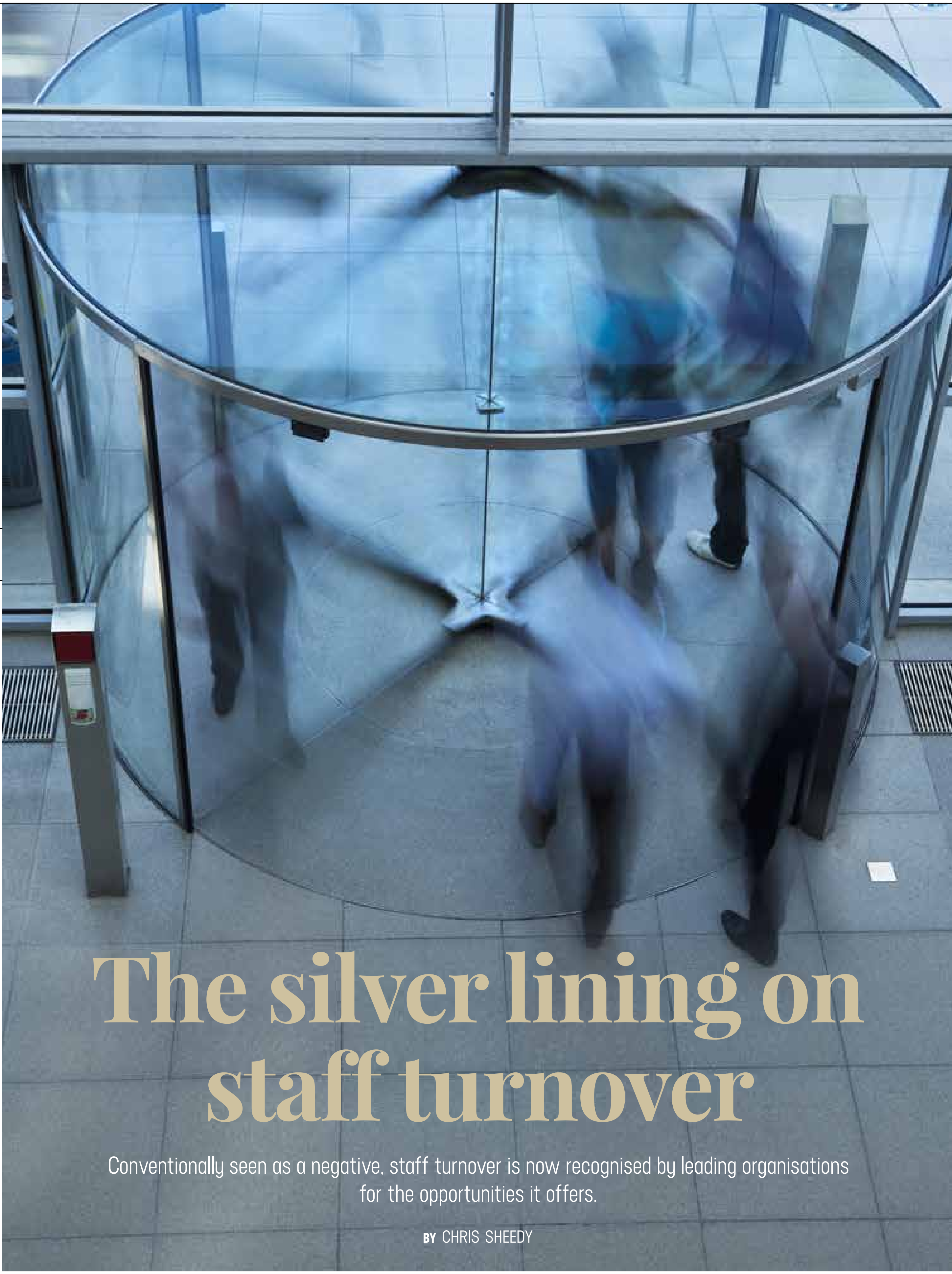

The silver lining on staff turnover

Conventionally seen as a negative, staff turnover is now recognised by leading organisations for the opportunities it offers.

BY CHRIS SHEEDY

One of the great challenges for employers in developed economies is the fact that the dominant skill sets – those required in the service industries, on which an ever-increasing level of economic activity is based – are highly and easily transportable. As long as a professional has a laptop, then they're able to be equally productive, no matter who they're working for or where they're working from.

It's a major departure from the economy of the recent past which relied more heavily on manufacturing. Past economies were tied to physical assets such as factories, machinery and other heavy equipment. Specific skills were required to handle and operate that equipment. In such a business environment, "you couldn't just up and leave", says Professor Ian Williamson, pro-vice chancellor and dean of the Victoria Business School at Victoria University in Wellington.

"In a professional-service based economy, that mobility is very clear," says Williamson, a speaker at this November's World Congress of Accountants in Sydney and an expert in talent management.

Now, he notes, the game has changed. "The cost of search has never been cheaper. In the not-too-distant past you'd have to place an ad in the newspaper, then applicants would have to read the newspaper, write a letter, wait for a response ... People today are constantly inundated with job opportunities without any effort – and their ability to move, not just from city to city but from country to country, has never been easier."

Then there's the fact that the current generation of new employees has been told by companies that they will not be guaranteed employment. Instead, the companies will attempt to guarantee their "employability". "So what value is it if they don't actually test the market?" Williamson asks.

The more sophisticated students within the Victoria Business School are realising that as knowledge workers their value in the marketplace is quite high, he says. Therefore, they're less inclined to take a full-time job, instead becoming part of the "gig economy" and servicing several clients at once.

"By working on multiple projects and in multiple companies, their value as a knowledge worker goes up because they see and learn multiple systems," Williamson says. "So their value to any one company is higher if they've worked at three companies than it is if they have only worked at one."

"There was some interesting research asking managers [about] the level of emphasis they place on organisational tenure when it comes to promotion. The reality was that they placed very low value on that, because they're focusing on skill capability appropriate for the task."

So the business world partly has itself to blame for the fact that staff turnover is increasing. But it's not all bad news. Leading businesses are beginning to see the positives in staff turnover. When an employee leaves, it's not the end, Williamson says. It's simply a natural part of an ongoing relationship and, when managed well, it can be very positive indeed.

When staff turnover is a positive

"Turnover is something that companies should want more of, in the right places," says Katriina Tahka, CEO of HR firm A Human Agency (A-HA). "We need to consider where we want turnover because I've often seen the opposite, which is low turnover that actually leads to bottlenecks."

When people sit in senior jobs for long periods it can lock out those below. Pressure builds and, Tahka says, often the most promising young staff move on. Research around why people leave jobs, she says, proves it usually has little to do with money but is often connected to a lack of career progression and development opportunities.

Modern organisations are beginning to embrace turnover, Tahka says. They're not pushing people out, but instead are recognising that the people who are leaving can be the company's greatest advocates if the business has treated them well during their employment and their exit.

"It's natural for people's development to want to explore and gain new experience," she says. "But if they become what we call a 'good leaver', they might come back one day ▸

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> *Pro-Vice Chancellor and Dean of the Victoria Business School*

and also might become a client.”

Williamson agrees with Tahka’s assessment, saying he and his colleagues conducted their own research on the topic, with surprising results.

“The traditional perspective is if you lose a talented individual, this is damaging to your business, because you lose human capital or they go to your competitor,” he says. “We looked at law firms over a five-year period, and the movement of lawyers from law firms into and out of Fortune 500 companies. What we found was, if a lawyer left a law firm and went to work as internal counsel at a Fortune 500 company, you would see a dramatic increase in the odds of that law firm getting business from that Fortune 500 client.”

This even worked the other way around – if a lawyer was working as internal counsel at a Fortune 500 firm and left to work at a law firm, once again the law firm typically saw an increase in business from that client.

“What we began to appreciate is that not all turnover is created equally,” Williamson says. “You can lose access to a person, but you can still maintain access to the social capital that person retains.”

Of course, this all requires some level of management. Tahka herself once worked in a law firm before transferring to a job with a client of that firm. She explains that rather than relying on exit interviews, businesses should do more qualitative measurement of staff while they’re still with the business. Her recommendation: find out if people intend to stick around, what would make them want to stay, and what would make them want to leave. Armed with such information, a business can map out a route to success.

Doing retention well

Of course, we still have good arguments for retaining staff. Not least of them is the fact that training a new staff member costs 122% of what you paid the last staff member during their final year with the business, Williamson says.

Nina Mapson Bone, managing director of Beaumont People, says there are three essential ingredients in staff retention. One is processes, or the right framework around such things as flexible work options etc. The second is great managers – leaders who inspire. There is a lot of anecdotal evidence, argues Mapson Bone, to say people need to feel inspired by and attached to their manager in order for them to choose to stay in a job. The third piece is culture.

“Culture is very important,” she says. “The organisations that retain staff are the ones where it’s okay for somebody to say, ‘I’m not particularly happy in my job right now, and here’s why. Can we have a conversation about that, and about how that might improve?’ without that being frowned upon, or taken as a threat to leave.

“Unfortunately this is rare. There are businesses where people are allowed to have such a conversation, but the business doesn’t act on it, or they don’t act on it in the right way. It’s not just about giving the person everything they want just because they’ve asked for it; you need to be careful not to create a culture of entitlement. It’s about being able to have a conversation with somebody so you can understand what motivates them, but also get them to understand what works for the business. It’s about coming up with a solution together.” ●

IAN WILLIAMSON AT WCOA

Professor Ian Williamson will be among the global leaders speaking at the World Congress of Accounting (WCOA). His topic: Global and culturally diverse leaders and leadership. His session will help you develop new thinking around leadership and give you the skills and techniques to develop and enhance your own leadership style.

What: WCOA 2018: Global Challenges, Global Leaders
When: 5–8 November 2018
Where: International Convention Centre, Sydney
Who: More than 6000 delegates from more than 130 countries
More details: visit **wcoa2018.sydney**

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