

# Type and Retention

Retaining Talent, Leveraging Type

TYPE PRACTITIONER SERIES

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# Introduction

**T**he purpose of this booklet is to help you increase retention of talented and valued employees in your organization by *individualizing* your retention efforts through the use of psychological type. Decades of research and practice with the *Myers-Briggs Type Indicator*® (MBTI®) instrument have demonstrated that our understanding of such organizational issues as career choice, leadership and management development, team building, selling, and coaching, among others, can be improved by incorporating psychological type.

Likewise, the process and practice of retention can also be enhanced by understanding individual differences. Different employees are motivated by different tasks, prefer different organizational cultures, espouse different values, and respond to different kinds of rewards and incentives. If we can understand these differences, we can improve the fit between the individual and the organization and thus improve the chances of retaining employees.

To put the issue of retention in perspective, think of two organizations in an industry with which you are familiar. Now pretend that both organizations are the same in all respects but one: one organization has high turnover and one doesn't. Which organization would you predict has the best outlook for the future? In which organization would you want to invest? In which one would you want to work?

Consider the following not uncommon scenario.

## **The Case of Team Turnover**

You are a manager who devoted a year of effort and thousands of dollars to building a high-performance team to oversee a major new business opportunity. You carefully selected the members of the team for their functional capabilities as well as their people skills. You enlisted the aid of an outside consultant to conduct off-site training, resulting in a mission statement, a statement of values, stretch targets, and a rough timeline. To motivate the team you designed a compensation system heavily weighted toward fast growth. After this careful preparation, you turned your team loose, confident that it would produce a highly visible success. You estimated it would take about three years to fully leverage this opportunity. Although you received periodic reports, your involvement with individual team members grew increasingly limited as you turned your attention to other urgent matters.

For the first two years the financials looked good, but in the third year after launch things started to fall apart. Sixty percent of the team members eventually left the organization—some to start businesses of their own, some to work for competitors, others for reasons never disclosed. Some of those who remain still seem committed to the project, while others appear to be just putting in time. Through the industry grapevine you learn that a number of those who left are likely earning less money in their new positions. As you scramble to keep the project going, you wonder what went wrong.

Although most managers loudly proclaim that retention of valued employees is important, few seem to be doing a good job of it, whether measured by internal standards, the perceptions of the employees who are leaving, or the attitudes of the employees who remain but spend their days polishing their resume. For example, in “The Case of Team Turnover,” the

manager undoubtedly would have agreed that retention of the team members was crucial to the success of the project. His mistake was assuming that financial rewards would motivate everyone on the team. Many organizations fail to retain employees because they rely too heavily on what they suppose, and hope, is the universal incentive: money. Increasingly, however, organizations are learning that money alone is not enough to retain valuable talent.

Of course, people want to be paid well and fairly for what they do, but they also want to be fulfilled. In “The Case of Team Turnover,” two team members had taken the MBTI instrument. One had a type code of INTP, and the other ENTP—types that tend to be interested in the latest technology. After about a year on the project they realized that the underlying technology was in danger of becoming outdated. When they pointed this out they were informed that due to resource constraints they needed to move forward with the current technology. These team members gradually lost interest in a project that they did not view as cutting edge. A number of other team members had preferences for Extraversion and Feeling. Although they initially felt honored to be entrusted with such an important project, they began to feel isolated from the rest of the company and abandoned by their manager. Another team member, an ISFP, experienced some family difficulties that required his attention. Believing he had to choose between the family and the project, he left the company. Had the manager understood the implications of type for motivation and retention, some of these problems might have been anticipated and dealt with before it was too late.

## Organization of This Booklet

*Type and Retention* is divided into seven parts.

- *Introduction* contains important information on how best to use the booklet, discusses the importance of familiarizing yourself with type theory, and covers ethical issues in using the MBTI tool for retention.

- *Why Retention?* discusses why turnover is a major problem for many organizations. Using case examples, it shows you how to calculate the turnover rate in your organization and the cost of turnover. It also uses type to look at turnover and discusses benefits of retention to your organization.
- *Type and the Retention Process* contains important information for use in planning the attraction, selection, development, and decision processes in your organization. It shows how to create a type snapshot of your company image, evaluate the impact of interviewing style, implement development strategies for employees of different types, and identify types needing special attention to increase their job satisfaction or decrease their probability of leaving.
- *Type and the Three “Fit Factors”* offers discussion and action steps for fitting an employee’s type to his or her job tasks, the organizational culture, and his or her manager.
- *Descriptions of the 16 Types* presents a detailed description of each of the 16 MBTI types as they relate to different issues of employee retention.
- *Notes* contains detailed endnotes for material presented in the text.
- *Resources* lists valuable supplementary resources.

Throughout this booklet you will find “Taking Action” sections to help you apply to the organization what you have just learned about type and retention. In addition, “Suggested Resources” are highlighted for easy reference. You may prefer to skim through and note the additional resources you might find useful before reading in depth or preparing to apply to the organization the principles and strategies presented here.

## A Note About Type Knowledge

We assume that most users of this booklet will be type practitioners well versed in psychological type theory, and so we will not review it here. Should you need a review of core concepts, refer to *Introduction to Type*®

or *Introduction to Type® in Organizations*. These sources provide a refresher on the definitions of the eight preferences and an understanding of the differences and similarities among the 16 personality types. You will need this basic type knowledge to get the most value from this booklet and to work most effectively on retention issues with your clients or staff.

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### Suggested Resources

- *Introduction to Type®* (Myers, 1998)
  - *Introduction to Type® in Organizations* (Hirsh & Kummerow, 1998)
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## Using This Booklet

As illustrated in our case example, other factors besides money are recognized as equally, or even more, important in motivating and retaining employees—for example, the culture of the organization, the opportunities for promotion or new responsibilities, the values of the company, and the relationship between the manager and the employee. Psychological type can help managers—and employees—better understand the role these factors play in motivating employees.

While human resource professionals have traditionally been responsible for retention efforts, current approaches emphasize that *everyone* in the organization, but especially managers, must develop a “talent mind-set” and be thinking about how to acquire and retain talent at all times.<sup>1</sup> Following are some specific suggestions for how people with different roles in the organization can use this booklet.

#### *Human resource professionals can use this booklet to*

- Analyze their recruitment and selection efforts
- Evaluate the organization’s reward and recognition program
- Help design and promote “cafeteria style” incentive programs that offer something for everyone

#### *Managers can use this booklet to*

- Learn about what motivates people of different types

- Identify how to reward and recognize people of different types
- Better understand their relationships with key employees

#### *Executive coaches can use this booklet to*

- Coach leaders and managers on the importance of retention
- Coach leaders and managers about what they can do to increase retention
- Coach leaders and managers on how to work with people of different types

## Ethical Issues in Using the MBTI® Tool for Retention

It is vital to understand that MBTI results are “owned” by the individual who takes the assessment, not by the organization that administers it. Results should not be made available to anyone else, even for research or training purposes, without the employee’s express permission. This includes the employee’s manager, his or her colleagues, personnel from the human resources department, and outside consultants or trainers. Unless otherwise specified by the employee, the only person who should have access to the results is the professional who administers and scores the forms and provides the feedback to the individuals. See *Using the MBTI® Tool in Organizations* for explicit approaches and training designs that honor the ethics of use of the MBTI instrument in organizations.

One final note: the MBTI instrument should *not* be used for selection. There are legal issues surrounding the use of psychological instruments for selection and explicit processes that must be followed. However, even if these conditions were met, the ethics of the type community would preclude the use of the MBTI instrument for this purpose. Remember that the purpose of administering the MBTI tool is to help individuals better understand themselves and others. It is the individual who owns the results and who determines how to use the information and with whom to

share it. Furthermore, the MBTI assessment measures preferences, not abilities or achievement. For further information on the selection issue, refer to page 108 of the *MBTI® Manual*.

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### Suggested Resources

- *Using the MBTI® Tool in Organizations* (Hirsh & Kise, 2001)
  - *MBTI® Manual* (Myers, McCaulley, Quenk, & Hammer, 1998)
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### Key Points

- You can increase retention of talented and valued employees in your organization by *individualizing* your retention efforts through the use of psychological type.
- Human resource professionals, managers, and executive coaches can use information about psychological type to understand how each type has different incentives to remain with an organization.
- You should have a basic understanding of type theory before using this booklet. Some sources are listed.
- Individuals' MBTI results are private and should not be shared without their express permission.
- The MBTI instrument should not be used for selection.

# Why Retention?

**Y**ou may be picking up this booklet at a point in the business cycle when employment rates are at record-setting highs, as they were in the late 1990s. If so, you may feel a sense of panic as you see people leaving your team or organization for new opportunities, wondering how you can stem the flow.

Conversely, if you are reading this booklet at a time when unemployment rates are up and turnover rates are down, you may be lulled into believing that retention issues are of little immediate concern. There are a number of reasons, however, why this view may be shortsighted. Demographics alone make the case for constant vigilance and continuous efforts to retain talented employees. Here are some statistics.

- The pool of potential hires will continue to shrink until at least 2006.<sup>2</sup>
- The “war for talent” is predicted to last at least another two decades.<sup>3</sup>
- Employees ready to move up in the organization will be drawn from the segment of the population known as Generation X, which numbers only 44 million, compared to the 76 million Baby Boomers who preceded them.<sup>4</sup>
- Baby Boomers will continue to retire, some early, leading to a “brain drain.”<sup>5</sup>
- The supply of managerial talent is predicted to decline by 6% from 1998 to 2008 due to a lower number of people in the age group 25–44, the primary pool for new leadership.<sup>6</sup>

- Companies may face a triple whammy: layoffs of younger workers, retirement of older workers, and fewer 35–44 year olds (15% decline in the next 15 years) to fill the gap.<sup>7</sup>

If these projections become reality, it is clear that any temporary slowing of the economy will not reverse the long-term need for highly talented people. As Richard Parsons, CEO of AOL Time Warner, stated at a very low point in the business cycle for his company, “You can have the clearest vision, the best strategy, and the best execution, but if your people don’t feel rewarded and psyched . . . it’s all for naught.”<sup>8</sup> Organizations can’t wait for a crisis in performance, hiring, or turnover to catalyze their retention efforts. You can’t wait until employees have one foot out the door before you decide to learn about how people of different types are motivated by different things. Your retention efforts need to be ongoing, and that means getting to know employees as individuals, which takes time. If you wait for a crisis and then try to quickly introduce type-related incentives, you may be perceived as playing to stereotypes and you are not likely to be successful.

That said, some degree of turnover is desirable because it can benefit both the organization and the individuals who leave. In any organization, there will always be instances of a poor fit with certain employees. For example, an ISTJ who prefers a lot of structure and time to make sound decisions based on data and experience may not fit well in a start-up environment where problems are ambiguous and there is little experience to guide decisions. Healthy turnover may also occur when the initial fit is appropriate but changes either in the organizational culture or in the needs and interests of the employee occur over time. For instance, an INFJ, for whom service to humanity

is important, may decide to retire early to work full time in the nonprofit for which he or she has volunteered for several years. Despite such positive consequences, however, unanticipated turnover or turnover of key players or of new hires remains a major problem for many organizations.

## The Prevalence of Turnover

How big a problem is turnover? Turnover differs greatly across industries, across organizations within industries, and across the business cycle—even within the same organization. It can be affected by changes in management and by the changing demands of the business environment. For these reasons, it is difficult to provide precise estimates of turnover rates. There is simply too much variability to make such figures meaningful. To illustrate the variability in turnover rates while providing some general idea of frequency, consider the following data from some well-known and well-respected companies. Each year *Fortune* magazine publishes a list of “The 100 Best Companies to Work For.” The 2002 list<sup>9</sup> contained data from nearly 45,000 surveys completed by employees in a wide range of organizations across many industries. Although turnover is not the focus of these surveys, the published information does include the voluntary turnover rate for each company. For our purposes here these companies were roughly organized according to industry and an average turnover rate was computed for each.

Table 1 shows the minimum, maximum, and average turnover rates by industry. The lowest yearly turnover rate of 2% was found in a manufacturing company, and the highest rate, 54%, in a retail organization. The average across all 100 companies was 16.3% per year. So, even those companies identified by external criteria as the “best” tend to lose, on average, about one of every six of their employees each year.

These estimates may be conservative, since they include only those employees who leave the company voluntarily. Many who calculate turnover in-

**Table 1. Turnover Rates by Industry**

Industry	Min	Max	Mean
Mfg/Construction	2%	22%	9.63%
Technology	4%	17%	10.14%
Publishing/Media	5%	21%	11.20%
Financial	5%	46%	17.67%
Service	5%	45%	17.88%
Retail	12%	54%	25.44%
Overall	2%	54%	16.30%

*Source:* Turnover data collected from companies identified by *Fortune*, February 4, 2002, as “The 100 Best Companies to Work For” based on 44,848 completed surveys; categorization into industries and calculations by the author.

clude employees who are terminated as well, since terminations are most often the result of either bad hires or bad management.<sup>10</sup> Turnover figures should also reflect candidates who are offered a position but turn it down because they have second thoughts or are offered a better opportunity elsewhere.

Another way to estimate the scope of the problem is to ask employees how likely it is that they will leave their organization within a given period. A number of such surveys have been conducted; their results are summarized as follows. (More specific data on intent to leave by type appear in a later section.)

- 20% of managers reported a strong chance that they would leave their current company within the next two years. Another 28% reported a moderate chance that they would leave in this time period. Younger managers were 60% more likely than older managers to say there was a strong chance that they would leave.<sup>11</sup>
- 33% of workers said they did not plan to stay with their current employer more than two years.<sup>12</sup>
- In a poll by Louis Harris and Associates, more than 50% of workers said they would leave their job within five years.<sup>13</sup>
- In a national random sample of people who completed the MBTI instrument, 14% said they were very likely to leave their current job within the next year; 35% said they were either somewhat likely or very likely to leave within the next year.<sup>14</sup>

# Descriptions of the 16 Types

**T**his section presents information relevant to retention for each of the 16 MBTI types. At the organizational level, human resource professionals and others can use this information to plan organizational or departmentwide retention programs. Such programs would require, at minimum, that type tables showing the distribution of types in the organization or in particular departments be available. At the individual level, managers and employees can use this information as a framework to begin discussions about individual needs that will influence retention. When using these descriptions for either purpose, please remember that they are necessarily generalizations.

The categories used in these descriptions mirror those discussed in the previous sections. Three of the categories require further explanation.

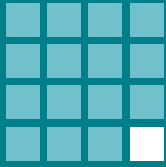
The section “To Bring out Their Best in Interviews” is based on the discussion in the “Type and Selection” section (see pages 14–15). As noted in that discussion,

the MBTI instrument should not be used for selection. The focus here is on providing a list of questions or activities that can be used in interviews to ensure that all types have an opportunity to present themselves in the best possible light—i.e., to show their strengths. These are provided to help ensure that your organization does not unconsciously select out certain types because they were not given the opportunity to show their best side during the interview.

In the “Suggestions for Development” section, the first two suggestions are directed toward ensuring that the person has opportunities to further use and develop his or her preferred functions. The employee will be able to stretch and develop the use of nonpreferred functions only if (1) the preferred functions are firmly established, (2) he or she is comfortable with them, and (3) the organization offers adequate opportunities for their expression. The next two suggestions then are directed toward the development of behaviors that are more challenging because they are related to functions that are not preferred by that type.

In the “Preferred Tasks or Style” section, some of the bullet points list specific tasks while others are more stylistic descriptions. For some people, the content of the task is not as important as how they accomplish it.





**ENTJ**

**Extraversion, Intuition, Thinking, Judging**

2% of the population  
56% very satisfied with the job  
22% plan to leave job in a year

### **Attracted to Organizations That**

- Are fast growing
- Have opportunities for advancement within a well-defined hierarchy
- Are or have potential to be leaders in their field

### **To Bring out Their Best in Interviews**

- Ask them to define leadership
- Discuss strategy or long-range plans and their role in implementation
- Be logical and objective
- Discuss rewards for high achievement and possibilities for advancement

### **Suggestions for Development**

- Show how development will lead to advancement
- Provide increasingly challenging tasks
- Stretch by understanding impact of style on others
- Stretch by learning how to develop others

### **Clues They May Be Dissatisfied**

- “Steamroll” over people
- Have emotional outbursts, especially of anger
- Lose interest in advancement
- Don’t offer their opinion on how things should be done

### **Preferred Tasks or Style**

- Creating a compelling vision
- Creating systems to implement the vision
- Commanding as many resources as possible

### **Like a Manager Who**

- Can be decisive and tough when necessary
- Is a strategic thinker
- Encourages debate
- Constantly challenges employees to do better

### **May Have Difficulties with a Manager Who**

- Is disorganized, indecisive, or wishy-washy
- Doesn’t have a clear vision of where the organization is headed
- Isn’t willing to exercise power
- Doesn’t provide support for advancement

### **Preferred Organizational Culture**

- People are organized around a clear vision
- Energetic, active, task-oriented people
- Tough, competitive atmosphere
- Hard-driving people

### **Rewards and Recognition**

- Reward with more power or influence
- Reward with opportunities for advancement
- Recognition for competency
- Recognition for organizational and leadership skills