

Retention- an Emerging Strategy for Sustainable Growth and Competence

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Abstract

In today's fast growing world, the importance of sustainable growth has increased many folds. Sustainable growth is actually the growth rate of a company which can be managed without increasing the finances from external sources. It is based on the idea that consistent productivity and commitment over time is more fruitful in the long run than hastily rushing processes. And to have commitment for a longer period the best strategy is Retention of talented workforce. When an organisation retain its talented pool it has a wider scope of establishing unique competence for itself in the market. Thus, retention of employees is emerging as most vital task of organisation for having sustainable growth and developing competence. But, as now we are global, the workforce who are competent also keep shifting for a better opportunity for themselves and so they are becoming a challenge for organisations in terms of their retention. In view of such scenario this research work has been taken up to find the reasons behind the attrition of efficient staff, ways to cope with this retention issue and to know the relation of retention with sustainable growth. The outcome of this study can be helpful for organisations belonging to different sectors.

Keywords: Retention, Sustainable growth, Competence, Development, Strategy

Introduction

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 beneficial for the organization as well as the employee. But modern Employees are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current Organization or the job, they switch over to the next job. It is the responsibility of the Organization to retain their best employees. If they don't, they would be left with no good employees.

In today's intensely competitive environment, where HR managers are poaching from each other, organizations can either hold on to their employees tight or lose them to competition. For gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities abound.

A good organization should know how to attract and retain its employees.

Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational 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 costs up to five times of his salary. Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and are not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment where employees get a sense

of achievement and belongingness from a healthy work environment, the company is benefitted with a stronger, reliable work-force harbouring bright new ideas for its growth.

Objectives of the study

- To study the various reasons behind the exit of employees.
- To find different retention strategies.
- To understand the relationship between retention and sustainable growth.

Research methodology

The research type used here is Analytical research. In Analytical research the facts or information already available are analyzed and critically evaluated.

The source of Data is secondary data which is collected from the books and internet sites.

Findings

1. Reasons behind exit of employees

There are various reasons due to which employees leave a job. Some of the main reasons are:-

a) The job or workplace not being the one as was expected by the employee

Every day, new hires enter organizations with a wide range of illusions and unrealistic expectations. Some stay and adapt the real situation, some get out of their illusions and stay, and many unravel their expectations and leave. At the root of their disappointment is an expectation that was not met. In some cases, the employee's expectations may be unrealistic, and in some cases, it may not be so. Quite simply, unmet and unrealistic expectations both cost a business untold millions of dollars.

b) Mismatch between job and the person

Some managers believe employees are interchangeable parts to be moved into whatever slots which need to be filled. Others believe skills and knowledge are more important than talent. These two misconceptions often lead to short-term solutions that ignore the long-term success that can result from focusing on properly matching employee talent with appropriate jobs.

c) Too little training and feedback given to the employee

Training and feedback are essential for employees because they help employees answer four basic questions:

1. Where are we going as a company?
2. How are we going to get there?
3. How do you expect me to contribute?
4. How am I doing?

The answers to these questions constitute much of what gives meaning to an employee's efforts. Companies need to give feedback and coaching to make sure that employees' efforts stay aligned with organizational goals and the expectations of direct supervisors. This alignment is a necessary precondition for employee engagement.

d) Too few growth and advancement opportunities for the employee

So much has changed in the worldwide business climate and in the way businesses now operate that the impact of those changes on the careers of individuals working in organizations needs to be acknowledged. Downsizing has changed the loyalty contract between employee and employer, and it has also heightened the level of stress over job security. Focusing on short-term, bottom-line results has created pressure on management to reduce costs and push workers to do more with less. Productivity gains have come at a cost — in reduced job satisfaction, stalled job creation and stagnant careers. A new career contract has not materialized in most organizations, particularly ones that value control over autonomy and self-direction. Most employers of choice, however, communicate clearly that employees must take the initiative in their own career development. They also give their people the tools and training needed to accomplish this, enabling them to be the best they possibly can be.

e) Feeling of being devalued and unrecognized

Everyone wants to feel important, yet many organizations manage to make their people feel quite the opposite. It could be seen as a lack of simple appreciation, or a greater focus put on making numbers, and not valuing employees. Some employees might feel like a mere number — that no one in any kind of position above them listens to them or even knows they exist. Managers who do show some appreciation might not show it in a timely manner or the rewards given might have little if anything to do with what the employees truly find valuable.

f) Stress from overwork and work-life imbalance

It is sobering to consider all the things there are to be stressed about in the workplace — overwork, personality conflicts, forced overtime, disorganized supervisors, gossip, harassment, prejudice and so many others. Workers get stressed when they sacrifice family time to work extra hours, when they deal with the insensitivity of some co-workers, and when they really need a personal day but cannot take one because their company does not offer them. These are the people who consistently work late, work through lunch, work through sickness, take work home and express frustration in countless unhealthy ways. Company leaders must determine whether their organization's culture is unhealthy, or even toxic. When the workers are forced to choose between having a life and a career, the organization has a toxic culture. Workers are not merely resources. They are people and one should be empowering them, not attempting to control them.

g) Loss of trust and confidence in seniors

Senior leaders are challenged with creating a culture of trust and integrity that strengthens the bonds of employee engagement. While this challenge is shared by all managers and employees, it is incumbent on senior leaders to set the tone and the example. This isn't always easy, particularly when employees already have a number of issues with their managers and leaders. They complain about a basic lack of trust and integrity in leadership. They might feel management is out of touch with day-to-day reality. Or, they might feel that leaders are concerned only with their own greed, and not with the needs and concerns of workers. One can see these issues manifest themselves in the effort and conduct exhibited by the work force, in a lack of enthusiasm in the workplace, and in the increasing complaints and questions about policies and practices. One can see it in managers who begin to question the decisions and actions of senior leaders, or even in active resistance to leader initiatives and change efforts.

h) Dissatisfaction with pay

Not receiving a fair salary, a fair pay rise, a fair bonus results into dissatisfaction of employees. Much of the dissatisfaction is due to comparisons. A previously adequate salary starts to look insufficient when one has just learnt that a new arrival is receiving a higher wage for performing a similar role. Salaries rarely remain a secret. The information leaks out. If it isn't fair, if it isn't equitable, if the procedure for determining pay settlements is tainted, employees become dissatisfied. And with time many of them leave.

2) The strategies for retention of employees**i. Communication:**

Communication has become so heavily stressed in the workplace that it almost seems cliché. However communication couldn't be less important in the effort to retain employees. Be sure that team members know their rules, job description, and responsibilities within the organization. Communicate any new company policies or initiatives to all employees to be sure that everyone is on the same page. Nobody must feel that they are being left out of the loop.

ii. Including employees in decision making

It is incredibly important to include team members in the decision making process, especially when decision will effect an individual's department or work team. This can help to create an employee involvement and will generate new ideas and perspectives that top management might never have thought of.

iii. Allowing team members to share their knowledge with others

The highest percentage of information retention occurs when one shares that information with others. Having team members share their knowledge which they have learned at a recent conference or training workshop will not only increase the amount of information they retain, but also lets a team member know that he is a valuable member of the organization. Facilitating knowledge sharing through an employee mentoring the program can be equally beneficial for the team member being mentored.

iv. Shorten the feedback loop

There is no need to wait for an annual performance evaluation to come which is due to give feedback on how an employee is performing. Most team members enjoy frequent feedback about how they perform. Shortening the feedback loop will help to keep performance level high and will reinforce positive behaviour. Feedback does not necessarily need to be scheduled or highly structured; simply stopping by a team member's desk and letting them know that they are doing a good job can do wonders for morale and help to increase retention.

v. Balance work and personal life

Family is incredibly important to team members. When work begins to put a significant strain on one's family no amount of money will keep an employee around. Small gestures such as allowing a team member to take an extended lunch once a week to watch his son's baseball game will likely be repaid with loyalty and extended employment with an organization.

vi. Provide opportunities for growth and development

Offer opportunities for team members to acquire new skills and knowledge useful to the organization. If an employee appears to be bored or burnt out in a current position, offer to him another facet of the organization where he or she would be a

good fit. Nobody wants to feel stuck in their position with no possibility for advancement or new opportunities.

vii. Recognize team members for their hard work and let them know they are appreciated

This can be one of the single greatest factors affecting employee retention. Everybody, in all the levels of an organization, wants to know that their efforts are appreciated and recognized. This can be as simple or as extravagant as a supervisor may desire. Often typing a short e-mail or quickly stopping by a team member's desk and saying "thanks" can do wonder for moral boosting. Other options might include a mention in the company newsletter for outstanding performance or gift certificates to a restaurant or movie theatre – the possibilities are endless.

viii. Clearly define what is expected of team members

Nothing can be more frustrating or discouraging for an employee than the lack of a clear understanding of what is expected of him on the job. In a performance driven workplace a lack of clarity regarding job duties and expectations can cause fear and anxiety among employees who are unclear of what is expected of them. Even worse outright anger can occur when a team member receives a negative performance evaluation based on expectations and job duties that he or she was unaware of or unclear about.

ix. The quality of supervision and mentorship

Supervisors play the largest role in a team member's development and ultimate success within an organization. All employees want to have supervisors who are respectful, courteous, and friendly. But more importantly team member want supervisors who give clear performance expectations, deliver timely feedback on performance, live up to their word and promises, and provide an environment where the employee can grow and succeed. Failure by supervisors and management to provide this can cause an employee to start looking for greener pastures.

x. Fair and equitable treatment of all employees

One of the surest ways to create animosity and resentment in an organization is to allow favouritism and preferential treatment of individual team members. This culture will only get worse and can create a devastating mass departure of valued team members.

xi. Best employee reward programs

If these rewards are in terms of money, by dividing it into two parts and giving the first half parts with the initial month's salary and the remaining after six months helps in retaining the employee for six months.

xii. Career development program

Conditional assistance for certain courses should be provided by the company in which the company shall bear the expenses only if the employee scores a certain aggregate of marks.

xiii. Performance based bonus

To get more work out of the employees, remuneration in the form of bonus helps to retain individuals who are highly productive. It doesn't add extra – pressure on the company's budget.

xiv. Employee referral plan

Introducing employee referral plans and giving referral bonus after six to nine months of continuous working of the new employee as well as existing employee

reduces the hiring cost of new employee as well as helps retention of the existing ones for a longer period of time.

xv. Loyalty bonus

After successful completion of a specified period of time in an organization rewarding employees with money or position gives recognition and satisfaction to them. It also gives encouragement to the fellow employees.

xvi. Giving voice to the knowledge banks

The important intellectual asset of the company is the workforce. The company should retain it through involving them in some of the important decisions.

xvii. Employee recreation

Involvement of top management along with the lower and middle level management in some recreational activities makes the employees feel that they are very close to the management and are treated as equal.

xviii. Gifts on some occasions

Giving some gifts on festivals and special occasions to the employees makes them feel good and realize that the management is concerned about them.

xix. Accountability

Creation of an environment that demands accountability and transparency helps employees to feel that they are also superiors. This helps in emotional bonding of the employees.

xx. Surveys

Conducting regular surveys, feedbacks from superiors as well as other issues like morale, development plans, etc. This make them feel important and understand that the company really cares for them

xxi. Fun and laughter at workplace

Fun and laughter in a workplace lend a competitive advantage to an organization through its human resources. The presence of humor in a workplace enables the employees to work with interest and enthusiasm that reduce the work pressure and attrition levels. It instills a sense of joy among the employees that can go a long way in creating a bond between the employees and the employer and thereby decreasing the rate of employee attrition. In a nutshell, creating a fun and laughter filled work environment in an organization will pave the way for its success in the marketplace. Such a company is sure to emerge as an 'employer of choice'.

Analysis

Relationship between retention, core competence and sustainable growth

Employee retention refers to the ability of an organization to retain its employees. When there is retention of employees with some core competencies it results into the growth of the organization. Talent retention is of critical importance for companies shifting from start up to fast growth. Keeping the best people nearby to the organization's core competencies is important as they are essential for the organization's "going forward" business model.

Core competencies are particular strengths relative to other organizations in the industry which provide the fundamental basis for the provision of added value. Core competencies are the collective learning in organizations, and involve how to coordinate diverse production skills and integrate multiple streams of technologies. It is communication, an involvement and a deep commitment to working across organizational boundaries. Few companies are likely to build world leadership in more than five or six fundamental competencies.

In good economic times as well as in bad times, if the retention focuses on people who possess the company's core technology competencies (engineers, scientists and other

technical talent) and the people who perform and have competencies and skills that match the business' core talent needs it would always result into a sustainable growth as well as sustainable development of the organisation.

The term sustainable development means different things to different people. But, in essence, it is concerned with meeting the needs of people today without compromising the ability of future generations to meet their own needs. Sustainable development therefore involves:

A broad view of social, environmental and economic outcomes;

A long-term perspective, concerned with the interests and rights of future generations as well as of people today;

An inclusive approach to action, which recognises the need for all people to be involved in the decisions that affect their lives.

Thus, to achieve sustainable growth the following points are very important:-

- Improved profitability, growth and employee performance.
- Retention of highly talented employees.
- Reliable succession planning.
- Consistent and objective recruitment and selection processes.



Figure 1.

While there is the direct relationship between a highly talented work force and an organization's ability to achieve sustainable excellence (figure 1), today's human resources leaders need strategies and tools to recruit, select, grow and retain highly talented people – ultimately the fundamental driver of organizational performance and sustained competitive advantage.

Suggestions

1. Collection and analysis of turnover data must be improved.
2. Exit interviews must be conducted effectively and data obtained through it should be used for further reference.
3. Targets must be set and corporate accountabilities should be established- an online employee survey tool that allows them to report both opportunities for business process improvements, but also situations that may deem to challenge business ethics must be introduced. The online survey would also be ideal because it can be performed anonymously ensuring complete integrity

4. Selection of employees must become more rigorous and should be based on selecting the 'fit'.
5. Employment security guarantees must be offered.
6. Employee transition must be managed with respect.
7. Three Rs must be given due consideration for employee retention: respect, recognition, and rewards.

Conclusion

For every company, workforce is an intellectual capital which is the source of its competitive advantage and helps achieve the bottom line. Hence, retaining a well trained, skilled and contented workforce can lead a company to dizzy heights while the lack of it can hamper its growth badly. So, every resignation saved is every dollar earned.

With the modernization of the world and competition taking toll over everything it has become very essential for every organisation to have their own core competencies to become a winner. When the organization is capable of retaining its employees along with maintaining their core competencies it ultimately results into the sustainable growth of the organization.

Thus retention of talented (competent) employees is one of the best strategy for any business to move upward and have a sustainable growth.

Limitation of the Study

1. The study is based only on secondary data thus the outcome may vary if primary data are considered.
2. All the aspects of the issue could not be brought up due to time constraint.

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