

Understanding Drivers of Employee Retention- Managing and Measuring Talent

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Abstract

Retaining talent and reducing turnover is consistently a top concern for organizations. Organizations believe that retaining talent will be their largest challenge over the next three to five years. It is observed that one out of every three workers is seriously considering leaving their job. There appears to be a need for organizations to refocus attention on retaining their talent, with respect to career advancement opportunities, employees are looking for opportunities to grow with their jobs and move up within the company—either within their department or across departments. The research focuses on understanding the drivers of employee retention and tools for managing and measuring talent.

Keywords: Retaining Talent, Career Advancement, measuring talent

Introduction

The term “employee retention” first began to appear with regularity on the business scene in the 1970s and early '80s. Until then, during the early and mid-1900s, the essence of the relationship between employer and employee had been (by and large) a statement of the status quo: You come work for me, do a good job, and, so long as economic conditions allow, I will continue to employ you. Philosophically, employee retention is important; in almost all cases, it is senseless to allow good people to leave your organization. When they leave, they take with them intellectual property, relationships, investments (in both time and money), an occasional employee or two, and a chunk of your future. Employee Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives.

Employee Retention

According to The HR Priorities Survey from ORC Worldwide an HR consulting and data services firm, nearly 62 percent of respondents to their survey opined that talent management will be the most pressing strategic issue they face in year. The findings of the survey also indicated that 33 percent of talent management programs include workforce acquisition, assessment, development, and retention as areas that will consume most of the survey respondents' time this year 2007 (see Anonymous, 2007). Retention has emerged as the focus of much time and attention in recent years, particularly as part of talent management programs. Employee retention is more than just keeping employees on the job. It is also about sustaining employees, primarily by enhancing their job satisfaction. Job satisfaction, in turn, can increase productivity and keep employees energized and motivated to give their best. Job satisfaction can equate to employees who stick with their current employer and strive to perform at or above expectations and standards. Employee retention is commonly considered to mean the ability to maintain a stable workforce. Retention is thus the opposite of turnover, a well-known concept.

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Research Methodology

This is a concept paper and the researcher has adopted the method of reviewing different research articles, research journals, and case studies, to collect data about the key challenges related to employee's retention and the strategies which can help curb retention which is consequently incorporated as a concept paper drafted by the researcher.

Objective

- To understand the importance of retaining good employees in an organization.
- To identify the factors which drive the employees from changing organizations
- To find out the strategies and techniques which help in retention of employees

The Importance of Retaining Employees

High turnover often leaves customers and employees in the lurch; departing employees take a great deal of knowledge with them. This lack of continuity makes it hard to meet your organization's goals and serve customers well. Replacing employee's costs money. The cost of replacing an employee is estimated as up to twice the individual's annual salary (or higher for some positions, such as middle management), and this doesn't even include the cost of lost knowledge. Recruiting employees consumes a great deal of time and effort, much of it futile. You're not the only one out there vying for qualified employees, and job searchers make decisions based on more than the sum of salary and benefits. Bringing employees up to speed takes even more time. And when organizations are short-staffed, they often need to put in extra time to get the work done.

Reasons Why Employees Leave

1. Expectations not met
2. Mismatch between the person and the role
3. Mismatch between person and the culture of the firm
4. Insufficient opportunities for growth and advancement
5. Insufficient recognition or appreciation
6. Problems with direct manager
7. Dissatisfaction with pay
8. Stress
9. Lack of work life balance
10. Loss of confidence in the firm, particularly leadership.

Employee Retention Strategies

1) Retention Focused Recruitment

Recruitment and retention are interlinked. Some departures are almost inevitable from day one. Organizations have to make sure they select the right person in the first place.

- **Realistic job preview** - To avoid new recruits leaving during the first few weeks when they discover the job is somewhat different to what they had expected, provide a realistic job preview.
- **Sharing expectations at interview** – Expectations regarding the pay policy, willingness to work long hours, ability to work effectively in teams, need to conform to the firm's culture, willingness to travel and the candidate's expectations regarding career advancement, expected rate of rise in salary, preferred management style.
- **Person - culture fit** - It is important that employees share similar values and are able to function within the cultural environment of the firm. A fair proportion of early departures are employees that were never likely to be able to perform to an appropriate level within the firm, due to having values that are incongruent with those of the firm.
- **Person/skills - job fit** - Think carefully about the skills needed to do the job well.

Study your best performers.

Determine their competencies.

Select for competencies:

- Talents
 - Knowledge
 - Self-management traits
 - Motivations
- **Referrals** - New recruits that were referred by current employees tend to stay longer. They have the advantage of inside information and so are less likely to find the job or role contains unpleasant surprises. Current employees are unlikely to want to jeopardise their own standing by referring friends who are just not appropriate for the work involved.
 - Including team members in the recruitment process - For roles that are largely team based, or managerial, it is worth taking into consideration the opinions of those who will have daily contact with the post holder. It is a fact of life that many hiring failures come down to clashes of personality. When interviewing prospective managers, consider the notion of upward feedback.
 - **Promote rather than hire** - Internal promotions send a signal to employees that they too may get the chance of career advancement, if they remain with the firm. Conversely, if strong internal candidates are not selected, it may look like the best option is to leave, if you want to get ahead.
 - save money on recruitment
 - save money on signing bonuses
 - signal to employees
 - person - culture fit known

2) Retention Focused Orientation

Effective orientation plays a vital role in the longer term retention of employees, yet many orientation programs are little more than induction. The purpose of orientation is to get the new recruit settled into position as quickly as possible.

- First impressions count.
- The time window is very small.

3) Job Sculpting

Many departures arise from frustrations due to the day to day experience of the role, rather than the issues relating to the firm or to individuals.

- **Move them internally first** - If someone is unhappy in their role, see if you can find them a new position internally, before they opt to leave.

- **Match talents to the requirements of the role** - Match talents to the requirements of the role. Get employees to use their natural strengths, their intrinsic talents. If you want people to stay, get them to use their natural talents. Most people enjoy doing what they are good at. They like being able to excel.

- **Increase job variety** - Sometimes the lack of variety involved in their role can frustrate employees to the extent that they decide to leave. Some people like routine, others like change. Again, a little imagination, a small adjustment, can be the difference between losing them and retaining them.

- **Tailor roles to suit individuals** - If you have individuals you wish to retain, it makes sense to tailor roles to suit them. This way they get far more value from work and it is more difficult for other firms to attract them away. Customizing roles to suit individuals can be a winning retention strategy for some firms.

- **Enriching jobs** - Enriched jobs have long been shown to offer extra value to many employees. The keys to job enrichment: Skill variety, Task completion, Task significance, Autonomy and Feedback

- **Intrinsic motivation** - Understand why people want to work in the first place

- **Passions** - Individuals that get to focus on their passions are far more difficult to tempt away. Connecting to passions is a great way can be a great way to improve retention. Most alternatives will start to look far less attractive once an employee gets the chance to focus on something they are passionate about.

- **Meaningful work** - Some employees find it difficult to connect their day to day work with the end product. In a sense their work appears to lack meaning. By explaining how their job fits into the big picture, you can create meaning, thus increasing their motivation, and perhaps their willingness to stay.

4) Retention focused managing

People join companies, but leave managers. It's one of those common sayings that are mentioned in almost every book on retention.

- **Select managers with good people skills** - The selection of managers is crucial. Don't promote individuals into people management roles when their strengths lie elsewhere.

- **Use incentives, recognition and support to encourage retention** - Use incentives, recognition and additional support to encourage managers to adopt behaviour that reduces the push factor.
- **Ask managers to help you** - Asking managers to help you. Sometimes the smart tactic is to explain the problem and ask managers to help.
- **Do reassign poor people managers so they can use their strengths** - Do reassign poor people managers into areas where they can use their strengths. It is far easier to build on natural strengths than to fix weaknesses.
- **Pay careful attention to the way you assess and reward managers** - If you assess managers on the numbers that is what they are likely to focus on. If their pay is determined solely by results, don't expect them to pay much attention to retaining employees. Think about ways in which their assessment, and perhaps even reward, can be designed to encourage behaviour that will assist retention. Focus on creating value for employees.
- **Consider upwards feedback** - To encourage managers to pay attention to employee development, get employees to provide upwards feedback. Explain why their work is significant.
 - Work life balance guide
 - Performance agreement
 - Development plan
 - Goal setting
 - Provide the resources they need to the job
 - Delegation, autonomy and initiative
 - Encourage ideas
 - Provide challenging work

5) Retention Focused Career Support

The new psychological contract between employee and employer appears to be largely focused around career development.

- Coaching and mentoring
- Career development interviews
- Development plans
- Qualifications: professional and educational
- Upwards feedback on manager as employee developer.
- Internal job banks
- Alternative career paths
- Filling unmet needs

6) Work – Life Balance Measures

Offering a range of flexible working options can have a dramatic impact on employee turnover in certain circumstances. Giving employees more control over the hours they work can be the difference between retaining them and having to spend a fortune trying to find a replacement. Try to move towards focusing on productivity and results rather than hours worked.

- Part time work
- Flexi-time
- Job sharing
- Compressed workweek
- Working from home

7) Retention Focused Reward

Profit sharing, or gain sharing, appears to be the most effective reward strategy from a retention perspective. Of all the various reward strategies to have been implemented over recent years, profit sharing appears to be the most effective from a retention perspective.

8) Communication

Recent years have seen firms place emphasis on communicating their message to employees. Communication in the opposite direction is rarely as effective. It is possible to improve lines of communication should employee insight reveal this to be an issue that needs to be addressed. Conducting retention focused interviews every six months is a sensible way to keep track of the current state of play.

LG retention policies

To retain employees it is very important to give them a feeling of belongingness in the company. For this they conduct many activities like:

1. There's a weekly meeting of every dept where the employees are asked what their expectations are from the company to make the atmosphere and climate joyful.
2. After every 15 days one day **FUN TRIP** is conducted (within 50-70 Kms) from the company. Places like Essel world, Lonavla, Alibagh Beach, Matheran Hill Station etc where the employee can have fun and relax from their regular work. The destination of the fun trip is decided by the employee themselves. The expense is held by the company.
3. Every Employee is given a Laptop, Mobile (Rs 500 card free every month) or Landline Phone free.
4. **"MY DAY"**- Every week the employee can have 2 "my days", i.e. for two days a week they can have their own time away from office after 1.30 pm.
5. **Annual Day** – The annual day is on 24th dec. Every employee gets a gift voucher, Lunch at some good hotel and a fun tour to Essel world or water Kingdom etc.
6. Annually they also have interdepartmental matches like Cricket Matches, Volleyball Matches etc to improve team building and feeling of belongingness.
7. **Culture**: On every Indian festival there's a big celebration.
 - a. Ex: On Sank rant they have a **"BHARTIYA JEVAN"**. They fly colourful kites and have competition between the employees.

Ex: On Diwali they enjoy sweets and crackers with traditional dresses.

8. **Departmental Lunch:** Everyday one dept have lunch together. Each and every member of the Department eats and drinks together. This helps in improving the team spirit and the feeling of belongingness in the dept.
9. Employee of the week- **AWARD:**
 - a. Every week one worker is honoured based on the performance of the worker. This improves their moral and encourages them to work hard for the coming week.
 - b. Every month one employee is honoured as Employee of the Month
 - c. Annually one employee is honoured as Employee of the year.
Their names are declared on the Notice board and company magazine which encourages others also to work better.

New employees joining the company are given a **training** of 8-10 days. The training consists of induction and orientation program along with a 2 day trip. This is a good ice breaking session and helps them to know their colleague. The lasts two days training is conducted in the actual job site.

10. **Higher education:** If any employee wishes for higher education the company sends the employee to South Korea for training and encourages them to study hard.
11. **Car** is provided to the entire manager and above. The petrol expense are taken care by the company.
12. Annually every employee gets a 5 days paid leave.
13. The company provides the facility of all indoor games along with a Swimming pool for the refreshment of the employee.
Ex. Table Tennis, Chess, Badminton, Snooker, etc.
15. Quarterly the MD does performance appraisal of every LINE and checks which line has achieved production as per expectation or more than that. All the members of the line are gifted and their names are displayed in their annual magazine. This encourages the Line members to work hard and efficiently.

Conclusion

Organizations have to make sure the work place is a happy one, which every employee would love to spend time. Human resources department along with senior management must take steps to make sure of this. In addition the perception of having a job for life in a public sector role no longer exists. The trend for the younger generation of workers is to shift from job to job and this is becoming a norm of society. Companies that can recruit the best talent and retain them will have an edge in the long run. "Today talented persons are like frogs in a wheelbarrow, which can jump at any point of time when they sense opportunities". Effective human resource management must be practiced at both strategic and day-to-day levels. Employee retention practices must reflect company policy as to how it will manage and relate to its employees. The retention strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively.

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