

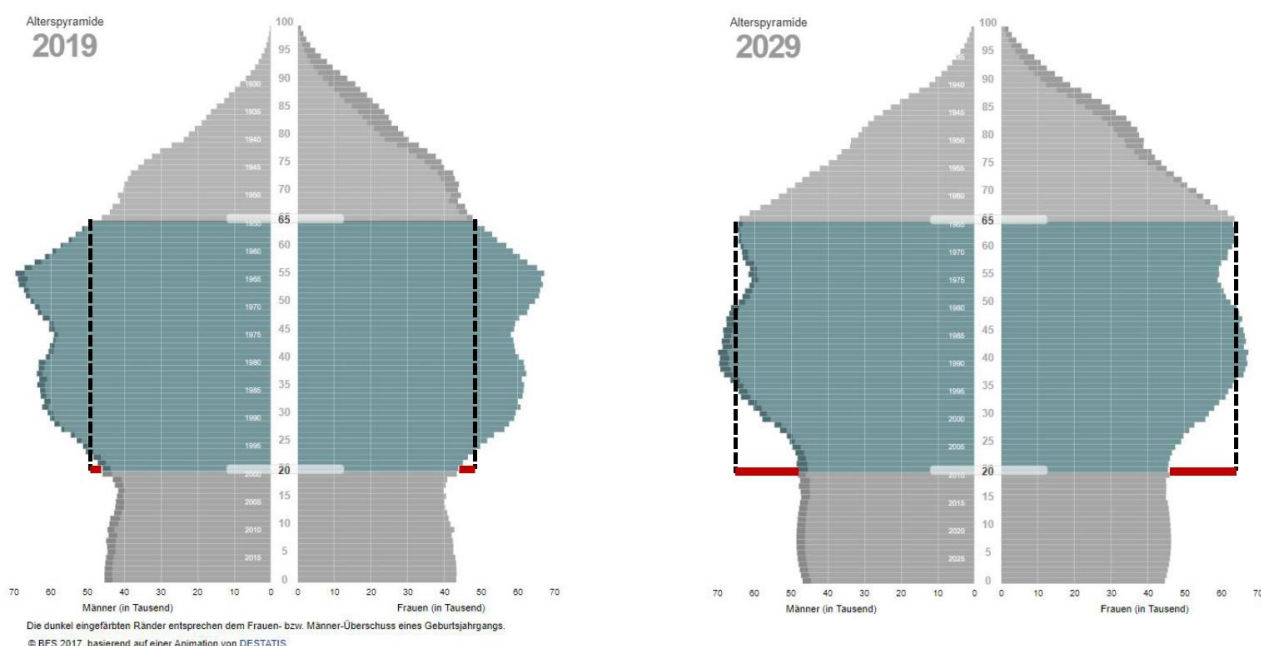
Employee Retention

by Reto Dorigo, November 2019

What does a pond have to do with employee loyalty? A lot, as the following question shows: What is your first action when you want to fill a pond? Most people probably think about filling the water in. First of all, the floor must be covered with plastic to prevent the water from seeping into the floor! It's actually logical and yet many employers still behave the other way around. New employees are hired again and again in the event of high fluctuation. A better solution would be, as our pond example shows, to prevent water draining off in order to retain the best people in the company in the long term through employee loyalty and employer attractiveness. Sustainability is therefore also of crucial importance in this context.

Why is it now so important to be an attractive employer and to be able to keep employees in the company? Demographic change is reducing the number of young people entering the labour market. In addition, the increase in age-related departures will exacerbate the situation. The result is a progressive increase in labour shortages. Over the next 10 years, the labour market will be short of around 0.8 million people, which can be reliably calculated from the birth rates of future job entries and exits. If the demand for labour remains constant, there will be about 800,000 vacancies in 2029.

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Today, the labour market comprises around 5 million occupied positions. Of these, approximately 3.6 million positions are filled by Swiss nationals and approximately 1.4 million by foreign nationals. In 2029, every sixth of today's positions will become vacant and cannot be reoccupied. By 2039, it will be every fourth position. The Federal Statistical Office (FSO) assumes that this deficit can be reduced at least slightly by immigration. The FSO assumes a positive migration balance (difference between the number of people leaving Switzerland and those moving to Switzerland) of 30,000 working people per year. Thus, by 2039, there would still be 700,000 vacancies that could not be filled. That's more than three times as many as today.

The transformation from an employer to an employee market has already begun. In the future, employees will increasingly be able to select the most attractive companies for them. For companies that do not recognise this in time, the situation in the employer market will be difficult. What can be done? One thing is clear: it takes a strategy to be successful. First of all, a clear goal should be defined before executives and personnel management take any action. If you want to increase the attractiveness of your company as an employer, you should first strengthen the retention and identification of existing employees. In this way you can convey an authentic picture of your company on the job market and attract new, suitable employees.

How can you increase employee identification? For example, by strengthening emotional ties, because employees who feel strongly attached to their employer are only half as often absent from the workplace as those who are not. A common method of employee retention is the awarding of benefits, remunerations and allowances. Of course, they have to stand up to the comparison with your competitors in the labour market. However, it should be borne in mind that these are only "hygiene" factors that lose their attractiveness over time because they are regarded as usual/given. In addition, rituals and the promotion of networking can also be used to achieve employee retention. A commitment based on a feeling of obligation can also be created, for example, by investing in the employee's further training. The HR department can only distribute employee retention measures such as company kindergartens, work-life balance, company parties, health management or high-quality canteen food according to the scattergun principle. Individual employee retention, however, is primarily a management task. The future viability of companies depends to a large extent on whether and how you succeed in retaining, profiting and motivating your employees. It is therefore good to know that the most efficient of all measures is also the most cost-effective: The leadership behaviour of direct superiors.



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