

### “LOW TURNOVER SHOULD BE MONITORED, EVALUATED”



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Unless there is an obvious revolving door situation, not too many companies pay close attention to their employee turnover. When all seems quiet on the turnover front, it is easy for the employer to assume that everything is fine, focusing their attention on other business issues that need to be addressed.

Low or no turnover can be unhealthy - or even dangerous, however, and management needs to be alert and proactive with this quiet but potentially problematic issue. There are two main reasons why people may not be leaving: they are simply riding the train of job security or, in contrast, they are just laying low and intend to leave as soon as the economy strengthens and options open up.

Businesses need to be asking themselves these questions when they see very low or no turnover: Are employees staying here because they are genuinely happy, productive and satisfied? Are they staying here because they have developed a comfortable place where they can put in their time and "float" without accountability? Or might they be good performers who have their resumes ready to move on when the economy turns around?

When people stay for the wrong reasons (job security rather than a challenging and fulfilling job at a company they love), their performance deteriorates and an attitude of complacency or entitlement may develop. Their mediocrity becomes evident, and, sometimes, even disdain for their organization emerges.

Think of the people that you know who admit that they hate their job (or their boss, or way that the company is run.) You ask them: if they hate their job / boss / company so much, then why do they continue to work there? And the response might be "I can't make this kind of pay anywhere else" or "I've only got X number of years until I retire and I don't want to have to vest all over again." From the business owners or shareholders' vantage point, the obvious question needs to be asked: What kind of focus, productivity and benefit is this person contributing to the company on a day to day basis?

Perhaps companies with long term minimal turnover should identify their marginal or non-performers, and offer them a performance improvement or "career redirection" opportunity. When done with respect and support, this might well be a way to "clean house" and convey the message that employees must be accountable for their performance in order to stay with the company.

Here is another dimension of low turnover that companies might not be considering: with the economy so sluggish. Many employees (as much as 25-30% by some estimates) are "waiting out" the slow times for better opportunities to emerge. So what seems to be a quiet stability right now may actually be a wait-and-see period for many employees, who have their resumes updated and are poised to use them when the right alternative presents itself.

Companies who brag that they have little or no turnover might do well not to make the wrong assumptions. They need to take the time to look further within their organizations to objectively determine if their low turnover is in fact for the right reasons. To do so will likely pay-off in the months and years ahead with greater productivity, profitability, and organizational wellness.