SPECIAL FEATURE

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Strategies for Improving Employee Retention

ABSTRACT: This article proposes a solution to the perennial problem of talent retention in the clinical laboratory. It includes the presentation of 12 strategies that may be used to significantly improve institutional identity formation and establishment of the psychological contract that employees form with laboratory management. Identity formation and psychological contracting are deemed as essential in helping reduce employee turnover and increase retention. The 12 conversational strategies may be used as a set of best practices for all employees, but most importantly for new employees, and should be implemented at the critical moment when employees first join the laboratory. This time is referred to as "retention on-boarding" — the period of induction and laboratory orientation. Retention on-boarding involves a dialogue between employees and management that is focused on the psychological, practical, cultural, and political dimensions of the laboratory. It is placed in the context of the modern clinical laboratory, which is faced with employing and managing Generation X knowledge workers. Specific topics and broad content areas of those conversations are outlined.

The retention of quality employees in the clinical laboratory is a major concern. Much has been published in the professional literature about staff retention in recent years, but the problem of the departure of qualified staff remains unsolved and, for the most part, solutions continue to elude the laboratory industry. Attempted interventions include increased compensation, empowerment of employees, taking additional time to ensure that the right people are hired, demonstration of attentive management, elimination of consistently poor performers, and the provision of superior training programs.[1-5] Once students are accepted into an academic program, the competition soon begins to hire them to fill clinical laboratory positions. With the shrinking graduate pool, institutions with program affiliations are placing increasing emphasis on participating in clinical laboratory rotations. Every student-training contact hour becomes a recruitment opportunity. Understanding the factors that influence Medical Laboratory Science (MLS) graduates looking for employment may help others determine which student recruitment activities are most effective.

This article provides a framework of 12 strategies that may be used to address the employee retention problem. The strategies may be used as a set of best practices for all employees, but most importantly for new employees, and should be implemented at the critical moment when employees first join the laboratory. Appropriate use of the strategies may significantly improve the psychological well-being, loyalty, and long-term job satisfaction of laboratory employees.

Current Situation

The clinical laboratory industry continues to consolidate. In many cases, hospital systems have created a central core laboratory that serves a network of affiliated hospitals, each of which provides a limited menu of onsite stat testing. In the greater New York City area, the North Shore Long Island Jewish Health System is a network of 15 hospitals with such a central core laboratory. Additionally, some hospital and private corporations have acquired several laboratories in a specific area and then looked for ways to combine existing services, eliminate duplication and redundancies in processes, and optimize the use of technical personnel. In 2006, for example, Quest Diagnostics purchased Focus Diagnostics, a major microbiology and immunology esoteric laboratory located in Cypress, CA. These strategic moves often lead to increased revenue, reduced operating costs, higher profit margins, improved productivity, and, potentially, improved delivery of services. The impact on employee morale and increased levels of employee turnover, however, are often ignored.[6]

It is a serious problem when employees, especially Generation Xers, perceive that management is making cost-driven business decisions at their expense. The good business reasons for laboratory mergers and acquisitions create turmoil and anxiety among employees. Such emotions cause a shift in employees' perception of the psychological contract they have with their employers, a downturn in motivation, and a corresponding psychological shift from "institutional security" to "self-security."[7,8] When this shift occurs, laboratory professionals become more concerned about personal survival than professional performance.

Lower morale and productivity, along with higher turnover, are unavoidable consequences when employees think more about their survival than their performance. In turn, high rates of turnover raise the cost of doing business for any organization. This is true for all types of professional employees and is a continuing major professional concern, especially when "knowledge workers" are involved.[9]

From the viewpoint of laboratory management, cost-reducing strategies make good business sense, but they come with considerable risk. First, as the 70 million "baby boomers" continue to age, the absolute volume of diagnostic tests will increase along with the scope and sophistication of laboratory tests.[10] Second, while there is an increase in overall test volumes, the number of technical employees who are properly trained, certified, or licensed to perform those tests continues to shrink. Third, more states are scrutinizing the standards and qualifications of laboratory employees. For example, the state of New York recently instituted a new set of regulations that requires all laboratory practitioners (i.e., medical technologists, medical technicians, and cytotechnologists) to meet state licensure standards. New York is the 13th state to implement licensure, and while existing employees are usually grandfathered and do not have to pass licensure examinations, the impact of licensure on employees entering the field has yet to be fully determined. There is also the question of other, so-called non-technical laboratory personnel, such as specimen processors and pathology assistants, whose status remains uncertain as new licensure regulations are put into effect.

The overall trends in employee demographics, test scope, test volume, and professional qualifications highlight major risks and challenges for laboratory management. Management must manage employee morale and work to contain turnover while simultaneously ensuring that they have enough skilled technical talent in place as they attempt to increase productivity and profits by consolidating services.

Clearly, the retention/turnover challenge for the average clinical laboratory is strategic. The labor pool of knowledge workers available to work within clinical laboratories will find themselves in a seller's market and able to negotiate higher incoming salaries and benefits with only a few years of actual experience behind them. They will be attractive to multiple laboratories and avidly pursued by employment search firms eager to find them new places to work.

Costs of Turnover

As other authors have pointed out,[2,3] and as our work with clinical laboratories has shown, if laboratory management ignores the retention/turnover issue, they may experience a host of problems, including the following:

- Difficulty in maintaining high quality professional standards[11]
- Rising costs of recruiting and hiring replacement staff
- People with skills and knowledge leaving to work in other, non-technical areas such as information technology
- Putting intellectual capital at risk
- Decreased employee satisfaction
- Reduced quality, resulting in reporting errors
- Disruption of ongoing customer relationships
- Rising payroll costs due to needed overtime expenses to fill the employment gap

In addition to the costs and risks already mentioned, laboratory management faces two additional business risks. First, when technical people leave, they create an immediate skill gap, putting at risk the quality and efficacy of the laboratory's performance. Second, employee loyalty is a strategic concern; as laboratory employees leave their positions and take their knowledge with them, their former facility is put at a competitive disadvantage if those employees go to a competing facility.

In summary, laboratory management must ask itself how it can simultaneously:

1. Achieve business goals

2. Sustain regulatory compliance

3. Reduce the risks of technical process interruptions

4. Prevent the loss of vital knowledge to competitors

5. Attract and retain top talent

One significant piece of the answer to those questions is to rethink and redesign the entire recruiting and orientation process by finding, interviewing, selecting, placing, motivating, and rewarding employees through a process that some call "on-boarding," but, for the purposes of this article, will be called "retention on-boarding."[11,12]

A redesigned retention on-boarding process was shown to reduce turnover by 50 percent in a 2006 study.[12] We believe that retention on-boarding can turn an ordinary laboratory into an "employer of choice" for laboratory professionals. Redesigning retention on-boarding not only addresses the problems of employee scarcity, but it also affects decisions regarding salary, benefits, professional development, licensure fees, sign-on bonuses, and shift selection. It may also address factors such as employees leaving the clinical laboratory for other related health-care professions or other laboratories and even reduce competition between departments in the same institution.

Retention On-boarding

At the heart of a redesigned induction and orientation program is a conversation focused, in part, on the needs of Generation X employees. That key conversation occurs during one of the most difficult yet important moments in a laboratory's history — the moment a decision is made to hire someone. Based on limited information and a short time frame, most managers must "place a bet" with an employment offer, and a prospective employee must decide to join the laboratory. Prior to the joint decision to both offer and accept a position, the conversations have centered around a dance of selling, assessing, debating, and choosing. The process has been both rational and emotional. But once the choice is made and a new employee agrees to come on board, the conversation shifts from mutual selling and convincing to building a relationship of mutual commitment and trust. A psychological contract must be forged that both parties believe is fair, just, and correct. At that point, the real work of retention begins.

Anyone who has joined a new laboratory knows that the first day involves intense learning. The fundamental goal of the retention-on-boarding conversation is to take advantage of the ultra-attuned mental state of the new employee. On their first day, the new employee's readiness to learn is often at its peak, and the entire day is open as a "teachable moment."[13,14]

Induction and orientation is the stage in the employment process when laboratory employees are most likely to be engaged and influenced, when first impressions may make indelible marks on employee attitudes and work ethic, and employees will be attentive and receptive to new ideas. This is a situation that will not occur with such intensity ever again in an employee's entire history with the laboratory.

During the first month to six weeks of a new hire, it is primarily the responsibility of the new employee's immediate supervisor (not the human resources department!) to ensure that the retention on-boarding steps outlined below are fully and completely implemented. The process of building organizational identity and employee loyalty begins during pre-hiring interviewing. Once an employee comes on board, it is in the hands of management to conduct the identity forming, brand building, and loyalty-inducing conversations that will bond the new employee to the laboratory for the long term.

Retention on-boarding sessions should not be handed off to the human resources department. They typically have limited understanding of the many professional and specific technical aspects of laboratory work. An excellent retention on-boarding process includes multiple participants from all levels and with various laboratory functions. It lasts five to six weeks and encourages candid, face-to-face discussions between the new employee and colleagues, supervisors, managers, and administration. It covers laboratory procedures and policies, and, as discussed below, through stories, examples, and anecdotes, it explains the strengths and continuing changes in the laboratory's role, history, values, operations, compliance, culture, and business dynamics.

Table 1 shows the essential stages, components, and conversations that should be covered during a laboratory's retention-on-boarding orientation. Management's goal during such an orientation is to develop an employee's knowledge and comprehensive understanding of the laboratory and its people. If done well, during this "teaching moment," the new employee will acquire:

1. Feelings of attachment to the laboratory
2. A sense of familiarity with the work environment
3. Comfort with his or her co-workers
4. Pride in being selected for the job
5. Satisfaction with the decision to join the laboratory

Strategies for Retention Improvement

The following 12 conversational strategies provide a framework for effective retention on-boarding. They are designed to provide an accelerated and detailed exposure to the culture, structure, and workings of the laboratory.

1. Define the Institution

Most new employees already know something about the laboratory from going through the recruitment process. It makes no sense to repeat this education during the orientation period. Once an employee is hired, management must explain how the laboratory is structured, its value chain, and even how it makes money. Emphasis must be given to how the laboratory treats its customers. The connection between the laboratory's vision and values must also be made clear. Facts, stories, and anecdotes will make the importance of these connections real and clear.

2. Explain the Structure and Systems

A clear understanding must be established in the new employee's mind about how his or her department fits into the overall function of the laboratory and what that department is expected to contribute. This includes goals, projects, timetables, deliverables, and human resources practices and policies. Policies and procedures must be made clear to show how work gets done and contributes to the laboratory's ability to meet customer needs. Both functional and professional standards must be emphasized so that new employees are taught that professional standards are not only expected, but also applied at a high level.

3. Foster Relationships with Colleagues

Meeting and getting to know one's colleagues is extremely important. It must be done at the outset of a new hire's arrival, both formally by announcing or publishing the start date of each new employee and informally by walking employees around, making personal introductions, taking them to lunch, and requesting their attendance at meetings. The key here is to make new employees feel that they are a part of the organization as quickly as possible and then to build the perception that collegial relationships count. It should be emphasized that "pulling for the team" is critical and a daily responsibility, even in the face of adversity and confusion.

TABLE 1

COMPONENTS OF RETENTION ON-BOARDING CONVERSATION

1. Define the Institution
2. Explain the Structure and Systems
3. Foster Relationships with Colleagues
4. Define Roles and Responsibilities
5. Specify Job Standards and Contributions
6. Discuss the Informal Organization
7. Pay Attention to Performance Management
8. Emphasize Career Development
9. Accentuate Professional Development
10. Create a Positive Climate
11. Highlight and Explain the Political Culture
12. Develop Metrics and Generate Feedback

Orientation meetings should discuss the laboratory's culture (i.e., its values, beliefs and behaviors) so that new employees can learn from their colleagues how to assimilate to, and eventually contribute to, the desired culture. Knowledge workers are more loyal to their colleagues than to the firm. By helping new knowledge workers establish collegial relationships, a psychological imprinting occurs and a bond is formed that increases retention as team members develop a stake in mutual success.

4. Define Roles and Responsibilities

Prior to their first day on the job, new employees will likely be aware of their expectations through position descriptions and the interview discussion, but that understanding is likely at a very high conceptual level. Now is the time to be specific and comprehensive.

It is wise to assume that employees do not know what or how to do their job. Many new employees bring substantial knowledge and experience with them, but they must figure out how to apply their skills in their new organization. In addition to detailing specific job requirements, a comprehensive explanation should include a description of:

- How their role will expand over time
- Management policies, including work-life balance, job flexibility, job rotation, and job enrichment
- The explanation that a variety of roles may be required of them, including special project work, project leadership, communicating the status of work, and perhaps liaising across departments to ensure high levels of effective and efficient productivity
- The explanation that responsibilities may include meeting accelerated deadlines, exceeding performance expectations, working late, expanding workloads, helping to reduce costs and improve quality, and working effectively with other people in ways that fulfill the requirements of institutional culture.

It is important to remember that a comprehensive explanation of roles and responsibilities always involves what and how things are done. This includes building collaborative work relationships, handling conflict effectively, disagreeing maturely, and getting along well with others. Taken together, these skills are called "emotional intelligence."[15,16]

5. Specify Job Standards and Contributions

All work must be done according to established departmental procedures. It must also meet the standards of quality set by the department management. We often assume that new employees will "learn the ropes" on their own. Effective retention on-boarding includes a discussion about what is expected of employees, including timelines, accuracy, and comprehensiveness of their work. It is not smart to assume this is understood, or that they will "pick it up." We recommend weekly meetings with management or a supervisor that both promotes the giving and receiving of feedback and enhances the relationship with new employees. This promotes the attitude that management does indeed care (and hopefully they do).

Coaching and task-training is very important at this stage; it fosters the attitude of continuous learning and improvement. It is a good idea to find an employee's limits and make the job requirements exceed them in both quantity and quality. Coach, but send the message very early on that this job will require new skills and knowledge. In short, make it clear that change is inevitable and that some responsibilities will definitely be expected to change. In addition, make sure employees have a clear understanding of the authority that comes with the job, including expenditures and commitment of departmental resources.

6. Discuss the Informal Organization

This refers to the informal relationships during work hours, such as the so-called "grapevine." The task here is to help new employees navigate the boundaries and roads of the laboratory's informal, political relationships. Managers need to encourage camaraderie and make employees feel that it is a good idea to develop collegial relationships and be a part of the department. At the same time, new employees need to know about laboratory norms and policies regarding such things as personal use of the telephone, personal relationships on the job, appropriate and inappropriate language, workplace harassment, time spent in smoking areas, and political protocols.

7. Pay Attention to Performance Management

All new employees want to know how they will be measured and rewarded. The closer an employee can see the link between effort and reward, the higher the probability (although not certainty) of satisfaction and retention. The keys here are to:

- Set clear performance goals and work standards
- Provide regular feedback and just-in-time, developmental coaching
- Offer sensitive and balanced dialogue on performance through thorough performance reviews
- Promote the message that results, institutional values, and attitude are important for success.

In general, it is better to give new employees a heavier workload early on so that they feel valued, will need to ask for help (and get it), and learn that their work is very important for both the patient and physician.

8. Emphasize Career Development

During retention on-boarding, all employees are interested in hearing about opportunities that lie ahead for them. This may include potential job expansion, salary increases, promotions, interesting job assignments, and special projects, as well as the opportunity to work with interesting people from whom they can learn and grow. Employees must be able not only to see their career potential but also to get the message that success may lead to professional advancement.

9. Accentuate Professional Development

In general, professional employees want to learn and grow. The "quality management" movement has proven this many times in the last 15 years, even in routine manufacturing jobs suitable for high school graduates. Professional development is absolutely critical to attract and retain professional, Generation X employees.[5,17] In rapidly accelerating technological areas such as genetic testing, molecular diagnostics, and information technology, "development" equates to working in a state-of-the-art, cutting-edge environment. The best way to retain knowledge workers is to pay them at fair market rates, carefully and systematically induct them into the laboratory, and challenge them with high standards of work. Then, as they reach the limits of their contribution, give them access to new skills and new organizational challenges. Provide them with experiences that stretch their skills and force them to conclude, "Only by staying here in this job and laboratory can I get the professional challenge and learning I want." The induction process must demonstrate this by its thoroughness. It will show that the laboratory values its employees, provides training and development, invests in people and teams, expects a lot from individual staff members, and emphasizes that new employees were hired because management agreed they were "up to the challenge." The fear and shame of not living up to this initial selection decision may shake out the potential "dead wood" early on.

10. Create a Positive Climate

The manager's on-boarding responsibility is to explain the reality of the climate as it is today and to describe how it is changing. All organizations have problems; clinical laboratories are no exception. There are always issues with certain employees, poor organization, or confusing priorities. Managers must realistically detail the expected workload as well as the political nature of the laboratory.

New employees often fall prey to staff gossip mongers who try to recruit them to their "cause." Even if the current climate is generally positive in nature, there may still be employees who point fingers at others, especially those in managerial roles, when they are unhappy with the work climate, project loads, and other changes. To the best of management's ability, new employees must be insulated from being infected by the rumor mill. This insulation protects new employees from becoming demoralized and worrying about whether they have made a bad professional decision in joining the institution.

One of the first questions on the mind of any new employee is, "What is it like to work around here?" Generation Xers ask practical climate questions such as, "Is there life/work balance? Is there flexibility in work assignments?" They need to know how to make a contribution, and they should be encouraged to contribute to a positive climate. We know of one facility that accomplishes this by distributing an Employee of the Month award whose sole criterion is that the selected recipient has done something to make the laboratory environment a "nice place to work." The award includes a certificate, a personal visit from senior management staff, and a prime parking spot — all little things that help to create a workplace where attitude really does matter.

11. Highlight and Explain the Political Culture

New employees need to be familiarized with the political landscape of the laboratory, the political culture, and where the power and influences lies. This will hopefully reduce political mistakes, missteps, unknowingly violating a norm, or saying the wrong thing at the wrong moment to the wrong person. This is a very important component of "learning the ropes."

12. Develop Metrics and Generate Feedback

While this does not involve a specific conversation, an essential component of improving employee retention is being able to measure and analyze physical data. This requires that retention rates are consistently measured and differentiated by employee level and function. Six Sigma provides tools and methods that may be used to measure retention rates. Deviations from some predetermined rate or level of a plan, goal, or norm suggest deeper analysis is required. Root cause analysis of deviations across the entire retention on-boarding process can be performed to help generate an action plan intended to improve existing retention conditions and outcomes. Six Sigma solutions may also dramatically reduce the number of necessary exit interviews. Nevertheless, when exit interviews (conversations) are necessary, they are critical to gaining insight into why people choose to leave the laboratory.

Certainly, other organizational experiences may impact retention, but the impact of conversations in the first few weeks after an employee's arrival cannot be overestimated. If performed properly, an employee's future professional disappointments and dissatisfaction may be offset by the quality of the "relationship building" done during the retention on-boarding conversations. The conversations should focus on key aspects of the psychological contract, such as identity formation, loyalty, and trust. It is important to remember that when new employees join an organization, they are joining a big team, of which the most basic building block is trust.[17] As such, the on-boarding process is the perfect time to help new employees properly join the team, feel like valued members, and begin to trust their decision to join their laboratory. Taken together, the 12 strategic, retention conversations outlined here will go a long way in helping new knowledge workers assimilate into the laboratory and be the kind of long-term assets that management needs.

Conclusion

Technical knowledge workers rarely leave because they are dissatisfied with their actual job duties; primarily, they leave because of poor management decisions. The current supply of Generation X laboratory employees expects more of their employers and work than their baby-boomer predecessors, for whom they are now performing so many diagnostic tests.[16] Among other things, Generation Xers want to feel a sense of community at work, a balance with non-work lifestyle activities, assistance in developing professional skills, a sense of fairness, and a psychological climate that contributes to their overall well-being.[5]

We believe that the retention of all employees, and especially Generation Xers, is directly related to the quality of the relationship that knowledge workers have with management and their institution as a whole. At the heart of the employer/employee relationship is the conversation. A strategic approach to retention improvement requires laboratory management to examine the efficacy of their conversations with all employees, but most importantly those initial and early conversations with newly-hired, technical knowledge workers. Simple yet critical changes in the setup of a new employee's orientation may pay off in terms of institutional identity formation (with the laboratory's vision, mission, and purpose) and the formation of a deep bonding between employees and management. Identity and bonding equate with trust and loyalty. If this is the on-boarding experience of newly-hired employees, laboratory management will increase the probability of creating long-term job satisfaction and lower turnover, even during major cost-reduction changes. That is the goal of strategic on-boarding — to convert today's short job tenures into long-term employment retention.

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