Employee Retention and Commitment

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Abstract:

Today employee commitment and retention has become an important strategic aspect for the organization. It is not only important to have the best and the most talented employees but it is equally necessary to be able to retain them for long term benefits to both the organization and its people. The purpose of this paper is to review the findings of research papers of various authors to derive the factors that impact employee commitment and retention in a work environment. This study examines the following factors: career development opportunities, effective talent management strategies, recruitment, on boarding and orientation, investment in training and development, compensation and benefits, work life balance, culture of the organization, leadership, communication, image of the company, autonomy and empowerment, role of HR head and supervisors, work related policies and flexi time, performance appraisals and career growth and development opportunities.

There are no one fixed practices which show the importance and significance of the influence of all these above broad points because different organizations lay different emphasis on these pointers depending upon their suitability impacting retention. Based on understanding of the papers reviewed, suggestions are drawn which give a holistic view on the various practices that organizations should adopt to keep the level of employee retention and commitment high.

Keywords: Retention, factors, commitment, motivation, benefits.

I. INTRODUCTION

In this review paper study about the various HR practices that help employee retention and foster employee commitment in the organization. Today employee retention is the top priority of organizations due to increasing competition. It is an efficient and productive advance towards the employee management who are considered to be ‘greatest assets’ to the company. To manage top talent it requires a constant balance between the human aspirations and the strategic and financial needs of the business. Employee retention is a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. People related issues for example-compensation and benefits, hiring, administration, organization development, employee motivation, wellness, benefits, safety, communication, performance management, and training are dealt by it. HR practices in an organization are used for talent acquisition i.e. recruitment, selection, training and development, reward management, performance appraisal etc. Human Resource Management handles people, work place environment and culture in a strategic manner. Employee commitment is also very important for maintaining a highly talented workforce. With best possible use and application of HR policies in the organization, employee commitment can be enhanced leading to better performance, improving employee attitude morale and reduced employees turnover, which is the aim of the human resource practices.

HR experts and line managers play a major role on how these HR policies are implemented and to the utmost efficiency. Employee commitment can have a major role in low turnover rates as it has positive developments on productivity, turnover and employees eagerness to help colleagues. In fact, increased employee commitment has shown better team performance, low absenteeism and intention to leave. Therefore employee commitment in a way helps employee retention and hence employee retention strategies must be kept in place. Well planned initiatives and processes must be in place so that employees will not think of quitting and remain with the company for a long time. For managers, to have a happy enthusiastic workforce will help him in achieving individual and organizations performance. But manager’s job is not only to hire best candidates but also retain them. Most certainly one cannot retain all the best employees but can definitely reduce loss. Reducing employee turnover is most important for organizations and to maintain an ideal staff takes a lot of efforts and resources of the organization and if that is lost it hampers organizations success. Therefore, every
organization must treat their employees as ends and not means to ends because they add value to the organization.

II. OBJECTIVE

Objective of this review paper is to identify the best practices and methods adopted by various organizations across industries to help enhance commitment and employee retention

III. REVIEW WORK

Best HR practices for employee retention and commitment. During the course of research several HR practices have been found to help employee retention and enhance employee commitment in an organization which is discussed in the following work.

1. Career Development Opportunities

The recent trend of high employee turnover is due to the various reasons such as employees not being happy with the kind of work they do, lack of investments in training and development, lack of career growth and development opportunities, unfair and misleading performance appraisals, etc. Strategic ways for retaining top talent in the organization is by helping high potential employees have cross functional job for job and work related satisfaction, involvement in decision making, encouraging their ideas and helping them implement them, help in career development moves, skill building through effective and relevant training.

The reasons for low turnover which employees have mentioned are work experience, career development, independence, etc. All these motives of employees help organizations to align HR practices accordingly and help them with employee retention. Retention practices give more importance to factors affecting to cause employee turnover (career opportunities and financial rewards) than on those believed to affect employee retention (social atmosphere, job content, work-life balance).

Career opportunities have the strongest impact on employee commitment while the impact of financial rewards is less. Ways recommended for reducing employee attrition are career development, considered to be one of the most important factors. Providing great career development opportunities makes the employees to stay in the company for long and at the same time enhances their loyalty to the firm. Creating a positive social work environment and adding content to the jobs and tasks to be done by the employees enhances employee satisfaction and commitment.

2. Effective talent management strategies:

Employee retention and talent management practices of successful companies are fundamental element to maintain their leadership and development in the marketplace. Employee engagement and retention lead to higher customer satisfaction and loyalty especially in the services sector. Organization’s talent management strategy should contribute to employee engagement, effective recruitment and retention of employees. This will create positive employer brand, employees will want to stay with the organization which will minimize

3. Recruitment:

Best practices for employee retention would be by recruiting the right person in the first place (Oracle white paper 2012). Organization's talent management, recruitment and retention policy and practices can significantly reduce attrition rates. It is important and difficult to retain talented employees under high unemployment levels. It is important to retain them because of high training and recruitment costs so organizations use rewards to retain employees.

Ways and methods suggested to improve employee retention and commitment include better recruitment and training & development practices to improve employee satisfaction with work. A lot of employees in the BPO/ITES sector get new offers within three months of joining which leads to wastage of recruitment and training costs. Hence, it is very important to recruit the right candidate and keep him engaged so that he will not leave the organization.
4. On boarding and orientation

It is mentioned that induction plays a major role in employee retention and increases loyalty towards the organization. Also as mentioned in above point a lot of employees leave within first three months of joining so, it is clear that if proper induction for new joiners is not conducted they will tend to leave the organization. A well planned orientation program must be planned to help retain employees.

5. Compensation and Benefits

Various reasons cited for employee attrition are dissatisfaction with internal job postings, work profile, personal causes and finally dissatisfaction with compensation/salary. So for better retention of talent organizations must improve pay/compensation and benefits and also factors like good working conditions, flexible work timings, cooperative teams, good bosses, culture and values of the organization. Other ways to improve employee retention and commitment include providing flexible work hours, on the job training opportunities, providing adequate resources for the staff, health and insurance benefits, perks like gyms, health centers, rewarding best employees for not only getting the task done on time but also doing it efficiently.

Factors that help to keep a person loyal and committed to the organization like having job security, interesting and challenging work, opportunity to learn new skills and a flexible working environment with good reputation, culture, values, competitive salary and benefits package that suit the individual. Salary is a significant factor that affects a person’s decision to stay or leave the company. Challenging work of compensation department is salary differentials, both within the organization and in the industry. A valued employee should be given a salary package at par or more than the existing industry average to get him/her to stay within the organization. But at the same time giving more money can have undesired side effects. Firstly it makes other employees develop a mind-set that the way to get a pay hike is by frightening to leave and secondly when an employee is at the top of his/her salary scale and is offered more money for performing the same duties, it will affect organization-wide differentials.

Therefore, it is important to retain them because of high training and recruitment costs so organizations use rewards to retain employees.

6. Work Life Balance

Employee retention is essential to have a competitive advantage in today’s date. Providing emotional support and work life balance to employees helps organizations in low turnover. The role of work life balance has a direct relation in employee’s decision to stay or leave the organization. Job attitudes such as job satisfaction and commitment, personal reasons such as positive and negative feelings, the role of WLB in employee attrition and, finally, the strategies provided to lessen high turnover rates. The recommendations mentioned include the need for norms on working hours, role models at the workplace, flexi work hours and arrangements, effective talent acquisition and training practices. It has been observed that stress and its various components like emotional exhaustion and job burnout are the major causes of high employee turnover.

7. Leadership

According to the author employee retention and talent management are fundamental parts to sustain their leadership and growth in the industry. High potential employees and great leadership attributes have positive correlation to the intention of the employee to stay with the company. Having a cooperative and supportive leadership style as a retention and commitment strategy has been put forth.

The most important and critical idea for staff retention and commitment goes by the way of an effective leadership setup in the company. Leaders with management games and ice-breaking sessions along with an effective and well thought plan as to how to reveal and what kind of information to reveal is necessary to retain top talent within the organization. Leaders help in keeping the culture and team building of the organization intact.
8. Perks and Flexi time

In BPO and IT sectors employees work in various shifts and this sector faces a very high attrition as well. For employees to stay in the organization they have to be lured in to stay-through perks and benefit plans. A lot of employees in the BPO/ITES sector get new offers within three months of joining which leads to wastage of recruitment and training costs. If an employee is kept engaged well at all levels he develops a good rapport with his peers and co-workers, performs well and prefers to stay with the organization. There can be work-life balance initiatives, telecommuting flexi time, and better reward and performance management systems to encourage employee retention.

9. Career growth and development path

Employees the greatest organizational asset wants to know what kind of future do they have in the company. Thus, it should be made sure that the supervisor’s team leads meet the employees and discuss their professional goals. As a part of this exercise they should also make sure that they help the employees achieve those goals by providing them with the necessary inputs and the required training and development needs. Most organizations hire the best talent but are not able to retain them that’s because they go for traditional methods of hierarchy development paths.

But, as a matter of fact what they should be doing is that identify and develop latent, potent and hidden skill sets among their workforce, build upon them so both organizational and employee efficiency. They should invest heavily on building effective competency frameworks with transferable skill sets that would unleash that hidden potential and take the organizations to never been dreamt of places. If companies want to retain more and more employees they need to focus on learning abilities and facilities of the employees. They showed that this can be done by letting people do more and more what they want to do and simultaneously provide such growth opportunities as well as appreciating the employees side by side.

4. DISCUSSION

There are no fixed practices that show the relevance and significance as to how to retain employees and keep them committed towards the organization because employers lay different emphasis on different variables depending on what suits their organization best. Hiring employees is just the beginning to creating a strong committed work force. The real task is to retain them. Based on research the following points are a list of suggestions we would recommend for employee retention and commitment:

1. Organizations must conduct “stay” and “exit” interviews to understand as to why employees chose to leave the organization. This information will help in understanding the reasons why employees leave the organization. Based on this organizations must strengthen their employee-retention strategies.

2. Employers must try and encourage and ask their managers to be more involved in the communication process. Managers should spend considerable time in training employees, motivate good performers move to new positions up the hierarchical ladder and motivate poor performers to work better.

3. Organizations can conduct contests to keep employees motivated. If programmes are done in proper manner such programs can keep employees determined and enthusiastic about their jobs.

4. Employers must do smart hiring. They must hire selectively from the beginning by keeping in mind things like diligence, attitude, integrity, academic qualification, skills and experience.

5. Organizations must encourage employees to be part of the company’s corporate social responsibility initiatives so that they feel they are not only working for the organization but also they are doing something good for the society.

6. Employers must try and recognize the need for employee’s personal time off. Giving employee the time to keep his/her personal life in place is also very important for employee retention.

7. Treating every employee equally and fairly in something employers must always keep in mind because for employees it is very important that their organization treats everyone the same way without any bias.
5. CONCLUSION

Through this research we saw various trends over the years and practices used across industries for improving employee retention and commitment. For any organizations to survive in today’s ever increasing competition where employee poaching is on the rise, it is very important to retain their best employees and keep them commited towards the organization.

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