

## Retaining People: A Challenge

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### Abstract

*Having good, potential, loyal employee in the business company is very important for the future of the company. It is the source of power for the company to make improvement and advancement. However, keeping that kind of employee is really challenging in this global market. This paper will discuss about the meaning of employee retention and some activities which could be used to support employee retention. Another point will discuss about the idea of retaining employee. Employee retention is define as “ effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their divers needs. This paper contains the review of past studies, articles and procedures to know the causes of attrition/turnover and furthermore finding out the strategies of employee retention. This study is a review study of facts and findings of seminal topic and finding out the exact reasons of turnover and ways to get employee retain in the organization. The result showed that there are several factors that affect employee’s decision of leaving or staying back in the organization. The importance of Human capital management in the service industry has been linked to maximizing all employees’ value to reach the organizations objectives. By identifying these factors, it provides valuable insight to employers to understand better their current employee needs and to utilize more innovative strategies to attract and retain their top talent.*

**Keywords:** *Attrition, Employee Retention, Turnover, Literature Review, Analysis*

**Introduction:** An effective Employee Retention is a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs.

**The way it was...**in the past, Government jobs were considered desirable and sufficient candidates (Not Much) could be found to fill most critical jobs. Moreover, once employed, workers would often spend their entire careers in govt. service. If in case there in some areas where there was turnover, new employees could be recruited easily.

**The way it is...**today there is a high demand in the public and private sectors for workers in critical areas such as health care, information technology, engineering, accounting, and auditing. The supply of manpower is in abundance (By increase of institution for MBA, Engineering and others) but quality personnel are limited and good workforce planning requires a twofold approach of aggressive recruitment and innovative retention strategies. Retention policies need to focus on elimination of unwanted turnover, as there is huge demand of talent.

**Background of the Study:** In today's scenario, changes in technology, trade agreements, global economy are directly effecting the employer and employees relation. Loyalty is a gone day word in this relation, but it was cornerstone of this relation. The loss of talented pool may be sometime very detrimental to the company's future success. Performers leave the company/organization because of dissatisfaction, underpaid, or unmotivated, and while we try to retain them they may present other challenges as well, or may demand high salary ,do not follow the organizations practice ,do not follow the manager, or do not interact with peers in a good manner. Other than this, asymmetric information or lack of information about employees' performance, may affect an organizations to retain productive employees. Without adequate information an organization may not be able to distinguish productive workers from non-productive ones. Employees often may take credit for the successes and deflect failures to other employees. This is known as a moral hazard problem. In many instances companies may reward or punish employees for an organization out come for which they had no impact (Kerr 1975).

Insufficient information about employees' performance may result in adverse selection by them (Gross man & Hart 1986). The better employees may move to other organizations for better opportunities. The coworkers who cannot improve their positions are more likely to stay. This is especially possible when due to inadequate information outstanding performance is not rewarded. Non productive and productive workers end up receiving the same or nearly the same compensation and package of perks because of management's in ability to distinguish talented employees from the rest of the labor force in the organization. The problem of attempting to keep talented members of the work force is further complicated because of bounded rationality (Simon 1976). It is another result of asymmetric in formation where both the manager does not know the information for which to ask from the employee and the employee does not know what to provide. Therefore, productive workers cannot distinguish themselves from nonproductive coworkers.

Another area contributing to decreased employee satisfaction is that of a company's motivational style. For example, Weinberg (1997) states that "Most companies relied in the past on two traditional strategies for managing turnover. First, they raised wages until the situation stabilized. If that did not work, they increased training budgets for new hires and first-level supervisors. These solutions do not work anymore. These all factors affect the retain ability of the employee and result in turnover/attrition.

**Problem Statement:** Understanding employee perspectives and measuring their retention factors are critical to an organization success. However, each employee in an organization creates his or her own understanding of a phenomenon and assumptions. It is the understanding of the situation that provokes an action an employee interprets their organizational environment through his or her own mental model, creating his or her own world; a reality of the second order thus arises that is in some way imperfect.

What are the major reasons an employee leave the organization?

What can be done to retain employee/to manage attrition?

What changes can be done within the organization so that talent remain and add value to the objective?

The present study aim to find the answers to the above questions.

**Research Objective:** Though, the present study aims to find the answers to the above questions. The main research objectives can be summaries as follows:

- Explore what types of benefits, offered to the employees, to increase retention.
- Assess the most important organizational strategies that contribute to the retention in organization.
- Investigate what issues related to organizational culture contribute to the retention in organization.
- Explore the future plan for organization that contributes to their manpower retention.

**Significance of the Study:** This study derives its significant from its potential contribution at two primary levels: theoretical and practical. At the theoretical level, the present study is expected to bridge a gap in the literature for empirical research focusing on employee's retention. For the practical contributions, this study is expected to provide new solutions and evidence on the usefulness of retention techniques for human resource management.

**Literature Review:** In this chapter, the previous studies for employee's retentions are presented to be the framework to understand and systematically analyze factors the affect employee's intentions.

Retention defined as "an obligation to continue to do business or exchange with a particular company on an ongoing basis" (Zineldin, 2000).

Studies have indicated that retention driven by several key factors, which ought to be managed congruently: organizational culture, strategy, pay and benefits philosophy, and career development systems (Fitzenz 1990).

Literature of employees retaining again show that attracting existed employees costs less than acquiring new talents as organizations know their employees and what they want, and the initial cost of attracting the new employees has already been expended (Davidow and Uttal, 1989).

Employees retention also attain benefits such as customers satisfaction, better service, lower costs (Reichheld, 1995), lower price sensitivity, positive word-of-mouth, higher market share, higher productivity and higher efficiency (Zineldin, 2000).

Research findings say that attrition is not for a single reason i.e.; an employee does not leave the organization for a single reason but there is combination of many factors. A workshop on employee retention organized by NYS Governor's Office of Employee Relations Based on a

review of the literature, many studies have investigated employee's intentions to exist, for example Eskildsen and Nussler (2000) in their research suggested that employers are struggling to be talented employees in order to maintain a successful business. In the same bases, Mark Parrott (2000), Anderson and Sullivan (1993) and Rust and Zahorik (1993) believe that, there is a straight line linking employee satisfaction and customer satisfaction. Thus, high satisfaction has been associated to retention of both customers and employees.

If we conclude the review of literature we find that there are 6 things six keys to retaining personnel. They are

- Recruiting
- Communications
- Training
- Job satisfaction
- Pay
- Benefits.

### **Research Methodology:**

**Method:** The literature review method is chosen because it is an accepted strategy for summarizing literature around a concept or phenomenon. An integrative literature review is the methodology followed in this study/research.

An integrative literature reviews is a distinctive form of research that generates new knowledge about an emerging topic of the study. Integrative literature reviews are considered one of the best ways to capture data from emerging fields. Because Employee retention is an emerging topic being studied in various fields with differing conceptualizations, an integrative literature review was developed and implemented. Below in this section we will discuss framework of the method and justification of the selection of relevant literature, data and analysis strategies.

**Framework of the Method:** The integrative literature review involves identifying an issue, selecting the review as an appropriate research strategy, conducting a review of relevant literature, then analyzing and critiquing the literature to arrive at some insight or synthesis of the issue. Several literature review of emerging and mature topics were reviewed to provide a rigorous approach to the review. These literature reviews shared common components: an effort to determine, analyze, and organize the existent literature across various disciplines and the determination of a definition drawn from a synthesis of the literature. This commonality among otherwise disparate literature reviews offered the framework for the approach that follows. The data were determined to be the existing literature streams that needed to be drawn together to extract the essential meaning of employee retention for theory, research as well as practice.

**Selection of Relevant Literature/Data:** Based on problem statement and research objective mentioned, the first determination was the selection of which fields and types of literature to search. Because an understanding of employee retention has implications for practitioners and scholars, both practitioner and scholarly data source were identified to ensure broad representation of the concept. The data source identified included source from filed of HRD,HRM, OB ,Business and psychology .To ensure the inclusion of the broadest collection of articles, the following database and publications were selected : Journals of Organizational behavior ,The journals of HRD, The Journals of Management research, few e- journals like

Emerald insight, J-Gate, RMIT. Many articles from various sites on internet were also reviewed; they helped to understand the concept and the contemporary condition of retention and attrition.

**Establishing the Selection Criterion:** The term Employee Retention was identified as the query. Searches were done for literature and previous studies both electronically and hard books & journals. Many articles, Journals, studies research papers and peer reviews were available. Alternative keyword was also identified and it was Attrition.

Much of the literature was found as below:

Database/Source	Type	Hits	Abstract
The IUP Journal of Management Research	Journal	3	1
The IUP Journal of Organizational Behavior	Journal	6	2
HRD Review	Journal	5	2
J-Gate	E-Journal	27	0
Gale Cengage Learning	E-Journal	2	0
RMIT	E-Journal	6	0
Emerald Insight	E-Journal	49	14
Management Study Guide	Web	80	19
HRM Report	Web	1	1
Retention connection	Web	2	1
21 <sup>st</sup> Century	Web	1	1
Cite-HR	Web/Forum	26	11
Wikipedia	Web	1	1
<b>Total</b>		<b>209</b>	<b>53</b>

Table 1: Number of Selected Articles by Database/Source

A total of 209 relevant articles were produced and then a stage review method was used to initially analyze all articles containing the literature about Employee retention. A staged review is a practice of initially reviewing only abstract to determine relevancy and then reviewing articles in depth which are relevant. Journal of Management research produced 3 results out of which 1 paper/study/article was relevant. The Journal of OB produced 6 results and out of them 2 were shortlisted. GRD review gave 5 results and 2 of them were of good use. J-Gate, Gale cengage and RMIT produced 27, 2 and 6 results respectively but none of them used/selected for further study. Out of 49 papers of a E-journal Emerald Insight 14 were selected for review. Internet sources like Cite-HR and Management Study Guide contributed 26 and 80 articles and out of them 11 and 19 were reviewed respectively.

### Data Results:

**Data Organization and Analysis:** None of the 53 article was duplicate and all 53 were reviewed. Initial efforts were made to identify all empharical and major theoretical articles within the data. After reviewing 36 articles were having concrete results and information, rest were deleted after reading and analyzing the content. 16 Out of these 36 research papers and rest were articles and interviews. These research papers were then further analyzed and 5 studies were finally selected for complete reading because they were considered to be seminal works on the topic, either for the source of their origin/publishing or because articles were heavily cited in

other literature and it included much relevant content and abstract included mention of research specifically on the strategies of employee retention. The articles/researches were summarized, and all definitions, outcomes were noted along with the strategies of retention and reason for attrition. A summary of this literature is in table 2. Next findings are discussed between the researchers and presented in a tabular format to help readers and understand the concept and strategies of retention along with reasons of attrition. Finally, proposed strategies/methods of employee retention was grounded in the literature was developed also with the reasons of turnover.

**Findings:** There is no one strategy to insure successful employee retention. Generally, a combination of factors influences an employee’s decision to stay in a job. Those factors may differ for an individual depending on his or her age, family situation, the external job market, or job title. There are some factors, however, which seem to impact most employees and for which I found some effective strategies.

Table 2: Identified seminal work on Employee Retention

Article Citation/Author	Research Outcomes	Reasons of Employee Attrition/Turnover	Strategies for Employee Retention
Employee Attrition in service industry (Jessica Sze-Yin Ho, et al.) 2010	Attrition is always due to a set of push and pull factors	Push Factors: Unhappiness, Dissatisfaction, long working time, work overloads, limited leaves. Pull Factors: Better compensation, Promotion, more interesting work, desire to return to academic studies.	
HRM Practices & Organizational Commitment (Dinah J Kipketbut)2010	A set of reasons are there which force employee to leave.	Insecurity Organizational culture Insufficient remuneration Distributive Injustice	Pay Satisfaction Promotional Opportunities Training Opportunities Job Security Participation in decision making.
Employee Engagement & HRD (Brad Shuck) 2010	Employee Engagement is Key to Employee retention.	No Emotional Attachment with organization. Less Enthusiasm in work	Behavioral Engagement Psychological engagement. Motivation
Employee Retention in Private Sector (QADRIA & Armani) 2009	retention factors are critical and should be well addressed by any	salary and compensation Leave benefits & differed compensation. Retirement plan and the employee assistance	Rewards and recognition Annual performance Appraisal Training

	organization in order to meet its goals and objectives.		opportunities.
Employee Retention (Michael D. Jackson) Department of Air force 2000	There are different reasons of individuals to leave. And to retain a employee first step is to recruit well.	Work schedule Job Security job dissatisfaction Lack of Communication from mgt.	recruitment, communications, training, job satisfaction, pay, and benefits
Employee Retention Workgroup ( <i>George C. Sinnott, H. Madison</i> ) 2002	Retention Strategies are a Joint Effort	Money was a common theme shared for leaving. Training and opportunity for development was a close second. There are different factors depending on his or her age, family situation, the external job market, or job title. However above mentioned are common.	Overall Management, HR, Agencies, HOD's, and supervisors should make effort to give a good culture, better opportunities to develop and Money (Proper compensation)
Job retention and return to work of ill and injured workers: Philip James, Ian Cunningham (2012)	There is a good deal of scope for employers to do far more to support the continued employment of ill, injured and disabled workers	Ill health Injury Sickness Rehabilitation Disability. These result to leave the organization.	Development of effective workplace rehabilitation program. Check and control on reasons of Absenteeism. Regular health check ups. Giving a secured workplace and environment.

**Summary:** The above findings and review of researches studies and article on Employee Retention There is no one strategy to insure successful employee retention. Generally, a combination of factors influences an employee's decision to stay in a job. Those factors may differ for an individual depending on his or her age, family situation, the external job market, or job title. There are some factors, however, which seem to impact most employees and for which I found some effective strategies worth sharing. They are recruiting, communications/Organizational culture, training, job satisfaction, pay, and benefits.

**Recruiting:** Employers must be honest with the recruit about the beliefs, expectations, organizational culture, demands, and opportunities within the organization. By representing the organization realistically, a department will attract those who will be content working within the

culture (Marx, 1995). Denton (1992, p.47) follows this up by stating that, “the better the match between recruits and the organization the more likely you are to retain them.” Lynn (1997) believes that you must take time during the hiring process to make wise decisions. The employer must be candid about the working conditions, responsibilities, opportunities and other details to reduce the chances of making hiring mistakes. Taylor and Cosenza (1997) strengthen this thought by noting that it is imperative that companies give prospective employees a true picture of the organization, if they hope to match the personality type with the climate and culture of the organization.

**Personal comment:** The effort to retain the best personnel begins with recruiting. Attracting and retaining the best People are not two different things, but are the same thing. Both require creating and maintaining a positive reputation, internally as well as externally. If organizations want to increase retention they must start with a solid recruiting process. Good recruitment leads to better retention.

**Communications:** Carney (1998) believes that the key to employee retention is quite simple: communicate, Communicate, communicate. Communication with the employees must begin early on in the relationship. He believes that the imprinting period of a new employee is probably less than two weeks. Employers must engage the employee early on by sharing how important the job they do is. Lynn (1997) follows this up by stating that early on an atmosphere of fairness and openness must be created by clearly laying out company policies.

**Personal comment:** Lack of communication may result in gaps between management’s perceptions of quality employment and the employees desired and perceived quality of employment and further it leads to turnover when perception does not match the reality. Employer must be very clear about the intention, objectives of the organization and the current state/condition of the organization. Organizational values and culture must be made clear to all employees and their importance within the organization must be continually emphasized.

**Training:** As was noted earlier it is important that the employee feel like a valued member of the Organization. Training helps underscore this message. Training personnel is a way to show you respect them and want them to grow. The department is making an investment in the employee by offering training (Marx, 1995). Good training can de-emphasize salaries and benefits, in part by building a positive work environment and by giving employees advancement opportunities (Lynn, 1997). Lynn goes on to say that training helps strengthen employee loyalty.

**Personal comment:** As in Table 2: Most of the findings say that training opportunities are key to good retention. Training emphasizes to the employee that they are valued and respected. This in turn to increased loyalty and retention.

**Job Satisfaction:** While an organization must be competitive in terms of compensation and benefits, it is the relationship with the supervisor that is often a crucial factor in determining whether a person stays or goes. Employees want more interaction with management, more self-satisfaction on the job, more responsibility and more control over decisions affecting them. They want their work to make a difference and want to be part of something that matters. Organizations should encourage innovation by soliciting the advice and input of their staff members, followed by responses to ideas, complaints or questions. It is difficult to keep people on the job if they have no say in how to do it. People need to be recognized for their



accomplishments in the workplace. In most organizations the feeling of under-recognition is the most pervasive feeling in the workplace. To retain employees, departments must offer career advancement opportunities. Organizations failing to offer employees career opportunities, room for advancement and enhancement of skills and knowledge may find it difficult to retain qualified employees (Taylor, 1997). Marx (1995) concludes this by pointing out that promoting from within is one of the proven methods of employee retention. Promoting from within shows that there is truly room for advancement and growth within the organization.

**Personal comment:** Employee involvement, recognition, importance of work, and career advancement opportunities are all important, when dealing with employee retention.

**Pay and Benefits:** In general people think that money and benefits or lack thereof, are the main reasons people leave their jobs, but this is not the case. While compensation and benefits may be a key factor in the final decision-making process, a money shortage is usually not what causes people to look in the first place. Money may be the reason they give when they resign, but it's like "white noise". They are conscious of it for a while but if they are bored on the job, money alone is not going to keep them there (Branch, 1998).

**Personal comment:** Although traditional benefits such as vacation and health are still important, today's employees are also looking for more non-traditional benefits. Benefits such as flexible work hours, availability of childcare tuition assistance programs and discounts on services now top the list of desired benefits such as; Discount coupons (Sodexo), Car Loan, Laptops etc. Above mentioned are the key factors, there are Pull & Push Factors which effect the decisions of the employees to stay or leave the organization.

**Push Factors:** These are the internal factors which push the individual to leave the job such as; job dissatisfaction, interpersonal relations, mismatch with job requirements or organizational values. Push factor have a negative effect on employee and eventually led to leave the work environment.

**Pull Factors:** In contrast to push factors, pull factors are external conditions that attract employees away from their work usually to other job, career or employer. Pull factors offer intrinsic or extrinsic rewards that become available if employees quit their current jobs. Pull factors commonly include offers with better compensation, more interesting work, and better opportunity for promotion or desire to return to academic studies.

**Future Studies:** For future research, the relation workforce retention and their satisfaction need to be focused and studied. Not much work is done on Participation in decision making, it is a factor which can help increasing retention rate and hence further studies should be done on it. Training and Development is a dimension where future studies can be done in respect to retaining the workforce. Employee when resigns HR department/Supervisor or Management try to retain him, which does not work at all, research should be done in future that employee must not even think off putting the papers.

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