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A STUDY OF EMPLOYEE RETENTION

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Abstract: Employee Retention is a challenging concern of the organization. This study stressed on Employee Retention strategies. Employees are the assets of the organization. To retain skillful and committed employees in the organization, management should take care of employee satisfaction. Find out the reasons of employee turnover and overcome this. The purpose of this study is to prove how employee retention is essential in this day and age, and if the organizations are not awake to the situation and immediate actions are not taken to that effect, what repercussions lay ahead and how they would affect the organization and the industry.

Key Words: Employee Retention, Reasons of Employee Turnover, Strategies of Employee Retention.

Introduction:

Employee Retention is defined as an organization's ability to retain its employees. It can also be called as a process, in which the resources are motivated and encouraged to stay in an organization for a longer period of time for the sustainability of the organization.

The ultimate aim of Employee Retention is to make both the stakeholders, i.e., employees and employer happier. It facilitates loyal employees sticking to the company for a longer duration, which in turn will benefit both the stakeholders.

Employee retention is not just a matter that can be dealt with records and reports. It purely depends upon how the employers understand the various concerns of the employees and how they help them resolve their problem, when they are in need. Every organization spends time and invests money in grooming new employees and makes them corporate-ready. The organization will be in complete loss, if such employees quit after they are fully trained.

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.

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 contributor.

Objectives of the study:

1. To study about the employee retention in the organization.
2. To ascertain the problems of the employees in the organization.
3. To identify how retention strategy reduces employee turnover.

Significance of the study:

Employee Retention is not about managing retention. It is about managing people. If an organization manages people well, employee retention will take care of itself. People want to work for an organization which provides: Appreciation for the work done, Ample opportunities, A friendly and cooperative environment, A feeling that the organization is second home to employee. Employee retention has become a major goal of the organization.

Theoretical Background:

The process of employee retention will benefit an organization in the following ways:

1. **The Cost of Turnover:** The cost of employee turnover adds hundreds of thousands of money to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.
2. **Loss of Company Knowledge:** When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized.
3. **Interruption of Customer Service:** Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.
4. **Turnover leads to more turnovers:** When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff. **Goodwill of the company:** The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.
5. **Regaining efficiency:** If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly which many a times goes unnoticed. And even after this you cannot assure us of the same efficiency from the new employee. **What Makes Employee Leave?** Employees do not leave an organization without any significant reason.

There are certain circumstances that lead to their leaving the organization. The most common reasons can be:

- a) **Job is not what the employee expected to be:** Sometimes the job responsibilities don't come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.
- b) **Job and person mismatch:** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won't be able to perform it well and will try to find out reasons to leave the job.
- c) **No growth opportunities:** No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.
- d) **Lack of appreciation:** If the work is not appreciated by the supervisor, the employee feels demotivated and loses interest in job.
- e) **Lack of trust and support in co workers, seniors and management:** Trust is the most important factor that is required for an individual to stay in the job. Non-supportive coworkers, seniors and management can make office environment unfriendly and difficult to work in.
- f) **Stress from overwork and work life imbalance:** Job stress can lead to work life imbalance which ultimately many times lead to employee leaving the organization.
- g) **Compensation:** Better compensation packages being offered by other companies may attract employees towards themselves.
- h) **New job offer:** An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

The task of managing employees can be understood as a three stage process:

1. Identify cost of employee turnover
2. Understand why employees leave
3. Implement retention strategies

The organizations should start with identifying the employee turnover rates within a particular time period and benchmark it with the competitor organizations. This will help in assessing the whether the employee retention rates are healthy in the company. Secondly, the cost of employee turnover can be calculated. According to a survey, on an average, attrition costs companies 18 month salary for each manager or professional who leaves, and 6months' pay for each hourly employee who leaves. This amounts to major organizational and financial stress, considering that one out of every three employees plans to leave his or her job in the next two years.

Hytter (2007) explained that there are some factors such as personal premises of loyalty, trust, commitment, and identification and attachment with the organization have a direct influence on employee retention and workplace factors such as rewards, leadership style, career opportunities, the training and development of skills, physical working conditions, and the balance between professional and personal life have an indirect influence.

Garg & Rastogi (2006) explained that in today's competitive environment feedback is very essential for organization.

Retention Involves Five Basic Things

Environment: A motivated employee wants to contribute to work areas outside of his specific job description.

Ramlall (2003) stressed that a suitable work environment is the need of an employee in an organization as it will encourage commitment.

Nelson(2006), explained in his study that job satisfaction is priceless, incomparable and invaluable. Hopeless employees negatively upsetting the desire level of work. A little amount of employees which are satisfied with their work not only affect the performance but also the work environment affects the performance of employees and performance of organization.

Growth: Growth is an integral part of every individual's career. If an employee cannot foresee his path of career development in his current organization, there are chances that he'll leave the organization as soon as he gets an opportunity.

Grossman, J.(2002) stressed that Work growth is the effect of employee performance in the organization as well as the result of organizational provenance provided to employees by organization. The Growth and productivity is the ultimate result of employee behavior such as performance, retention, satisfaction of employees.

Compensation: Compensation constitutes the largest part of the retention process. The employees always have high expectations regarding their compensation packages. Compensation includes: Salary and Wages, Bonus, Health Insurance, after retirement benefits.

Davies, Taylor, & Savery (2001) Compensation to top workers is given by every organization but very few organizations uses it strategically. They said that "Salary and benefits policies are not being used strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment". In a research it was concluded that although compensation was not one of the top factors influencing non-management turnover but compensation can act as a critical factor in reducing managerial turnover and increasing commitment.

Relationship: Sometimes the relationship with the management and the peers become the reason for an employee to leave the organization. The management is often not able to provide an employee a supportive work culture and environment in terms of personnel and professional relationships. A supportive work culture helps grow employees professionally and boosts employee's satisfaction. There are times when an employee starts feeling bitterness towards the management or peers, which leads to less satisfaction and eventually attrition.

Armstrong (2003) Employee relations consist of all those areas of human resource management that deals with employees directly and through collective agreements where trade unions are recognised. The union practices for the welfare and good working condition of the employees. Employee relations are concerned with generally managing the relationship between employer and employees at the workplace that can be formal e.g. contract of employment or procedural agreement.

Support: Employees today are asking for a work place that helps them balance the demands of their work and family lives, rather than forcing them to one over the other. Schemes like: Special schemes for their children, Scholarship, Medical benefits, Training etc

William Kahn(1993) "The harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." Employee engagement with the definition: "an employee's involvement with, commitment to, and satisfaction with work. Employee engagement is a part of employee retention."

Three R's of Retention:

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

Recognition 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 reactions.

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 the retention equation, they are still an important one.

Agarwal (1998) gave an explanation to the term reward as something that the organization offers to the employees in response of the work as well as performance and something which is desired by the employees.

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 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.

People want to enjoy their work so make work fun and enjoyable. Understand that employees need to balance life and work so offer flexible starting times and core hours. Provide 360 feedback surveys and other questionnaires to foster open communication. Consider allowing anonymous surveys occasionally so employees will be more honest and candid with their opinions. Provide opportunities within the company for career progression and cross-training. Offer attractive, competitive benefits.

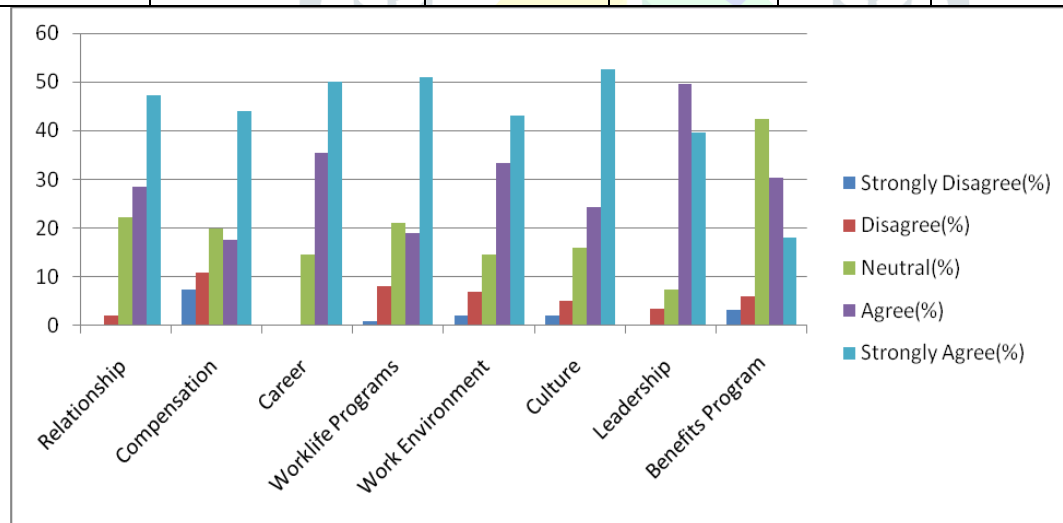
Research Methodology:

This study is based on Descriptive Research Design and involved in administering questionnaire as a tool for research work. In order to fulfill the objectives of the study, the data have been collected from both the primary and secondary sources. Data have been collected from the employees of the medium scale industries. For the present study Judgment Sampling Method was used. Six medium scale industries were selected, from each industry 10 employees were selected as a sample. So the desired sample size was 60 employees. The questionnaire used in this study was constructed on 5 point scale, strongly disagree to strongly agree. To analyze the data percentage method was used.

Data Analysis and Interpretation:

Summarized data analysis table for eight components are given below. For the each attributes different questions were framed and collected the opinion of respondents.

Opinion/ Attributes	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total (%)
Relationship	0	2	22.2	28.6	47.2	100
Compensation	7.5	11	20	17.5	44	100
Career	0	0	14.67	35.33	50	100
Work life Programs	1	8	21	19	51	100
Work Environment	2	7	14.67	33.33	43	100
Culture	2	5	16	24.34	52.66	100
Leadership	0	3.5	7.5	49.5	39.5	100
Benefits Programs	3.33	6	42.33	30.34	18	100



Graphical presentation of Data Analysis

Findings:

- Above table shows that relationship between employees and management is most important component to increase retention of employees in the organization.
- Compensation or salary or monetary benefit is always motivation to retain in the organization. Otherwise highly paid jobs of competitors will attract skilled employees.
- According to the overall analysis most of the employees have strongly accepted the importance of culture of the organization in employee retention. They are happy with the organizational culture. So they are not thinking about switching the job.

- It was found that, most of the respondents feel; the work environment (facility, workplace, and campus) affects employee job satisfaction and at the end for employee retention.
- It was observed that most of the employees gives importance to the supervision, direction & guidance in the organization.
- Most of the respondents feel benefit programs like health and welfare, retirement benefit, paid time off facility are helping them for work-life balance.
- Respondents feels work life programs (family support, personal support) are satisfying them to balance their personal life as well as professional life.
- It was found out that, Career opportunities gives satisfaction to the employees. Proper Leadership is required for motivation.

Conclusion:

This study signifies the increasing importance of employee's retention in the organization. It highlights the reasons for the high turnover rate and the cost that this act adds up to the company.

This study briefly covers the various areas where employee retention strategies are implemented namely work environment, work culture, salary negotiation, compensation management, rewards and recognition, leadership and relationship between employees and management. Therefore the organization can impart certain practices that boost employee to perform well and sustaining them in the organization by providing various welfare measures and implementing retention strategies

In a nutshell, *"If you truly respect, appreciate and treat employees wonderfully, you will never lose them "*!!

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