

# Are Low Performers Destroying Your Culture and Driving Away Your Best Employees? Here's What You Can Do.

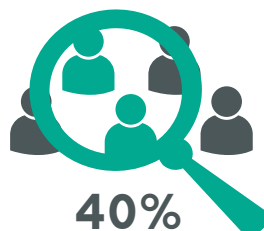
It's a well-known fact that employee turnover, or attrition, can be highly disruptive to an organization. Talent management and HR estimates show that the collective cost (i.e., lost revenue and productivity, sunk hiring and training costs) of losing and replacing a mid-level employee is **upwards of 150 percent of their annual salary.**

Traditional wisdom suggests that inadequate compensation and benefits as well as limited career opportunities are top drivers of attrition. However, we wondered whether there was more to the attrition story. Are there other, more intangible factors that have an equally important impact on attrition? For example, what if a company's people and workplace culture were driving good employees away? We have seen this to be the case among some of our federal government clients, but is it more widespread?



**1/3**

reported that their organizations experience high turnover



**40%**

agree that their organization does a good job of hiring and recruiting high performers



**60%**

reported that they would rehire most or all of their current coworkers



**75%**

of the time employers end up with average or low performers

## Eagle Hill National Attrition Survey

Eagle Hill conducted a nationwide survey polling employed respondents about their experiences with attrition.

**When** May 2015

**Where** Nationwide

**Who** Sample of 1,700 across federal, private, and non-profit sectors and from various job levels within their organizations

*Survey Monkey*

Eagle Hill set out to re-examine the factors that drive attrition, by surveying more than 1,700 professionals from across federal, private and non-profit sectors as well as from various job levels within their organizations.

About one-third of respondents reported that their organizations experience high turnover—defined as employees staying less than five years. Less than half of respondents agreed that their organization does a good job of hiring, recruiting and retaining high performers, suggesting that there is a significant percentage of low performers within every organization. This point is further supported by the mere 60 percent of respondents who said that they would rehire most or all of their current coworkers. This is consistent with Topgrading research, which shows the average rate of good hires to be 25 percent—which means 75 percent of the time employers end up with employees who don't meet their organizations' performance needs and expectations.

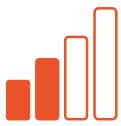
## How Low Performers Impact Attrition

So, what is the impact of these findings? Our analysis revealed some unexpected consequences that low performers have on workplace culture and retention of high performers.



**Low performers hurt workplace morale.** When asked to pick the three greatest problems created by low performers, survey respondents

overwhelmingly selected cultural factors. **The number one issue was that low performers lowered overall workplace morale (68 percent).** Forty-four percent of respondents felt that low performers also increased the work burden on high performers. In addition, respondents felt that managers were spending a disproportionate amount of time managing weaker employees, drawing leadership's attention away from other efforts to support employees and move the organization forward.



**Low performers stifle innovation.**

Over half of respondents (54 percent) felt that low performers contributed to a lack of initiative and motivation, resulting in a work culture where mediocrity is accepted. Survey respondents said that the greatest benefit of replacing low performers is found in the new ideas and approaches that new hires would bring to the work (39 percent). And failure to address low performance was associated with organizations experiencing higher turnover rates: In workplaces with high turnover, employers were slightly less likely to take steps to address low performance compared to workplaces with low turnover (29 percent versus 38 percent).

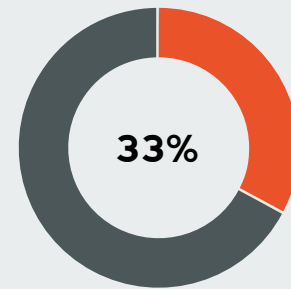


**Low performers in management positions directly affects attrition.**

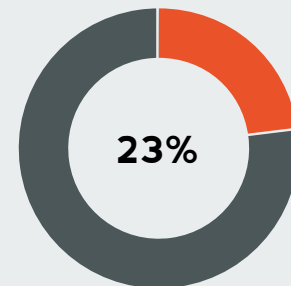
In addition to the obvious attrition drivers—limited career growth (33 percent) and pay (23 percent)—26 percent of respondents within high turnover organizations cited “poor management” as the primary reason why people leave the organization. **In work environments where high-performing employees left more often than low-performing employees, poor management was nearly twice as likely to be listed as the main reason people left (20 percent versus 12 percent).**

## Attrition Drivers:

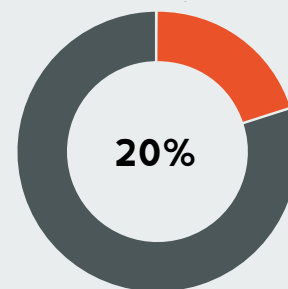
### Limited Career Growth



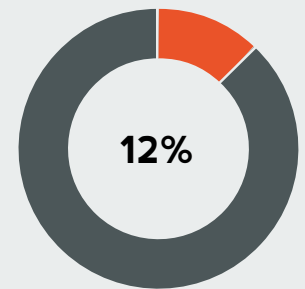
### Pay



### Poor Management



in companies where more high performers leave



in companies where more low performers leave

## How to Move Forward

Given the negative impacts that low performers can have on the workplace, we provide four steps that a company can take to reduce hiring mistakes and retain its best people.



**1. Know Your High Performers.** To help your company succeed, we recommend identifying your high performers (i.e., the top 10 percent to 15 percent) and focus your efforts on retaining them. While all-employee surveys and exit surveys can help organizations maintain an active pulse on employee satisfaction and the reasons why people leave, it is important to narrow in on high-performer happiness and engagement. At Eagle Hill, we routinely conduct “stay” interviews to solicit direct feedback from high performers on how to improve the company.



**2. Define What “High Performance” Means In Your Organization—and Publicize It.** We recommend first identifying the performance behaviors that your organization expects and rewards. A good place to start is by

observing and recording the behaviors that your current high performers exhibit—those are the best indicators of what’s important to and valued by your organization. One company’s definition of a high performer may differ from another’s, and a low performer in one organization could be a high performer at another. Maintaining your workplace culture is about hiring people who align with your company’s core values, decision-making style, and desired work habits. We have found that it’s those “right fit” hires who become high performers.



**3. Use a Competency-based Approach to Hiring.** Eagle Hill recommends a competency-based approach to hiring. Once you have defined the high performer knowledge, skills and abilities that you expect from employees

at each role or level, you can screen candidates for these qualities throughout the recruitment cycle. Also, given that poor management can drive high performers to leave, it is critical that companies evaluate candidates against defined management competencies and hire the right supervisors from the start. At Eagle Hill, we use a competency-based hiring approach to recruit and select people who fit our firm’s definition of high performance. Through the competency-based approach, we dig deep into a candidate’s professional history to understand the individual’s motivations and key influencers to determine whether they align to our workplace requirements.



**4. Implement a “Quality of Hire” Survey.**

One way to measure the effectiveness of a hiring process is to introduce a quality of hire survey.

Three months after a new hire is on-boarded, the hiring manager (or immediate supervisor) can complete a survey and rate the new hire on his or her performance on the job. Companies may send automated “quality of hire” surveys after three, six, nine, and/or 12 months. Based on the data results, companies may need to adjust their hiring processes accordingly.

## The Bottom Line

The cost of attrition is high, especially when it’s your high performers who are leaving. Companies should take proactive steps to reduce hiring mistakes and prevent toxic low performers from entering the workforce. Companies that do not address low performance issues will likely weaken their culture and drive away their best people.