



# *Pay Is Not the Only Factor in Retention*

Build an employee value proposition.

**BY BLAIR JONES AND DEBORAH BECKMANN**

**T**he Great Resignation has put retention on the agenda of many boards. Rather than simply reacting — prioritizing pay raises or special packages to stay competitive — directors can engage management toward a proactive approach.

In the past, most compensation committees had narrow mandates focused on pay for senior executives. But, especially at larger companies, many of these committees now cover talent, culture and rewards for the broader organization. Even before the pandemic, com-

panies were struggling to hold onto talented people and HR leaders were urging attention to overall human capital management. Compensation committees with broader responsibilities benefit when directors widen their perspective and consider retention elements of the company's overall employee value proposition (EVP), of which pay is just one part.

The committee's role is not to set goals or recom-

mend specific policies. The board should instead drive management to develop a holistic plan to encourage retention. Such a plan goes beyond using retention incentives to discourage departures or scrambling to react to rival offers. It enables the compensation committee to engage with the management team to focus on organizational strengths and the career opportunities the company has

to offer so they can “re-recruit” their people.

Committees can start by asking about the company’s EVP — the mix of benefits, culture and opportunities that attract people to work for their employer and convince them to stay. How does this EVP stand out in the marketplace, and what are the company and senior managers doing to improve and better communicate the proposition?

Once the conversation is underway, directors can ask management to focus on the following five areas, in addition to compensation:

**Culture.** A supportive, distinctive culture is a rallying point and effective differentiator for keeping people on board. How do you define the company’s culture, what makes it distinctive and how is it reinforced? Culture usually flows from the company’s purpose and core values. But what are they? Are all employees aware of the values? Do they believe the company is living up to them? Has the company engaged employees in its purpose and gained their support?

**Engagement and inclusion.** People want to contribute and feel valued. A starting point for creating this environment is asking for input. How often do you survey your employees, and what questions do you ask?

Are you making employees aware of survey results? How do you address areas where results are low? Are you monitoring and communicating progress? What programs are in place to foster an inclusive environment, and how do you know if these are working? Does representation within the company align with commitments, encourage better conversations and empower employees to bring their full selves to work?

mal and informal learning is available?

**Flexibility and support.** The COVID experience changed many assumptions about office time and remote work. Each company must find its own path, but management needs to clarify and explain those policies, even as those policies continue to evolve. During the pandemic, many companies expanded their mental health offerings, paid time off and work flexibility in re-

company training and developing managers to be strong leaders? How are these skills assessed? Should leadership skill profiles be expanded to respond to new demands? Does the company have a formal process for collecting and responding to upward feedback? Does management have a plan to deal with negative upward feedback and improvement opportunities, including sharing progress with the committee?

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**Development opportunities.** On the other side of the pandemic, employees are thinking about their future with greater intent. They want the potential for professional growth and creative engagement. Are you supporting them? Do you have clearly defined career paths? What kinds of development opportunities are you offering? Are managers consistently acknowledging employee desires and helping them capitalize on opportunities? Do senior leaders provide mentoring and coaching? What for-

sponse to employee needs. Now, a permanent approach for supporting employees and their families is critical. Do employees have the desired level of flexibility? Do they have the tools to do their jobs? What benefits does the company offer to support employees and their families? Does management communicate about the evolving landscape and the company’s support for its extended family?

**Leadership and management.** As the saying goes, “Employees don’t leave jobs; they leave managers.” Is the

Talented employees are looking for opportunity and growth as much as money. Pay was never a silver bullet. It is even less so today. The combination of these five engagement areas, along with pay, is critical to retaining employees in the long term. Start the conversation by asking: What makes my organization a good place to work, and does our EVP address the factors that attract talented people today? ■

*Blair Jones and Deborah Beckmann are managing directors at Semler Brossy.*