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A Study on Employee Retention in an Organization Level

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Abstract:

Employee retention refers to the ability of the organization to retain its employees for maximum period of time or until the completion of the project. Employee retention is beneficial to both the employee and the organization and it is emerging as a big challenge to the organizations. Employee may leave the job due to several factors which interfere with his/her work life as well as personal life. Some factors are dissatisfaction, no growth opportunities, lack of appreciation, lack of trust and support, stress due to work overload, compensation, higher education, and new job offers etc. the process of retention is not easy as it seems. Organization culture, good relationships, pay and remuneration, work environment, supervisor support, family support, flexibility, highly influence the retention rate for any company. The paper provides the prevalent and potential reasons for an employee to leave his/her job and also talks extensively about the problems faced by an organization associated with high employee turnover. The paper elaborates the retention factors such as training, skill recognition, career development etc., and helps in understanding the importance of employee motivation for the cause of employee retention.

Keywords: *Employee retention, emerging, compensation, remuneration, employee turnover, training, motivation.*

1. Introduction

Employee retention refers to the various policies and practices which let the employees stock to an organization for longer period of time. Every organization invests time and money to groom a new joiner, make him/her 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 stay in an organization for the maximum period of time. Employee retention has become a major concern for corporate in the current scenario. Individuals once being trained have a tendency to move to another organization for better prospects. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to their work.

2. Need and Importance

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

- Hiring is not an easy process.
- An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture.
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better.
- Every individual needs time to adjust with others.
- It is essential for the organization to retain the valuable employees showing potential.
- A higher retention rate can help to build the goodwill of the company.

The management must understand the difference between a valuable employee and an employee who doesn't contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change.

3. Objectives

- To identify the strategies used by the organizations to retain quality staff.
- To analyze the effectiveness of the strategies used to retain quality staff.

4. Role of Team Leaders and Supervisors in Employee Retention

Employee retention includes various steps taken to satisfy the employees so that they stay with the organization for a longer duration.

- The team leaders and the supervisors play an important role in employee retention.
- The team members must be assigned responsibilities as per their specialization, qualification, interests as well as experience.
- An overburdened worker never finds his job interacting and would always be eager for a change.
- Rules and regulations should be same for everyone.
- One should never fear his boss.
- The team leader should be accessible to his team members.
- The superiors must maintain transparency in communication.
- The team leader must appreciate those who perform well.

5. Process of Employee Retention

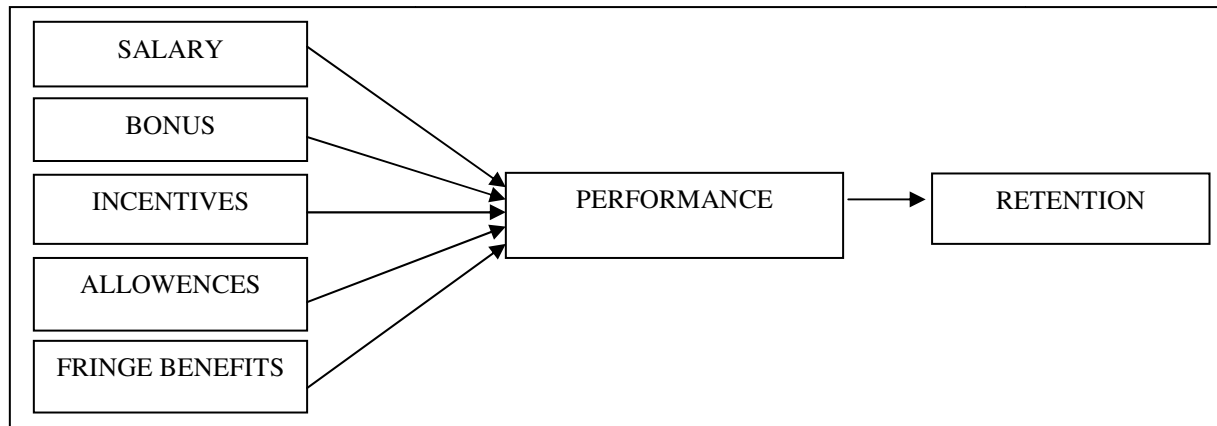


Figure 1

6. Challenges in Employee Retention

In the current scenario, a major challenge for an organization is to retain its valuable and talented employees.

Let us understand the challenges to employee retention:

- Monetary dissatisfaction is one of the major reasons for an employee to look for a change.
- In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge.
- Individuals speak all kind of lies during interviews to get job.
- Some individuals have a tendency to get bored in a short span of time.
- Unrealistic expectations from the job also lead to employees looking for a change.

7. Tools of Employee Retention

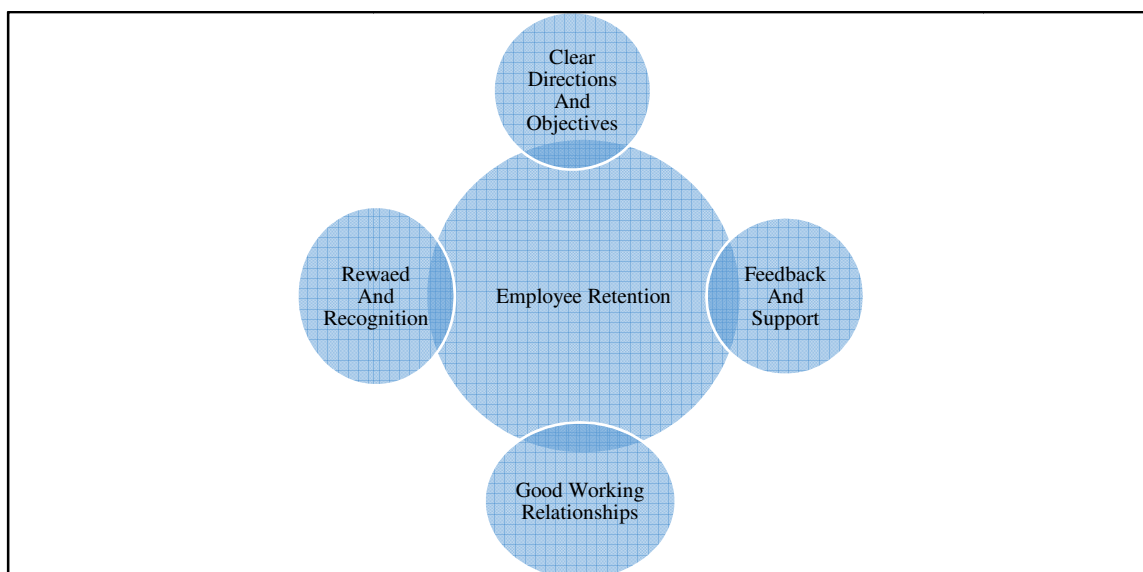


Figure 2

9. How to Retain the Best Employee

The employees who really are concerned about the organization must be retained for better output and a health environment at the work place.

Let us go through few steps to avoid talent drain.

- Step 1: Work should never become monotonous and must offer a new learning each day.
- Step 2: Every individual should enjoy privacy at the work place.
- Step 3: The seniors must be reachable to their subordinate in case of queries.
- Step 4: Every employee should be treated as one irrespective of his designation.
- Step 5: Management must formulate the employee friendly policies.
- Step 6: Incentives, cash prizes, trophies, perks should be given to deserving, employees to motivate them to perform up to the mark every time.
- Step 7: The performers must be made to participate in the decision making process.
- Step 8: Discipline is a must at the work place.

“We can't stop the employees from leaving unless we have a plan to make them stay”.

10. Factors Affecting Employee Retention

There are some factors which can influence the employee retention in the organizational context and they are as follows:

- ❖ Human resource factors
- ❖ Human resource management practices
- ❖ Organizational factors

10.1. Human Resource Factors

Employee retention can be influenced by several human resource factors, which are as follows:

10.1.1. Compensation

The compensation is the most crucial issue which can attract and keep the talents. Organization often pays superior compensation for attracting and retaining the best employees.

10.1.2. Challenging Assignments

The employee who feels that their organization failed to give them challenging and interesting work, freedom to be creative, opportunities to develop new skills are more likely to express negatively and lack loyalty towards their organization. Therefore, challenging assignments can also influence the employee retention.

10.2. Human Resource Management Practices

The human resource management practices affect or influence the organizational outcome by shaping employee's attitude and behaviors, by molding their perceptions of what the organization like and influencing depth of their relationship with organization. So, the high commitment of human resource management system can motivate the employees and committed them towards to their job, which can ultimately result in employee retention.

10.3. Organizational Factors

There are various organizational factors which can influence the employee retention and the factors are as follows:

10.3.1. Team Work

Interaction with peers serves as an effective psychological function by providing emotional support against stresses of the organization. A workplace with supportive co-worker's tends to retain employees in long-run. So, the team work can also affect the employee retention.

10.3.2. Culture

The organization culture can also influence the employee retention in an organization. Because the philosophy and style, communications protocol and policies can create uniqueness of each organization. Thus, organizations intending to retain the employees need to examine how effective is their organization's culture and structure, from time-to-time.

10.3.3. Working Environment

The working environment of the employee can also affect the employee retention. because, for some employees, personal circumstances make the difference between the leaving and staying. Individuals consider and care about their career priorities like health, location, family and other personal needs.

10.3.4. Leadership

The term leadership in the organization can influence the employee either positively or negatively, as the case may be, which impacts employee retention. A caring and strong leadership give direction, support, and motivation to employees which will enhance their intention to stay in the organization.

11. Benefits

An organization enjoys following benefits due to employee retention

- Existing employee skills, talent and values are known to the organization.
- Existing employees' performance, attitude, etc. are already judged.
- Existing employee's appreciations and expectations are clear.
- Employee's adjustment with the company's climate and environment.
- Cost of recruitment and training will not be incurring.
- Even the employee's family members get adjusted with the company's environment.
- Family welfare programs.

12. A Comprehensive Approach to Retaining Employees

- Using effective selection techniques.
- Offering professional growth opportunities.
- Providing career direction.
- Offering meaningful work and encouraging ownership goals.
- Recognition and rewards.
- Culture and environment.
- Promote work-life balance.
- Acknowledgement achievements.

13. Employee Retention Strategies

The management can't completely put a full stop to the process of employees quitting their jobs but can control it to a large extent.

Let us go through some strategies to retain an individual:

- Internal communication
- Attractive compensation
- Personal development plans
- Appropriate working conditions
- Organizational culture
- Equal opportunity practices
- Job design
- Preventing employee poaching
- Training and development
- Performance evaluation

13.1. Internal Communication

Effective communication can help ensure that employees want to stay with your company. Employees need to know-and be reminded on a regular basis –how the organization is doing and what they can do to help.

13.2. Attractive Compensation

The compensation refers to the complete pay which is given to the employee includes annual basis, all forms of money, fringe benefits, services and etc. organization should ensure that their compensation policies and practices help in retaining and motivating the employees for higher performance and contribution to the organizational goals.

13.3. Personal Development Plans

Personal development plans can help in employee retention. Individual investment in terms of training, education, and development of employees results in value addition to the employee's skills which can help to improve his/her confidence, performance and commitment towards to the organizational objectives.

13.4. Appropriate Working Conditions

Appropriate working conditions can also influence the employee retention because employees spend around 80% of his waking life in the workplace. The appropriate health, welfare provisions are more likely to retain the employees. So, the working conditions of the employee should be satisfied.

13.5. Organizational Culture

Organizational culture and commitment depends upon how individual perceptions and feelings hold together. However, the organizational culture seems to keep motivated, satisfied and productive.

13.6. Equal Opportunity Practices

The organization has to follow the practices which can give the equal importance or opportunity towards to the employees. Compensation, rewards and recognition are the three elements of equal opportunity practices.

13.7. Job Design

The organization should make jobs more empowering, challenging and interesting with a view to enhance individual learning, performance and job satisfaction. Such measures result in employee contribution and productivity to the organization.

13.8. Preventing Employee Poaches

Organization must initiate effective measures for securing their present and potential by keeping internal e-mail addresses confidential, refusing to do business with agents who have poached employees in the past.

13.9. Training and Development

Training and development are key factors in helping employees grow with your company and stay marketable in their field.

13.10. Performance Evaluation

When employees know what they are doing well and where they need to improve, both they and the organization benefit.

14. The Three R's of Employee Retention

To keep employees and their satisfaction high, we need to implement each of three R's of employee retention. The three R's of employee retention are as follows:

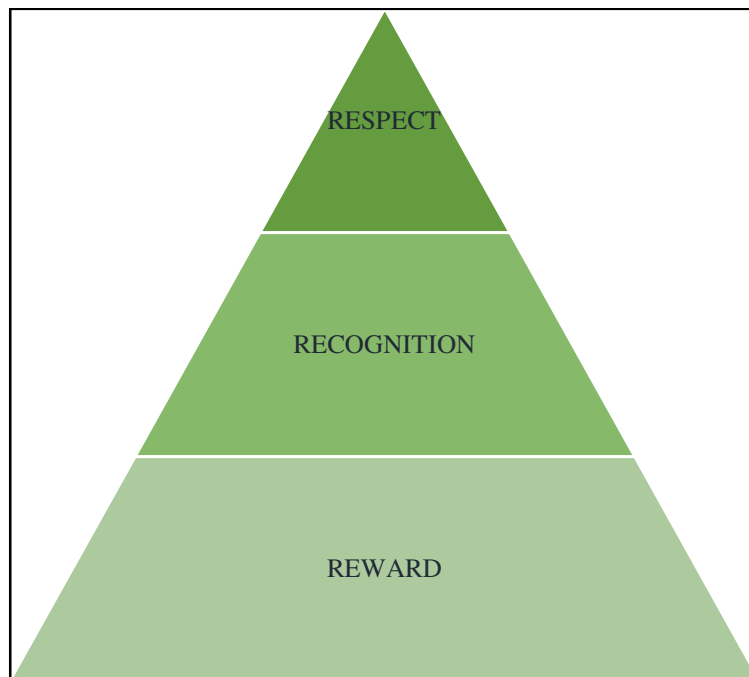


Figure 3

14.1. Respect

Respect is esteem, special regard, or particular consideration given to people. Respect is the foundation of keeping your employees, as shown in the pyramid. Recognition and rewards will have little effect if we don't respect employees.

14.2. Recognition

It is defined as "special notice or attention" and "the act of perceiving clearly". "Many problems with retention and morale occur because management is not paying attention to people's needs and reaction.

14.3. Rewards

Rewards are the extra perks you offer beyond the basics of respect and recognition that make it worth people's while to work hard, to care, to go beyond the call of duty. While rewards represent the smallest portion of retention equation, they are still an important one: We determine the precise methods we choose to implement the three R's, but in general, respect should be largest component of our efforts, without it, recognition and rewards seem hollow and have little effect- r they have negative effects. The magic truly is in the mix of the three.

When we implement the "three R's" approach, we will reduce turnover and enjoy the following:

- Increased efficiency.
- Abridged absenteeism.
- A more pleasant work environment.
- Enhanced profits.

Furthermore, an employer who implements the three R's will create a hard-to leave workplace, one known as having more to offer employees than other employers. We become a hard-to leave workplace –one with a waiting list of applicants for any position that becomes available-purposefully, one day at a time.

15. Methodology

The methodology which is used for this study is secondary data.

16. Conclusion

By the above consideration we conclude that "Every employee is an asset for the organization". So, the organization should give its concentration towards to the employees who are working in their organization and the organization need to follow some specific strategies which can retain the employees.

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