

EMPLOYEE RETENTION POLICIES IN PRIVATE SECTOR FIRMS: AN ASSESSMENT

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ABSTRACT:

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome.

In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organisational knowledge. By implementing lessons learned from key organizational behavior concepts employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek "positive turnover" whereby they aim to maintain only those employees who they consider to be high performers.

One of the greatest challenges facing employers today is finding and keeping good employees. This article describes some effective employee retention strategies that will help you retain good staff and develop a stable workforce. Many executives still cling to the outdated notion that people "go for the gold", that salary dictates all their employment decisions. But for the most part, people want opportunities to grow and learn, to advance in their careers and to work on challenging and interesting projects. They want to be recognized and appreciated for their efforts. They want to feel a part of something that adds value to their community.

I. INTRODUCTION

Five main reasons why employees leave

1. "It doesn't feel good around here." This can include any number of issues to do with the corporate culture and the physical working environment.
2. "They wouldn't miss me if I were gone." Many people don't feel personally valued. When people don't feel engaged or appreciated, all the money in the world can't hold them.
3. "I don't get the support I need to get my job done." People want to do a good job; they want to excel. At the same time, most feel as though their boss won't let them do a good job. When frustrations exceed the employee's threshold, they leave.
4. Lack of opportunity for advancement. Advancement doesn't necessarily mean promotion. More often, it means personal and professional growth. People want to be better tomorrow than they are today.

Personal growth constitutes a very strong driver in today's workforce, particularly with the younger generation. People coming out of college often identify training as the primary criterion for choosing their first company. Companies that gutted their training departments have a lot of catching up to do in order to attract good people.

5. Inadequate employee compensation. People want fair compensation, but – contrary to most managers' beliefs – money rarely comes

6. Certain percentage of people will always chase more income, but the majority of workers look at non-monetary reasons first.

II. FIVE RETENTION POLICIES FOR EMPLOYEE RETENTION:-

1. Working Environment:

The primary employee retention strategies have to do with creating and maintaining a workplace that attracts, retains and nourishes good people. This covers a host of issues, ranging from developing a corporate mission, culture and value system to insisting on a safe working environment and creating clear, logical and consistent operating policies and procedures.

Environmental employee retention strategies address three fundamental aspects of the workplace: the ethics and values foundation upon which the organisation rests; the policies that interpret those values and translate them into day-to-day actions, and the physical environment in which people work. The overall goal is to make your company a place where people *want* to come to work.

2. Employee Relationship Strategies:

Employee relationship strategies have to do with how you treat your people and how they treat each other. Developing effective employee relationship strategies begins with three basic steps:

Give your managers and supervisors plenty of relationship training. Recognise that (in all but the smallest companies) people work for their supervisor, not you. Their pay cheque

may say "XYZ company", but their primary work relationship is with their supervisor. If your supervisors have the knowledge, training and sensitivity to work effectively with people on an individual level, you'll probably get the bonding you need to retain employees.

Ask employees why they work for you. When you do, two things happen. One, employees reinforce to themselves why they work for you. Two, you gain a better understanding of what attracts people to your company. You can then use that information to recruit new employees, saying: "Here's why people work for us. If you value these things, perhaps you ought to work for us, too."

Once you have the information about why people work for you, ask: "What can we do to make things even better around here?" Do it in a positive way so that it doesn't become a gripe session, then listen closely to what your employees say. Out of these conversations will come many good ideas, not only for improving conditions for your employees but for all facets of your business.

3. Employee Support Strategies:

Employee support strategies involve giving people the tools and equipment to get the job done. When people feel they have what they need to perform, job satisfaction increases dramatically. All employee support strategies stem from three basic principles:

- People want to excel.
- People need adequate resources to get the job done.
- People need moral and mental support from you and your managers.
- Employee support strategies start with your and your managers' attitudes. Do you see employees merely as cogs in a wheel, or as valuable resources that make the company go? Do you expect high performance or mediocrity from them? Believing that people want to

excel (they do!) rather than perform at minimum levels will lead you to treat them in a much more positive manner.

- Information is another key area in employee support strategies. The more information you give people about what they are doing, what the company is about and why you do things the way you do, the more valuable it becomes.

4. Employee Growth Strategies:

Employee growth strategies deal with personal and professional growth. Good employees want to develop new knowledge and skills in order to improve their value in the marketplace and enhance their own self-esteem.

However, don't just "throw" education and training at your people in a random fashion. Instead, organise and structure your training so that it makes sense for the company and the individuals who work for you.

Take time to explore your employees' different needs and the best way to meet those needs. There are many ways to help your people with personal growth that not only make a difference in their lives, but bond them more closely to the organization.

5. Employee Compensation Strategies

Effective employee compensation strategies stem from one fundamental principle: money alone will not retain most employees. In the old days, companies essentially paid people for their time. Today, more and more companies pay for performance – in every position, not just sales. To retain employees, your compensation plan needs to incorporate this trend.

Pay-for-performance plans come in a variety of shapes and sizes, but they all involve two

basic activities: defining the job and checking performance against expectations.

When people exceed expectations, give them a bonus. It helps to lay the plan out ahead of time so that employees understand your expectations and know what they have to do to get the bonus. But make sure you base it on predefined profit goals, so that you don't pay out if the company doesn't make money.

If you're not offering some type of incentive or pay-for-performance plan, you're putting your company at a terrible disadvantage.

III. RETENTION STRATEGIES FOR A HIGH PERFORMANCE ENVIRONMENT:-

1. Hire Retainable Employees

The pressure's on from day one in a high performance environment. While some thrive under pressure, others will falter. Elissa Tucker, Human Capital Management Knowledge Specialist at APQC, says the first thing leading organizations are doing to curtail this type of turnover is a focus on hiring retainable employees.

2. Plan Careers, Don't Fill Roles

It's easy to focus on the near-term when managing people in a high performance environment. You bring in "A Players" with the expectation that they'll succeed in the role for which you've hired them—and unrealistically assume they will stay in that role forever. Your top performers are thinking about their career, and you should be too.

3. Make Retention Personal

Every employee is motivated by different things, and retention strategies thus need to be tailored down to the individual level.

4. Get to the Heart of Underperformance

Let's face it: Underperformance happens, but you don't want to lose employees who were previously strong performers. If you notice a drop in performance, Miranda advises against writing them off without first getting to the heart of the issue.

5. Invest in Your Line Managers

"Employees don't quit jobs," says Miranda. "They quit managers." He estimates that 80 percent of turnover is driven by the environment a manager creates for an employee (compared to 20 percent resulting from issues with company culture). Because of this, any investments in training and development for your line managers are well-spent.

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