

Retention Management: A Tools Towards Organizational Development

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Abstract — Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problem that plague companies in the competitive marketplace. Not too long ago, companies accepted the “revolving door policy” as part of doing business and were quick to fill a vacant job with another eager candidate. Nowadays, businesses often find that they spend considerable time, effort, and leave the company for greener pastures. In order to create a successful company, employers should consider as many options as possible when it comes to retaining employees, while at the same time securing their trust and loyalty so they have less of a desire to leave in the future.

I. INTRODUCTION

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Corporate is facing a lot of problem 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 talented person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he's doing, he may switch over to some more suitable job. In today's environment it becomes very important for organization to retain their employees.

According to Get Les McKeon's employee retention is define as “effective employee retention is a systematic effort by employers to create and foster an environment encourages current employees to remain employed by having policies and practices in place that address their divers needs. Also of concern are the costs of employee turnover (including hiring costs. Productivity loss.) Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover may include lost customer, business and damaged moral. In addition there are the hard costs of time spent in screening, verifying credentials, interviewing, hiring and training the new employee just to get back to where you started.”

II. ORGANIZATIONAL DEVELOPMENT

The organizations are complex system comprising of many subsystem which must work together in harmony and synchronization. The fact are that there are a number of variables that affect subsystems themselves interacts with each other makes the systems even more complicated. Adding to the complication is the dynamic nature of the environment in which the organization exists and the rapidly changing values of the variables affecting the system. According , management must be prepared to achieve a degree of organizational synthesis as well as change the

organizational environment to accommodate the change in the conditions . This organizational change must be preplanned and not be a haphazard one .Harold Rush has defined organizational development as a “planned managed and systematic process to change the culture , systems and behavior of an organization in order to improve the organizations effectiveness in solving its problems and achieving its objectives.

III. EMPLOYEE RETENTION

Every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves the company's money. Beverly Kaye and Sharon Jordan-Evan stated in Training and Development: “Studies have found that the cost of replacing lost talent is 70 to 200 percent of that employee's annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting and training the best employees represent a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out.”When an employee leaves a company for a direct competitor, there is always a chance that they will take important business strategies and secrets with them to be explained by the competition. This is yet another reason why the retention of employees is so crucial to some businesses. While this practice seems a bit unscrupulous, it still happens quite frequently. Recruiting and hiring from your competitors is probably as old as business itself. But what is new – and a buzzing topic among employers – is how to attract and retain qualified candidates in a highly competitive labour market while also preventing their own intellectual capital from winding up in the hands of competitors. One way for a company to prevent employees from giving valuable information to competitors is to make it a policy to enforce strict non-competition and confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employee because they might not want to risk possible legal entanglements with the other company. Of course, all this could possibly lead to animosity with the employee who could feel that his or her options are being limited. Many employees don't always remember signing such a document, so a copy of it should always be

kept on file for the employee to refer to. This area could prove to be a highly sensitive one between employer and employee, so extreme caution is suggested in all instances.

III. VITALITY OF EMPLOYEE RETENTION IN ORGANIZATIONAL DEVELOPMENT

Why is retention so important? Is it just to reduce the turnover costs? 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. The process of employee retention will benefit an organization in the following ways:

1. The Cost of Turnover: The cost of employee turnover adds hundreds of thousands of rupees to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity losses), industry experts often quote 25% of the average employee salary as a conservative estimate.

2. 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). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized. International Journal of Education and Psychological Research (IJEPR)

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

4. Turnover leads to more turnovers: When an employee's services are terminated, 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.

5. 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.

6. Regaining efficiency: If an employee resigns, a good amount of time is lost in hiring a new employee and then training him/her and this in turn leads to company losses, which many a time go unnoticed. And even after this the company cannot be assured of the same efficiency from the new employee.

IV. TOOLS & TACTICS OF EMPLOYEE RETENTION

Hiring individuals who are truly fit to succeed in the position for hire will dramatically increase the chance of that employees being satisfied with his or her work and remaining with the company for extended period. By far, we

have found this to be biggest predictor of future employee's retention.

a) Right selection: Hiring individuals who are truly fit to succeed in the position for hire will dramatically increase the chances of that employee being satisfied with his or her work and remaining with the company for an extended period of time. By far, this is to be the biggest predictor of future employee retention.

b) Communication: Communication has become so heavily stressed in the workplace that it almost sounds clichéd. Communicate any new company policies or initiatives to all employees to be sure that everyone is on the same page. Nobody wants to feel that they are being left out of the loop.

c) Include employees in decision-making: It is incredibly important to include team members in the decision-making process, especially when the decision will affect an individual's department or work team. This can help create a sense of involvement and will generate new ideas and perspectives that top management might never have thought of.

d) Allow 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 when they have learned at a recent conference or training workshop will not only increase the amount of information they will retain, but also lets a team member know that he is a valuable member of the organization. Facilitating knowledge-sharing through an employee-mentoring International Journal of Education and Psychological Research (IJEPR) programme can be equally beneficial for the team member being mentored as well as for the mentor.

e) Shorten the feedback loop: Do not wait for an annual performance evaluation to give feedback on how an employee is performing. Most team members enjoy frequent feedback about how they are performing. Shortening the feedback loop will help keep the performance level high and reinforce positive behavior.

f) 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. Stress the importance of balancing work and one's personal life. Small gestures such as allowing a team member to take an extended lunch once a week, granting permission to attend his children's PTM and the like will likely be repaid with loyalty and extended employment with an organization.

g) 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 burned out in a current position, offer to train this individual in 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.

h) 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, across all levels of an organization, wants to know that their efforts are appreciated and recognized. Often a short e-mail or quickly stopping by a team member's desk and saying "thanks" can do wonder for morale.

i) 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.

j) The quality of supervision and mentorship: It has been said that „people leave people, not their jobs“. 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 – that is a given. But more importantly team member want supervisors who set 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.

k) Fair and equitable treatment of all employees: One of the surest ways to create animosity and resentment in an organization is to allow favoritism and preferential treatment of individual team members.

l) 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.

m) 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. It can be arranged by cutting a part of the salary hikes.

n) 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. International Journal of Education and Psychological Research (IJEPR)

o) Loyalty bonus: after successful completion of a specification 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.

p) Giving voice to the knowledge banks: The important intellectual assets of the company are the workforce. The company should retain it through involving it in some of the important decisions.

q) Accountability: Creation of an environment that demands accountability and transparency helps employees feel that they are at par with their superiors. This helps in emotional bonding of the employees.

r) Fun and laughter at workplace: Fun and laughter in a workplace lends 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. 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 a dollar earned.

CONCLUSION

No doubt, soaring attrition levels are proving to be a serious problem for organizations. Concerted efforts to keep retention on a tight leash will definitely help. High retention level will lead to fewer operational problems, greater productivity and soaring morale and huge cost-saving to the organization. In this context, employee retention has become the strategic focus and compelling necessity of businesses today. Thus, ignoring the problem of mounting attrition level can have devastating consequences for the business. Organizations can afford to ignore the problem at their own peril. Retention and satisfied employees are the backbone assets for any organization.

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