Factors Affecting Workforce Retention: A Literature Review

Bandana Singh

Assistant Professor, Department of Hotel Management, T John College, Bengaluru, India

Abstract: **Workforce retention is a significant accountability for any organisation in today's scenario due to enormous antagonism which has aroused from globalization. It is not only essential to attract the best people but also to inspire and retain the right employees in an organisation. The aim of the research paper is to review the findings of scholarly work done by various authors to identify the factors that affect workforce retention. This study scrutinizes ten important factors that affect workforce retention. Overall it has been observed that there is no single particular practice which portrays the importance of the influence of all these ten factors since different organisations have various business priorities and the stage at which the company is currently running. This paper is based out of secondary data specifically research papers from various authors.**

Keywords: **Retention, HR practices, employee engagement, attrition**

1. Introduction

The distance between organizations and prospective employees has reduced due to globalization. There was a time when candidates were limited within a specific boundary to go for finding their jobs but in today's situation of urbanization, this restriction has become extinct. With the progress of digitalization, employers have got a right of entry to their prospective employees to a large extent due to which people from various states migrate to other states. Globalization has made the employers to accommodate several parts of the country. Hence there are three key factors which play an imperative role which are urbanization, digitalization and globalization. First the number of potential employees are accessible at a outsized number due to urbanization, second the number of employers have augmented due to globalization and third the means to reach the potential employees have amplified due to digitalization. Due to all these three factors employees have got an easy access to better prospects, more choices to enhance their career which has lead to increase in competition as well as rise in the number of employees leaving their organisations within a short period of time. This phenomenon has compelled the HR fraternity to think outside the box and come out with solutions to bring to an end of the employees switching from one organisation to other.

2. Objectives of the study

The objective of this research paper is to identify the key HR practices that lead to workforce retention,

A. Methodology

This research paper is descriptive in nature which attempts to understand the key HR practices to retain employees. Only secondary sources have been adopted to gather various data trying to decipher the objectives of the study. The method of data collection is through purely research papers on employee retention.

3. Findings and analysis

Top ten HR practices to retain employees have been identified during reviewing various research papers which are discussed as follows.

A. Talent Acquisition

The first step of retaining employees is to recruit and select the right fit. Most often it has been seen that job fit has been more priorities than cultural fit. This result in getting high potential employees who do not stay for a longer time due to wrong cultural fit (Oracle white paper 2012). Organization's talent management, recruitment and retention policy and practices can significantly reduce attrition rates (Frankeiss 2008). Scientific methods of recruitment followed by right type of training and development opportunities improves improve employee satisfaction with work (Deery 2008). It has been seen that a lot of BPO/ITES industry employees quit the organisation within first three months which results in complete waste of recruitment and training costs. Hence, it is imperative to recruit the right employee and engage the employee which will result high employee retention (Jyotsna Bhavnagar 2008).

B. Induction

As mentioned earlier that many employees leave the organisation with the first three months. This is evident that the new employees were not inducted in the family as a family member. Rather they were welcomed as guests with half hearted manner. (Simon North 2011). Induction plays a major role in employee retention and increases loyalty towards the organization. First impression is the last impression. The first impression is created during the induction period which has a major impact on the employee throughout the life cycle in the organisation. The employees mind set get framed during the induction period which makes the employee decide on whether

International Journal of Research in Engineering, Science and Management
Volume-1, Issue-12, December-2018
www.ijresm.com | ISSN (Online): 2581-5792

406

to continue for a longer period or leave with a short span of time interval. Traditional methods of lecture series while orientation of the Gen Y employees may not set the right tone to begin with. Therefore innovative ways induction to the Gen Y employee is essential which binds them from the day one towards the organisation (Gaurav Bagga 2013).

C. Investment in Talent Transformation

Talent transformation is one the important ways to motivate, engage and retain employees. Transfer of skills in training is an easier part but the difficult part is to identify the right type of training for the right employees. Forcefully assigning some training does not motivate the employees to access the knowledge points during the training program. In such cases, content is provided but intent is missing from employee's end. Therefore identification of the right type of training is essential (Ian M. Taplin, Winston-Salem and Jonathan Winterton 2007). The creditability from the employees with regards to the relevance of the training have to be won in-order to facilitate the learning process to the employees. At times in IT industry, employees are taken in out bound training which they consider as a opportunity of fun and leisure rather than a serious agenda of talent transformation. Hence such practices not necessarily retain employees in an organization Patrick M. Wright, Timothy M. Gardner and Lisa M. Moynihan 2011). Methods of training delivery are also essential to hold on to the interest of the trainees. The trainer's background, review about the trainers from earlier clients helps to select the right trainer. The trainer's delivery methods and the trainees learning process needs to be matched or else it will be lead to the complete waste of the man hours as well as the training costs. Ultimately it results in poor retention of employees (Marjorie Armstrong-Stassen and Andrew Templer 2004). Creating an access to the learning materials to the employees ensures continuous reinforcement among the trainees which results in better performance of employees which encourages them to continue in the organisation where the learning curve is towards growth. (Ian M. Taplin, Winston-Salem and Jonathan Winterton 2007).

D. Career development opportunities

There are various opportunities of employee's career development. It might be through the investment in training of employees, giving other opportunities at work based on the aspiration of the employees, fair justifiable and transparent appraisal system. Identification of high potential employees and thereby giving them right opportunities to grow, involvement in decision making, proving a platform to access their ideas with an independence to implement help employees to develop their career within an organisation (Hay 2001). A transparent career path helps an employee to stay longer in an organisation (Gaurav Bagga 2013). Most of the retention initiatives are aimed at providing financial benefits rather than career opportunities. Career opportunities have the strongest impact on employee commitment while the impact of financial rewards is less. The loyalty of the employee enhances when right career

development opportunities are rendered to the employees which results in employee retention (Meganck, 2007). A transparent career path and a career development plan will allow the employees to have a better long-term vision of their evolving role inside the company. It will also allow the company to show its commitment to developing its talent, which benefits both the company and the employee. If employees have gaps in their skills or experiences, a career development plan (created by the manager, the employee, and HR working together) lets the employee realize that the company wants to close that gap and prepare the employee for the next step. Thus, employees don't feel "stuck" and without growth potential in the company, problems that are major drivers of turnover and low morale (Sarah Leidner 2013).

E. Rewards and recognition

Having a recognition program that celebrates employees with excellent performance is key to retain employee. It's not just the high achievers who deserve recognition, but anyone who goes above and beyond the call of duty. Reward good examples, and a culture can be created where everyone wants to be a good example. This is also a culture that retains people. In addition, managers should seek out opportunities to recognize or appreciate employees informally, perhaps over lunch or during water-cooler conversations. These are moments employees remember (Tiwari, Saxena, 2012). Employees who feel valued generally reciprocate by offering their loyalty to the company. A system of continuous reward and recognition culture should be built whether monitory or non monitory. A feeling to appreciation motivates the employees to perform better and in a happier manner. The happier the employees, the happier the customers. This result into employee growth which makes the employee to continue in the organisation. The system of a fair reward system builds a sense of equity among the employees which motivates them to stay longer in an organisation (Devi 2009).

F. Customization of compensation and benefits

The old days are gone where employees from a single region use to work in a particular organisation located at a particular place. Today the demographic of an organization is more diverse. Employees from various regions, culture, religion, age and customs work in a particular region with a same branch. Each employee's needs are different due to generalization of same compensation and benefits no more works. Hence it is required to customize the monetary and non monetary benefits. The total reward system demands a customization (Brigitte Kroon, Charissa Freese. (2013). Customize benefits and work expectations for individual employees as much as possible. This will take a lot of time and effort because it requires companies to better understand the particular needs of their employees. Different employees want different things, so offering the same benefits package and working conditions to all will inevitably create dissatisfaction. This is a turnover risk. While it may be inconvenient to offer more flexible working hours or a

International Journal of Research in Engineering, Science and Management
Volume-1, Issue-12, December-2018
www.ijresm.com | ISSN (Online): 2581-5792

407

customizable menu of benefits, such practices boost employee satisfaction and loyalty (David Pollitt 2007).

G. Work life balance

Due to globalization, urbanization has occurred. A healthy work-life balance is required to engage employees. Employees cannot be expected to function like robots. Competition is high. The moment an employee feels stressed out, they tend to look out for other company which provides a better balance between work and family life (Ghosh, Satyawadi, 2013) Only a happy employee will prove to be a productive employee, and in spite of offering high salary, if the employee is not able to spend leisure time with his family, he will not be satisfied with the work. So designing policies which can offer work life balance to employees, which can include compulsory paid leaves, fixing the time of work, weekends off etc (Karatepe, 2013).

H. Fair appraisal process

Creating equitable pay and performance processes motivates employees to work peacefully. A sense of unfairness build unhealthy political environment with a workplace. Employers should use a variety of hard (monetary) and soft (non-monetary) employee compensation strategies to make it difficult for other companies to steal their people away. These include discussing total employee compensation (salary, benefits, bonuses, training, etc.) Designing reward systems to stimulate employee involvement (Armstrong, Stassen, Templer 2004).

I. Communication

Creating an open communication between employees and management is highly essential. Holding regular meetings in which employees can offer ideas and ask questions. Having an open-door policy that encourages employees to speak frankly with their managers without fear of repercussion (Deery, 2008)

J. Building employee commitment

An employee can termed as committed when he or she gets involved completely towards her assigned work which would lead to attain the business objective. A committed employee is passionate about his/her work and committed towards his responsibility. (Clayton Glen, 2006) Keeping an employee engaged builds a committed workforce is not a rocket science. It is a mere understanding of the expectations of the current employees and closing the gaps wherever required which results into employee retention (Kyndt, Dochy,Baert (2010)

4. 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 committed towards the organization.

References

[1] AON Hewitt (2011) "Trends in global employee engagement". Emrald insight, www.aonhewitt.com

[2] Ans De Vos and Annelies Meganck,(2009) "What HR managers do versus what employees value": Personnel Review Vol. 38 No. 1, pp. 45-60,

[3] Benjamin R. Palmer, Gilles Gignac. (2012),"The impact of emotionally intelligent leadership on talent retention, discretionary effort and employment brand". Industrial and commercial training, Vol. 44 NO. 1, pp. 9-18

[4] Bhatnagar, J.(2007) " Talent management strategy of employee engagement in Indian ITES employees: key to retention" Employee Relations Vol. 29 No. 6,pp. 640-663

[5] Brigitte Kroon, Charissa Freese. (2013),"Can HR practices retainflexworkers with their agency". International Journal of Manpower Vol. 34 No. 8, pp. 899-917

[6] Clayton Glen.(2006)" Key skills retention and motivation: the warfor talent still rages and retention is the highground: Industrial and commercial training, VOL. 38 NO. 1, pp. 37-45

[7] Cottrell, T.,(2012)" Returns and investments "Retreat. Reveal. Retain" The Bottom Line: Managing library finances Vol. 25 No. 4, 2012 pp. 155-158

[8] Franckeiss, A. (2008), "Mining the good from the goodbyes". Human resource management international digest.

[9] Gberevbie, D. E. (2010), "Organisational retention and strategies". Vol. 5 No. 4,pp. 105-118 ,2010

[10] Gaurav Bagga. (2013),"How to keep the talent you have got". Human resource management international digest, Vol. 21 NO. 1, pp. 3-4

[11] Jonathan P. Doh, Richard R. Smith, Stephen A.Stumpf, Walter G Tymon Jr., (2011) Pride and professionals: retaining talent in emerging economies." Journal of business strategy, VOL. 32 NO. 5, pp. 35-42

[12] Julia Christensen Hughes, Evelina Rog. (2008), "Talent management- A strategy for improving employee recruitment, retention and engagement within hospitality organizations". International Journal of Contemporary Hospitality Management Vol. 20 No. 7, pp. 743 757

[13] Jyotsna Bhatnagar. (2008), "Keeping employees in Indian call centres". Human resource management international digest, Vol. 16 NO. 3 pp. 45-56.

[14] Jund - Ming Wang, Brian H. Kleiner. (2004). Effective Employment Screening Practices. Management research news, Volume 27 Number 4/5, pp. 12 -19.

[15] Ian M. Taplin, Jonathan Winterton. (2007),"The importance of management style in labour retention". International Journal of Sociology and Social Policy Vol. 27 No. 1/2, pp.45- 50

[16] Kyndt, N. G., Dochy, F., & Baert, H. (2010), "Influence of learning and working climate on the retention of talented employees". Journal of Workplace Learning Vol. 23 No. 1, pp. 35-55

[17] Michael Hay,(2002) Strategies for survival in war of talent": Career development International 7/1

[18] Michael Haid, (2008) Four Key HR Practices That Drive Retention: Insights from India, Linkage.com, 2008

[19] Margaret Deery, (2008) Talent management, work-life balance and retention strategies: International Journal of Contemporary Hospitality Management Vol. 20 No.7, 2008 pp. 792-806

[20] Marjorie Armstrong-Stassen, Andrew Templer. (2004),"Adapting training for older employees". Journal of Management Development Vol. 24 No. 1, pp. 57-67

[21] Osman M. Karatepe. (2013), "High-performance work practices, work social support and their effects on job embeddedness and turnover intentions". International Journal of Contemporary Hospitality Management Vol. 25 No. 6, pp. 903-921

[22] Patrick M. Wright P.M., Timothy M. Gardner, Lisa M. Moynihan (2011),"Strategically deploy HR practices to increase worker commitment and reduce turnover". Cornell University, Centre for advanced human resource studies, Research link No. 17 Aug 2011.

[23] "Perks and pride to retain the talent. Emrald insight. Human resource management international digest, Vol. 18 NO. 3 2010 pp. 13-15

[24] Piyali Ghosh and Rachita Satyawadi,(2013) "Who stays with you? Factors predicting employees' intention to stay": International Journal of Organizational Analysis Vol. 21 No. 3, pp. 288-312

[25] Pankaj Tiwari, Karunesh Saxena. (2012),"human resource management practices: a comprehensive review"

[26] Rick Ferguson and Bill Brohaugh."The talent wars", Journal of Consumer Marketing

[27] Simon North. (2011),"Finding new roles for existing staff within your Organization". Human resource management international digest, Vol. 19 NO. 5, pp. 3-5

[28] Sarah Leidner and Simon M. Smith, (2013)" Keeping potential job-hoppers' feet on ground". Human resource management international digest VOL. 21 NO. 1, pp. 31-33

[29] V. Rama Devi (2009) "Employee engagement is a two way street": Human Resource management International digest, Vol. 17 NO. 2, pp. 3-4.