



Employee retention by motivation

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Abstract

Employee motivation is one of the important factors that can help the employer to improve employee and organizational performance. Different theories of motivation are discussed. The paper concludes that employee retention can be practiced better by motivating the employees in the following aspects: Open communication, Employee reward program, Career development program, Performance based bonus, Recreation facilities, Gifts at some occasions.

Keywords: Employee retention, Organizations, Strategies, Career, Performance based.

Introduction

An Employee Retention Program (ERP) is said to be effective when a systematic effort is made to create and foster an environment that encourages and supports employees to remain employed by maintaining strategies and practices in place that addresses their diverse needs.

Employee retention (ER) is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Even though ER has now become a tough task, it is beneficial for the organization as well as the employee.

The job of human resource personnel is done perfect if it places a right person for a right job at a right place in a right time. But retention is more important than hiring. A talented employee will never fall shortage of the opportunities. If a person is not satisfied with the present job, he may switch over to another, of his choice. The top organizations are on the top because they care for their employees and they know how to keep them glued to the organization. Employees stay or leave organizations for many reasons the reasons may be personal or professional. Employees who are satisfied and happy with their jobs are more dedicated and work for organization's growth.

Job satisfaction is something that working people seek and a key element of employee retention which is possible only by making the employee feel comfortable physically and psychologically. The inflationary trends seen in the market economy is causing the job market more competitive. It is getting more difficult to retain employees, as the pool of talent is becoming more-and more tapped-out.

A good employer should know how to attract and retain his employees (Qadria Alkandari, 2009). There might be many other strategies to keep the employees comfortable in the present job but motivation strategies boost the employees on day to day basis. Contrary to modern belief, monetary compensation is not the highest employee motivator. According to the Harvard

Management Update (June, 1988) nine of ten managers think people stay or go because of money. But, Kaye and Evans (2000) conclude that money and perks matter, but employees are interested in challenging and meaningful work, good bosses, and opportunities for learning and development.

Significance of employee retention

Retention is not only important just to reduce the turnover costs or the cost incurred by a company to recruit and train. But the need of retaining employees is more important to retain talented employees from getting poached. There are many factors which show the importance of the employee retention. They may be the turnover cost which includes hundreds of thousands of rupees to the company's expenses. In fact, it is difficult to calculate the turnover cost which includes hiring costs, training costs and productivity loss, industry experts often quote 25% of the average employee salary as a conservative estimate. Company information loss is the next factor which shows the significance of retention. When an employee leaves the organization, he takes with him the valuable information about the organization, the customers, the current projects and also the past history of its competitors to the new employer. Lot of time and money has been spent on an employee in expectation that he works for organizations future return. When the employee leaves the organization the investment is not realized. Customer services are interrupted where customers and clients do business with a company in part because of the people. The relationships between the customers and clients are developed in such a way that encourages continued sponsorship and services of the business. When an employee leaves the organization suddenly, the relationships that employee built for the company are suffered and also could lead to loss of contact with potential customer. Turnover causes to more turnovers because when an employee terminates from the organization the effect is felt throughout the organization where co-workers are often required to pick up the slack. The unspoken negativity from the one who

has been terminated often intensifies for the remaining staff.

Company goodwill also plays an important role in retaining the employees. The maintenance of goodwill of a company is possible only if the attrition rates are low. By maintaining higher employee retention rates the employer can motivate potentially talented employees to join the organization by creating a secured environment. The problem of regaining efficiency is also seen if an employee resigns. The good amount of time is lost in hiring a new employee and then training him/her which indulges loss of the company directly which many a time goes unnoticed. And even after recruiting a new employee one cannot assure the same efficiency from the new employee as the training imparted to the old employee according to the employers needs goes waste.

Reason for attrition

The reasons for the employee's for leaving the organization may be personal or professional. Employees do not leave an organization without any significant reason. The most common reasons are Job Job and person does not match, no growth opportunities, lack of appreciation, lack of trust and no support and coordination among co-workers, seniors and management, Stress from overload and work life imbalance, compensation strategies not implemented properly, when there is a new job offer, etc.

Employee motivation is one of the important factors that can help the employer to improve employee and organizational performance. Through employee motivation, the employer can encourage the employees by enhancing their skills and also by improving their morale. ER involves various steps taken to retain an employee who wishes to move on. Incentives, perks, cash prizes are good motivators to motivate the employees. Performance appraisals are also important motivators to motivate the employees. Increase in employee performance helps the organization achieve higher productivity. Many psychologists have studied the concept of motivation and gave birth to many theories. These theories of motivation help the employers to motivate the employees from the employee's day to day grievances.

Maslow (1943) gave a theory called Maslow's Hierarchy of Needs where motivation helps an individual to satisfy his basic needs. Abraham Maslow depicts the needs as a pyramid with five levels. The lower level in the hierarchy is the Man's basic and more powerful need which influence on the person's behavior. Starting from the lowest level, the five levels are the Physiological needs which satisfy basic human needs such as air, food, water, sleep and shelter. If any of these needs are not satisfied the employee's focus on the job at hand comes down. Then next comes the Safety needs which include personal security, health and well-being employment, financial security, family, property ownership and protection from arbitrary exercise of authority. Social

needs are the needs of people for family, love and friendship, and also to feel a sense of belonging. Employees in the workplace must feel that they belong and can identify with the rest of the workforce. Organizations should have a strategy that satisfies these needs to prevent or reduce anxiety, insecurity and stress among employees which ultimately helps in improving employee productivity.

Esteem needs are the needs that are derived from recognition resulting in feelings of acceptance, prestige and status. Employees who are satisfied with the needs of the self-esteem can result in feelings of adequacy, confidence and competence. These esteem needs gives the employees a sense of importance and also provide them with opportunities to contribute. People also need to feel self-confident and a sense of achievement, to respect others and to be respected in return. If esteem needs are not full-filled, employees will feel discouraged and inferior this affects their enthusiasm and performance level. Growth needs are the needs which employees' needs for growth and self-actualization. Self-actualization stage is the one which is achieved with the full potential in their personal life and in their career. Employees want to realize their aspiration and also want to attain the highest possible level in their job. People need opportunities to express their creativity and their ability in problem solving. Maslow contended that growth needs have lasting motivational effects on employees, helping them to maintain and improve their work performance. The needs from the second to the fifth level are psychological needs. It is said that satisfaction of these needs are not as powerful as the first level of needs in influencing people's behavior. Even after being the low level needs are lower in the order of priority they are highly important in nature. The need for self-actualization is the highest level of needs. This has profound effect on employee interest and commitment.

However, in 1970, Maslow added two further higher needs in his theory. Aesthetic needs which are the needs of people to create and experience beauty, and balance in life. Cognitive needs are people's needs for knowledge acquisition and the interest to understand the origin of that knowledge. These cognitive needs are the needs relevant to employee training activities and employee motivation. From these theories it is inferred that , it is not easy for the employer to plan what employee's need to focus on in order to motivate the employees as of their requirements and implement a system of employee benefits that truly motivates and encourages the employees to perform to the best of their ability, knowledge and develop their efficiency.

Elton Mayo (2003) believed that workers are not just concerned with money but could be better motivated by having their social needs met whilst at work (something that Taylor ignored). He introduced the Human Relation School of thought, which focused on employers taking more of an interest in the employees respecting their

opinions and treating them as people who have worthwhile knowledge and realized that employees feel comfortable and enjoy interacting together. Mayo conducted a series of experiments at the Hawthorne factory of the Western Electric Company in Chicago. Elton Mayo isolated women employees into two groups and studied the effect on their efficiency and productivity levels by changing factors such as lighting and working conditions. Mayo concluded that employees are motivated better by proper communication between employees and employer. Hawthorne workers were consulted over the experiments and also had the opportunity to give feedback. Greater employer involvement in employees working lives responded to the increased level of attention they were receiving. Working in groups or teams gave rise to the better productivity levels which was not made as a practice in past.

Frederick Herzberg had close relations with Maslow and believed in a two-factor theory of motivation. He believed that there are certain factors that a business should introduce that would directly motivate employees to work harder and which are also called the Motivators. However there are certain factors that de-motivate the employees to work hard. Hygiene factors are the most important Motivators. They are more concerned with the actual job itself. For example however interesting the work is and ample number of opportunities it gives for extra responsibility, recognition and promotion. Hygiene factors are factors which 'surround the job' rather than the job itself. Many a times employees will turn up to work only if an organization has provided a reasonable level of pay and safety measures in working conditions but these factors will not make him work harder at his job once he is there. Importantly Herzberg viewed pay as a hygiene factor which is in direct contrast to Taylor who viewed pay and piece-rate in particular. According to Frederick Herzberg the factor of hygiene or the pay to the work performed is the biggest motivator that helps the employees to retain in a particular workplace for a longer period of time.

Herzberg believed that organizations should motivate employees by adopting a democratic approach to management and by improving the nature and content of the actual job through certain methods. Some of the motivating methods employers can use to achieve this are, Job enlargement - employees being given more variety of tasks to perform which are if not necessarily more challenging but which should make the work more interesting. The Job enrichment is which involves employees being given a wider range of more complex, interesting and challenging tasks surrounding a complete unit of organization's work. This gives a greater sense of achievement. Empowerment means delegating more power to employees to make their own decisions in certain areas of their working life.

McGregor's X-Y Theory (1985) centrally worked on organizational development which in turn improves

organizational culture." Theory X refers to an "authoritarian" style of managing employees at work, where the average employee does not like going to work. Only the threat of punishment forces him or her to perform. This type of people who belong to the theory X category prefers being directed. They try to avoid their responsibility if possible at every opportunity, which create a lot of stress in the work place. Theory Y is a category of participative management style employees. Employees of this group of Theory - Y self-direct themselves to pursue the achievement of organizational objectives. They have the self-driven urge to seek additional responsibilities. They are of self-motivated attitude. The employer if satisfied with the employee of Theory X category who is not self motivated need to retain them by motivating them to work.

Apart from the different theories of motivation given by different people there are many other strategies by which the employer can motivate the employees. Employee retention involves five major aspects of motivation like Compensation, Growth, Support, Relationship and environment. The employees in the organization expect compensation as the motivation strategy for their personal benefits. Compensation is an important motivator when the employer rewards the employee for his achievement of the desired organizational results.

It is said "that money is a most powerful source of motivation. But it is also said that the strategy of salary increase can only motivate the employee until the next pay increase is due. Compensation strategies can reinforce the organizational culture desired. The performance of the employee is related to the pay .This is an enabling organizational culture under which pay is linked to performance. Compensation acts as a good motivator to attract and retain talented people. Most of the employees related their job satisfaction with the amount of salary paid. This objective of compensation requires the employer to offer a salary that is not lower than the market rates. When an employer wants better customer service, employee behaviors that produce superior service are to be rewarded. The employer should not dwell upon the amount of salary paid to the employees, but at the same time can expect good performance. The employer should show a feel of fair and appropriate written policy with the right and appropriate actions that demonstrate the employees that you are a fair and just employer.

A strategy of Equitable Compensation Like employees working elsewhere in other organizations and the employees within the organization are concerned with compensation equity. While drawing up the compensation strategy the employer has to take this into consideration. When employees notice inequities in the salary paid, their morale and motivation will suffer. Secrecy in the pay also generates mistrust, and reduces motivation and organizational effectiveness. The employers don't have to

worry about his talent people resigning by adopting good compensation strategy. If the fair-handedness is believed by the employees, it is very probable that they will not leave the organization and go away. Growth in the employee's career is also a good motivating factor. The employees feel motivated if they are given a hike in the position than they are in. The existing employees should be given priorities for their continuity. Organizations invest lot of time and money in training and educating employees, they are highly affected when trained employees check out, especially in the middle of a project or venture. If they are given an opportunity Employees most often prefer to stay with the same company and use their time and experience for personal growth and development and try to seek growth in their career. Support from the employer in crisis, helps to maintain healthy relationship with the employer and also with other employees in the organization and as a result gives work friendly environment. The employees as they spend their maximum time at their workplace they expect the working environment hygiene. These are some strategies which motivate the employees and increase the succession rates.

There are some of the retention strategies which are proved successfully like Transparent Work Culture which in this fast paced environment employee constantly achieve organizational goals under given time frame. Open mindedness and transparent work culture play an important role in employee retention. A transparent work environment serves as one of the primary triggers which facilitate accountability, trust, communication, responsibility, pride and so on. Employees rigorously communicate with their peers and exchange ideas and thoughts before they are finally matured in to full-blown concepts in a transparent work culture. Responsibility among employees is induced and accountability towards other peers, which gradually builds up trust and pride. Quality of Work is another proven retention strategy. Any organization's success depends on how it attracts recruits, motivates, and retains its workforce. To retain the talented workforce and gain their commitment organizations need to be more flexible. Thus, organizations when focused on their work life issues can retain employees better. The elements that are relevant to an individual's quality of work life include the task, the physical work environment, social environment within the organization, administrative system and relationship between life on and off the job. Occupational health care, Suitable working time, Appropriate salary positively nurture a more flexible, loyal, and motivated workforce, which are essential in determining the company's competitiveness.

Providing support to the employees acts as a mantra for retraining the talented workforce. Employers can also support their employees by creating an environment of trust and inculcating the organizational values into employees. The management can support employees

directly or indirectly. Directly, they provide support in terms of personal crises, managing stress and personal development. Indirectly, employer's can support employees, in a number of ways like Manage employee turnover, Become employer of choice, Engage the new recruits, Optimize employee engagement, Coaching and mentoring. Feedback strategy is the amount of information employees receive about how well or how poorly they have performed. It acts as a channel between the employee and the employer. Employers can provide either positive feedback or negative feedback to employees.

This feedback helps the employee assess their performance and identify the improvement areas. Without the policy of providing feedback the employees get demotivated and lead to employee absenteeism. Input from employer's side is necessary as it help employees to improve their performance and increase efficiency. In the process of the communication between Employee and Employer a message is conveyed to the receiver by the sender. The message may be or may not be in a common format or language that both the sender and receiver understand. So there is a need to encode and decode the message in the process. The process of communication is incomplete without the feedback. Communication between the employee and the employer lead to unimaginable heights of employee retention. Open door policy is a communication strategy where organizations support open door policies so that the employees feel comfortable and are able to express their doubts and feeling to their employers, Frequent meetings and Social gatherings, Emails, Newsletters, Intranet and many more are the different communication mediums.

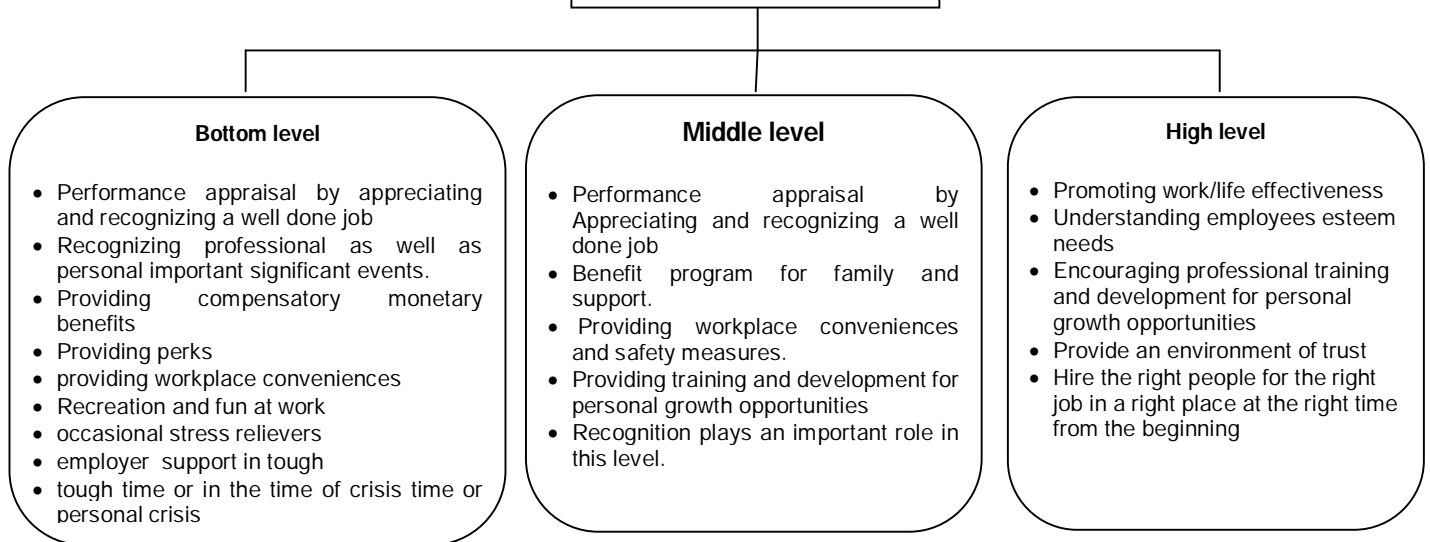
Employee retention strategies

Apart from the retention success strategies and the different theories of motivation there are few retention strategies which are classified into three levels bottom level, middle level and high level. The following are some of the primary key aspects that Attract and Retain Talented workforce practiced in different organizations.

An organization which produces Baby product retains its experienced hands by maintaining Strong values of trust, caring fairness, and respect within the organization, Freedom to operate at work, Early responsibility in career, Training and learning opportunities, Visible, transparent and accessible leaders, Competitive rewards, Innovative HR programs and practices so that it can maintain the reputation in its product usage.

Another organization which produces body care products for elders assures its employees and retains by Performance-driven Rewards. Its belief in "Growing our own timber", Comprehensive development and learning programs, Flat organization, where performance could lead to very quick progression, Challenging work context, Competitive rewards, Exhaustive induction and orientation program which ultimately attracts the new talent also.

Retention Strategies



Some organizations retain the employees due to its Company brand, Open, transparent, and caring organization, Management according to the managing with respect to guiding principles, Training and development programs, Structured career planning process, Global career opportunities, Early opportunities for growth, High degree of autonomy, Value compatibility, Innovative people program, Work ethics, Challenging work assignments, Growing organization, Due to the group brand equity, Strong corporate governance and citizenship, Commitment to learning and development, Best in people practices, Assuring Job stability, Freedom to work and innovate and so on.

An organization X being a public sector which manufactures product A gave the employees early responsibilities in career, Flexible and transparent organizational culture, Global opportunities through a variety of exposure and diverse experiences, Performance Recognition to retain the talent. An organization Y registered as a private sector producing product B due to its Strong global brand, Pioneer in many people practices. Value-based environment retains the talented workforce, An organization Z registered as a corporate sector producing product C encourages and motivates the employees by Learning and growth opportunities, Competitive rewards, Opportunity to grow, learn and implement Strong social security and employee welfare performance- oriented culture. Companies have now realized the importance of retaining their quality workforce. Retaining quality performers contributes and ensures the productivity of the organization and increases morale among employees. The basic factors that play an important dominating role in increasing employee retention include salary and remuneration, providing recognition, benefits and opportunities for individual growth.

This paper concludes that employee retention can be practiced better by motivating the employees in the aspects of Open Communication which enforces loyalty among employees. Open communication tends to keep employees informed on key issues. Most importantly, they need to know

that their opinions matter and that management is 100% interested in their input. Employee Reward Program where as positive recognition for work boosts the motivational levels of employees. Recognition can be made explicit by providing awards like best employee of the month or punctuality award. Project based recognition also has great significance. The award can be in terms of gifts or money.

Career Development Program helps when an individual is worried about his/her career. An employee is always keen to know his/her career path in the company. Organizations can offer various technical certification courses which will help employees in enhancing their knowledge. Performance Based Bonus ensures a provision of performance linked bonus wherein an employee is able to relate his performance with the company profits and hence will get motivated to work hard. This bonus should strictly be productivity based. Recreation facilities help in keeping employees away from stress factors and enable them for better work life. Various recreational programs should be arranged which include taking employees to trips annually or bi-annually, celebrating anniversaries, sports activities, et al. Gifts at Some occasions at the time of one or two festivals to the employees make them feel good and understand that the organization is concerned about them.

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