

EMPLOYEE RETENTION: A BIGGEST CHALLENGE IN PRESENT COMPETITIVE ENVIRONMENT"

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Abstract

In the present competitive Business environment, the goal of every employer is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. By implementing lessons learned from key organizational behavior concepts employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek "positive turnover" whereby they aim to maintain only those employees who they consider to be high performers. This employee retention has become one of the important components in the companies' strategies, to stay ahead of their competitive partners in terms of timely delivery of service and better quality of services to their customers, because of the reason that service differ from one person to another and retaining a high performer is the most for any organization .In this paper we highlight on the importance of retention to the organization and various challenges in the competitive market

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Introduction

Human resources:is the set of individuals who make up the workforce of an organization, business sector or an economy. "Human capital" is sometimes used synonymously with human resources, although human capital typically refers to a more narrow view; i.e., the knowledge the individuals embody and can contribute to an organization. Likewise, other terms sometimes used include "manpower", "talent", "labor", and simply "people".

Human resource management

Human resource management (HRM or simply HR) is the management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labor laws. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company's primary liaison with the employees' representatives (usually a labor union).

HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

In startup companies, HR's duties may be performed by a handful of trained professionals or even by non-HR personnel. In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision making across the business. To train practitioners for the profession, institutions of higher education,

professional associations, and companies themselves have created programs of study dedicated explicitly to the duties of the function. Academic and practitioner organizations likewise seek to engage and further the field of HR, as evidenced by several field-specific publications.

Organization

A set up where individuals come together and work in together to achieve a common goal is called as organization. Individuals working together in an organization to earn their bread and butter as well as make profits are called employees. Employees are the lifeline of an organization and contribute effectively to its successful running and profit making.

An organization can't survive if the employees are not serious about it and are more concerned about their personal interests.

Employee retention

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joiner, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

Theory's for Retention

Retention and Motivation Theory

Retention has a direct and causal relationship with employee needs and motivation. Applying a motivation theory model, such as Maslow's Hierarchy of Needs, is an effective way of identifying effective retention protocol

Herzberg's Theory

An alternative motivation theory to Maslow's Hierarchy of Needs is the Motivator-Hygiene (Herzberg's) theory. The theories have overlap, but the fundamental nature of each model differs. While Maslow's Hierarchy implies the addition or removal of the same need stimuli will enhance or detract from the employee's satisfaction. Herzberg's findings indicate that factors garnering job satisfaction are separate from factors leading to poor job satisfaction and employee turnover.

Equity Theory

Equity Theory realizes the humanitarian concern with fairness and equality. While one party may be given motivational rewards and opportunities, the individual will assess the work-reward ratio based on similar, external positions.

Why do Employees Leave?

Research says that most of the employees leave an organization out of frustration and constant friction with their superiors or other team members. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors.

It is the responsibility of the line managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day.

Need & Importance of Employee Retention

Let us understand why retaining a valuable employee is essential for an organization.

- Hiring is not an easy process: The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary

interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process.

- An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture: A new joiner is completely raw and the management really has to work hard to train him for his overall development. It is a complete wastage of time and money when an individual leaves an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy; a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves.
- When an individual resigns from his present organization, it is more likely that he would join the competitors: In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joiner is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better: They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively.
- Every individual needs time to adjust with others: One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new joiner with the previous employees and always find faults in him.
- It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization: They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favor of the management. For them the organization comes first and all other things later.
- It is essential for the organization to retain the valuable employees showing potential: Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.

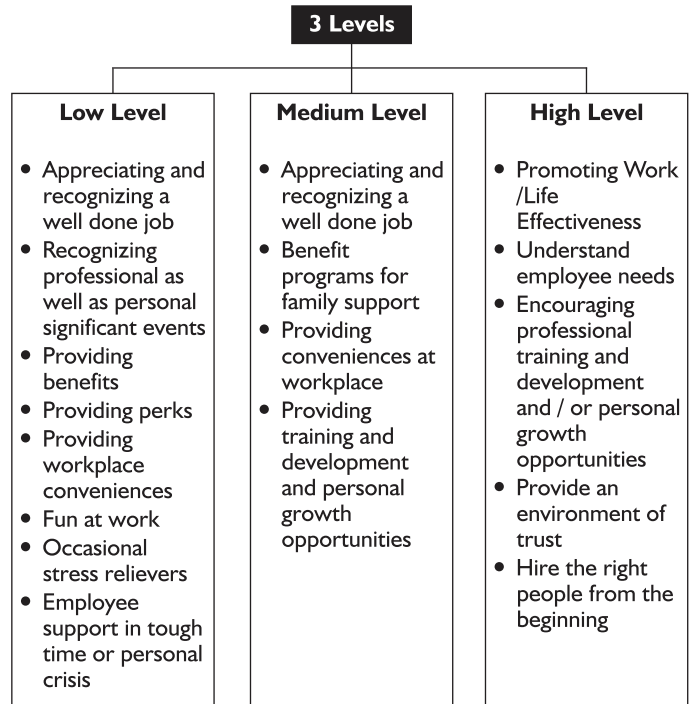
Employee Retention Strategies

The basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people in the first place.

2. Empower the employees: Give the employees the authority to get things done.
3. Make employees realize that they are the most valuable asset of the organization.
4. Have faith in them, trust them and respect them.
5. Provide them information and knowledge.
6. Keep providing them feedback on their performance.
7. Recognize and appreciate their achievements.
8. Keep their morale high.
9. Create an environment where the employees want to work and have fun.

These practices can be categorized in 3 levels: Low, medium and high level.



Challenges in Employee Retention

In the current scenario, a major challenge for an organization is to retain its valuable and talented employees. The management can control the problem of employees quitting the organization within no time to a great extent but can't put a complete full stop to it. There are several challenges to it.

Let see the challenges to employee retention:

- Monetary dissatisfaction is one of the major reasons for an employee to look for a change. Every organization has a salary budget for every employee which can be raised to some extent but not beyond a certain limit. Retention becomes a problem when an employee quotes an exceptionally high figure beyond the budget of the organization and is just not willing to compromise. The organization needs to take care of the interests of the other employees as well and can't afford to make them angry. The salaries of the individuals working at the same level should be more or less similar to avoid major disputes amongst employees. A high potential employee is always the center of attention at every workplace but one should not take any undue advantage. One should understand the limitation of the management and quote something which matches the budget of the organization. An individual should not be adamant on a particular figure, otherwise it becomes difficult for the

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- In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge. Every organization tries its level best to hire employees from the competitors and thus provide lucrative opportunities to attract them. Employees become greedy for money and position and thus look forward to changing the present job and join the competitors. No amount of counseling helps in such cases and retaining employees becomes a nightmare.
- Individuals speak all kind of lies during interviews to get a job. They might not be proficient in branding but would simply say a yes to impress the recruiter and grab the job. It is only later do people realize that there has been a mismatch and thus look for a change. Problems arise whenever a right person is into a wrong profile. An individual loses interest in work whenever he does something out of compulsion. The human resource department should be very careful while recruiting new employees. It is really important to get the reference check done for better reliability and avoid confusions later.
- Some individuals have a tendency to get bored in a short span of time. They might find a job really interesting in the beginning but soon find it monotonous and look for a change. The management finds it difficult to convince the employees in such cases. Individuals must also understand that every organization has some or the other problem and adjustment is required everywhere, so why not in the present organization? It becomes really difficult for the HR Department to find out what exactly is going on in the minds of the individual. An individual should voice his opinions clearly to make things easier for the management.
- Unrealistic expectations from the job also lead to employees looking for a change. There is actually no solution to unrealistic expectations. An individual must be mature enough to understand that one can't get all the comforts at the workplace just like his home. Individuals from different backgrounds come together in an organization and minor misunderstandings might arise but one should not make an issue out of it. An individual must not look for a change due to small issues. One needs time to make his presence feel at the organization and must try his level best to stick to it for a good amount of time and ignore petty issues.

INTERVENTIONS TO RETAIN STAFF

Interventions to retain employee are most effective:

- (a) Link staff retention with an effective recruitment and selection processes**
 - A lot of staff losses are caused by bad selection decisions, where the wrong person is appointed for the job. To prevent this, accurate job descriptions must be developed that clearly identify the core competencies required for successful performance. And, just as importantly, these must be used during their recruitment and selection process.
- (b) Link staff retention with an effective induction process**
 - Best practice studies show that the first few weeks of employment are important for establishing employee commitment to employment. It is therefore essential that line managers and human resource practitioner say the foundation for future commitment by being the part of the induction process.
- (c) Integrate an employee development into retention strategy**
 - Rather than sending new employees for long periods of training away from work, provide them with phased training that allows them to gradually acquire the required knowledge and skills. This increases confidence in the work and also builds the employee's trust in the employer.
- (d) Provide growth opportunities**
 - Besides making sure that employees are able to perform in their current jobs, they need to be given opportunities to grow by acquiring competencies that improve their ability to work in other areas or at other levels.
- (e) Reward employees who are high performers and value creators within Department**
 - Reward for excellent work can be both monetary and non-monetary. Ideally, they should be immediate, linked to performance and individualized. For example, a letter addressed directly to an employee that recognizes their outputs and good work is much more valuable than a standard letter, addressed to all staff, once a year.
- (f) Lead by example**
 - Most employees are more committed to their managers, fellow employees and the culture that drives the department than to the department itself. After establishing your department's values it is essential that managers are seen to be living up to them. A leader must lead up front not rear.
- (g) Compensation**
 - Although departments have little flexibility in how much employees are paid, there are some measures you can make use of to find and keep employees with scarce skills as indicated above. In additions, jobs in scarce and high risk categories should be properly designed and evaluated to maximize the compensation you can offer to candidates and employees. Department must fully and correctly utilize the scarce skills allowances available for certain categories of staff like social workers.
- (h) Performance management**
 - One of the most important management tools in the Public Service is the implementation of Performance and Development Systems. Department must ensure that such systems are available in both SMS and non-SMS employees and that utmost care is taken to ensure the fair, consistent and transparent application of employee appraisal. Processes for awarding of pay progression and bonuses should be managed

fairly to avoid unhappiness and grievances. Management capacity to deal with poor performers and staff development must also be improved.

(i) Career- pathing

- Although modern departments no longer need to focus on long-term employment, employees still need to be made aware that opportunities exist for career growth and an increased level of responsibilities. These growth opportunities might not always be upwards though. For example, some employees may be satisfied with learning a new job that they are very interested in even though it will not mean a promotion or a higher salary to them. The establishment of a personal development plan for each employee is the joint responsibility of line managers and employees and should have to be linked to their current competencies, performance management outcomes and the department's needs. Line managers and employees should review these plans on a regular basis.

(j) Situational factors

- A poor work environment leads to employees being unhappy at work and make other job options attractive to them. In order to retain staff, management must create work environment which takes consideration of:
 - Employee morale
 - Motivation
 - Employee morale
 - Motivation
 - Provision of strategic direction
 - Leadership and communication
 - Positive work challenges and
 - Employee's empowerment

Conclusion

Hiring top-performing and enthusiastic employees requires a certain knack. But keeping those employees is an art. Increasing retention requires careful planning and implementation resulting in a solid program which is a very complicated task. Companies must realize that by keeping their turnover levels low, they are in fact improving their bottom line. The cost of replacing employees is an excessive one which most companies cannot afford. Compared to the cost of retaining existing top performing employees, the cost difference and time constraints are staggering. It is essential that every recruiter and manager should be concerned with retention from the start of any recruiting program. The process should be conscious of the end goal: to keep the individuals who outperform in your company. Making the new employee aware that the intention is to keep them as long as possible encourages the employee in committing to long-term goals and planning within the organization. No retention strategy is static but should be constantly evolving to suit the changing needs of the workforce.

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