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EMPLOYEE RETENTION

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ABSTRACT

In the organizations, people spend most of their active lives. Hence, it needs to be purposeful. There is every need that employees understand the worth of their lives in the workplace. At the same time, each employee needs to understand his/her own meaning of life and find out what gives them sustained satisfaction and happiness in life. Let them know the potential in them. Know Transform their negativity into positivity. Organizations should try to develop spiritual intelligence of their employees and only those managers can nourish the spirituality of their employees who are themselves nourished. Research studies have indicated that a majority of successful organizations have their own unique organizational cultures. when there exist a great amount of clarity and common understanding about the culture of an organization, it helps in attracting and retaining people who inherently 'share' that basic line of thinking.

KEYWORDS

Employee, Employer, Organization, Retention, Turnover.

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 in all ways. Corporate is facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. There is no dearth of opportunities for a talented person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he is doing, he may switch over to some another more suitable job. High rate of employee turnover is a warning to the Employer that something is wrong with the health of the organization. In today's environment it becomes very important for organizations to retain their employees. The Employer should try to retain its employees because employee turnover involves huge costs. The Employer spends money on recruitment, selection, training of new employees. If an employee leaves an organization, the expenditure incurred on his employment, training etc. will go waste. 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 of employee retention. The top organizations are on the top because they value their employees and they know how to keep them glued to the organization. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees. Employee retention would require a lot of efforts, energy and resources but the results are worth it.

SCOPE OF RETENTION

Now a days employee turnover is a universal problem. It is a natural tendency of an employee that they switch over to a new job which is more descent and comfortable and is better paid. This leads to an employee turnover. Upto a certain percentage, employee turnover is tolerable, but beyond this it becomes a serious problem. Employee turnover may prove to be a costly process as it involves –

- High cost of procurement, involving time and efforts for recruitment, interviewing and finding out replacements.
- Training cost, involving time of personnel department and trainer.
- Low employee morale and team spirit.
- Gap in filling the vacancies therefore affecting smooth working of an organization.
- Higher rate of industrial accidents.
- Production equipments are fully utilized.
- Scrap and waste rates increases when new employees are involved.
- Market reputation of the employer is adversely affected if orders are not executed on time or services are not provided efficiently.

IMPORTANCE OF RETENTION

Now that so much is being done by organizations to retain its employees, why is retention is so important? Is it just to reduce the turnover cost? Well, the answer is a definite no. Its not only the cost incurred by a company that emphasizes the need of retaining employees but also the process of employee retention will benefit an organization in the following ways:

The Cost of Turnover: The cost of employee turnover adds hundreds and thousands of money to a company's expenses. While it is difficult to fully calculate the cost of turnover industry experts often quote 25% of the average employee salary as a conservative estimate.

Loss of Company Knowledge: When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors).

Interruption of Customer Service: Customers and clients do business with a company in part because of the people. Relationships are developed and when an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.

Turnover leads to more Turnovers: When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

Goodwill of the Company: The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

Regaining Efficiency: If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly. And even after this you cannot assure us of the same efficiency from the new employee.

STRATEGIES FOR RETENTION

The reason for turnover may be personal or professional. These reasons should be understood by the employer and should be taken care of. Select the right people in the first place through behavior based testing and competency screening. The right person, in the right seat, on the right bus is the starting point. At the same time, don't neglect to hire people with the innate talent, ability, and smarts to work in almost any position even if you don't currently have the "best" match available. Hire the smartest people you can find to reduce employee turnover. Once the right person is recruited efforts should be made to retain them from getting poached. The organizations are becoming aware of the cost involved in employees from getting poached. The organizations are becoming aware of the cost involved in employee turnover and adopting many strategies for employee retention.

COMPENSATION

Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation packages plays a critical role in retaining the employees. While setting up the packages, the following components should be kept in mind:

Salary and Monthly Wage: It is the biggest component of the compensation package. It is also the most common factor of comparison among employees. It includes basic wage, house rent allowance, dearness allowance, city compensatory allowance. Salary and wages represent the level of skill and experience an individual has. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employees' performance and his contribution to the organization.

Bonus: Bonuses are usually given to employees at the end of the year or on a festival.

Economic Benefits: It includes paid holidays, leave travel concession etc.

Long-Term Incentives: Long-Term Incentives include stock options or stock grants. These incentives help retain employees in the organization's startup stage.

Health insurance: Health insurance is a great benefit to the employees. It saves employees money as well as gives them a peace of mind that they have somebody to take care of them in bad times.

After Retirement: It includes payments that an employee gets after he retires like EPF (Employee Provident Fund) etc.

Miscellaneous Compensation: It may include employee assistance programs (like psychological counseling, legal assistance etc.), discounts on company products, use of a company cars, etc.

GROWTH AND DEVELOPMENT

Growth and development are the integral part of every individual's career. If an employee cannot foresee his path of career development in his current organization, there are chances that he'll leave the organization as soon as he gets an opportunity. The important factors in employee growth that an employee looks for himself are:

Work Profile: The work profile on which the employee is working should be in sync with his capabilities. The profile should not be too low or too high.

Personal Growth and Dream: Employees responsibilities in the organization should help him achieve his personal goals also. Organizations cannot keep aside the individual goals of employees and foster organizations goals. If he is not satisfied with his growth, he'll not be able to contribute in organization growth.

Training and Development: Employees should be trained and given chance to improve and enhance their skills. Many employers fear that if the employees are well trained, they'll leave the organization for better jobs. Organization should not limit the resources on which organization's success depends.

SUPPORT

Lack of support from Employer can sometimes serve as a reason for employee turnover. Supervisor should support his subordinates in a way so that each one of them is a success. Employer should try to focus on its employees and support them not only in their difficult time at work but also through the times of personal crisis. Employer can support employees by providing them recognition and appreciation.

Employers can also support their employees by creating an environment of trust and inculcating the organizational values into employees. Thus employers can support their employees in a number of ways as follows:

- By providing feedback
- By giving recognition and rewards
- By counseling them
- By providing emotional support

RELATIONSHIP

Sometimes the relationship with the Employer and the peers becomes the reason for an employee to leave the organization. There are times when an employee starts feeling bitterness towards the Employer or peers. This bitterness could be due to many reasons. This decreases employee's interest and he becomes demotivated. It leads to less satisfaction and eventually attrition.

To enhance good professional relationships at work, the Employer should keep the following points in mind.

Respect for the individual: Respect for the individual is the must in the organization.

Relationship with the immediate manager: A manager plays the role of a mentor and a Coach. So an organization should hire managers who can make and maintain good relations with their subordinates.

Relationship with colleagues: Promote team work, not only among teams but in different departments as well. This will induce competition as well as improve the relationships among colleagues.

Recruit whole heartedly: An employee should be recruited if there is a proper place and duties for him to perform. Otherwise he'll feel useless and will be dissatisfied.

Promote an employee based culture: Show employees that the organization cares and he'll show the same for the organization. An employee based culture may include decision making authority, availability of resources, open door policy, etc.

Individual development: Create opportunities for their career growth by providing mentorship programs, certifications, educational courses, etc.

Induce loyalty: Organizations should be loyal as well as they should promote loyalty in the employees too. Try to make the current employees stay instead of recruiting new ones.

It is not about managing retention. It is about managing people. If an organization manages people well, employee retention will take care of itself. Organizations should focus on managing the work environment to make better use of the available human assets.

ENVIRONMENT

The organization is second home to the employee. Organization environment includes culture, values, company reputation, and quality of people in the organization, employee development and career growth, risk taking, leading technologies, trust.

TYPES OF ENVIRONMENT THE EMPLOYEE NEEDS IN AN ORGANIZATION

- **Learning environment:** It includes continuous learning and improvement of the individual, certifications and provision for higher studies, etc.
- **Support environment:** Organization can provide support in the form of work-life balance. Work life balance includes flexible hours, telecommuting, dependent care, alternate work schedules, vacations, and wellness.
- **Work environment:** It includes efficient managers, supportive co-workers, challenging work, involvement in decision-making, clarity of work and responsibilities, and recognition.

Lack or absence of such environment pushes employees to look for new opportunities. The environment should be such that the employee feels connected to the organization in

OTHER REMEDIAL MEASURES

- According to research by the Gallup organization, encourage employees to have good, even best, friends, at work.
- Provide opportunities for people to share their knowledge via training sessions, presentations, mentoring other and team assignments.
- Demonstrate respect for employees at all times. Listen to them deeply; use their ideas; never ridicule or shame them.
- Offer performance feedback and praise good efforts and results to reduce employee turnover.
- People want to enjoy their work. Make work fun.
- Enable employees to balance work and life. Allow flexible starting times, core business hours and flexible ending times.
- Involve employees in decisions that affect their jobs and the overall direction of the company whenever possible. Involve them in the discussion about company vision, mission, values, and goals.
- Recognize excellent performance, and especially, link pay to performance to reduce employee turnover.
- Base the upside of bonus potential on the success of both the employee and the company and make it limitless within company parameters.
- Staff adequately so overburden is minimized and people don't wear themselves out.
- Nurture and celebrate organization traditions. Have company dinner at a hotel for developing relationships.
- Recognizing professional as well as personal significant events such as birthday gifts, wedding gifts, anniversary gifts etc.
- Provide opportunities within the company for cross-training and career progression.
- Communicate goals, roles and responsibilities so people know what is expected and feel like part of the in-crowd.

CONCLUSION

"It is very easy to take one eye off retention. The cost of doing this can be very high."

Linda Emery, Head of Talent Employer, Unilever, UK

Retaining best employees is a strictly rational business strategy. In business terms, there is need to calculate the costs of losing and replacing key talent. For those who believe in the "easy come, easy go" philosophy of hiring and turnover, assessing these costs objectively can be eye-opening. Running the numbers can sharpen commitment to keeping most valuable employees.

In these turbulent times, exacerbated by a tight labor market, employers will be continually challenged to locate, attract, optimize and retain the talent they need to serve their customers. The most successful employers will be those who legitimately inspire highly talented workers to join them and stay with them. In today's highly competitive employment world, employers of all kinds are eager to differentiate themselves from other organizations. Their objective is to create a high performance workplace and "high performance workplaces are characterized by their creativity, innovation, flexibility and competitiveness. This can be achieved by the talented committed employees – "high potentials". They are the heart and soul of the organization and competitors want them. In such a situation attention to retention is critical.

Employer should be interested in their employees' interest because satisfied and committed employees have lower rate of turnover. Employer typically makes considerable efforts to retain employees; they get pay raises, praise, recognition, increased promotional opportunities, and so forth. They should realize that high pay alone is unlikely to retain employees. The most important things Employer can do to retain employees is that not a single strategy is enough to retain all the employees.

Employees are unique individuals having their own mind sets and they should be treated accordingly. So instead of using any one strategy for all, a combination of all the strategies should be used. Every strategy goes hand in hand. More important, the strategies used for retention are controllable by Employer.

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