



EMPLOYEE RETENTION: GROWING RELEVANCE AND BENEFITS

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Abstract

Human capital is something which couldn't be compensated by any mean. Directly or indirectly talents are draining their brains as well as time in managing things at workplace for the success of any business. For the great career of any business it is quite necessary to retain the manpower by taking care of their possible needs so as to retain the knowledge level. In this research paper I have tried my level best to focus on as to why it matters to retain those who add value to any organization and how their retention is beneficial in turn. An effort has been made to discuss the strategies which are being adopted by the corporate to provide such an environment where the manpower get influenced and try not to go away from there. Techniques are employed just to help out the workers for their long stay in an organization. In this paper the data which are used are secondary in nature. Sources are: News article, hand books, journals, text book, Gazette as well as internet. Primarily the stress has been given to throw some light on the concept of Employee retention and then a broad discussion has been brought out to know the growing importance of retaining the personnel from the point of view of organization as well as benefits to employees. This paper examines the issues behind the retention and the ways to improve it. It also helps in understanding the present situations of employees and their arousing needs. Thus, providing that every organization must amend their retention strategies from time to time in order to satisfy their employees and maintain the companionship of employee and organization.

Key words: Employee retention; Retention strategies; Employee turnover intention; Relevance of retention; Benefits of retention.

INTRODUCTION

The term " Human resource " has its origin when a developer of new ideas, economist John R. Commons in his book *The Distribution of Wealth* used this term in 1893. Further it was used in 1910s and 1920s with the belief that the working personnel could be seen as a capital rather than machines. The term "Human resources" in its modern form was given by E. Wight Bakke in 1958. Further developments were made in the conceptual framework of manpower. With the passage of time Industrial revolution came which brought a great shift in promotional activity of employees. Today the things are getting modernized with the technological upgradation and environment is changing very fast. In this changing environment it is the basic need of an organization not only to hire the employees but to retain them in order to maximize the efficiency and for optimal utilization of available resources. According to Holzer and Wissoker (2001), turnover appears to reflect significant work place problems, rather than opportunities for advancements into better jobs. Therefore, management should take keen interest to identify the needs for employee retention practices. According to Cappelli (2000) the factors which are having direct impact on retention are career opportunities, work environment, work life balance, organizational justice, existing leave policy and organizational image. In a study by Walker (2001), he identifies seven factors that can increase the employee retention, these are:

- Compensation and appreciation of performed work.
- Provision of challenging work.
- Chances to be promoted and to learn.
- Invitational atmosphere within the organization.
- Positive relation with colleagues.
- A healthy balance between the professional and personal life, and
- Good communication.

Only those companies that recognize and hold on to their top – performers will thrive in a tough competitive environment means to say that focus should be given to specific actions to make retention a top priority.

CONCEPT OF EMPLOYEE RETENTION

Every organization spends a huge sum on its new comers to groom them, make them ready for corporate and equalize with the existing employees. If a fully trained employee leaves the organization it is a big loss on the part of organization. That's



why the concept of retention is used and various strategies as well as techniques are applied that an individual stick to an organization for the maximum period of time.

Let's understand it with an example.

Example:

Rahul is a sincere boy always shows obvious signs of effort. He is dedicated to his work and having passion to do something innovative. He never indulges himself in gossips and rumours. His work is always appreciated. Sumit, his colleague feels jealous of him due to his good qualities and talent. That's why he always tries to put him down in front of other colleagues. Being fed up of Sumit's ill treatment he goes to HR and gave his resignation.

Case 1: HR accepted his resignation.

Case 2: HR wanted to know the reason of his resignation. Counseling and exit interview is conducted by the HR as a retention strategy.

Thus, we can understand from the given example that under situation 1 it's a loss for organization and under situation 2 it would be worthy to manage a young talent for the benefits of the organization.

RETENTION STRATEGIES

It is very necessary to employ some technique by the organization if any of its member wishes to work no more at their place. Let's, have a look over some basic strategies

1. Hiring the right people: The management should evaluate the motivational level of a person and seek out their interest in developing their skills and careers. The hiring done after making such an evaluation, the chances of disappointment would be less.
2. Performance evaluation system: It would be beneficial for both the company as well as employee if both of them knowing in advance the exact expectations from each other.
3. Tracking level of retention and employee satisfaction: Collecting the information about the problems through survey, questionnaire or any other aid and trying to solve them out will surely support the retention efforts.
4. Training top level management: The best and easy way to openly establish the expectations between employees and managers is to provide training and expertise in good communication skills.
5. Offering employees a career path and a development plan: Commitments towards employees by the HR and Top management together can show the path of developments to employees in skills and experience. Thus, employees will realize their importance and wouldn't feel stuck.
6. Inspire award and recognition programs: Rewarding high achievers and deserving employees boost their level of motivation.
7. Health and safety: A safe place to work and a congenial environment always influence the individual. Thus, it should be maintained.

Thus, if you don't want your good people to be out, you'll need to build such retention strategies that could meet their work-life balance, career and prestige.

OBJECTIVE OF THE STUDY

The main objectives of this research study are as follows:

1. To discuss the concept of Employee retention.
2. To know why the employee retention is important.
3. To discuss the techniques of retention or retention strategies.

LITERATURE REVIEW

The literature review of this research paper shows that the ideas and concepts which are being discussed reveal the concept of employee retention and also the growing importance of it as one of the important topic under human resource management. With this purpose the literature review is categorized under the main head: Relevance of employee retention.

Relevance of Retention

A motivated staff is very important to an organization's success. Retention program is an effective way to have best stuff at work place. A successful retention not only increases the repo but also shows the concern of the staff towards organization. Let's, discuss the growing importance of employee retention.



1. Manage staff turnover: Importance of retention program came into light when the percentage of employees starts decreasing due to voluntary, involuntary, functional or dysfunctional turnovers.
2. Cost effective: According to the Society of Human Resources Management, “ Employee replacement costs can reach as high as 50 to 60 percent of an employee’s salary.” Thus, strategies so implemented to retain good workforce helps to offset employee replacement costs and decrease the indirect costs.
3. Maintain performance and productivity: Hiring and training new comers needs time because a vacant post means the work is pending. It is very necessary to keep the present workers satisfied in order to insure productivity.
4. Enhance recruitment: Retention strategies should be applied first at the very beginning, at the time of recruitment because the company offering more attractive packages attracts the job seekers.
5. Increase morale: A positive work environment could be created through the application of retention strategy which increase the morale and enthusiasm of the individual.

Retention is beneficial because of few other reasons are as follows

1. The process of hiring is a typical task thus an employee must not be left to go out without any important reason.
2. An organization bears lot of pain in making his staff as a finished one who can easily understand the culture of the organization. Thus, they must be retained anyhow.
3. A kind of fear is always there when an individual leave his present job that he may join the competitor.
4. A new comer is not so familiar with the companies rules and regulations, their policies and guidelines where as an old employee know everything and manage things according to norms.
5. An old employee is more loyal and trustworthy than a new employee.

Thus, the staff should be motivated, praised and retained. . Fitz-enz (1990) [19] recognized that a single factor doesn’t influence the employee retention but there are number of factors. According to Osteraker (1999) [20], the key factors of any successful business are satisfaction and retention of employees.

RESEARCH METHODOLOGY

The nature of the study is theoretical and only secondary data has been used in it. In order to satisfy the objectives of this research paper, present and historical information has been extracted from the available secondary data. Secondary data consists of Text books, articles, journals, hand books, gazettes and internet.

FINDINGS AND RESULTS

After going through this research paper we find that it helps us to understand the concept of employee retention. It also defines, what are the best techniques of retention? With the help of that an organization can arrange for a better stay of their employees. Even though, retention doesn’t work in few critical cases which are not controlled by common man, in the case of death or lunacy but the benefits of retention in all other cases controls the cost and provide an addition in the value of organizations health. We can say that retention is not only good for an organization but also for those who work as a part of organization.

Benefits of retention from organizations point of view

1. Retention helps in controlling the cost of hiring new employees and training as old employees are pleased not to leave the job.
2. Fear of joining hands with the competitor by the leaving employee is minimized through retention.
3. The best stuff remains with the organization and ready to serve them.
4. Retention helps in managing customer services as clients and customers do business on permanent basis because of good cordial relation with old employees.

Benefits of retention from employees point of view

1. An individual doesn’t roam around in search of new job.
2. Retention let the employees feel that they are the important part of an organization and organization also want them as a part of it.
3. Retention indirectly gives an opportunity to an employee to polish themselves and have better career.
4. Retention is helpful because many times employee leaves a reputed organization due to others ill treatments. Thus, it removes confusion and solves the problem of an employee as well.
5. Retention let the employees think and attracts towards the retirement and health care benefits being used as a retention strategy.



Issues and Challenges of Employee Retention

Today, employee retention is one of the emerging issues for big firms. The challenge to retain the knowledgeable and experienced people for an organization is too big that every firm is trying to adopt modern strategies to control the problem of employee turnover but it can't solve it completely. There are several challenges to it, are as follows:

1. Retention becomes a problem when employees expect the pay beyond the salary budget of the company. Every organization has their limits and accordingly they quote the figure for every staff members, they are liable for the satisfaction of every staff personally.
2. Retention strategy is useless when an individual becomes greedy. For money and position people left their current job and join the competitor.
3. An individual loses interest in work if there is any kind of mismatch occurs between his area of interest and job profile. He tries to switch over the job of his interest, at that time retention becomes an issue.
4. Some people expect things from their job which are unrealistic in nature and there is actually no solution to that. Ultimately idea of retention fails.
5. Thought of few individual are quite different. They switch the job without any reason or get bored from one job very soon and plan to leave that. There is no cure for that type of people.
6. Sometimes conflicts with management vanishes the wish to work with that organization in that case it becomes very tough for the organization to find a solution to retain an employee.
7. Organizational policies in some fields are so tough that as an individual joins the job soon he gets fed up following the rules and regulation and try to run away anyhow.
8. Poor candidate screening is another big reason of turnover which couldn't be solved easily.
9. Lack of empowerment is another reason employees do not want to work where they won't have freedom and rights. This challenges the retention technique in turn.
10. Lack of proper grievance redressal system is another drawback for any organization.

SUGGESTIONS AND RECOMMENDATIONS

Big business firms, organizations, institutions and even small retail shopkeepers trying hard to retain their helping hands. Like it's not easy to find a good workforce, it is not easy to retain them too. For every organization using employee retention strategies, I have few recommendations they must consider which are as follows:

1. At the very first step, while recruiting an employee an organization must inquire into the expectation regarding monetary value he want because if the expectation is above the organizations norm it's not worthy of it.
2. Management must know about the ongoing work environment time to time by taking feed backs of their employees.
3. Training must be given not only to new but also to the old employees so they can cope up with the new and upgraded technologies.
4. Special leaves must be given to the lady workers without cutting their pay.
5. Channel of communication must be of free style where everybody would be free to share their thoughts and ideas and can take part in decision making.
6. Arrangements for the basic needs of employees must be made available within the premise so that they can give their maximum time to their work. Example: canteen, lavatories, rest rooms, crèches, hospital, ATM etc.
7. A security must be given before hand for the old age.
8. Reward is one of the important tool which gives recognition to an employee. A deserving person must be awarded with some kind of bonus, tour package or promotion. It not only motivates the employee but also gives an amount of satisfaction.
9. Free transport facilities for those coming from distant places can be another ways to retain them because of taking care of their convenience.
10. Old employees must be given more preference over those who join early because they are the backbone of the organizations. Permanent customers and clients are the reasons of their harmonial relations only.

CONCLUSION

Employee retention is the need of every hours, every organization is trying hard and fast techniques to maintain their workforce. After discussing the concept of employee retention I conclude that retention is necessary to have best stuff in your organization than any other in the market. Retention helps to grow the organization healthy. Herzberg's (1959) findings indicate that there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfactions. Like Maslow's (1943) Hierarchy, motivators are often unexpected bonuses that foster the desire to excel. Retention strategies must be such that it could not only fulfill the safe stay of employees but also solve their day to day problems. Human brain is the only key to success for any of the organization in any field of study, so it is necessary to provide peace to human to extract best out of them. A hardworking group of 3 is worth more than a group of 10 lazy. Lastly, behind every success story



there is a human mind. It is necessary to preserve them with better opportunities and make them feel secure in every walk of life.

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