

INTRODUCTION

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Retaining your top talent and curbing the turnover of staff can mean many things for a business.

Firstly, it can reduce the cost of recruiting new candidates. As most hiring managers know, the cost of turnover adds significantly to a company's expenses. While it is difficult to fully calculate the cost of turnover it can often equate to 25 per cent of the average employee salary – and this is a conservative estimate.

Then there is the issue of company knowledge which can be lost when an employee decides to leave. With them goes not only valuable industry knowledge which can contribute to your businesses' future success, but knowledge about your company, your customers, current projects and past history, which can sometimes fall into the hands of your competitors. Often much time and money has been spent on the employee in expectation of a future return. Therefore, when the employee leaves, the investment is not realised.

Customer and client relations can also be affected by staff turnover and the effect can be felt throughout an entire organisation. Often co-workers are needed to pick up the extra work left by those who have decided to leave and negativity can filter through the remaining staff.

So, here are just a few reasons to turn your attention to the issue of retention. We know China has high turnover rates, so we recently surveyed more than 900 candidates and clients in the Hays Retention Survey in order to share with you their insights and thoughts on this vital topic.

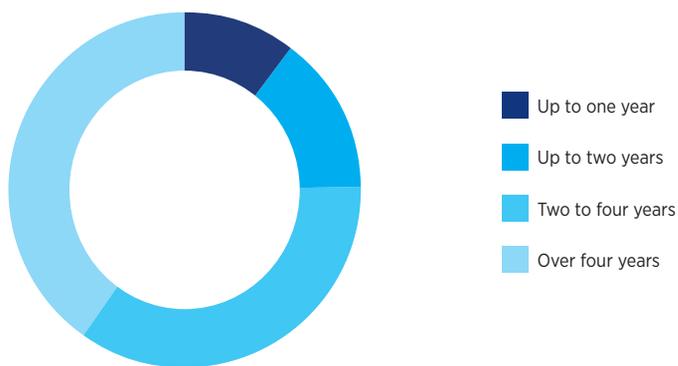
As we expect this trend to continue in the job market we hope this report will not only provide the full results of our survey but also give employers and candidates some valuable information and advice they can use in the future.

TURNING AROUND THE TURNOVER

Turnover is a real problem for employers in China and something that affects business productivity. And it's clear that China has retention issues when you look at the rate of staff turnover. A Hays web poll conducted at the end of 2012 highlighted candidate movement, particularly around the one to two-year mark of employment. Of the more than 400 candidates surveyed, the web poll showed that 41 per cent change jobs as often as every one to two years, while 39 per cent change every two to four years. Only 20 per cent stay with an employer for five years or more.

In other research conducted during November 2012, the Hays Retention Survey asked more than 200 candidates how long they remained in their previous role. More than a third or 35 per cent left their employer after two to four years, while 14.5 per cent decided to change jobs up to two years with their previous employer. 10.4 per cent indicated they only stayed in their job for up to a year. It was promising, however, to see that 40.1 per cent of candidates stayed with their employer for more than four years.

On average, how long have you remained in your previous role?



Hays believes there are several reasons behind this turnover trend. Over the last 20 years China has had a good macro economy, attracting many multinational corporations and other investors. This has in turn resulted in high demand for talent in the job market and it's been more obvious in the tier-one cities. But it is now starting to have an impact on tier-two and three cities.

As a result, candidates are looking for – and finding – more opportunities in the job market, therefore contributing to the high turnover rate. Interestingly our last Quarterly Report for 2012 found that some candidates are placing job security above career development or compensation when they look for their next role.

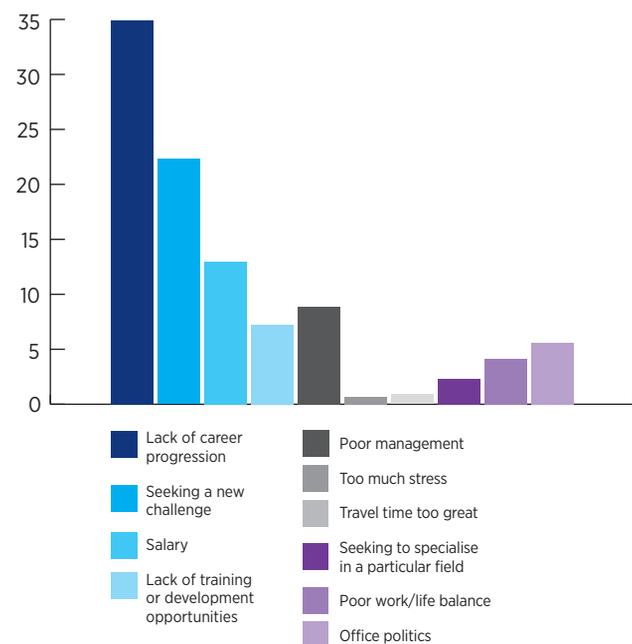
A candidate perspective

As the saying goes, “people join a company and leave a boss”. Hays research shows lack of career progression topped the reasons why candidates are prompted to find a new job, with 34.9 per cent of respondents to a Hays survey indicating this was their main impetus for looking elsewhere for work.

The next most important factor in a candidate's decision to leave a position is the need to seek new challenges (22.3 per cent). This is an indicator that perhaps these candidates feel their jobs are at a “dead end” with nowhere to progress, or they felt stale or bored. If a job is inherently unfulfilling, it is likely employees will look elsewhere for other opportunities, no matter what incentives are in place, according to international research on the topic¹.

The third most popular response when candidates were asked why they looked for a new job was salary, with only 13 per cent citing money as their motivation to leave an employer. Other factors that come into play when candidates are weighing up their options whether to stay or go include, poor management, lack of training and development, as well as office politics.

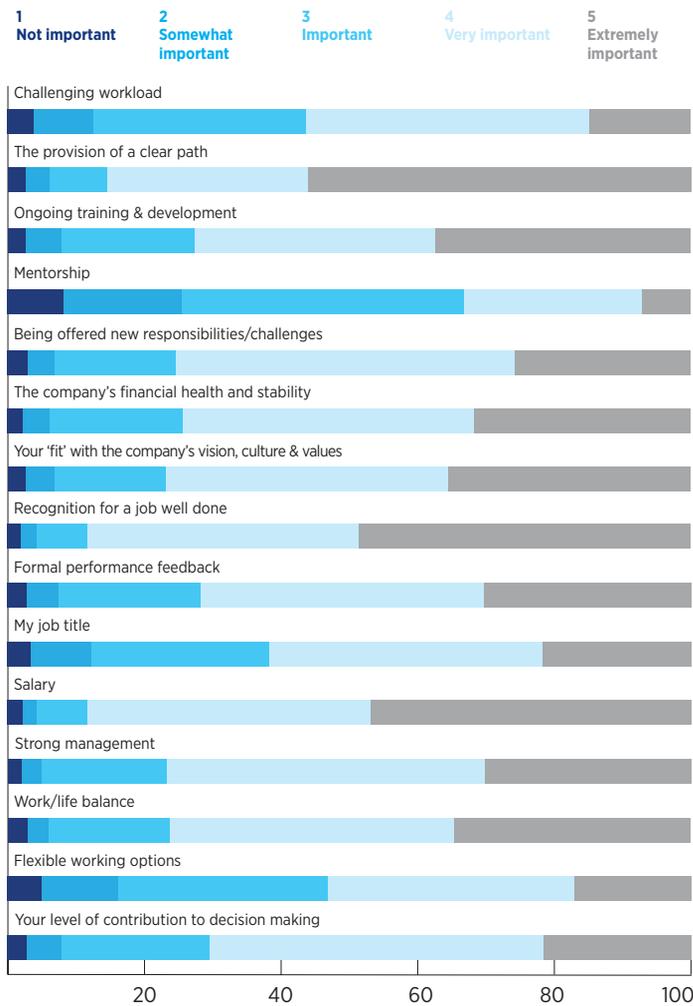
Why are you looking for a new job? (tick most relevant)



The provision of a clear career path (56.1 per cent), recognition for a job well done (48.6 per cent) and salary/benefits (47 per cent) were the top three things candidates rated as ‘extremely important’ factors to keeping them in their job. Being offered new responsibilities/challenges (49.7 per cent) along with a level of contribution in decision making (49 per cent), strong management (46.6 per cent) and the company's financial health and stability are also considered ‘very important’ to candidates. Flexible working options and the availability of mentorships are ‘somewhat important’, according to the candidates that responded to the Hays Retention Survey.

¹ <http://www.insyncsurveys.com.au/resources/research/2012/10/retention-review-2012/>

How important are the following factors in keeping you in a job?



What the employers say

Companies that experience a high rate of employee churn are often blind to the cause of staff malaise and the factors within the employer's control – the job itself, pay and conditions and work relationships – account for 80 per cent of the reasons why staff choose to leave their jobs. Most employers underestimate the importance of job satisfaction and flexibility to high performers in particular².

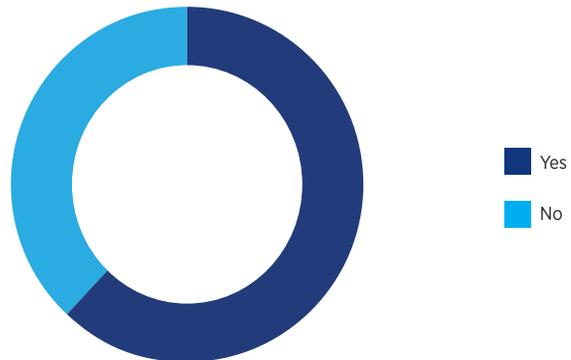
According to the Hays Retention Survey, almost half of employers recognise that their current talent pool contains the skills their business needs for the future, yet more than a third or 37.8 per cent do not have a retention strategy in place. The majority (88.6 per cent) also know that staff turnover impacts negatively on their business. Meanwhile, 54.9 per cent of employers also admit they do not have a succession plan in place.

² <http://www.insyncsurveys.com.au/resources/research/2012/10/retention-review-2012/>

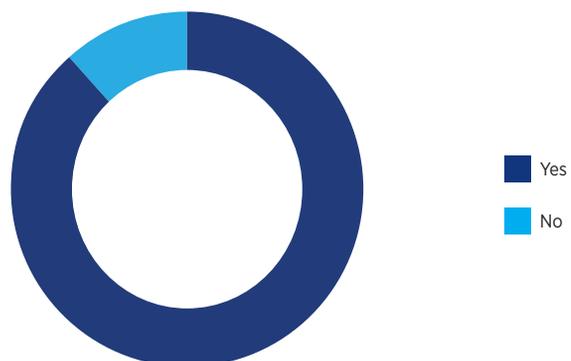
Do you believe your current talent pool contains the skills your business needs for the future?



Do you have a retention strategy in place?



Does staff turnover have a negative impact on your business?

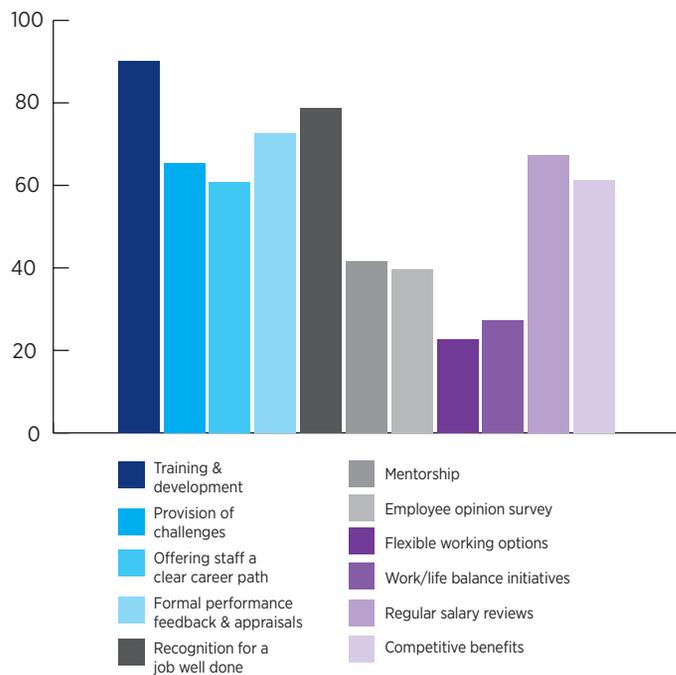


Does your organisation have a strategy in place for succession planning?



Of the 62.2 per cent of employers that said they have a retention strategy in place, 90.1 per cent say training and development forms a part of their plan. 78.7 per cent also recognise employees for a job well done, while 72.8 per cent give formal performance feedback and appraisals. 67.3 per cent include regular salary reviews in their retention strategy and 65.3 per cent of employers also provided new challenges.

What strategies form part of your retention plan? (tick all relevant)



STRATEGIES & SOLUTIONS

So, now that we have shown you the main findings of our Hays Retention Survey, let's now turn to what you can do to ensure you retain your top talent.

At Hays we believe that retention doesn't just become important when a new employee walks in the door, but an employer should start thinking about retention while they are attracting candidates – and this comes down to having a strong employee value proposition (“EVP”) and employer branding.

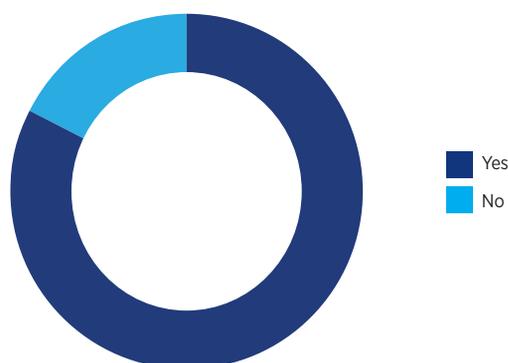
Prospective candidates

An EVP – or Employee Value Proposition – is critical to your employment branding. In essence, an EVP communicates a company's values and culture, as well as the rewards, opportunities and experience of working for your company.

In short, an EVP communicates what it's really like to work for your company. The ultimate aim of crafting your EVP is to attract the right type of candidate that shares your company's values and is attracted to the communicated essence of what your company stands for. By communicating what you stand for and the experience of working at your company, you'll attract like-minded candidates who are a natural fit with your company and the way you do business. In our survey for example, we saw that cultural fit was vital to candidates with 36.7 per cent indicating this was an 'extremely important' factor for them when it comes to staying with a company.

So, once you research and identify your company's unique EVP, you need to then put it in place, both internally and externally. It was positive to see in our survey that 82.7 per cent of employers feel they have defined their business culture and look for candidates that are a cultural match. Meanwhile, 73 per cent recognise that this gives them an advantage when it comes to staff retention and loyalty.

Have you defined your business culture and do you recruit people who are a cultural match?



If yes, do you think this gives you an advantage when it comes to staff retention and loyalty?



Be consistent

Ultimately, the communication of your EVP will depend on management, your marketing team and your HR department. But keep in mind that all communication needs to be consistent. This means not just during the recruitment process, but during every interaction your business makes – from advertising, customer service and office environment, to staff development, staff benefits, new products, telephone manner, emails and social media. All elements of your business need to reflect and reinforce your core values and EVP.

For example, if in your EVP you claim to support work/life balance or ongoing development, but do not provide ongoing training, study leave or flexible rosters, the reality of your workplace does not match your promised values, and new recruits will not have the correct impression of what it is like to work for your company, which will result in higher turnover.

So an EVP is more than just decorative sentences. It needs to be based in truth, and should represent the sum of the working experience at your company so you attract candidates that will be the right 'fit'.

Candidate attraction

To communicate your EVP during the attraction process you need to do more than just include it in job vacancy advertising, the careers pages of your website and mentioning it to your recruiter – although these are important too! To avoid mixed messages, your EVP also needs to be communicated across all of your touch points, including your communication messages, website, customer service and all contacts with the company.

This is because candidates will research your organisation – some extensively – before formally applying for the vacancy, and they will also rely on the advice of others and your reputation in the market, which is built up over time. They will not solely consider your advertisement and the careers page on your website.

So work with your HR and marketing teams to correlate all communications in line with your EVP and remember that each communication is an opportunity to potentially reach out to new recruits about your organisation and what it's like to work for.

Recruitment process

An EVP also needs to be communicated – and seen in action – during the recruitment process. An EVP is not just a tool to attract candidates. Your recruitment process needs to correlate with your communicated EVP – and you need to deliver what was promised during the attraction process.

This is because the expectations of what a company is like to work for are largely formed during the recruitment process. Certainly, a candidate will apply for certain roles over others based on their initial perceptions and research, but for the most part they form more solid expectations of what it would be like to work there during face-to-face interviews and interactions with the hiring and direct managers.

Imagine that a potential employee attends your office for an interview, and in their brief interaction with staff receive a perception of working for the company that conflicts with the communicated EVP. If the receptionist is abrupt or computer equipment is old, but the company communicates itself as cutting-edge and welcoming, there is obvious disparity.

While this is perhaps an extreme example, it shows why it is essential for your existing employees to understand your EVP as much as potential employees and align themselves with the company's vision and values. We cannot emphasise how important this is.

During the interview, you can elaborate on the core messages delivered by your EVP. For example, you can share client or employee testimonials about the working environment, company values, products and successes. You can bring other staff in to meet candidates or walk candidates around appropriate facilities to give them a greater insight into the reality of working for you.

In fact, how well an organisation presents during the recruitment process can be a real differentiator in the marketplace. This includes the speed of the process and your feedback to both the successful and unsuccessful candidates.

Retention

A candidate may have signed on the dotted line, but that doesn't mean the end of selling your EVP. You now need to live up to the EVP in day-to-day operations for retention purposes.

In other surveys Hays has conducted, almost one in three respondents said the reality of working for their current organisation is nothing like they were expecting.

When an organisation communicates a certain message about what it's like as a place to work, but this message doesn't match the reality of their workplace, it's very disappointing and unsettling for the employee. It also creates a huge turnover risk for the company.

So an EVP is not dissociated from day-to-day operations. The employment experience has to measure up to the EVP, otherwise you over-promise and under-deliver. That's why we keep mentioning the importance of basing your EVP on truth. A danger lies in securing a candidate with a cool and hip brand if that is not what your company in reality is all about – as they will soon discover when they start working for you.

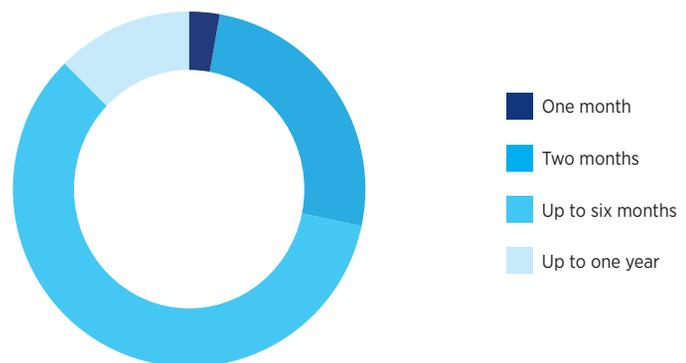
It's also why your EVP should not be built for recruitment purposes alone. Instead it needs to emulate exactly what your business is about on a daily basis in order to retain your staff. So ensure your EVP honestly reflects your company.

New employees

A well-considered onboarding and induction program can also help retain the employees you work hard to recruit.

Often the terms onboarding and induction are used interchangeably, when the two, just as important as the other, are quite different. They are both, however, integral to helping new employees at every level contribute effectively as soon as practicable and can influence them to stay on with an employer. The Hays Retention Survey showed employers are aware of how crucial the first few months of employment are and 59.3 per cent said it takes a new employer up to six months to perform at their peak. So every step that can be taken to ensure a smooth transition and in turn retain that staff member is vital.

How long does it take to get a new employee performing at their peak?



What is onboarding?

Onboarding is the process of helping new employees make the transition to a new organisation, from the point of offer to their first day.

At Hays, our experience tells us it's important to develop and maintain a conversation with a new hire during the pre-start notice period. Many employers already maintain close contact with their prospective recruits throughout their notice period, but it is important to engage new recruits at every level from the very beginning.

There are a number of basic things organisations should consider to make the onboarding process more successful. For example, you could share information via an online starter pack that will help candidates get to know your business. It could include company information, corporate videos and team profiles, especially of people your new recruit will be working closely with.

For people who are relocating, it's also a good idea to provide information about an area's local amenities and schools. We've also seen cases of an organisation setting up with the new hire a diary of activities for their first two weeks in the job.

Here are some other strategies to consider:

- Consider having the new employees' direct manager send them a welcome note before they arrive for their first day of work, which should make them feel positive and less anxious before they walk through the door.
- Email or post what paperwork you can to them before they start work so they are not bogged down with this on their first day.
- Let the appropriate employees know of the newcomer's start date and share any non-confidential information about the person to provide easy conversation-starters.
- Invite them to be a LinkedIn connection or send them a link to the company's Facebook page.
- Clean and prepare their office and computer for their arrival.

But the work isn't done when your new employee walks in the door.

What is induction?

Induction is the process of providing support and information to an employee from the day they commence work. An effective induction program aims to ensure your new employee can operate effectively in their appointed position as quickly as possible and will leave a lasting impression on that employee. The information can range from general material about their role, internal and external contacts and any relevant systems training to workplace health and safety, the communication of policies and procedures, and their performance targets.

The usual three-month probation period is a two-way process; the employee is also deciding whether they want to stay. Thus an induction program should build confidence and competence at the commencement of the employment relationship, which ultimately helps your new staff member become more productive and determines if they will stay on in the role.

Here are some induction strategies you can try:

- It's important to encourage colleagues to express their enthusiasm about the new employee joining their team or organisation. Also, during the first 90 days of their appointment, performance goals should be set to help reduce any anxiety about what needs to be achieved.
- During their probation period, regular meetings with their line manager can help you confirm how successful the placement has been and will give you a strong indication of what you can expect from your hire in the future.
- These meetings will also allow you to give them consistent feedback, particularly once a week, on their performance.
- Challenge them appropriately and provide opportunities for professional development.
- Make them feel comfortable to discuss sensitive issues and ask questions as this will make them feel a respected part of your team and will increase their engagement, while alerting you to any concerns.

We have seen a direct relationship between a lack of effective induction and onboarding and staff turnover during the early months of employment, which can be very costly for an organisation. And here you can see there are a few reasons why you should take onboarding and induction seriously:

- The time, effort and cost of recruiting the new employee will be lost.
- If the employee leaves in the first three months the company will receive minimal return on the investment they have spent on training and resources.
- You may need to consider a temporary resource until another permanent employee is secured.
- Alternatively, other employees will need to be reorganised to cover the gap.
- No one forgets a difficult adjustment period and it can contribute to the loss of a valuable new staff member. So if you are serious about retaining your top talent you will need to have proper onboarding and induction plans in place.

Existing staff

For existing staff, companies can help reduce the rate of turnover by employing some simple retention strategies – and they aren't always based on money.

Hays' top 5 retention tips:

1. Managing performance

This is the key to an employer's retention strategy. Performance reviews are a simple but essential process which should take place regularly and managers need to be committed to the practice. Formal performance feedback is also an excellent opportunity to ensure talent is engaged, but remember to make sure the system is user friendly for everyone involved. And be sure to communicate clearly with employees. Setting clear objectives and deadlines will mean your employees can be comfortable knowing what is expected and when they should deliver it.

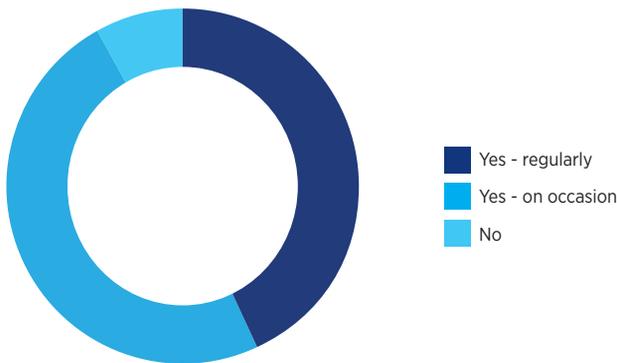
2. Your leaders

Front line managers are the key to retention, so you should definitely evaluate the quality of yours. Remember, people join companies and leave people. Your managers are at the coal face. They should be good at motivating and inspiring their team members, managing performance - good and bad, and setting useful goals. They also need to provide useful performance feedback, including positive reinforcement or suggesting solutions when things have not gone well. So, employers may also need to look at what their organisation does to develop its managers as part of their retention strategy.

3. Good relationships

If an employee has good relationships at work they are more likely to stay with a company and feel engaged with their work. So employers need to focus on how they understand, communicate and build good relationships with their employees. It's a good idea to ask employees for their opinion on key engagement factors such as career progression and performance feedback through employee opinion surveys, online forums or regular reviews. And it is best not to assume anything about an employee's career path as there can be many factors at play - just maintain open and honest communication to find out what your employees' goals are. According to the Hays Retention Survey, 92.1 per cent of employers say they take steps to promote a feeling of employee inclusion - a positive results which shows good communication between businesses and their employees.

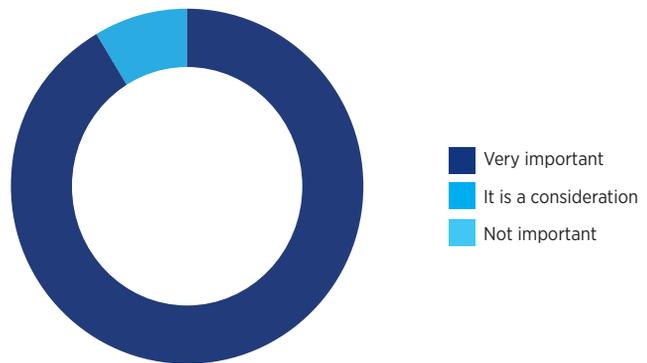
Do you take steps to promote a feeling of employee inclusion? (such as by regularly communication to staff the company's position, strengths and stability)



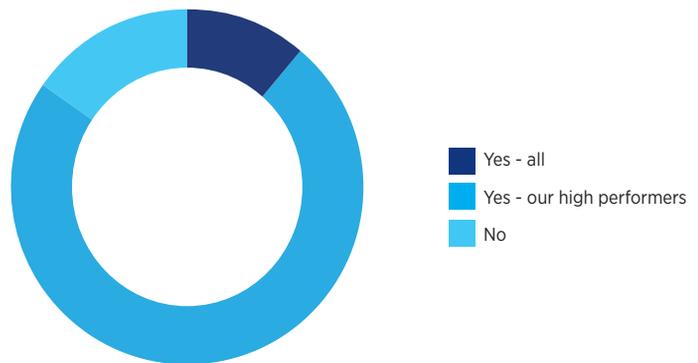
4. Career pathways

Employees can become stale and bored without the proper career development - and this is often a reason why candidates look elsewhere for work. As different organisations have different parameters within which they must work, career development does not always mean promotion, although it certainly can. Can you instead offer additional responsibility, or the opportunity to supervise other employees? Could an employee coach and train others, manage projects or chair meetings? According to the Hays survey, 73.5 per cent of employers say they are aware of their staff's aspirations and motivations, while 91.6 per cent recognise it's 'very important' to provide staff with new challenges, particularly the high performers.

How important is it to offer new challenges to high performing employees?



Are you aware of the individual career aspirations and motivations of your staff?

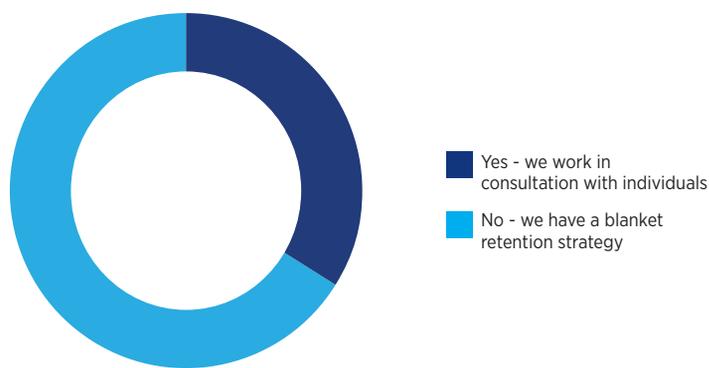


5. Training & development

Courses aren't always what training and development is about, nor do they have to take place in a formal classroom. Mentorships are a useful retention tool and can also be used to pass on corporate insight to other employees. One-on-one training and taking on additional duties can also be just as effective. Investing in your employees' skills development allows them to be the best they can be, which has obvious rewards for both them and you.

Catering for the individual

Do you tailor your retention strategy to each individual employee?



Finally, it's important to tailor your retention strategies to individual staff. It was concerning to see that according to the Hays Retention Survey, 66 per cent of employers have a blanket retention strategy. Catering retention strategies can come in handy when dealing with different generations for example. Generation Y, who are making their way up the career ladder at the moment will, for example, have different needs to Baby Boomers and Generation X. Here is what we know about Generation Y and what they want from their employers which could help in developing your retention plans for this age group:

- They are dedicated workers committed to not only achieving their own individual career goals but those of an organisation. Generation Y possess similar ideals and work just as hard as Baby Boomers. They will also usually only take a job if they believe in what the company stands for, meaning they view their work as more than just a job for financial gain. They also believe in adding value to their employer's organisation.
- Generation Ys are also technologically-savvy and have a need to understand and identify emerging technological trends.
- They still have a lot to learn, but since Generation Y look for roles where they will be exposed to strong leadership, businesses should to match them with high-performing Generation X or Baby Boomer mentors to develop their skills for the future.
- They also need to be continually challenged in the workplace or they will go elsewhere. However, this can be seen as a benefit since a drive to do bigger and better things can be advantageous to a business and its performance if harnessed properly.
- They are also socially aware and when job searching will ask us about an organisation's social conscience. Thus they will not only have a positive impact on future business performance, but they will do so in a socially responsible way.

Conclusion

We are a results-orientated company. We share our ambition for success with our clients, which is why we present these findings to help you utilise the benefits of diversity in your workforce in today's highly competitive talent race.

If you would like to discuss any of the points outlined in this white paper, or for further information on our services, please contact Kathy Lou, Marketing Manager of Hays in China, on +86 (0) 21 2322 9600 or kathy.lou@hays.cn

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