

A CONCEPTUAL STUDY ON EMPLOYEE RETENTION AS A TOOL TO IMPROVE THE ORGANIZATION EFFECTIVENESS

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Paper Received On: 25 Dec 2023

Peer Reviewed On: 28 Dec 2023

Published On: 01 Jan 2024

Abstract

In an increasingly competitive and fast-moving labor market, it is very crucial to understand the importance of human resource and their retention in the organization. Retaining top talent in the organization for a long time becomes a challenging job today. Global research study also found that retaining employee in the organization for a long time is a challenging task. Today employee retention is a high priority for leading HR organization. The HR manager needs to take extra care while designing the policy specially in the health care sector to increase the job satisfaction. In today's modern world, employee retention has become a critical aspect of modern human capital management programs. It can be avoided with prior management intervention which requires expense revenue and employee experience and knowledge retention. The purpose of this study is to identify how employee can be retained to avoid the numerous repercussions which affect normally on the organization and the industry. The health care sector faces these challenges on a broad basis.

Keywords:- Employee retention, employee engagement and employee engagement, Turnover.

Introduction:-

Employee retention is a process in which employees get motivated and encouraged to stay in an organization for a long time. It is purely employers' ability to retain the employee by offering them either different welfare facilities or by making them more comfortable and satisfied towards the job. Every organization takes extra care to retain the potential employees in the organization. Mostly it depends upon how the employers understand the various concerns of the employees and in what way solve the employees' problem especially when they are in need. The research study found that most of the employees

leave their job just due to non-supportive seniors, management or supervisors. There are many reasons the employees leave the organization which is a loss for the organization.

The effective implementation of retention strategies reduce overall employee turnover and keep talent force on board. A thoughtful and comprehensive employee retention strategy reduces the high cost associated with replacing lost employees. Employee retention strategies focus on the maintenance of top talent that is detrimental to the organization.

In health care sectors the working environment are totally different as compared to other sectors. The employees working in health care sectors cope up with stress and death on daily basis. Due to the rotating shift, frequent increase in the workloads brings lots of physical and mental stress among the employees. Due to increased and ongoing amount of physical and mental stress employee experience, burnouts are the main concern. Burnouts bring fatigue, physical illness and emotional distress which can lead to conflict in both work and professional life. In this case the employee feel uncomfortable and unsecured towards their mental and physical health due to which the employees passion towards work gets decreased and they try to leave the job and therefore the employee retention becomes the challenging task in the health care sectors.

Objective of the study:-

1. To study the employ retention strategies in the health care sector.
2. To study and analyses the challenges of the employee retention.
3. To suggest the retention strategies to the health care industry.

There are some causes of employee which often fall into the following categories

- 1) **Personal reasons:-** The employee has personal reasons for leaving a job that have not related to the employer but with employee personal reason such as relocating family issues, physical or mental health, career change or relocating for a spouse reason.
- 2) **Work Life Balance:-** Some time employee feel that they are not able to balance their personal and professional life. Mostly the reason are related to the stress the employee experienced in his normal life, with family especially at workplace due to long working hours, shift hours-rotating shift, increasing workloads.
- 3) **Lack of career opportunity:-** Employees working in the healthcare sector experienced no career opportunities and growth in their professions as the increasing workloads not making available any career development or advancement. Employee who found a lack of workplace development, career path or opportunity to gain new experiences may leave for a business with better mobility.

- 4) **Work relationships:** - Employees may have issues or conflict with their managers, co-workers or organizational leadership.
- 5) **Financial reasons:** - most of the employee leave the organization due to poor compensation policy and benefits which are a common and largely avoidable reason for turnover.

Apart from the above reasons researcher focused on why employees leave their position. With the research studies it has been found that the employees leave their job if they feel unsecured, overloaded and not happy with the salary and working environment. Once we understand the reasons we can attempt to mitigate these circumstances as much as possible. As employee retention is a tool for improving organizational effectiveness and its positively effect on improving the productivity.

Symptoms of High Employee Turnover:-

Any individual organization easily understands the symptoms of employees who are not interested to continue the job. In any organization employees who are least interested in any activity or withdrawing ourselves from the daily work and showing more interest for extracurricular activities or appointments that subtle behavior give signals that suspect are thinking about leaving.

- **Decreased initiative or productivity.** An individual thinking about leaving may no longer put in extra effort or may seem noticeably less interested in pleasing others.
- **Shift in attitude.** Negativity — about the job, a manager or co-workers — can be a sign an employee is ready to move on.
- **Lack of commitment.** Employees who are heading out the door may avoid long-term projects or put in shorter days.
- **Dwindling enthusiasm.** Individuals considering their options may seem noticeably disconnected from the organizational mission or less eager to work with clients or customers.

Employers can use these cues in efforts to retain top performers or plan for their loss. Interventions with potentially immediate effects are promotions, pay increases and special projects. Employers can also benefit by conducting “stay interviews,” which are the inverse of exit interviews. Stay interviews examine key drivers of retention and what the company can do to meet an employee’s desires.

Impact of High Employee Turnover

Normally in every organization a certain amount of turnover will always exist upto a certain limit its good for every organization as it gives entries to new talent but if its beyond the limit the companies with high turnover rate tend to recruit the new employees their induction, training program, evaluation of performance and retraining where company loose its productivity. In short the companies with high labor turnover loose what they have invested in recruiting, training and onboarding the employee who leave. In addition the organization that experience higher attrition must focus more attention on replacing talent and addressing issues related to lost productivity, burnout and negativity among the employees which will be negatively impact for the growth of the organization. Due to which employee engagement will be in danger which negatively affect on the goodwill of the organization.

Employee Retention Strategies:-

- 1) Hire the best employees with proper skill, knowledge and attitude.
- 2) Frequent training and career development guidance.
- 3) Positive Work environment
- 4) Good working culture.
- 5) Good compensation system
- 6) Appraisals and promotion on time.
- 7) Open communication system
- 8) Frequent feedback of their performance and accordingly timely guidance.
- 9) Motivate the employee with appreciation.
- 10) Respect the employee as an assets
- 11) By keeping their morale high
- 12) Empowering the employee
- 13) Having faith in them
- 14) By providing the career opportunities and guidance
- 15) By providing regular feedback and appreciation

Takeaways of Retention strategies

- Employee retention is a high priority for leading HR organizations today.
- The most effective employee retention strategies reduce overall turnover and keep high performers on board.
- A thoughtful and comprehensive employee retention strategy reduces the high costs associated with replacing lost employees.

- Employers that recognize the subtle signs that show an employee might leave have a better chance of identifying ways to retain that person.

Models of Employees' Retention

There are three important models on employee retention, one of them is

- Zinger Model
- ERC's Retention Model.
- Integrated System for Retaining Employees.

A brief explanation of these models is follows:

Zinger Model:

Employee retention is the art and science of engaging people in authentic and recognized connections to strategy, roles, performance, organization, community, relationship, customers, development, energy, and well-being as companies leverage, sustain, and transform their work connections into results.

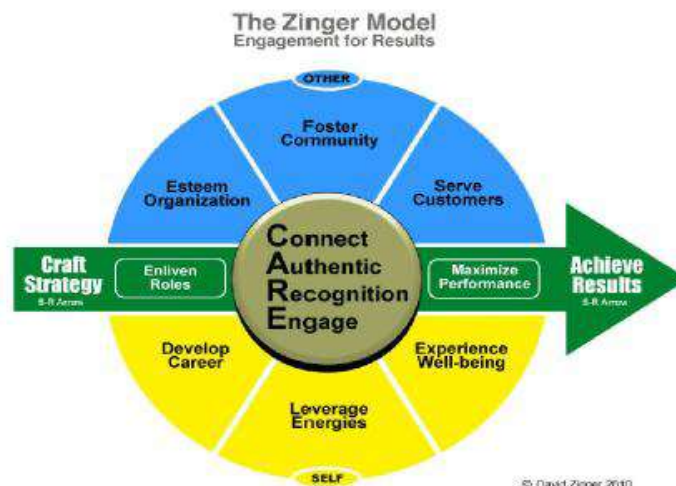


Figure 1: Ginger Model Source: SultanaNazia & Bushra Begum (2013) 4

According to Ginger model of employee retention every organization need to craft a strategy to get good employee retention rate. As the employee engagement is not one time activity it's a regular practice to make the employee happy and satisfied towards the job. Engaging employee must be authentic and retention of employees required powerful recognitions. The ginger model emphasize the employee retention which can contribute to effective performance management through which companies can demonstrate the employee engagement and can excel at performance. The model also comments that employees should experience both personal and professional development through work ranging from courses and learning to develop their own strengths, value and engagement. With this model it gives

retention strategy which involves mastery of physical, mental, emotional, spiritual and organizational energy. If the employee will get engage in the organization than they can well experience the healthy wellbeing.

ERC's Model: This model basically concentrates on applied organizational experience which simply indicates three primary drivers of employee retention. Work can be made enliven by giving variety of assignments, empowering employee, good feedback system and support provided from the organization.



Figure 2: ERC Retention Model Source: SultanaNazia & Bushra Begum (2013) 4

According to this model leadership helps to retain employees by motivating the employee for generating the new ideas. Leaders can inspire the employees for good direction to develop the capabilities of others and become a model for a behavior that reflect organizations value. The success can be celebrated in order to build the self-esteem and enhance the team work.

Integrated System for Retaining Employees

This model basically based on the motivation and retention culture. ERC consent rates on designing high involvement job and work assignments and trains supervisors and managers in proven method of motivational leadership to growth and success of originations.

Research shows that trends redefining modern retention strategies go beyond the traditional salary and benefits package (Gale Group, 2006) and compensation (Feldman, 2000) embracing employee motivation (Thomas, 2000), as one of the key factors to cater to the diversity and long stay of the workforce in the organization. Retention factors incorporating

the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty, and commitment (Boomer Authority, 2009).

Figure 3: Integrated Retention System Source: Ibid



Benefits of Employee Retention

There are some benefits with the employee retention

For every single organization employee retention is crucial task. If the company decide to keep 90% retention rate which is a good goal, it get varies according to the different companies and industries. Retaining employee is the beneficial for every single organization for a variety of reasons.

Following are some top benefits with the good employee retention strategies.

1. **Improve Employee morale:-** The organization where retention programs runs successfully foster greater connectedness and engagement which helps to increase not only the productivity but also helps to boost morale which turns to boosts retention.
2. **Increased Productivity:-** The engage employees are more productive as compared to other employees and therefore it is crucial to understand that the motivated employees.
3. **Better customer experience.** Inexperienced and less adept new hires may be more prone to missteps that negatively impact a customer's experience with the company. Satisfied, longer-term employees are often more skilled in dealing with customers and

may have strong relationships with them. This is as true during all the stages leading to a signed contract as it is post-sales, when a customer might reach out to customer service. A better customer experience can also be a key brand differentiator.

4. **Experienced employees.** It stands to reason that the longer employees remain at an organization, the more engaged, knowledgeable and skillful they are. They have also forged valuable relationships with customers and co-workers. When an employee departs, the company incurs an opportunity cost in the potential value the employee could have delivered.
5. **Increased productivity.** Employee turnover sets back productivity because it takes time for a new worker to get up to speed and produce at a comparable level as their predecessor. It also takes a toll on remaining staff, who have to take on additional work and may produce lower-quality output as a result. Conversely, high-retention workplaces tend to have more engaged workers who, as a result, are more productive.
6. **Improved employee satisfaction and experience.** A symbiotic relationship exists between retention and both employee satisfaction — worker happiness and fulfillment — and employee engagement, the level of commitment workers bring to their roles. Satisfied and engaged employees are often more likely to stay in an organization, and organizations with high retention rates often experience greater employee satisfaction and engagement.
7. **Stronger corporate culture.** Corporate culture develops over time, based on employees' cumulative traits and interactions. When engaged employees who are aligned with an organization's culture stay, they strengthen the organizational ethos. A strong corporate culture also improves productivity and performance.
8. **Increased revenue.** Employee retention is not just about cutting costs; anecdotal evidence shows it can have a positive impact on revenue as well. Employers with better retention rates deliver a better customer and employee experience, hold on to experienced top talent and are more productive each of which can boost growth.

Employee Retention Models

Over the years, researchers have developed a number of models seeking to explain job satisfaction. Rooted in psychology, these models have influenced HR's approach to employee retention over the years. They include:

The Hierarchy of Needs. Although psychologist Abraham Maslow developed the Hierarchy of Needs to better understand the essential needs of humans and which must be met first, the

theory can also be used to examine the biggest contributors to job satisfaction. The five levels of needs, in order of importance, are psychological, safety, belongingness, esteem and self-actualization.

Motivation-Hygiene Theory. Two primary factors impact job satisfaction, according to psychologist Fredrick Herzberg: Motivators, also called job satisfiers, include recognition, meaningful work and personal growth. Hygiene, also called job dissatisfies, include salary, benefits and job security. Of note, proper management of hygiene factors can prevent employee dissatisfaction but are not considered sources of satisfaction or motivation.

Human Motivation Theory. In his 1961 book *The Achieving Society*, psychologist David McClelland built on Maslow's work and identified three intrinsic human needs: achievement, power and affiliation. By understanding which needs an employee prioritizes, employers can increase their job satisfaction. Some employees, for example, may be embarrassed by public praise. Some work best with goal-oriented tasks.

Job Characteristics Model. Organizational psychologists Greg R. Oldham and J. Richard Hackman found the following job characteristics increase job satisfaction: skill variety, task identity, task significance, autonomy and feedback. Jobs created with these characteristics in mind lead to more productive and motivated employees.

Measuring & Monitoring Employee Retention

Measuring employee retention starts with tracking turnover and annual retention rates. But the most successful employee retention programs collect and analyze a wide range of data, including employee satisfaction and engagement, more nuanced retention and turnover information, and other issues like absenteeism. These measures offer a more detailed understanding of employee retention, which can be used to inform recruiting and hiring strategies, address cultural and management issues, and improve employee satisfaction and engagement. Examining these retention metrics from a variety of angles also enables the business to focus its retention efforts on top talent.

Some organizations that experience large, expected fluctuations in departures — for example, those with significant seasonal or contingent workforces — may make adjustments to their retention calculations in order to account for those expected employee exoduses. As with retention rates, HR and business leaders can also analyze specific characteristics of their turnover rates, calculating figures by manager, longevity and high and low performers, for example.

How to Improve Employee Retention

Improving employee retention begins with hiring the right person. This requires defining the job itself — responsibilities, required skills, work environment and developing a fine-tuned job description that attracts appropriate candidates.

Once an organization has chosen a new hire, orientation and onboarding are key to making them feel welcome. A well-planned and organized onboarding program has been shown to increase employee retention, engagement and commitment. In addition, competitive compensation and employee benefits are important not only for recruiting the best and brightest, but also for keeping them. So are competitive bonuses, paid time off, health benefits and retirement plans.

Finally, employees value meaningful work that makes good use of their skills and abilities. Career development and growth opportunities are other critical aspects of employee retention, as is recognition for their contributions.

Improving Employee Retention with HR Software

Human capital management (HCM) software, such as Net Suite People, plays a critical role in an effective employee retention strategy. HCM software is useful for collecting and analyzing key employee retention metrics. It also helps manage overarching goals for employee retention programs and correlates metrics to overall business performance.

In addition, HCM software can provide analytics that streamline the creation and presentation of reports, helping HR leaders highlight the strategic impact of investments that increase employee retention. This is becoming even more important given the constant changes in workforce needs, economic pressures and market fluctuations.

An effective employee retention strategy is a crucial component of a comprehensive human capital management practice in all industries. Focusing on improving employee retention and addressing preventable involuntary turnover pays dividends across the organization.

Creating a successful employee retention approach takes significant effort, executive oversight and targeted investment. Organizations that fail to focus on employee retention can suffer significant costs related to finding, recruiting and training replacements, as well as reduced productivity, lost knowledge and lower morale.

Research Methodology:-

There are two types of research primary research and secondary research. For the above research study the researcher used the secondary data for which referred Books, Newspapers, magazine and previous research papers and articles

Research Gap of the study:-

The study which was conducted till today with primary or secondary data were in qualitative and quantitative terms in various sectors. It has been found that the study of employee retention and its impact not studied so far by the researcher or very few research studies are completed on the topic as authentic data are not provided to keep the goodwill of the company. Very few research studies in India which focuses on attrition rate and its consequences.

Limitation of the Study:-

- 1) The above study is generalizing study and not focusing on any specific sector.
- 2) The study is based purely on secondary data primary research data is missing.
- 3) The research can be specific to a particular data which is less and not satisfactory.

Conclusion: -

The main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities and salary are the major factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs. The company should also think of recruiting people who are in the vicinity of the industry, so that the family related problems will not lead to attrition.

They know that it is advantageous to have better people management practices. They not only have implemented good salary/compensation packages for the employees, but more importantly they take care of the career needs of the employees. Taking career needs of the employees is rather more beneficial to the organization itself. There are companies like symphony Services who involve international experts and consultants to design the career management strategies and programs. A third important strategy adopted by these companies has been communication. In addition to these general strategies different organizations have their own strategies such as awards and rewards, family involvement, employee engagement activities, regular and frequent meetings between the employees and the top management executives including the President of the Company, recognition from the President of the contributions the employees make. However, one important factor that has helped large number of organizations to retain their employees is the Brand Name and the Image of the Organization.

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Cite Your Article as:

Mrs. Sandhya Shelar & Dr. Anita Khatke. (2024). A CONCEPTUAL STUDY ON EMPLOYEE RETENTION AS A TOOL TO IMPROVE THE ORGANIZATION EFFECTIVENESS. In *Scholarly Research Journal for Interdisciplinary studies* (Vol. 12, Number 80, pp. 189–200). Zenodo. <https://doi.org/10.5281/zenodo.10566232>