



Employee Retention



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About the Tutorial

Employee Retention is defined as an organization's ability to retain its employees. It can also be called as a process, in which the resources are motivated and encouraged to stay in an organization for a longer period of time. Employee retention is mandatory and beneficial for the organization as well as for the employees.

This tutorial covers the basics of Employee Retention and explains how to utilize the human resources of a company in the best possible way.

Audience

This tutorial is primarily designed for Human Resources personnel and Managers, who seek to understand the various strategies to retain employees while working towards achieving the desired goals, especially during challenging times. It is also helpful in retaining others so that they can deliver quality output with the desired quality, especially, under strict deadlines.

Prerequisites

The readers of this tutorial are expected to have a basic understanding of the complexity of Employee Retention and the strategies for retaining the employees in an organization.

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Table of Contents

About the Tutorial	i
Audience.....	i
Prerequisites.....	i
Disclaimer & Copyright.....	i
Table of Contents	ii
1. Employee Retention – Introduction	1
2. Employee Retention – Importance.....	4
3. Why Do Employees Leave?	6
4. How to Retain Employees?	8
5. Employee Retention – Strategies	11
6. Employee Retention – Retention Programs	13
7. Employee Retention – Role of Motivation	17
8. Employee Retention – The Role of HR.....	20
9. Employee Retention – Role of Leaders.....	22
10. Employee Retention & Employee Engagement	24
11. Employee Retention – Challenges	26

1. Employee Retention – Introduction

It is impossible for an organization to survive if its top performers quit. It is essential for the management to retain its valuable employees who think in favor of the organization and contribute their level best. An organization needs employees who are loyal and work hard with full dedication to achieve the organization's objective.

Employee Retention is defined as an organization's ability to retain its employees. It can also be called as a process, in which the resources are motivated and encouraged to stay in an organization for a longer period of time for the sustainability of the organization.

The ultimate aim of Employee Retention is to make both the stakeholders, i.e., employees and employer happier. It facilitates loyal employees sticking to the company for a longer duration, which in turn will benefit both the stakeholders.

Employee retention is not just a matter that can be dealt with records and reports. It purely depends upon how the employers understand the various concerns of the employees and how they help them resolve their problem, when they are in need.

Every organization spends time and invests money in grooming new employees and make them corporate-ready. The organization will be in complete loss, if such employees quit after they are fully trained.

Objectives of Employee Retention

It is very important for an organization to attract, hire, and retain the right resources. Most of the organizations are very effective, when it comes to attracting and hiring new talents, but they fail in retaining the same talents.

There can be many reasons for an employee to leave an organization. It is very essential for an organization to know the reasons, which can help the organization in making the job attractive and encourage the employees to stay with the organization

The first and foremost requirement is to measure the key factors which influence the retention rates, such as salary expectations, employee engagement, working environment and boss/managers. Once these measurements are identified, the initiatives are to be planned and to be implemented for improvement of the retention rate.

The HR department has to provide the line managers with the right tools to retain talented employees. The retain policy should be designed with flexible schemes that can be changed according to the prevailing conditions. It is the manager who can influence the employee, but the Human Resources department has to provide the managers with the required tools and channels to influence the employees effectively.



In an organization, the core driver of retention policies are the strategies behind them. The team of line managers and the leaders are the owners of the documentation and the HR department has to measure the progress, successes and failures of the strategies applied. The ownership of the strategies falls on the team of line managers and the leaders, who need to protect the work interests of the employees and retain them.

Finally, the retention program has to be measured. The HR department has to measure the performance of the retention plan. They should measure the difference in the turnover, the development of the attrition and the satisfaction of employees in the program.

Employee Retention Strategies

Most organizations apply the following strategies to retain their employees:

- Create open communication between employees and management.
- Conduct "stay" interviews.
- Provide some small perks.
- Offer financial rewards.
- Make sure employees know what you expect of them.
- Use healthy competition and incentives to help keep workers motivated and make them feel rewarded.

- Foster employee development.
- Promote from within, whenever possible.

Employee retention also refers to the various policies and practices applied within an organization for employees to stick to their jobs and fulfill their responsibilities over a longer period of time.

2. Employee Retention – Importance

Retention of a positive and motivated employee is very important for the organization's success. High employee turnover increases the expenses and also has a negative impact on the organization's morale. Implementation of an employee retention program is an effective way of making sure that the pivotal workers remain employed while balancing and maintaining job performance and productivity.

- **Recruitment Enhancement:** Effective retention strategies often begin during the employee recruitment process.
- **Employee Turnover Management:** Employers implement retention strategies to manage employee turnover and attract quality employees.
- **Performance and Productivity Maintenance:** Employee retention practices help support an organization's productivity.
- **Cost Effective:** An organization can significantly get benefit from employee retention programs because of a direct effect on an employer's strategies.
- **Increases Morale:** Employees who enjoy what they do and the atmosphere in which they work are more likely to remain employed with their organization over a longer period of time.



Retaining a Valuable Employee is Essential

The organization and management should understand the difference between a valuable employee and an employee who does not contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change.

- An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture.
- An employee, who resigns from the present organization, may join the competitor.
- It is essential for the organization to retain the valuable employees showing potential.
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better.
- Hiring is not an easy process.
- It has been observed that individuals staying in an organization for a longer time are more loyal towards the management and the organization.

Adverse Effects of Poor Employee Retention

Following are some of the adverse effects of poor employee retention:

- Loss of Company Knowledge – When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history.
- Interruption of Customer Service – Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business.
- Regaining efficiency – If an employee resigns, then a good amount of time is lost in hiring a new employee and then training him. It is expensive and leads to a temporary loss in efficiency.

When a senior member decides to leave the organization, its effect can be felt throughout the organization, which in some cases, leads to more resignations.

3. Why Do Employees Leave?

Research says that most of the resources or employees quit or leave an organization because of frustration and constant friction with their boss or superiors or other team members. The reasons can vary with the cases – low salary, lack of motivation, lack of growth prospects, which make an employee to look out for a job change.

It is not just the Management and the Human Resources Managers, but also the Line Managers who are responsible to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day.

The rules and regulations change once a lady staff is involved. Consistent with the survey conducted, the key reason for women employees leaving the organization is not just the remuneration or compensation; discontentment, constant friction with the team members or the superiors or lack of growth prospects, lack of career development and lack of motivation by the leader play a major role in influencing the decision of an employee for leaving the organization.

Pregnancy happens to be one of the critical reasons for female employees deciding on whether to leave or stay in an organization. Maternity benefit is the key retention and motivating factor for female employees.

It is not that employees do not have good opportunities in hand, but if they feel dissatisfied with the current job or the employer, they switch over to the next job. So, it is the responsibility of the employer to retain the best employees. Hence, a good employer should know how to attract and retain the good and the best employees.

Employees do not leave any organization without any significant reason. There are many circumstances that influence an employee to leave the organization. **The most common reasons why employees leave their employers are as follows:**

- Job is not what the employee expected to be
- Job and responsibilities mismatch
- No growth opportunities
- Lack of appreciation
- Lack of trust and support in coworkers, seniors and management
- Stress from overwork and work life imbalance
- Compensation
- New job offers

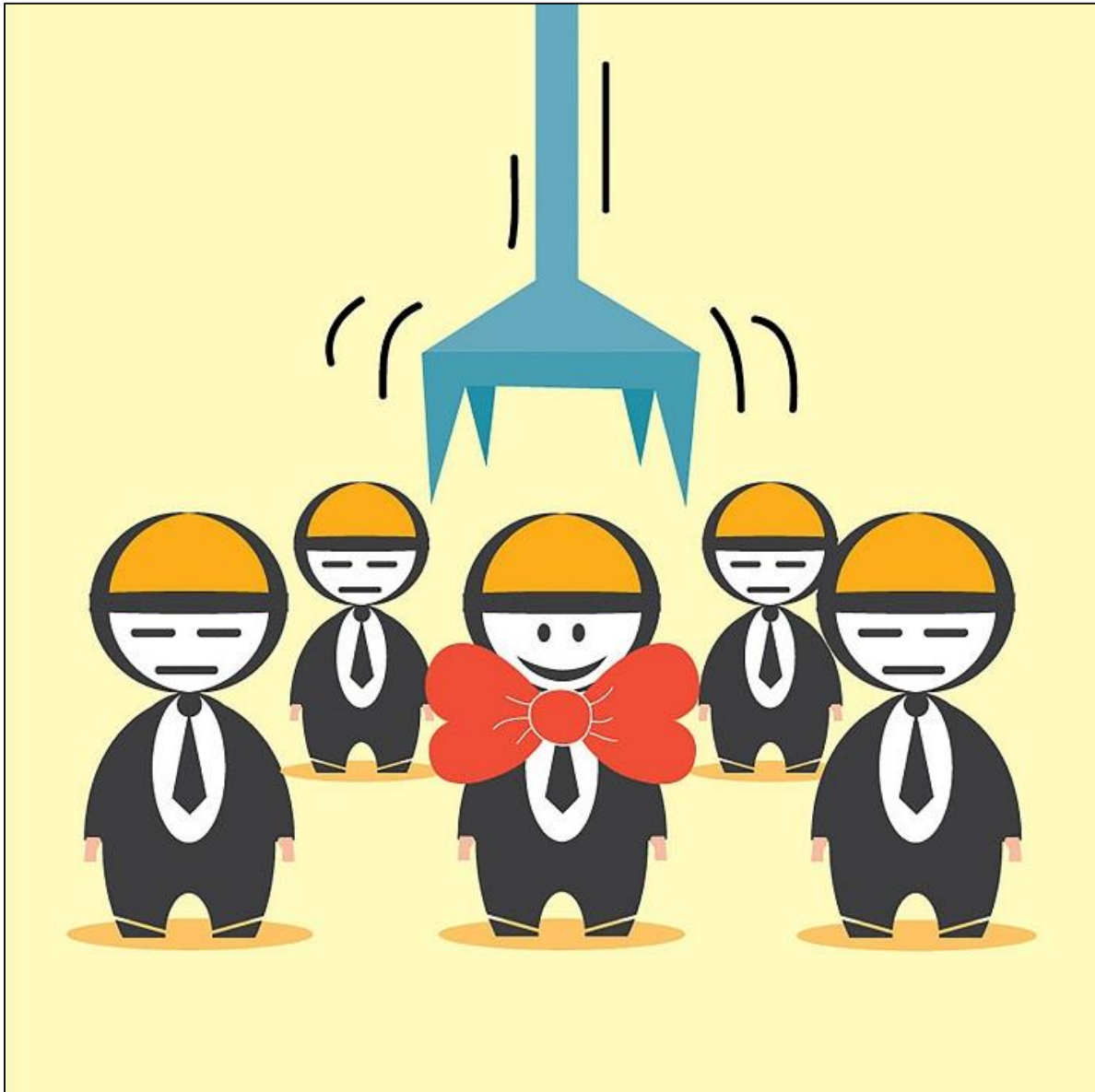
Example

In an organization "XYZ", there was an employee "a", who was very talented and was to deliver his work within the time frame allocated to him. He was a dedicated employee and never used to interfere in unnecessary gossips or rumors and used to be away from others. The quality of work output was excellent without any errors and was always thought provoking and innovative. He was very serious about his work and his work performance was always appreciated.

There was an employee "**b**", who was the immediate boss to "**a**" and never liked the work of "**a**" and always used to consider that "**a**" is the biggest threat at the workplace. So, "**b**" used to insult and always demotivate employee "**a**". This made "**a**" very much tortured and disturbed and finally "**a**" got fed up with "**b**" and decided to move to another organization.

4. How to Retain Employees?

An organization should develop a work culture that encourages creativity and diversity and puts in place an effective anti-discrimination policy, that promotes flexible working, where possible. Making your employees feel valued and proud of the work that they do, will not only do wonders for your employer branding strategy, but will also improve your employee turnover rate also.



Following are the most common reasons that influence an employee to quit his/her job:

- Commuting to work
- Dissatisfaction with management
- Lack of work/life balance

- Poor salary and benefits
- Not getting along with colleagues
- A lack of training and development opportunities

How to Retain Employees?

Retaining a motivated and an optimistic employee is vital to any organization's growth and success. There will be a negative effect on an organization's morale, if employee turnover increases the expenses. Implementation of an employee retention program is an effective way in making the key workers remain employed while maintaining job productivity and performance.

For creating a strong workforce, hiring of employees is the starting phase of any organization. Next, you have to keep them retained. High employee turnover costs business owners in productivity and time.

Strategies to Retain Employees

Let us now understand the strategies applied by employers to retain good employees:

- **Exit Interviews** – Conduct “stay” interviews, in addition to performing exit interviews to learn why employees are leaving; also consider asking longer-tenured employees why they stay.
- **Asking Questions** – Ask questions such as:
 - Why did you come to work here?
 - Why have you stayed?
 - What would make you leave?
 - What are your non-negotiable issues?
 - What about your managers?
 - What would you change or improve?

Then, use that information to strengthen your employee-retention strategies.

- **Competitive Benefits** – Offer a competitive benefits package that fits your employees' needs. Providing health insurance, life insurance and a retirement-savings plan is essential in retaining employees.
- **Rewards to Employees** – Encourage healthy competition and incentives to help keep workers feel motivated and rewarded.
- **Expectations of Employees** – Make sure employees know what you expect of them. It may seem basic, but often in small companies, employees have a wide range of responsibilities. If they are not aware of the responsibilities their jobs call for and what you need from them, they can't perform up to the standard, and their morale may also take a dip.

- **Financial Rewards** – Offer financial rewards or other financial awards for employees who meet performance goals and stay for a predetermined time period, say, three or five years. Also, provide meaningful annual appraisals on their pay.
- **Avoid Communication Gap** – Create open communication between employees and management. Hold regular meetings in which employees can offer ideas and ask questions. Have an open-door policy that encourages employees to speak frankly with their managers without fear of repercussion.
- **Manager's Involvement** – Get managers involved and make them spend time with their employees and understand their knowledge requirements, helping good performers move to new positions and minimizing poor performance.
- **Business Communication** – Communicate your business's mission and the organization's goals in a way that will keep the employees mentally and emotionally tied to your company.
- **Employee Promotion** – Promote from within whenever possible and give employees a clear path of enhancement. Employees will become frustrated and may stop trying if they see no clear future for themselves in your company.
- **Deployment of Employee** – Employee deployment is for creating a job rotation to employees, who have been working in the same department and same work for a longer amount of time. This deployment of employees to other departments and other works, will create change of work and helps employee to build relationships with other employees and enjoys different work with a challenge.
- **Hiring HR Professionals** – Hire competent HR professionals in your company to oversee and streamline your employee structure and processes. Putting one person in charge of managing employee benefits, perks, reviews and related tasks takes a huge workload off you and also makes sure employees are treated fairly.

Other Ways to Improve Employee Retention

Let us now discuss a few other methods that will go a long way to help retain employees in an organization.

- Ensure those being recruited have a realistic idea of what the job entails.
- Improved career development opportunities.
- Effective appraisals.
- Strong diversity policies.
- A practicable means of dealing with bullying.
- A good work/life balance.
- A mechanism for staff to register dissatisfaction, whether it be appraisals, grievance proceeding and so on.
- Leadership training for managers.

Adopting a strategy for employee retention is not always easy, but it will greatly benefit your organization.

5. Employee Retention – Strategies

When one of the best employees resigns from a job, then it tends to become a nightmare for the manager. Immediately, there should be a plan to balance the number of challenges to tackle. As the market demands skilled and talented professionals, it is very difficult to find replacement for a talented resource and further balance the team.

The resignation of a talented employee will also have an impact on the other team members who start to follow his footsteps and walk out of the organization. Hence, a manager's most important job is to create an effective employee retention strategy.

Key Employee Retention Strategies

A good retention policy starts from the time when the employees are hired till the time they leave the organization. Following are some of the employment practices which will help create an impact on employee retention:

- **Recruitment and Hiring** – Right and correct resource should be hired in the first place. It calls for quite a lot of time and effort. When the bond between the employees and the organization is cordial and the mix between the required skill set for a particular job requirement is also right, retention is less likely to be an issue.
- **Orientation and Onboarding** – Treating employees the right way in the early stages of employment is vital and enhances retention.
- **Training and Development** – Training and development are the key factors in helping employees grow with your company and stay marketable in their field.
- **Performance Evaluation** – When employees are aware of what they are doing and the areas they need to improve on, it is beneficial both for the organization and the employee.
- **Pay and Benefits** – While today many employees tend to rate factors such as career development higher than pay, good pay and benefits still count to be the deciding factors for employee retention.
- **Internal Communication** – Effective communication will help reduce the communication gap in an organization and curb employee attrition. Employees need to know and be reminded on a regular basis how the organization is doing and what they can do to help.
- **Termination and Outplacement** – Employees who leave on good terms are much more likely to recommend your company, and in doing so, help you attract and retain future employees.

Basic Practices for Employee Retention

- Create an environment where the employees want to work and have fun.
- Giving the employees responsibility with power and authority.
- Have trust and faith in the employee and give respect to them.

- Keep providing them feedback on their performance.
- Provide them information and knowledge.
- Make employees realize that they are the most valuable asset of the organization.
- Recognize and appreciate their achievements.
- Keep their morale high.

Employee Retention Policies

The following additional policies need to be considered for employee retention:

- The responsibilities must be delegated according to the individual's specialization and interests.
- Constant disputes among employees encourage them to go for a change.
- The human resources department must ensure that the right candidates are hired.
- Employee recognition is one of the most important factors which go a long way in retaining employees.
- Performance appraisals are also important for an employee to stay motivated and avoid looking for a change.
- The salary of the employees must be discussed at the time of the interview.
- The company's rules and regulations should be made to benefit the employees.

6. Employee Retention – Retention Programs

Employee retention programs come with their own set of benefits. The implementation of even basic employee retention programs, can help organizations become the destinations for talented employees, rather than a stepping stone to the next company or the next job.

Following are some of the effective methods for retaining the best employee in an organization:

- Encourage referrals and recruit from within
- Make employees feel valued
- Encourage referrals and recruit from within
- Provide growth opportunities
- Training and Mentoring
- Coaching/feedback
- Instill a positive culture
- Lower stress from overworking and create work/life balance
- Use effective communication to build credibility
- Show appreciation via compensation and benefits
- Foster trust and confidence in senior leaders

In the present job market, many organizations are worried about how to put a curb on employee attrition. Employee retention programs can help in this regard to retain the most valuable assets in an organization – the employees. High turnover rates cost time and money and indicate that the organization is a stepping stone, rather than a destination.

An employer might think that developing new employee retention strategies requires time. However, this is mandatory and helps organizations in the long run. Let us now understand how to create an effective employee retention program.

Measure Your Turnover Rate

The first step for creating or improving an employee retention program is to know, where the employer stands compared to industry benchmarks. With the use of appropriate tools and formulae for calculating the employee's turnover rate, we can compare our organization's average to the prevailing average in the industry and further analyze on the result. Depending on whether your turnover is high or low, you can improve or maintain your rates.

Ultimately, it is the responsibility of the organization, which should aspire to create a work environment where employees are engaged and aim to deliver their best.

Employee Compensation Strategies

When deciding the compensation strategies in your organization, there is only one question you should answer. Employee compensation is only one piece of the puzzle. If all of the other pieces – workplace, relationships, support and growth strategies don't fit together, then a 10% raise isn't a surefire way to retain employees. In the past, companies paid people for their time.

To retain employees, your compensation plan needs to incorporate this trend. Set performance goals for your team and give incentive bonuses. Offering stock options can also be a good idea. You might also want to consider giving extra benefits to your employees, like tickets and discounts, when they exceed your expectations.

Working Environment

Although compensation is a factor, ultimately, people stay in jobs they enjoy. You should, therefore, make sure that your work environment attracts, retains and nourishes great people. Casual dress codes or free lunches, snacks and gym memberships are great perks that are very expensive either.

Work-life balance is now a major employee engagement factor. Offering flexible work schedules, setting up a work from home policy and encouraging employees to take time off can help you retain the existing talent pool.

Relationship with Managers

As it is believed that employees don't quit jobs, they quit managers. Bad managers lose good employees. It is the responsibility of the management to train their managers for acting as mentors to the employees and for building a healthy relationship with their team members. It is a known fact that good communication skills play a key role in preventing misunderstandings and conflicts at workplace. It is not mandatory that one should become friends with the employees, but being an active listener can solve a lot of issues.

Personal Growth and Development

Good employees are interested in growing. Perks and other benefits are good, but aren't easily personalized to satisfy all employees. Besides, how long will an ambitious employee stay at your company if you only offer some free snacks as a perk? In the long-term, everyone is interested in personal development.

Ask your employees about their personal goals and discover what motivates them. Let them move between departments and collaborate with different teams, suggest seminars they can attend or courses they might be interested in. Even training that has little to do with their current job can be beneficial, as it sets you apart from other employers and shows that you truly care for your people.



Employee Recognition

Some employers think awards like **'employee of the month'** are significant to employees, but this isn't really the rule. Usually, employees want to receive recognition for their work when they actually do the work and not much later, otherwise they do not feel valued. Even if it's just a quick "Hey, great work on that project," a simple praise will do wonders for your employees' motivation.

Everyone knows employees like to get recognition from their supervisor. But praise from colleagues can be just as important. Employees feel valued when their peers recognize their efforts.

Support Strategies

Employee support strategies involve giving people the tools and equipment they need to get their job done. When employees feel they have what they need to perform, their job satisfaction increases drastically.

If employees know what they are doing and what is expected of them, they are able to deliver better. Let your employees see the 'big picture' and involve them in the strategic planning. As a result, they will contribute to achieving goals and will be more likely to stay with you.

Unusual Strategies that Work

Employee retention programs don't have to be costly, or confined to large organizations only. Small companies and startups can implement new strategies to retain their employees using simple but creative ideas.

Keep in mind that an employee retention program should align with your company's culture and focus on improving employees' productivity. Making a counteroffer to an employee who has decided to leave is only a short-term solution. And 'one-size fits all' programs aren't effective, because they're not tailored to your company's needs.

7. Employee Retention – Role of Motivation

Let us now understand the role of motivation in employee retention. Motivation works as a catalyst for the success of any individual. It is the responsibility of the managers and the team leaders, who should constantly motivate their employees for extracting the best out of them.

An employee, who has performed exceptionally good, must be appreciated immediately. The top performers must be highlighted, awarded and rewarded and must be in limelight, which make the employee feel indispensable for the organization. Simple words like Good, Well Done and Keep It Up, are actually the motivating factors for the employees. It is very essential for making the employees loyal towards the organization for delivering their best.

Employee retention benefits both the employer and also the employee. Employee retention involves a simple process that encourages and uplifts individuals or teams within an organization to remain engaged with the Company in the long term.

What Motivates Employees to Stay?

An employee needs to feel motivated and have the zeal to work, this will help him and also the organization. So what exactly can an employer do to retain good employees? Every organization thinks that, remuneration is the primary way to motivate and retain the employees with the organization, but the fact is that an employee needs an organization, which understands their needs and necessities, health and other benefits along with their future growth then comes the compensation.

An employee will stay, only if the organization boosts his/her morale. Surveys have shown that the youngest employees, those aged between 18-24, cite a raise as key to their decision-making to stay with a company. These young employees are matured enough to take decisions about the responsibilities and their future plans. Hence, their general expectations keep changing with time and the chances of staying in the organization for a longer time is very difficult and keep changing their jobs.

Now the question is – how do employers continue to sell the job to an employee when increasing his/her pay is no longer an option? Surveys have revealed some of the top qualities employees seek in their employers:

- Work that is meaningful
- Challenging work
- Training and development opportunities
- Management that assists and supports
- Does not dictate
- Explicit awareness of life beyond the office
- An array of core benefits and the power of choice

Retention of employees depends on **four major motivating factors**:

- Remuneration and Rewards
- Work Atmosphere
- Growth Opportunities
- Bonding and Timely Support

Let us now discuss these four motivating factors in detail.

Remuneration and Rewards

Remuneration plays the biggest role in the process of motivating staff, which in turn, leads to retention. It takes a clever hand to compose a compensation package. The best packages include:

- Bonuses
- Allowances
- Basic Salary
- Retirement Benefits
- Incentives
- Employee Assistance Programs

Work Atmosphere

An organization should serve as a second home, as most of the employees spend a maximum of their time at work here. It is not always about retaining an employee but about managing one's surroundings at work. It is about offering appropriate facilities and services to staff.

The following points play a major role in making the employee feel connected to a corporation:

- Engaging employees in decision-making
- Friendly and lively culture
- Ethical values
- Personal and Professional Balance
- Health, safety and well-being
- Reliability and dependence
- Learning environment
- Credit and recognition

Growth Opportunities

Growth is an integral element of an individual's career graph. If there is no scope of growth within a Company, an employee seeks external opportunities. The essential aspects that an individual looks to grow in are:

- Training for personal development
- Personal zeal to develop
- Profile of Job

Bonding and Timely Support

Providing a personal or professional supportive work culture is sometimes overlooked by Management. This results in demotivation due to the decrease in interest in work in a particular team or a Company as a whole. To craft a good, reliable, long-lasting bond between the management and an employee, it is important to:

- Recruit an individual only if necessary
- Provide support at the time of need
- Respect the individual
- Acknowledge individual targets and create growth opportunities
- Recruit leaders who can promote team work and enhance relationships

Empowering employees, making them realize their importance and value to the organization, appreciating their efforts and appraising them for their performances will induce self-motivation and help reduce employee attrition. Therefore, it is very important to motivate employees at the workplace in order to retain them.

8. Employee Retention – The Role of HR

The HR department in any organization plays a crucial role in employee retention. Employee retention efforts may include employee training, internal promotion opportunities, issuing bonus, and improving workplace policies and procedures.

The HR department is responsible for conducting, recommending and implementing employee retention strategies during restructuring. Despite the fact that reorganizations ensuing from falling profits are unlikely to provide hike in salaries, such reorganizations might provide their employees with other benefits or incentives such as additional work time off, work schedule flexibility or on-site opportunities.

Areas Covered by the HR Department

Let us now discuss the areas, which are covered by the HR Department:

- **Exit Interview** – Everyone needs a job for their livelihood and for their future prospectus. So, no employee leaves his/her job without a reason. If an employee wants to leaves his/her job and resigns from his present assignments, then it is the responsibility of the HR department to interview the respective employee and find out the reason for leaving the job and the organization immediately. There could be various reasons for the employee to leave his/her job and the major reasons could be conflict with boss, no good work environment, lack of growth and lesser salary etc.
- **Finding the Reason for Leaving** – Finding the reason, why an employee is leaving the organization is very important and should be known for avoiding future employee exits. Hiring is a tedious process and it is really very difficult to recruit the right candidate and train him once again. Do check the track record of the employee who wishes to move on. It is really essential for the management to retain those employees who have the potential and are really indispensable for the organization.
- **Hiring the Right Resource** – The HR person must ensure that he is recruiting the right employee who actually fits into the role. A right person doing the wrong job would never find his job interesting and certainly look for a change. Make sure every individual has been assigned responsibilities according to his specialization and interest.
- **Employee Motivation** – The human resource department must conduct motivational activities at the workplace. Organize various internal as well as external trainings which help the employees to learn something extra apart from their routine work. Make them participate in extracurricular activities important for their overall development. Encourage them to interact with each other so that the comfort level increases.
- **Reward the Performers** – The HR must launch various incentive schemes for the top performers to motivate them. This way the employees feel important for the organization and strive hard to perform even better the next time. The employees who show promise should be awarded with cash prizes, lucrative perks and certificates to make the individual stand apart from the crowd.

- **Job Rotation** – Performance reviews are a must. The HR along with the respective team leaders must monitor their team member’s performance to ensure whether they are enjoying the work or not. The employees look for a change only when their job becomes monotonous and does not offer any growth or learning. Job rotation can be one of the effective ways to retain employees.

An HR professional must try his level best to motivate the employees, make them feel special in the organization so that they do not look for a change.

9. Employee Retention – Role of Leaders

Employee retention and leadership practices go hand-in-hand. A leader is more important than a manager for any organization. It is up to the senior leadership to set the tone for the company culture, either good or bad leadership practices, which could lead to good or bad culture. A good culture binds the talented employees, whereas, a lousy culture tends to drive away the most talented employees.

Employers must understand their workers' mindset to create effective retention strategies that will help keep their top talent around year after year.



An effective leader does the following:

- Connects the role of employees with the team goals
- Helps in building relationships with employees
- Helps the employees to come up with ideas
- Makes the team open, engaging and cohesive

Role of Leaders in Employee Retention

The role played by a leader in employee retention is very important than the role played by a manager. Employee retention includes various steps taken to satisfy the employees so that they stay with the organization for a longer duration.

It is essential to retain the talented employees who are loyal towards the organization and can contribute effectively. Strong measures must be taken to retain the high potential employees who have spent a good amount of time in the organization and know it in and out.

It is the responsibility of the team leader to ensure that the team members are contented with their work and share a good rapport amongst themselves. An employee quits his job whenever he faces problems at the workplace and is not satisfied with his work. The job must be challenging enough and the employees should learn something new every day for them to stick to it for a long time.

Following are the **roles and responsibilities of the leaders** in employee retention:

- It is the responsibility of the team leader to notice the hard work of the team member and should be appreciated for their performance. The top performers of the organization must be motivated with a special treatment and the result obtained will be the same from them every time.
- Every employee should be treated equally. The rules and regulations should be same for every employee. It is better to avoid partiality and granting special favor to anyone.
- The work assignments to the team members must be as per their qualification, specialization, interests as well as experience. The team members must enjoy their work and should find their job interesting for achieving the organization goals.
- Every employee should have the accessibility to their team leader, whenever they are in need. The team members get demotivated, if their queries remain unsolved and there is no one to listen to them. If the team leader does not have time for his/her team members, the employees crib among themselves and wish to move on to other organizations.
- It is the responsibility of the team leader to distribute the work equally among all the members of the team. The leader of the team, should be always partial to anyone and equally treat all his/her team members. An employee who is overburdened will never finds his/her job interesting and would always prefer to change his/her job.
- The leader of the team should be a role model for his/her team members. None of the employee should fear of his/her boss. In the present scenario, Hitler approach will not work. The team leader should allow the team members to participate in decision making of any process. Team leaders should never be arrogant and never misuse of their position.
- The leaders should maintain transparency in communication with their employees. The way of communication should satisfy the employees, which will make the employees remain loyal towards the organization.

It is the responsibility of the team leader to bind his/her team members together. The team leader must promote healthy competition at the workplace. The work environment should be good to work for a longer duration of time, which helps in employee retention. So, every individual expects peace at the workplace and looks for a change only when there is unnecessary stress at work.

10. Employee Retention & Employee Engagement

In this chapter, we will understand the relationship between employee retention and employee engagement. Employee engagement can be defined as employee's ability and willingness in making the organization successful with dedication and commitment. Employee engagement is also defined as an emergent working condition and a positive cognitive, emotional and behavioral state directed toward organizational outcomes.

Impact of Employee Engagement on Employee Retention

Employee retention is directly proportional to employee engagement. If the employee engagement is good and high in rate, then the retention rate of an organization will be high. Employee engagement refers to a situation where all the employees are engaged in their own work and take keen interest in the organization's activities. An engaged employee is one who is focused, enjoys his work and learns something new each day.

An employee who is engaged will be satisfied with his work and would never think of quitting his/her job, where the retention rate will be high. He/she is the one who willingly accepts responsibilities and looks forward towards a long term association with the organization.

An individual should be delegated responsibilities as per his specialization and background for him to perform up to the mark. An employee delivers his hundred percent when he does something which interests him. Problems crop up when individuals have nothing creative and challenging to do. So, an organization, which provides a working environment to the employee with complete work engagement, will have a high retention rate.

Following are the points to keep in mind for better employee engagement:

- **Future Plans of an Employee:** Every employee looks for a good job, better growth prospectus and bright future in the company, which will make him/her stay for a longer amount of time. Hence, an employee must be engaged, which will make him motivated to retain in the current organization for a longer duration.
- **Interesting Job for an Employee:** Employees, who have nothing to do in the workplace, will be passing time just by talking bad about the company and gossiping, which will spread negativity in the organization. Hence, an interesting job should be provided to the employee for making him/her busy in the work, which is possible by employee engagement.
- **Work Free Environment:** Every employee is a human being and he/she needs a work free environment i.e., freedom to work. This will create a stress free environment at workplace, which results into good and a healthy relationship with the co-employees. No employee, would like to carry tensions back to home. Hence, an employee can be engaged towards work with free work environment.
- **Appreciating Employees with Awards and Rewards:** Every employee's dream is to be appreciated in front of others. He/she wants to be awarded and rewarded for his/her extra-ordinary work performance. Performance reviews is very important for making every employee to finds his/her job interesting. It is the responsibility of the team leaders, who must review the performance of the team members and ensure whether they are satisfied with their job or not?

- **Dedication towards Work:** Every employee should be dedicated towards their own work and it the responsibility of the management to make the employee dedicated. The employees who do not take ownership of their work blame others and the organization for the poor show. Every employee should always remember that the companies are meant to work but not for fun.

Employee Engagement Improves Employee Retention

If the employees are engaged, then it is for sure that, they will retain with the organization for a longer period of time. Engaging the resources is making sure that, they are productive and committed in their work, which will benefit both employee and employer.

Hiring the right candidate, engaging him/her, will make the employee committed and dedicated towards his/her job and the organization too, as he/she will be happy to work with. But, one must ensure that the employee engagement is ongoing for maintaining the employee retention rate for success and growth of the organization.

Following are good practices for an effective employee engagement & retention:

- Find out what employees need.
- Communicate well and often.
- Be clear on what the organization stands for.
- Empower all employees to do their best.
- Understand generational differences.

By understanding what engages employees can help during all phases of the employment, from recruitment to training to performance assessment and beyond. And it is also very easier to retain employees who are engaged and committed to the organization's success.

11. Employee Retention – Challenges

There is a huge competition in the market for labor/employees. Businesses everywhere are looking to expand and are open for new positions. This means that, from an HR perspective, there's a great deal of pressure for the organization to keep their most talented resources and provide them the best benefits to them for the benefit of the organization in a long run.

The challenging role of a HR is to keep the right resources in the right jobs while also acknowledging that employees are also capitalists. According to a research/survey, keeping people around is more important in HR now than ever. In today's market there are many great opportunities and people are sure to shift from their current jobs if they think they can find something better.

Challenges in Employee Retention

In the current scenario, a major challenge for an organization is to retain its valuable and talented employees. The management can control the problem of employees quitting the organization within no time to a great extent but can't put a complete full stop to it. There are several challenges to it.

Following are the challenges in Employee Retention:

- **Salary Dissatisfaction:** Every employee has high salary expectations and this is one of the major reason, why an employee quits the organization. Retention becomes a problem when an employee quotes for an exceptionally high salary, which is beyond the budget of the organization. Every organization has a salary budget for every employee which can be raised to some extent but not beyond a certain limit.
- **Job Opportunities are high:** There is a cut-throat competition to attract the best talent in the market. Companies go a long way to lure talented resources from their competitors. Availability of such lucrative offers make it difficult to retain good resources for long.



- **Hiring the Wrong Candidate:** Recruitment plays an important role, which is the future of any organization. A right candidate hiring will give a good future and a wrong candidate hiring will give a bad future. Candidates speak all kind of lies at the time of interviews for getting a job. It is only later doing people realize that there has been a mismatch and thus look for a change. And problems arise whenever a right candidate is into a wrong job.
- **No Job Rotation:** Any employee gets bored, if he/she does the same job for years together. The job might be good and interesting in the starting phase, but soon, it could become monotonous. In this scenario, the management must go for a job rotation and provide such employees the opportunity to do something new. And if there is no job rotation, then such employees might look for other avenues.
- **Unrealistic Expectations of Employees:** It is not possible for an organization to meet the expectations of all the employees. An employee must be mature enough to understand that one can't get all the comforts at the workplace. Sometimes, when the unrealistic expectations of the employees are not met, they look for a job change.

Factors that Affect Employee Retention

Following factors affect Employee Retention:

- Employees expect a well-defined Career Path which defines whether they will stay with the organization for a longer duration.
- Every employee wants a good compensation and benefits from his job. Day by day, these expectations are going higher and higher. So, compensation is one of the major for affecting employee retention in any organization.
- Employees gradually develop a cordial rapport with their employers over a period of time. It is like a comfort factor. This professional relationship is critical to ensure employee retention.
- Almost 80 to 90 percent of the employees in any organization come from middle-class background and they seek job security. But in the present scenario, there are layoffs, downsizing and organizational re-structuring, which are affecting the employee retention and loyalty, which in turn makes the employees look for other opportunities.
- Work environment should be good and healthy, which will create a beautiful place to work for. Workplace or work environment will affect in retaining employees. Employee, who are treated as the assets to the organization, continue to stick with the company for a long time.
- Every employee should be recognized and appreciated for his/her great work performance. This will pamper the employee and he/she gets motivated. If not, the employee gets demotivated and look for another job, which affect the employee retention.
- Every employee should be treated equal and the information should be transparent. This will build a trust among the employees in the organization. If there is no transparency and no fair reviews about the performance of the employee, then this could lead to employee dissatisfaction and for quitting the job.

Effective HR functions can help ensure that every employee establishes a long-term association with the company beyond the paycheck. And while offering a good paycheck is important, companies need to go that extra mile to make sure their attrition rate is low.