IDEAS

EXECUTIVE TURNOVER

TRANSCENDENTAL TIES THAT BIND

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Losing good executives is costly and can provoke a series of negative consequences. In order to retain staff it is essential first of all to understand what motivates them to stay and why they may decide to leave.

RECRUITMENT • STAFF TURNOVER • MOTIVATION • COMPENSATION

In spite of the fact that we're going through a difficult time when it seems that organizations have too many staff, the talent we need continues to be scarce and difficult to find. Thanks to social networks, people have many more opportunities and alternatives when they're looking for jobs. Which is why, more than ever, we need to understand the causes of the process of distancing as well as the levers that can help to develop commitment so that we can get greater loyalty from executives and staff.

There is no doubt that losing a good executive has negative consequences, among them lower productivity, the loss of experience and the snowball effect or demotivation among those who stay. To which we must add significant direct costs such as recruitment and contracting, training, extra hours worked by other employees, acquiring knowledge from the outside because of the lack of internal knowledge. It has been estimated that the loss of an employee can cost a company around 150 percent of their annual salary.

A SENSE OF BELONGING

Why does an executive go or stay? The key lies in the nature of the link that the organization has developed. The overall motivation for staying with the company can be represented as OMs = f (EM, IM, TRM). Where (EM) represents the extrinsic motives (what the company gives me), IM the intrinsic motives, what I learn at work), TRM are transcendent motives (the effect my work has on others), and f is the scaling function.

For each person, the combination of these motives will be different and this will create different types of links to the organization:

- Extrinsic or contractual link: in which the predominant components are extrinsic motives.
- The technical or professional link: in which the predominant components are intrinsic motives.
- Link based on loyalty or identification: in which the predominant components are transcendental motives.

The degree to which a person is motivated to stay will determine the intensity of the sense of belonging, while the quality of the components that make up this motivation will determine the depth of this link and, therefore, its relative stability when faced with external offers.

We can a priori assert that there will be less probability of staff turnover when the sense of belonging is deeper because the link will be less vulnerable to alternative offers. Breaking this type of link is more likely to arise through conflicts of loyalties not connected to the company, such as with the family, or from situations within the company in which the executive is asked to do something that runs against his or her principles.

An executive whose link with the organization is fundamentally extrinsic / contractual would not think twice about leaving the organization when presented by an offer that paid better or offered greater status and prestige. We call this type a "mercenary" (see Table 1). From an organizational point of view, you can't make long-term plans with this type of executive, given that their sense of belonging to the organization is quite unstable. To a large measure, their continuing in the organization depends on the market of alternative job offers.

LOYALTY AND IDENTIFICATION

However, when there is a real commitment, that is to say, when there is a link that is based on loyalty and identification and is rooted in transcendent motives, the executive's behavior is more stable and they will develop a long-term vision regardless of the prevailing circumstances.

An executive who is committed to the organization will almost certainly be a proactive member involved in the construction, growth and development of the organization in line with its mission. Given their motivational quality, they will need the people they manage to develop and are themselves the sort of people who are capable of developing stable links among others in the organization. One might describe this as a nuclear commitment with the organization.

Furthermore, this type of executive, working in a motivational structure and with links of loyalty and identification based on commitment, is the type of catalyst that human organizations need, not only for their capacity to keep things together in times of crisis, but also for being able to continue to strengthen the company during times of bonanza.

THE DECISION TO LEAVE THE COMPANY

A voluntary turnover must be understood as a specific phenomenon, preceded by a decision to leave, which marks the end of the process of withdrawal through which the motivation to stay decreases and / or the motivation to leave grows, until the point that it is the greater of the two and, furthermore, leaving is viable because another job has been offered or the person has sufficient financial resources of their own.

REASONS BEHIND EXECUTIVE TURNOVER

The reasons why an executive decides to leave the company can be classified as: fundamental causes, contributing causes and triggering causes. When an executive decides to leave the company the first thing we must find out is whether their decision derives from a decrease in their motivation to belong to the organization (push) or an increase in their motivation to leave it (pull).

In the first case, it is extremely important to recognize which components of their motivation to stay

IT HAS BEEN ESTIMATED THAT THE LOSS OF AN EMPLOYEE CAN COST A COMPANY 150 PERCENT OF THEIR SALARY.

Table 1

STAFF LOYALTY AND TURNOVER IN TERMS OF A SENSE OF BELONGING

EXTRINSIC LINK	TECHNICAL / PROFESSIONAL LINK	LOYALTY / IDENTIFICATION LINK	
"Mercenary"	Career Advancement	Rebel "with a cause" (ethical)	IF HE/SHE LEAVES
"Golden handcuffs" (has no other alternative)	Professional development (continues learning)	"Self-realization"	IF HE/SHE STAYS

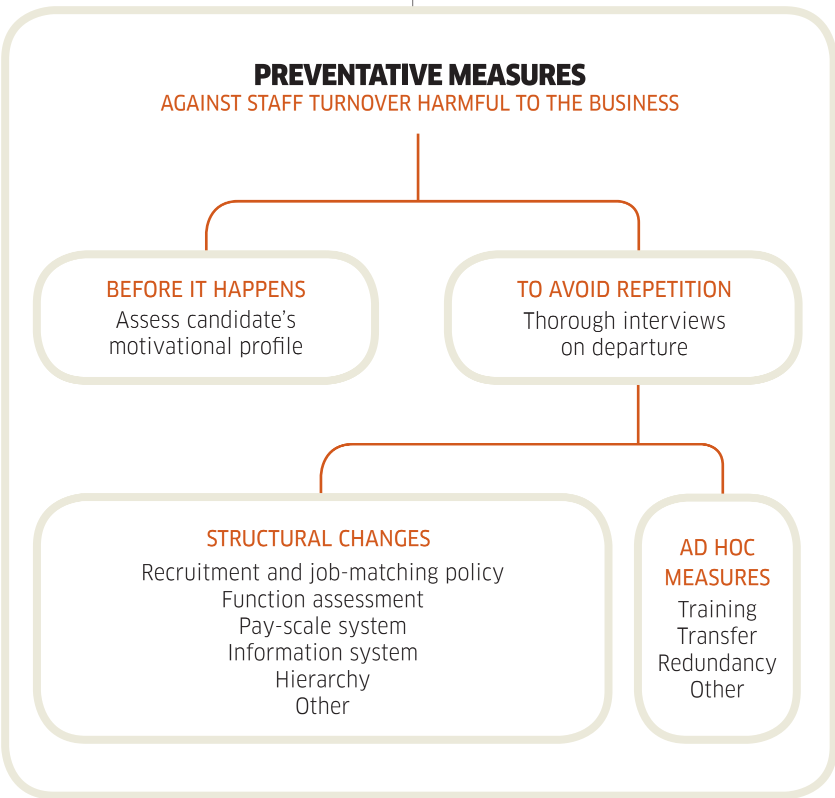

Table 2

are not being sufficiently satisfied within the company in order to be able to evaluate the organizational consequences of an eventual turnover. In the second case — leaving because their motivation to leave has increased — it is important to find out the motive that has led to this increase. It may be something outside the company, but within the context of work, such as an attractive offer from elsewhere, or something external to the work itself, such as family.

For this reason it is necessary to take a more professional approach to interviewing people when they're leaving." To this end, we propose using the diagnostic scheme above. The information collected during interviews with people who are leaving can tell senior management much about the organizational reality as well as diagnosing possible cracks in different levels (see Table 2).

WAYS OF PERSUADING STAFF TO STAY

If a person's main reasons for leaving the company are extrinsic, persuading them to stay can be reduced to giving them more explicit and greater recognition, in the form of greater status or improved financial compensation.

If the dominant motives are intrinsic (lack of challenges, boredom through repetitiveness, completion of a project) it may be possible to redefine the job in a way that allows them to develop their skills and capabilities. It may also be possible to develop a phased plan of professional growth, that is to say, to design a trajectory that gives them a greater sense of achievement. However, if what has triggered their departure is a very attractive offer, it will be difficult to retain such an executive without appealing to other types of motives. In general, the capacity of companies to react in these circumstances is slow and is somewhat limited.

It is much more serious when the main reasons for leaving are transcendent, in which case people of great personal value might be leaving because of a conflict of values, whether real or perceived. This might occur for example when an executive doesn't have a clear idea of the company's mission or the reasoning behind it.

This can happen when the type of products and services being offered are not satisfying the clients' real needs (failure in the external mission), or because the criteria for decisions are predominantly financial, overlooking and also making more difficult the staff's personal development (failure of the internal mission). This could be the case of the person described in Table 1 as the "rebel with a cause."

EVOLUTION OF THE SENSE OF BELONGING

It would be interesting to know in each particular case how the executive's sense of belonging has evolved. In this manner, we can begin to infer whether the organizational failure occurred at the moment of recruitment or, on the other hand, results from what the executive has learned as a consequence of decisions taken along the way.