# 10. Managing Employee Retention at Workplace

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*Abstract:*

*The organization faces a difficult problem with employee retention. The focus of this study was employee retention tactics. The organization's greatest asset is its workforce. Management needs to pay attention to employee happiness if they want to keep talented and dedicated staff members in the company. Investigate and resolve the causes of employee attrition. These days, it is crucial for enterprises to retain its workforce. If they fail to see this and take prompt action, there could be serious consequences that could impact both the firm and the industry.*

*Keywords:*

*Employee Retention, Factor Affecting of Employee Retention, Employee Turnover, ERC Employee Retention Model*

## 10.1 Introduction:

Techniques for reducing employee attrition: When faced with employee attrition issues, management has a number of policy alternatives at its disposal, including modifying recruiting, selection, induction, training, job design, and wage payment rules.

However, the choice of policy needs to match the exact diagnosis of the issue. Poor selection practices, for instance, are unlikely to reduce employee attrition where the policy is changed to concentrate only on the induction process. Similarly, it is doubtful that employee attrition caused by wage rates that result in earnings that are not competitive with those of other businesses in the local labor market will decline in cases where the policy adjustment is limited to improving the organization's ability to provide opportunities for on-the-job training. In light of the rising direct and indirect expenses associated with labor attrition,

management is regularly urged to determine the causes of employee departures in order to take necessary action. Numerous studies have demonstrated that senior management may enhance overall corporate performance and boost the return on their people investment by utilizing the basic set of measures provided by the following categories of human capital management considerations.

Employee retention refers to a company's efforts to keep up a work environment that encourages current employees to stay with the organization. Numerous policies are designed to satisfy the demands of employees in order to improve their job satisfaction and lower the significant expenses associated with recruiting and onboarding new personnel.

Employees are urged to stay with the company for as long as possible or until the project is finished under this procedure. Retention strategies assist companies in fostering productive employee communication, which increases workforce support and commitment for important company projects.

Employers may effectively retain staff by putting policies and procedures in place that cater to the varied demands of their workforce and actively cultivating an environment that encourages current workers to stay on the job. A solid retention plan turns into an effective tool for hiring. Any organization's long-term viability and profitability depend on its ability to retain essential personnel. It is common knowledge that keeping your top talent guarantees a number of benefits, including higher product sales, happier coworkers and subordinates, efficient succession planning, and deeply ingrained organizational knowledge and learning. Because of corporate concerns including lost knowledge, insecure employees, expensive candidate searches, and training time and expense, staff retention is important.

Therefore, losing a valuable employee comes at a high cost to the company. According to various estimates, the cost of replacing a middle management in most firms can reach five times the manager's compensation. Employers' attempts to keep their current staff members on board are referred to as employee retention in business management terminology. Employers can achieve effective employee retention by putting in place procedures and policies that cater to the various demands of their workforce and actively cultivating an environment wherein current workers are motivated to stay on the job.

The expenses associated with staff turnover, such as those related to hiring, training, and lost productivity, are another cause for concern. Replacement expenses are typically 2.5 times an individual's pay. Damaged morale, lost business, and lost clients are some of the expenses linked to turnover. Policies and procedures used by businesses to keep valuable employees on staff are referred to as employee retention strategies. One of the main issues facing businesses in the cutthroat industry is how to hold onto valuable staff. Companies used to consider the "revolving door policy" to be standard practice. [1]

### 10.1.1 Employee Retention:

Retention of employees is the ability of an organization to keep its personnel. These days, talent management initiatives are becoming more and more significant. This has increased the potential for staff retention. Employee retention is more than just keeping workers on the payroll; it's also about giving workers a sense of fulfillment and purpose in their work.

Employee retention refers to the procedures, guidelines, policies, tactics, and methods that businesses use to hold onto their important and productive workforce. In the past, businesses used a "revolving door policy" to fill open positions. However, they now spend a lot of money on staff retention and training. The company's greatest asset is its workforce. The organization needs to win the loyalty and trust of its staff if it hopes to succeed. Appropriate rewards for employees are necessary to keep them with the organization for an extended period of time. The basic goal of retention is to prevent talented individuals from leaving the organization, as this could have a detrimental influence on effectiveness and efficiency. "Retention is a deliberate change made by a business to create an environment that keeps employees interested for a long time." [2]

### 10.1.2 Erc's Retention Model:

The model developed by Employee Retention Connection focuses on applied organizational experience and identifies three key factors that influence employee retention. Variety in assignments, decision-making freedom, resources and support for quality work, learning opportunities, receiving feedback on outcomes, and realizing the value of one's own contributions are all ways to make work more exciting.

**Figure 10.1: ERC Retention Model**

Moreover, motivational leadership contributes to staff retention, thus leaders need to embrace change and be receptive to fresh perspectives. They ought to foster a common understanding of the organization's goals, help others grow, and set an example of behavior that is consistent with the organization's core values.

Well-done work should be acknowledged and rewarded by employers, who should also emphasize and focus on rewarding desired behaviors. In order to improve teamwork, camaraderie, and self-esteem, they should celebrate accomplishments. [3]

### 10.1.3 Benefits of Employee Retention:

**The Cost of Turnover:** A company's expenses might increase by hundreds of thousands of dollars due to personnel turnover. Although it is challenging to accurately assess the cost of turnover (which includes recruiting expenses, training costs, and lost productivity), industry experts frequently provide a conservative estimate of 25% of the average employee wage.

**Loss of Company Knowledge:** When an employee departs, he or she often takes with them important information about the business, its clients, ongoing projects, and its past (often to competitors). A lot of money and time are frequently invested in employees with the hope of seeing a return in the future. The investment is lost when the worker departs.

**Customer service disruption:** A company's customers and clients conduct business with it in part because of its employees. The establishment of relationships promotes ongoing commercial sponsorship. When an employee quits, the connections they made for the business are broken, which may result in a loss of customers.

**Turnover leads to more turnovers:** When a employee terminates, the effect is felt throughout the organization. It is frequently necessary for coworkers to take up the slack. Unspoken animosity toward the surviving employees frequently gets worse. Goodwill of the company: When attrition rates are low, a company's goodwill is preserved. Increased retention rates encourage prospective workers to apply to the company.

**Regaining efficiency:** When a person leaves, a significant amount of time is lost in finding and onboarding a replacement, which directly contributes to the company's loss, which frequently goes unrecognized. You are unable to guarantee the new hire would work with the same efficiency even after this. What Causes an Employee to Quit? Workers don't just quit a company for no apparent reason.

**Using recruitment as a retention strategy:** Hiring is just the start of the process for keeping employees on board. In the employment landscape of the twenty-first century, companies need to consider retention strategies from the perspective of prospective workers. For their jobs, they serve as the clients. The cornerstones of retention include job descriptions, recruiting, selection, and orientation. Organizations cannot expect employees to stay if they are not given a solid basis. Workers will no longer put up with things about their jobs that they find objectionable. They own power because they are aware of their capabilities and believe they are valuable in the marketplace. They go on, more devoted to their profession and abilities than to their job.

**Factors Affecting Employee Retention:** Not all hypotheses or variables pertaining to employee turnover and retention are included in the list of retention factors and literature study. Instead, the focus of this study is on determining how frequently different retention factors surface when examining employees' explanations for sticking around. The following section offers a succinct overview and analysis of the 12 retention variables that this study looked at in order to protect an organization's most important asset—its personnel. [4]

**Learning & Working Climate:** An organization needs to create a positive learning and working environment because it seems that providing learning and development opportunities is essential to keeping talented employees on board. The notion of the working and learning environment is based on earlier studies. It often refers to the setting in where workers are employed and educated.

**Work Flexibility:** Regardless of age, keeping employees happy requires job flexibility. Scholars delineate the significance of job flexibility, encompassing adjustments to schedules that more effectively suit individual work schedules, workloads, obligations, and locations relative to family obligations. It demonstrates how "flexibility" enables people to support a better balance between work and personal responsibilities, which is appealing to workers of all ages.

**Superior-Subordinate Relationship:** Without a supportive culture, employee development initiatives cannot succeed. Senior management personnel must be ardent supporters of any successful program and act as positive role models for their subordinates. A new role is assumed by supervisors and managers when an organization engages in employee development.

**Organizational Commitment:** Research has shown that employees who are more devoted to the organization stay with it for longer than those who are not. According to Steers (1977), employees who are more devoted to the company are less likely to want to leave. Stronger attendance intentions, a more favorable attitude toward their work, and a higher intent to stay with the organization were observed in these extremely dedicated individuals.

**Employee Motivation:** Extrinsic motivators have historically been the main focus of management theory and practice. Even though they are highly effective motivators, they are no longer sufficient on their own; in the modern workplace, employees want intrinsic rewards. These days, because so many employees have access to income and opportunities, motivational concerns are more complicated.

**Training:** Regardless of age, training is a crucial component of employee retention. According to statistical data, job training is essential for both professional (technical) and personal (behavioral) growth (United States Department of Labor, 2009).

Access to training and development programs for all staff members is essential for promoting organizational growth, especially when it comes to advancements in performance and technology. [5]

## 10.1.4 Employee Retention, Satisfaction and Turnover Model:

Retaining newly hired staff members within the company is one of the biggest challenges facing employees today. In the age of intense competition, every company makes every effort to provide the greatest working conditions for its staff. One of the hardest jobs that most firms nowadays have is satisfying their human resource needs. It is incredibly challenging to comprehend and know what is going on in the human mind. Furthermore, it is getting increasingly challenging for companies to satisfy and retain qualified and talented human resources due to the abundance of opportunities. No single retention strategy or plan can meet the needs of every employee in a company. [6]

## 10.2 Review of Literature:

It is said that keeping employees on board is a huge benefit to the business. The degree to which an employee is committed to their employer and its fundamental principles and ideas is known as employee retention.

According to Hunt's (2019) research on marketing channels, companies frequently prioritize building trust and securing long-term connections with their staff over the idea of employee pleasure.

According to Hytter's (2007) research, a number of characteristics, including an individual's sense of commitment, loyalty, trust, and identification with the company, directly affect employee retention. She added that there are indirect effects from workplace elements like incentives, leadership styles, career prospects, skill development and training, physical working conditions, and striking a balance between personal and professional life. [7]

The goal of Mahabub Basha et al. (2022) is to identify the variables that affect software businesses' ability to retain their workforces. A structured questionnaire was developed based on multiple areas of the software business and a sample of seven software companies

located in Bangalore was chosen for the study. An attempt is made to ascertain the efficacy of staff retention in the IT industry as well as the practicality of long-term employee retention. The research study's findings indicate that years of experience, gender, and age all have a significant impact on pay and benefits. [8]

According to Messmer's (2000) research, investing in employees' training and career development is one of the key elements in employee retention. The organization consistently invests in the education and professional growth of its employees, expecting a return on investment and productivity. [9]

In order to determine the organizational efficiency and theoretical underpinnings of staff retention methods in the IT business, Manoj S. and Renee Namrata (2021) conducted a study. findings of a study on staff retention tactics in the IT sector, specifically as they relate to Bengaluru. The outcome demonstrates notable disparities between organizational, demographic, and employee success factors in the IT sector. [10]

Elegbe (2018) provided an intriguing case study of an African steel manufacturer that uses a well-organized branding approach to successfully recruit and hire high-potential employees. However, the company's appeal and brand image vanished a few years later. Elegbe (2018) came to the conclusion that the employee value proposition is a dynamic aspect and that companies should assess it in light of evolving conditions and labor force demographics. Videos that showcase the organization's overall image and basic values, along with testimonials from current employees, are essential components of a successful employer branding strategy. [11]

According to Osteraker (1999), an organization's ability to retain and satisfy its workforce is one of its most important success determinants. The three main dimensions of the retention factor are social, mental, and physical.

Work characteristics make up the mental dimension of retention; employees always favor flexible work projects where they can use their knowledge and observe the fruits of their labor, which helps to retain the precious resources. The interactions that employees experience with both internal and external persons make up the social dimension. The physical aspect includes of compensation and working conditions.

## 10.3 Objectives:

1. To study about the employee retention in the organization.
2. To factors affecting of the employees in the organization.
3. To analysis of result of various dimension of employee retention issue.

## 10.4 Research Methodology:

There are several ways to categorize research methods, but the most popular one is to separate quantitative and qualitative techniques (Myers, 2007 2). When investigating the natural sciences, quantitative methods such as survey techniques, laboratory experiments, and numerical methods were initially employed.

When a researcher wishes to gain a deeper understanding of a certain topic or circumstance, they will use a qualitative study.

According to Myers (2007), the social sciences established the qualitative technique to aid researchers studying social and cultural phenomena. Interviews, questionnaires, observations, records, and the researcher's perceptions and responses are among the sources used in the qualitative approach. The method of choice is qualitative.

Usually, qualitative research involves in-depth interviews with a limited number of participants. These interviews can be conducted in groups or one person at a time. One of the benefits of individual interviews is that they can yield a wealth of information without allowing other people to sway one person's viewpoint. However, doing individual interviews is very costly and time-consuming, thus it is unlikely that any one study program will speak with a significant number of people. [12]

This study uses a questionnaire as a research instrument and is based on a descriptive research design. Both primary and secondary sources of data have been gathered in order to meet the study's aims. Information has been gathered from workers at medium-sized businesses.

The judgment sampling method was applied for the current investigation. Ten employees were chosen as a sample from each of the six medium-sized industries that were chosen. Therefore, 60 employees were the intended sample size. The study employed a questionnaire with a five-point rating system, ranging from strongly disagree to strongly agree. The percentage technique was applied to the data analysis.

Numerous factors related to employee retention were investigated, including relations with superiors, work pressure, remuneration and benefits, and HR regulations. There was a total of 24 statements; each statement was posed as a binary question, meaning that the response could either be "Yes" or "No." The questionnaire was divided into two sections. Six statements specifically examined the reasons for high attrition, while the remaining eighteen items in the first section were divided across the four previously indicated dimensions.

## 10.5 Result and Discussion:

Below are the eight components' summaries of the data analysis. Different questions were posed for each attribute in order to get respondents' opinions.
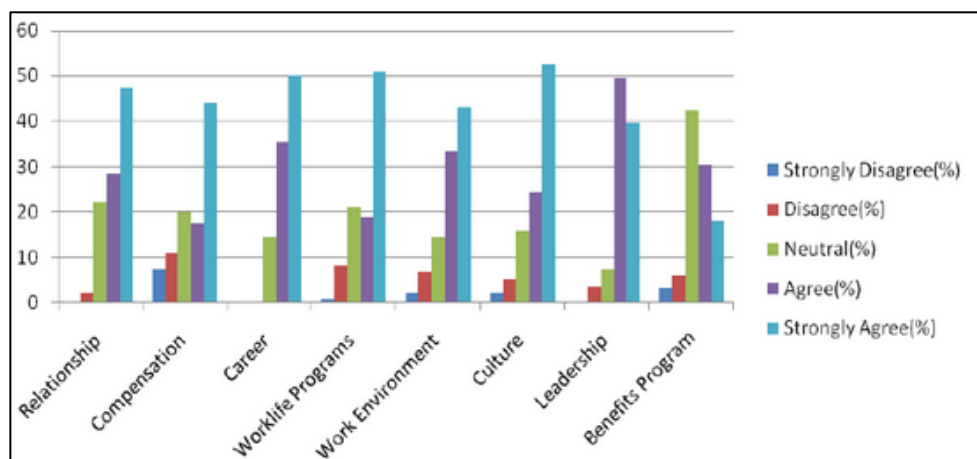


**Figure 10.2: Graphical presentation of Data Analysis**

The graph above demonstrates that the most crucial factor in boosting employee retention within a firm is the interaction between management and staff. Pay, a salary, or other financial benefits are always incentives to stay with the company. If not, competent workers

will be drawn to competitors' well compensated positions. Based on the comprehensive evaluation, the majority of workers have acknowledged the significance of the company culture in retaining staff. They find the corporate culture to be satisfactory. Thus, they are not considering changing careers. The majority of respondents believe that benefit programs, such as paid time off, retirement benefits, and health and welfare, help people maintain a work-life balance. According to the respondents, work-life programs that offer family and personal assistance are helpful in balancing their personal and professional lives. It was discovered that career opportunities make employees happier. To motivate others, one must practice proper leadership.[13]

**Table 10.1: Issues in employee retention**

| | HR Policies | Yes | No | Yes (%) | No (%) |
|---|---|---|---|---|---|
| 1 | Employee-centered HR policies | 110 | 15 | 88 | 12 |
| 2 | Efforts to keep the workforce motivated | 87 | 38 | 69.6 | 30.4 |
| 3 | Satisfaction With working hours | 14 | 111 | 11.2 | 88.8 |
| 4 | Security of job | 50 | 75 | 40 | 60 |
| 5 | Resolution of grievances | 91 | 34 | 72.8 | 27.2 |
| **Compensation & benefits** | | **Yes** | **No** | **Yes** | **No (%)** |
| 1 | Salaries are at par with others at the same level doing similar job | 102 | 23 | 81.6 | 18.4 |
| 2 | Adequate perks | 108 | 17 | 86.4 | 13.6 |
| 3 | Post-retirement benefits | 33 | 92 | 26.4 | 73.6 |
| 4 | Linking of performance with adequate rewards | 117 | 8 | 93.6 | 6.4 |
| 5 | Foreign trips | 78 | 47 | 62.4 | 37.6 |
| **Work Pressure** | | **Yes** | **No** | **Yes %** | **No (%)** |
| 1 | Stress of target completion | 73 | 52 | 58.4 | 41.6 |
| 2 | Fluctuating targets | 110 | 15 | 88 | 12 |
| 3 | Unnecessary paperwork | 31 | 94 | 24.8 | 75.2 |
| 4 | Excessive competition in the IT industry | 98 | 27 | 78.4 | 21.6 |

| Relations with superior | Yes | No | Yes | No (%) |
|---|---|---|---|---|
| 1 Meeting the superior's expectations | 89 | 36 | 71.2 | 28.8 |
| 2 Recognition of efforts by the superiors | 61 | 64 | 48.8 | 51.2 |
| 3 Accessibility of superiors | 105 | 20 | 84 | 16 |
| 4 Compatibility With immediate superior | 97 | 28 | 77.6 | 22.4 |

Table 10.1 above demonstrates that 88% of respondents think HR practices are employee-centered, while 22% disagree. 76% of respondent's report receiving the appropriate quantity of accurate information at the appropriate time, while 24% report not receiving the appropriate amount of accurate information at the appropriate time. 81.6% of respondents feel that their pay is comparable to employees handling similar responsibilities, and 18.4% feel that their pay is lower than that of employees of other companies handling similar responsibilities or performing the same jobs. Of the respondents, 71.2% are able to meet their superior's expectations, and 28.8% are unable to do so. Employees feel that their incentives are well correlated with their performance (93.6%), that they receive enough benefits (86.4%), and that their performance bonus even allows them to travel abroad (62.4%). [14]

## 10.6 Conclusion:

The purpose of this study is to determine if increasing staff retention can increase an organization's effectiveness. It has been discovered that retaining employees boosts productivity and is a tool for enhancing organizational effectiveness. The results of the study indicate that some factors are critical in influencing an employee's decision to stay or leave a business, which is relevant given the growing necessity for organizations to retain their best personnel in the face of competition. These variables include employment security, competitive compensation, acknowledgment and reward for excellent work, and training and development. Nevertheless, when creating a retention strategy, it's important to consider the significance of other factors. The only thing that can improve retention and lower the high incidence of employee turnover in our varied organizations is a comprehensive blend of extrinsic and intrinsic motivational elements.

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