The Art of Keeping Employees from Leaving

By Henrich Greve , INSEAD Professor of Entrepreneurship and Family Enterprise

Retaining workers is becoming a balancing act between hard data research and a human touch. It's more important than ever to complement intuition with statistical analysis.

Firms are **increasingly using statistical analysis** to find out which employees are more likely to leave, and using this information to improve personnel management and target employees for interventions to make staying more worthwhile. Firms do this because replacing employees who leave can be very expensive, making the analysis and the responses cheap in comparison. It says a lot that Wal-Mart, a firm known to be careful about its expenses, is investing in such analysis. It is probably less surprising that Credit Suisse does so, given the importance of keeping staff in banking, or that some human-resource analytics firms do, given that they can use these results to keep their own staff and sell the methods to client firms.

What have they discovered by analysing their employees? Well, they are more likely to leave if they have problematic managers or little contact with co-workers, less likely to leave when they are given opportunities to change jobs internally (especially promotions), plus a variety of other smaller discoveries.

Is this surprising? Actually we have known this for a long time. Job mobility is an established field of sociology and management research, and as far as we know, the statistical analysis done by the firms re-discovers what is already known. So, I would probably not go to a firm statistician expecting to learn much new about job mobility, though I would still find it interesting to see what they are doing.

Analyse this…employee

Does that mean it is worthless? It does not. There are two really significant pieces of progress in the news that firms are doing this analysis. The first is that the whole point of studying job mobility is to understand what happens to the lives of people and the fates of organisations, and it is wasteful to have this understanding without also using it to improve the lives of people and the fates of organisations. Job mobility is often valuable, but there are also many cases of job mobility that is wasteful for the employee and the firm. It is better to reduce them. The second piece of progress is that firms are now gaining knowledge that lets them address the situation of each employee, and they can often intervene in positive ways such as improving job content or making openings for promotions when they see a risk of that employee leaving.

There is, of course, some potential that this gets intrusive or used in troublesome ways, so it is worth watching. Firms are, after all, able to track health coverage decisions and healthcare use with enough detail that they can start linking them to job mobility, something that would be new to academic researchers and potentially worrying. They could also track emails, which academic researchers have already done but always anonymously. There are good reasons to limit such data collection and analysis.

Even with these potential problems, it is nice to see business catching on to the value of research. Of course, it has only done so to a limited extent. The number of statistical analysts involved in this work is far fewer than the number of human resource managers (and other managers) who think that such management is an art that calls for their unique experience and cannot be understood by others. Maybe some of these managers are right, but on average I would place my bets on the statistician.

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