

The Effectiveness of Retention Strategies' on Employee Retention

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Abstract

Employees are the most valuable assets of any organization. It is therefore profitable for an organization to treasure and do everything possible to keep and safeguard those assets. While employee turnover at the end is inevitable, it should however be minimized to the barest minimum. This is because investments on human capital can only be productive when an employee remains with an organization for a longer period of time. Human resource managers have a whole lot of work to do in formulating strategies that will not only reduce employee turnover but also eradicate it if possible. This study attempts to clarify views and explanations on employee retention and strategies for retaining employees using relevant literatures and previous views on the concepts.

Keywords: Employees • Human resources • Retention • Employee retention • Employee turnover • Retention strategies • Organization

Introduction

Employees are the most important component of an organization in this 21st century. Human resources management has overtime experienced some dynamic changes as the world experiences globalization. These changes ranges from the recruitment and selection processes, the training processes and methods, the reward and motivation strategies, employee participation policies and human resources planning policies [1].

Advancement in technology has also opened up some new channels of problems and challenges for human resources [2]. Human resources have recently been confronted with mirage of challenges such as unskilled manpower, sourcing for the right quality talents, growing rate of competition in the business environment and financial capacity to power expansion plans.

Aside the various challenges confronted by human resources management are a significant issue that bothers on the retention of skilled and quality manpower in an organization [3]. This has become a challenge to the rising shortage of skilled manpower to drive the organizational processes and advancement of an enterprise. Quality employees are usually scouting for where they will be better appreciated financially or considered for bigger position. They move from one organization to the other in search for what is generally termed as "greener pastures".

For any organization that strives to keep the best of the best in other to be ahead of its competitors, such an organization must be strategic in decisions that have to do with retention of quality hands

or manpower [4]. This is because when these quality hands leaves the organization, they become a weaker competitor and in most cases finds it hard to survive in the business environment. Employee plays an extremely vital role in the sustainability and growth of a firm. In organizations, competitive advantage lies majorly and piloted by human resources. The various innovative skills of employees determines the level of profit and loss in most organizations.

Organizations must design top notch retention strategies and policies that will help to keep in check the growing rate of employee turnover (both exits and entrance). These strategies must be highly competitive enough to make existing employees have no reason to contemplate leaving for a better place [5].

Retention of key employees is critical to the long- term health and success of any organization. Retaining the best employees also ensures and facilitates customer satisfaction, increased product sales, satisfied employees, and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning. These various strategies must be designed in such a way that employees are satisfied and happy at every point in time in the organization. When they are happy, they will in turn offer their best to the organization and will not think of leaving for another place [6].

The benefits are so enormous that it can be likened to the key survival strategy of an organization.

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Literature Review

Employee retention

These are efforts made by an organization to ensure that its valued manpower does not leave or steps taken to ensure that highly skilled talents remains in the organization [7]. James and Matthew describe employee retention as the primary reason why an organization prevents their employees from leaving.

The most of all challenges that organization faces in contemporary times is not only harnessing human resources but also retaining them. Retaining talented employees plays an important role in any firm, for the reason that employees' knowledge and key competences are essential to the organization's ability to compete favorably economically [8].

The ability of an organization to keep its talented hands is often referred to as employee retention. This means there is something the organization is doing better than other competitors in the areas of human capital management. Growing rate of industrial rivalry and business competition has made it a challenge to keep top talents in a particular organization for a longer period of time. It is true to say it is the most of all challenges facing the business environment today [9]. It is not also good for the business if an organization fails to retain good talents as it sends wrong signals to both the customer and potential employees.

Hom and Griffeth opined that the need to retain the employee is that, as organization has incurred cost on recruitment and has invested huge money on each and every employee for giving training to develop them to fit for the organization and to improve the efficiency of the employees, so obviously it is the expectation of the organization to make use of the outcome of the training for its development [10]. In order to confront the problem of attrition of employees, organizations are making policies with respect to recruitment, selection, induction, training and development, compensation and benefits, designing job, evaluation of job and wage standards etc., which in turn helps to retain the employees in the long run.

Why employee retention?

Organizations while designing and formulating retention strategies must put some considerations in mind. These considerations must properly capture factors that gave rise to the issue of planning retention [11].

Terence et al., for instance stated that there are so many reasons for an employee to leave an organization voluntarily. Some may be personal and some may be influenced by organizational factors. Personal reasons such as family situation, career growth and attractive job offers etc. Organization factors includes lack of promotional opportunities, unfair treatment among employees and mismatch between personal values and organizational values etc. all these various reasons must be critically looked into while designing policies that will put the issue to rest.

Employee turnover are the major reasons for employee retention strategies. This is a situation whereby an employee exits an organization even when it is not desirable. It is categorized into two

ways according to Allen, Bryant, and Vardaman, who described it as voluntary and involuntary turnover. In their works, voluntary turnover was described as a situation where an employee exits an organization as decided by him or herself for reasons such as job dissatisfaction, job insecurity, lack of growth and development plans, economic insecurity, poor relationship with superiors or subordinates, lack of job autonomy and so many other personal reasons [12].

Involuntary turnover according to Allen, et al can also be described as a situation whereby an employee leaves an organization unplanned or as dictated by the management of the organization. These reasons ranges from restructuring, downsizing, lack of performance as a result of appraisal and incompetence. Employees also leave an organization citing reasons like lack of opportunity for career development etc.

Generally, the issue of employee turnover does not totally rest on employee exits alone. The issue of absorbing new intakes and all processes involved in their recruited and amounts expended on trainings and grooming them to perfection and golden eggs are usually a source of worry for human resources managers and the management of organizations [13].

Employee retention strategies

Employee Retention Strategies' goal is to help organizations see the underlying contributors to retention and make the essential changes to build lasting, sustainable retention-rich cultures. Employee retention strategies help organizations to provide effective employee communication to improve commitment and enhance workforce support for key management initiatives.

No organization likes its employee leaving for any reason and the reasons are clear. An organization employs a staff through rigorous processes, expended resources on the hiring process and training of the employee, spends money to ensure that reward matches skills and competence, sends such employee on employee development trainings both locally and abroad and such employee suddenly leaves to become the property of a competitor which is usually the case.

The strategies for building retention are listed as follows:

Competitive compensation plans: This constitutes the most part of all retention policies designed by any organization. In every organization, expectation of workers are usually high as regards the issue of pay especially when they know that they have so much inputs in the successes of the organization. Expectations are also usually high when employees realize that they have so much value in the organization. This is why an organization must design competitive and standard compensation packages that will compete favorably in the business environment so that employees do not have any reason to leave. Though it is hard to prevent turnover, however the rate can be minimized through this mechanism. Organizations can make provisions for annual vacations abroad for top talents and making company shares available to them. That way, their commitments can be retained in the services of the organization. Milkovich and Newman assert clearly that amongst all forms of reward system, monetary pay is strategically important and key when talking about retention tools.

Conducive working atmosphere: Ramlall emphasized the importance of identifying individual needs on the job of an employee in an organization as it will aid the growth of employee commitment and loyalty.

For some employees, a good working atmosphere or environment is more palatable to them than pay. Working atmosphere such as neat and spacious office space, well litted and properly air-conditioned offices and provision of necessary working tools are some of the propellers of retention for some employees. It can be frustrating to be in an organization where tedious and mentally draining works are carried out during heat seasons for instance without an air-conditioning unit. Another instance is an engineering employee working in a firm or plant where safety measures and gears are not in place. For such employee, provision of helmets, safety boots, first aid kits and gloves are key even before any monetary incentives.

Investment in training and development of manpower: Oladele in his work on "Human Resources Management in Nigeria" is of the opinion that regardless of the qualifications of an employee prior to joining an organization, it is profitable for an organization to continue to train and retrain the employee to help them perform well on the job. Bassi and Van Buren identified in their research on retention that competency and professional advancement is the primary factor for retention of employees which are acquired through training. Investing money on training is not a cost; it adds value and strategy of an organization is reflected through training for the growth and successful survival. These trainings might be in form of handling of technical and operational equipment or usually theoretical administrative skills. Messmer made findings according to research that one of the important factors in employee retention is that employees usually value this and see it as the organization adding value to them for their own personal benefits. Retention is investment on employee training and career development. For instance, with the advancement in technology globally, an employee will value an organization that places value on updating him with latest trends in technology as regards work. This will not only update their skills but add make them happy and comfortable with the organization thereby remaining committed for as long as possible.

Shared management as a retention tool: Employee participation remains one of the most viable tools towards retention of employees. Employee participation are in various forms such as participation in decision making, participation in profit sharing, participation in share holdings and participation in policy formulation. These give employees bigger sense of belonging in an enterprise and make them have a feeling of a part owner of the organization thereby making them to remain in the organization. Keeping employees informed about all happenings in the business no matter how low their rank is gives them a sense of ownership.

Career advancement and growth opportunities: An organization that is well structured with a clear path for career growth and advancement will have better chances of retaining the best of the best talents. Employees who have a perception of a steady mobility in their career will likely have a longer stay in an organization. Organization must plan and design its structures in such a way that gives room for upward movement of employees on the career ladder.

Talented employees are required for maintaining a competitive advantage and employees want career growth opportunities to develop and rise in their career ladder. Such plans include advancement plans, internal promotion and accurate career previews at the time of hiring.

An expanded body of knowledge has also discovered a very strong correlation of variables attributed to job satisfaction like promotion with employee retention. This is because promotion on a job comes with various rewards like higher pay range, official vehicles and accommodation in some cases and additional perks on the job. When employees sense an atmosphere of progression, he or she wishes to start and retire his or her career with the organization.

Engagement of quality human resources generalist: It is basically the duty of human resources management to drive all human resource policy of an organization. To derive effective results from these policies, it requires the hiring of an experienced human resources generalist that is vast and well experienced in the formulation of skill based human resource policy that will be beneficial to the organization.

According to Roger E. Herman "employee retention is not an HR issue, it is a management issue" and that is why the role of an employee retention specialist becomes very important. He is a person who is educated and trained to help management in improving the performance of employees and reduce turnover cost. In other words, management must make it a requirement when hiring human resource managers to have an experience in the areas of formulating retention policies as this will save the organization some costs in the management of employee turnover.

Institutionalize participative leadership style: The leadership style in an organization goes a long way in determining the perception of employees about the management of the organization. When leadership is perceived to be participative, that is, carrying workers along when formulating policies and taking decisions that has to do with them, they tend to be comfortable with such organization and are in turn committed to that organization. The role of leadership is very critical in employee retention. According to Doh, Stumpf, and Tymon responsible leadership has three components (1) Stakeholder culture where ethical and social behavior is of paramount importance (2) Fair and inclusive HR practices (3) Full managerial support for employee development. Organizations where coercion and autocratic approach is being practiced will continually lack the capacity to keep and accommodate good talents. There is also a strong correlation between the working relationship between the management and the employees and employee turnover.

Job design and enrichment: Organization that allows flexibility on the job or allows an employee to handle task higher than the office they occupy tends to keep an employee for a longer period of time. When jobs are flexible and allows an employee to work based on convenience of time and location, it gives the employee lesser sense of worry and makes them get more committed to their job. There is this happiness that comes with such liberty. Apportioning responsibilities of may be a manager to a supervisor will not only make the supervisor feel engaged but signals the fact that he is learning the ropes and being prepared for the next rank and level of responsibility. According to Jeffrey Hill et al. work flexibility can be defined as "the ability of workers to make choices influencing when,

where and how long they engage in the work-related task". If employees are given with the option of workplace flexibility, they will find options to balance their work and life.

Discussion

Alternatives to retention strategies

Recruitment and selection process: The most important and vital part of managing human resources as regards retention is the recruitment and selection processes of the organization. This is actually where retention starts from. Retention begins long before an employee's first day on the job. In the twenty-first century employment world, organizations must look at the foundations of retention through the eyes of potential employees. They are the customers for their jobs. Job descriptions, recruitment, selection, and orientation are the foundations of retention. If a good foundation is not prepared for the employees, organizations cannot expect them to stay. Employees will no longer endure what they do not like in their employment situation. They have the power in the knowledge of their abilities and confidence in their value in the marketplace. With greater loyalty to their career and their skills than to their employer, they move on.

Frankeiss discussed in this study that policies and practices on talent management, recruitment and selection policy can play an important role in decreasing the attrition rates. Organizations must determine what they want in an employee from the scratch of them making plans to join the organization. Recruiting the right person in the first place would be the best practices for retention of employees. This has been established by so many schools of thoughts to have been responsible for low employee turnover in the business environment.

Human resources managers must ensure strict adherence to key human resources policy on recruitment so as to ensure that those being recruited are actually those who shares same value system with the organizational culture and are willing to really be part of the organization. This will save them of future calamities of them suddenly leaving the organization even when the organization has not made plans for their replacement.

Successes of retention strategies

Consistent productivity: one of the positive results of a good retention strategy is consistent productivity in the enterprise. The organization becomes continually productive with a possibility of attaining market leadership.

Competitiveness: success recorded by a good retention strategy also includes competitiveness. Competitiveness in the sense that the organization begins to stand shoulder to shoulder with top competitors. This puts the organization in a position of a successful enterprise.

Best place to work: when retention strategies are successful, the organization becomes a cynosure of all eyes as it builds a perception of the best place to work in the minds of potential hires. It creates a culture of excellence in the eye of the public. People hardly take organizations where people quit at intervals seriously.

Organizational growth: for any organization that has the capacity to successfully drive a retention strategy, such organization is on a path of steady growth as commitments of the employees together with profitability drives the development process of an organization.

Sustained template: when retention strategies are successful, it becomes a template for human resources planning to use for future human resources needs of an organization. When there is a template on ground, Human resources finds it easier to tackle challenges as they appear.

Job satisfaction: employees are in turn satisfied with their jobs when retention strategies are successful. This is the one major way to really judge if is working or not as an employee that is not satisfied with his or her job will quit the organization in the shortest possible time of him or her not been satisfied.

Conclusion

Right talents for the right jobs is not only a major challenge; but retaining them is also another great challenge for human resource professionals and management of organizations. To retain and also to have committed employees takes a whole lot of strategies as basically there are no standard HR practices for really managing retention in organizations. From the above reviews, it is found that some studies were focused on the internal factors and some on the external factors influencing retention. Organizations are generally advised to design and implement strategies depending on the nature of their businesses and the industry in which they operate. It is also always advisable that organizations conduct exit interviews for employees that are leaving as it will be highly advantageous to identify the motives and reasons why an employee might choose to leave an organization. This I believe will in turn reduce attrition level and result in increase in employee retention. Various studies and findings have shown that retention strategies when properly tailored will not only retain the best talents but also sustain the organization on the long run.

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