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Aarti Ramachandran
Research Scholar,
International School of
Management Excellence
(ISME), Research Centre,
Bangalore Affiliated with the
University of Mysore, Mysore,
Karnataka, India

**Dr. CB Venkata Krishna
Prasad**
Professor, International School
of Management Excellence
(ISME), Research Centre,
Bangalore Affiliated with the
University of Mysore, Mysore,
Karnataka, India

Corresponding Author:
Aarti Ramachandran
Research Scholar,
International School of
Management Excellence
(ISME), Research Centre,
Bangalore Affiliated with the
University of Mysore, Mysore,
Karnataka, India

Factors associated with employee retention

Aarti Ramachandran and Dr. CB Venkata Krishna Prasad

Abstract

Retention is a process to keep the employees working in their organization as one of the most important factors for organizational success and growth. In today's global scenario, retention and employee engagement also has a crucial role for any organization in facing the challenges of tomorrow when there is high employee turnover. Most of the time, even highly engaged workers sometimes become unsatisfied with the company's performance, which causes them to search for better opportunities at other companies. Owing to such reasons, this theoretical article investigates the motivational factors that affect employee retention and examines their impacts on both employees and organizations. Motivational aspects that influence employee retention are primarily financial rewards, career development, job characteristics, management support, recognition, work-life balance and leadership style. Hence every company must look at formulating appropriate retention policies to reduce the attrition rate and improve the employee commitment which will be advantages for the organization in the long run.

Keywords: Motivational factors, employee retention, attrition rate

1. Introduction

In the Maya worldview, all living things are connected and plants are recognized for their healing properties ^[1]. Nonetheless, in northern Belize, most of the cultures and practices of the ancient Maya have been abandoned with development and urbanization. Before the arrival of the Europeans, the Maya thrived in Belize and lived in an area that stretched from Central Mexico, through to El Salvador. The modern-day Maya of Belize are descendants of the ancient Mayas that inhabited these areas. Three groups of Maya are living in Belize; these are the Q'echi' Maya, the Mopan Maya, and the Yucatec Maya. In the southern districts of Belize, Q'echi' Mayas and Mopan Mayas have maintained much of their cultural practices, but the Yucatec population that came after the Caste War has almost entirely integrated in the Corozal and Orange Walk areas to which they fled.

Northern Belize consists of Corozal District and Orange Walk District. This region has a drier more seasonal climate than the south. It is an area supporting a wide variety of ecosystems, including lowland broadleaved forest, lowland savannah, mangrove and littoral swamp ^[1]. It is ecologically diverse due to its underlying geology, with pine savannah found in well-drained acidic sand ridges, evergreen forest on calcareous sediments, and herbaceous swamps, seasonally inundated savannah and marshland in the freshwater lowlands. The Maya lowlands, which include parts of Belize, Mexico and Guatemala, have been affected by a complex mixture of both climatic change and anthropogenic disturbance. Forest clearance is associated with the appearance of crops, intensive cultivation of crops, deforestation and management of arboreal resources. These disturbances in combination pose a threat to the ethnobotanical knowledge on the ancient Maya. In addition, indigenous knowledge on usage of medicinal plants as folk remedies are getting lost due to migration from rural to urban areas, industrialization, rapid loss of natural habitats of medicinal plants and changes in life style. This highlights the importance of the documentation of medicinal plants in traditional healing in order to preserve this knowledge. Furthermore, most ethnobotanical studies are focused on professional traditional practitioners and ignore the knowledge of ordinary people in the locality.

Employee engagement and retention are primary forces for any organizational growth as they are the key elements for achieving development and accomplishing the objectives and goals of a company. Hence, retention of employees should begin at an early stage in recruiting an employee.

This should be an ongoing process as it affects almost all functioning of the business process and is directly related to building a strong employee-employer relationship.

The recruitment process and retention seem to take an important place in an organization regardless of its region of origin. Retaining an organization's key employees gives a competitive advantage. To guarantee a highly productive team, retention and engagement strategies are essential. It is no use to have a huge workforce when they are likely to leave, or the employees are disinterested in their jobs as it costs the organization a big time in the training and recruitment process. It serves no use to keep workers if they do not interact with the business and what it accomplishes, even if they are excellent employees who are equally likely to leave.

Owing to all the reasons mentioned above, the present study attempts to investigate the motivational aspects that affect the retention of the employees and examines their effects on both employees and organizations. The present paper tries to suggest the retention strategies that can be adopted by any organization to some extent to reduce turnover rates and improve employee retention. It should be imbibed in the organization's culture to keep in the employees' best interests. This is possible when the employees feel that they are a part of a team, feel respected and worthy in the work environment, connect with the organization's vision statement, are provided leadership support and have a collaborative peer working atmosphere.

There are two strategies which are interrelated and need to be studied closely when it comes to employee retention. Firstly, there need to be reasons to explain why employees switch companies (voluntary turnover). Many types of research have focused on multiple reasons for switching or leaving. Every factor suggests a different strategy for lowering voluntary turnover. Secondly, there needs to be a focus on explaining why employees decide to stay and, if they do, why they engage in their work and with a company for a certain period.

This study helps identify the reasons for organizations' high employee retention rates.

2. Importance and Need for Employee Retention

We need first to understand why any organization should retain its employees

- a. **Hiring process:** The HR professionals choose a small field of applicants from a broad talent pool. They conduct preliminary interviews before sending the results to the appropriate managers, who further interview the prospects to determine if they are the best candidates for the company. Hiring an employee is a time-consuming and lengthy process.
- b. **Resource Investment:** A new worker is considered raw in any company; management hence has to put in a lot of effort and time to train them related to job requirements and overall growth. Hence, it is considered time wastage when a trained employee suddenly decides to leave the organization. For the same opening, HR must reopen the hiring process from scratch, which amounts to a simple duplication of effort.
- c. **Competitor:** When an employee leaves the organization all of a sudden, there is a likely tendency that they would join the competitors. There would also be a likelihood of the employees taking away crucial data, statistics and information from the companies they join and also are few of the crucial cases also leak confidential data or previous companies. To avoid these

cases, it becomes essential that new employees are made to sign a bond or document which stops them from retrieving any data when they leave the organization. HR policies should prohibit any employee from joining the competitor immediately. This would act as an effective way to retain the employees.

- d. **Work span:** Workers who have been with the organization for longer know the work policies and the culture. They perform better than people with a tendency to change their jobs frequently. People who spend significant time in one company know their policies and culture very well and might contribute effectively.
- e. **Settlement period:** Every employee needs a certain amount of time to adjust to the new environment. They need time to understand the organization's culture, work with new peers, and gain trust. Organizations are always beneficial when employees work compatibly, discuss, and collaborate on strategies and new processes. There is a possibility that adjustment issues may arise when a new person takes the position of an existing employee. It may be quite challenging for people to get comfortable with new peers.
- f. **Loyalty:** It has been observed that individuals stuck with one company for a longer duration are loyal to the organization and the management practices. People enjoy the perks and benefits associated with staying in an organization and, as a result, are more attached to it. They seldom criticize their company and always have the management's best interests in mind. The organization takes priority compared to other things.
- g. **Skilful employees:** It is beneficial for any organization to retain their employees as they become skilful over time and show immense potential. Every company needs people who can think out of the box and be creative to face new challenges. It is difficult for the organization to survive if the top performers quit and there is a brain drain. Employees are indispensable assets to the organization.

3. Role of Motivation in Employee Retention

Employee motivation catalyzes an organization's success. The managers and team leaders must consistently inspire the workers to offer their best effort. The management should show appreciation if an employee has performed exceptionally well. Motivation words like "Well done", "Awesome", "Excellent", and "Keep up the good work" go a long way in keeping the employees. Workers must continue to be devoted to and loyal to their company.

- a. **Ownership:** An employee feels accountable for / her work if they feel that what they are doing is worthy and adds value to their job and the organization's success. They perform better when they feel that they have accomplished their goals.
- b. **Management support:** Superiors should send emails to their team when the goal is accomplished, and they have outperformed. The superiors should boost employee morale in low times and be brought back on track. If any employee fails to deliver, motivation and support should be provided after investigating the reasons for failure.
- c. **Organizing events and activities:** The employees should conduct various activities and events at their workplace. This boosts their motivation and makes

them feel connected with the organization. Employees should be part of the decision-making process, and management should recognize and encourage their valuable input. The employees should feel safe and secure in putting across their thoughts. Freedom of speech is essential. Every employee needs a voice in the company as this would benefit them and the organization.

- d. Appraisals and Reward System:** Today is a dynamic and competitive world, wherein every organization tries their best to retain its employees. Employee salaries must be appraised at regular intervals, and it should be based on performance motivating the top performers and being fair. The financial reward system is one of the factors looking at improving the extrinsic motivational factors of the employees. They feel secure and safe financially, which helps them to focus and do better in their jobs. However, this only is not sufficient. Intrinsic factors needed to be considered, such as recognition, work-life balance, job characteristics etc. The organization needs to be realistic in maintaining a balance to meet the employee's needs and expectations.

3.1 The other factor influencing employee retention and organization engagements

- a. Job Characteristics:** It may be described as the extent to which the job gives the employee autonomy, choice, and flexibility regarding how they plan and arrange their time. It is predicated on the idea that individuals labour not simply for financial gain but also to find meaning in their lives and experience fulfilment. According to Woodroffe, employees look at taking up challenging roles in their job and delivering excellent results in the assigned tasks. If the assigned tasks get repetitive and monotonous, the employees get demotivated irrespective of their loyalty, commitment, and work span. Designing jobs for skilled employees is crucial to keep them motivated and challenged. Employee retention is higher than employee turnover when they see their jobs as demanding with opportunities for learning and development. According to Amabile *et al.* and Glynn, because they are constantly given new chances and tasks, highly talented individuals seem to be more engaged, happier with their work, and more devoted to the business when compared to non-high skilled employees.
- b. Career Development:** The employment relationship has evolved and redefined through career opportunities and constant development. The modern definition of development includes gaining new skills and using the many learning opportunities accessible to both people and the company. Employees gain higher satisfaction when they can achieve their job results and up skill themselves regularly. The organization, in turn, benefits by having more skilled and productive employees. Career advancement and skill development are the "attractions" to any given employee. If any organization fails to identify the needs of an employee and desires growth, then "development" becomes the only reason for resignation. By identifying and responding to employees' needs, organizations can get the best out of them. They will get the best out of them. Employers could help employees improve their employability in external and internal markets, enhance their skills, and
- create a competitive advantage by offering career development opportunities in terms of job enlargement, role change, and decision-making authority.
- c. Recognition:** Jacobson stated that every individual in an organization needs to be recognized and commended for the job. The more they receive recognition, the better their commitment and loyalty to the organization. Employers today are better at recognizing employees' efforts and contributions due to more transparency in the hierarchical structure. They may develop an engaging, effective, and creative organizational working culture. People who feel valued by their employers are more driven and effective and have a stronger capacity to contribute to achieving corporate objectives. Hence, Organizations should strive to improve their tactics, such as getting rid of nepotism and favoritism, recognizing the real worth of the employees and valuing them as assets of the company.
- d. Work-Life Balance:** In today's times, twenty-four hours a day are not enough to tackle personal work. Work-life balance is becoming a concern in many workplaces, especially due to conflicting and overpowering commitments and responsibilities. One of the retention aspects emphasized in several kinds of literature is offering a decent work-life balance. Our culture is presently experiencing significant friction between personal and professional lives on the one hand and work and career on the other. A growing number of employers are requesting more flexible work schedules, which would help lessen work-family tension and increase employee happiness. For instance, a 2005 award winner in Australia, Green Slopes Private Hospital, discovered that spending on improved work and family efforts resulted in a 5.5 percent decrease in staff churn and a 23 percent decrease in workers' compensation expenditures.
- e.** Another example is Australian work-life balance project winner St. George Bank, which said that it decreased staff turnover from 18 percent in 2001 to 15 percent in 2006 and increased staff satisfaction from 48 percent of workers in 2002 to 73 percent in 2006. According to research, policies that improve work-life balance are more effective at keeping people in the organization than those that don't exist or aren't implemented. Lockwood has also suggested that forward-thinking human resource professionals seeking innovative ways can have a competitive market edge and face a win-win situation by maintaining a work-life balance.
- f. Psychological Factors:** In addition to the above-mentioned organizational factors, various other factors also play an important role in employee retention. When putting retention rules into place, they should be taken into account. To comprehend their efficacy, it is crucial to tying these retention elements to workers' perceptions of their significance, benefits, and employer implementation. When people feel that their employer has pledged to provide them specific incentives for their contributions to the firm, they emerge effectively, giving employees a sense of power over work-related outcomes. Employees will feel disheartened and unmotivated if a company doesn't follow through on such commitments.

4. Conclusion

Today, finding the appropriate employees to hire, engage, and keep is the top priority for every firm. From an organizational perspective, several important elements in determining an employee's choice to quit or stay in a company are still up for debate. Nonetheless, the importance of other factors should not be ignored when the HR policies are being planned within the organization. The organization should provide multiple avenues for any employee to be retained, such as: establishing a compelling employee value proposition; creating a rewards structure that goes beyond remuneration; routinely providing constructive criticism to help employees perform better, and implementing a flexible program by providing a better work-life balance; building a culture of compatibility and engagement among employees, develop effective management skills as it involves an employee while enhancing the performance as stated by Neelman, 2012. Additionally, rather than focusing on their ties with the employee, bosses should concentrate on pertinent concerns. This research has identified the various elements that influence employee retention and provided organizations with some suggestions that can be practised to enhance current retention procedures.

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