

HUMAN RESOURCE MANAGEMENT: STUDY OF EMPLOYEE RETENTION

Prof. Vijay K Vishwakarm

I/C Principal: Shree Jaya Anand Commerce And Science College (Night)
University Of Mumbai.

Abstract :Employee retention is a strategy to retain employees, especially the High-Achievers. Retention strategy requires actions on the part of management to retain talented and high performers. Employee Retention refers to the ability of the organization to retain its employees and it's emerging as a big challenge to organizations. Organization culture, pay and remuneration, flexibility and job satisfaction highly influence the retention rate for any company. The paper provides the prevalent and potential reasons for an employee to leave his job and also talks extensively about the problems faced by an organization associated with the high employee turnover. The paper elaborates on the retention factors such as training, skill recognition, career development, etc. and helps in understanding the importance of effective communication and employee motivation for the cause of employee retention.

Keywords: Employee Retention, Factors, Strategies, Employee Turnover

Methodology – The analysis of this paper is totally depend upon secondary data like journal, books and various website from internet

INTRODUCTION

Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover. Today's business environment has become very competitive thus making skilled employees the major differentiating factor for most organizations. Organization's - both public and private – rely on the expertise of their employees in order to compete favorably and indeed gain competitive advantage in the international market. However, recent studies have shown that retention of highly skilled employees has become a difficult task for managers as this category of employees are being attracted by more than one organization at a time with various kinds of incentives. Phoning or revisiting a client can be frustratingly awkward when you discover that the concerned person you were dealing with is he longer working with your client and client's company. All the time, and sometimes money spent developing a relationship and sharing business strategies with a very important person you trusted went out of the window. It are often recalled how you felt about the organization, represented by your client. Their reputation becomes undependable, you lose faith in their business practices and you probably lose interest in operating with them. If you feel so about other corporations, then your clients will feel the same about yours and hence comes the concept of employee retention. Employee retention problems are emerging as the most critical workforce management challenges of the immediate future. Reaches have shown that in future, triumphant organizations will be those which adapt their organization al behavior to the realities of the current work environment where longevity and success depend upon innovation, creativity and flexibility. Retention is a complex concept and there's no single formula for keeping employees with an organization.

Retention has been viewed as “an obligation to continue to do business or exchange with a

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particular company on an ongoing basis” (Zineldin, 2000). A lot of ample and current description for the concept of retention is “customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions” (Stauss et al., 2001). Studies have also indicated that retention is driven by quite a few key factors, which need to be managed congruently: communiqué, organizational culture, pay and remuneration, strategy, flexible work schedule and career development systems (Logan, 2000). Increasing numbers of organization mergers and acquisitions have left employees feeling displeased with the companies that they work and haunted by concerns of overall job security. As a result, strategic career moves are taken by employees to guarantee and satisfy their need for security. On the other hand, the employers need to work to keep their staff from leaving or going to work for other companies or their competitors’. IN a piece of evidence, employee development programs offered by companies are successfully retaining employees (Logan, 2000).

POTENTIAL REASONS FOR AN EMPLOYEE TO LEAVE A JOB

Key employee retention is critical to the long term health and success of company. Retaining our best employee ensures product sales, customer satisfaction, contented coworkers and reporting authority, effective progression planning and deeply embedded organizational knowledge and learning: Following are some potential reason for an employee to leave:

- ◆ Salary
- ◆ Lack of challenge or growth
- ◆ Lack of reorganization
- ◆ Loss of religion in manager / supervisor for providing opportunity of self-growth
- ◆ Lack of trust in senior management
- ◆ Over all low job satisfaction

RECOGNIZING THE PROBLEM

Who is eventually accountable for staff retention? Retention starts at the top. Sourcing, hiring and retaining motivated employees are the responsibility of the company’s governing board and Leadership Team. Getting and retaining good employees demands focused, recognized and comfortable policies and procedures that make retention a prime management outcome. To appreciate staff every day and constantly work to keep them on board is the job of the manager. The HR department alone cannot reduce turnover. Company leaders must establish distinct, significant and positive change for retention processes and programs within all levels of an organization. After recruiting the right people, it is management’s most important role to take responsibility for the success of their employees including leading people towards performance goals and targets.

THE HIGH COST OF EMPLOYEE TURNOVER

The costs of high staff turnover can be incredible. An employee leaving our organization leads to some substantial costs which can be briefed as below:

Recruitment Costs: From advertising to the time spent interviewing and sourcing.

Training Costs: Orientation materials and trainers’ time (ex. call center agents require on average 4- 6 weeks or more of classroom training).

Lost Productivity Costs: A new employee operates between 25%- 50% of productivity levels for the first three months, this do not include the time spent by existing employees to assist.

Lost Sales Costs: The loss of business when the role is vacant.

STUDY OF EMPLOYEE RETENTION

The Impact on Business Replacing employees is noticeably expensive. But in addition to it a company’s repute is also at stake. Clients don't feel confident dealing with a company which cannot hold onto it employees. It suggests poor management, instability, and a lack of good planning. Regardless whether an individual is let go or leaves on their own accord, more often than not the employee leaves with a bitter taste in their mouth. That feeling is taken with them

- ◆ Along with the skills they learned while working for you
- ◆ And their sentiments often usually repeated to future employers and their personal network. Reactively losing talented individuals will damage your company’s reputation for years to come.

RETENTION FACTORS

Agrela, et al (2008) states the necessity to focus on the factors that affects retention leading to growth and success of organizations. Studies recommends that retention strategies, which successfully satisfy the needs of all staff consequently enhances the ability for companies to adapt more effectively to ongoing organizational change(Gale group, 2006). research shows that trends redefining modern retention strategies go beyond the traditional remuneration and benefits package (Gale group, 2006) and compensation (Feldman, 2000) embracing employee motivation (Thomas, 2000), as one of the key factors to cater to the diversity and long stay of the workforce in the organization. a brief introduction and review of the twelve retention factors working towards the preservation of an organizations most valuable asset– staff (Yazinski, 2009), examined in this study are provided in the following section.

Skill Recognition:

Skill recognition of personal job accomplishments is an effective retention strategy for employees at any age

Learning & Working Climate:

Since learning and development opportunities seem crucial for the retention of talented employees (Arnold, 2005; Hytter, 2007; Walker, 2001), a supportive learning and working climate should be established by an organization. Normally it refers to the environment wherein employees both work and learn. The concept could be described by referring to: guidance and appreciation at work; pressure of work; the amount of empowerment and the responsibility that employees experience; choice in job tasks and development; provision of challenging and meaningful work; and advancement and development opportunities.

Job Flexibility:

Job flexibility is important for retaining employees of any age (Boomer Authority, 2009). Researchers portray the importance of employment flexibility such as scheduling variations that better accommodate individual workloads, responsibilities, work times, and locations around family responsibilities (Cunningham, 2002;Pleffer, 2007). Studies show that "flexibility" empowers people to facilitate a healthier balance between work and personal obligations, somewhat appeals to all ages of employees (Eyster, et al., 2008; Scheef ; Thielfodt, 2004).

Cost Effectiveness:

Studies supports the conclusion that organizations providing cost effective job flexibility options benefit from satisfying the needs of employees, not dependent on age, which allows for the reallocation of expenses related to hiring, work space changes, sick time, absenteeism, and commuting costs.

Training:

Training is a key retention factor for employees of any age. Statistical confirmation indicates job training is a essential factor for personal (behavioral) and professional (technical) development (United States Department of Labor, 2009). Availability of all employees having access to training and development programs is critical in facilitating growth of an organizational, particularly with technological improvements and performance (Boomer Authority, 2009).Eisen (2005) states that training programs available to all employees correlate with a 70th increase in retention rates of employees. As per Researches carried out, it have indicated training methods that engage workers with career challenges, work incentives, advancement opportunities, competitive wages/benefits, and helpful work environments are effective retention strategies for employees of any age (Eisen, 2005).

Benefits:

The relationship of benefits with retention is another aspect of making people stay is often investigated by researchers. Maccoby (1984) identified the job satisfaction of employees and supervisors of Bell System over a five-year period and found that the employees and supervisors were satisfied with their pay and benefits and were also motivated to work productively.

Career Development:

The purpose of career planning as part of an employee development program isn't only to help employees feel like their employers are investing in them, and it also help people handle many aspects of their lives and deal with the fact that there is not a clear promotion track. Job security can no longer be

promised by the employer; however they can help people maintaining their skills they need to remain viable in the job market (Moses, 1999).

Superior-Subordinate Relationship:

Employee development programs cannot exist without a culture that supports them. A program to be effective, it needs a robust support from the senior management and these people must also serve as positive role models to their subordinates.

Compensation:

A distinct challenge for any company is creating a compensation structure that supports an employee development. Generally many organizations assert to base pay raises on the basis of performance, but that is not essentially the case. Several companies try to give emphasis to team environment, but persist to reward people for individual achievement (Feldman, 2000).

Organizational Commitment:

Studies have concluded that committed employees' remains with the organization for longer periods of time than those which are less committed. Steers (1977) suggest that the more committed an employee is, the less of a desire they have to terminate from the organization. These "highly committed" employees were found to have a higher intent to remain on with the concern and a stronger aspiration to attend work, with added positive attitude about their employment. Steers (1977) stated that "commitment was significantly and inversely related to employee turnover."

Communication:

Studies have indicated that effective communications improve employee identification with their agency and build openness and trust culture. Progressively more, organizations provide information on mission, values, competitive performance, strategies, and changes that may concern employees enthuse (Gopinath and Becker 2000; Levine 1995). Numerous companies are working to make available information that employees want and need in better way of communication, through the most credible sources (e.g., CEO and top management strategies) on a timely and consistent basis.

Employee Motivation:

Management theory and practice has traditionally focused on extrinsic motivators. As these are powerful motivators, by themselves they are no longer enough — intrinsic rewards are essential to employees in today's environment (Thomas, 2000). Nowadays motivational issues are more complex because of the wealth and opportunity so many employees have enjoyed. Over the long haul, people need essential rewards to keep going and to perform at their peak (Thomas, 2000).

EMPLOYEE LOYALTY

Generating Employee Loyalty

Research has shown that an employee's job performance is directly related to his or her level of commitment to the company. This usually translates into lower levels of employee turnover and higher levels of productivity. It's therefore in an employer's best interest to investigate how to better generate employee loyalty. In order to foster loyalty, employers should be flexible, understanding, and supportive of employee needs. In a recent study, it was concluded that many employers fail to address issues that matter to employees. "Equality at work", "care and concern for employees," and "faith in employees" are factors that influence good or bad employee commitment.

Few other notable findings include:

- ◆ To some extent more than half of employees surveyed felt a robust personal attachment to their organizations.
- ◆ To some extent more than half of employees surveyed said they believed their employers show them genuine care and concern.
- ◆ Fifty percent believed they believe their organization cared about developing people for the long term, not just their current jobs.
- ◆ One-third of worldwide employees did not believe their organizations to be highly ethical.
- ◆ Only six in 10 consider their senior leaders have high personal integrity.

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Remember that an employee's loyalty to you – or lack there of – is directly related to your behavior and attitude towards him or her. Are you genuinely interested in and concerned about their needs? Take time to understand individual employee needs. By taking the time to build relationships with your employees, you will see an increase in their loyalty toward your business.

DEALING WITH LOW MORALE

Employees who demonstrate a bad attitude can impact the workplace atmosphere in a very negative way. It is important that you find out the source of the malcontent so that it can be corrected. If left to fester, low morale can have serious repercussions.

Few of the following indicators of low morale:

- ◆ High employee turnover, absenteeism, and so on.
- ◆ An absence of humour: Is everyone serious all the time?
- ◆ Frequent complaints: If the complaining originates with the better employees, a sign a symptom of a potential problem.
- ◆ Continually negative rumors. If you observe that there is a morale problem in your workplace, you need to take swift action to improve the workplace atmosphere.

Top strategies to improve EMPLOYEE RETENTION:

1. Propose reasonable and competitive salaries.
2. Consider the benefits.
3. Guide Supervisors, Managers and Administrators.
4. Clear the job roles and responsibilities.
5. Offer sufficient improvement opportunities.
6. Propose retention bonuses.
7. Perform employee satisfaction review.
8. Promote a teamwork environment.
9. Have some fun (team lunch or dinner, birthday parties, outings, contest)
10. Develop mission statements for all the departments.
11. Ensure an open communication.
12. Promote learning.
13. be flexible.
14. Provide employees the best equipment and supplies.
15. Ensure employees that they are valued.
16. Adopting the technique of Management-By-Walking-Around (MBWA).
17. Introducing ESOPs (Employee Stock Option Plan).

CONCLUSIONS

Employee retention isn't solely a concept or a apply, it's a live taken to speculate within the way forward for the corporate for a corporation is additionally well-known by the workers it employs and also the ways in which it retains them. Holding a crucial worker would demand the leader to reap the sensation of job security and job satisfaction into the mind of the workers. Efficacious communication helps worker to spot with the organization and produce in openness and religion. Impelled workers don't seem to be solely committed to a lot of output however conjointly influence a much better work culture for a protracted run. This helps in developing a way of loyalty and evolves a lot of economical and effective work force operating towards a much better productivity for the organization, on balance human resource is additionally one in all the foremost valuable assets.

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