



Retention Best Practices for Today's Labor Market

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In today's competitive labor market, employee retention has become a core business imperative. Top talent is in high demand, especially as the majority of insurers look to [maintain or grow their workforce](#) throughout the next 12 months. The organizations that will set the bar are investing in their high performers, focusing on meeting individual employees' needs, and creating opportunities while actively addressing burnout and disengagement before it impacts performance.

The benefits of employee retention are vast: companies with high retention rates typically have a stronger sense of company culture, an increased ability to retain organizational knowledge, reduced recruiting/hiring costs, stronger financial performance and a deep internal bench of talent. Yet, it's not just the company that benefits; more tenured individuals tend to have stronger professional relationships, a better understanding of the business, access to development and promotion opportunities, and a sense of mutual trust with their employer. Additionally, turnover has a price, [costing up to 200%](#) of the role's salary to replace leaders and managers, 80% for technical roles, and 40% for frontline employees.

However, effective retention planning is much more than maintaining a stable headcount. As you build your retention strategies, ensure you're focused on uncovering what truly matters to your employees and building plans that keep them engaged while helping reach their career goals.

Identify your high performers.

While it's important to aim to retain and engage all members of your organization, high performers drive disproportionate impact and are generally [400% more productive](#) than their peers. These individuals are a major key to an organization's ongoing success – yet often, departments are set up to dedicate their time and energy to addressing underperformance rather than maximizing top talent.

In some cases, there may be tangible metrics, such as sales numbers or productivity measurements, to help you identify your high performers. Performance reviews, along with manager and peer feedback, can also provide insight into those who are regularly setting themselves apart. It's equally important to account for those who have high potential but may need a bit of guidance to fully excel. Investing in areas such as emotional intelligence or strengthening a growth mindset can help unlock performance. Both high performers and high potential individuals tend to possess traits such as adaptability, self-motivation, emotional intelligence, [strong communication skills](#) and [critical thinking](#).

Uncover their “why.”

Retention starts with understanding what matters most to your people. Four out of 10 professionals who have left their jobs feel their leaving [could have been prevented](#) and nearly half say no one talked to them about their job satisfaction prior to their decision to make a move. Once your employees have started actively looking for new roles or come to you for a counteroffer, it's too late. Most departures are triggered by a specific moment – feeling undervalued or overlooked, or seeing peers leave for positions that offer more money or flexibility. Get ahead of these moments and ensure employees know they're valued within the organization and that you're committed to their long-term success with your company.

Regular, intentional conversations can reveal what motivates them and identify any gaps. Consider the conversations you may have with candidates or when creating an offer – take this same approach with your high performers. These “stay interviews” can help you to better meet their needs and provide projects and opportunities that best support their career goals.

A few topics to cover within these conversations include the following:

- What keeps you here?
- What would make you leave?
- Are you getting what you need from the organization? What are some things we could do better?

- Do you feel supported and challenged?
- Do you feel valued?
- How can we improve your experience?

There's no one-size-fits-all retention strategy for your employees. Some may value flexible work hours. Others may place highest priority on moving up quickly or making more money. For some, a strong sense of culture and supportive work environment may be most important. Use this information to better tailor their compensation packages, responsibilities, workplace flexibility and opportunities to the best of your ability. Revisit these conversations frequently as their motivators may change. Especially for companies that are having trouble competing from a compensation standpoint, being intentional about offering the right benefits and perks, while being as flexible and creative as possible, can be a powerful differentiator.

Provide clear career development plans.

Career development is a primary driver of retention, particularly for younger generations. As you discuss their professional goals, determine how you can help fulfill these aspirations in both the short and long term. Not every path leads to management – and not every employee will aspire for it. Focus on creative ways to give them more exposure and provide opportunities to take on additional responsibilities – all with clear development goals in mind.

For those who do want to follow a more traditional advancement path, start preparing them with management skills early on. If they are not quite ready to take the next step – or if there is not a current open seat – it's even more important to keep them engaged and challenged. Is there a way roles can be created or split to provide even a small step forward?

A commitment to upskilling and training is also vital. Areas of highest importance vary based on function and seniority – as outlined in a recent [Shin Research Program study](#). As you determine your organization's longer-term needs, be aware of where you have skill gaps and which individuals are best suited to step up in those areas. Invest in your current talent and build fulfilling opportunities that will in turn help build loyalty.

Focus on engagement.

Highly engaged teams are [14% to 18% more productive](#) than those with low engagement and experience turnover rates that are up to 43% lower. There are several trending workplace terms – from “quiet quitting” to “resenteeism” to “quiet cracking” – all rooted in the same issue: employees becoming disengaged and less productive, while staying in their current roles. Turnover has a price, yet so does lack of engagement. [Gallup](#)

[estimates](#) the annual global cost of low employee engagement is equivalent to 9% of the world's GDP. Engaged employees help set the tone for an overall positive company culture, contributing to higher customer satisfaction, increased creativity and innovation, and greater success. Preventing burnout and fostering engagement are essential not only for retention, but for overall organizational performance.

Recognize signs of burnout.

On a similar note, burnout is incredibly prevalent in the current landscape. A report by the National Alliance on Mental Illness found [more than half](#) of employees had felt burned out at work during the past year. More than 40% of these individuals said the feelings of burnout made it difficult to do their jobs, with 6% quitting their jobs and 26% considering quitting due to their role's impact on their mental health. Being able to identify signs of burnout early on is important for being able to effectively manage it within your team. A few signs to watch out for include lack of preparation for meetings, missed deadlines, decline in proactive communication with managers and colleagues, lower work quality, and increased last-minute time off. While these may not always be attributed to burnout, they are a signal to check in and have a direct conversation about how individuals are feeling about their work and role.

Support your managers.

[More than 20%](#) of individuals who left a position shared that more positive interactions with their managers could have retained them. Managers play a key role in employees' job satisfaction; yet often, new managers are high performers who did well in their roles and got promoted into management. Many have not had formal management training or mentors who can help them strengthen this skill set.

Think through what [tools and resources](#) may be helpful to those who are new to management or could benefit from further leadership development. Focus on setting clear expectations for these individuals and pair new managers with those who are more seasoned to provide a sounding board and opportunity to gain insight and advice. This also will contribute to managers' overall job satisfaction and engagement, which has dipped by [9 percentage points](#) in the last three years.

Take a human-first approach to change.

As leaders, being intentional about [building a culture of adaptability](#), while clearly communicating changes – especially around new technology and AI – is crucial. Uncertainty, anxiety around the unknown and fear their job will be replaced can threaten employees' feelings of security and may lead them to seek stability elsewhere. Clear and consistent communication, with well-thought-out and articulated reasoning and expectations, can help ease these fears and build trust during times of transformation.

Cultivating a strong and capable workforce should be a primary goal for insurers. Be thoughtful in how you engage your current employees, understand their motivators and help fulfill their professional goals. By being intentional and employee-focused, insurers will retain top talent and be prepared to tackle evolving future challenges.