



Full Length Research Article

MOTIVATIONAL FACTORS OF EMPLOYEE RETENTION AND ENGAGEMENT IN ORGANIZATIONS

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ARTICLE INFO

Article History:

Received 05th November, 2013
Received in revised form
23rd December, 2013
Accepted 28th January, 2014
Published online 21st February, 2014

Key words:

Employee Retention,
Engagement,
Motivational Factors

ABSTRACT

Retention is the process of physically keeping employee members in an organization as it is one of the key fundamentals that are necessary for organizational success. In a globalized environment, retention and engagement of high prospective employees are a huge challenge to organizations especially in times of high turnover rates. In many cases, even engaged employees are sometimes dissatisfied with the outcomes of organizational performance which may lead them to look elsewhere. Due to these reasons, this theoretical paper investigates motivational factors that influence employee retention and examines their impacts on both organizations and employees. This paper argues the motivational factors that are crucial in influencing employee retention are financial rewards, job characteristics, career development, recognition, management and work-life balance. Thus, organizations should formulate appropriate retention strategies in a holistic manner to reduce turnover rates, and these require a commitment from employers, but it will be well worth the investment in the long term.

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INTRODUCTION

Employee retention and engagement is critical for organization because employees are the driving force to achieve the development and accomplishment of the organization's goals and objectives. Retention and engagement start at the very early stages of the recruitment process. It is a never ending process as retention and engagement is affected by almost all aspects of the business and directly affecting the employee/ employer relationships around the world. Regardless of the region, recruitment Process and retention seem to take the biggest hits. Andrew Carnegie, the famous industrialist of 19th century commented, "Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key employees, and in two or three years, I will have them all again". Even in today's evolution of technology, these words are very true. Retaining key employee is a vital source of competitive advantage for any organization. Both concepts of retention and engagement are critical to ensure a highly productive workforce. It is no use having good personnel if they are just as likely to leave, and there is little utility having employees retained in the organization if they do not engage with the organization and what it does.

Due to these reasons, this theoretical paper investigates motivational factors that influence employee retention and examines their impacts on both organizations and employees. This paper will formulate appropriate retention strategies that can be implemented to reduce turnover rates and enhance retention and engagement of employees. The biggest factor in attracting and most importantly retaining, key employee is culture. It is important for employees to feel like they are part of a team, need a connection to the vision and direction of the organization and their co- employees, need ways of working better together, which ultimately lead to more collaboration.

There are two interrelated strategies in understanding employee retention. First, there has been a significant focus on explaining why people leave organizations (voluntary turnover). Recently, research has focused on the multiple pathways that explain leaving. Each pathway suggests different strategies for reducing voluntary turnover. Second, there is a growing emphasis on explaining why people stay, when they do stay, and why they choose to engage or not with their job and with the organization. A new survey by Right Management, the consulting arm of staffing group Manpower, finds that a whopping 84% of employees are planning on searching for a new job in. But the problem is, when the employees move they not only take skills and knowledge but also trade secrets with the competitors' organization. This paper helps identify the reasons for the high attrition rate.

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Need & Importance of Employee Retention

Let us understand why retaining a valuable employee is essential for an organization.

Hiring is not an easy process: The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process.

An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture: A new joinee is completely raw and the management really has to work hard to train him for his overall development. It is a complete wastage of time and money when an individual leaves an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy; a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves.

When an individual resigns from his present organization, it is more likely that he would join the competitors: In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joinee is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.

The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better: They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively.

Every individual needs time to adjust with others: One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new joined with the previous employees and always finds faults in him.

It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization: They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favour of the management. For them the organization comes first and all other things later.

It is essential for the organization to retain the valuable employees showing potential: Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.

Role of Motivation in Employee Retention

Nothing works better than motivation

Motivation acts as a catalyst to an individual's success. The team leaders and the managers must constantly motivate the employees to extract the best out of them. If an employee has performed exceptionally well, do appreciate him. Simple words like "Well done", "Bravo", "Good", "Keep it up" actually go a long way in motivating the employees. The top performers must be in the limelight. The employees must feel indispensable for the organization. It is essential for the employees to be loyal towards their organization to deliver their level best.

Ownership of work only comes through motivation

Ask the team members to buck up so that they perform well every time and meet the expectations of the management.

The superiors should send motivational emails to their team once in a week. Display inspirational posters, photographs on the notice board for the employees to read and stay motivated

It is natural for an individual to feel low sometimes, but the superiors must ensure to boost their morale and bring them back on track. No individual should be neglected or criticized. This demotivates them. If they fail to perform once, motivate them and give them another opportunity.

Organize various activities and events at the workplace

Ask each one to take charge of something or the other. Engage the employees in productive tasks necessary for their overall development. The management must show its care and concern for all the staff members. The employees must feel secure at the workplace for them to stay motivated. Whenever any company policy is to be formulated, the opinion of each and every employee should be taken into consideration. Invite all of them on a common platform and ask for their suggestions as well. Freedom of expression is must. Every employee must have a say in the organization's guidelines as they are made only to benefit them.

Incentives, perks, cash prizes are a good way to motivate the employees

The employees who have performed well consistently should be felicitated in front of all the staff members as well as the management. Give them trophies or badges to flaunt. Ask the audience to give a loud applause to the employees who have performed well. This is a good way to motivate the employees for them to remain happy and work with dedication for a longer duration. Others who have not performed up to the mark also gear up for future. The names of the top performers

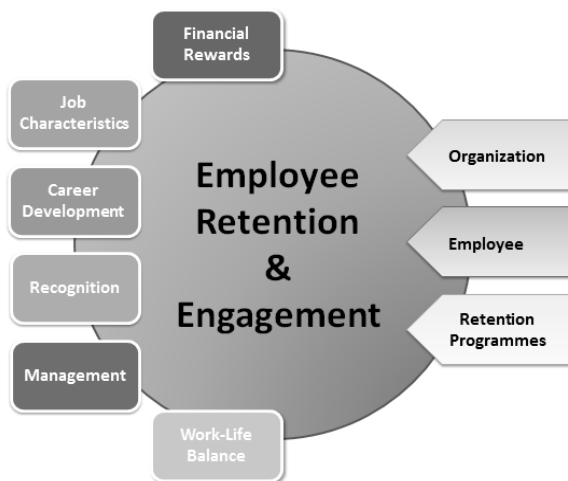
must be put on the company's main notice board or bulletin board for everyone to see.

Appraisals are also an important way to motivate the employees

The salaries of the performers must be appraised at regular intervals- an effective way to retain the employees. Career growth is an important way to retain the talented employees. Give them power to take some decisions on their own but the management must have a close watch on them so that they do not misuse their power.

Motivational Factors Influencing Employee Retention and Engagement

Employers can increase employee retention and engagement through a number of practical people-focused strategies. An effective retention program is one that embraces a variety of policies and practices to create a work environment where employee wants to feel comfortable. Whatever the strategy adopted, an organization must ensure that the actions align with the mission, vision, culture, objectives, and values of the organization, as well as being realistic measures to meet employees' needs and expectations. Surveys, studies and articles, acknowledged for the past decades, were used to categorize the crucial factors in high employee retention and engagement. Broadly, many studies claim that there are several factors that determine an organization's ability to attract and retain employee.



- Financial Rewards
- Career Development
- Job Characteristics
- Recognition
- Work-Life Balance
- Management

Financial Rewards

In a competitive business world, more employers are looking at developments in excellence and increase productivity while decreasing costs. An employee reward program is one method of motivating employees to change work routines and key behaviours to benefit an organization. Reward programs are frequently used by organization to try to retain employees. Most studies noted that financial reward is one of the basic

types of extrinsic monetary rewards which cover the basic needs of income to survive (to pay bills), a feeling of stability and consistency (the job is secure), and recognition (my workplace values my skills). In today's economic times, financial reward such as money is still the primary incentive that causes employee to do better work. However, most experts agree that money is not the long-term answer for hiring, especially for keeping, high skilled employees.

Job Characteristics

It is defined as "the degree to which the job provides substantial freedom, independence and discretion to the individual to schedule work and determine the procedures used in carrying it out". It builds on the assumption that people do not just work for the money but also create purpose and satisfaction in their life. According to Woodruffe, employees in addition to a strong need to deliver excellent results, also want to take on difficult challenges that are relevant to the organization. However, repetitive-based performance of tasks, the probability of de-motivation and turnover are relatively high. Research has shown that the design of high skilled employees' work content influences the stability of the technical work force. Furthermore, when employees view their tasks as challenging with opportunities for learning and information exchange, they are also less likely to leave. According to Amabile et al. and Glynn, highly skilled employees, appeared to be more involved, more satisfied with their jobs, and more committed to the organization than non-high skilled employees did.

Career Development

The 21st century employment relationship has redefined development and career opportunity. Development is now considered as gaining new skills and taking advantage of many different methods of learning that benefit employees and the organization alike. Employees benefit by experiencing greater satisfaction about their ability to achieve results on the job and by taking responsibility for their career; the organization benefits by having employees with more skills who are more productive. The availability of employees in terms of skill development opportunities and career movement is the 'key attractors' to organizations. If an organization does not recognize the individual's need and desire to grow, then 'development' becomes a primary reason for resignation. The European Centre for the Development of Vocational Training states organizations need to realize that career development of their workforce is a way of attracting and retaining the best people. By recognizing and responding to the needs of employees they will get the best out of them. It was suggested that an organization that wants to strengthen its bond with its employees must invest in the development of these employees. By offering career development opportunities, employers can help employees enhance their employability in the internal and external labor market and develop their own personal competitive advantage.

Recognition

Jacobson states that every employee has a need to be commended and recognized, and the more often they get it, the better. Being recognized for doing a good job makes

individuals feel better about themselves and the organization they work for ensuring more loyalty. Employers are in the best position to recognize and retain today's employees. Heath field suggests that organizations should prioritize employee recognition to create a positive, productive and innovative organizational climate. He added that people who feel appreciated are more productive about themselves and their ability to contribute to the achievement of organizational goals. In 2011, Accenture in Ireland conducted a survey about the level of recognition that employees receive for doing a good job at work, and found 63% who have no plans of leaving are satisfied with their recognition, while 24% are not satisfied with the recognition of the organizations. Given these numerous results, organizations should seek changes to improve their strategies like to eliminate favoritism, recognize more than just the elite, and value employees for more than their work.

Work-Life Balance

In the modern lifestyle, 24 hours per day is not enough to tackle work and personal tasks. Work-life balance has become a pre-dominant issue in the workplace especially in the society filled with conflicting responsibilities and commitments. Facilitating a good work-life balance is one of the retention factors frequently cited in the literature. The conflict between work and career on the one hand and private life on the other is currently assuming large proportions in our society. Many organizations instituted hotlines, programs, or even software to ensure that these conflicts do not diminish the quality and productivity of employees' work. There is an increasing demand for more flexible forms of work, which would positively affect the reduction of the work-family conflict and employee satisfaction in general. For instance, Green slopes Private Hospital in Australia, an award winner in 2005, found that investing in better work and family initiatives led to a 5.5% reduction in employee turnover and a 23% reduction in workers' compensation costs. Another sample, St. George Bank in Australia, a winner in 2007, reported reduced staff turnover from 18% in 2001 to 15% in 2006 and improved staff satisfaction from 48% of employees in 2002 to 73% in 2006 as some of the positive outcomes of introducing work-life balance initiative. Research suggests that policies aimed at improving the work-life balance are successful if they are implemented in a supportive context that truly allows employees to make meaningful and useful choice. Lockwood also suggests that forward-thinking human resource professionals seeking innovative ways to augment their organization's competitive advantage in the marketplace may find that work/life balance challenges offer a win-win solution. Many other factors exist that might apply to a particular organization and the importance of these factors will also vary within the organization.

Psychological Factor Affecting Employee Retention

In relation to the above mentioned organizational factors, various research and studies suggest that employers should consider these factors when implementing retention policies. However, most recent research on retention management has not tailored all types of retention factors which are impossible

to measure their relativity in the retention practices. To understand the effectiveness of these retention factors, it is imperative to relate them to employees' views on their importance and actual delivery by their employer. This practice is known as psychological contract. Obligations of employers and employees. They emerge when individuals believe that their organization has promised to provide them with certain inducements in return for the contributions they make to the organization, and gives an employee a feeling of influence on work related outcomes. If an employer has not made specific promises in that regard, every employee will appreciate clarity, fairness and good communication. Every employer will appreciate employees dealing properly with confidential information and doing good work. In addition, the psychological contract is further augmented with written agreements, such as employment contracts. Formerly, research shows that employees are rather pessimistic about the extent to which their organization exists to its promises. For instance, one study discovered that as many as 50% of MBA graduates in the Midwestern U.S. Management School believed that their employers had broken their psychological contracts within the first two years of employment (Robinson & Rousseau, 1994). Another study reported that 25% of respondents among employees surveyed during a company restructuring, reported significant psychological contract violations. An increasing number of today's employees believe they have suffered an injustice or have been treated unfairly by their employers.

Conclusion

A main concern of any organization is its capacity to attract, engage, and retain the right employee. Certain factors are crucial in influencing the employees' decision to either leave or remain in an organization. Nonetheless, the importance of other factors should not be miscalculated when formulating a retention policy. Organization should provide with a number of strategies to increase employee retention such as: design an interesting employee value proposition; develop a total reward system that contains more than compensation; give constructive point of view on employee performance on regular basis; implement flexibility programs in terms of work-life balance; build a culture of engagement, develop and refine management skills to be effective, as it engages employees while driving improved performance at the same time (Neelman, 2012). Also, employers should focus on issues and on the personal relationships they have with the employee to perform each function. This research sought to identify factors that affect employee retention and predict ways that the organization can improve on current practices.

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