

Employee Retention – A Conceptual Study

Dr. R. Rajkumar
Mr. J. Vinoth Kumar

Assistant Professor in Commerce, St. Joseph's College of Arts and Science (Autonomous),
Cuddalore, Tamil Nadu.

Ph.D. Research Scholar in Commerce, St. Joseph's College (Autonomous), Tiruchirappalli,
Tamil Nadu.

Abstract

Employee retention should be at the forefront of every company's radar. Employees want to know they are being treated fairly, receiving the highest compensation possible and being appreciated by their employers. For an organization to do well and earn profits it is essential that the high potential employees stick to it for a longer duration and contribute effectively. The employees who spend a considerable amount of time tend to be loyal and committed towards the management and always decide in favour of the organization. Managers and team leaders can reduce the attrition levels considerably by creating a motivating team culture and improving the relationships with team members.

Keywords: employee retention, retention strategy, role of manager, etc.

Introduction:

Retention of employees is all about keeping good people and stopping them from leaving the organisation. Employee retention is controllable with different retention goals, strategies and tactics. To retain knowledge workers, organisation should facilitate the acquisition of skills and competencies to generate valid knowledge; create a culture of care in relationships and institutionalizing it; redefining organisation vision and ensuring that it becomes shared vision recruiting superior knowledge workers, identifying common knowledge needs across the organisation and sharing knowledge by institutionalizing it. Establishing both extrinsic and intrinsic reward system for knowledge system for knowledge generation and knowledge usage.

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Concept of employee retention:

Employee retention means many things to many people in each organisation. There is no single definition of employee retention. Some views mentioned by J.Leslie Mekeown are as under:

- ❖ “Employee retention means stopping people from leaving this organisation.”
- ❖ “Employee retention is all about keeping good people.”
- ❖ “Getting our compensation and benefits into line with the marketplace.”
- ❖ “Stock options, creache facilities, and other perks.”
- ❖ “It's got to do with our culture and how we treat people.”

In fact, the concept of employee retention arose in response to increasing number of employees leaving the organisation due to various reasons¹.

Growth of Strategies for Employee Retention in Different Periods

The approach to employee retention has developed gradually and has undergone focused attention in various periods. (J. Leslie Mekeown):

- a) **Paternalistic 'status quo' employer** –employee relationship to reduce rate of employee turnover. This was dominant up to 1980s.
- b) **Focus on providing hygiene factors.** However, job mobility and turnover of employee increased due to changes in job market and opportunities outside the organisation. People

did not remain with one employer for long or for career in working life, so employees started voluntarily leaving the organisations. Thus to retain employees, organisation laid emphasis in providing **hygiene factors** (herzperg two factor theory of motivation),

c) Thurst on motivating factors. Then came another change when emphasis of employers became dominant **on motivating factors** (herzperg) such as:

- ❖ Feeling of achievement,
- ❖ Recognition,
- ❖ Challenging work itself,
- ❖ Career development,
- ❖ Increased responsibility, and
- ❖ Opportunity for growth as a person.

The emphasis was equally on growth or higher order needs of A. Maslow social needs (affection, friendship, acceptance, belongingness in work group), esteem or ego needs (status, recognition, self-respect, etc) and self-actualization needs (growth, achieving one's potential, self-fulfilment, etc.)

d) Improvement in quality of work life. Later organisation started providing various job-redesign and improvement in quality of work life (**QWL**) measures to enable individuals to satisfy variety of needs. These measures are, i.e. meaningful work, challenging in learning and problem-solving, control over one's job, a chance to collaborate with colleagues. Nature of work one is involved has a profound impact on shaping individual's personality, determining performance, commitment job satisfaction.

e) Building organisation culture other areas of focus have been such as making compensation rewards and benefits more competitive so as to have a difference with be realized that corporate culture is important for corporate growth, success, excellence and survival. It has motivating effect on employees as it influences initiative, trust, support, and innovation. Good culture is usually typified by quality of excellence, openness in communication, participation in decision-making, high standard of safety, good corporate citizen. Thus is sustained employee retention called as **"holistic approach"** that dealt with employees **"higher needs"** such as acceptance, self esteem and self-fulfilment.

f) Retention factors for knowledge workforce: according to J.Leslie Mekeown, the current approach in employee retention is to lay emphasis on following factors knowledge era².

Employee Retention: A Key Management Strategy

In today's workplace, there are many talented employees who find them working under overbearing bosses. Gloria, a young talented employee worked in a financial services company for seven years. During that period, she delivered her best in the organisation, completing all assigned work within the desired time frame. This earned her so much respect and admiration from her colleagues and team mates.

Her work was almost always free from errors and she was found to be innovative and thought provoking. She never interfered in other employees' work but concentrated on her job and stayed away from unnecessary office gossips.

Meanwhile, her immediate boss, Florence, never really liked Gloria for reasons best known to her. Despite her outstanding performance, her boss did everything to frustrate, humiliate and demotivate her. Soon, Gloria got fed up with her boss overbearing attitude and decided to quit the job.

In today's workplace, there are many employees who find themselves in similar situation as Gloria. They are either helpless or decide to move on because management of their organisations had not been able to put in place an effective employee retention strategy.

It is imperative for management to always find out why employees leave their organisations. Research have pointed out that most employees leave out of frustration and constant friction with their superiors or other team members.

Other reasons why employees quit their job include low salary, a negative environment at the workplace, lack of growth prospects and motivation, dirty politics, complicated hierarchies, lack of challenging work and poor supervision.

Just like the current scenario, many leading organisations are facing the challenge of employee retention as management somehow fail to stop the high potential employees from leaving the organisation. Oftentimes, the consequences of such action are enormous.

According to workplace experts, it is really difficult for organisations to retain the employees who decide to quit for a better opportunity.

This, they argued ought not to be adding that employees are the major assets of any organisation. They pointed out that the success and failure of any business depend on the hard work put by the employees to achieve the targets of the organisation.

Often time, employees do not have clear goals and expectations from their supervisors and leadership of their organisation. This is always the case when organisations do not have clear cut policies and procedures that are applied fairly and consistently across board.

An article by Management Study Guide explained that “An organisation can’t survive if the individuals are not focussed and serious about their work. It is a common observation that employees who spend a good amount of time in the organisation tend to know more about it and thus contribute effectively. They develop a sense of loyalty towards their workplace and strive hard to live up to the expectations of the management.”

The article titled “After Effects of a Poor Employee Retention” emphasised that it is not easy to find an employee who gets well with the system and understands the work. It maintained that hiring an employee, training him and making him fit to work in an organisation incur huge costs and thus sincere efforts must be made to retain such an employee.

“Every problem has a solution and the management must probe into the exact reasons of an employee’s displeasure. Employees sticking to an organisation for a longer time tend to know the organisation better and develop a feeling of attachment towards it. The employees who stay for a longer duration are familiar with the company policies, guidelines as well as rules and regulations and thus can contribute more effectively than individuals who come and go,” it added.

The article pointed out that employee retention technique must go a long way in motivating the employees for them to enjoy their work and avoid changing jobs frequently. Employee Retention Strategies Hiring employees is only the beginning of creating a strong work force. However, retaining individuals who thrive in the workplace can be challenging because they are always on the lookout for greener pastures. The challenge, workplace experts say is often that companies approach retention reactively. For instance, Kyle Lagunas observed that retention issues are often ignored until the company suspects an employee might bail, at which point it’s addressed by offering the employee some kind of enticement to stay, and then it’s back to business as usual. This approach, Lagunas stated might work in the short-run, but does nothing to cultivate long-term loyalty. He emphasised that a better approach is to address retention proactively as a strategic issue.

In the case of underperformance, Lagunas advised management against writing underperforming employees off without first getting to the heart of the issue. Also, Robin Throckmorton said surveys had shown that over 80 percent of workers are actively seeking their next job. He explained that employers often find themselves in disbelief that these numbers apply to them, especially if they’ve been lulled into low turnover rates.

Robin, in an article on “Retention: How Many Employees Can You Afford to Lose?” pointed out that the way to prevent the mass exodus from happening in organizations is for employers to find out why employees are leaving.

“It is critical you start creating retention solutions that work in your organization NOW! Don't wait until you lose that first key employee. Once you know what employees want,

start implementing some of the solutions they shared to help retain your workers,” **Robin said.**

Stressing the need for employers to conduct an Employer Survey, **Robin said:** "Whether you call the survey an employee opinion, engagement, satisfaction or climate survey, the key is you want to find out information from your employees about how they feel about your company, supervisors, work conditions, job, and even intentions for staying. Make sure the survey is anonymous and you must respond to the data with action."

Robin also suggests the need for employers to conduct **“Exit Interviews”** for employees who wish to leave the organisation. He said: “Don't give up on asking employees who are leaving these same types of questions. You may find they are more willing to share vital information right before they leave or better yet a few months later.”

He listed some strategies that will help employers retain their employees. These strategies include: training and development, leadership and direction, communication, recognition and award, and work flexibility³.

Manager role in retention:

When asked about why employees leave, low salary comes out to be a common excuse. However, research has shown that people join companies, but leave because of what their managers' do or don't do. It is seen that managers who respect and value employees' competency, pay attention to their aspirations, assure challenging work, value the quality of work life and provided chances for learning have loyal and engaged employees. Therefore, managers and team leaders play an active and vital role in employee retention.

Managers and team leaders can reduce the attrition levels considerably by creating a motivating team culture and improving the relationships with team members. This can be done in a following way:

i) Creating a Motivating Environment:

Team leaders who create motivating environments are likely to keep their team members together for a longer period of time. Motivation does not necessarily have to come through fun events such as parties, celebrations, team outings etc. They can also come through serious events e.g. arranging a talk by the VP of Quality on career opportunities in the field of quality. Employees who look forward to these events and are likely to remain more engaged.

ii) Standing up for the Team:

Team leaders are closest to their team members. While they need to ensure smooth functioning of their teams by implementing management decisions, they also need to educate their managers about the realities on the ground. When agents see the team leader standing up for them, they will have one more reason to stay in the team.

iii) Providing coaching:

Everyone wants to be successful in his or her current job. However, not everyone knows how. Therefore, one of the key responsibilities will be providing coaching that is intended to improve the performance of employees. Managers often tend to escape this role by just coaching their employees. However, coaching is followed by monitoring performance and providing feedback on the same.

iv) Delegation:

Many team leaders and managers feel that they are the only people who can do a particular task or job. Therefore, they do not delegate their jobs as much as they should. Delegation is a great way to develop competencies.

v) Extra Responsibility:

Giving extra responsibility to employees is another way to get them engaged with the

company. However, just giving the extra responsibility does not help. The manager must spend good time teaching the employees of how to manage responsibilities given to them so that they don't feel over burdened.

vi) Focus on future career:

Employees are always concerned about their future career. A manager should focus on showing employees his career ladder. If an employee sees that his current job offers a path towards their future career aspirations, then they are likely to stay longer in the company. Therefore, managers should play the role of career counsellors as well⁴.

Conclusion:

Human resources are complex and not easy to understand. These are the assets which can make as well as break an organization. Retaining them will help in the long-term growth of an organization and will also add to their goodwill. But the most difficult task faced by an organization today is retaining as well as satisfying these resources.

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