

Basic View on Employee Retention

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Abstract:

Employee retention is defined as an organization's ability to hold on to its employees. It refers to the strategies an organization develops to mitigate employee turnover risks and the processes it puts in place to increase retention of top talent. Employees remain at organizations for a variety of reasons, including meaningful work that leverages their skills and abilities, career development and growth opportunities. Competitive salaries and benefits are other reasons that workers stick around. The reasons employees stay on the job vary, but many commonalities exist. They include being treated with respect, fair compensation, feeling trusted and empowered, job security and the ability to use their skills and abilities to do their best work. This study is based on the employees retention and strategies to control then and recent trend and to calculate the retention.

Key word:

Factor affecting retention, strategies to reduce turnover of employees, recent trends, calculation formula.

Introduction:

Retention of productive employees is one of the major areas of concern for the HR professionals throughout the world. Employee retention is significantly important because of the high costs and time lapse involved in hiring new employees. Moreover, it is in the interest of the employers to retain the valuable employees who contribute their best to the organization. In a global work environment, there are more chances wherein employees may leave a job for various reasons like better career prospects, lucrative salary packages,

flexible working hours, better workplace environment etc. Therefore, it is the responsibility of employers to conduct surveys and get a regular feedback from the employees regarding their level of satisfaction with respect to the various aspects of the workplace. Thus this paper discusses about various factors that can have impact on employee retention. Further, it suggests various strategies which can be adopted for retaining the employees as retaining an honest and trustworthy employee is much better than recruiting someone else from outside.

Objective:

- The main objective is to get basic knowledge about the employee retention.
- How to maintain the employee in organisation.
- A sound management strategies to reduce turnover of employees.
- To know basic measurements of employee retention .

Literature review:

Many researchers such as Arnold and Feldman, (1982); Wotruba and Tyagi, (1991); Brodie, (1995) have found and concluded in their study that age, job satisfaction, tenure, job image, met expectations, organizational commitment are consistently related to turnover intentions and the actual turnover. Research findings by Jewell and Segall, (1990) and Locke (1976) have clearly stated that people, who are satisfied with their jobs, tend to stay in them longer, i.e. lower turnover, and be less absent. Researchers such as Carsten and Spector (1987) conducted a metaanalysis to find the relationship between job satisfaction and turnover and found a negative correlation between both the variables. Harrington et al. (2001) examined the

various predictors of intentions to leave a job and observed that emotional exhaustion; lower levels of intrinsic job satisfaction and dissatisfaction with salary and promotional opportunities were the main predictors. Gurpreet Randhawa (2007) concluded in her study that a significant correlation between job satisfaction and turnover intentions suggesting thereby that higher the job satisfaction, lower is the individual's intention to quit the job.

Factor affecting retention:

Lack Of Employee Morale: Employee morale is defined by how satisfied employees are with their job. It also refers to their well-being and outlook towards the organization.

When employee morale is low, it shows in the way they work. They usually have an unfavourable attitude and are visibly unproductive in their tasks.

No Career Development:

Employees, especially those who work remotely from their homes, can feel a lack of growth within their organization. No one enjoys doing the same monotonous tasks every day, especially when there is no growth in scope. When there is no scope for progress, it creates career insecurity, which causes them to start looking for better opportunities.

Employees today don't carry the old clock-in, clock-out philosophy when it comes to working. In fact, given the current disruptive economy, more and more employees are choosing growth over stability. So, if your company hasn't invested in an employee retention program, there's a good chance that your employees will leave you for an organization that values their contribution more promptly and presents growth opportunities.

Lack Of Recognition:

Effective leadership requires affirming their efforts and encouraging them to do better to bring forth the best in people. Employees want to be appreciated and recognized for the hard work they put in. Both monetary and non-monetary

incentives can increase employee engagement.

Poor Relationship Between Management And Staff: Employees spend the majority of their day in the office away from their families. In such a scenario, their colleagues and managers become a work family as well. Employees need to have functional business relationships in the workplace. This can only be achieved if the managers of the organization are supportive.

Just receiving a good salary and a few perks is not enough to convince them to work longer for the company. If the managers always micromanage their employees, it will suffocate them, and they may search for greener pastures much sooner than anticipated.

Poor Work-Life Balance:

Many organizations fail to implement a balance between work and personal hours for their employees. This stands true even more for employees working remotely. They find themselves working longer hours, irrelevant to whether they are a top performer or not. This is dangerous since this can cause employees to burn out quicker and loathe their managers as well as the organization. Employees nowadays require flexible work hours that allow them to balance their professional and personal lives.

Sound Strategies to Minimize Employee Turnover:

Recruiting Suitable Employees :

According to Hulin et al, staffing is designed at providing a pool of latent human resources from which organization can select the most suitable qualified employees on the basis of job condition. Hence, if the organizations try to minimize the rate of employee turnover, it is required to ensure that the suitable applicants have considered for recruitment and selection in the job.

Retaining Valuable Employees :

Mobley, describes the responsibility of an organization to retain potential employees because they will probably contribute to the attainment of the organizational goals.

The immediate cause of this, retaining the best employees for an employer could have a competitive advantage as compared to others. HR management should take steps for an appropriate employee assessment so that the most suitable candidates are employed.

Training and Development :

Management should initiate to create an environment, where key information has been freely communicated. Employees have the opportunities to be well-informed and insightful for further career development, as well as variety form of training programs will rationally be foremost to an organization. Therefore, this will result in retaining the employees and have a positive impact on the organizational productivity

Job Satisfaction :

The job content and autonomy are the two major job related motivational factors that lead to an increase in employees job satisfaction. Once employees realize that their views are needed in the decision-making process, they could be motivated and desire to do their best for the organization.

Effective Leadership:

It is fairly likely that employees will not stay in their jobs because of lack of support from managers. Many researchers are of the view that poor supervision is one of the leading factors of employee turnover and, hence, it is vital for an organization to coach its managers in order to improve their organizational and leadership skills. It comes to appear that employees do not have to be friends with their immediate supervisor, but requires to co-exist a mutual relationship with their immediate supervisor. However, one argument put forward by management experts is that the immediate boss needs to give direction and feedback, have regular meetings, respect their subordinates, and work with them in a friendly environment.

Unionization :

One of the major advantages of labour

unions for organizations are that they lead to less employee's turnover. It is quite probable that employees will not leave their jobs as frequently if they are the members of labour union. One cause for this is that they have to pay dues to be a part of the union, and they typically do not want to lose their position in the organization. Labour unions are organizations in which employees bond together to create a collective voice for negotiations with employers. Previous studies suggest that labour union may be capable to provide safe and better working environment by the negotiations between labour and management, resulting in lower turnover .

Recent trends in employee retention:

Sustainable HRM: In a highly competitive world, companies are facing an acute shortage of talented employees. They also face problems on the front of how to manage their present workforce which might include an ageing workforce, people from a different cultural background, more men or women employees at the place, both working couples etc. Employees also face a number of problems like work-life imbalance, increasing stress level, performance related issues.

Employee Lifecycle:

We all know about product lifecycle – the concept mostly used in marketing management. Like a product, employees too progresses in their career and follow different phases like the introduction phase, growth phase, maturity and decline phase. The need and expectations of employees are not constant at these stages and keep on changing. Organizations need to put a lot of effort to understand at which stage of the life cycle an employee is and tries to meet their expectations so that they can remain with the company forever. also talks about pre and postemployment phase other than these four phases. At post-employment phase, an employee work as a brand ambassador of the company and thus helps in building an employer brand.

Corporate Social Initiative and Retention:

As a human being, we have different aspirations from the job. Traditionally, financial benefits tend to play a major role in the retention of employees, however with the passage of time the preferences of employees are changing. Some employees are preferring less payment over participating in corporate social initiatives (Bode, Singh, & Rogan, 2015), they also highlight the fact that there is a positive relationship between employee participation in the corporate social initiative and their level of motivation and further their identification with the company. This helps them to stay with the company for a longer time.

Employee Retention Specialist :

A buyer market is different from a seller market in the sense that in the former it is the employer who is in the driver seat and control the terms of employment and takes the hiring decisions whereas in the later it is the worker who is in the driver seat and there are abundant jobs for them to choose from. However many studies have shown that there is no dearth of demand for skilled workers. According to Roger E. Herman "employee retention is not an HR issue, it is a management issue" (Herman, 2005) and that is why the role of an employee retention specialist becomes very important. He is a person who is educated and trained to help management in improving the performance of employees and reduce turnover cost.

Employee retention calculation formula:

The formula to calculate your unique retention rates is simple and straightforward. Divide the number of employees who have stayed throughout a given time period by the initial amount of employees in said time period, and multiply by 100:(Remaining headcount during set period/ Starting headcount during set period) x 100

Conclusion:

From the employees perspective it can be concluded that employee turnover is not a natural phenomenon. There are reasons which lead to increase in attrition. It is observed that both the external and internal factors are responsible for employee turnover. Among the external factors opportunity for growth and promotion outside, location and work life space are the important. And among the internal factors compensation, work timing / shifts, working conditions, relations with supervisor / manager, opportunity to use skills, work load are important respectively. From the perspective of managers, it can be concluded that the factors that lead to increase in employee turnover are majorly internal to the organisation. Although the external factors also influence, but as the management of the company does not have any control over the external factors it can focus on modifying the internal factors to enhance the retention of the employees in the organisation.

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