

**EMPLOYEE RETENTION: AN ART TO REDUCE TURNOVER**Ankit Laddha\*<sup>1</sup>, Rudrapal Singh<sup>2</sup>, Harshika Gabbad<sup>3</sup>, Dr. G.D Gidwani<sup>4</sup><sup>1</sup>Lecturer, VITM, Indore<sup>2</sup>Lecturer, SAFE Institute of Pharmacy, Indore<sup>3</sup>Lecturer, School of Commerce, DAVV Indore<sup>4</sup>Group director, New Tech institute of Management and Technology, Dewas**ABSTRACT**

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. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. 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. Most employees feel that they are worth more than they are actually paid. There is a natural disparity between what people think they should be paid and what organizations spend in compensation. When the difference becomes too great and another opportunity occurs, turnover can result. Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth Blog Online and Earn Money.

**Keywords:** Employee Retention, turnover, organization.

**INTRODUCTION**

Employee turnover is one of the largest though widely unknown costs an organization faces. Companies keep track of various costs such as supplies and payroll, few take into consideration how much employee turnover will cost them.

Ernst & Young estimates it costs approximately \$120,000 to replace 10 professionals. According to research done by Sibson & Company, to recoup the cost of losing just one employee a fast food restaurant must sell 7,613 combo meals at \$2.50 each. Employee turnover costs companies 30 to 50% of the annual salary of entry-level employees, 150% of middle-level employees, and up to 400% for upper level, specialized employees. Now that so much is being done by organizations to retain its employees. Why is retention so important? Is it just to reduce the turn over costs? Well, the answer is a definite no. It's not only the cost

incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached. Retention involves five major things:

- Compensation
- Environment
- Growth
- Relationship
- Support

### **OBJECTIVE OF STUDY**

The purpose of this study is to suggest some strategies to retain low, middle and high level employees.

### **RATIONALE OF STUDY**

Employees are the basis of every organization. Hiring knowledgeable people for the job is essential for employer. But retention is even more important than hiring.

### **LITERATURE REVIEW**

Employers have a need to keep employees from leaving and going to work for other companies. This is true because of the great costs associated with hiring and retraining new employees. The best way to retain employees is by providing them with job satisfaction and opportunities for advancement in their careers. The saying, good help is hard to find, is even truer these days than ever before because the job market is becoming increasingly tight (Eskildsen 2000, Hammer 2000). Eskildsen and Nussler (2000) suggest that employers are fighting to get talented employees in order to maintain a prosperous business. Ray Hammer (2000) as well as many other researchers/authors agree. Mark Parrott (2000) believes that, there is a straight line between employee satisfaction and customer satisfaction. He believes that today's employees pose a complete new set of challenges, especially when businesses are forced to confront one of the tightest labor markets in decades. Therefore, it is getting more difficult to retain employees, as the pool of talent is becoming more-and more tapped-out. The research below, which focuses primarily on employee retention through job satisfaction, supports this contention.

Employees that are satisfied and happy in with their jobs are more dedicated to doing a good job and taking care of customers that sustain the operation (Hammer 2000; Marini 2000; Denton 2000). Job satisfaction is something that working people seek and a key element of employee retention. Every person will have his or her own definition of what it means to be satisfied with a job. Studies show that employees who are satisfied with their jobs are more productive, creative and be more likely to be retained by the company (Eskildsen & Dahlgaard 2000; Kim 2000; Kirby 2000; Lee 2000; Money 2000; Wagner 2000). Research has shown that there may be many environmental features that can be created and maintained to give employees job satisfaction. Pay and benefits, communication (Brewer 2000; Employee 2000; Money 2000; Wagner 2000), motivation, justice (Kirby 2000; Tristram 2000) and leisure time (Rabbit 2000; Wilson 2000) all seem to play a part as to whether employees are satisfied with their jobs, according to studies.

**Employee Retention Strategies:**

The basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people in the first place.
2. Empower the employees: Give the employees the authority to get things done.
3. Make employees realize that they are the most valuable asset of the organization.
4. Have faith in them, trust and respect them
5. Provide them information and knowledge.
6. Keep providing them feedback on their performance.
7. Recognize and appreciate their achievements.
8. Keep their morale high.
9. Create an environment where the employees want to work and have fun. These practices can be categorized in 3 levels:

- Low,
- Medium and
- High level.

**Low Level Employee Retention Strategies**

- Appreciating and recognizing a well done job
- Personalized well done and thank-you cards from supervisors
- Congratulations e-cards or cards sent to spouses/families
- Voicemails or messages from top management
- Periodic days off for good performance
- Rewards ( gift, certificates, monetary and non monetary rewards)
- Recognizing professional as well as personal significant events
- Wedding gifts

**Medium Level Employee Retention Strategies**

- Appreciating and recognizing a well done job
- Special bonus for successfully completing firm-sponsored certifications
- Benefit programs for family support
- Child adoption benefits
- Flexible benefits
- Dependents care assistance
- Medical care reimbursement
- Athletic membership program
- Providing training and development and personal growth opportunities
- Sabbatical programs
- Professional skills development

- Individualized career guidance

### **High Level Employee Retention Strategies**

- Promoting Work/Life Effectiveness
- Develop flexible schedules
- Part-time schedules
- Extended leaves of absence
- Develop Support Services
- On-site day care facility etc.

### **Retention Success Mantra:**

In today's fast paced business environments where employees are constantly striving to achieve business goals under time restrictions; open minded and transparent work culture plays a vital role in employee retention. Companies invest very many hours and monies in training and educating employees. These companies are severely affected when employees check out, especially in the middle of some big company project or venture. Although employees most often prefer to stay with the same company and use their time and experience for personal growth and development, they leave mainly because of work related stress and dissatisfactions. More and more companies have now realized the importance of a healthy work culture and have a gamut of people management good practices for employees to have that ideal fresh work-life. Closed doors work culture can serve as a deterrent to communication and trust within employees which are potential causes for work- Related apathy and frenzy.

### **Managing Employee Retention:**

The task of managing employees can be understood as a three stage process:

1. Identify cost of employee turnover.
2. Understand why employee leave.
3. Implement retention strategies

The organizations should start with identifying the employee turnover rates within a particular time period and benchmark it with the competitor organizations. This will help in assessing the whether the employee retention rates are healthy in the company. Secondly, the cost of employee turnover can be calculated. According to a survey, on an average, attrition costs companies 18 months' salary for each manager or professional who leaves, and 6 months' pay for each hourly employee who leaves. This amounts to major organizational and financial stress, considering that one out of every three employee's plans to leave his or her job in the next two years.

### **CONCLUSION**

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed

behavior, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive.

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