

RETAINING THE TALENT POOL: THE NEED OF THE HOUR (A RESEARCH BASED CONCLUSION)

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ABSTRACT

It is an established fact that retention of talent employees is a strategies business tool to drive corporate performance that provides a distinct competitive advantage. There is a virtual war to retain talent amongst companies, as quality workforce is the best insurance against the cut-throat competition, and to stay competitive in the business. The authors take a strategic HR view of this phenomenon. This paper is divided into two parts. The first treats the question of employee retention on the basis of the authors' wide experience in the field of human resources management. The second highlights two research studies conducted in Western India that may be of interest to the professional reader.

Keywords: Strategic Business Tool, Talent Retention, Talent Pool,

Introduction:

The traditional view that a fat compensation package is essential to retain talent is no longer relevant in the knowledge intensive society of the 21st century. Organisations are stretching that extra bit to make-work more meaningful and ensure that workers feel valued. For today's knowledge worker, the quality and challenges of work itself are fare more exciting than the monetary reward. This is true in most advanced nations. Knowledge sharing is an important component in the present day work environment. The best companies develop and implement practices to enable employees to feel that their work is meaningful.

The HR philosophy should be designed, not to do different things but to do things differently. Companies should develop and implement practices to convince employees about the value of the work they do. Companies must develop powerful mission and vision to convey their individual and value systems to inspire the employees.

Meaningful work, respect for individual, recognition of employee contribution and sensitivity to work-life balance issues are the ingredients of successful talent retention strategies.

The most challenging job for the present day manager in a highly competitive business environment is to identify, recruit and retain high quality talent pool for the business enterprise. In many large organisations, HR strategy revolves around creating a

competitive compensation and benefits package or instituting an employee appreciation and recognition programme. On the other hand, the smaller companies think that attracting the best talent is a lost cause for them because they cannot offer the competitive compensation packages as compared to big business houses.

While compensation package is an important factor to attract good talent, from the employee's point of view, it is not the sole factor influencing the decision to join a company. Some companies have an extraordinary flair to recruit and retain highly capable employees. These companies are described as "Talent Magnets". Such companies realise that the key to attracting and retaining quality employees is not merely compensation and benefits packages but other non-pecuniary factors. They attract and retain competent employees by satisfying the key human needs that influence performance and loyalty. They satisfy these needs by competent leadership and able guidance and mentoring.

Employees are the internal customers of the organisations and the ability of the organisations to satisfy their needs reflects the HR philosophy of the company. The key to marketing and customer service success lies in understanding what the customer wants, and then delivering the product or service that is designed to meet the customer's need. Similarly, competing in the labour market requires understanding of the employee's needs, and development of HR retention strategies to recruit and retain the best talent and motivate them to contribute their best to the organisation. Some of the key dimensions for retaining the employees are:

- 1. Pride in the establishment where they work and what they do.**
- 2. Meaningful work; respect – both personal and professional.**
- 3. Expressions of appreciation.**

These are some of the things the talents employees expect from an organisation. Above all, the opportunity to make a significant contribution that can benefit the company goes a long way in making the employee committed to the organisation

Meaningful work and purpose inspires talented employees far more than a generous benefits package. Challenging work kindles the inner drive and urge of an individual and the employee propels himself to a higher level of performance. Talent Magnet organisations address this issue through powerful vision. The organisations commitment to its mission and vision captures the hearts and souls of their workforce. Such organisations continuously communicate their mission and vision to their employees and the important role each employee has in making the vision a reality. The employees are given the tools and freedom to make a difference in the company. The organisational culture is open and transparent, where the employees shed all their inhibitions and strive to contribute their best for the benefit of the organisation. Most importantly, talent magnet organizations make a conscious attempt to ensure that there is a goal congruence

of the individual with that of the organisation so that both the organisation and the individual mutually benefit from their relationship.

Opportunities to learn and grow are powerful motivators to inspire talented workforce. When work allows employees to use their minds, acquire new skills, and face situations that enable them to grow, they become enthusiastic about the work. Talent magnet organisations address this fundamental need by providing employees with ongoing learning opportunities through formal training and cross training, and also by assigning appropriate projects and responsibilities. This also endorses what social psychologists like Abraham Maslow and Herzberg stated earlier.

The image of the company is a critical component to attract good talent. Great companies attract great people. If the company has strong brand image in the market it automatically builds a strong brand in the marketplace. The quality of internal controls to a large measure influences the ability to attract talented people. Outdated technology, inadequate resources, inefficient work processes, and stifling bureaucracy drive away the able individuals. On the other hand, when a company is open to learning and is willing to foster a congenial environment, employees stretch that extra bit to perform well and stay committed to the organisation.

How well the management team treats the employees is a very important factor. But unfortunately in many companies there is the practice to promote technically adept people to management positions, even if they have virtually no people skills. The problem is further compounded because the managers are not given opportunities to develop their people management skills through management training and coaching that are designed to help the managers to bring out the best in their workers and themselves. Worse, many companies turn a blind eye to disrespectful or even abusive behaviour by managers. The importance of having a top-notch management team and great supervisors cannot be over emphasized. Research conducted by various organisations reveals that having effective and people oriented managers is the most influential factor affecting both employee retention and performance.

It takes more than a generous benefits package and competitive salaries to attract and retain talented employees. Addressing the fundamental human need to satisfy the inner drive and a sense of professional pride in one's abilities are the key drivers that motivate the star performers in an organisation. Talent magnet organisations realise this, and continuously strive to address these fundamental human needs. By listening to the voice of their customer- their employees- and honestly engaging in self-examination, they can create an organisation that is a magnet for great employees.

Good economic times means lowered unemployment, increased productivity, and better prospects for growth in all sectors. However, economic prosperity also means increased job-hopping among the job seekers. Opportunities abound everywhere with increasing competition for talent among companies. Frequent job changes are no longer a stigma, but they are becoming the norm. This is another challenge in the decade ahead which has

to be tackled with sensible employee retention and high engagement strategies. If this is not addressed then survival will become questionable.

In fact in today's volatile environment, employee turnover rate provides valuable means of assessing the effectiveness of HR policies and practices in an organisation.

Employee retention is now a very crucial issue, because in the 21st century, the only sustainable source of competitive advantage for any company is "Human Resource". To maintain a stable workforce, employers must deliberately engage in retention activities. These efforts range from offering attractive compensation packages to involving employees in every sphere of the functioning of the organisation. Today's employer prefers to have a stable, committed, flexible workforce who is willing to learn and develop. Since sophisticated skills are scarce, there is always heavy competition among the employers to attract the best talents to enhance their competitive positions in the market.

. According to the American Management Association, the cost of replacing an employee is approximately 30% of his annual salary, which is an important issue for companies as far as ROI is concerned.

The organisation's ability to retain the kind of employee it requires has a direct impact on its profitability and effectiveness. The cost of losing an employee is both direct and indirect. The direct costs involve recruitment and training while the indirect costs involve productivity loss.

With time there have been subtle changes in Indian society and thinking which is reflected in development of a more materialistic society due to which Employees have high aspirations and thus today they aspire to climb the corporate ladder as fast as they can. Thus it is a great challenge for HR to satisfy these aspirations and prevent such employees from job-hopping, companies need to provide them vistas for personal and professional growth. If employees could accomplish their growth objectives with one organisation over a long period of time, they would usually continue in the same job because "Employee turnover" costs both the employer and the employee heavily. It destabilizes the functioning of an organization and thus reduces its competitiveness in the market.

Now let us briefly examine the findings of two studies on retention.

To summarise the research conducted by researcher on why people leaves the organisations:

COST TO THE EMPLOYER

- Loss of knowledge and skills
- Cost of training the replacements
- Loss of productivity
- New competitive pressures
- Recruitment cost
- Poor market image

COST TO THE EMPLOYEE

- Loss of seniority and the associated benefits
- Mental stress and discomfort that accompany the separation
- Need to readjust to the new environment
 - Risk associated with the new job
 - Discontinuity of research work

REASONS FOR TURNOVER

Employee leaves the organisation for various reasons. Broadly, these reasons can be classified into three categories based on the extent to which they can be controlled by the organisation. Organisations need to devote more attention to the fully controllable factors like relationship with immediate supervisor, opportunities for advancement, fair compensation, and fair treatment from employer. etc., since they heavily influence the employee's decision to stay in the organisation,

MYTHS ABOUT TURNOVER

- **There are certain myths which surfaces in organizations in organization and those myths inhibit efforts to manage retention in positive way. they are-**
- **Turnover cost are not too high**
- **Turnover is just cost of doing business**
- **Turnover is good, at east it has many positive consequences.**
- **Turnover is an industry problem.**
- **Turnover is an HR problem**
- **The managers role is minimal**
- **Turnover is out of our control**
- **Throwing money at the problem will solve it.**
- **Turnover is a tactical issue.**

Robert Lewin and Josep Rosse comment on the prevailing myths that

1. The change in the nature of market forces and environment mean that the employee turnover is but natural, and management have little to do and need not worry too much.

2. Management agenda is to improve the retention rate and some other disagree and assert that certain amount of turnover is necessary.

However there is no right or a wrong answer and what is feasible and reasonable rate of attrition is to be determined by each organisation depending upon its own need, nature, philosophy, culture and economy prevailing situation.

HR PRACTICES TO RETAIN TALENTS

- Competitive pay and benefits
- Opportunities to develop one's career
- Job security
- Hiring those who fit the organisational culture well
- Flexible work design
- Exit interviews can help to correct causes of discontent
- Willingness of non-academic promoters to realise their own limitations and listening to those who are knowledgeable about academics.
- Inability to contain constructive criticism, which is the lifeblood of academics.
- Keeping apple polishers and 'yes men' at bay so that the class of mediocrity is not permitted to incrementally expand and make the organisation sick.

It is easier to retain an existing customer than to lure a new one. As developing a new customer is costly affair for the organisation. Thus more and more organisations are now waking up to the fact that retaining and grooming its existing employees is far more beneficial than recruiting afresh. If we compare this with the academic world, we found that unfortunately some of the proprietors of B Schools are immune to this idea and feel that there are many more fish in the sea.

A similar study was conducted by [S Jayashree](#) and [S Sadri](#) in western India among team members, team leaders, project managers and non-technical managers in the software industry of western India between 1999 and 2004.

A total of some 350 responses from the three employee categories were taken and analysed. The need for this study arose when attrition levels in this industry began to range between 20% and 45% per annum.

The question asked

- Was what motivates a knowledge worker to stay on?

The answer was

- That the need to belong is not suitably addressed.

This means two things at once:

- I belong to the organisation: loyalty
- The organisation belongs to me: stakeholdership

This need is then to be addressed through:

- Having a congenial work environment
- Having a value centred culture
- Having proactive and ethical leadership
- Having good governance practices.
- Having an innate respect for people

The two scholars then postulated that together these four make it possible to move towards achieving organisational excellence. Organisations that had low attrition rates were those where the need to belong was addressed through strategic hr intervention and top management commitment to move upwards on the learning curve. Some of the examples are [TCS, INFOSYS, WIPRO and HCL-HP].

Conversely in organisations where the need to belong was not adequately addressed through strategic HR interventions and top management commitment was restricted to those policies and practices that used training and development in spurts and where the HRD initiative was looking mainly at the short run benefits.

Conclusions

The growing economy has not only created ample opportunities but has also thrown a new social challenge too. New generations are looking for a great working ambience and other needs and aspiration fulfilment and are not only interested in fat packages. Thus retention strategies also need rethinking. The authors suggest that do not wait until it is too late, instead revisit your retention strategies and dust off those old retention solutions. The study provides in-depth understanding about various myths concerning retention and also provides the key areas to be addressed which are generally ignored in organisations.

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