



Training and Employee Retention: It's Not What You Think

Contrary to popular myth, training of employees can – and does – help employers to create happier, better skilled employees, and to retain them. This article looks at the evidence for the training-retention equation, examines some of the variables involved, and provides a number of guidelines to help ensure the effectiveness of training. **Paul Fairlie**

Training and employee retention. Yes, I already know what you're thinking: "We train people, and they leave anyway," or "Trained employees are more attractive to competitors; if you train them, they'll go elsewhere." These notions may be gospel in some HR circles, but they're nothing more than hearsay. When it's done early and at all levels of an organization, training actually *drives* retention.

First of all, let's agree that training is important for other reasons. Training gives employees the skills to navigate their jobs more effectively. And greater skills mean less job stress, because trained employees have more personal resources to draw upon for problem-solving. What is more, employees who receive training feel valued and motivated, which in turn fuels performance. Think, "Happy, skilled, coping employees."

The training-retention equation has always been a harder sell. But what do the data say? Overall, the link is positive. For ex-

ample, a study done by World at Work identified training and development as being among the strongest predictors of retention. There are other telling studies as well.

The Gallup Organization showed that employee engagement was related to retention in over 8,000 business units. This was indicated by the respondents who selected two specific options in a questionnaire: "There is someone at work who encourages my development," and "This last year, I have had opportunities at work to learn and grow."¹

In a series of studies by Mark Huselid at Rutgers University, high performance work systems (HPWS) were linked with the following:

- 12 per cent higher share price
- \$27,000 more sales per employee
- \$18,600 more market value per employee
- \$3,800 more profits per employee
- \$200 million additional revenue per year.

One of the indicators of HPWS was “hours of training per year for experienced employees.”^{2,3}

What about retail? Steve Kirn and his colleagues famously showed, through the employee-customer-profit chain, that a one-point increase in employee advocacy was associated with a 14.2 per cent sales gain. One factor that drove employee advocacy was “adequate opportunities to grow and develop on the job.”⁴

Pollsters also have it from employees themselves: they want growth and development. Nearly 65 per cent of respondents on a CPRN-Ekos Research survey rated opportunities to develop skills and abilities as a very important job feature. This concurs with an eighteen-year survey of 240 million people, which ranked lack of career development as the second most prevalent reason for turnover.⁵

The Saratoga Institute recently reported that when employees receive training, 12 per cent left anyway. However, when they *weren't* trained, 41 per cent left. This finding may explain why we often dismiss training as a retention driver. If you're an employer that trains, you can't help noticing that some people still leave. However, you are missing the other side of the coin: a mass exodus of employees who leave *without* training. So if you don't train, you're going to be understaffed, and understaffed with people who are underskilled. This harks back to an old training joke: “What's worse than training your people and losing them? – Not training them and keeping them.”

THE TRAINING-RETENTION LINK

Not all training is created equal. Some types of training may be more highly associated with turnover.⁶ One study, for example, found that on-the-job training is related to retention, while tuition reimbursement is related to turnover. Presumably, a college education is more

transferable. But don't worry if you're currently reimbursing tuition; the study also showed that promoting employees upon graduation retains them.

The link between training and retention is not always easy to see. For example, employees often complain in exit interviews that they weren't appreciated. Training might have addressed that complaint. Some complain that they were overworked. Training may have provided them with the skills to manage their workloads. All in all, exiting employees are disengaged, and reports (by the Conference Board⁷, Corporate Leadership Council⁸, Hewitt Associates⁹, and Towers Perrin¹⁰) suggest that training could have boosted engagement. In short, the problems reported by employees should not be confused with their solutions.

The training-retention link can also be missed because of who is being trained. For example, training managers can drive retention on the front line. Bob McHardy, managing partner of Self-Management Group, helped a leading security company deal with high turnover among sales staff. But there was another problem: the sales staff left behind lacked critical self-management skills. As a result, managers were often in the field having to do cleanup on their behalf. McHardy conducted “train the trainer” sessions with managers to help them identify “effort people” and improve self-management skills among staff. The training was reviewed very positively. “Some sales managers told us it was the best training they'd had in fifteen years,” said McHardy. Sales and retention increased.

The earlier you train, the stronger the training-retention link may be. Consider, as an example, the turnover that often results from poor fit with an organization. Job previews can help in this regard, but what do they have to do with training? “HR doesn't normally see job previews as a form of training, and that's

a mistake,” says Barry Pettit. His company, Pettit Integrated, is working with employers to develop job previews into a more expansive form of pre-employment training. Applicants who don't see a fit select themselves out. Those who see a fit and get hired have already been pre-trained. “This results in fewer false positives and a greater readiness on the part of hires.”

Some companies, like LoyaltyOne, take employee orientation to new levels with extensive onboarding programs. One of their modules focuses on business vision and direction. Even the president delivers part of the training. “We try to create a consistent foundation of knowledge in loyalty marketing for all new hires as soon as they come on board,” says Salma Esmail, corporate recruiter at LoyaltyOne. “This alignment makes them productive more quickly.”

The program also introduces new hires to a wide range of career opportunities that exist across the LoyaltyOne businesses (e.g., AIR MILES Reward Program). Rather than hop from employer to employer to gain much needed skills, new hires learn that much of their career development can be pursued under the LoyaltyOne banner. “We find that if employees have positive onboarding experiences,” says Esmail, “they tend to have more positive experiences with their career in the organization.” With 97 per cent reporting high satisfaction with their onboarding experience, that's a lot of satisfied employees.

Should we be surprised that training influences employment decisions? Not really. Many models of psychological meaning and well-being reserve a critical role for personal growth.^{11,12} Abraham Maslow's hierarchy of needs includes self-actualization, the need to realize one's potential.¹³ Karl Marx coined the term *work alienation* to describe what happens to workers when they have few opportunities for development.¹⁴ So there is nothing new about growth and

development as fundamental human needs. However, most of our adult development occurs in a haphazard manner. Training comes to the rescue here as well, allowing us to fulfill this important need in a highly structured manner. For that, many employees are appreciative.

The research shows that training is related to retention. The link may not always be clear. It may vary in strength, depending on training content and delivery. It may be obscured by the fact that companies which train may also do other things to drive retention. So you may have to do some homework of your own to fill in the gaps. But for now, you can rest assured that training will not drive your employees into the waiting arms of competitors.

GUIDES TO EFFECTIVE TRAINING

Training must be effective in order to drive retention. Here are some guidelines to help ensure the effectiveness of training.

Minimum Training. Strive for no less than 40 hours of training per employee per year, as recommended by the American Society for Training and Development (ASTD).

Structure. Ensure that training goals are clear and realistic. Use the ADDIE model to build structure into training programs. That is, analyse, design, develop, implement and evaluate.

Alignment. Align training programs with business direction. There should be a clear line of sight from vision and strategy to the kinds of knowledge, skills and abilities that people are learning.

Personal Choice. For maximum engagement, leave room for employees to pursue directions in training and development that interest them personally.

Variety. Offer a suite of different types of training to accommodate differences in

personality and learning styles (e.g., classroom vs. web, individual vs. group).

Multimedia. Barry Pettit of Pettit Integrated stresses the importance of multimedia in training. “Training, especially e-learning, should invoke as many senses as possible (e.g., video, audio, graphics, animation). This leads to deeper encoding and recall of learning.”

Experiential Learning. Barry Pettit again: “Many people see presentations as synonymous with learning. But you’re simply hearing the facts. You need to apply that in experiential exercises that mimic job-relevant problems.” In Bloom’s taxonomy of training objectives, this ensures deeper comprehension and better on-the-job application.¹⁵

Evaluation. Apply Kirkpatrick’s levels of evaluation to answer the following questions about training in your organization: Did people like it? Did people learn anything? Did it change behaviour? Did it impact ROI?¹⁶

Other Retention Drivers. Identify and address other drivers of retention. Training is but one input in the retention equation. There is no magic bullet.

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