Reducing employee turnover: A Retention strategy

Abstract
It is very difficult for all the companies to retain their existing employees. Retaining the talents is the toughest assignment to the HR managers given by the Organizations. Due to more opportunities in all corners of the world, a dynamic employee does not want to stay in a single station. Employee Turnover in a high rate can hit the overall performance of the organization and leads the wastages of cost which are incurred in selection, training and accommodation for those employees. So the Hr People have a strategy to balance the chances available to the employees at the outside of the campus and make them to stay back inside of the organization. They have to manage the requirements of employees in terms of monetary benefits and also psychological expectations. This is a review paper bring some light on employee turnover that can be a big ground for a rich research.

Key Words: Employee turnover, attrition, retention, talent management.
There is no doubt that human resource is the most valuable of all resources to all kinds of organizations. The success or failure of a business primarily depends on the quality of its employees. Employee turnover is a big problem that all organizations experience at some level. In the 2008’s “100 Best Companies to Work For” [1] voluntary turnover rates range from as low as 2% (S.C. Johnson & Son) to 29% (eBay). More than hundred years various researchers made different studies in employee turnover [2, 3]. According to a recent survey, more than two-thirds of HR managers stated that retaining and recruiting employees was their highest priority [4]. The role of HR manager is therefore very critical in maintaining the selected, well trained employees in the organization for longer periods. So retaining this invaluable ‘asset’ of the company is now becomes a most crucial function of all HR functionaries. They should hence follow some strategies to retain the employees especially those who are productive. They have to be constantly given more and more awareness about the damaging effects of job hopping and thus avoid attrition rate of employees at all costs.

**Employee turnover**

Literally employee turnover can be defined as “relatively clear-cut act of behavior that has potentially critical consequences for both the person and the organization” [5]. The employee turnover has both positive and negative influences on organizational performance [6, 7].

Voluntary turnover can be distinguished as functional and dysfunctional voluntary turnover [8, 9]. Functional turnover is treated as a positive sign to the organization. In this the poor performed employees are left their jobs those who are separated by the organization.

On the other hand, the voluntary separation of employees themselves who are valued by the organization is treated as dysfunctional voluntary turnover. The well trained, prospected employee leaves the job; it will be a big loss to the company. Because selecting, recruiting and training involves heavier cost to the organization.

**Effects of employees turnover**

Apart from the costs, employee turnover affects the entire social system of the organization. The employees made a network in the working place which has an amount of understanding, communication and team spirit of them. The sudden turnover breaks the existing links in the communication network among employees and disrupts existing social capital [10].

According to Moreland [11], Employee turnover is a threat to the efficiency of organizational transactive memory systems. If the employees shared their opinion and who knows what among them is treated as Transactive memory system. Such systems make better coordination among employees [12,13], leads quick problem solving, and overall higher productivity [14]. The left of old experienced employees and the arrival of new people will affect the entire system of the organization.

**Changes in human resource management**

Due to globalization, executives who have updated and proven skills are in greater demand and they have the choice to opt for the organization in which they are willing to work. Careless handling of HR in this situation may surely cause labour absenteeism and labour turnover. Labour turnover is very critical and
costly to any organization as it further requires efforts and money to recruit and place new employees. It should be remembered that turnover rates are directly related with employee morale and working environment.

In recent days Human Resource Managers have certainly realized the importance of retaining their good employees. For it they are using numerous methods and techniques. ‘Retention Management’ is thus the crux of the whole exercise [15].

Today’s labour force is very dynamic and sensitive. Managers must handle human sensitivities carefully and take responsibility for their own employee retention. In they don’t, they could be left without enough good employees [16]. So today’s manager, as a thinking manager, should learn how to attract and keep good employees, because ultimately this workforce will make or break their company’s reputation.

Companies and HR managers becoming more aware about ‘competent executives are extremely scarce and they are becoming rare’. Retention of ‘Firm’s Talent’ is therefore the one and only important challenge that can save many organizations.

**Present day executive mindset**

Financial gains come as the foremost priority to an eligible and efficient executive anywhere in the world today. For switching over jobs their second priority are opportunities in personal growth. To retain them hence, job satisfaction of these young people should come from all corners of their working environment.

Global village opens up several doors for qualified and competent professionals. All renowned MNC’s are providing greater chances to the well trained and extraordinary executives. Then, why are people moving out? People are moving to other firms to find a more comfortable and convenient work place that provides them a faster career ladder.

**Reasons for employee attrition**

While understanding the determinants of employee turnover is critical to the creation of effective retention strategies, it is also important to understand and assess the potential costs and organizational consequences of turnover. Not all employees possess knowledge, skills or connections that are of equal strategic importance to organizational objectives [18]. Similarly, not all employees demonstrate equally high performance levels. Consequently, retention strategies are more efficient if they are targeted at employees who have the greatest impact on core activities within the organization.

Griffeth et al. [18] have found that there can be various reasons for employee attrition,

- Higher compensation package in other companies
- Adequate opportunities for growth in newer companies
- Poor and unstandardized rules of administration in the present set up
- Heavy work load
- Absence of job security
- Improper location of the work place
- Possible threat of frequent relocations
- A better boss in new company
- Brand image of the new company

It has found that two important factors act as a significant role for employees leaving their organization to include salary and image of the industry or organization.

Employee attrition affects a lot the growth prospects of any company. There are various costs which are borne by the company at the start when
the employee is under training. These costs may include:

- Conveyance cost
- Cost of lodging of the new employee
- Trainers cost
- Cost of training venue
- Cost of training materials etc.,

A company may have a training period of 3 to 6 months for beginners. During this time an employee is not literally useful for the company. If an employee leaves the company when he starts working, company faces a big loss in terms of work force, time as well as money. Every organization thus is compelled to take measures to hold the skilled work force by way of adding perks, increments, bonuses and other extra facilities. No one ever wants to loose good employees to their rivals. Now, the critical question is how to reduce employee attrition, what should a company do to retain talent.

**Strategies to retain talents**

All the companies have traditional followed the method of motivational techniques to hold the talents in their company. But, this millennium has created a new way of thinking to attract the employees and keep them on fold. It is accepted fact that the employees are satisfied, if they get what they want and get more dissatisfied when they do not get what they want. Today MNC’s provide a higher salary package to attract even the skilled labourers and retain them. This has created serious problems for HR Managers of domestic companies as local companies cannot match the MNC pay rolls. They are now faced with the challenge of meeting international compensation packages and at the same time maintaining balance between financial position of the company and the ever increasing expectations of new generation workers and executives.

The following suggestions [19, 20] may work out a practical via media for HR people in this changed scenario:

- Offer ‘attractive compensation package’ according to the qualifications and skills of executives.
- Provide adequate incentives which are related to performance to efficient employees.
- Establish a ‘sophisticated work environment’ which aims to take care of the mind and health of the executives.
- Provide reasonable chances and ladder for promotion.
- Create challenge oriented jobs as many as possible to provide variety.
- The job should be flexible and interestingly.
- Provide adequate opportunities for training and development.
- Frame clear administration rules and regulations.
- Define executive’s jobs without any vagueness.
- Proper delegation of authority, whenever and wherever needed and possible.
- Offer accident prevention and safety measures.
- Resolving quickly conflicts between the superiors and subordinates.
- Provide necessary extra facilities like medical, children education etc.,
- Provide adequate environment for participatory management.
- Arrange for foreign jaunts and holidaying, if possible with families.

**Conclusion**

As said earlier the biggest asset of all organizations is the young employees
with adequate skills. The main aim of talented executives is to develop their own individual career. So it is natural that they like to shift anywhere for achieving this aim. Hence he prefers the company which provides better and brighter chances for career development. In this stiff competition oriented scenario, the rivals may go to any extent to lure talented people. Hence serious and sincere efforts are to be taken to retain right executives. Organizations can not buy loyalty of employees but they can certainly earn it. As employee retention is a vital component for the success of any organization it is a must that this area should be given due importance. The Administrators are well advised to adopt a right kind of strategy to reduce the industrial job hopping. They should explore why people leave, why people stay some where. By doing this they will be able to use the results to build employment brands and establish, and maintain, an organizational climate for retention management.

References