

Strategy 6.

Retention strategies

Given the cost of turnover, investment in effective retention strategies is very worthwhile.

- Creative use of salary packaging
- Improving quality and level of supervision
- Improving opportunities for incidental learning and collegiate support
- Engagement of employees in planning
- Staff reflection and innovation days
- Modification of job design and working arrangements to reflect feedback from performance appraisal and exit interviews
- Job coaching
- Employee training and development plans
- Employee support groups
- Employee counselling services/individual debrief services
- Strategies to address generational and cultural diversity within the workplace

Activity

1. Consider which of these strategies have already been tried or are already in place in your organisation, and discuss their effectiveness to date.

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2. Which of these strategies (or others you would like to add to the list) offers an opportunity for your organisation to more effectively retain staff?

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3. Consider the implications of implementing these strategies from the perspective of:

- Current industrial arrangements

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- Client needs and preferences being met

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- Business viability for your organisation

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Salary Packaging

A salary sacrifice is also commonly referred to as salary packing or total remuneration packaging. It is an arrangement between an employer and an employee, whereby the employee agrees to forgo part of their future entitlement to salary or wages in return for the employer providing them with benefits of a similar cost (to the employer). The employee is likely to place greater value on the benefit that its cost to the employer (ATO website, May 2008).

There are many advantages to salary packaging, such as:

- Employees receive salary/wages as a combination of cash and non-cash benefits
- Options designed specifically to suit individual situation and employer policies
- Noncash benefits are tax free
- Salary sacrifice paid to expenses may be up to \$16,050
- Administration conducted by provider
- Employee pays a small administration fee
- Timely and accurate reporting to both employers and employees

Benefits include:

- Superannuation
- Mortgage payments
- Credit cards & loan repayments
- Laptop
- Electronic diary
- Briefcase
- Airline lounge membership
- Motor vehicle leasing
- School fees

Use the example below and discuss how salary packaging may be useful in attracting or retaining your valuable staff.

Assumes Salary Sacrifice used for a non GST expense	No Salary Sacrifice	Salary Sacrifice
Gross salary	40,000	40,000
Salary sacrifice paid to expenses		(16,050)
Exempt Items (Meals, Laptop)		(2,000)
AccessPay fee (\$8.50 per f/n)		(221)
Gross taxable salary	40,000	21,729
Less tax & M'care Levy	(7,200)	(2,685)
Less Westpac card & exempt		
Net salary paid to bank	32,000	19,044
Expenses paid after tax	(18,050)	
Disposable income after expense	13,950	19,044
Savings per annum		5,094

Which age groups of staff are likely to be attracted to the different options?

Source: AccessPay (www.accesspay.com.au)