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Management

RETENTION OF KNOWLEDGE WORKERS CRITICAL TO SUCCESS OF INDUSTRIES IN KNOWLEDGE ECONOMY -- A STUDY OF EXISTING LITERATURE.

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ABSTRACT In today's knowledge based economy, the human resources, assume a central role and are considered as assets or human capital of the organization. Hence keeping them within the organization is very critical and has become a huge task for the employers. With economy going global and many opportunities opening up for such highly skilled knowledge workers, their demand also rises. So there are more chances of employees going away from the organization. Therefore it is very much necessary to know the exact reasons for their turnover and accordingly frame retention strategy for the organization. The present study aims to find out the reasons for turnover, factors affecting the knowledge workers to stay or leave the organization. Job satisfaction, occupational stress, organizational commitment and motivation are found to be associated with knowledge workers.

KEYWORDS : Knowledge Economy, Knowledge workers, Retention and Human Resources.

INTRODUCTION:

Knowledge Economy: The economy has changed over a span of time from an industrial based economy to a knowledge based economy, putting up more emphasis on employees of the organization and the knowledge which the employees possess. Due to the awareness of the critical part which knowledge and technology play in the economic growth of any organization, the term "knowledge-based economy" has gained prominence. Knowledge, as personified in human beings and in technology, has always been fundamental to pecuniary development (OECD Report 1996). The economy today gives utmost importance to human skills and their ability to be more imaginative and artistic, thereby exploit the existing knowledge and even generate new knowledge by the means of training, research and development.

Knowledge in the term knowledge economy is understood as the knowledge regarding the business processes, customers, merchandises and rivals which are wrapped in the minds of the employees. (KPMG Management Consulting 1998). Knowledge is always within the person; carried along by him, generated and even improved by a person; learned and transferred on to another person; used or misused by a person and a person can have a pragmatic approach towards knowledge. Hence with this shift to the knowledge, the person becomes center. (Drucker, 2002). With knowledge being the most important for success of any organization and employee also being the center of the organization, knowledge worker turns out to be the epicenter of the organization.

Key employees in the organization are the ones who use their expert knowledge and hence they are called the knowledge workers. Bender and Fish (2000) and Wong and Radcliffe (2000) are of opinion that in order to maintain and even gain competitive advantage, the proficiency and understanding of knowledge workers need to be seen as a significant tactical resource and a priceless asset. Since the organization cannot afford to lose the expert knowledge, they have to ensure that the knowledge remains locked in the organization. It is, therefore, important to make sure that knowledge is retained in the organization and thereby the knowledge workers.

Knowledge Workers:

Peter Drucker was the first scholar to coin the term knowledge worker. Knowledge worker is the one who knows to apply the unstated information he or she possesses to ensure proper functioning of organization and add value to whatever he or she does. Drucker (1989) then expanded the definition and described these workers as the ones who carry knowledge as powerful resource which they own and not the organizations. He further added that knowledge workers have become the main source of creation of wealth and job… "That increasingly the success and even the survival of every business will depend on the performance of its knowledge workforce." (Drucker, 2002)

The knowledge workers plays a key role in this knowledge economy, wherein everything is based on knowledge. Today's knowledge worker is not only a hard worker but also a smart worker who likes to work in his own way and needs autonomy to do so. He wants more work-life balance, wants to improvise his skills to increase his employability, believes in less structure and stresses on rewards and recognition. (Cole 2004). Organizations therefore need to understand these factors which are considered important by the knowledge workers which may in turn help to retain them in the organization.

Knowledge-workers are the main resource in any industry. They possess niche skills, good communication skills, also are highly talented with powerful knowledge with which they add value to their work and ultimately to the organization. Particularly information technology is an industry where such knowledge workers are high in demand as they "have high degrees of expertise, education, or experience, and the primary purpose of their jobs involves the creation, distribution or application of knowledge" (Davenport 2005). When an employee leaves the organization, the organization loses not only that employee but along, it loses skills, experience and corporate memory. (CLBC Report 2004). The turnover or the loss of such employees, is a very costly affair for the organizations as it incurs both tangible and intangible costs. Whenever an employee leaves the organization, the employer has to search for a replacement, for which recruitment, selection and training has to be given. Also a brief time is to be given to them to gain experience on the same. All this will incur monetary cost which can be said as tangible cost and time which lapses in all these activities, the problems faced while finding and training new employees would be intangible cost. Apart from this, for the existing employees, high turnover can negatively affect employment relationships, morale and workplace safety. Revathi and Kamalanabhan (2018) describe voluntary turnover as an issue which is unfavorable to the organizations in terms of increased costs, negativity amongst the employee, waste of time etc. Hence it is necessary to curtail the turnover, and to do that employers must be aware of the factors associated with the employees.

Reasons for turnover:

The expert and the critical knowledge which is imbibed in the employees' minds, might be lost to the organization for various reasons. One of the major reason is mobility of the knowledge workers. Literature suggests that in the global knowledge economy workers on an average change six employers over the course of their career (O'Neal, 2005).

Job hopping is also a phenomenon where employees jump from one job to another more frequently. The reasons behind the same are employees might be looking for change, some might be looking for career advancement or some might be looking out for work-life balance. Organization have to identify reasons and work on retention of such key employees.

Many other research scholars have cited various reasons for employee turnover in the organization like the employment practices, supervisory style, lack of appreciation, lack of competitive and fair compensation system, inappropriate workplace environments, also lack of interesting work, lack of job security, lack of promotion and inadequate training and development opportunities, amongst others.

Such factors should be taken into consideration to influence employee retention in their organizations. (Abassi and Hollman, 2000; Hewitts Associates, 2006). Stovel and Bontis (2002) say that employees usually switch employers every six years, which means that employers have to look for retention from the time they hire the employees. Looking at all these reasons, the management should identify their organization and employee specific reasons and then device retention strategies which help them to retain the key employees with them for a rather longer tenure.

The **issues related to employee turnover** can be addressed through developing an employee-centric view by the management and devising employee retention strategies such that it increases employees' commitment, morale and satisfaction. Also knowledge transfer initiatives should be implemented so that the expert knowledge of its key employees is systematically shared and stored in the organization and thereby a learning organization can be developed. There are many factors which affect the decision of employees to stay with the organization across his tenure in the office. Job satisfaction, work-life balance, supervisory support, autonomy to work, power, rewards and recognitions are some. Each employee in the organization will have a different stance for all such factors. Considering all, it is very much necessary for the employers to understand each factors with respect to the employees and come up with a proper retention strategy so that they are able to retain the knowledge and their key employees within the organization.

Masibigiri and Nienaber (2011) opine that Generation X have certain unique characteristics because of which it is difficulty to retain them, particularly in public sector in South Africa. This is more in public service as there are fewer financial rewards. The study revealed that the factors which affected the retention of Generation X public servants include the type of work, utilization of skills, career advancement, work–life balance, compensation/rewards, security needs and leadership.

Sutherland, M., and Jordaan, W., (2004) The authors studied about the factors that support retention cognitions of the knowledge workers in South Africa. The results showed that job satisfaction and organizational commitment did not predict the knowledge worker's proposed future length of service. Also it revealed that knowledge workers look for high levels of autonomy to work, challenging work environment and emphasis on personal development in order to remain with the same organization.

Another study at a leading South African financial institution by authors Reddy, K., and Govender, K., (2014) revealed that compensation, challenging work, learning and development opportunities and flexible work practices were the most valued strategies for the knowledge workers retention. They found that compensation was the key factor influencing the employee's intention to remain with the organization.

Information Technology industry is one such industry where the attrition levels are very high, around 13.2% compared to any other industry. (LinkedIn Talent Blog, 2018). The workforce in this industry are often termed as liquid workforces as they often change jobs. Hence it is very much necessary to know the reasons why employees leave and appealing to what they care the most HR can derive a good retention strategy (LinkedIn Talent Blog, 2018). Monetary benefits are not always worthy to the employees. Sometimes employees want to have their voice in the organizational activities, wherein they feel their importance. (Rashid H., and Zhao L., 2009) found that in order to retain the highly skilled employees, power of involvement is more important than the fairness of rewards in India and Malaysia, particularly with software professionals.

From the previous studies, it can be deduced that the most important factors affecting the retention of employees in the organization are job satisfaction, organizational commitment, occupational stress and motivation.

Job satisfaction and Organizational commitment.
Shore and Martin (1989) have studied about the differential associations that job satisfaction and organizational commitment have with job performance and turnover intentions. They suggested that both commitment and satisfaction are related to turnover intentions. Also that organizational commitment is more strongly associated with turnover intentions. Another research by Dr. Singh (2008) found that

job satisfaction leads to organizational commitment. The author studied scientists as knowledge workers and found that job satisfaction and need fulfillment are highly and positively inter-correlated.

The authors Alam M., and Mohammad J., (2009) investigated about the level of job satisfaction and intent to leave of Malaysian nurses. They found that there was a strong intention to neither stay with the hospital nor leave it. Also they suggested that there were higher chances that nurses in the hospital would intend to leave in the future, because of their perceived lower level of job satisfaction. It means that there is an association between employee's job satisfaction and intention to stay or leave the organization.

Another study in Pakistan, the authors found that IT professional's compensation, training and development and supervisor support were significantly correlated with organizational commitment and thereby increases employee retention, Naqvi S. and Bashir S. (2011). Same results were observed in Pharmaceutical industry in Pakistan, the authors (Anis et al., 2011) concluded that organizational commitment has a strong and positive relationship with employees' job satisfaction and employee retention. So more the employee is satisfied with his job, more are the chances he will remain with the organization. The results further signify that positive and significant relationship exists between compensation, supervisory support and organizational commitment.

Chang Boon Lee, P., (2000) the author studied a model of turnover intentions for information technology professionals. The model was based on the assumption that the information technology professionals work in a dynamic environment that requires continuous updating of skills. Hence an employee's growth need strength which is defined as the need for challenge and achievement, plays a significant role in influencing turnover intentions. The research concluded that role ambiguity and role conflict affect turnover intentions through job satisfaction. Hence the employers must be aware about the joint effects of growth need strength and job satisfaction while designing the retention strategies.

Motivation
This is also an important factor to look upon when discussing about employee turnover and retention. The Herzberg two-factor theory here hold true, that there are certain factors which keeps the employees motivated and certain factors which does not motivate the employees but keeps dissatisfaction away from their work. The employers should look for the factors which keeps the employees motivated so that they can be retained in the organization

Faustina N., (2012), the researcher here studied the impact of motivation on retention of employees in a bank in Ghana. The results reveled that motivational factors such salary and fringe benefits were most important, followed by job security and relationship with co-workers. Moreover the three strategies rated most important to the employee were recognition, training and development opportunities, openness and trust, promotional opportunities and proper communication.

Khalid, I., (2015) studied about the motivation factors for knowledge workers in defense organization in Pakistan. The results showed that better and conducive professional environment produce health work environment and ultimately increases the levels of motivation. Extrinsic motivation factor appraisal system was found to be most important to the knowledge workers. Further the authors suggested that good salary packages and consistent salary packages are most significant factors of employee's motivation. Even the organizational commitment was found to be high amongst the IT professionals in defense organization.

A study by Sandhya K. and Kumar P., (2011) concluded that employee retention can be practiced better by motivating the employees in the aspects like: open communication, employee reward program, career development, performance based bonus, recreation facilities and gifts on certain occasions. All these will increase employee's motivation and thereby can be retained in the organization.

Occupational Role Stress
The authors (Yahaya et. al., 2010) found that external environment was the factor which led to occupational stress although that's beyond the organization's control. They also found that there was no direct influence of occupational stress on intent to leave or absenteeism but it had a negative effect on job satisfaction which in turn have a negative effect on intention to leave and absenteeism. The authors have

suggested that role ambiguity is one of the apt measure to know the occupational stress levels of the employees and hence the level of job satisfaction.

Stress can happen to anybody due to various reasons like unclear expectations, too much work pressure, persistent long working hours, non-supportive co-workers/team-mates and the like. All the can lead to too much of stress. Stress to an extent is good to keep one going but after a certain limit it may lead to employees quitting the job. Hence it is very much important to know the stress levels of the employees so that time and again it can be managed by the employers. Glissmeyer et. al., (2008) confirmed the same, with their findings that of all occupational role stressors, role ambiguity and role conflict explains almost 19% of the variance of intention to quit. They found that role ambiguity is a significant predictor of intention to quit while role conflict is a weaker predictor of intention to quit.

Another researcher also supported the same wherein Paille P. (2011) found that due to stressful work, the desire to leave the employer increases. Moreover the author found out that job satisfaction was a moderating variable between stressful work and intention to quit the organization. Further the researcher suggested that employee's job satisfaction could reduce the stress caused due to his or her work environment. Another research (Hashemi et al., 2015) focused on hospitality industry in Malaysia where they found that job satisfaction played a mediating role between job stress and organizational commitment. The results reveled that job related stress can cause dissatisfaction to the employees and steps should be taken to reduce such stress which will increase organizational commitment and thereby be able to retain in the organization.

A study in banking industry in India reveled that employees of the bank experienced high degrees of stress with respect to the role and responsibility assigned, meager peer relations, powerlessness, role overload, vigorous working conditions and unprofitability. The research also established that there is a negative/inverse relationship between dimensions of occupational stress and measures of organizational commitment. This suggests that due to lower organizational commitment it might be difficult to retain people/knowledge workers in the organization. (Solkhe A., 2011)

Zhao L., and Rashid H., (2010) examined how various job stressors impact the retention of information technology professionals and how these impacts were mediated by work-leisure conflict. They concluded that amongst all job stressors role ambiguity had the most adverse influence on retention. Findings further concluded that organizations should confront role ambiguity with utmost priority. Also it was found that work-leisure conflict partially mediated the negative relationship between role conflict and retention, so the employer should balance work-leisure conflict to effectively retain employees under job stress. A research scholar Masood, R., (2011) suggested that a key to employee retention is stress management. Stress can be caused due to various reasons like compensation, managerial issues, expectations not met and the likes, which can be found out and accordingly retention polices should be developed like proper and fair compensation, benefits, clearly defined roles and responsibilities, which will help to retain employees.

CONCLUSION
Looking at the above literature review, it can be concluded that in today's knowledge based economy, knowledge workers are the most significant part of any organization. Hence it is very much imperative to retain them in the organization. They are the core people on which the good or the bad of organizations depend. The employer need to have strong retention policies so that they don't lose their key people to their competitors. As discussed above, in order to retain the employees, the employers need to find out the apt reasons for turnover, the factors on which the decision of quitting or staying with the organization depends and accordingly design a suitable retention policy. Occupational stress, Motivation, organizational commitment and job satisfaction are found to be the most crucial factors affecting the knowledge workers decision to remain or leave the organizations. These factors if taken care of properly can help the organizations to retain its key people.

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