



5 Steps to Stronger Employee Retention

How to attract top talent — and make them stay

Introduction

Trends like the skills shortage and waves of resignations are creating major challenges for businesses. How can companies today not only find the right employees — but also retain them for the long term? The numbers speak for themselves:

The average turnover rate in Germany is around 30%, and it's still rising.

And that figure only includes employees who actually resign. According to Gallup's State of the Global Workplace report, the number of people who are actively job hunting while still employed is significantly higher.

44%

of European workers believe now is a good time to search for a new job.

Gallup estimates that the economic cost of employee turnover in Germany is as high as **€118.4 billion** annually.



The True Cost of Employee Turnover for Your Business

Turnover refers to employees leaving a company. Most people immediately think of resignations, but the term also includes dismissals, internal transfers, and retirements.

What's surprising is that nearly 100% of managers have no idea how much turnover really costs their business. Do you know what turnover costs you? Or how much a single resignation sets your company back?

Granted, the cost varies by industry and company — but one thing is certain: it's never cheap.

“It costs twice as much to find new people as it does to keep the ones you already have. And that saying doesn't just apply to customers — it applies to employees too.

While Deloitte estimates the cost of a resignation at circa €15,000, other sources suggest it can be anywhere between €40,000 and €50,000 per vacancy. The National Business Research Institute in Texas has calculated that losing a high-performing employee can cost as much as 1.5 to 2 times their annual salary.



Beyond the high cost of recruiting and training new staff, high turnover often also has a negative impact on:

- **relationships with customers**
- **productivity within affected teams**
- **the retention of valuable knowledge within the company**

Top Reasons Why Employees Resign

To figure out how to reduce high turnover and strengthen employee loyalty, we first need to answer one key question: why do people quit?

01. Leadership

Dissatisfaction with managers is by far the most common reason employees leave a company. In fact, 92% of employees say they would stay loyal if their leaders showed more empathy.

02. Flexibility

Especially since the pandemic, many employees have been frustrated by reduced flexibility in where and when they work. According to a recent survey, nearly half (48%) would even accept a pay cut if it meant they didn't have to return to the office.

03. Company culture

In one survey, almost half of job seekers said they left their company because of a poor company culture.

04. Recognition

A lack of appreciation is a key reason many people change jobs. In a survey by a German job platform, 45% cited lack of recognition as the main reason for their resignation.

05. Stress

High stress is another common driver of turnover. Many employees leave because they feel overwhelmed or unsupported.



What Are the Key Warning Signs?

But how can you tell if an employee is planning to quit? A group of U.S. researchers identified 13 behaviors that may indicate someone is getting ready to leave.

The research team found no evidence that employees are more likely to call in sick without cause or schedule extra doctor's appointments in the period before they resign. While these cases did occur, they weren't statistically significant.

The most effective way to retain top talent is to prevent things from reaching that point in the first place. From day one, it's important to create an environment where as many of your people as possible feel valued & want to stay.

Train people well enough so they can leave.

Treat them well enough so they don't want to.

Here are the top 5 signs:

1. Their productivity declines.
2. They're less and less willing to go the extra mile for the team.
3. Most days, they stick to doing only what's absolutely necessary.
4. Pleasing their manager is no longer a priority for them.
5. They hesitate to commit to anything scheduled far in the future.



5 Steps to Stronger Employee Retention and Lower Turnover

People who stay in a job for a long time usually have a strong connection to the company and their colleagues — after all, we spend more than half our days together. To strengthen that connection, you need to understand exactly what your team wants — and what it doesn't. From there, it's about finding the right actions to win over your top talent for the long term.

To help you do this as cost- and time-efficiently as possible, we've developed a five-step plan. With it, you can quickly identify and implement the right measures to reduce turnover and boost retention in your company.

01. Assess your turnover rate

As mentioned earlier, there's no universal benchmark for what counts as a "low" or "high" turnover rate. But one thing is clear: turnover costs your company money.

Calculating your turnover rate is simple: Find out how many employees leave per quarter, half-year, or year. Divide that number by the average total number of employees at your company during that period, then multiply the result by 100.

$$\text{Resignations : Employees} \times 100 = \text{Turnover Rate}$$

02. Develop a strategy based on current data and facts

Many of the benefits you highlight in your job ads to attract top candidates are also highly effective for retaining employees. These might include above-average pay or a strong learning and development program. Regular team events like outings or team-building workshops can not only attract applicants but also motivate and retain the employees you already have.



Wellbeing programs now top the list of most valued benefits. Attractive employers stand out not just with perks like gym memberships or yoga classes, but above all with initiatives that support their employees' mental health — such as coaching or meditation sessions.

In addition to classic Employee Assistance Programs (EAPs), comprehensive digital platforms like nilo can play a key role. With these kinds of offerings, you meet the need expressed by 63% of employees in Germany for better mental health support at work. You'll boost your appeal to new talent — and retain the people you've already worked hard to bring on board.



03. Support your team's mental health

This brings us to one of the most important trends for companies to stand out in today's job market: supporting employee wellbeing and mental health.

After the crises of recent years, mental health has moved to the center of attention. The younger generation entering the workforce is demanding greater support in this area — and they're no longer willing to head blindly toward burnout.

Think carefully about specific strategies to help support your employees' mental wellbeing.

04. Reduce stress factors at company level

Identify the factors in your organization that most often cause employees to feel stressed. Your next employee satisfaction survey could be a good opportunity for this. Alternatively, you could run a dedicated survey on the topic — and show your team how much you care about their mental wellbeing.

Are you one of the many European companies where employees are often dissatisfied with their managers? If so, a mindful leadership initiative could be just the right approach.

05. Set clear targets and measure success regularly



Once you've identified your turnover rate and the biggest stress factors in your company, you can define the right actions and goals — and set meaningful metrics to track progress. Measure these regularly and share your progress at the next town hall meeting.

This creates a solid foundation for your strategy, strengthens employee retention over the long term, and helps reduce turnover in your team.

Conclusion

To find, win over, and keep top talent for the long term, you need more than attractive salaries and discounted gym memberships. Support your team as holistically as possible — in all areas of life. That means offering fair pay for financial security and mental health programs to provide emotional support as well.





Support your employees with the leading platform for workplace mental health

nilo provides easy access to mental health support: 1-on-1 sessions with psychologists, self-guided exercises and tools, group formats, and workshops to strengthen your team's well-being and your company culture.



**Would you like to learn more about how to improve
well-being in your company?**

Let's talk!