



## REVIEW PAPER – STUDY ON EMPLOYEE RETENTION AND COMMITMENT

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### Abstract

Today employee commitment and retention has become an important strategic aspect for the organisation. It is not only important to have the best and the most talented employees but it is equally necessary to be able to retain them for long term benefits to both the organisation and its people. The purpose of this paper is to review the findings of research papers of various authors to derive the factors that impact employee commitment and retention in a work environment. This study examines the following factors: career development opportunities, effective talent management strategies, recruitment, on boarding and orientation, investment in training and development, compensation and benefits, work life balance, culture of the organisation, leadership, communication, image of the company, autonomy and empowerment, Gallup audits, personal causes, role of HR head and supervisors, work related policies and flexi time, performance appraisals and career growth and development opportunities. There are no one fixed practices which show the importance and significance of the influence of all these above broad points because different organisations lay different emphasis on these pointers depending upon their suitability impacting retention. Based on our understanding of the papers reviewed by us, suggestions are drawn which give a holistic view on the various practices that organizations should adopt to keep the level of employee retention and commitment high.

**Key Words: Retention, Factors, Commitment, Motivation, Benefits.**

### 1. Introduction

In this review paper we study about the various HR practices that help employee retention and foster employee commitment in the organization. Today employee retention is the top priority of organizations due to increasing competition. It is an efficient and productive advance towards the employee management who are considered to be 'greatest assets' to the company. To manage top talent it requires a constant balance between the human aspirations and the strategic and financial needs of the business. Employee retention is a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. People related issues for example-compensation and benefits, hiring, administration, organisation development, employee motivation, wellness, benefits, safety, communication, performance management, and training are dealt by it. HR practices in an organisation are used for talent acquisition i.e. recruitment, selection, training and development, reward management, performance appraisal etc. Human Resource Management handles people, work place environment and culture in a strategic manner. Employee commitment is also very important for maintaining a highly talented workforce. With best possible use and application of HR policies in the organisation, employee commitment can be enhanced leading to better performance, improving employee attitude/ morale and reduced employees turnover, which is the aim of the human resource practices. HR experts and line managers play a major role on how these HR policies are implemented and to the utmost efficiency. Employee commitment can have a major role in low turnover rates as it has positive developments on productivity, turnover and employees eagerness to help colleagues. In fact, increased employee commitment has shown better team performance, low absenteeism and intention to leave. Therefore employee commitment in a way helps employee retention and hence employee retention strategies must be kept in place. Well planned initiatives and processes must be in place so that employees will not think of quitting and remain with the company for a long time. For managers, to have a happy enthusiastic workforce will help him in achieving individual and organizations performance. But manager's job is not only to hire best candidates but also retain them. Most certainly one cannot retain all the best employees but can definitely reduce loss. Reducing employee turnover is most important for organizations and to maintain an ideal staff takes a lot of efforts and resources of the organization and if that is lost it hampers organizations success. Therefore, every organization must treat their employees as ends and not means to ends because they add value to the organization.

### 2. Objective

Objective of this review paper is to identify the best practices and methods adopted by various organizations across industries to help enhance commitment and employee retention.

### 3. Review Work

Best HR practices for employee retention and commitment during the course of our research several HR practices have been found to help employee retention and enhance employee commitment in an organisation which is discussed in the following work.



**A. Career Development Opportunities** The recent trend of high employee turnover is due to the various reasons such as employees not being happy with the kind of work they do, lack of investments in training and development, lack of career growth and development opportunities, unfair and misleading performance appraisals, etc. Strategic ways for retaining top talent in the organisation is by helping high potential employees have cross functional job for job and work related satisfaction, involvement in decision making, encouraging their ideas and helping them implement them, help in career development moves, skill building through effective and relevant training (**Hay 2001**). The reasons for low turnover which employees have mentioned are work experience, career development, independence, etc. All these motives of employees help organizations to align HR practices accordingly and help them with employee retention (**Brigitte Kroon and Charissa Freese 2013**).

Also employees must be able to see a clear career path in the organization, only then they will stay for long (**Gaurav Bagga 2013**). Retention practices give more importance to factors affecting to cause employee turnover (career opportunities and financial rewards) than on those believed to affect employee retention (social atmosphere, job content, work-life balance). Career opportunities have the strongest impact on employee commitment while the impact of financial rewards is less. Ways recommended for reducing employee attrition are career development, considered to be one of the most important factors. Providing great career development opportunities makes the employees to stay in the company for long and at the same time enhances their loyalty to the firm. Also creating a positive social work environment and adding content to the jobs and tasks to be done by the employees enhances employee satisfaction and commitment (**Meganck, 2007**).

**B. Effective Talent Management Strategies** Employee retention and talent management practices of successful companies are fundamental element to maintain their leadership and development in the marketplace. Employee engagement and retention lead to higher customer satisfaction and loyalty especially in the services sector (Devi 2009). Organization's talent management strategy should contribute to employee engagement, effective recruitment and retention of employees. This will create positive employer brand, employees will want to stay with the organization which will minimize turnover (**Julia Christensen Hughes and Evelina Rog 2008**).

**C. On Boarding and Orientation** It is mentioned that induction plays a major role in employee retention and increases loyalty towards the organization (Gaurav Bagga 2013). Also as mentioned in above point a lot of employees leave within first three months of joining so it is clear that if proper induction of new joiners is not done they will tend to leave the organization. A well planned orientation program must be planned to help retain employees.

**D. Work Life Balance** Employee retention is essential to have a competitive advantage in today's date. Providing emotional support and work life balance to employees helps organizations in low turnover (**Osman M. Karatepe 2013**). The role of work life balance has a direct relation in employee's decision to stay or leave the organisation. Job attitudes such as job satisfaction and commitment, personal reasons such as positive and negative feelings, the role of WLB in employee attrition and, finally, the strategies provided to lessen high turnover rates. The recommendations mentioned include the need for norms on working hours, role models at the workplace, flexi work hours and arrangements, effective talent acquisition and training practices. It has been observed that stress and its various components like emotional exhaustion and job burnout are the major causes of high employee turnover. Ways and methods suggested to improve employee retention and commitment in the hospitality sector include better recruitment and training & development practices to improve employee satisfaction with work and also have WLB (**Deery 2008**).

**E. Culture of the Organization:** Employee engagement and retention lead to higher customer satisfaction and loyalty especially in the services sector. Reasons that lead to employee engagement which not only comprise of pay/compensation and benefits but also factors like good working conditions, flexible work timings, cooperative teams, good bosses, culture and values of the organisation (Devi 2009). Organizations with excellent name, way of life, values, good salary and benefits package for their employees can also help employee retention (**David Pollitt 2007**). Various reasons cited regarding employees decision to stay were organisational culture, support from peers and superiors, growth opportunities, issues related to compensation, employee engagement activities, training and development, positive work environment and good working conditions (**Satyawadi, Joshi, & Shadman, 2011**).

**F. Leadership** (Devi, 2009) According to the author employee retention and talent management are fundamental parts to sustain their leadership and growth in the industry. High potential employees and great leadership attributes have positive correlation to the intention of the employee to stay with the company (Kyndt, Dochy, & Baert, 2010). Having a cooperative and supportive leadership style as a retention and commitment strategy has been put forth (Sarah Leidner, 2013).



**G. Empowerment:** If it is recession or expansion, it doesn't matter how the economy is like, high quality employees are always on demand. When the team/ work environment is such that individuals feel they have the autonomy to give suggestions, take decisions, give feedback, in all feel that they are empowered then they feel truly engaged to the work, to the organisation which leads to greater commitment and retention. Autonomy refers to the discretion with which employees can carry out their responsibility. Thus if employees feel that they can take more and more decisions without the obligation to take permission for each decision taken or each task done by him/her then they feel that they are contributing substantially to the organisational progress and would want to stay in the organisation. The point to which the job provides considerable freedom, autonomy to the individual in scheduling the work and in determining the procedures to be used in carrying it out is known as autonomy (Hackman and Oldhem 1975). Job autonomy is important because it delves into the very dignity of the workers, having considerable autonomy to select work projects, to decide how a job gets accomplished and to set work schedules are important to a large number of employees today (Greenhaus and Callanan 1994). Increase in job autonomy has shown to be related to decrease in stress and absenteeism, empowerment and increase in overall productivity of the employee (Karasek, 1969, Spector 2986).

**H. Work Redesigning** Work redesign refers here to activities that involve the modification of specific jobs or systems of jobs for improving both efficiency and value of employee work experiences. Job characteristics model helps in adding job variety, talent variety, job identity, task significance, independence and feedback. The outcomes of redesigning work are multifold- enhances work motivation and satisfaction for the employees whose work gets enriched (Hackman and Oldhem 1975). Thus redesigning work also helps in enhancing commitment among employees and keeping them glued to the organisation.

**I. Gallup Workplace Surveys and Audits:** According to the Gallup workplace surveys conducted world's best organisations do things differently to systematically improve their employee engagement activities, using the right kind of metrics to enhance productivity, performance, a broad communication policy and development strategy for all the staff. With all the above metrics being measured accordingly would help understand the gravity of the situation in which an organisation is and heading into and thus necessary corrective actions can be taken. A right fit of employee workforce leads to engaged people leading to engaged customers getting back the profits and high productivity finally leading to engaged employees staying in the organisation for a long period of time (Gallup, 2010). It takes into consideration the material attributes, ecological, academic, emotional, professional and mental health of employees. Healthy encouragement doesn't just benefit the employee because a workplace filled with healthy and satisfied employees is a productive workplace that retains its employees.

**J. Role Models at Work:** Setting aside the intrinsic as well as extrinsic factors depending upon which employees decide to either stay or leave the organisation. Factors like job and work satisfaction, work culture, work life balance do affect the decision making but also at the same time employees get motivated to walk that extra mile when they see live examples doing not only well at work but also for the whole of the organisation. Here by role models-it can be anyone from your immediate senior, colleague, boss, manager, etc. But one thing to keep in mind is that all of these people can be effective managers but to be a role model it requires one to have exceptional leadership skills. Thus when employees see people working like that they get highly motivated to perform better and not only that they dream of becoming like them. Some industry related examples of leaders can be Infosys chairman and founder Mr. Narayan Murthy, Apple's founder Mr. Steve Jobs, etc. organisations can improve their employment brand, talent retention and productivity by developing the emotional intelligence of management. Leaders with their management games and ice breaking sessions along with an effective and well thought plan as to how to reveal and what kind of information to reveal is necessary to retain top talent within the organisation. The author adds by saying that leaders keep the culture and teamwork intact. Thus it is very important to reveal the right financial and operational information to them and informing the key indicators of future performance so that the workforce knows exactly what is it that is expected out of them and what are their deliverables (Cottrell, 2012).

#### 4. Discussion

There are no fixed practices that show the relevance and significance as to how to retain employees and keep them committed towards the organization because employers lay different emphasis on different variables depending on what suits their organization best. Hiring employees is just the beginning to creating a strong committed work force. The real task is to retain them.

Based on our research the following points are a list of suggestions we would recommend for employee retention and commitment:-

1. Organizations must conduct "stay" and "exit" interviews to understand as to why employees chose to leave the organisation. This information will help in understanding the reasons why employees leave the organization. Based on this organizations must strengthen their employee-retention strategies.



2. Employers must try and encourage and ask their managers to be more involved in the communication process. Managers should spend considerable time in training employees, motivate good performers move to new positions up the hierarchical ladder and motivate poor performers to work better.
3. Organizations can conduct contests to keep employees motivated. If done in proper manner such programs can keep employees determined and enthusiastic about their jobs.
4. Employers must do smart hiring. They must hire selectively from the beginning by keeping in mind things like diligence, attitude, integrity, academic qualification, skills and experience.
5. Organizations must encourage employees to be part of the company's corporate social responsibility initiatives so that they feel they are not only working for the organization but also they are doing something good for the society.
6. Employers must try and recognize the need for employee's personal time off. Giving employee the time to keep his/her personal life in place is also very important for employee retention.
7. Treating every employee equally and fairly in something employers must always keep in mind because for employees it is very important that their organization treats everyone the same way without any bias

## **5. Conclusion**

Through this research we saw various trends over the years and practices used across industries for improving employee retention and commitment. For any organizations to survive in today's ever increasing competition where employee poaching is on the rise, it is very important to retain their best employees and keep them committed towards the organization.

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