Turnover and retention:

Literature review prepared by
David Loquercio
for People in Aid

January 2006
Alphabetical index of reviewed books and articles

- ADAMSKY Howard, (2005), “6 ways recruiters can support building a better organization: Initiatives to focus on in the coming year”, www.ereexchange.com
- AGENDA CONSULTING, (2005), “PeopleCount Voluntary Sector, Benchmarks for Human Resources in the UK Voluntary and Community Sector”
- DELOITTE, (2004), “It’s 2008: Do you know where your talent is? Why acquisition and retention strategies don’t work”, www.deloitte.com/dtt/cda/doc/content/US_TalentMgmtPOV_2.11.05.pdf

• LOQUERCIO David, (2005), “Staff turnover: how it affects humanitarian aid agencies, what can be done about it” unpublished MSc dissertation, University of Manchester


• MUKASA Sarah, (1999), “Are expatriate staff necessary in international development NGOs?”, A case study of an international NGO in Uganda”, CVO international Working paper 4

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• PERSONELTODAY.COM, (2003), "Turning the corner on staff turnover", www.personeltoday.com/Articles/2003/10/21/20979/Turning+the+corner+on+staff+turnover.htm


• RAIKES Lucille and VERNIER Jean-François, (2004), “Rewarding and retaining key talent: are you ready for the recovery?”, www.towersperrin.com


• RICHARDSON Frances, (2005), “How can international Non-Governmental Organisations’ Resourcing and Reward models support wider humanitarian impact?”, unpublished report, Oxfam GB


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Methodology

The objective in undertaking this literature review was to capture the broadest possible view of turnover and retention, not only covering humanitarian agencies, but also the corporate sector. The benefit of this approach is to allow identifying relevant practices in for profit and public organisations that could help addressing these issues in the humanitarian sector.

The writer’s own research on staff turnover in humanitarian agencies was used as a first basis to identify relevant books and articles, as well as define key issues. With the advice and support of People in Aid, the coverage of literature was expanded to include additional contributions, mainly from management consultancies and the human resources management community, as well as online HR journals.

Time constraints meant that much of the literature reviewed was web based and thus draws disproportionately on British and US sources, and focuses on staff turnover / retention of expatriates and international cadres.

However, it should also be noted that there is a limited amount of research focusing on turnover and retention in humanitarian agencies, and it is hoped that the ongoing effort of the Interagency Working Group to address emergency staffing through its Emergency Capacity Building Initiative will contribute to fill this gap.
ADAMSKY Howard, (2005)
“6 ways recruiters can support building a better organization: Initiatives to focus on in the coming year”
www.erexchange.com

Howard outlines 6 ways recruiters can support building a better organization.

1. Hiring better recruiters, because they are the gate of the organisation and are meant to attract talents in the organization.
2. Branding the organization, because employment branding – gaining and marketing a reputation for being a good employer – allows to more easily hire the candidates you really want.
3. Aggressively pursuing top talent and attracting them to your organization
4. Creating better employee referral programs so that employees support HR for attracting talents in the organisation.
5. Looking at talent as opposed to workforce planning
6. Investing in employees: the saying goes “skills are suffering as a result of poor investment in people, who are regarded as temporary business assets”. The bottom line is that if a company wants loyalty, it has to start giving some. Investing in developing new skills and abilities in its employees is the starting point.

AGENDA CONSULTING, (2005)
PeopleCount Voluntary Sector, Benchmarks for Human Resources in the UK Voluntary and Community Sector

This report has been looking at turnover rates in the voluntary sector. Overall turnover rate for the voluntary sector is at 21%, while it is at 16,7% for the international development sector (based on 13 organisations). Turnover is lower for managerial employees (13,9% in the international development sector) than for operational/support employees (21%). Voluntary turnover makes up most of the turnover (12,4% vs. 2,1% for end of contract and the rest for redundancies and dismissals).

Good practice points in recruitment, selection and retention focus on the following aspects:
- Use of competency based interviews for recruitment
- Conducting staff surveys to find out why staff leave or stay
- Providing training to those who conduct interviews
- Being clear with employees on what they should expect
- Advertising jobs internally as a way to retain staff
In order to explain the reasons behind voluntary resignation, Arthur gives a list that includes:

- Incompatibility with corporate values
- Feelings of not being appreciated or valued
- Not feeling part of the company
- Not knowing how one is doing for lack of feedback
- Inadequate supervision
- Lack of opportunity for growth
- Lack of training
- Unequal salaries and benefits
- Lack of flexible work schedules
- Unsatisfactory relationships at work
- Too much work and not enough staff
- Inadequate or substandard equipment, tools, or facilities

More specifically, Arthur draws attention to a change of attitude towards work in the younger generation. According to her, younger people are less likely to have a sense of loyalty after having frequently seen their parents fall victims to corporate “downsizing”. As a result, they know that they have to actively manage their career. They are more interested in continuing learning and education and expect to go through numerous jobs and career changes throughout their lifetime. They respect expertise and knowledge, rather than titles and will be reluctant to start working for an employer who does not allow them to challenge the status quo. They are trying to balance careers and familial responsibilities, unwilling to give up either one. They have grown up and are comfortable with IT and as a result expect it to prevail in the workplace. If a company is behind in this area, it will appear as unattractive and bound to be uncompetitive.

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1 See also Millward and Brewerton (2001).
This article focuses on retail companies, which are known to often have far above average turnover rates. Some do however manage to make their employees stay. This reminds that there is no one size fits all and every retention programme has to be tailor made. One of the companies cited as an example is Macy’s. There, the executives have recently been made accountable for retention among the employees who directly report to them. At the same time, new managers have been given better orientation and training, both as a way to retain them but also use their improved people management skills as a retainer for those they manage.

In the article, Sekella, a consultant, says that the first week of a new employee’s experience is the most vital factor in retention and needs therefore to be consciously managed and well planned. He also advocates for line managers to be held accountable for retention. Apart from that, he also underlines the importance of “hiring for company fit’ and making sure new employees know that they can grow by staying with their new employer.

The term "psychological contract refers to “the perceptions of the two parties, employee and employer, of what their mutual obligations are towards each other” These obligations will often be informal and imprecise: they may be inferred from actions or from what has happened in the past, as well as from statements made by the employer, for example during the recruitment process or in performance appraisals. Some obligations may be seen as ‘promises' and others as 'expectations’. The important thing is that they are believed by the employee to be part of the relationship with the employer.

It is suggested that:

- the extent to which employers adopt people management practices will influence the state of the psychological contract
- the contract is based on employees’ sense of fairness and trust and their belief that the employer is honoring the 'deal' between them
- where the psychological contract is positive, increased employee commitment and satisfaction will have a positive impact on business performance.

Research evidence shows that, where employees believe that management have broken promises or failed to deliver on commitments, this has a negative effect on job satisfaction and commitment and on the psychological contract as a whole. This is particularly the case where managers themselves are responsible for breaches, e.g. where employees do not receive promised training, or performance reviews are badly handled.

Employees are increasingly recognized as the key business drivers. The ability of the
business to add value rests on its front-line employees, or 'human capital'. Organizations that wish to succeed have to get the most out of this resource. In order to do this, employers have to know what employees expect from their work. The psychological contract offers a framework for monitoring employee attitudes and priorities on those dimensions that can be shown to influence performance.

The purpose of creating an 'employer brand' (sometimes referred to as the employment proposition) is to outline the positive benefits for employees of buying into the relationship with that employer. In practice the employer brand can be seen as an attempt by the employer to define the psychological contract with employees so as to help in recruiting and retaining talent.

The traditional psychological contract is generally described as an offer of commitment by the employee in return for the employer providing job security - or in some cases the legendary 'job for life'. The recession of the early 1990's and the continuing impact of globalization are alleged to have destroyed the basis of this traditional deal since job security is no longer on offer. The new deal is said to rest on an offer by the employer of fair pay and treatment, plus opportunities for training and development.

However, research suggests that in many ways the 'old' psychological contract is in fact still alive. Employees still want security: interestingly labor market data suggest that there has been little reduction in the length of time for which people stay in individual jobs. They are still prepared to offer loyalty, though they may feel less committed to the organization as a whole than to their workgroup.

The kinds of commitments employers and employees might make to one another are given in the box below:

<table>
<thead>
<tr>
<th>Employees promise to:</th>
<th>Employers promise to provide:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Work hard</td>
<td>• Pay commensurate with performance</td>
</tr>
<tr>
<td>• Uphold company reputation</td>
<td>• Opportunities for training and development</td>
</tr>
<tr>
<td>• Maintain high levels of attendance and punctuality</td>
<td>• Opportunities for promotion</td>
</tr>
<tr>
<td>• Show loyalty to the organisation</td>
<td>• Recognition for innovation or new idea</td>
</tr>
<tr>
<td>• Work extra hours when required</td>
<td>• Feedback on performance</td>
</tr>
<tr>
<td>• Develop new skills and update old ones</td>
<td>• Interesting tasks</td>
</tr>
<tr>
<td>• Be flexible, for example, by taking on a colleague’s work</td>
<td>• An attractive benefits package</td>
</tr>
<tr>
<td>• Be courteous to clients and colleagues</td>
<td>• Respectful treatment</td>
</tr>
<tr>
<td>• Be honest</td>
<td>• Reasonable job security</td>
</tr>
<tr>
<td>• Come up with new ideas</td>
<td>• A pleasant and safe working environment</td>
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</table>

Research findings suggest that managers can usefully focus on the following issues.
• **employability**: Employers can recognize employees’ need to build up a ‘portfolio’ of skills and competencies that will make them more marketable.

• **careers**: even if not everyone will have the possibility to be promoted, these promotions need at least to be seen as based on fair decisions.

• **empowerment**: allow employees to make an important contribution to decisions that would formerly have been seen as the sole prerogative of management.

• **work-life balance**: There is an important link between employee feeling that they have got a satisfactory balance between work and the rest of their life, and having a positive psychological contract.

Badly designed pay systems can de-motivate employees but getting pay right is no guarantee of commitment. Research suggests that in order to feel committed, employees must feel satisfied with their work. Surveys consistently show that employees generally want interesting work, opportunities to develop, fair treatment and competent management. The line manager has a key role to play in maintaining commitment. Employers need to train line managers in how to manage people.

Employees' contribution can no longer be extracted by shame, guilt and fear: it has to be offered. Issues about motivation and commitment are critical. Yet many of the levers which managers have relied on to motivate employees are increasingly unreliable. The psychological contract may have implications for organizational strategy in a number of areas, for example:

• **process fairness**: People want to know that their interests will be taken into account when important decisions are taken;

• **communications**: An effective two-way dialogue between employer and employees is a necessary means of giving expression to employee ‘voice’.

• **management style**: In many organizations, managers can no longer control the business 'top down' - they have to adopt a more 'bottom up' style. Managers have to draw on the strategic knowledge in employees' heads.

• **managing expectations**: Employers need to make clear to new recruits what they can expect from the job.

• **measuring employee attitudes**: Employers should monitor employee attitudes on a regular basis as a means of identifying where action may be needed to improve performance. Some employers use indicators of employee satisfaction with management as part of the process for determining the pay of line managers. But employers should only undertake surveys of employee attitudes if they are ready to act on the results.
This report highlights several trends in terms of recruitment, retention and turnover.

For recruitment, difficulties are especially acute for specialist skills and required experience. The most current strategy to address that is recruiting people who have the potential to grow even if they don’t have the experience or skills.

According to the study, the voluntary, community and non profit sector is where there is most difficulty to fill manager and professional related positions, the main reasons for recruitment difficulties in the sector being lack of required experience.

For turnover and retention, data in the UK shows that turnover rate has been stable for the past few years at around 15%. The vast majority of this is represented by voluntary turnover and only a small percentage by redundancies. The voluntary, community and non profit sector is close to that average, with figures lower than the private sector but higher than the public sector. The average cost of recruitment to fill a vacancy is at 3,950 sterling, or 4,625 sterling when including costs of labour turnover (NB: I think that actually, one should add both cost factors to obtain the cost of turnover, which would be 8,575 sterling in this case). But this figure masks significant differences between occupational groups, as seen below:

<table>
<thead>
<tr>
<th>Occupational group</th>
<th>Costs (£) of recruitment</th>
<th>Costs (£) of labour turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior managers/directors</td>
<td>10,000 (153)</td>
<td>8,000 (11)</td>
</tr>
<tr>
<td>Managers/professionals</td>
<td>5,000 (217)</td>
<td>5,000 (13)</td>
</tr>
<tr>
<td>Administrative, secretarial and technical</td>
<td>2,000 (213)</td>
<td>3,500 (11)</td>
</tr>
<tr>
<td>Services (customer, personal, protective and sales)</td>
<td>1,745 (136)</td>
<td>3,000 (10)</td>
</tr>
<tr>
<td>Manual/craft workers</td>
<td>1,000 (110)</td>
<td>4,000 (5)</td>
</tr>
<tr>
<td>All employees</td>
<td>3,950 (240)</td>
<td>4,625 (14)</td>
</tr>
</tbody>
</table>

Median costs shown (number of respondents shown in brackets)
* = advertising costs, agency or search fees
** = leave vacancy cover, redundancy costs, recruitment/advertisement, training and Induction costs

In spite of that, according to the study, only 17% of employers consider that labour turnover has a serious negative effect on organisational performance whereas 52% think it has a minor negative effect and 9% a positive effect. At the same time, a clear majority of CIPD members say that staff retention is their most pressing issue, which might seem like a contradiction.

Challenging problems for the non profit sector include the often pyramidal structure of the organisation, which means that good people who have been developed frequently find themselves with nowhere to go.

Employer branding is seen as especially important for the charity sector where competing for staff on the basis of high salaries is not possible.
Only a small proportion of organisations surveyed were able to provide figures relating to the costs of recruitment and labour turnover, either because they don’t think they require that information or consider it too time consuming and complicated. This might change soon since the report also says that there is increased pressure on HR departments to come up with reliable metrics measuring the effect of initiatives related to people management. A finer quality of data would allow to better target retention strategy says the report.

In order to find out reasons behind departure, exit interviews remain the preferred tool for employers. The top three reasons are, according to the report

- Promotion outside of the organisation (53%)
- Lack of development or career opportunities (42%)
- Change of career (41%)

The top 8 initiatives taken to improve retention were:

- Improved employee communication/involvement (57%)
- Increased learning and development opportunities (49%)
- Improved induction process (45%)
- Increased pay (40%)
- Improved selection techniques (38%)
- Improved benefits (34%)
- Made changes to improve work-life balance (34%)
- Improved line management HR skills (32%)

The most popular measures are those trying to alleviate “push” factors – those that erode employee commitment and make them actively consider a move – rather than combat “pull factors”, notably by improving pay and benefits to “diminish the allure of preying competitors.”

Measuring turnover matters because a lot of people are just waiting for the right opportunity to leave says the report. It adds that “before determining whether an employer has a labour turnover problem, it’s necessary to establish some measure of “natural” turnover. This, rather than the raw quit rate, represents the most appropriate measure of how problematic turnover actually is for an employer.” This can among other things be influenced by age, with younger workers more likely to switch jobs whereas older ones privilege security. Even though because of their usually older average age, managers and professionals tend to have lower turnover rates, organisations still put particular emphasis on retaining these categories of staff, as they cost much more to replace.
According to this CIPD fact sheet, the overall employee turnover rate for the UK was 15.7% in 2004, a figure that has remained stable for the past three years. It is quite diverse from industry to industry, with the highest levels of turnover (21.4%) found in private sector organizations. Successive CIPD surveys of labor turnover show that the highest levels (commonly in excess of 50% per annum) are found in retailing, hotels and restaurants, call centers and among other lower paid private sector services groups. The public sector has an average turnover rate of 11.5%. The lowest levels are found among civil servants, fire fighters, the police and other public sector staff groups who are relatively highly skilled and well paid. Turnover levels also vary from region to region. The highest rates are found where unemployment is lowest and where it is unproblematic for people to secure desirable alternative employment.

As a proportion of aggregate turnover, the percentage of people leaving organizations through redundancy remains small. The most commonly cited reason for staff turnover is promotion outside the organization (53%) with lack of development or career opportunities the next at 42%. Finally, the document underlines that contrary to many media reports and statements from consultants and political leaders there is little evidence of any long-term trend towards higher staff turnover.

The CIPD explains that there is no set level of employee turnover above which effects on the employing organization becomes damaging. Where it is relatively easy to find and train new employees quickly and at relatively little cost, it is possible to sustain high quality levels of service provision despite having a high turnover rate. By contrast says the paper, “where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic from a management point of view.” This is especially true of situations with strong customer interaction.

The document reminds that some employee turnover positively benefits organizations. “This happens whenever a poor performer is replaced by a more effective employee, and can happen when a senior retirement allows the promotion or acquisition of welcome ‘fresh blood’. Moderate levels of staff turnover can also help to reduce staff costs in organizations where business levels are unpredictable month on month.”

The formula to calculate the crude turnover rate is:

\[
\frac{\text{Total number of leavers over period}}{\text{Average total number employed over period}} \times 100
\]

Attention is drawn to the fact that the total figure includes all leavers, even people who left involuntarily due to dismissal, redundancy or retirement. It also makes no distinction between functional (i.e. beneficial) and dysfunctional turnover.

Concerning costs, the major categories of costs to take account of are identified as:

- administration of the resignation
- recruitment costs
- selection costs
- cost of covering during the period in which there is a vacancy
• administration of the recruitment and selection process
• induction training for the new employee.

The paper says that many of these costs consist of management or administrative staff time (opportunity costs) but direct costs can also be substantial where advertisements, agencies or assessment centers are used in the recruitment process. It is also mentioned that more complex approaches to turnover costing give a more accurate and invariably higher estimate of total costs. A widely quoted method involves estimating the relative productivity of new employees during their first weeks or months in a role and that of resignees during the period that they are working their notice.

Several reasons explaining why employees resign are presented. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce which 'pulls' them, on other occasions they are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. Sometimes it is a mixture of both pull and push factors. For a fourth group reasons for leaving are entirely explained by domestic circumstances outside the control of any employer, as is the case when someone relocates with their spouse or partner.

The document highlights that “recent research strongly suggests that push factors are a great deal more significant in most resignations than most managers appreciate. It is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff have a preference for stability.” When looking at exit interviews, it also says that “it is important to appreciate that the reasons people give for their resignations are frequently untrue or only partially true. The use of exit interviews is widespread yet they are notoriously unreliable, particularly when conducted by someone who may later be asked to write a reference for the departing employee. They are reluctant to voice criticism of their managers, colleagues or the organization generally, preferring to give some less contentious reason for their departure.”

**Early leaving**

Another point mentioned is that “in the high turnover industries in particular, a great deal of employee turnover consists of people resigning or being dismissed in the first few months of employment. Poor recruitment and selection decisions, both on the part of the employee and employer, are usually to blame, along with poorly designed or non-existent induction programmes.”

Then, “expectations are often raised too high during the recruitment process, leading people to compete for and subsequently to accept jobs for which they are in truth unsuited. Organizations do this in order to ensure that they fill their vacancies with sufficient numbers of well-qualified people as quickly as possible. However, over the longer term the practice is counter-productive as it leads to costly, avoidable turnover and the development of a poor reputation in local labor markets.”

**Improving employee retention**

For the CIPD, the first two steps to take when developing an employee retention strategy are to find out:

• why employees in hard to recruit groups are leaving
• what employee turnover among these groups is costing your organization.

But it is argued that “obtaining accurate information on reasons for leaving is hard. Where exit interviews are used it is best to conduct them a short time after the employees hand in
their notice. The interviewer should not be a manager who has had responsibility for the individual and who will not be involved in future reference writing." Therefore, "confidentiality should be assured and the purpose of the interview explained." Otherwise, surveys can be conducted some time after departure. On the basis of collected information, a retention strategy can be developed.

The document lists several elements which have been shown to play a positive role in improving retention:

- Give prospective employees a 'realistic job preview' at the recruitment stage.
- Make line managers accountable for staff turnover in their teams. Reward managers whose record at keeping people is good by including the subject in appraisals. Train line managers in effective supervision before appointing or promoting them. Offer re-training opportunities to existing managers who have a poor record at keeping their staff.
- Maximize opportunities for individual employees to develop their skills and move on in their careers. Where promotions are not feasible, look for sideways moves that vary experience and make the work more interesting.
- Ensure wherever possible that employees have a 'voice' through consultative bodies, regular appraisals, attitude surveys and grievance systems. This helps to ensure that dissatisfied employees have every opportunity to sort out problems before resigning.
- Wherever possible accommodate individual preferences on working hours. Where people are forced to work hours that do not suit their domestic responsibilities they will invariably be looking for another job which can offer such hours.
- Avoid the development of a culture of 'presenteeism' where people feel obliged to work longer hours than are necessary simply to impress management.
- Provide as much job security as possible. Employees who are made to feel that their jobs are precarious may put a great deal of effort in to impress, but they are also likely to be looking out for more secure employment at the same time. Security and stability are greatly valued by most employees.
- Bend over backwards to ensure that you do not and are never seen to discriminate against employees on any unfair grounds. A perception of unfairness, whatever the reality when seen from a management point of view, is a major cause of voluntary resignations. While the over all level of pay is unlikely to play a major role unless it is way below the market rate, perceived unfairness in the distribution of rewards is very likely to lead to resignations.

Finally, the document notes that "measurement of the costs to the employer as a result of turnover is vital in building the business case for thorough and effective recruitment and retention initiatives. These costings can be a powerful tool for winning line manager and Board-level support for people management activities in these areas."
This fact sheet notes that “as we move towards an increasingly service and knowledge based economy, the management of knowledge workers is becoming a key issue.” R&D departments are now by far not the only place where crucial knowledge is stored in an organisation. It is therefore important to make sure this knowledge is retained within the organisation. This can imply putting greater emphasis on the capacities of employees to interact and share their knowledge with their team mates so that the risk associated with a potential departure is reduced. This can be supported by communities of practice or providing space and opportunities for sharing. It can also mean putting more effort into retaining individuals with key knowledge assets through retention measures such as career development or better work/life balance.
DELOITTE, (2004),
“It’s 2008: Do you know where your talent is?
Why acquisition and retention strategies don’t work”
www.deloitte.com/dtt/cda/doc/content/US_TalentMgmtPOV_2.11.05.pdf

This report starts by stating that “demographic changes show that the number of skilled 15-29 year olds entering the job market is steadily contracting, while the population, in both developed and developing countries, is ageing. This phenomenon coupled with rising globalisation is increasing the strain on human resources.” Indeed, results of the survey show that attracting and retaining talents are considered as the most critical people issues faced by surveyed organisations.

The report identifies critical talents as “individuals that drive a disproportionate share of a company’s business performance and generate greater than average value for customers and shareholders”. They know “how to make things happen” in the organisation. The report argues that to attract and retain these talents, intelligent companies don’t give in to bidding wars, knowing that “the star who chases high offers will be gone as soon as the next offer appears.” “Nor do they bribe talent to stay, knowing that monetary incentives do not foster long term commitment.” Rather, they seek issues these staff care about and use them to increase their engagement.

Today, says the report, a significant share of the workforce is disengaged, as a result of downsizing, employer demands and job disenchantment. It is argued that companies place too much attention on “acquiring” talent, often ignoring employees once they have been signed up. Companies need to “develop, deploy and connect” their employees.

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This means developing the skills, not just through formal training but by learning how to learn, where to find the information (the report mentions that “A well known MIT study found that people are five times more likely to ask a co-worker for information than to consult an intranet, database or company computer system.”) or action learning supported by coaching and mentoring (the report cites a study showing that 67% of respondents consider that they learn most when working together with a colleague on a task).

Deploying means finding a fit between the skills and the job. This implies sometimes redesigning job descriptions or encouraging mobility. When vertical mobility is not possible, employees need lateral experiences that promise challenge and growth, says the report. It argues that “by encouraging greater mobility, organizations inspire a more engaged workforce and promote greater strategic flexibility.” The report also suggests that “successful talent management includes strategies to stay engaged with alumni” because “individuals granted latitude by their employers to explore new territory often make their way back with renewed vigour and insights.

Connecting implies helping to develop rich networks, both internal and external. For example, informal discussions around the coffee machine are said to be the founding principle of “communities of practice”.

In order to build talent, the report argues that the first step is to define which jobs are critical, then the skills required to achieve important strategies. But at the same time, a focus on talent shouldn’t mean to block the development of other employees.

The report concludes with Six Questions CEOs Need to Ask Their HR Leaders:
1. Which segments of the workforce create the value for which we are most rewarded in the marketplace?
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<thead>
<tr>
<th></th>
<th>Question</th>
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<tbody>
<tr>
<td>2.</td>
<td>Which areas of our business will be most impacted by impending waves of retirement? What are we doing to prepare successors? What impact will anticipated retirement have on the skills and productivity necessary to meet future demand?</td>
</tr>
<tr>
<td>3.</td>
<td>In what areas is the talent market heating up (i.e., demand will outpace supply)? Which segments of our workforce will be most impacted?</td>
</tr>
<tr>
<td>4.</td>
<td>What skills will we need over the next five years that we don't currently possess? How will we create that capacity? What happens to our business if we don't?</td>
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<tr>
<td>5.</td>
<td>What is our turnover within critical areas? How much is it costing us? In customers? In productivity? In innovation? In quality? What are we doing to resolve the root cause?</td>
</tr>
<tr>
<td>6.</td>
<td>Are we actively developing talent portfolios or workforce plans that will help us to understand and communicate the financial consequences of talent decisions on our business?</td>
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</tbody>
</table>
In his address, Toby Porter from Save the Children UK said that it seems to be easier to recruit for natural disasters, pointing to the experiences of the Tsunami and Darfur to illustrate his point. He recognised the need for agencies to look at growing their own staff and cited the SCF example of “Child protection apprentice scheme”.

Florence Daunis, HR director at ACF underlined several key points:

- HR manager must be deployed as part of the emergency response team to strengthen recruitment and the support of both national and international staff
- Development of emergency response tools that avoid unnecessary bureaucracy is required
- Recognition of the increased HR burden in dealing with applicants at the time of the emergency
- Managers and teams need to be taught how to manage their time better and avoid burn out
- An emergency management team should be set up to handle emergency responses
- A clear decision needs to be made as to what level of change is needed in salaries, reward packages and conditions in order to recruit and keep national staff taking into account both the short / long term impact

She also drew attention at some key comparisons between Darfur and the Tsunami response:

**Tsunami:**
- Turnover did not have such a high impact, as tasks were not complicated
- HR department had less pressure for recruitment because people were eager to go and help. ACF deployed 12 staff in 24 hours to Sri Lanka and 5 staff to Indonesia

**Darfur:**
- It was / is difficult to sell this location and work to those who have been through tough times already
- Staff experienced higher stress levels
- It was also difficult for prospective staff to sell to their families in comparison to the tsunami. (Sudan seems a crisis that goes on forever)

Then, Katherine Galliano (MSF UK) observed and recommended the following:

- HR dedicated staff should be assigned to a rapid scale up at both field and Head Office level
- High percentage of first missioners and inexperienced second missioners had a negative impact on responsiveness. They were given too much responsibility for their level of experience and expertise
- Inexperience meant staff were not aware of existing tools – thus reinventing of the wheel was seen
- Ideally have HR professionals on the ground right from the start to support both national and international staff
Train more national staff who can easily be mobilised in emergencies

Tim Hayward from RedR-IHE looking at Darfur said that:

- There was and still is a huge demand for staff but a serious lack of people, especially managers. We must investigate the reason why
- Agencies have become more desperate and began to make compromises in their recruitment. This has resulted in dropping selection criteria over time, interviews only being conducted over the phone, and less importance placed on security and political competencies. Exceptions were made and a high percentage of first timers were recruited

The impact was that inexperienced people were allocated tasks and positions beyond their current abilities. Correspondingly there were high expectations placed both on themselves and by others for them to perform. This is not unique to Darfur, and it can be seen in other humanitarian responses. Of particular concern is that people can accept positions beyond there competency level almost as if tempted to go beyond their ability.

This in turn can mean that good people are put in positions where they are doomed to fail. And staff shortages and difficulty in recruiting lead to increasing pressure on the staff on site to stay, almost to the point of manipulation.

**Short and Long term Consequences**

- Staff will be lost through lack of support
- The poorly managed relief worker leads to disillusionment and results in high staff turnover
- Those recruited that showed promise will be lost to the system and we will not see progression into future leadership roles. This begs the question as to where our future senior managers will come from
- The impact on the work output is such that the overall quality of the work delivered is compromised, despite standards being set and a desire to raise them through accountability
- There appears to be a lack of recognition of the gap between what Head Office expects and what the individual can actually deliver

Christine Newton from OXFAM addressed the issue of talent management, the key learning points for this subject being:

Talent Management impacts an organisation’s image thus strengthening recruitment and retention – staff come to know that they are developed and invested in

- Buy in and commitment from senior management essential, and needs to be backed up with resources (both staff and budget)
- Staff to have a Performance Development Plan
- Information system set up to track staff and their development progress
- The need to show staff that skills are transferable from the corporate sector – to fight bias against newcomers
- Linked to talent management is succession planning

Oxfam was researching ways to deal with the problem of high turnover which was at around a 60% turn around every year. The solution applied to this problem was called “Global Reward” and was to address both recruitment and retention difficulties.

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2 Succession Planning: Strategically tracking end of contracts well in advance and thus planning in successors, as well as developing staff up into key positions.
One of the main reasons for this development was to address the shortage of qualified and experienced managers. It was seen as vital to develop a tool that would help train, develop and fast track up and coming managers into positions of leadership. This further supported the new role and need for a Talent Manager, whose key role would be to help ensure staff had a Performance Development Plan.

It was hoped that by further strengthening staff there would be an indirect impact on improving the image of Oxfam by people recognising that Oxfam developed their staff and invested in their people. Thus effort was placed on improving the management of personal development plans for staff across the regions.

Emergency Response Personnel
Currently Oxfam has around 50 staff employed fulltime with varied skills and roles. They are mobile groups of Humanitarian Support Personnel in the Humanitarian Aid Department. They work in emergencies all over the world on 3 to 6 month missions. It should be noted that after 2 to 4 years staff begin to show signs of wanting to settle and move to more stable posts, and when this occurs Oxfam tries to accommodate by shifting staff within the regions or within the Humanitarian Aid Department.

Finally, Chris Bressey from Bioforce had a few challenging questions and observations:

As an outsider and businessman – what questions would be asked when looking at the humanitarian set up?
1. How can you even think about ROI in a profession that talks about ‘donors’? Is it not better (more comfortable) not to think about ROI (Return on Investment)
2. We talk about retaining staff; why don’t we talk about burnout? Should we try and retain people? Is it moral?
3. What does this profession need to protect so much? Massive NIH3 problem

Structural Problems
1. Putting out brushfires – reaction styled management instead of proactive. We need to ask how we can move to the point where we are not always fire fighting
2. High staff turnover. Why and how can we address it?
3. No planned training for managers.
4. Project-oriented financing:
   a. Good project management
   b. But Poor Head Office management
5. 20bn$ spent on consultants4. What does this tell us?

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3 NIH: Not Invented Here  
4 Figure quoted from an Action Aid Report

For the authors, it would be unrealistic to consider staff turnover as a purely negative phenomenon. It is actually considered by economists to be a necessary component of an efficient labour market and can be beneficial to an organisation in several ways, for example with increased productivity by ensuring better matches between jobs and workers.

The article reports on the other hand that for nurses in the UK, the average efficiency loss over the first 6 months of employment was estimated to be 30%, climbing to 50% in some cases.


This article suggests that in approaching turnover, there is a need to seriously distinguish between voluntary and involuntary turnover, arguing that turnover was inadequately labelled as a “money-sucking evil”, “turning turnover reduction into an end it itself while disconnected from business outcomes”. To illustrate the case, the author gives the example of the SAS institute, a successful company where, while voluntary turnover is low, involuntary turnover is much higher than in the rest of the sector. The article implies that most companies experience a general managerial reluctance to discharge poor performers, partially for fear of employee lawsuits.

The author argues that “optimal turnover is not the lowest turnover you can achieve. Optimal turnover produces the highest long-term levels of productivity and business improvement.” Here as well, there is an advocacy for actively differentiating approaches towards high and low performers, reducing turnover rates only for those the organisation wants to keep. The article also notes that turnover can be beneficial to companies when it allows them to hire younger staff at lower salaries to replace retiring employees.
This document explains that global networks have an advantage with their internal job market which allows more mobility to their staff, even though this potential is not always used to its full potential. Project based funding is presented as a constraint for the investment in managerial capacity and training, especially for smaller agencies who often rely on institutional donors for most of their budget and have therefore less flexibility in the allocation of resources, a disadvantage for retaining staff. Size is also seen as making the development of policies and streamlining procedures more time consuming for smaller agencies.

According to the author, volunteerism is part of the identity of some agencies and helps to build commitment to a certain vision in agencies like MSF but it requires strong motivation for the volunteers. This is not a problem to find first timers but rather to retain them and transform them into managers.

The author observes that even though the sector relies on its staff for the success of its operations, and expects them to work hard in difficult circumstances, it doesn’t have a good reputation in terms of their treatment, something that ALNAP clearly describes as an unsustainable approach for the development and retention of a pool of qualified and experienced aid workers.

The paper also discusses the question of using expatriate workers or national staff. While expatriates might sometimes be necessary, their presence is also associated with problems such as high turnover, poor knowledge of local realities, lack of cultural sensitivity and tensions resulting from expatriate lifestyles.

The duration of missions is also discussed and some reasons behind the limited duration of assignments are presented.

- Funding constraints preventing the signing of longer contracts
- The necessity to include periods of rest in between assignments
- The perception by engineers or other specialists that staying away too long from their home environment would preterit their market value
- Use of short missions with experts or consultants
- Injecting fresh blood and new ideas

It is however reminded that short missions often have a negative impact on the quality of humanitarian assistance.

This document underlines several weaknesses in HR management for humanitarian agencies, warning that the donors’ tendency to squeeze overhead costs to the minimum is impacting on the funds that can be allocated for HR purposes. It also says that few agencies have qualified HR personnel and career planning is difficult because of the project based funding. The author warns that cheap HR management shouldn’t be an option for relief aid agencies as it would put their very existence at risk. But in order to adequately plan, the author reminds that it is necessary to have data and statistics to guide choices and monitor the evolution of the situation. There should certainly be an incentive to act in this field as, according to surveyed agencies, questions related to recruitment and retention of staff top the agenda of their key concerns.
The document underlines that in order to build loyalty, base pay is not the determining factor, but rather efficiency, ethics and the professionalism of an agency.

One of the problems with HR management in humanitarian agencies is that it is often seen as a service department of secondary importance vis a vis operational desks and it is therefore not given the importance and attention it deserves.

The paper says that recruitment and retention of experienced managers remains the most burning issue for relief aid agencies. It also underlines the importance of managing handovers well, considering that rotation of staff is usually rapid in the field. In this respect, the tendency to start recruitment “at the last minute” is criticized, even though this can result from insufficient resources allocated to HR.

The report warns against designing unrealistically demanding profiles and job descriptions. It also mentions the differing approaches of French and Anglo-Saxon agencies, the former resenting the tendency of the later not to invest more in hiring and training first timers.

Taking a closer look at the case of program managers, the author notes that this category of personnel is difficult to find because of the high turnover rate and the characteristics of the sector. Indeed, managers are often at an age where familial consideration or burnout tend to force them out of the sector.

To avoid this problem, increased reliance on local staff and their development for international positions are seen as a possible answers.

Concerning the terms and conditions of service, the author says that for those engaged in the long term with humanitarian agencies, benefits are more important than pay. They can include tax free salary, health and retirement benefits, allocation in case of return, longer holiday, baggage allowance, per diem, insurance or facilitating accompanied status.

It is also reminded that good people management, appraisals, preventive measures to deal with burnout and security, as well as adequate psychological debriefings are part of good HR management.

Addressing more specifically the issue of turnover and retention, the author says that investing in retention is more cost effective than continuously recruiting new ones. Among the reasons behind turnover, he outlines:

- planning weaknesses
- poor information systems
- lack of management support at field level
- conflictual atmosphere
- Poor involvement of staff in decision making
- Lack of transparency in management
- Stress and burnout
- Poor management, presented as the crucial factor in deciding people to stay.

The case of the British Red Cross is presented, with a strategy where staff is rewarded for
his experience and performance with challenging roles, possibilities of personal development, relevant training and support for career planning. The BRC admits it cannot provide continuity of employment but endeavours to ensure the continuing employability of its staff.

The author suggests that agencies could start discussing the following mission with their longer term staff (+12 months contract) 3 to 6 months before the end of mission, at least to flag the interest of the agency in continuing a collaboration.

Reflecting on ideas for a retention strategy, the author advises to pay special attention to:
- the importance of the induction period
- developing a sense of belonging to the organisation
- avoiding information overload
- creating a career development plan
- using mentors
- favouring flexibility

He also underlines the importance of having a coherent training policy, and the need to invest in training, even though high turnover can discourage agencies from investing for fear of losing their investment.


This article shows that even for jobs that do not require very elaborate skills, a retention strategy can positively affect the engagement, turnover and ultimately financial performance, especially, for positions that involve interaction with customers.

When a significant share of employees only stays for a limited time with a company, it is, says the article, often the symptom of underlying problems that need to be identified in order to determine what the most adequate measures would be.
Based on interviews with humanitarian practitioners, this paper argues that while staff turnover is widely considered as a problematic issue for the humanitarian sector, it is still mostly an unaddressed issue. According to this paper, there are some difficulties in directly applying turnover corporate analysis to the humanitarian sector. Because most NGOs still largely rely on fixed term contracts, turnover rates are bound to be of little use for any analysis. Furthermore, on top of problems related to organisational turnover, humanitarian agencies suffer from the process of rotation or “churning”, whereas even those with open ended contracts change from one assignment to the other, often on a yearly basis. For the agencies which participated in the research, the average duration of a mission goes from 5.2 months (MSF-France) to 10.1 months (ICRC). The third issue is that the highly unpredictable staffing needs related to the difficulty of forecasting humanitarian crises adds the problem of surge capacity to already serious HR problems.

Describing the specificities of the sector’s workforce in relation to turnover, the author says that whereas aid workers usually enter the sector when they are young and still mobile, they are often faced after a few years with private choices, mostly related to family issues that can force them to leave the sector, or at least make them a lot less mobile. As a result, humanitarian agencies are confronted with difficulties in filling middle management positions with adequately skilled and experienced staff. Therefore, they can be forced to compromise when recruiting or increase the speed of internal promotions without allowing the necessary time to build experience, which can result in increased mistakes and burnout. According to the paper, difficulties are worse for smaller agencies who have less possibilities to offer internal promotion to their staff and are therefore more likely to lose them to other agencies. Similarly, agencies which strongly rely on volunteers often end up losing them to other agencies or sectors of activity.

The paper acknowledges that turnover and staff rotation can have positive outcomes for an organisation, with MSF openly claiming to welcome high turnover. Among the positive impacts, the following points are listed:

- By allowing breaks in between assignments, rotation of staff can allow to protect aid workers from burnout.
- Exposing staff to different contexts over a short period of time can support the development of experience and also allows this experience to travel and cross-fertilize with others.
- Limiting the duration of assignments can help to bring new blood and new ideas in a given context while ensuring the preservation of neutral and impartial analysis and action.
- The use of fixed term contracts can allow more flexibility to adapt staffing to operational and funding levels.
- Rotating staff and turnover provide more opportunities for career advancement.

Even though only limited data seem to be available to illustrate the cost of turnover in the humanitarian sector, financial and non financial costs are considered to be high by HR officers. According to the paper, financial costs include:

- Costs and time related to the recruitment, selection and training of new staff
- Costs related to departure, such as medicals, visas, briefing, handover or flight tickets. These costs are always incurred but will be higher when staff rotation is quick.
- Separation costs with debriefing and administrative procedures are also mentioned.
It is argued that non financial costs or indirect costs are those most expensive for relief aid agencies. They include:

- The impact of role overload and open vacancies on staff morale.
- Initial inefficiency, mistakes and short productive time incurred by frequent staff rotation.
- Loss of knowledge, especially informally captured knowledge and the negative impact on the continuity of programmes.

The author considers the impact of rotation in emergencies as less detrimental because it is more common to use substitution approaches in such cases.

In its analysis of the main causes of voluntary turnover, the following reasons are advanced:

- Quality of life: working in conflict areas with a heavy workload, limited comfort and privacy is seen as lifestyle that is accepted only for a certain amount of time by most aid workers.
- The aspiration to having a family is often incompatible with the realities of field based life.
- Many young adults see their engagement with the aid sector as a limited period of their professional life. Others can give up for lack of career opportunities.
- Then, dissatisfaction with the relief aid agency is also presented as a factor leading to resignation. Possible causes include diverging values between employee and employer, lack of support and transparency on the side of the agency and inadequate management.

To tackle the issue, the paper recommends to start by an analysis of the situation at agency level in order to identify problems, their causes and design an adequate strategy as a result. Among possible options to be considered to improve retention, the author proposes to look at:

- Strengthening and widening recruitment, so that all agencies allow and invest in training “first timers” at sector level, acknowledging potential as well as experience and putting as a result more effort into developing their own pool of managers.
- Investing in the induction and orientation of new employees in order to facilitate their integration by explaining the technical language and jargon of the organisation, helping to understand the values, power structures and unwritten rules of the agency.
- Providing acceptable terms and conditions of service.
- Making sure employees know they have a future in the organisation and identifying career development paths.
- Offering more possibilities for development and training of staff, including outside the agency.
- Increasing the average duration of missions, or the duration of contracts (even if it covers two assignments), as a way to diminish job insecurity and make assignments more interesting and fulfilling for aid workers.
- Better supporting field based staff and improving recognition and motivation.

Recognising that a certain amount of turnover can be healthy, and that the influence of agencies on voluntary turnover can be limited, the paper also underlines the possible role of learning and knowledge management in mitigating the negative impacts of excessive turnover and staff rotation. The accent is put on helping to map learning needs through the identification of knowledge domains and knowledge sources, both explicit and tacit. Among the key learning processes, the role of organisational induction, briefings and handovers is underlined. Peer support, communities of practice and mentoring are also presented as useful tools. Finally, the paper insists on the often underutilized capacities of local staff who have a much better and comprehensive institutional memory of the history and action of their
agency in a given context. The paper warns against the dangers of designing a predominantly IT based knowledge management strategy and underlines the importance of knowledge transfers through social processes.

While recognising the lead role of agencies in tackling the issue, the paper also underlines the interest donors have in improving the situation and the role they could play, among other things by reviewing the issue of the amount of training within overheads.

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**Mercer Human resources consulting, (2004)**

*“Communication: the key to retaining your workforce”*

[www.mercerhr.com](http://www.mercerhr.com)

This document warns that “with turnover costs ranging anywhere from 50 to 150 percent of annual salary, compounded by the skills shortage and the ageing workforce, Australian businesses will need to move quickly to shore up what many people consider to be the most valuable of resources.”

To do this says the report, “smart employers will need to focus on the factors that keep employees committed and motivated in their jobs”. Commitment is said to be important because it allows employees to perform, and because it is becoming hard to replace workers.

The report quotes an earlier study from Mercer as showing that the 5 key factors influencing commitment and motivation were:

1. Being treated with respect - 85%
2. Work/life balance - 79%
3. Providing good service to others - 74%
4. Quality of work colleagues - 74%
5. Type of work - 73%

On the other hand, base pay only gets 65% of the votes and variable pay even less at 34%.

Communication seems to be a key factor, but the employee's relationship with their manager, their pride in the organisation, a sense of fairness with regard to pay and the effort they are asked to deliver in return for that pay, and a sense of opportunity – are also key factors. Proximity communication, that of direct managers is seen as more influential than that of the broader organisation.
MUKASA Sarah, (1999)
“Are expatriate staff necessary in international development NGOs?
A case study of an international NGO in Uganda”
CVO international Working paper 4

This paper aims to analyse what added value expatriates bring to international development NGOs and what potential problems their use can create. The first basis in questioning their utility is the comparatively high costs they incur compared to national staff, especially considering that often, their presence is donor, rather than needs driven. Furthermore, the author says that often, expatriates fail to transfer skills to national staff and are often concerned with short term outcomes that will impress their HQ rather than long term benefits.

In her case study, the author describes how frequent turnover of expatriates could result in a lack of cohesion among project activities or their continuity, as new activities were often added to reflect the interests and expertise of new expatriates rather than after an analysis of local priorities. Frequent change of expatriates is also said to make it difficult for staff to clearly understand their role, as it would change from one expatriate to the other. As a result, ownership was also weaker. Further problems related to the presence of expatriates were mentioned including limited cultural awareness and lifestyles which could alienate them local support.
“Itchy feet, a research on employee loyalty”
www.e-penna.com

This UK based report argues that a new type of employee is emerging in the market, characterized by less loyalty, being continuously looking for a better job opportunity and his younger age. “Old fashioned loyalty just doesn’t exist anymore” says the article. This argument is based on a survey outlining the fact that over two-thirds of employees are keeping an eye on the job market for new opportunities. The article argues that the reason for this fading loyalty is that companies have failed to show loyalty in the first place.

This doesn’t seem to be the result of a long term lassitude with the job since the paper states that within just six months of starting a new job, almost half of employees started seeking another job. The historic low unemployment is seen as a major influence for this as it widens the range of opportunities. But careless employers who show no interest to what matters most to employees – developing and growing in their jobs – are also seen as a major reason. The research on which the article is based shows that the key factors employees would consider as retaining factors are:

- Developing a retention policy
- Enhancing internal communication
- Exploring the needs and aspirations of staff
- Use the findings to construct jobs that challenge individuals
- Set clear objectives to allow measuring progress
- Recognise good performance and progress
- Recognise that helping people to leave at the right time is a positive
The principles of the code are the following:

- Human Resources Strategy: Human resources are an integral part of our strategic and operational plans
- Staff Policies and Practices: Our human resources policies aim to be effective, fair and transparent
- Managing People: Good support, management and leadership of our staff is key to our effectiveness
- Consultation and Communication: Dialogue with staff on matters likely to affect their employment enhances the quality and effectiveness of our policies and practices
- Recruitment and Selection: Our policies and practices aim to attract and select a diverse workforce with the skills and capabilities to fulfil our requirements
- Learning, Training and Development: Learning, training and staff development are promoted throughout the organisation
- Health, Safety and Security: The security, good health and safety of our staff are a prime responsibility of our organisation

This article reports that an audit conducted among people who left the UK public sector found out that the main reasons behind departure were:

- 80 per cent blamed bureaucracy and paperwork, saying they had been given too many targets and their work was increasingly driven by what could be measured instead of what mattered to service users

- 70-plus per cent blamed a lack of resources, excessive workload and long hours; and many were stressed out by the sheer pace of change, coupled with a sense of being undervalued by government, managers and the public

The article also says that two of the measures taken by the NHS were first to allow staff to better manage their work/life balance and then try to better and earlier identify and address work related stress.

On the other hand, the police, which is also vulnerable to stress factors draws attention to the fact that "A lot of cops may not want to talk to their local HR managers, who are employed by the organisation, because they feel they are admitting weakness when the job requires them to be tough on a daily basis. Offering external and confidential support is therefore seen as an important mitigating factor. Special attention is also devoted to those who have been exposed to traumatic incidents."
PRICE WATERHOUSE COOPERS, (2005)
“International assignments : Global policy and practice, Key trends 2005”,
www.pwcglobal.com

This report mentions that “assistance provided to spouses continues to be an important factor for dual career couples.” A previous survey highlighted that 59% of respondents considered that the management of dual careers was the fundamental reason for refusing an assignment.

RAIKES Lucille and VERNIER Jean-François, (2004)
“Rewarding and retaining key talent: are you ready for the recovery?“
www.towersperrin.com

This article states that “attracting and retaining key talent is considered as a key strategy to achieve financial success”. This task might well becoming more and more challenging, because of several factors: With the retirement of baby boomers, the labour force will stop growing around 2010. This or rapid economic growth might provide the significant proportion of staff already waiting to change employers the right opportunity to do so.

This article argues that both financial and non-financial incentives are required to retain employees. It distinguishes between reward elements needed “to play” (mostly pay and benefits) and those needed “to win” (career advancement opportunities, colleagues). In fact, the focus should, according to the article, be on high performing employees. The first task is to identify them, preferably with multiple source feedback and ratings consistently applied across the organization. The role of line managers in identifying these talents is key and therefore, they should be provided with adequate training for coaching staff. It is also argued that segmenting the analysis driving people to stay with the organization should take into account specific reasons related to different groups, among which high performers. Similarly, it is argued that rewards should be differentiated according to the performance, including for non cash rewards.

REDFORD Kirstie, (2005),
“Trends: job hopping”
www.personneltoday.com/Articles/2005/12/06/32883/Trends+job-hopping.htm

This article informs that “recent research in the UK shows that nearly a quarter of staff expects to spend a year or less in their job. Another half plans to move on within less than three years.” While staying too long in the same place can be suspicious to employers, the article also says that continuously changing can also be detrimental. It quotes an executive as saying “You need to give yourself the chance to learn the job, which can take at least six months, and then learn to do it effectively, which takes at least another two years.”
This report supports previous findings that “traditional resourcing practice, with many staff employed on short term contracts have inhibited skills development, individual and organisational learning. It says that “rapid staff turnover, especially amongst expatriate staff, and the widespread use of short term resourcing is one of the main constraints on both staff capacity building and organisational learning and has ultimately negative effects on the quality of humanitarian relief programs.

It identifies “growing the skills base” as a major concern for humanitarian organisations. It also links slow sector and organisational learning in the humanitarian sector to agencies' human resources management practices. It draws attention to the current shortage of staff, especially at programme manager level, which leads to competition for staff between agencies. At the same time, the report argues that so far, “there does not appear to be a consensus within the sector on what constitutes quality in humanitarian action, and hence the skills and knowledge required”, even though ECHO identified management skills as the top priority.

According to the report, staff turnover, together with funding instability and the related job insecurity of aid workers is one of the points preventing organisation learning from happening. Volunteer agencies are seen as especially vulnerable because when they have no prospect for further work in this agency at the end of their assignment, staff invest time in finding their next job rather than in learning. Turnover is also considered as preventing the acquisition of institutional memory and it is also identified as a reason inhibiting attempts to mainstream

The report reminds ALNAP’s suggestion that turnover can be addressed both by looking at ways to improve retention and efforts geared towards preserving learning and knowledge in the face of high turnover. It also reminds ECHO’s criticism of over reliance on expatriates, notably because of their higher turnover.

Research conducted for this report shows that participating agencies' strategies for achieving wider humanitarian impact included increasing the number, scale and scope of emergency response, as well as the rapidity of the response through improved surge capacity.

Looking at the impact of turnover, the report, based on the conclusions of EPN seminars, relates the reasons behind turnover to the culture of short contracts creating job insecurity. Short contracts are seen as causing an administrative burden on top of additional costs. But they are also seen as an obstacle to staff development, good people management, continuity of programmes, handovers and programme learning. Turnover at programme level is seen as less detrimental than that at organisational level, as in the later case, knowledge is lost for the organisation altogether.

Still referring to the conclusions of EPN seminars, the paper reports calls for agencies taking their responsibilities in growing and developing their own programme managers as a response to the current skills shortage. Turnover is also connected to problems in the rapid response capability. In this respect, the use of collective registers, development of a larger pool of aid workers and “doing more to attract first timers in emergencies” are mentioned.

The report also gives some space to a case study of Oxfam’s resourcing and reward model,
introduced in 2003-4 with the aim of developing longer term careers within the organisation.

Developing humanitarian staff capacity is seen as having two components: the size of the pool of skilled and experience people, and the level of skill

Stated objectives at Oxfam were to:
- expand the talent pool and develop management skills
- embed performance management, as a key component of staff development
- enable secondments, to gain experience in different types of programme and country contexts
- develop global mobility to aid redeployment and career development
- reduce staff turnover.

Some of the methods included:
- Dissociating duration of contract from project funding
- Branding staff development and career opportunities as part of the total reward package
- Talent management
- Improving mobility by streamlining pay and grading model, and providing additional career development opportunities for national staff.

In spite of the fact that the initial focus was on long term development contracts, the evaluation of the situation is reportedly encouraging, with the proportion of world wide staff on long term contracts doubling and staff turnover reduced from 70% to 32 % between 2001 and 2005. It shows that the use of long term contracts at Oxfam has helped to significantly reduce turnover, something that could be emulated elsewhere. Finally, it is noted that mobility and surge capacity improved.

Looking at other organisations, the report explains that for emergencies, larger agencies are helped by their capacity to maintain development programmes in disaster prone countries, which allows for quicker intervention in case of a crisis. Several agencies mentioned the importance they put in seeing emergency programmes being led by internal managers,
which is related to the importance knowing the organisation’s rules, procedures and values has for being an efficient programme manager. There is also a preference for using own staff in the emergency phase, and the question of expatriating experienced national staff seems to deserve further reflection. During the second phase of an emergency, agencies seem ready to provide an opportunity for “first timers” to gain experience and help expanding the pool of humanitarian workers. In terms of resourcing and reward system, career planning is seen by UK organisations as a way of increasing the use of long term contracts and increase retention.

The author says that funding is frequently mentioned as an issue affecting INGOs' resourcing options and capacity building. Smaller agencies in particular may be more reliant on official donor funding, and have less access to unrestricted funds to invest in long term staffing and training. This has led to suggestions that agencies should press for more donor funding to enable increased staff capacity building, thus helping to reduce turnover. Citing examples, the report concludes that funding for staff development can be secured from donors or allocated by those with good access to unrestricted funds.

Even though turnover is often perceived as an unavoidable annoyance by smaller agencies or those relying on “employment at will”, the report says that there is growing conscience in the humanitarian sector that high levels of turnover are negatively impacting on the performance of relief aid agencies.

The report concludes by saying that if increased use of long term contracts can help reduce staff turnover and result in staff better understanding their organisation’s policies, such a solution also requires improving human resource management to better deal with matching skills and career development. The author also calls for major donors to do more in order to help facilitating a sector wide response.

SUNG Johnny and ASHTON David, (2005),
“High performance work practices: linking strategy and skills to performance outcomes”
www.cipd.co.uk/subjects/corpstrtgy/busiperfm/dthpwprac.htm?IsSrchRes=1

The article presents “High performance work practices” (HPWPs) as a set of complementary work practices covering three broad categories:

- **High employee involvement practices** aiming at encouraging a greater level of trust and communication between employers and employees through involving them more in the organisation and empowerment. Common practices include circulating information, staff association, staff surveys or self managed teams.
- **Human resources practices** target the creation of skills within the organisation through practices such as appraisals, job performance feedbacks, review of training needs, training or mentoring.
- **Reward and commitment practices** aim at creating a greater sense of belonging and commitment to the organisation. Such practices include performance pay, flexible job descriptions, job rotation, “family friendly” policies or non-pay benefits.

This paper suggests that there is a correlation between the adoption of such practices and financial performance, as well as competitiveness.
The report distinguishes between rational endurance and engagement, arguing that the former is not good enough for long term success. For the authors, engagement is “the extent to which employees put discretionary effort into their work, in the form of extra time, brainpower and energy.”

Building this engagement is supposed to be a process that needs to be continuously updated. In a sense, the report says that retention is not the key, but rather the degree of commitment of staff. Full engagement demands both emotional and rational engagement. “Employees need the will: the sense of mission, passion and pride that motivates them to give that all-important discretionary effort. And they need the way: the resources, support and tools from the organization to act on their sense of mission and passion.”

Emotional engagement is seen as a key factor to retain those people who are most critical to an organization. Unfortunately, says the report, so far, employers are better at building rational engagement rather than the emotional engagement.

Looking at differences between industries, the report outlines that engagement is higher in the non-profit sector, explaining this by the fact that “people tend to be drawn to this sector from a sense of mission and passion, rather than from any prospect of high pay or wealth accumulation.” Here again, it is underlined that while pay might play a role in attracting or retaining staff, it has little importance in driving engagement itself.

Among the factors seen to influence engagement, the nature of people’s work is given a significant place, as the desire for challenge is the second most influential factor according to employees. But what is seen as the most important factor is senior management’s interest in employee’s well being. In this respect, communication and credibility to maintain trust are keys. Another important factor is the way decision making authority is managed, whereas higher levels of involvement and control produce more engagement. Finally, customer focus on the company’s side is also seen as an important point, just before career advancement opportunities, something were employers are poorly rated in this survey.

Engagement and financial performance are said to be linked with the assumption that people’s level of engagement would positively influence financial performance, something that was supported by research. We see here that these measures have a positive effect on engagement, which in turn helps in dealing with customers and ultimately financial results, as well as reducing turnover.

The report states that analysis of the relation between engagement and turnover reveals that while engagement has a positive effect on retention, half of those who acknowledge being disengaged have made no plans to leave their current job, which is worrying for the performance of such organisations and overall morale of their staff.
Then, the survey shows how 10 elements are rated for attraction, retention and engagement of employees. Pay and benefits can be seen as a line of defence, the “needed to play” elements in managing the workforce and are seen to play a role in attracting and to a certain extent in retaining staff. On the other hand, they play no role in engaging them. In this case, it is the work environment and learning and development aspects which are the most important factors. Those “needed to win”. In other words, pay and benefits are necessary to attract and retain staff, but not sufficient to engage it. This is especially true for the in-demand talent who always have the most job options and, hence, bargaining power. Actually, the study shows that to a large extent, employees don’t believe that company rewards top performers more than average performers.

In its conclusions, the report advocates for a number of key measures to be taken:

- Build sufficient flexibility into the employment cycle and experience to emphasize different rewards and cultural elements at different stages of the process. Pay and benefits can be helpful to attract employees, but not afterwards.
- Put mechanisms in place to ensure that all employees can see and understand senior management’s concern for them collectively and its vision for the future of the organization.
- Set clear expectations for managerial behaviour and hold managers accountable for that behaviour.
- Seek creative ways to make jobs more challenging and improve opportunities for advancement
- Give employees education and tools to increase their business savvy.
- Ensure that employees have the right information and education to become informed consumers of the full range of workforce “goods and services” available to them.
- Measure the impact of HR measures as well as follow key indicators

UNITED NATIONS, (2005), “Humanitarian response review”

Reflecting back at the humanitarian response capacities of the global humanitarian system,
the review mentions in several occasions staffing issues as a factor negatively influencing the performance of the sector, something that is generally recognised as a problem. (United Nations 2005)

It says that “In the area of human resources, major shortcomings in managerial capacities are acknowledged. Recruitment policies, in particular during emergencies, fail to provide, in a timely fashion, the number and quality of required staff.” It adds that “Training within organizations, in general, is limited in scope and number of dedicated hours.” However, it also notes that the performance of humanitarian agencies also often depends on external factors (for example security and political developments) upon which they have no influence.

In the analysis of the problems, it notes that “staffing has been identified as a serious weakness, especially the recruitment and retention of experienced staff with managerial skills.” Moreover, “Certain categories of personnel seem to be less of a problem to recruit than others. The geographic area and the nature of the emergency will often determine how successful organizations will be in attracting the required personnel.”

More generally, the report underlines the general lack of trained and experienced personnel, noting that most organisations rely on professional staff, with about 25% relying on volunteers. It is therefore not surprising that the report should also note that “When recruiting expatriate staff, many organizations are often recruiting from each other or are tapping into the same resources, such as through short-term secondments.”

In terms of surge capacity for emergency, it is therefore also logical to reach the conclusion that “there are simply not enough people with the right experience available quickly.” And the fairly poor performance in Darfur can therefore, according to the report also be related to the lack of actual capacity.

The report also has comments for donors, noting that they have “high expectations on quantity and quality of results in humanitarian action” but provide only very limited support to the preparedness of the organizations.

In its recommendations, the report encourages “a review of policies (recruitment, training and rules of assignment to emergency missions) to boost capacities, in particular at managerial, sectoral and field levels.” While it recognizes that local hiring can be effective, it notes that it needs to be coupled with the anticipation of the need for some training.

At sector level, it calls for further sector integration, suggesting that agencies, especially the IASC HR working group, develop a more systemic personnel approach, and it advocates for the appointment of lead agencies within each network to liaise with the IASC working group. In terms of surge capacity, it proposes to “establish at field level, under the supervision of the HC, an appropriate mechanism to facilitate the exchange of personnel and staff on loan, among the organizations, during the emergency phase of an operation.”
This article says that many people use voluntary turnover rates and even though it seems like a logical and appropriate indicator of employee loyalty and satisfaction, the results of this measure can be interpreted in a variety of ways. The author argues that using a hard measure like this without putting it in context could end up being extremely misleading. “The difficulty comes in deciding what level of employee turnover is appropriate. One organisation could have a high rate of employee turnover in an area they are thinking about downsizing; another could have a low turnover rate but the people they are losing are the ones they desperately need to keep.” The article concludes by saying that whatever an organisation decides to measure, it should be contextual to its workforce.