



Building Competitive Companies Since 1946

Retention Succeeds When Selection Succeeds

Good employees are hard to find and retain. Research shows that 46% of new hires fail within 18 months, while only 19% achieve unequivocal success. Nine out of ten departing employees report that they leave due to issues with their boss, work activities, work environment, or the company culture. Meanwhile, 90% of bosses believe employees stay or leave “mostly for the money.”



Many employees leave because they were not a good fit in the first place.

Clearly, there is a disconnect in perceptions between employers and employees on the matter of retention. A 2006 survey on employee loyalty found that 72% of employers believe their employees are loyal, while only 56% of employees agree with this opinion. Moreover, 55% of employers believe that morale at their companies is good, while only 38% of employees agree.

Retention Complexity

Retaining employees is a complicated task. Corporations today are using a variety of employee retention techniques. The most frequent of these are merit pay, promotions, career development, and bonuses. Increasingly in recent years, “balance” and “quality of life” have become important issues in retention. Surveys show that 90% of employees believe that balance between work and non-work activities is an important issue, but only 15% of these workers say that they actually have balance.

Responsibility historically has been regarded as a motivator in employee retention. However, many new workers no longer seek an “onward and upward” pathway. In fact, the percentage of workers seeking more responsibility on the job has measurably decreased in the past 20 years. And, for those seeking responsibility, unless it is yoked with financial compensation, it often results in employee resentment and turnover.



Only 15% of workers say they have work/life balance.

Employee Selection Overlooked

Most studies on employee retention have focused on one's direct boss, pay, perks, flex time, telecommuting, and the like. An often over-looked variable in employee retention/loyalty is the employee selection process. Many employees leave their jobs because they were not a good fit in the first place. There are two common hiring mistakes which can contribute to an employee retention problem. The first of these is failure to acknowledge salesmanship in hiring.

In the employment selection process, employers and job applicants are in a selling mode. Employers are selling opportunity in order to fill vacancies. Job applicants are selling themselves in order to get hired. It is not surprising that over 25 percent of job applicant information is distorted and over 50 percent of employees believe that lying during a job interview is acceptable. Underestimating salesmanship is a mistake in hiring that can impact retention.



Many employers overemphasize the job interview.

A second common hiring mistake is overreliance on a single employee selection tool. Often, employers overestimate previous experience or job knowledge when making a hiring decision. Some employers overemphasize the job interview, even though most managers are notoriously weak in interview skills. Frequently, employers overvalue a good letter of reference or a referral from a respected colleague. The net result in over-relying on a single tool is the exclusion of information that can forecast employee retention.

Employment Testing and Retention



Employment testing is the only objective selection tool.

Employment testing is the only objective tool available in the pre-employment selection process. Testing allows for precise measurement of knowledge, skills and abilities, rather than assuming such talents on the basis of diplomas, certificates, or grades in school. Work behaviors, so difficult to assess in job interviews, can be readily evaluated with employment tests. Moreover, an interviewer's tendency to "fall in love" with an applicant is eliminated by an objective display of an applicant's weaknesses as well as his/her strengths from employment tests. Finally, employment tests provide a "common denominator" for job applicants, making comparative judgments between candidates easier.

When it comes to employee retention, the people who are easy to find are the ones you don't want. Managers who are interested in employee retention need to understand the factors that lead to success in their company and screen people on those "success factors" prior to hiring. In addition, managers benefit from using multiple methods in the pre-employment selection process, including job interviews, employment tests and an evaluation of education/work experience. Managers who want to improve employee retention and employee loyalty need to begin by hiring the right people.

PSP Metrics is a leading provider of pre-employment screening tools for the manufacturing, consumer products, utility and service industries. We adapt applicant screening tools to the information needs and budget of each customer and provide 24-hour turnaround of test results worldwide. We also design tools for employee retention, management development, and succession planning.