

A Review of Employee Retention as a Strategy for Organizational Success

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Abstract

Human resources are the life-blood of any organization. Even though most of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. They are the most vital and dynamic resources of any organization. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Securing and retaining skilled employees plays an important role for any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to review the various available literature and research work on employee retention and presented it a strategy for organizational Success.

Keywords: *Human resources, employee retention, job satisfaction, literature.*

Introduction

In the present era retaining staff and adopting procedure that encourages and motivate human resources to remain in a company for a longer period of time is considered as very crucial for ensuring the organization's success (Ngoc et al., 2021; Mahapatra, 2022; Ali and Anwar, 2021). Further, the ultimate goal of employee retention is to make stakeholders, employers and the employees, happy. Employee turnover is defined as "occurs when employees voluntarily leave their jobs and must be replaced" (Smith, 2007). Owners of businesses and management teams need to be aware of the causes of high turnover rates in their particular sector. Additionally, it is important to investigate the variables that affect turnover rates within a certain group, such as gender, race, or particular ethnic groups. There are two groups of factors

that contribute to high turnover rates: those that are out of the employer's control and those that are under their control (Smith, 2007). Employers must therefore identify factors that affect high turnover rates that are under their control and implement initiatives to reduce those factors' recurrence.

Employees leave a company due to the economy, which is one factor in high turnover rates. Employee retention is a problem that cannot merely be solved by keeping records and producing reports. It is entirely dependent on the fact that the employers should be aware of the many issues that worry the workers, and they assist them in finding solutions.

According to the latest research, the majority of employees quit their jobs because of ongoing conflict and discontent with either their coworkers or superiors (Ahmad, 2022). Other reasons include low pay, few opportunities for advancement, and occasional lack of drive etc. The management needs to make every effort to keep those workers who are proven to be effective contributors and who are extremely vital to the system.

Employee Retention as a strategy to combat with the following disadvantages:

- 1. The Cost of Turnover:** The cost of personnel turnover drives up a company's expenses by hundreds of thousands of dollars (Choye and Kamoche, 2021). Despite the fact that it can be challenging to completely estimate the cost of turnover (including hiring and training expenditures).
- 2. Loss of Company Knowledge:** When a worker quits, he or she takes important information about the company, clients, ongoing projects, and recent history (sometimes referring to rivals). Often, a lot of time the employee has been given money with the hope of receiving anything in return (Smith, 2019). When a worker departs, the Investment does not pay off.
- 3. Disruption of customer service:** Part of why customers and clients choose a company is the people. Relationships are built that support the business's continued sponsorship. When an employee leaves, the connections they developed for the business are broken, which could possible loss of clients (Gabriel and Aguinis, 2022).
- 4. Company reputation:** A company's reputation is upheld when theLow attrition rates. Increased retention rates encourage prospective employees to work for the company (Degbey et al., 2021).
- 5. Regaining efficiency:** If a person leaves their position, a sufficient period of time must and even after that, you can't guarantee that the new employee will work as efficiently as the old one.

Employee termination has a ripple effect throughout the company, increasing turnover organization. It is frequently necessary for coworkers to pick up the slack. The silent negativity frequently grows stronger for the surviving employees.

Fundamental components of Employee Retention

Environment: A productive workplace is the result of the interaction of three fundamental elements. Physical workspace comes first, followed by atmosphere, and workplace culture comes third (Tyagi and Moses, 2022).

Growth: One of the key elements of job happiness is assisting people in expanding their skill sets. Once you providing space for your staff to grow their talents increases their job happiness, which lowers turnover rate of staff turnover.

Compensation. Workers are always have high standards for the remuneration they receive. Included in compensation are salaries and wages, rewards, health coverage, pension benefits, etc.

Relationship: Sometimes an employee's relationship with management and colleagues causes them to quit organisations. Frequently, the management is unable to help.

Employees anticipate receiving help from their employers during difficult times as well as a healthy work-life balance.

The "Three Rs of Retention"

Respect is the treatment of another with esteem, special consideration, or regard. The cornerstone of respect maintaining employee satisfaction. If you don't appreciate your staff, recognition and rewards won't matter much.

Recognition is defined as the act of paying particular attention to something and clearly perceiving it. a lot of retention and Management happens as a result of management's disregard for the needs and reactions of others.

Rewards: Extra benefits are provided in addition to respect and acclaim. Cash rewards are an option and not financial.

Strategies to retain employees

1. Provide hourly or base pay that is competitive: Making your employees feel as though their labour is valued should be your top priority, followed by paying them a wage that is commensurate with their effort and commitment. The importance of proper compensation outweighs that of every other item on this list, as you cannot effectively keep staff unless you pay them what their time is worth.

Employees should receive fair compensation for their time and labour, be able to afford the cost of living where they reside, have their pay periodically adjusted for inflation, and receive additional compensation as their level of experience increases in the workplace. Additionally, workers' compensation need to rise as their responsibility does.

Finding the livable wage in your location is the first step in providing your staff with the correct compensation. Remember that despite the fact that the federal minimum wage is currently \$7.25, statistics indicate that this amount is below the living wage in most, if not all, counties in the United States. To evaluate living expenses, MIT provides a living wage calculator.

2. Permit Remote Work for Your Staff: The number of Americans working remotely is expected to rise by over 90% by 2025, according to Upwork's "Future of Workforce Pulse Report," to 36.2 million. In addition to being practical for preventing the transmission of disease, remote work has been demonstrated to increase employee happiness and productivity. In a wide range of businesses, working totally (or even partially) from home is now feasible thanks to current technology.

While more research is needed to determine the long-term impacts of remote work, Upwork's survey reveals that benefits include less unnecessary meetings, more flexibility with schedules, no commute, fewer distractions, and more autonomy. When your staff is not forced to endure stressful traffic jams,

3. Concentrate on Managers: Ever hear the saying, "People don't quit jobs, they quit bosses"? Well, occasionally, that is true. Thankfully, leadership abilities (Tyagi, 2021) can be learned. Companies should make sure management abilities are included when reviewing employees' performance, and they should provide training and mentoring to managers at all levels, especially if they are brand-new supervisors.

4. Promoting a climate of open dialogue: Even if issues in a company can't always be prevented, how the business handles them ultimately determines its success. Employee satisfaction tends to rise when they feel comfortable sharing their issues and concerns with management.

Additionally, open communication among middle and upper-level management helps promote trust. Employees will cherish the company and their place within it more if you foster a culture of open communication by granting their demands.

5. Establish precise work objectives: Employees not only need to be given the chance to voice their issues, but they also want to know how they are performing professionally. Employee morale typically declines when workers are unclear about their roles or how their performance is evaluated.

Employee motivation will increase as a result of clear expectations being established for them, as well as regular reviews of how well those expectations are being met. The setting required talking about role objectives, progress, and overall evaluation can be provided by annual reviews.

6. Offer possibilities for advancement: If there is no opportunity for promotion, a worker won't remain with a company for very long. The majority of people aspire to advance, yet some may be comfortable for their entire lives in entry-level jobs. They desire increased money and fresh tasks. When you have a new role, put your attention on internal hiring. Discuss a career path with your staff that will enable them to take

advantage of new chances with your business. The knowledge that these chances exist inspires your staff to put in more effort and stick around longer.

7. Establish a mentoring scheme: Your onboarding process will go more smoothly if you incorporate a buddy system or mentor programme. They gain more knowledge about the business and their place within it. They also have a resource they can turn to for advice and help.

Mentoring programmes don't have to be restricted to brand-new hires. If your current employees wish to advance or move to a different department, they might require a mentor. A mentor in a more senior position can help an employee understand how to advance.

8. Recognise the factors that influence an employee's decision to quit or remain: Understanding the causes of employee turnover is crucial to reducing it. You can learn more about the motivations behind an employee's choice to quit by conducting exit interviews. Encourage open dialogue and keep a running list of the most frequent explanatory factors.

Taking into account the reasons your present staff are remaining might also be helpful. Talk to current employees about the aspects of the business they like best and what they think should be improved, using a similar approach to an exit interview. This can assist you in comprehending the culture of the business as a whole.

9. Prioritise overall health: The concept of work-life balance is currently quite popular, and as a result of the pandemic, employees are giving their overall health a higher priority and attempting to achieve a healthy balance throughout their lives. Many people are choosing to work in part-time positions or for companies that value their wellbeing over anything else and don't promote a toxic "hustle" culture where unattainable deadlines and heavy workloads must be fulfilled at all costs.

While remote and flexible work choices can contribute to greater work-life balance, it will still be challenging to achieve if employees are actively encouraged to take calls and respond to emails outside of working hours or have too much work and not enough hours in the day to finish it.

10. Encourage effective leadership and management: According to a Goodhire survey, 82% of respondents said they might quit their work due to a poor boss. So what can businesses do to foster better leadership?

Offer regular training and coaching to managers at all levels, especially to those who are new and in their first managerial position, and make sure that management abilities are taken into account in performance appraisals (Tyagi and Moses, 2022).

By implementing evidence-based strategies for soft skills, Covenant Healthcare aimed to raise the emotional intelligence of more than 200 leaders. As a result, managers started to use their emotional intelligence abilities to motivate and engage their staff, which increased output and team cohesion.

11. Avoid micromanagement: Although micromanagement might hinder productivity, it can also make high-performing staff less likely to want to stay with an organisation as you may have heard before. Micromanagement undermines employee morale and denies them the chance to produce better outcomes for themselves.

Employee retention as a strategy for organizational success:

- 1. Financial savings:** losing staff presents a financial as well as a logistical burden. The average cost of replacing an employee, including recruiting , onboarding and the time required to get up speed, ranges from half to twice that individual's yearly compensation. Considering a fairly typical turnover rate roughly 26%, gallup note that a 100 person organization paying an average salary of \$50,000 per year may lose \$2.6 million to the expense of replacing personnel. That means for business that keep their personnel for a long time, cost savings can add up quickly.
- 2. Increased productivity:** open roles due to employee turnover are a major drain on productivity and output. But even when those roles are filled , it takes time for people to become acclimated to their jobs and operate at their highest levels of production. According to the Harvard business review, it typically takes an employee six months to adjust to a new position following an internal transfer and a year or more following an internal transfer and a year or more following a new hire (Tyagi, Moses, & Rana, 2017). Retaining employees after organization have invested time and money in them is crucial to getting a return on that investment.
- 3. Stronger relationship with customer:** The success of a business depends on the ties it has with it is clients .One-on-one connections are particularly effective at generating revenue in many industries (for instance , the partnership between a software sales representative and a company's tech). Customer loyalty takes time to build , and many customers feel more secure knowing they have a reliable contact in case they have problems with a good or service. Therefore keeping employees might be crucial to keeping customers.
- 4. Greater staff engagement:** just as it takes time for new hires to become familiar with the details of their jobs , developing a sense of commitment to a company's worker and vision also take times. Employees are more inclined to provide their best effort at work if they believe in the future of the organization and intend to stay. Additionally involvement pays off. According to gallup, businesses with high employee engagement are 23% more profitable than those with low engagement.

5. **Increased collaboration and trust:** employees are more likely to form bonds based on trust and appreciation of one another's they are more inclined to communicate and work together efficiently , advancing the business (Tyagi, Shukla, and Singh, 2021).
6. **A more positive work environment:** long term working connections among coworkers not only result in better business outcomes but also make workers happier and more engaged , demonstrating yet another reason why it's crucial to keep staff on board. According to gallup having a 'work best friend is a reliable indicator of an employee's sense of connection to their position. These relationship cannot develop in the absence of high employee retention.
7. **Maintaining institutional knowledge:** institutional knowledge which includes details about a company's operations and procedures , subtitles in relationship and unsuccessful effort ,is priceless. However those who have worked for an organization the longest naturally possess that information . keeping those workers on board keeps the business functioning effectively and enables them to impart important knowledge.
8. **Minimal skills gaps:** when crucial people with highly specialized skill sets leave an organization talent gaps may form, endangering the company's ability to accomplish important goals. Additionally, losing important skill can be expensive because it is typically more expensive for organization to acquire outside candidates to replace those goals than it is invest in internal staff department.
9. **Increased staff morale:** the phenomenon of 'quitting contagion' which occurs when one or more employees leave a company and cause others to start looking elsewhere , has been studied by researchers. This tendency occurs even in the absence of external reasons like poor management. Staff morale declines , stress levels rise , and employees inevitably begin to have second thoughts about the organization as staff turnover creeps higher , creating a vicious cycle. Retention should be prioritized to prevent this harmful cycle.
10. **Increased recruitment efficiency:** a company's reputation and recruitment efforts might benefit greatly from high staff retention. Today's workers do extensive research on organization before accepting an offer. Furthermore , if the position they are being employed for is regularly open , a high rate of turnover can be a severe red signal . on the other hand , organization with long staff retention rates present a favourable work environment.

Table 1: Reviewed literature related to Employee Retention as a strategy for organizational Success

FACTORS	AUTHORS	RESEARCH PAPER	YEAR
Communication, workforce Diversity, Recruitment, Training	Felusiak, Hill, and Pemberton-Jones	The Importance of Developing Strategies for Employee Retention	2015
impede knowledge transfer	Ahammad, Tarba, Liu, and Glaister	The impact of cultural distance and employee retention	2016
Factors and strategies of employee turnover	Al Mamun and Hasan	Factors affecting employee turnover and sound retention strategies in business organization	2017
extrinsic and intrinsic motivation and personal attitude	Ashton	How human resource management best practice influence employee satisfaction and job retention in the thai hotel industry	2018
Resource-Based View (RBV) theory and Social Exchange Theory (SET)	Narayanan and Rajithakumar	the role of talent perception congruence and organizational justice	2019
Economic factors , Psychological security affiliation ,	Kurdi and Alshurideh	how employee retention affects organizational performance in the	2020

self-actualization		commercial banking sector in Jordan.	
job stress, job satisfaction, job security, work environment, motivation, wages, and rewards.	Al-Suraihi and Samikon and Ibrahim	Employee Turnover Causes, Importance and Retention Strategies	2021
work-life balance, employee engagement in connection with employee retention.	Kumar	The impact of talent management practices on employee turnover and retention intentions.	2022

Conclusion:

The present study focused on emphasizing employee retention as a strategy for organizational success. It is concluded that the most typical factors against Employee Retention include both psychological as well as job related factors of the employees. First The job is not what the worker anticipated it to be. Sometimes, the duties of the job aren't exactly the same as the candidates anticipate this. Unexpected duties at work result in job discontent. Second an applicant may be qualified for a particular type of job that fits his personality, but the two may not be compatible. If he is assigned a task that doesn't fit his personality, he won't be able to do it properly and will attempt to avoid it.

The long-term health and performance of the organisation depend on the retention of key employees. Product sales, customer contentment, pleased coworkers, successful promotion planning, and reporting authority are all ensured by keeping our finest employees on staff.

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