



EMPLOYEE RETENTION

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Abstract

In the modern business competitive world, employee retention became an important element which has to be considered by every organization because due to increasing opportunities in the market, the employees are skittering from one organization to the another where better position and salary are offered.

Employee retention refers to the ability of an organization to retain its employees. Generally, employee retention is considered as an employer's attempt to retain the employees in their organization. In this view, retention considered as strategy more than an outcome.

This article contains the description about the concept of employee retention, different retention strategies used in the organization. It includes the notion of employee turnover and its factors. It also includes best practices like recruitment, socialization, training and development, employee engagement, compensation and rewards for the retention of employees.

Keywords

Employee retention, strategies, turnover, compensation, rewards, organization.

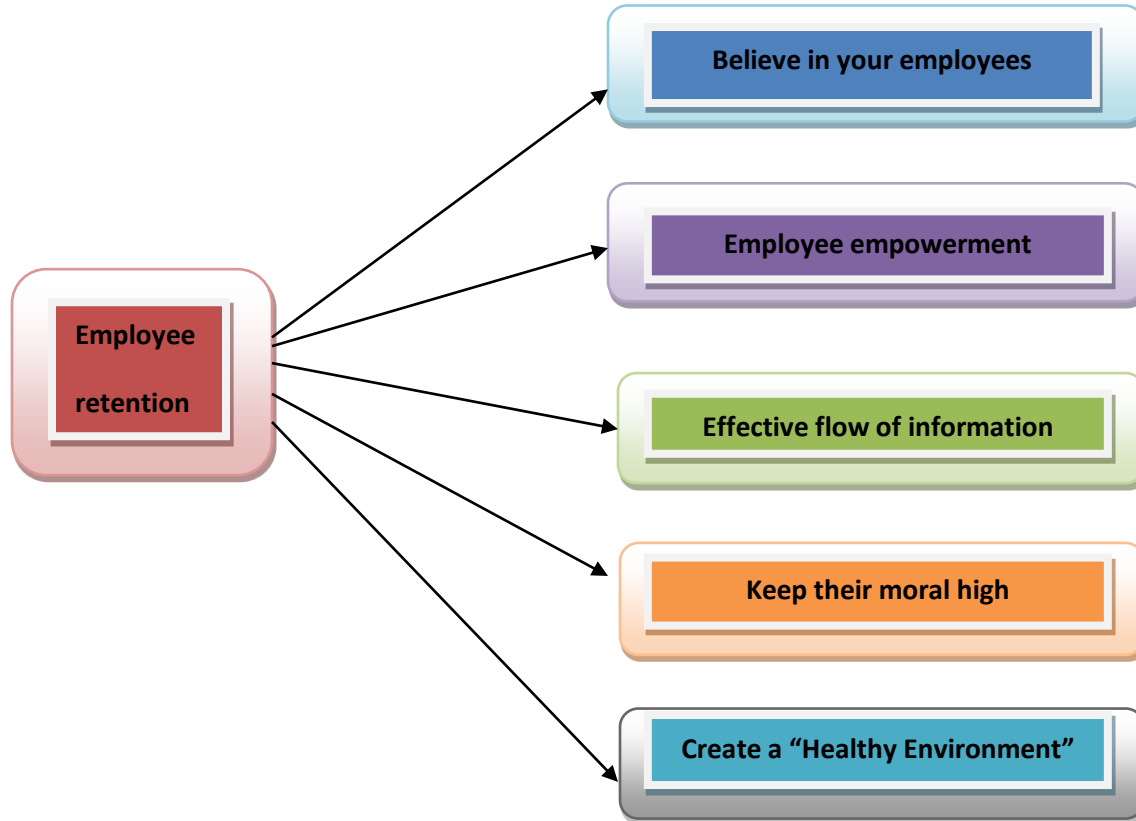
Objectives

- To study the retention strategies to reduce employee turnover.
- To know how to hold back the employees by providing good compensation and rewards within the organization.
- To learn about the factors leading to the employee turnover and various best practices to avoid turnover and increase retention

Introduction

Employee retention is a procedure where the employees are motivated to retain in the organization for more time period or until the project get completed.

EMPLOYEE RETENTION STRATEGIES



1. Believe in your employees

It is very important for an employer to have trust in their employees. Initially at the time of hiring, the HR manager has to analyze the commitment of the employee towards the organization and they has to believe that those new employees can able to do the specific work and also face different challenges at work place. The employee must also believe the employer and follow them. Here the employer support is very important for the employee to reach the individual goals and also the organizational goals. This kind of employer belief and trust in employee can retain the employees.

2. Employee empowerment

Employers has to encourage employees to perform prescribed and voluntary activities. To achieve the goals, organizations use a number of HR practices that directly affect the person, process and context components of job performance. Employees reactions to these practices determine their levels of engagement and



commitment. Even though the employee is independent and self-motivated, it is the duty of employer to motivate and empower the employees.

Generally, when the new employees are encouraged and involved in several activities then they start liking the work place and they don't want to hop to any other company.

3. Effective flow of information

It was said that for the success of the organization or any business, the two factors are to be considered

- i. Optimal Cash flow**
- ii. Effective Information flow**

Effective communication is very important in any organization. There can be different levels of management in the organization so the decisions taken by top level or any other level of management has to be conveyed to all the employees within the organization if required. The transparency has to be maintained regarding the information so that all the employees can have the adequate knowledge about several aspects related to the organization.

Maintaining important information transparency can increase the interest of the employees towards the organization as they know the several details and it indirectly increases the rate of retention.

4. Keep their moral high

Employee morale can be defined as the attitude, satisfaction and perspective of employees the interactions within the organization. The employees who are not convenient in the workplace, will constantly complain and crib about the various aspects of an organization, like employee rules, organization culture, facilities at workplace etc tend to have a low employee morale. Low employee morale can increase the employee turnover.

5. Create a "healthy environment"

The most important retention strategy which holds back the employee from leaving the organization is maintaining the good and healthy workplace environment. The organization must have the adaptable rules and regulations, facilities (like canteens, drinking water, rest rooms, cafeteria etc) are to be provided, friendly environment has to be created for the employees. The organization must involve the cultural activities, celebrations of festivals, annual days, fests, several events to create interest in the employees. The organization has to provide the flexible and happy environment so that the employee can work effectively and with 100% efficiency.

EMPLOYEE TURNOVER



Employee turnover is a deeper issue in any organization which is not so easy to resolve, and it may include low employee interest, confusing career path, low recognition, poor relationships or many other issues. Employee turnover leads to the involvement of various direct and indirect cost.

| Direct cost | Indirect cost |
|--|---|
| Recruitment cost | Lost knowledge |
| Advertising cost for new position | Loss of productivity |
| Orientation and training of new employee | Cost due to lack of motivation before leaving |
| Severance cost | Cost due to loss of trade secretes |

Turnover is of two types:

- **Voluntary turnover:** voluntary turnover is the process where employee himself/herself wants to leave the organization due to different reasons. for example – turnover due to personal problems like health issues, shifting for one area to the another .
- **Involuntary turnover:** Involuntary turnover is the process where employees are given no other option than termination. for example - turnover due to nonperformance , misbehavior, breaking the organization rules and regulations.

Even though the compensation influences the stay back behavior of employee, but in some situations it is given the least preference. There are various factors leads the employee to leave the organization they are,

EMPLOYEE TURNOVER FACTORS

- No growth opportunities
- Non fulfillment of Expectations of the employee regarding job
- Lack of appreciation
- Low compensation and benefits
- Inappropriate leadership
- Less support of management
- Unhealthy organization culture
- Work life imbalance
- New and better job offers

BEST PRACTICES



Recruitment

Recruitment is the procedure of searching for the potential employees and making them to apply for the job. It is the duty of the HR manager to recruit the right person for the right position at the right time. HR manager must possess the skills of analyzing the new entrant whether

- they can work for the organization with utmost dedication
- how much interest they possess to retain in the same organization for the longer time.

Socialization

In the case of employee retention, Socialization basically refers to the interactions among employee and their employer within the organization. It is very important for the organization to maintain a good employee-employer relations. The organization has to provide the intranet and direct communication channels to make the employees expressing their views, ideas and other informal discussions. Basically the organization has to provide an interactive environment for the employees which enhances their relationships and to explore themselves.

Training and development

Most organizations fail to understand how training their staff is important. It may be the employee on-boarding or any other formal training process, employees should be well-equipped to perform their tasks at work and achieve their goals. Generally, the training will help employees sharpen their skills, which will not only benefit them but also the organization. In order to retain the employees, the organization has to provide the appropriate T&D programs for the employees in order to increase their career opportunities which leads to their career growth. Basically, no employee will be interested in working at the same position for many years in an organization, they definitely wish to work in the higher positions or they need some kind of improvement in their position and salary, if the organization can provide the best training and development programs, then employee retain in the same organization or if organization fails to reach their expectations then the employee will leave the organization.

Employee Engagement



It is important to involve the employees in various activities within the organization, It may be the job related activities or other cultural activities.

The job related activities like assigning the task, reaching the targets, submitting the assignments, involving in decision making, participating group discussions, attending the meetings.

Other activities are like celebrating birthdays, flash mobs, sports competitions, fests, team lunch, pot locks.

It is the responsibility of the employer to create the interest in the employee to participate in several activities so that they can retain in the same organization.

Compensation & Rewards

Compensation and rewards are the most important factors which can hold the employees or they may lead to leave the organization. The organization has to pay the appropriate salaries to the people for their employment. Various financial and non- financial benefits are to be provided to the employees. These compensation and benefits indirectly motivates the employee to work efficiently.

| Financial benefits | Non-financial benefits |
|---------------------------|-------------------------------|
| Incentives | Awards |
| Bonus | Gym membership discounts |
| Shares | Sabbatical leave |
| LTC | Flex-time |

Compensation and rewards can retain the existing employee and attract new talents which indirectly improves the organization goodwill.

LITERATURE REVIEW

Yiu Lichia and Saner Raymond (2014), measured HR function by reporting on the findings of a survey of attrition in Indian companies and discussed the possible strategies chosen by Indian companies to counter costly labour turnover. Higher attrition can be minimized through the payment of higher compensation packages. The researchers suggested that Indian companies should do more to strengthen the bonding of internal social networks and deepen individual job satisfaction and organizational commitments to ensure talent retention through competence development and career planning.



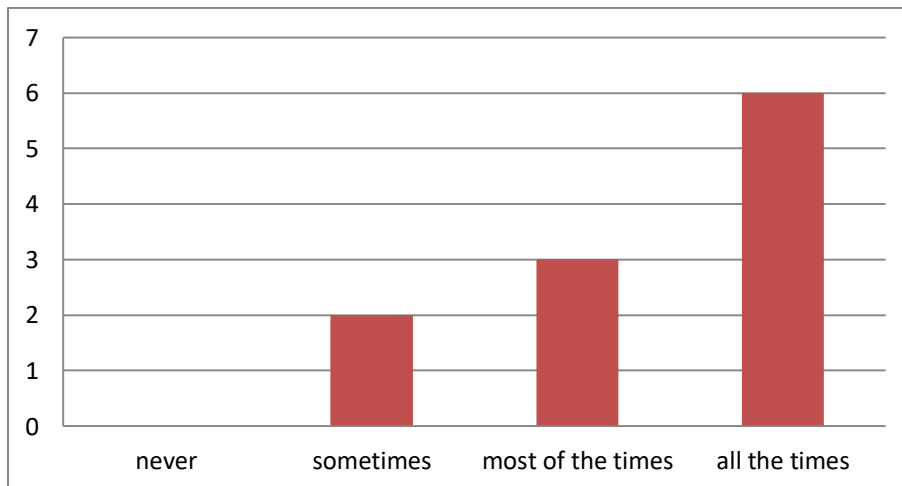
Jeen Dorance Batty S. (2014), aimed to the factors which may be the possible reasons for an employee to leave an organization. Employee’s turnover intention and its impact on organizational outcomes were analyzed and that was collected through questionnaires from the first and middle line employees in selected organized retail outlets in Bangalore. From the econometric analysis, it was found that turnover intention has influenced attrition factors such as Quality of Work Life, career growth, working hours, personal/family reasons, and relation with internal co – worker, welfare, working condition, and salary.

Mathur, Atul and Agarwal, P. K. (2013), aimed to understand the impact of retention strategies on employee turnover in sugar industry in India. The focus of this study was on dysfunctional turnover. Other variables such as welfare benefits, personal satisfaction and organization culture, which are associated with the employee turnover, were also investigated as a part of this study. It was found that the main reason for leaving the organization by employees were compensation and working environment. Results of the study revealed that retention strategies have direct impact on employee turnover. Researcher suggested that by using different HR practices like effective compensation policy, performance appraisal, training and development programme, feedback and assigning competitive work the condition of employee retention can be increased.

QUESTIONNAIRE

1. Do you think that employee retention leads to the development of organization?

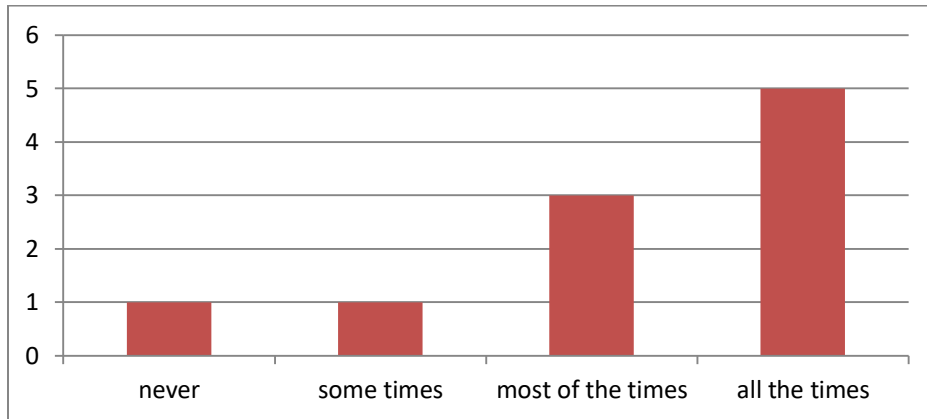
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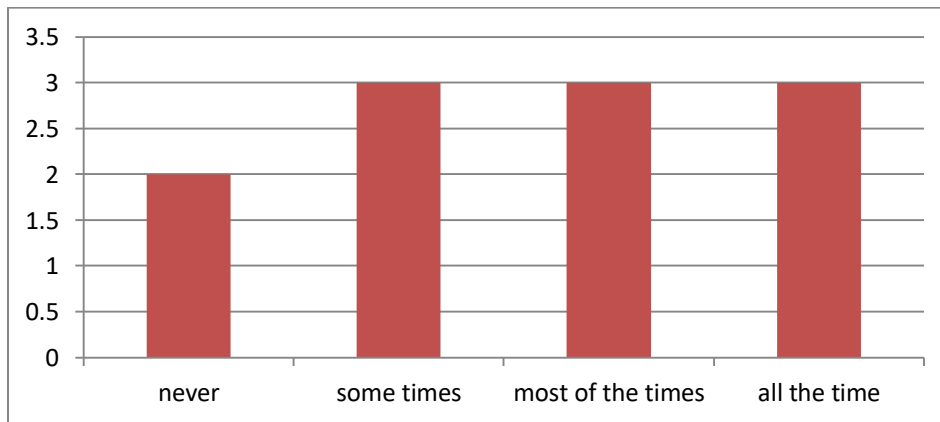
2. Do you think that the implementation of five retention strategies will increase employee retention?

Never [] sometimes [] most of the times [] all the time []



3. Do you think healthy workplace environment can retain the employees?

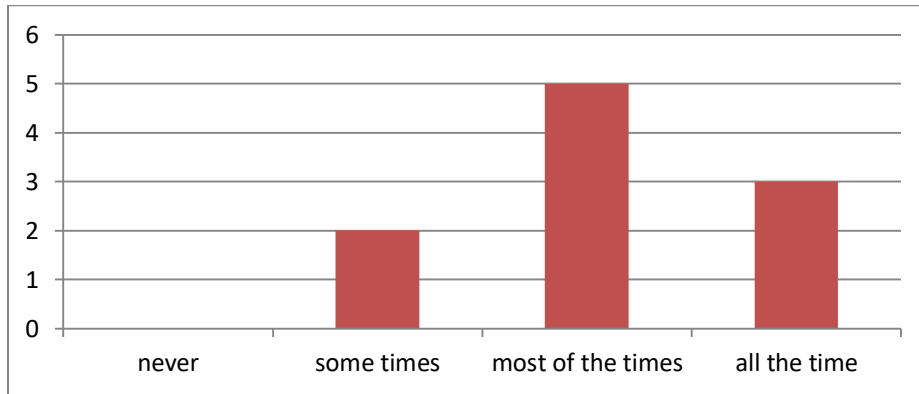
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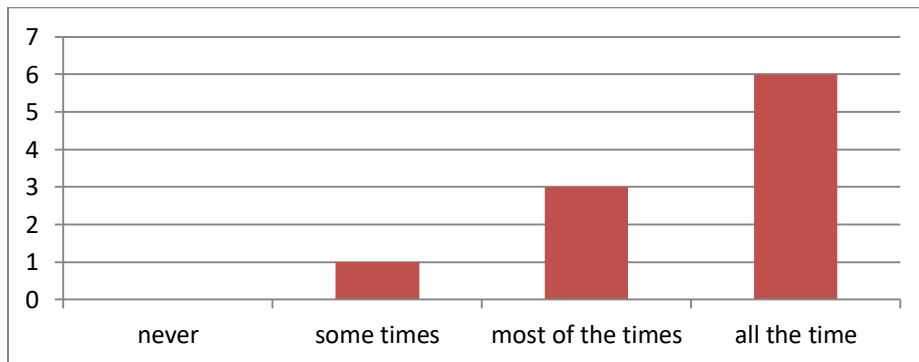
4.Can compensation alone holds back the employee from leaving the organization?

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5.Is training and development important for an employee to increase the career opportunities ?

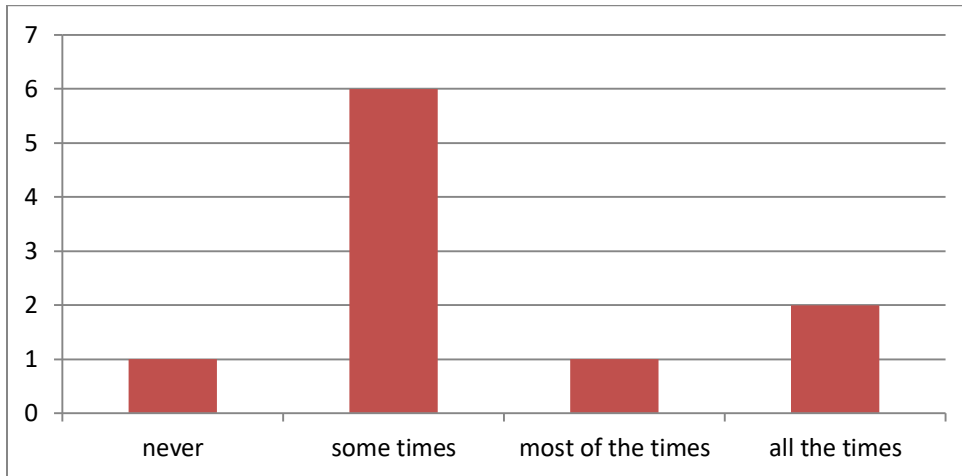
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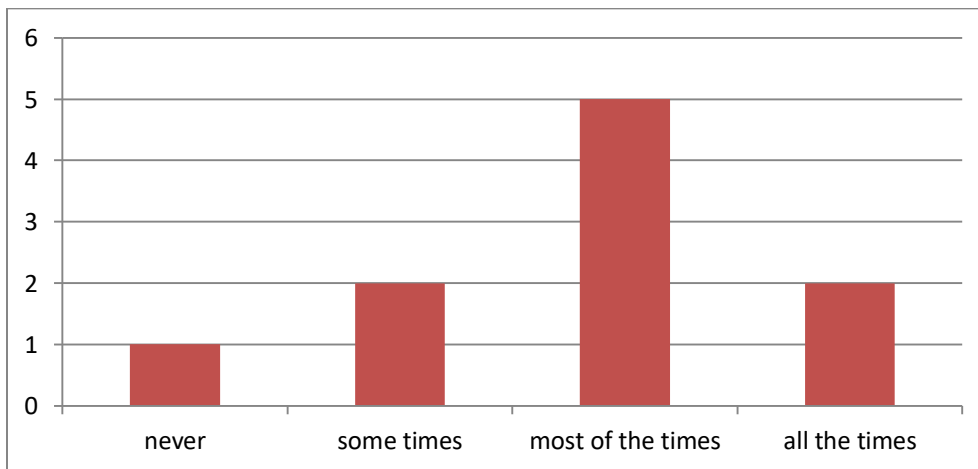
6.Does turnover of employee always due to the improper organization aspects?

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7.Is employee turnover a loss for the organization?

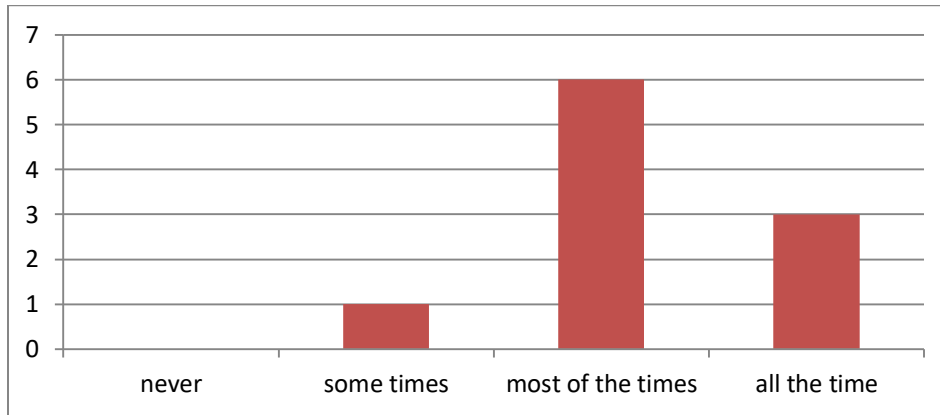
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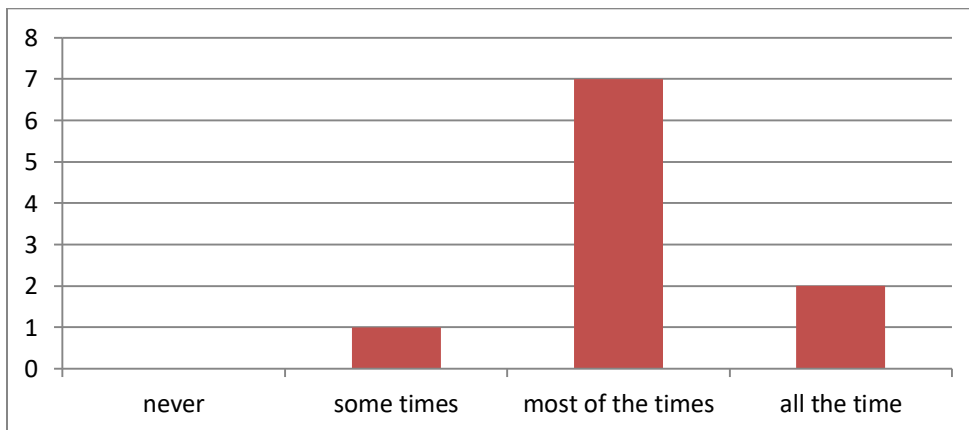
8. Is it important to provide the rewards to motivate the employees?

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9. Can employee engagement creates the interest in the employees?

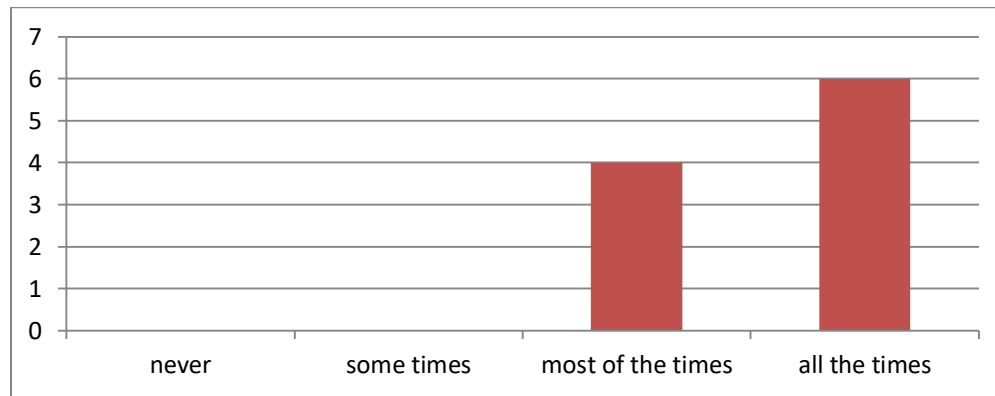
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10. An effective communication channel has to be created in the organization?

Never [] sometimes [] most of the times [] all the time []



FINDINGS

- Due to improper aspects of work place environment employee turnover increases.
- Giving rewards can motivate the employees to retain in the organization.
- Training and development can increase the career opportunities of employees.
- Empowering employees and involving them in several aspects of organization can increase the interest of the employees.
- Around 60% of people believe that employee retention leads to the development of organization.

SUGGESTIONS

- For retaining employees, good compensation and rewards are to be provided for the employees by the organization.
- The organization has to increase the interest of the employees by engaging them in several activities of organization.
- The organization has to help the employees to utilize their career opportunities by providing training and development programs.

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. Employee retention is a method of holding back the employees who depart from organization by implementing various retention strategies. There are several factors leading to the employee turnover so, the best practices like recruitment,



socialization, training and development, employee engagement, compensation and rewards are adopted by the organization to increase the rate of employee retention.

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