



## **EMPLOYEE RETENTION- A VERY IMPORTANT FACTOR IN EVERY ORGANIZATION**

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### **ABSTRACT**

*Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). Doing all the best efforts in order to maintain such a working environment which supports the existing employees to remain in the company, while recognizing their abilities and contribution and implementing suitable reward and recognition strategies is always appreciable and one of the most important things that a business management can do to retain its employees.*

**Keywords:** Employee retention, employee involvement, human resource management.

### **INTRODUCTION**

In today's competitive business world, employee retention has become a major concern. It is important for any business organization to implement employee retention strategies to manage employee turnover effectively and efficiently. It must be noted that a high turnover indicates that a company is losing a high percentage of employees as compared to the number of employees who have been hired already. It is also an indication of not doing proper job selection and not creating an environment which helps employees to stay within the organization for a longer period of time. However, a high level of turnover is undesirable for an organization for a number of reasons and affects an organization in many ways causing poor performance, low employee morale, low productivity and the major loss of revenue that comes from the decreased sales.

### **IMPORTANCE OF EMPLOYEE RETENTION IN THE OVERALL PERFORMANCE OF AN ORGANIZATION**

Impact of Employee Retention on Performance of a Company explains that Employee retention have two different aspects one is that when employee feel retain in the company for long time then he didn't do work properly and feel free from duty, didn't do work and also involve in other different time wasting activities so employee retention also is a bad aspect and in the other hand employee retention is a good thing when one employee retain in the firm and got different benefits from the company and also got the bonuses, old age benefits from the company then employee is doing everything for the company. Employee retention is important for building a productive, healthy and committed workforce. Retention practices help save costs associated with recruitment, business productivity or poor customer service. The objective of the Employee Retention Strategy is to increase the awareness, tools and information available to employers to assist them in employee retention. Retention starts at the top. Sourcing, hiring and retaining motivated employees is the responsibility of the company's governing board and Leadership Team. Getting and keeping good staff demands focused, formal and informal policies and procedures that make retention a prime management outcome. Managers need to appreciate staff every day and constantly work to keep them on board. The HR department alone cannot reduce turnover. For significant, positive change, company leaders must establish distinct retention processes and programs within all levels of an organization. After finding the right people, it is management's primary role to take responsibility for the success of their employees including leading people towards performance goals and targets. Employee retention has emerged as one of the dominant themes in management studies during past decade. The major contribution of this study is the examination of determinants of Employee

Retention of Pakistan. Our research results show the relationship and also the intensity level of the determinants through which they impact on the employee retention. Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their job. It involves taking measures to encourage employees to remain in the organization for the maximum period of time. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. This is true as many employers have underestimated costs associated with turnover of key staffs (Ahlrichs, 2000). Turnover costs can incurred with issues such as reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses (Kotzé and Roodt, 2005). Other invincible costs and hidden costs such as missed deadlines, loss of organizational knowledge, lower morale, and client's negative perception of company image may also take place. This is why retaining top talent has become a primary concern for many organizations today. Managers have to exert a lot of effort in ensuring the employee's turnover are always low, as they are gaining increasing awareness of which, Meaghan et al. (2002), employees are critical to organization since their values to the organization are not easily replicated. Many critical analysis are conducted to minimize the possible occurrence of shortage of highly skilled employees who posses specific knowledge to perform at high levels, as such event will lead to unfavorable condition to many organizations who failed to retain these high performers.

#### **EMPLOYEE INVOLVEMENT- ONE OF THE IMPORTANT FACTORS IN RETENTION**

Numerous studies have showed how high employees involvement can relate to the intention of leaving an organization (Arthur 1994). Lack of opportunities to learn and self development in the workplace can be the key for employee dissatisfaction which leads to turnover. Other studies also indicated that employees will retain in their organization if he or she has a good relationship with the people he or she is working around with (Clarke 2001). Organizations are therefore suggested to provide team building opportunities, where interaction and discussion can be carried out not only within but outside their working hours (Johns et al 2001). This is why managers today must taken care of their employees personal feelings toward the job and satisfaction levels from their working conditions, superiors and peers, as these are the keys to ensure employee retention. The success and survivability of organizations is heavily dependent on customer evaluations (Jolliffe& Farnsworth, 2003, p. 312), whereby the organization must put effort in satisfying their employees since the relationship between customer satisfaction and employee's satisfaction are significant. In summary, the literature defines retention as continuing relation between employees and their organization and turnover as "any permanent departure beyond organizational boundaries" (Cascio, 1995, p. 581). The benefits of retention are saving cost for further recruitment, fewer training to be conduct for new candidates, improve productivity, increase employee's performance and thus increase profits and meet their organizational goals and objectives. Below we will discussed the relationship between each of the human resource management practices with employees retention and employees turnover, which are the Impacts from employee empowerment, employee training & development, performance appraisal and employee compensation. argues that retention of employees needs to be managed and identifies remuneration, development, career opportunity, work environment, performance management and work ,family and flex time as areas that have an effect on retention of employees. Studies have identified an array of factors that influence employee retention. Gaiduketal (2009) observed that previous studies have found that employee intentions to remain with an organization are influenced by three major groups of variable which are: employee personal characteristics such as gender, age, position level; the nature of an employee's current job; and adequate working arrangements including such aspects as the quality of current supervision, opportunities for promotion, available training, and quality of communication within the organization. Established that younger employees focused on remuneration, training and development, career advancement, challenging work,

growth opportunities and recognition. For older employees autonomy, opportunities to mentor and job challenge were of great importance. A study of 139 academics from Jordanian University (Al- Omariet *al*, 2009) established that job satisfaction and organizational commitment had a significant positive effect on intention to stay among the academic staff. A study by Daly *et al* (2006) on turnover intention of academics in public urban universities, established that structural factors such as faculty work environment, autonomy, communication, distributive justice and workload were related to intent to stay. A study of academics in Makerere University, (Amutuhaire, 2010) established that remuneration and tenure influenced their retention. Locally, Kipkebut (2010) in a study on organizational commitment and job satisfaction of employees in universities in Kenya established that role conflict, promotional opportunities, age were some of the factors that influenced employee intention to quit the university

### **WORKFORCE MOTIVATION AND EMPLOYEE RETENTION**

Workforce motivation has constructive link with environment and beneficial for both workforce and organization. For better and more outcome performance, organizations have provide time to employee to relax for example in the form of relaxation rooms, gym, entertainment or some other sport activity. Organization with an open environment in which information is shared with the employees is successful in retention. Intrinsic motivation in an organization is a social beginning that creates a supportive environment for the employees. The individual's abilities to perform work actively, by having rhythm in work and life. The work-life-balance strategies retain the skilled worker which reduces the turnover cost and improves the productivity and efficiency of the organization. The work life balance strategies help the organizations to increase their productivity and performance of the employee with increased intention to stay in the organization. Normal working hours with flexible time has constructive impact on organizational performance. Supportive environment is more suitable than others in manufacturing industry but employees at night shifts or longer working hours must be a compulsion for the employees to join entertaining activities to perform well at work and belief makes the employees to contribute more and the supportive relationship is built. The conflict in the work and life is increasing due to increase in demand of work and decrease in time for social life.

### **CONCLUSION**

When tackling the issue of employee retention, the first thing business leaders need to clarify within their organization is: why should they care? As we've seen, it has a lot to do with whom you retain and why you need to retain, as well as the costs and fallout if you don't act on it. The companies most effective at retaining people are those with people at the top who understand this is a business issue. In this current economic environment, it can be even more challenging to figure out whom to keep, how to effectively manage a layoff, and how to motivate the survivors. But together, the organization and the HR manager can ensure they retain the right people for long-term business success.

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