

## EMPLOYEE RETENTION & SATISFACTION

by [Steve Brown](#)

In study after study, roughly 95% of independent bankers say attracting and retaining key employees is important. In addition, 75% say they are constantly worried about it. The problems that are caused when a key employee leaves can be many, so it is important bankers get a handle on the issues that can drive such behavior. Any time key employees leave, company morale can be negatively impacted and employee focus will often decrease. In addition, finding and replacing such key people can be a time consuming, difficult and expensive process. Interestingly, bankers should note that people who leave their company often do so not for money, but rather because they seek other responsibilities or the possibility of gaining new skills. People are complex, so attracting and retaining the very best and brightest can be a multifarious process. If we are going to gain a better understanding of how to retain the best employees, however, we first must understand why they leave. We have examined many studies and surveys and have attempted to boil things down to 5 primary reasons why people quit their jobs. In order, they are as follows (note that people can choose more than one answer: 30% said they were leaving for a better compensation package; 27% said they were leaving for a better career opportunity; 27% said they were ready for a new experience that their current employer simply did not provide; 21% indicated they were dissatisfied with career opportunities at their present employer; and 16% said they wanted to change careers or industries. Unfortunately for the banking industry in particular, top executives have sometimes said they are leaving because they find their jobs 'suffocating' and 'less fun' than when they joined the ranks of banking some years ago. Look no further than the impact SOX regulation has had on the level of CFO turnover. By the 3rd year of compliance in fact, over 20% of CFOs at major companies had left their jobs for something else — about triple the percentage of just a few years earlier. We can't do very much about regulation, but we can work harder to keep the best employees engaged and happy. In an effort to provide some useful tips to bankers struggling to retain top employees, we began by examining the behaviors and programs of companies where turnover had been consistently held below 5% and profitability had consistently increased. First, bankers should ensure these employees feel appreciated. People are different, so it is incumbent upon executives to find out what each key employee wants in terms of appreciation so it can be provided to them. Next, people need to feel they are a worthwhile and integral member of a successful team. Doing so increases job satisfaction and boosts morale. Third, employers need to remember to treat employees fairly and give praise when work is performed that is beyond normal expectation. People like to be appreciated, but make sure praise is doled out to all employees that warrant it. Finally, key employees should have a salary in line with expectations and reasonable job security. Incentives should be tailored to employee needs whenever possible. Top employees are continually seeking to improve, so executives shouldn't be surprised when the same is asked of them.

### BANK NEWS

#### **Daylight Savings**

Banks are urged to do a final double check of key systems (heating, vault doors, servers, etc.), software and critical applications (like time clocks) to make sure they are prepared for this weekend's earlier Daylight Savings Time change.

#### **New Century**

The troubled subprime lender has stopped taking applications due to liquidity problems. The move is not a good sign and may portend other troubles ahead.

### **Emergency Cards**

BofA has incorporated the lessons learned in the Hurricane Katrina aftermath and will retool its "Vital Value" debit card. The new prepaid cards will be pre-distributed to emergency agencies, include merchant card restrictions (to limit purchases of alcohol, entertainment, etc.) and enable limited cash withdrawals when emergencies occur.

### **Rewards**

Capital One has raised the bar for reward programs. They have one that offers reward points that have no expiration date, can be converted to cash and have no minimum redemption levels. Cap One arrived at this new program after a customer service survey revealed that 91% of reward users are "frustrated" by the "fine print" of programs.

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