Retention Strategy: Employee Retention Metrics to Track

For Adare's last two HR Barometer Reports, talent retention has been highlighted as a top priority for Organisations. While Ireland's labour market remains persistently tight, retention is a clear concern driving Organisations to review and redefine their strategy for retaining Employees in 2025. This article will explore why tracking specific HR metrics as part of a strategic approach to talent retention is the best way to retain talented Employees and to reduce turnover numbers.

What is Employee Retention?

Employee retention encompasses the policies, procedures, and strategies that Organisations adopt to retain talented Employees. Following a turbulent number of years that has led to a mismatch between Employee expectations around ways of working and Employer expectations around the most effective and productive ways of working, Employee retention has moved centre stage for HR teams.

Where to Start?

The goal of an effective Employee retention strategy is to help create more reasons for Employees to stay with your Organisation. The first step however is to understand why Employees leave. A reactive approach to labour market changes or changes within your Organisation's sector is likely to be too little too late when it comes to retaining key talent. An effective Employee retention strategy that includes both lead and lag indicator data will better position Organisations to develop long term employment relationships with key Employees.

Employee Retention Fundamentals

Retaining Employees is an ongoing process. The following steps will help HR practitioners implement their retention strategies.

1. Be Agile
   Implementing a HR strategy involves managing the competing demands of being ready for and anticipating Employee demands and priorities. Good communication channels are vital to manage this challenge.

2. Respond to Employee Issues
   If there is a trend emerging or a potential risk – it is vital to be responsive and identify solutions to table with manager(s) and the Employee alike before they escalate into deeper rifts.

3. Reduce Response Time
   When responding to Employee trends or requests, there is an opportunity cost associated with the time taken from identification to solution. Often taking time to achieve a perfect response reduces the effectiveness of the solution. Balance addressing issues promptly with achieving perfection.

4. Use Data and Analytics
   Be sure to use the data and analytics available to customise or individualise solutions in the way that solves business or individual Employee needs.

Measure Effectiveness

Retention metrics can be divided into two main categories, lead indicators and lag indicators.

Lead Indicators

Lead indicators are predictive, forward-looking measurements that aim to forecast the future health of an Organisation's workforce.

Established lead indicators include:

- Employee satisfaction surveys
- Short-service turnover rate (Employees who leave after less than one year for example)
- Training participation rates
- Employee net promoter scores
- Internal promotions rate.

Lag Indicators

Lag indicators (the outcome of activities or practices) will provide good feedback on how a retention strategy is performing. HR practitioners should monitor lag indicators such as:

- Retention rate
- Turnover rate (voluntary, involuntary)
- Absence rate (general, per manager, per performance rating, demographics)
- Resignation rate
- Retirement rate
- Tenure, and
- Employee turnover costs

Other Relevant Metrics

Organisations may want to consider measuring the effectiveness of retention strategies by measuring how successful HR professionals are in terms of certain alternative HR metrics like movement, empowerment, innovation, and satisfaction.

- Movement – how many Employees have been placed within the Organisation following a manager's development?
- Empowerment/Growth – do Employees feel that they have the necessary authority and decision-making frameworks to decisively contribute and engage within the Organisation?
- Innovation – do Employees contribute innovative ideas and continuous improvement?
- Satisfaction – are Employees satisfied with their job, workplace and how close to ideal is their role?

Business Outcomes

Monitoring Employee retention metrics helps Organisations achieve positive business outcomes by creating a more efficient, cost-effective, and positive work environment. By tracking and responding appropriately to Employee retention metrics, Organisations can substantially reduce their recruitment costs, ensure Employees are equipped with the necessary skills and competencies to progress their careers and develop clear vertical, horizontal and diagonal career pathways to show talented Employees what their future might look like.

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