

# A New Approach to Keeping Your Best on Board

*You know what entices your most talented employees to leave, but do you know what encourages them to stay?*

*by Lauren Keller Johnson*

**K**EEPING YOUR BEST PEOPLE ON BOARD and avoiding high turnover's hefty toll is a top priority of managers today because demographic trends suggest that retaining top talent is emerging as a major competitive imperative for companies in the next decade. (See this issue's cover story, "When the Boomers Leave, Will Your Company Have the Leaders It Needs?") So what steps can your organization take to encourage retention, and what can you, as an individual manager, do personally to support your company's efforts?

Instead of thinking about what causes people to *leave*, focus instead on what causes them to *stay*, says Brooks C. Holtom, assistant professor of management at Georgetown University's McDonough School of Business (Washington, D.C.). In failing to distinguish between behaviors or policies that trigger defection and those that encourage retention, companies risk taking ineffective approaches to holding on to their best performers. For instance, while some employees may leave an organization to get a larger paycheck at another, that doesn't necessarily mean that the organization should focus exclusively on pay to keep valued workers.

Based on more than a decade of research, Holtom and his colleagues Terence R. Mitchell and Thomas W. Lee have developed the concept of *job embeddedness*. The more embedded a person is in his job, their research shows, the less likely he is to leave it. Holtom and his fellow researchers have identified specific practices that companies and individual managers can implement to increase job embeddedness—and, hence, retention.

## Why people stay

Holtom, Mitchell, and Lee conducted research in three distinct industries: banking, health care, and retail. In each setting, they found that job embeddedness did a better job of explaining retention than job satisfaction and organiza-

tional commitment combined.

There are three interdependent aspects to job embeddedness, each of which applies both to the organization itself and to the surrounding community in which the person lives and works:

1. **Fit:** An employee perceives herself as compatible and comfortable with the organization and the surrounding community. For example, she believes that her employer shares her values and that her knowledge and skills match the demands of her job.

She also feels a sense of belonging to the community in which the company is located.

2. **Links:** An employee has strong, positive connections with other people in the organization and with people and groups in the community.

3. **Sacrifice:** An employee believes that leaving the organization and the community would require giving up many things he values, such as interesting projects, rewarding professional relationships, and a rich, meaningful social life outside work.

The closer the fit between the employee and his organization and community, the stronger the links he feels to his company and to his community, and the greater the potential sacrifice of leaving both, the more "embedded" the person is in his job—and the less likely it is that he will defect.

Not only does embeddedness enhance retention, says Holtom, but it also has a positive impact on performance. In research sponsored by and conducted at Citibank, Holtom and his colleagues found that employees who were more embedded in the organization demonstrated a higher in-role performance (they satisfactorily fulfilled job duties) and extra-role performance (they routinely went above and beyond their job description).

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## How to increase employees' embeddedness

Comprehensive onboarding practices, thoughtful career planning and development, and policies that enhance work-life balance offer particularly valuable ways to increase job embeddedness, Holtom says. He offers these suggestions:

### Make the new-employee onboarding process more comprehensive.

The onboarding process presents several opportunities to help a new employee develop strong links both to the organization and to the community, and many of them are quite simple to implement. For instance, just giving the newcomer plenty of chances to get to know her new colleagues and discover shared experiences and other commonalities can help her start forging strong employee-organization links, as can pairing the new employee with a mentor with a similar background.

Another way to build strong employee-organization links is by helping the new employee forge a personal connection with you. Included as part of a broader program to improve retention, area directors at casual-dining giant Applebee's (Overland Park, Kan.) invite new managers and a guest to a "get-to-know-you dinner." In the first year of the retention program, Applebee's saw general manager turnover in the critical first year fall to 8% versus an industry average of 19%.

Employee-community fit and employee-community links also can be enhanced during the onboarding process.

**Thorough onboarding  
can increase job  
embeddedness.**

A firm can enhance fit in the community by offering assistance to foreign employees who are obtaining visas and green cards and by providing courses in English as a second language both to the new employees and their spouses. Holtom cites a hospital that attracted and retained hard-to-find nurses by creating a real estate program for them. New nurses were put in touch with trusted real estate brokers and offered guaranteed loans from banks offering favorable lending conditions; what's more, the program converted the nurses' \$5,000 signing bonuses into down payments on a house in the immediate area. Under the new program, the hospital was still spending \$5,000 per new nurse, Holtom says, but it was now getting much more loyalty in return by fostering nurses' ties to the community through home ownership.

A new employee's manager can build employee-community links through simple actions, such as helping the employee get acclimated to the new environment. Holtom points to a manager who, on a new employee's first day on the job, dropped a copy of the community's current-events newsletter on the employee's desk. Attached to the newsletter was a note that said, "I'm glad you're here and thought you might be interested in some of the goings-on around town."

### Build job-embedding factors into career planning and development.

Helping your employees with career planning and development offers additional opportunities to

## TEN THINGS YOU CAN DO NOW TO IMPROVE JOB EMBEDDEDNESS

1. Provide employees with information about community activities and resources.
2. Offer perks based on tenure.
3. Let employees design their work environment and company celebrations.
4. Offer workers bonuses for referring candidates who then become hires.
5. Encourage your direct reports to publicly recognize one another's on-the-job achievements.
6. Provide mentors to sponsor or coach new workers.
7. Let people choose which teams or projects they want to join.
8. Invite employees' input into decisions that directly affect them.
9. Encourage knowledge and best-practice sharing among your staff members.
10. Sponsor employee sports teams in community leagues.

Adapted from "Increasing Human and Social Capital by Applying Job Embeddedness Theory," by Brooks C. Holtom, Terence R. Mitchell, and Thomas W. Lee. *Organizational Dynamics*, vol. 35, no. 4 (2006).

strengthen job embeddedness, Holtom says. For example, you can improve employee-organization fit by promoting from within and providing ongoing, extensive information to your subordinates about career opportunities within the company.

By supplying this information, you “give people hope, a sense that they have a future at your organization,” Holtom explains. Also have employees talk with individuals in your company who have advanced professionally. By providing examples of people who have succeeded in your firm, you reassure employees that there is “a way to the top.” You also increase their network of contacts with others throughout the company, further deepening employee-organization links.

You can strengthen employee-organization fit even more by helping employees identify their long-term career goals and then providing the training and development opportunities (such as stretch assignments and special projects) that they need to move toward those goals. For example, Wegmans Food Markets (Rochester, N.Y.) supplements initial training with job-specific training. For wine and cheese merchandisers, trips to Italy and France to see vineyards and observe cheese makers enhance product knowledge as well as commitment to their employer. Not surprisingly, this and other career-development efforts at Wegmans contribute to turnover rates that are equivalent to about one-third of the industry average. Encouraging best-practice sharing among employees is another skills-development strategy that enhances embeddedness—in this case, employee-organization links.

### Enhance work-life balance for employees.

Flexible and family-friendly work arrangements strengthen embeddedness on multiple fronts. A company that helps its employees balance their work and nonwork lives demonstrates values that employees really buy into, thereby enhancing employee-organization fit. If the company facilitates access to needed resources, such as high-quality child care, this both strengthens employee-organization links and increases the potential sacrifice of leaving the company. Here are some ideas:

- Sponsor parenting networks for current and former employees.
- Create on-site child-care or exercise facilities.

- Involve employees in developing schedules that fit their needs, whether that’s full-time or part-time status or specific shifts.

One organization that has made a commitment to work-life balance a linchpin of its retention program is New York City-based Deloitte Consulting, which enjoys one of the lowest turnover rates in its industry. Deloitte instituted a “3-4-5” travel policy to ease the strain that frequent travel can have on consultants and their families. When consultants are on out-of-town assignments, they will spend three nights away from home, four days at the client site, and the fifth day in the office. In this way, consultants

are able to spend more nights at home each week (four) than away (three). Coupled with extended parental-leave policies for women and men, as well as flexible work arrangements, this policy has enabled Deloitte to retain top talent.

Some companies make it a practice to encourage employees to contribute to community-service efforts—a smart choice, Holtom says, because doing so contributes to job embeddedness in at least two ways. First, it demonstrates that the organization and the employee share some core values, enhancing employee-organization fit. Second, it builds the employee’s links to the community.

And there are collateral benefits as well. A company that shares its employees’ talents and time with the community enjoys good word-of-mouth advertising that builds the organization’s employment brand and creates informal contacts with potential customers.

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When you enhance valued workers’ sense of how well they fit with your company and the community, strengthen their links to both, and create a total work experience so positive that leaving it would be a sacrifice, you keep your best performers on board—and out of competitors’ clutches. ♦

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