



## Reason for Employee Retention

### KEYWORDS

Employee Retention, Motivation Career opportunities Job satisfaction, Poor management.

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### ABSTRACT

*Retaining employees is an important goal of every organization. This study explores the reasons that can significantly impact on employee retention in an organization. It attempt to relate some of the factors such as employee motivation, job satisfaction career opportunities and poor management are the main factors that influence employee retention rates. The study proposes the various aspects of employee retention, why it is needed, basic practices and strategies etc. this study is based on secondary data collected from various literature review and interpretation of the results shows that what employees strives for, is open mindedness and transparent another organization.*

### INTRODUCTION

In today's Employee retention involves taking measure to encourage employee to remain in the organization for the maximum period of time. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time. Employee retention is beneficial for the organization as well as the employee. Effective employee retention is a systematic effort by employers to create and foster an environment that diverse needs. Retention of key employees is critical to long term health and success of any organization. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply embedded organization knowledge and learning. Employee retention matters, as organizational issues such as training time and investment, lost knowledge, insecure employees, and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations cost up to five times his salary. Corporate is facing a lot of problem in employee retention these days. Hiring knowledgeable people for the job is essential for an employer, but retention is even more important than hiring. Employees stay and leave organizations for some reasons. The reason may be personal or professional. These reasons should be understood by the employer and should be taken care of. The organizations are becoming aware of these reasons and adopting many strategies for employee retention. A strong retention strategy, therefore, becomes a powerful recruitment tool.

### CONCEPT OF EMPLOYEE RETENTION DEFINITION OF RETENTION

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.

Employee retention is the ability of an organization to retain its employees (especially the best ones). For eg: an employee retention rate of 89% means that 89% of employee kept in a period usually an organization will aim to reduce its employee turnover and all associated costs. By various ways of employee motivation, employers can increase their retention rate.

The challenge is not only to attract the best talent but also to retain them.

### The Importance of Retaining Employees

The challenge of keeping employees: Its changing face has stumped managers and business owners alike. How do you manage this challenge? How do you build a workplace that employees want to remain with ... and outsiders want to be hired into?

Successful managers and business owners ask themselves these and other questions because—simply put—employee retention matters

- 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 employees cost money. The cost of replacing an employee is estimated at 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 consume 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 you're short-staffed, you often need to put in extra time to get the work done.

### WHAT MAKES EMPLOYEES LEAVE?

Employees do not leave an organization without one particular reason. There are certain circumstances that lead to their leaving the organization. The most common reasons can be:

- Employee expectation in job.
- Attractive salary, benefits, perks
- Contests and incentive.
- Motivational conversations, good communication
- Fostering employee and Management development
- Participative leadership
- Employee ownership compelling corporate purpose, mission statement etc.,

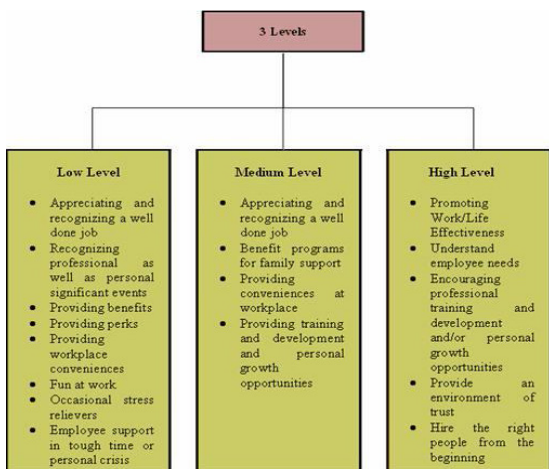
### REVIEW OF LITERATURE

Little research has been conducted in the area of the motivation and therefore retention and productivity for valuable

employees (e.g.) (Lord, 2002). Troy Kanter, human capital management at Kenexa corp, said that, "most companies don't really measure why people stay" (Baker, 2006). "Keeping critical employees motivated and dedicated is one of the most important demands on management today. Sometime it's not who you hire that counts; it's who you keep" (Cutler, 2001)", Baker (2006) stresses the fact that it is a lot cheaper to keep current employees than to hire new ones, so the "real issues for corporations become the continuous, on-going effort to identify and keep all their top performers, whether they are old, middle aged or young". Furthermore, Baker emphasizes that "now more than ever it is incumbent on corporations to Marshall all their forces [...] in the services of determining three critical elements of the human equations: what does your workforce look like now, what should it look like, given you're business goals, and how do you retain that optimized workforce once you've acquired it" (Bakar, 2006). Likewise Kennedy (2006) states that a plan sable cause for shortages of engineers within organizations may be linked to attrition of existing engineers, and in such cases, the efforts of the managers may be better spent on retaining the engineers already employed by tem. He concluded that it was possible that the value being created by the mature individual warranted the extra compensation over the more recently recruited younger engineers (Kennedy, 2006). Baker (2006) points out that there is a going difference between the younger and older workers and that" people in the twenties have a different view of work-life balance, and companies are going to have to engage them more and be more accommodating. One of the big issues they will have to address is the fact that this generation just isn't that work – driven". Similarly, Dragojlovic, engineering director at Northrop Grumman, expressed the need to make recruitment, retention, and development of talent their top priorities in 2007 because the high turnover posed a threat to the company (Goretsky & Petry, 2007).

**RETENTION STRATEGIES**

Figure 1, throws light on the retention strategies that may be adopted to retain employees in all the three levels of management i.e. Top, Middle and Lower levels, since every level requires a different treatment because of the difference in designation, status in the organization and varied pay structures. Adopting the right kind of strategy can help to combat the problem of attrition arising at various levels of management.



Source: <http://retention.naukarhub//retention-strategies.html>

**Figure 1: Retention Strategies for different levels of Management**

The figure 1 above clearly explains that how money and understanding can create a congenial environment specially for the lower managerial level, whereas for the middle level

managers appreciation of their work and various benefit programs for their families and training programs act as major attrition blocker. The high level management retention strategies includes creation of trustworthy environment and freedom of decision making, thus by understanding the needs of various levels of management an effective retention strategy can be formulated.

**RESEARCH GAP**

There is a relation between employee retention and the growth of the organization which affects its productivity. Since it is understand which factor makes employee to leave the organization. This are the research gap was identified from review by using of secondary data.

**OBJECTIVES OF THE STUDY**

To identify factors that lead to employee retention through secondary data, to understand the cause of employee retention affect the industrial growth and to study the dimensions of retention contribute to an employee's willingness to stay in the same organization.

**RESEARCH METHODOLOGY**

In order to fulfil the objective of our study we have conduct a literature review to gain the theoretical knowledge. In the literature review we read earlier studies and articles which related to reasons for employee retention. We used secondary data as our data collection tool. Here, observation is meant to learn various factors which lead to employee retention and its important dimensions. Limitation of the study restrict to secondary data and statistical tools.

**FINDINGS AND DISCUSSION**

**Retention factors**

There are many reasons for which the employees decide to leave jobs or stay working for longer. According to Retention model Theory, the relationship between the employee and their direct supervisor plays an important role in staying or leaving decision. Herzberg's two factors theory also lists quality of supervision into hygiene factors, which create disaffection if not managed effectively.

**Table 1: Factors of retention chosen for study**

S. No.	ITEMS
1	Opportunity for personal growth and development in my job position.
2	Opportunity in my job position for participation in the determination of methods and procedures.
3	Sense of accountability for a person at my job position.
4	Feeling of worthwhile accomplishment in my job position.
5	Opportunity in my job position to give help to other people.
6	Opportunity one gets to move ahead in life and become fairly well-known and well-off.
7	Security of my job position.
8	Opportunity for independent thought and action.
9	My overall involvement in the work

10	Amenities like housing, conveyance, medical benefits provided.
11	Feeling of self-esteem a person gets from being at my position.
12	Consideration given by the government to this profession.
13	Opportunity to develop close friendship in my job position.
14	Salary offered for my job position.
15	Facilities provided for effective working (lighting, air conditioning, seating etc.)
16	Authority connected with my position.
17	Feeling of self-fulfillment a person gets from being in my job position (i.e. feeling of being able to use one's own unique capabilities, realizing one's potentialities)
18	Prestige of my job position outside the organization (that is regard received from others not in the organization.)
19	My role at the current job position.
20	Prestige of my job position inside the organization.

Table1: examined wide range of factors which are reasons for the employee retention rate. The factors that could contribute to high employee attrition including characteristic of employees, job satisfaction, salary and wages, motivation, management practices and career development opportunities etc..

### Job Satisfaction

Employees seek a job, which offers them stratosphere level of responsibility and high growth of trajectory. If the organizations do not deliver on these expectations, employ exodus cannot be contained. The relationship between satisfaction

and attrition ,retention has been consistently found in many attrition studies(Lum et al, 1998). Mobley et al 1979 indicated that overall job satisfaction is negatively linked to employee attrition but explained little of the variability in turnover. Griffeth et al (2000) found that overall job satisfaction modestly predicted turnover.

### Salary and Perks

There may be any number of reasons as to why an employee leaves and one of the major facts is the money. Nowadays companies have started wooing the best of the talents with mind boggling salary levels and attractive designations.

The research conducted on the link between dissatisfaction with pay. Mobley et al (1979) concluded that result from studies on the role of pay and retention was mixed but that often there was no relationship between pay and retention. Campion (1991) cited in Tang suggests that the most important reason for retention rate is higher wages and career opportunity.

### Employee Motivation

Heller(1998) said that to release the full potential of employees, organizations are rapidly moving away from command and control and toward advise and consent as a way of motivating. Today's management is becoming increasingly aware that motivation is having a huge impact on the productivity of their employees and even more on the bottom line. The management has to take responsibility for how you make people feel; they have surprisingly large impact on how their employees feel, and how they feel has a large impact on how they perform says Hiam.

### CONCLUSION

This review of retention literature identifies a range of factors that have been shown to be consistently linked to turnover. These include employee motivation, job satisfaction, salary & perk, career opportunities and poor management. These factors can help the organization to understand the general nature of retention rate and the employee's willingness to stay in a company. So that they can adopt the retention strategy and to understand the problems in key devising an effective retention strategy. Future investigation can be done on employee retention factors by using of statistical tools and turnover can be measured across the industries like IT/ITES, retail industry hospital industry.

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