



“Impact of Human Resource Management Practice, on Employee Retention Strategy: An Empirical Analysis”

¹Nosaiba sultana, ²Dr. Shatrajit Goswami.

¹ Assistant Professor , ²Associate Professor.

¹ Department of Business Administration, ²Department of Economics.

¹The University of Burdwan, Purba Bardhaman, India. ²SRM University Sikkim, Gangtok, India.

ABSTRACT

Retention of productive employees is one of the major areas of concern for the HR professionals throughout the world. Employee retention is significantly important because of the high costs and time lapse involved in hiring new employees. Moreover, it is in the interest of the employers to retain the valuable employees who contribute their best to the organization. In a global work environment, there are more chances wherein employees may leave a job for various reasons like better career prospects, lucrative salary packages, flexible working hours, better workplace environment etc.

Therefore, it is the responsibility of employers to conduct surveys and get a regular feedback from the employees regarding their level of satisfaction with respect to the various aspects of the workplace. Thus this paper discusses about various factors that can have impact on employee retention. Further, it suggests various strategies which can adopted for retaining the employees as retaining an honest and trustworthy employee is much better than recruiting someone else from outside.

KEY WORDS

Human resource practice, Training and Development, Performance management, Employee Retention strategy, Compensation management, Organizational culture.

I.INTRODUCTION

Employee retention is seen as a phenomenon which is increasingly getting the attention of many organizations (Hong et al., 2012) as it leads to a serious problem when high performing employees leave the organization. Organizations faced with adverse outcomes when good talented workers opt to leave and these include decreased efficiency and productivity, increased costs and threat to the long-term survival and sustainability of the organization (Beach, Brereton, & Cliff, 2003). As such, talent retention has become more and more crucial for the management (Samuel & Chipunza, 2009). In this regard, Slattery and Selvarajan (2005) explained that human resource practices are capable of reducing employee turnover, where intention to leave among employees were found to be minimized when employees perceive that the organizations are providing positive human resource practices (e.g., better pay and benefits, job freedom, and job security) (Stewart & Brown, 2009). Retaining employees is a critical issue and if handled properly and effectively, it would add value and competitiveness to any organization. Employees are considered as to be the top assets of the organization and as such, it is pertinent for organizations to exert efforts to retain existing talents to prevent new recruitment. To this end, increasing employee retention has become a trend in the business organizations in countries, including Jordan. Employees with outstanding skills and talents can significantly contribute to the organization's competitive advantage. Hence, organizations should retain such talents particularly in this challenging and unpredictable environment where change is inevitable (Samuel & Chipunza, 2009).

Employee retention is beneficial for the organization and the employees at the same time. Employees today have a lot of good opportunities in hand. The moment they feel unhappy or dissatisfied with the existing employer or the job they are holding; they will always hop to another employment. It is solely the accountability of the employer to retain their best

employees. Failure of doing so may lead to the loss of talented employees. Good employers should realize what to be done to attract and retain their employees. Employees are the most vital resources of any organization. If employees are not able to use their full potential and not heard and valued, they would leave because of stress and frustration (Kakar, Raziq, & Khan (2015). Even when they remain with the organization, the feelings of frustration and dissatisfaction would lead to negative consequences that could affect performance and productivity. When these negative feelings get too overwhelmed, the employees would leave. Nonetheless, if employees get a sense of achievement and belongingness from a healthy working environment, the company would have satisfied and dependable employees contributing to the growth of the company.

II. RESEARCH OBJECTIVE

This research on review of literature on retention initiatives undertakes the following objectives:

- 1) To find out the various research works that have been done on the area of HRM practices and employee retention.
- 2) To highlight the various factors which effect retention initiatives in an organisation.
- 3) To suggest various strategies which can adopted for retaining the employees.
- 4) To explore the relation between human resource management practice with job satisfaction leading to employee retention.
- 5) To Know About The Financial And Non-Financial Rewards Given To Retain The Employees.

III. RESEARCH METHODOLOGY

Research Methodology is a way to systematically solve the research problem. Research is an art of scientific investigation. The advance learner's dictionaries of current English lay down the meaning of research as , a careful investigation or inquiry, especially through the search for new facts in any branch of knowledge. For this project in the research used descriptive research to report the factors as such happen. The data consist of articles, reports, various research journals, books, handouts of Human Resource Development, Electronic search engines such as the internet and Encyclopaedia. In This paper Researcher did not used no as such research Methodology. It is purely literature based study.

IV. LITERATURE REVIEW

Employee Retention: Retention of employees is deemed to be the top challenging issue that corporate leaders which are faced with owing factors like insufficient skilled labor, employee turnover and economic growth. The capability of retaining employees that the organizations value has to be stronger than that of rivals (Johnson, 2000). Various organizations make use of various approaches for employee retention (American Management Association, 2001). Retention is deemed as a crucial element of human resource strategies, beginning from the selection of the right employees, continuing to the practicing programs for retention of potential employees, and ending with their commitment to and engagement with the organization (Zahoor, Ijaz, & Muzammil, 2015). Organizations leaders employ an employee retention technique to maintain an effective workforce while achieving operational needs. Research in literature evidenced that current organizations are now convinced that retention is a strategic concern when it comes to achieve competitive advantage (e.g., Walker, 2001; Youndt et al., 1996). Workers in the current times have high demands than ever before which goes a way beyond perks and salaries which was including cultural and work experience. Providing a flexible, prolific and dynamic working environment in order to retain and attract the potential employees.

Human Resource Practices on employee retention: Human resource management refers to the policies and practices involved in carrying out the human resource aspects of a management position including recruitment and selection, human resource planning, training and development, performance appraisal, compensation, job analysis, and labor relations (Dessler, 2007). Human resource management is composed of the policies, practices, and systems that influence employees' behavior, attitude, and performance (Noe, Hollenbeck, Gerhart, & Wright, 2007). Wright et al. (2003) defined human resource management practices as the organizational activities directed at managing the pool of human capital and ensuring that the capital is employed toward the fulfilment of organizational goals. Human resource management practices are therefore a set of interconnected practices that create an environment that can produce high commitment among employees and encourages them to perform their best, which eventually leads to higher organizational performance. Although different researchers have studied different sets of human resource management practices, most of them agree that certain practices are important in generating high organizational performance. Four dimensions are identified for measuring human resource management practices from past studies (e.g., Ahmad & Schroeder, 2003; Delery & Doty, 1996; Pfeffer, 1995). They are categorized as functional dimensions which include recruitment and selection, training and development, performance appraisal, and compensation. They are considered to have a great impact on obtaining, motivating, and retaining employees, and they are responsible for improving continual competitive advantage (Pfeffer, 1995).

Training and development : Training is done to create change by initiating a new employee into the culture of the organization. It involves new employees acquiring new skills or improving their skills in order to implement change that is needed by an organization. Training is not sufficient enough to motivate work force. But, it is an important tool that an organization can use to achieve its long term goals (Laird, Holton III, & Naquin, 2003).

Training given to employees is done as an agreement to maintain culture of the organization and also to be productive which in turn will result in earning reward and awards. Training also plays an important role in employee performance as the skills acquired during the training will be the major part of the employee life-cycle in an organization (Cardon & Stevens, 2004). Training as a tool will

help an employee to upgrade his knowledge and technicality and improves his performance in the organization (Castilla, 2005). Training plays an important role in motivating employees to take part in organized projects, to willingly support programs that will improve the organization and to do their best in order to see that organizational goals are achieved (Bolman & Deal, 2011). When employees are trained, it will be easy for organizations to achieve their set goals (Linderman, Schroeder, Zaheer, & Cho) 2003 .

Performance appraisal: Performance appraisal is used by organizations to evaluate employees' efforts so as to reward them for the efforts (Collins and Clark, 2003). Performance appraisal was found to have both direct and indirect effect on administrative performance of employee and the feedback obtained from performance appraisal activities, usually conducted at least once annually can help to improve administrative processes (Collins and Clark, 2003).

Employee participation: Tata and Prasad (2004) Pointed out that employee will be more committed to the organization as a result of team work and decentralization of decision making, with active participation, employees will feel like a part of the organization and this will have a positive impact on the organizational performance. Working together as a team and making joint decisions is of utmost importance at this point in order to be able to achieve the set objectives of the team and the organization as a whole. According to Pfeffer, 1998; Wagner, 1994; Yeatts and Hyten, 1998; Singer and Duvall (2000) a number of studies have established that success of high-performance HRM practices depend on decentralization and self-managed team.

Jayaram et al., (1999) also establish that a team that is decentralized can positively influence time and flexibility, which are two dimensions of performance. In another study by Collins and Clark (2003) it was observed that human resource processes and procedures play important role in terms of allowing organization to take competitive advantage and ensure bringing HR practices and organization performance closer, using employee network procedure of high level management practices.

WHY DO EMPLOYEE LEAVE

Research says that most of the resources or employees quit or leave an organization because of frustration and constant friction with their boss or superiors or other team members. The reasons can vary with the cases – low salary, lack of motivation, lack of growth prospects, which make an employee to look out for a job change. It is not just the Management and the Human Resources Managers, but also the Line Managers who are responsible to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day.

Employees do not leave any organization without any significant reason. There are many circumstances that influence an employee to leave the organization. The most common reasons why employees leave their employers are as follows :-

- Job is not what the employee expected to be
- Job and responsibilities mismatch
- No growth opportunities
- Lack of appreciation
- Lack of trust and support in co-workers, seniors and management
- Stress from overwork and work life imbalance

- **EMPLOYEE RETENTION STRATEGY**



Employees leave organizations for many reasons; often times these reasons are unknown to their employers. Employers need to listen to employees' needs and implement retention strategies to make employees feel valued and engaged in order to keep them. These retention methods can have a significant and positive impact on an organization's turnover rate. Here we'll take a look at some of these strategies.

Retaining a motivated and an optimistic employee is

vital to any organization's growth and success. There will be a negative effect on an organization's morale, if employee turnover increases the expenses. Implementation of an employee retention program is an effective way in making the key workers remain employed while maintaining job productivity and performance. For creating a strong workforce, hiring of employees is the starting phase of any organization. Next, you have to keep them retained. High employee turnover costs business owners in productivity and time.

To strategic planning consultant Leigh Branham (the senior professional of human resource) 88% of employees leave their According jobs for reasons other than pay: However, 70% of managers think employees leave mainly for pay-related reasons. Branham says there are seven main reasons why employees leave a company:

- Employees feel the job or workplace is not what they expected.
- There is a mismatch between the job and person.
- There is too little coaching and feedback.
- There are too few growth and advancement opportunities.
- Employees feel devalued and unrecognized.
- Employees feel stress from overwork and have a work/life imbalance.
- There is a loss of trust and confidence in senior leaders.

The strategies applied by employers to retain best employees –

As explained by EA Consulting Group in a recent white paper, the dilemma facing organizations is whether to invest more time and money fine-tuning their recruitment strategy or to pay extra attention to retaining the talent they already have. Recruiting new staff is expensive, stressful and time-consuming. Once you have good staff it pays to make sure they stay (Main, 2008).

Think of retention as re-recruiting your workforce. Recognize that what attracts a candidate to a particular job is often different from what keeps that person there. While salary certainly is a key consideration for potential employees, pay alone won't keep them in a job (Angott, 2007). Advantageous aspects other than strictly compensation attract good employees; something more than a number retains them. Today employees are looking for a career package, including a comfortable company culture, career path, diversity of responsibilities, and a work/life balance (Griffiths, 2006). Here are some effective methods employers utilize in order to keep employees happy and part of their organization instead of looking for employment opportunities elsewhere.

Training: Training employees reinforces their sense of value (Wingfield, 2009). Through training, employers help employees achieve goals and ensure they have a solid understanding of their job requirements (Maul, 2008)

Mentoring: mentoring program integrated with a goal-oriented feedback system provides a structured mechanism for developing strong relationships within an organization and is a solid foundation for employee retention and growth (Wingfield). With a mentoring program, an organization pairs someone more experienced in a discipline with someone less experienced in a similar area, with the goal to develop specific competencies, performance feedback, and design an individualized career development plan (Goldenson, 2007).

Instill a positive culture: the company should establish a series of values as the basis for culture such as honesty, excellence, attitude, respect, and teamwork (IOMA, 2008). A company that creates the right culture will have an advantage when it comes to attracting and keeping good employees (Main).

Use communication to build credibility: No matter what the size of the organization, communication is central to building and maintaining credibility. Many employers get communication to “flow up” through a staff advisory council (or similar group) which solicits and/or receives employees’ opinions and suggestions and passes them on to upper management (IOMA). It’s also important for employees to know that the employer is really listening and responds to (or otherwise acknowledges) employee input.

Compensation and benefits: Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees. Offering things like competitive salaries, profit sharing, bonus programs, pension and health plans, paid time off, and tuition reimbursement sends a powerful message to employees about their importance at the organization. The rewards given to employees must be meaningful in order to impact their perception of the organization and therefore have a marked influence on its retention efforts. Moreover, if an organization promises a reward, it should keep that promise (Gberevbie, 2008). Employees be paid appropriately and fairly for the work they do. So companies should research what other companies are offering in terms of salary and benefits and pay approximately. It is also important to research what is the standard compensation package and benefits for the particular position, particularly related to non monetary benefits like insurance, retirement benefits, paid vacation etc. The compensation package offered should be competitive enough, so that team members will not go out and look for employers who are willing to offer more competitive compensation packages. Compensation includes various aspects like salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations etc. setting up of a package must be done and efficiently very effectively .

Encourage referrals and recruit from within: Having current employees offer referrals could help minimize confusion of job expectations. Current employees can realistically describe a position and the environment to the individual he/she is referring. Another way an employer can lessen the impact of turnover is to hire from within, since current employees have already discovered that they are a good fit in the organization (Branham, 2005).

Coaching/feedback: It’s important for companies to give feedback and coaching to employees so that their efforts stay aligned with the goals of the company and meet expectations. During an employee’s first few weeks on the job, an employer should provide intensive feedback. Employers should also provide formal and informal feedback to employees throughout the year (Branham)

Provide growth opportunities: An organization should provide workshops, software, or other tools to help employees increase their understanding of themselves and what they want from their careers and enhance their goal-setting efforts (Branham). It’s important to provide employees with adequate job challenges that will expand their knowledge in their field (Levoy, 2007). According to Right Management, employees are more likely to stay engaged in their jobs and committed to an organization that makes investments in them and their career development.

Make employees feel valued: Employees will go the extra mile if they feel responsible for the results of their work, have a sense of worth in their jobs, believe their jobs make good use of their skills, and receive recognition for their contributions (Levoy). Employees should be rewarded at a high level to motivate even higher performance. The use of cash payouts could be used for on-the-spot recognition. These rewards have terrific motivational power, especially when given as soon as possible after the achievement. It’s important for employers to say “thank you” to employees for their efforts and find different ways to recognize them. Even something as simple as a free lunch can go a long way towards making employees feel valued.

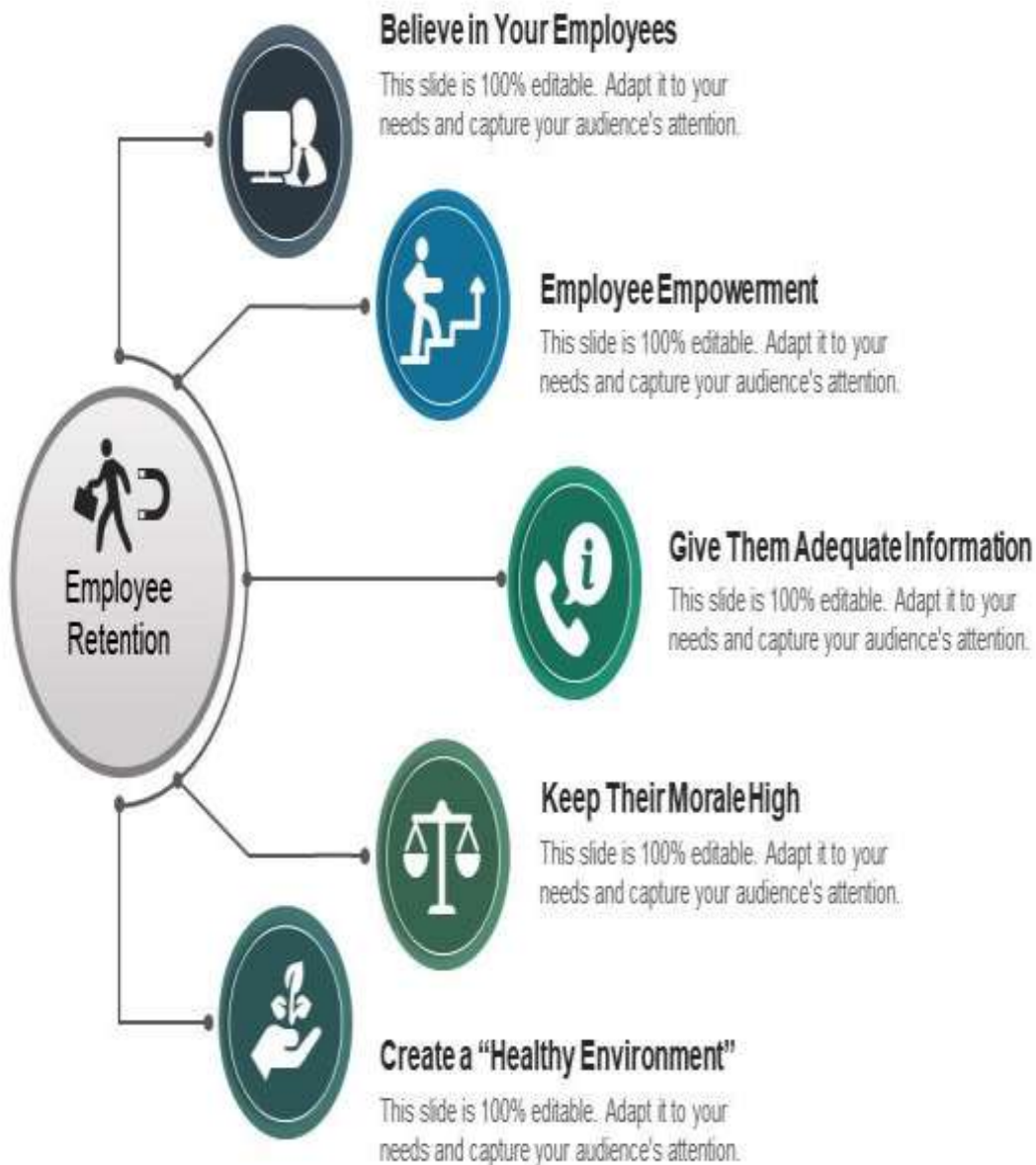
Listen to employees and ask for their input as to what rewards might work best at your organization. Conduct meetings and surveys to enable employees to share their input (Branham). Most team members will work harder to carry out a decision that they’ve helped to influence.

Lower stress from overworking and create work/life balance: It’s important to match work/life benefits to the needs of employees. This could be in the form of offering non-traditional work schedules (such as a compressed work week, telecommuting, and flextime) or extra holidays. When work-life balance is structured properly, both the employee and employer come out ahead. For example, the employer will experience more productivity in the workplace because

employees will be less stressed, healthier, and thus, more productive (Wingfield). Encouraging employees to set work/life goals, such as spending more time with their children, communicates that you really do want them to have a life outside of work and achieve a healthy work/life balance.

Foster trust and confidence in senior leaders: Develop strong relationships with employees from the start to build trust (Stolz, 2008). Employees have to believe that upper management is competent and that the organization will be successful. An employer has to be able to inspire this confidence and make decisions that reinforce it. An employer cannot say one thing and do another. For example, an employer shouldn't talk about quality and then push employees to do more work in less time. In addition, employers need to engage and inspire employees by enacting policies that show they trust them, such as getting rid of authoritarian style of management (Branham).

Employee Retention Strategy Template



V.CONCLUSION

It's clear that having proper retention strategies is key in order to retain employees. According to Mike Foster, founder and CEO of the Foster Institute, in order to foster an environment that motivates and stimulates employees, managers need to incorporate motivation, building practices into their corporate culture. These practices include listening to employees and respecting their opinions, basing rewards on performance, and being available to them for everything from listening to their ideas and concerns to assisting them with their career advancement. The employees who are loyal and committed towards the organization make all the difference, so employee retention is an urgent requirement. Human resource are the most valuable asset that can make as well as break an organization. Retaining them and satisfying them is the most complex task, so it is imperative to consider factors like financial benefits, compensation practices, leadership and supervision, good working condition, flexible working hours etc. Employees need to feel valued and appreciated, be given feedback, provided with growth opportunities, be given work-life balance options, and have trust and confidence in their leaders (Branham). All of these retention strategies are beneficial when an employer wants to keep employees within an organization and keep costs of turnover low.

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