these connections, employees who have many connections are more embedded in the organization. There are three types of connections: links, fit, and sacrifice. Each of these connections may be focused on the organization or on the surrounding community.

Links are connections with other people, groups, or organizations, such as coworkers, work groups, mentors, friends, and relatives. Fit represents the extent to which an employee sees himself as compatible with his job, organization, and community. For example, an employee who values community service would be more embedded in an organization and community that provided extensive opportunities to get involved in community service. Sacrifice represents what would be given up by leaving a job, and could include financial rewards based on tenure, a positive work environment, promotional opportunities, and community status. Employees with numerous links to others in their organization and community, who fit better with their organization and community, and who would have to sacrifice more by leaving are more embedded and more likely to stay.

This research leads to several practical implications (Mitchell et al., 2001). To foster links, organizations should design work in teams, provide mentors, encourage employee referrals, and support community involvement. To foster fit, organizations should provide realistic information during recruitment, incorporate organization fit into employee selection, provide clear communication about organization values and culture, recruit locally when feasible, provide relocating employees with extensive information about the community, and build organization ties to the community. To foster sacrifice, organizations should tie financial incentives to tenure, provide unique incentives that might be hard to find elsewhere, encourage home ownership through home-buying assistance, and develop career paths that do not require relocation.

Misconception #4: There Is Little Managers Can Do to Directly Influence Turnover Decisions

Many managers believe that most voluntary turnover is unavoidable. They may think that most people quit in response to external job offers that the organization can do little about, or because of events unrelated to work such as moving with a relocating spouse. It is true that some instances of turnover are unavoidable; however, there is evidence regarding specific cause-effect relationships and human resource management practices that can help organizations manage turnover. Table 3 summarizes some of the most robust findings, which we discuss in terms of two phases: managing organization entry and the work environment.

There are specific evidence-based practices managers can employ in terms of the recruitment, selection, and socialization of new employees entering the organization. Recruitment practices that provide applicants the most comprehensive picture of the organization, such as realistic job previews and referrals by current employees, reduce the likelihood of subsequent turnover. Selection methods that assess applicant fit with the job and organization, as well as the use of weighted application blanks, enable the hiring of individuals more likely to remain with the organization. Socialization practices that provide connections to others, positive feedback, and clear information also reduce the likelihood of turnover in the critical first year after organizational entry.

There are also specific evidence-based practices managers can employ in managing the work environment. Training and development opportunities tend to reduce the desire to leave an organization, and linking these opportunities to tenure (e.g., requiring tuition reimbursement to be repaid if the employee leaves within a certain time frame) helps the organization retain the competencies acquired. In addition to making rewards market-competitive, perceived fairness of reward

Table 3
Evidence-Based HR Management Strategies for Reducing Turnover

Recruitment (Breaugh & Starke, 2000)	• Providing a realistic job preview (RJP) during recruitment improves retention. • Employees hired through employee referrals tend to have better retention than those hired through other recruitment sources.
Selection (Griffeth & Hom, 2001; Hunter & Hunter, 1984; Kristof-Brown, Zimmerman, & Johnson, 2005)	• Biodata (biographical data) and weighted application blanks (WAB) can be used during the selection process to predict who is most likely to quit. • Assessing fit with the organization and job during selection improves subsequent retention.
Socialization (Allen, 2006; Kammeyer-Mueller & Wanberg, 2003)	• Involve experienced organization insiders as role models, mentors, or trainers. • Provide new hires with positive feedback as they adapt. • Structure orientation activities so that groups of new hires experience them together. • Provide clear information about the stages of the socialization process.
Training and Development (Hom & Griffeth, 1995)	• Offering training and development opportunities generally decreases the desire to leave; this may be particularly critical in certain jobs that require constant skills updating. • Organizations concerned about losing employees by making them more marketable should consider job-specific training and linking developmental opportunities to tenure.
Compensation and Rewards (Griffeth & Hom, 2001; Heneman & Judge, 2006)	• Lead the market for some types of rewards and some positions in ways that fit with business and HR strategy. • Tailor rewards to individual needs and preferences. • Promote justice and fairness in pay and reward decisions. • Explicitly link rewards to retention.
Supervision (Aquino, Griffeth, Allen, & Hom, 1997; Griffeth, Hom, & Gaertner, 2000; Tepper, 2000)	• Train supervisors and managers how to lead, how to develop effective relationships with subordinates, and other retention management skills. • Evaluate supervisors and managers on retention. • Identify and remove abusive supervisors.
Engagement (Ramsay, 2006; Vance, 2006)	• Design jobs to increase meaningfulness, autonomy, variety, and coworker support. • Hire internally where strategically and practically feasible. • Provide orientation that communicates how jobs contribute to the organizational mission and helps new hires establish relationships. • Offer ongoing skills development. • Consider competency-based and pay-for-performance systems. • Provide challenging goals. • Provide positive feedback and recognition of all types of contributions.

decisions, flexibility in tailoring rewards to individual preferences, and linking some rewards to tenure reduce the likelihood of turnover. Given the important role of supervisors in many turnover decisions, providing effective leadership training, incorporating retention metrics into manager evaluations, and effectively managing toxic or abusive supervisors can also reduce turnover. Finally, more engaged employees are less likely to quit, so designing work to foster employee engagement can also be effective. Specific approaches include providing autonomy and task variety, fostering a team environment, providing and supporting specific challenging goals, and recognizing employee contributions.

Misconception #5: A Simple One-Size-Fits-All Retention Strategy Is Most Effective

It is true that there are best practices likely to be associated with improved retention across organizations, such as those identified in Table 3. However, investing significant resources in retention initiatives without understanding the nature of turnover in a particular context is unlikely to maximize the return on these investments. Effective evidence-based management requires integrating multiple sources of data within a particular context (Briner et al., 2009). Designing a strategic, evidence-based approach to addressing turnover requires the ability to diagnose the extent to which turnover is a problem and adapt an understanding of underlying retention principles to a

particular organizational context. Effective retention management requires ongoing diagnosis of the nature and causes of turnover, a strategic approach to determining in what human capital markets retention has the largest impact on organizational success, and the development of an appropriately targeted and organized bundle of retention initiatives.

There are two primary types of retention strategies: systemic strategies are based on general principles of retention management and are intended to help reduce turnover rates across the board; targeted strategies are based more specifically on organization-specific turnover drivers and are intended to address organization-specific issues and often to influence turnover among certain populations of employees (Allen, 2008; Steel, Griffeth, & Hom, 2002). These are not mutually exclusive: general retention best practices can help retain specific employees and determine which organization-specific turnover drivers to measure; at the same time, data collected on organization-specific drivers can help reduce overall turnover rates. Strategically, though, it is advantageous to focus on the types of data collection and retention efforts that are most closely tied to an organization's competitive strategy and the nature of its particular turnover problem.

Dealing with turnover, like many other issues, requires managers to make decisions with incomplete and uncertain information. One major barrier to good decision making is the tendency to use a narrow decision frame that minimizes uncertainty and ambiguity by pretending that knowledge is complete (Larrick, 2009). To improve decision making, managers should broaden their decision frames in three ways: they should consider multiple objectives and issues, not only those that are most salient at a particular point in time; evaluate alternative expected outcomes that could arise; and consider multiple alternatives, not just the first to arise (Larrick, 2009). Consider a manager who is told that turnover rates are up slightly and exit interview data indicates that 75% of quitting employees are dissatisfied with their pay. Concluding that turnover is a concern, that pay is the major issue influencing turnover, and that increasing compensation is the best strategy would suggest a narrow decision frame.

Alternatively, Figure 4 presents the major steps in developing a strategic evidence-based approach to retention management that encourages a broader decision frame and multiple sources of information (Briner et al., 2009; Larrick, 2009). The first step is to conduct a thorough turnover analysis to diagnose the extent to which turnover

Figure 4
Developing Strategic Evidence-Based Retention Management Strategies
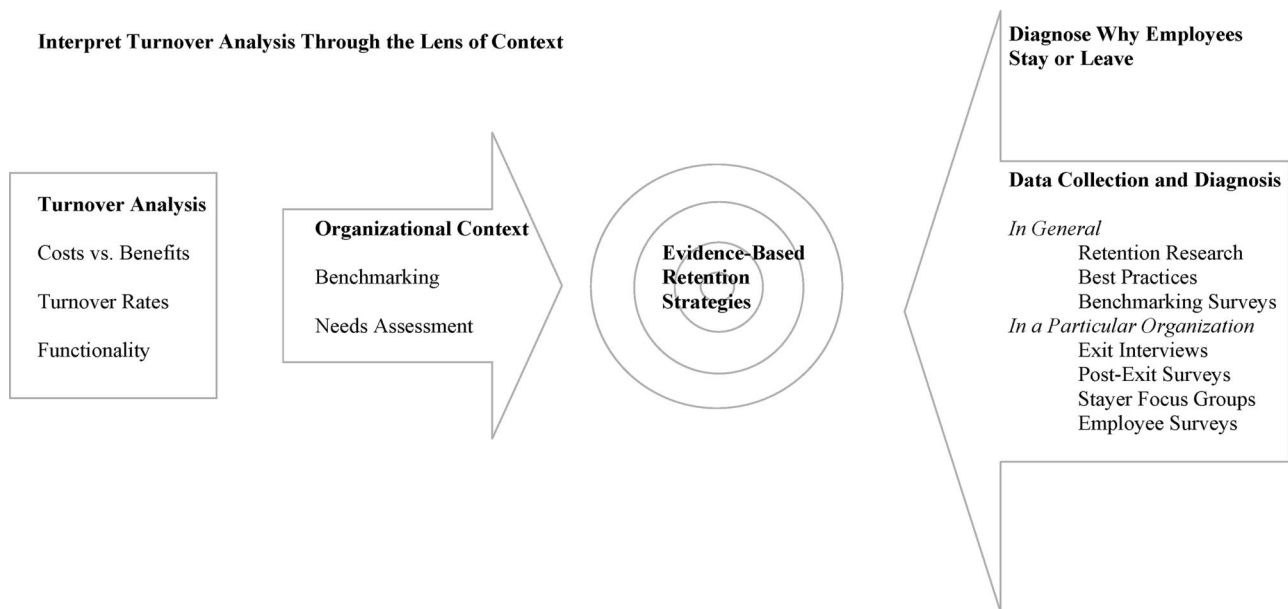
is a problem. Instead of focusing on only the most currently salient concerns (e.g., the data showing increased turnover and exit interviews indicating pay dissatisfaction), this analysis encourages a wider consideration of turnover costs, rates, and functionality. The second step is to interpret this analysis through the lens of a particular organizational context. A slightly increasing turnover rate is difficult to interpret without considering past, present, and future trends (both internal and external to the organization) that provide a broader range of possible outcomes that could arise. The third step is to collect data to diagnose and adapt cause-effect relationships in a particular organizational context. Relying on one source of data (e.g., exit interviews) and one immediately accessible alternative (e.g., changing compensation) may be too narrow a decision frame—consider that most of the employees who don't quit could also be dissatisfied with their pay. Evidence-based retention strategies sit at the intersection of turnover analysis data interpreted through the lens of context and turnover diagnosis. Each step is discussed more fully below.

Developing the Ability to Diagnose and Adapt

Turnover Analysis to Diagnose the Extent to Which Turnover Is a Problem

The first step in adapting knowledge of underlying turnover principles and cause-effect relationships is to diagnose the extent to which turnover is problematic in a particular organizational context. Recall that turnover is not necessarily dysfunctional for the organization, and some turnover is likely inevitable. It would be extremely expensive, and in most cases impossible, to prevent every employee from leaving. As such, most organizations expect and may even encourage some turnover. However, turnover becomes problematic when the wrong people are leaving, or when the turnover rate becomes high enough that the costs and instability outweigh the benefits and harm organizational competitiveness. Thus, determining the extent to which turnover is a problem involves conducting an ongoing turnover analysis addressing three issues: turnover rates, turnover

costs, and the functionality of which employees are leaving.

The turnover rate over a given time period (e.g., monthly, yearly) can be calculated as the number of employees leaving divided by the average number of employees (Heneman & Judge, 2006). In addition to measuring the overall turnover rate, in many cases it is also useful to track these data in terms of types of turnover (e.g., avoidable or unavoidable), job category, job level, geographic location, relative impact, or any other categorization that may be of interest (e.g., performance level). These breakout data enable an evaluation of whether turnover rates in different locations or among particular types of employees are especially problematic.

Diagnosing the extent to which turnover is a problem also requires a consideration of turnover costs. Many retention initiatives require investment of time, money, or other resources; thus, a clear idea of turnover costs and benefits is needed to design interventions that will have a positive benefit at a reasonable cost. Incorporating the costs and benefits outlined earlier, it is possible to determine a cost formula that enables the calculation of total turnover costs as well as costs per incidence of turnover. Formulae need not be identical for every job, but often vary based on factors such as job type or level, employee type, and employee performance level.

In addition to analyzing turnover rates and costs, the issue of who is leaving is particularly important for assessing the extent to which turnover is functional or dysfunctional. Not every employee is of equal value to the organization. The retention of certain positions or individuals may be particularly important for organizational success; however, improving retention beyond a certain point may present diminishing marginal returns (Boudreau & Ramstad, 2007). Thus, turnover beyond a certain rate would be highly dysfunctional; however, turnover rates below the point of diminishing marginal returns, although perhaps not ideal, might not represent an optimal focus of resources. For highly pivotal positions or individuals, changes in retention continue to have a significant impact on organizational success.

View Turnover Analysis Through the Lens of Organizational Context

Because turnover rates vary greatly (e.g., by industry), interpreting turnover data requires a careful consideration of context (Allen, 2008). Benchmarking and needs assessment are methods for assessing turnover data in relation to both internal and external circumstances. Benchmarking provides a useful standard of comparison for evaluating turnover rates. External benchmarking compares organization turnover rates against industry and competitor rates. If organization turnover rates are significantly higher than those of competitors, that could place the organization at a competitive disadvantage; alternatively, low turnover rates may be a source of competitive advantage. Internal benchmarking considers organization turnover rates over time, enabling the organization to track trends. If turnover is increasing, either overall or among particular groups or locations, retention may be a larger concern than if turnover rates are stable or decreasing. There are some cases where stable or even decreasing turnover could be considered problematic, such as if the organization is retaining too many poor performers, or if organizational plans call for changing the makeup of the workforce.

Needs assessment is a function of workforce planning, and enables an evaluation of turnover in the context of future labor demand and availability. External needs assessment considers trends in labor markets that may affect supply and demand of human capital. Trends likely to increase demand for employees valued by the organization (e.g., industry growth) or restrict supply (e.g., slowing rates of labor supply growth or retiring baby boomers) would tend to make relative turnover levels more problematic than the same levels under trends likely to decrease demand (e.g., industry contraction) or increase supply (e.g., growth in relevant educational programs). Internal needs assessment considers the future strategic direction of the organization and how that influences supply and demand for labor. Plans leading to increased demand (e.g., expansion) would tend to make relative turnover levels more problematic than those likely to decrease demand (e.g., outsourcing, offshoring, contraction). Plans designed to influence supply may require more targeted consideration. For example, plans to decrease the size of the workforce through offering early retirement or severance packages are designed to encourage turnover among some employees, while simultaneously placing an emphasis on retaining certain other key employees (Allen, 2008).

Turnover data analysis viewed through the lens of organizational context enables the organization to develop data-based retention goals. These goals could be system-wide (e.g., decrease turnover by 5%) or targeted (e.g., increase the retention rate of minority scientists by 12%), or consist of multiple systemic and targeted goals. The criteria of turnover costs, rates, and functionality can be used to identify the appropriate strategic investment required (Allen, 2008). For example, when turnover costs are tolerable, turnover rates are acceptable, and turnover is functional in terms of who is leaving, retention is not a critical issue and it is appropriate to focus on monitoring the situation. When costs are tolerable, but those quits are dysfunctional, low investment strategies targeted at leavers are appropriate. When costs are tolerable, but it is the number or rate of quits that is problematic, low investment but more system-wide strategies to reduce turnover rates are appropriate. When both the turnover rate and who is leaving are problematic, both types of strategies are warranted. When turnover costs are too high to tolerate, the same approaches apply, except it may be appropriate to consider a range of both targeted and systemic strategies that may be resource-intensive to implement but still provide a positive return on investment. When neither the rate nor who is leaving is problematic but turnover costs are too high, the most appropriate option may be to attempt to streamline exit and replacement processes and reduce the costs associated with each quit.

Collect Data to Diagnose and Adapt Cause-Effect to a Particular Context

Recall that systemic strategies such as across-the-board market-based salary increases or improving the work environment are broad-based retention strategies directed at the entire organization or at

large subsystems, and are intended to address over-all retention rates (Steel et al., 2002). However, an evidence-based approach to identifying the appropriate strategy requires collecting data on the systemic strategies that are most likely to be effective. The data to help organizations determine an appropriate strategy can come from several sources, including the retention research summarized earlier on the strength of relationships with turnover and on specific human resource practices, best practices drawn from the experiences of other organizations, and benchmarking surveys.

Organizations often desire to determine more specific drivers of turnover in their context, or drivers of turnover among specific subpopulations of employees (e.g., highly important or pivotal ones). The data to help organizations determine an appropriate strategy can come from several sources, including exit interviews, post-exit surveys, current-employee focus groups, linkage research, predictive survey studies, and in-depth qualitative studies. One result of the data collection and diagnosis process may be finding that some groups or types of employees leave for different reasons than others. For example, turnover analysis may show that a particular division has more dysfunctional turnover than others; linkage survey results may show that high-performing employees of that division report less positive relationships with supervisors and lower satisfaction with promotional opportunities, and that these differences are related to differences in turnover rates. As a result, the organization may decide to target an intervention (e.g., supervisor training or high potential mentoring) at that particular division or location, which may be more cost-effective than implementing it system-wide. Alternatively, turnover analysis may uncover that a particular type of employee with a high demand and hard-to-replace skill set (e.g., computer scientist) has particularly high and costly turnover; exit interviews and focus groups with key employees suggest that departing computer scientists are particularly unhappy with their compensation. As a result, the organization may be able to address its compensation structure with a focus on the engineering labor market, which may be more cost-effective than adjusting compensation system-wide.

Putting It Into Practice

Consider an example of how a manager might follow the steps in this framework, and contrast it with the common approach of deciding that turnover is an organization-wide problem and focusing on increasing job satisfaction across all employees. A human resource manager at a large hypothetical corporation suspects that employee turnover may be a problem in her organization. Wanting to approach the problem from an evidence-based perspective, she begins with a turnover analysis to determine if turnover is really a problem. She arrives at departmental turnover rates by dividing the number of employees who leave the department during a given month by the average number of employees in the department during the same period. She also implements a reporting structure for department managers to identify who left and why and to give a brief estimate of the costs and benefits associated with each turnover incident in their respective departments. From these data, she is able to assess the turnover rates, costs, and functionality by department and by job type.

She then interprets these results through the lens of her particular context. She finds that the overall departmental turnover rates are largely in line with industry norms; however, she also identifies two particularly problematic issues. First, turnover rates among new hires are somewhat higher than those of competitors and have been rising. Second, there is a particularly pivotal position largely housed in one department that is experiencing high and dysfunctional turnover. This leads her to conclude that it is appropriate to maintain the status quo and monitor turnover in most departments and job types, develop a blanket strategy to address new hire turnover, and develop a targeted strategy to reduce turnover in the problematic pivotal job.

Next, she collects data to develop specific strategies. She turns to data collected from exit interviews, employee surveys, and focus groups of key employees (all of which she designed based on her knowledge of turnover frameworks and research).

She discovers two key findings: new hires routinely report being unpleasantly surprised at certain elements of the work environment (she recognizes this as a shock), and the high-turnover pivotal employees in particular report these unpleasant surprises, along with difficulty becoming integrated into work groups (she recognizes this as an element of embeddedness). Based on her knowledge of turnover research, she develops and implements a simple realistic job preview during the recruitment process to reduce negative shocks among all new hires, and she redesigns the socialization process just for employees in the high-turnover pivotal job to emphasize embeddedness.

Future Directions

We set out to narrow the gap between science and practice with respect to employee turnover and retention by replacing several common misconceptions with evidence-based strategies, and by providing current and future organizational leaders, HR and line managers, educators, and scholars an accessible guide to understanding turnover with sound evidence-based strategies for influencing employee turnover and retention. To maximize the potential of evidence-based retention management, however, requires that organizational scholars research issues of most interest and potential impact for practitioners. Our analysis suggests several avenues of future research directions for turnover scholars.

One is to conduct more research on boundary conditions that specify under what conditions turnover theories hold for what subgroups of employees. Turnover scholars are often motivated to develop generalizable principles to advance scientific understanding; managers and practitioners, on the other hand, are often most interested in findings directly applicable to their own context. Future research that explores the effects of industry, competitive environment, and organizational and national culture, as well as effects on the retention of key subgroups of employees (e.g., high performers, hard-to-retain occupational groups, or diverse employees) would be valuable. In-depth qualitative research that provides rich data about

a very specific context is uncommon in management research on turnover and may be warranted.

A second is to conduct more research involving interventions and experimental or quasi-experimental designs. Most turnover studies consist of correlational designs that limit the ability to draw firm conclusions about causality. Future research that manipulates turnover antecedents with appropriate controls for alternative explanations would be valuable for scientists and practitioners. For example, it may be possible to manipulate elements of an employee orientation program designed to increase embeddedness among new hires. As another example, creative researchers might take advantage of naturally occurring manipulations that could represent turnover shocks, such as a merger announcement. It may also be fruitful to explore the use of simulation and scenario studies that allow the controlled manipulation of parameters without directly disrupting organizational functioning.

A third is to conduct research more broadly on the effectiveness of evidence-based management in general. Reay, Berta, and Kohn (2009) argued that there is little evidence that evidence-based management is effective. Future research that compares the effectiveness of evidence-based approaches to retention management with alternative approaches could provide important evidence as to whether scholarly research on turnover adds significantly to managerial experience and judgment in retention management.

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