# Catch & Retain: Optimizing Talent Strategy for a Free Agent Market

*How hiring and retention drive cost, performance, and long-term value*

A Comprehensive White Paper

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In Partnership with Elby Recruitment

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## Executive Summary

Hiring is one of the most important decisions an organization makes. Retaining high-quality talent is what determines whether that decision creates lasting value.

Organizations invest significant time, resources, and attention into attracting and selecting talent. The return on that investment, however, is only realized when employees stay long enough to reach full productivity and contribute at a high level. In today's labour market, where employees are more willing than ever to reassess options and move on when expectations are not met, retention can no longer be assumed as a natural outcome of a strong hiring process.

The cost of getting this wrong is substantial. New hires require months to ramp, during which organizations absorb not only salary costs, but the time and effort associated with onboarding, training, and integration. When employees leave early, that investment is lost and often compounded by the additional costs of replacement, retraining, and disruption to team performance. Over time, repeated cycles of hiring and early attrition create a persistent drag on organizational efficiency and growth, while also signaling instability to existing employees.

Beyond cost, there is a more significant strategic risk. In competitive labour markets, talent does not exist in isolation. When high-performing employees leave, organizations lose both the value those individuals would have created and, in many cases, enable competitors to capture that value instead. As a result, retention is not simply an operational concern, but a meaningful driver of competitive advantage.

This paper outlines how shifts in employee expectations have contributed to a more fluid, free agent labour market, where clarity, opportunities for growth, trust and autonomy, and the day-to-day experience play a central role in whether employees choose to stay. It also explores how organizations can strengthen their talent strategy by aligning hiring and retention as part of a single, integrated system.

Organizations that retain effectively do so by design. They create clear expectations from the point of hire, provide visible paths for growth, build trust through consistent and equitable practices, and deliver strong day-to-day experiences through effective management and team environments. When these conditions are in place, retention becomes a natural outcome rather than an active effort. In a labour market defined by increased mobility, the advantage is clear: hire well, retain well, and build lasting value and sustained competitive advantage.

**The Shift to a Free Agent Labour Market**

The way employees approach work has changed in a fundamental way. Career decisions are no longer defined by long-term tenure within a single organization, but by ongoing evaluations of available opportunities.

This shift did not happen gradually. During the COVID-19 pandemic, Canada experienced one of the most significant labour market disruptions in modern history. In early 2020 alone, over 3.5 million Canadians lost their jobs or saw their hours significantly reduced, driving the national unemployment rate to 13.7% at its peak (Lemieux et al., 2020). What began as a short-term shock quickly reshaped how both organizations and employees approached work, with many of those effects still evident today.

In response to the pandemic, organizations rapidly adopted new ways of operating. Remote work scaled almost overnight, flexibility became a necessity rather than a perk, and expectations around how, when, and where work gets done shifted dramatically. At the same time, widespread layoffs (even within historically stable industries) introduced a new level of uncertainty around job security. Employees who once viewed their roles as long-term commitments were suddenly reminded that employment is ultimately conditional.

These changes have had a lasting impact. Even as labour markets stabilized, employee expectations did not revert. Surveys consistently show that a majority of workers prioritize flexibility, autonomy, and growth opportunities as core components of their employment experience (Panneerselvam & Balaraman, 2022; Shilpakar & Pokhrel, 2024). In late 2025, work-life balance surpassed salary as the top priority for Canadian employees, with 65% of respondents citing it as their primary concern (Wilson, 2025). At the same time, voluntary turnover remains elevated. Over one-third of Canadian workers are actively looking for new employment in early 2026, up from 26% the year prior (Wilson, 2025) and voluntary turnover continues to sit above 10%, near peak pandemic levels (Mercer, 2025).

This environment has given rise to what can be described as a free agent labour market. Employees behave less like long-term organizational members and more like independent actors, continuously assessing where they can find the best combination of compensation, growth, experience, and alignment. The implications for organizations are significant. Retention is no longer driven by inertia or limited external options, but by the ongoing experience of working within the organization. Employees are not simply deciding whether to leave when something goes wrong; they are continuously deciding whether to stay.

Organizations that fail to recognize this shift often fall into a reactive posture, addressing retention only after disengagement has already occurred. By that point, the outcome is often largely predetermined. In contrast, organizations that understand the dynamics of a free agent market take a more proactive approach, focusing on creating conditions that consistently meet or exceed employee expectations.

In this context, retention is not a downstream outcome of hiring, but an active, ongoing process shaped by the systems, behaviours, and experiences that define day-to-day work.

### The Cost of Getting It Wrong

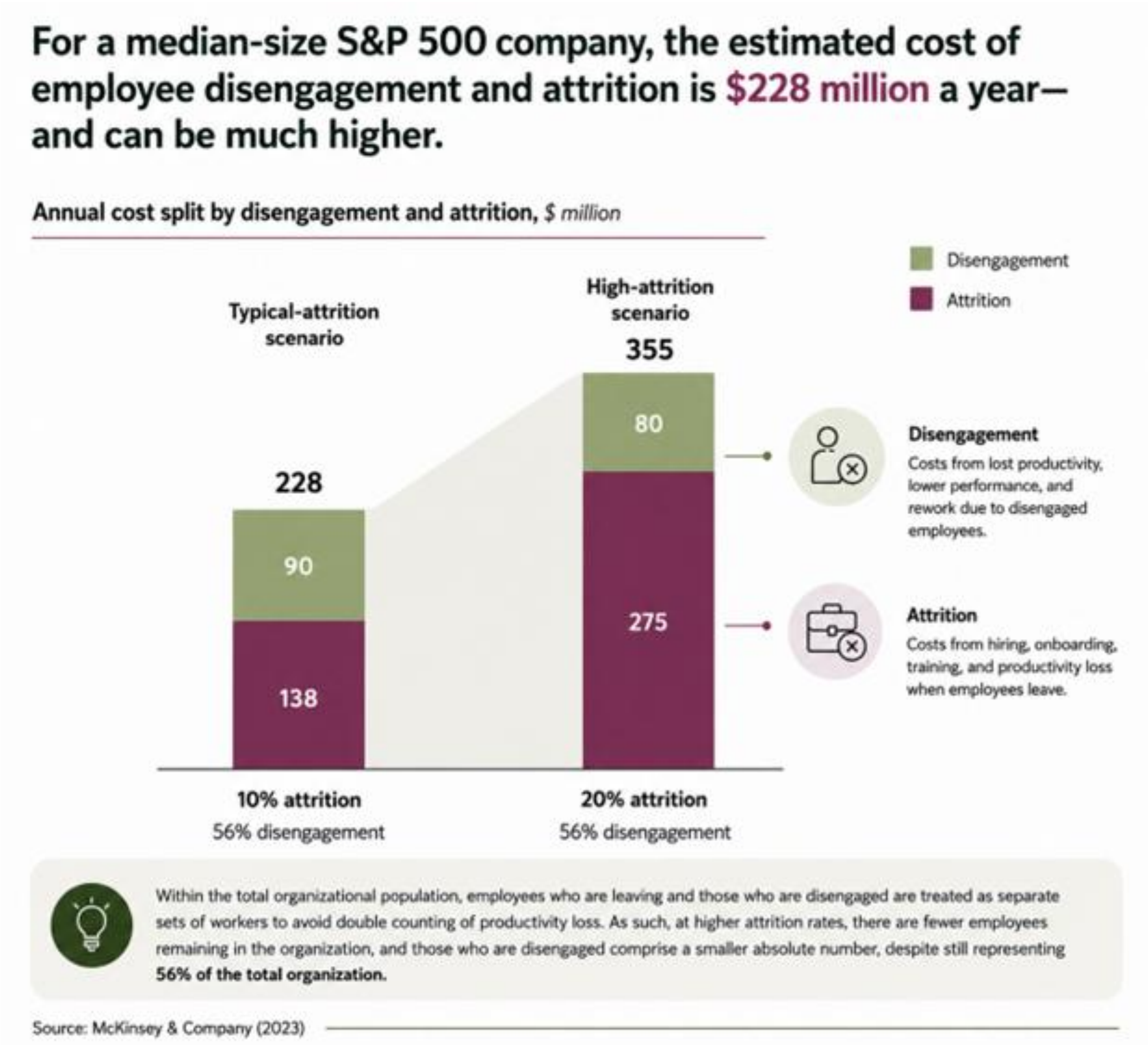
Hiring is an investment. Realizing a return on that investment requires time, stability, and sustained performance. When employees leave early, that return is never fully captured.

Most organizations underestimate how long it takes for a new hire to create meaningful value. For mid-level roles, ramp time typically ranges from three to six months. For more complex or senior positions, that timeline can extend upwards of a year. During this period, the cost of the employee extends beyond salary alone, including onboarding, training, management oversight, and reduced productivity (Fisher, 2023; Watts, 2025).

When employees exit before reaching or sustaining full productivity, those investments are lost. More importantly, they are rarely isolated losses. Organizations incur additional costs through backfilling the role, re-running hiring processes, retraining new employees, and redistributing work across existing team members. These disruptions often slow execution, strain internal resources, and introduce risk to ongoing priorities.

The financial impact is significant. Research suggests these combined costs often range between $30,000 and $50,000 in Canada (Wooley, 2026). Other data shows that replacing a mid-level employee costs between 25% and 75% of their annual salary, and for senior and more specialized roles, that figure can exceed 200% (Mercer, 2025).

Early-tenure attrition is a particularly costly form of turnover. A substantial proportion of employees who leave do so within their first year, often before they have contributed at full capacity. In Canada, roughly 30-40% of new hires exit within their first twelve months, and 30% do so within their first six (Work Institute, 2025). Research from McKinsey & Company is even more stark. They found that the estimated cost of employee disengagement and attrition in a median-sized S&P 500 company is $228 million (USD), and in high-attrition scenarios, grows as high as $355 million (USD) per year (McKinsey & Company, 2023).




Beyond direct financial cost, repeated cycles of hiring and attrition create broader organizational drag. Teams are forced to operate in a near-constant state of onboarding and transition, limiting their ability to build momentum or reach peak performance. Managers spend disproportionate amounts of time recruiting and training rather than leading and developing their teams. Over time, this erodes efficiency, slows decision-making, and reduces overall output.

There is also a cultural cost to this revolving door. High turnover and frequent replacement signals instability. For employees who remain, frequent departures and re-hires can reduce confidence in leadership, disrupt team cohesion, and increase perceived workload. In a labour market where employees are already more inclined to explore alternatives, these signals can accelerate further attrition, reinforcing a self-perpetuating cycle.

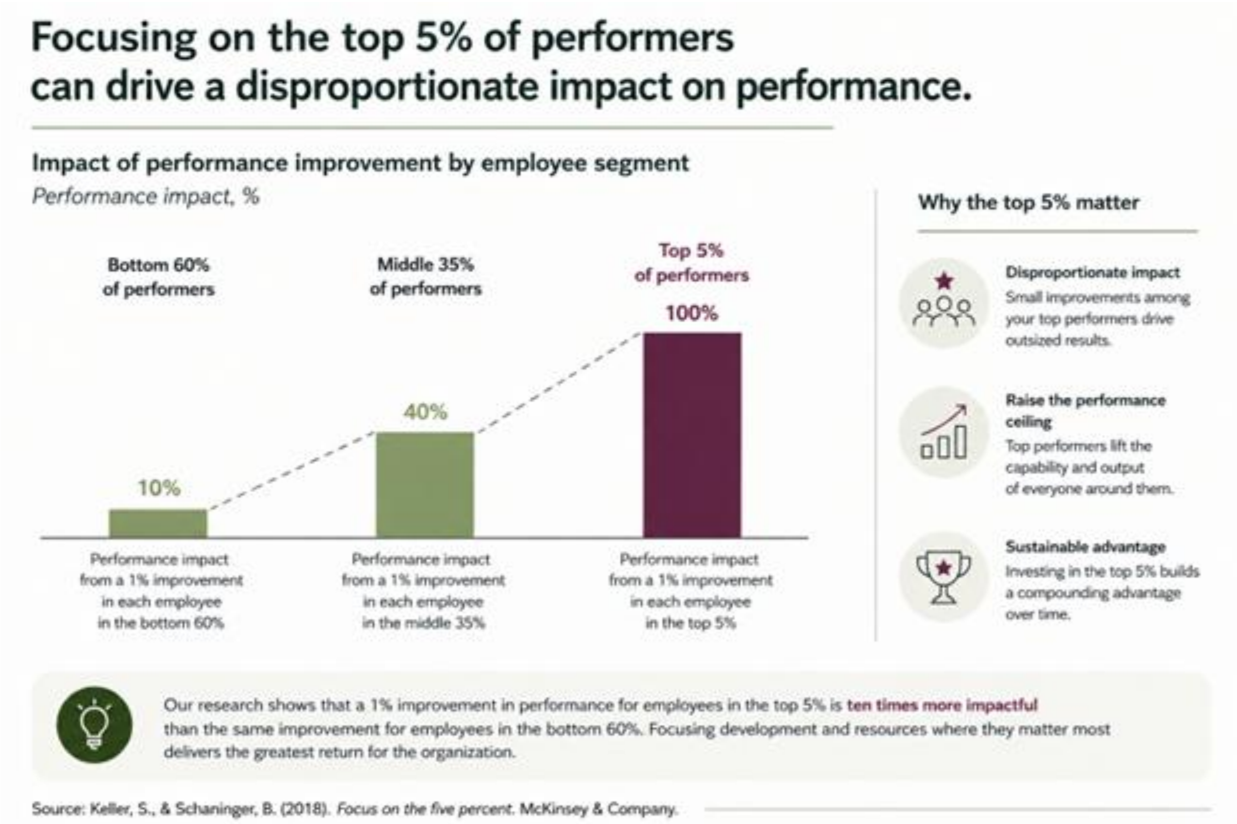
Organizations that underestimate these costs often default to reactive solutions, increasing hiring activity to offset turnover. While this may maintain headcount, it does little to address the underlying issue. Without improving retention, organizations remain locked in a cycle of recruiting, ramping, and replacing talent, with limited opportunity to capture the full value of their workforce. In this context, retention is not simply about reducing turnover. It is about protecting investment and preserving momentum.

### The Competitive Risk: Talent Does not Disappear, it Moves

The cost of turnover is often measured internally, but the risks associated with attrition extend far beyond the organization.

In competitive labour markets, talent does not exist in isolation. When employees leave, they do not exit the system, they re-enter it. In many cases, they move directly into roles at competing organizations, bringing with them not only their skills and experience, but also institutional knowledge, context, and relationships. This dynamic fundamentally changes how organizations should think about retention. The loss of a high-performing employee is not simply the removal of future value, it is often the transfer of that value elsewhere.

The impact is particularly pronounced in knowledge-based and specialized roles. Employees accumulate insights over time: how systems operate, how decisions are made, where inefficiencies exist, and how specific teams collaborate. When they leave, that knowledge does not disappear. Instead, it is applied in a new environment, often accelerating the performance of another organization. Research consistently shows that productivity within organizations is highly uneven. In a 2018 study, McKinsey found that in high-complexity jobs, top performers are up to 800% more productive than average performers (Keller & Schaninger, 2018). When high-performing employees leave, the impact extends far beyond a vacant role. Organizations lose disproportionate productivity, institutional knowledge and competitive capability all at once.




At the same time, competitors benefit from reduced ramp time. Hiring an experienced employee from within the same or adjacent industry allows organizations to bypass much of the learning curve associated with onboarding and integration, enabling them to realize value more quickly and with less upfront investment.

This creates a compounding effect. Organizations that successfully attract and retain high-performing talent gain twice: they benefit from the value created internally, while preventing that same value from being realized externally. On the other hand, organizations that struggle with retention lose twice: they forfeit future performance and increase the likelihood that competitors will strengthen as a result.

Over time, these dynamics shape competitive positions. Organizations with stable, high-performing teams build institutional knowledge, execute more consistently, and adapt more quickly to change. Those with high turnover are forced to operate with less continuity, slower ramp times, and reduced cohesion, limiting their ability to sustain performance.

In the context of a free agent labour market, where employees are more open to movement and external opportunities are more visible than ever, retention becomes more than a measure of employee satisfaction. It becomes a strategic lever that influences not only internal performance, but external competitiveness. Talent, in competitive markets, is not neutral. It is an asset that moves, and the direction it moves in matters.

**Retention by Design: What Organizations That Retain Well Do Differently**

Organizations that retain talent effectively rarely do so by accident. Strong retention is typically the result of deliberate systems, consistent leadership behaviours, and workplace environments that reflect evolving employee expectations.

In today's labour market, retention is not driven by perks or isolated initiatives. Employees stay when the overall experience of working within an organization consistently meets or exceeds the expectations established during the hiring process. When a meaningful gap forms between expectation and reality, disengagement emerges, which often leads to turnover.

Research increasingly shows that employee engagement and retention are closely tied to a small number of recurring organizational factors. Gallup's 2025 workplace research found that employee engagement has fallen to its lowest level in over a decade, with only 31% of employees reporting that they feel engaged at work (Harter & Pendell, 2025). At the same time, they found that over half of employees report actively watching for or seeking new job opportunities, reinforcing how frequently employees are reassessing whether their current situation continues to meet their needs. These trends reinforce the idea that retention is not primarily a compensation issue, but an experience issue.

Organizations that retain effectively tend to create four core conditions consistently across the employee experience: role clarity, opportunities for growth, trust and autonomy, and strong day-to-day management.

The first is role clarity. Employees are significantly more likely to remain engaged when expectations, priorities, and performance standards are clearly communicated. Research from the Society for Human Resource Management (SHRM) continues to identify role clarity and clear performance expectations as key drivers of employee performance, engagement, as well as retention outcomes (SHRM, 2024). Research on role ambiguity has consistently shown that unclear expectations and weak feedback cultures are associated with lower performance, increased burnout, and significantly higher turnover intentions (Eatough et al., 2011). In environments where employees lack clarity around responsibilities, success metrics, or organizational direction, disengagement tends to follow. To get ahead of this, companies should prioritize establishing strong feedback cultures with regular clarity-providing touchpoints and a formal performance feedback cadence.

The second is providing opportunities for growth. High-performing employees want to feel that their role is leading somewhere meaningful. This does not necessarily require constant promotion, but it does require visible development opportunities, increasing responsibility and the ability to continue building new skills. LinkedIn's 2025 Workplace Learning Report found that opportunities for learning and career development remain among the strongest drivers of retention, particularly among high-performing and early-career employees (LinkedIn Learning, 2025). In labour markets where external opportunities are highly visible, organizations that fail to provide internal growth paths often lose talent to organizations that will. Clearly outlining opportunities for progression, and paying explicit attention to the career goals of each employee does take time and effort on behalf of managers, but less so than the alternative of the employee leaving and thrusting the organization back into the recruitment and training cycle.

The third is trust and autonomy. Post-pandemic workplace shifts fundamentally changed employee expectations around flexibility and control over how work gets done. Employees increasingly expect organizations to evaluate performance based on outcomes rather than visibility alone. Research continues to show that giving employees autonomy in their work and other trust-based management practices are increasingly tied to employee satisfaction, productivity, and intent to stay (Wan & Duffy, 2022). Inconsistent policies, unnecessary rigidity in handing over responsibilities, and poor communication can quickly erode trust, particularly in environments that often see high employee turnover. Organizations that create environments built on trust and autonomy are significantly better positioned to retain talent over time compared to those that neglect this.

Finally, organizations that retain effectively tend to deliver strong day-to-day experiences through capable management and healthy team environments. Research from McKinsey & Company shows that manager relationships and day-to-day team experiences remain among the strongest predictors of job satisfaction (De Smet et al., 2023). Employees may choose to join an organization for opportunity, but they often decide whether to stay based on their day-to-day working experience. This is obviously a complex element of the work experience to change, as the day-to-day has several moving and ever-changing parts. The important thing to focus on, however, is that neglecting culture-forming initiatives, or the offering of a supportive and flexible work environment negatively impacts employees' likelihood of staying.

Taken together, these factors reinforce an important reality: retention is not driven by a single initiative, but by the cumulative experience employees have over time. Organizations that retain well do so because they intentionally create environments where employees can succeed, grow, and see long-term value in staying. In this context, the organizations that consistently retain high-performing talent are not simply better at responding to turnover, they are better at preventing the conditions that cause it in the first place.

**Conclusion**

The labour market we currently find ourselves in is characterized by employees being more willing than ever to reassess opportunities, move between organizations, and leave environments that fail to meet their expectations. In this context, retention can no longer be treated as a passive outcome of hiring well, but as a core component of organizational strategy.

The cost of failing to retain talent extends far beyond turnover alone. Organizations lose time, productivity, institutional knowledge, and, increasingly, competitive ground. Those organizations that retain effectively recognize that retention is not driven by isolated perks or reactive initiatives, but by the cumulative employee experience over time. Clarity, growth opportunities, trust, autonomy, and strong day-to-day experiences all shape whether employees choose to remain engaged and committed.

Ultimately, hiring and retention are not separate challenges, but interconnected parts of the same talent system. Organizations that align both effectively build stronger teams, preserve organizational momentum, and create lasting competitive advantage. In a free agent labour market the advantage is clear: hire well, retain well, and realize the full value of talent over time.

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