

A Review Of Employee Retention Models

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Abstract

This paper seeks to offer a detailed perspective on the practices and strategies employed by organizations worldwide to retain a committed and skilled workforce. In the current competitive environment, one of the most significant challenges faced by HR professionals is effectively engaging and retaining employees. Although organizations are increasingly influenced by technology, human resources continue to play a crucial role in implementing tasks facilitated by these technological advancements. Consequently, human resources are essential for an organization's survival, growth, and development. It falls upon HR managers to ensure long-term employee retention, particularly in a dynamic and ever-evolving landscape. The research presented in this paper is grounded in secondary sources, which involve a review of various employee retention models to explore employee retention across multiple sectors and industries. The objective is to gain a deeper understanding of the retention concept, identify the factors that impact it, and investigate effective strategies for enhancing employee retention.

Keywords: Competitive Environment, Human Resources, Organizations, Retention, Strategies.

Introduction

Post-colonial period witnessed an ample amount of supply for recruiting individuals that resulted in employees spending their entire career with a single organisation. Even if employees leave the organisations due to any reasons, there was no dearth of man power due to the onset of industrial revolution in European countries in the eighteenth century as organisations started facing tough competitions, thus superiority became a benchmark for the survival of the organisations. This phenomenon strengthened as a result of intensive globalization and lethal competitive wars among business enterprises. Retention of employees thus became one of the key challenges as an output of the dynamics of competitiveness.

According to bohatala.com, keeping the best employees helps in maintaining the productivity by providing better quality of products and customer services. Retention becomes even more critical for those organisations where talented employees are less in number as success of an organisation depends on retaining an experienced workforce. The process of retention gets conceived the very day an employee is recruited. Competitive dynamics among organisations has compelled the policy makers to retain their talented employees by prioritising retention policies for an organisation.

Concept and development of employee retention:

Globalisation gradually expedited competition among organisations. Nearly all business organisations started striving to prove their superiority based on three parameters namely quality, price and service. Human resource thus became the driving force for these parameters and compelled organisations to develop their human resource as per the

requirements generated by the consumers. This required huge investments on human resource, as a result organisation were forced to retain their employees and develop them as per the market demands. The term employee retention refers keeping employees intact with the organisation for longer duration by implementing various strategies. In order to study the retention status of an organisation for a particular period, if an organisation initiates its operations in a year with a total of hundred employees and loses ten employees during the same year, the retention of the organisation would be ninety percent.

Concept of attrition:

Defining attrition, Fleisher (2011), mentioned that involuntary and voluntary are the two types of attrition. Exit due to illness or retirement is an example of involuntary attrition. Among voluntary attrition, exit of top and average performers is dysfunctional attrition while that of non-performers is functional attrition.

Attrition is entirely the opposite of retention, so it is defined as the shrinkage in the work force of an organisation. Hence if the retention rate of an organisation is ninety percent, the attrition rate simultaneously would be ten percent.

Concept of turnover:

Turnover refers to joining in and moving out of the employees that is the rate at which employees come in and go out. According to Heneman and Judge (2006), employee turnover can be voluntary and involuntary. Voluntary turnover is initiated by the employees while involuntary turnover is initiated by the employer.

Significance of employee retention:

Retaining employees reflects high potential standards of its workforce that becomes the prerequisite and mandatory requirement for sustainability and long-term survival of competitive organisations. Competitive organisations demand hardworking and talented employees who possess skills and creativity for long-term survival. These are the employees that reflect competitive advantage of an organisation over their contemporary counterparts. Early quitting of top performers from an organisation of repute can deprive the organisation from availing current performance advantages and gradually in the long run, survival of the organisation may become tough. Newly joined employees are not aware with the organisational culture and objectives; hence, the management has to work hard by unnecessarily deploying financial resources in order to develop them according to the changing needs of a competitive business environment. This results in unwanted wastage of time and money which is due to the employee abruptly leaving the organisation (Bacha, 2016). Such situations enforce human resource planners to initiate the process of recruitment repetitively leading to redundancy of functional decisions.

It is observed that those employees who were associated to an organization for a longer period were comparatively more loyal towards the management and the organisation (De Villiers, 2006). Since these employees have passed through ups and downs of an organisation, they enjoy majority benefits offered by the organisation and consequently they develop more attachment towards it. They are decision makers for the organisation and are able to make a balance between self and the organisation. When an employee resigns from his present organisation, he carries strategies and policies from his parent organization to the competitors. In some cases, the secrecy of the previous organisation gets disclosed which in due course

can diminish its probable success. Large vintage employees show more understanding towards organisational issues and their probability of adjustments are better. They have been found to perform better than individuals who have changed jobs frequently (Hunter et al., 1988). Employees who have spent a longer time in an organisation are well acquainted with the organization and are thus in a position to contribute better. Successful business organisations value their potential employees and constantly strive in designing policies to retain them. Rakhra, (2018) emphasised that employee retention is critical and vital for organisations.

Goodwill of an organization gets ensured when the retention rates are high (Khoshnevis and Gholipour, 2017). Higher retention rates motivate potential employees to join such organisations as the stability of employment attracts creative and self-driven employees thus catering to a good customer relationship approach.

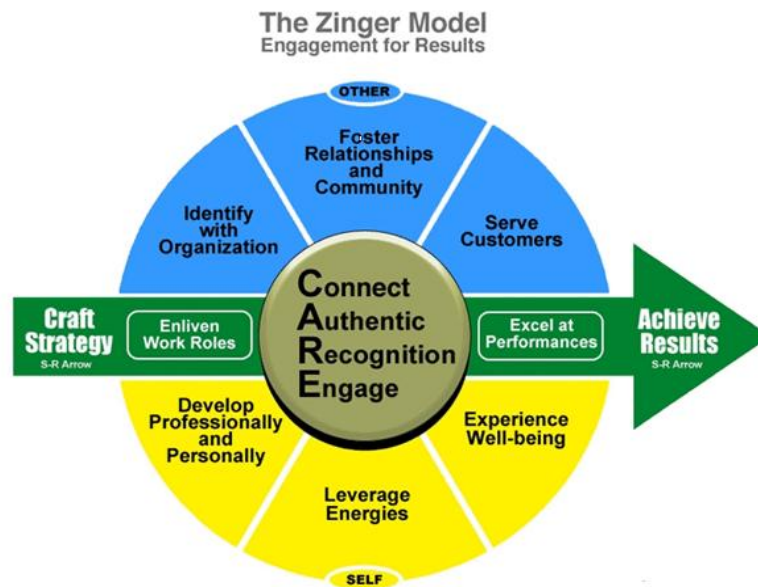
Employee retention policies try to establish measures that are pertinent in retaining an employee moderately for a longer period. Researchers have identified that there are a set of factors due to which employees leave. The management must constantly endeavor to retain such employees who are effective contributors in real sense and ensure that employees are satisfied.

Models for Employee Retention:

Relevant models have been developed after a systematic study of the subject. Retention models thus depict the retention process and signify its importance towards organisational growth.

Zinger model of employee retention:

Zinger model suggests that there should be a retention policy in an organisation where each employee gets engaged in a manner so that he gets integrated with the organisational objectives, thus ensuring that a job is provided to the right person. A process of recognition must exist for employees whenever they discharge their assignments successfully, thus leading to an enhanced level of performance in achieving the desired goals. The benefits of this model for employees are that there are more chances of professional and personal development and it is also helpful in serving customers better there by developing a good relationship within an organisation. Figure-1 elaborates the model.



Source: Chaudhary (2016)

Zinger model suggests that the key point of employee retention is engagement. It is achieved by connecting people through authentic work strategy in an organization and providing recognition to the employees. Such employees contribute towards organisational objectives through self-development and providing pre-defined services to the stake holders.

ERC (Employee Retention Connection) model of employee retention:

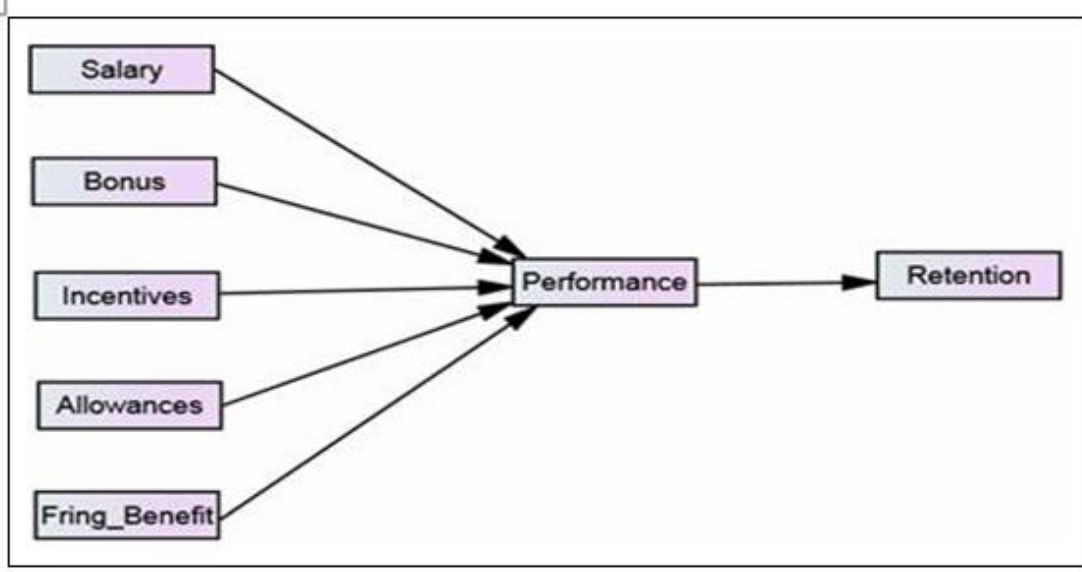
ERC retention model stands for employee retention connection model. This model suggests that the three drivers of employee retention are, leadership, reward and recognition and stimulating work. It further extends that a good leadership provides extrinsic motivation while recognition and reward provide intrinsic motivation. Both extrinsic and intrinsic motivation factors lead to stimulation of work and timely completion of a project which in turn provides satisfaction as timely completion of work ensures an effective achievement of key result areas of an employee thereby becoming a reason for enlargement in an employee's profile. This state of positivity compels an employee to remain intact to an organisation for a longer duration. Figure 2 elaborates the ERC model.



Source: Kaur (2017)

Performance model of employee retention:

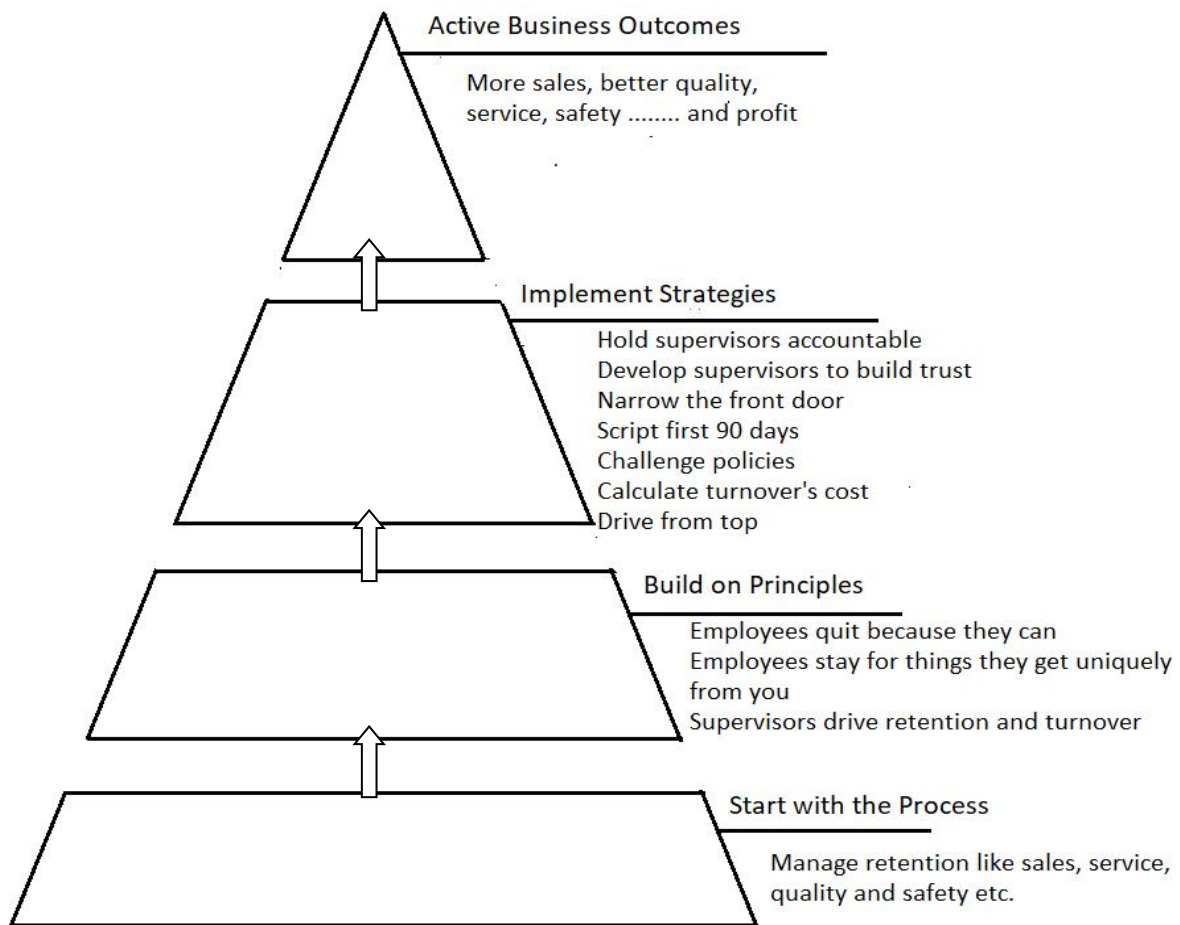
Performance model of employee retention suggests that firms can reduce its turnover only by applying a good reward system. This model suggests that compensation only in the form of salary may not be sufficient to retain its employees. Workers do their job with the expectation that their needs get satisfied. Employees are desirous of knowing the rewards attached with each performance so that they can raise their performance as per their needs. If the management fulfills the need of employees through the performance attached reward system, the employees get retained to the organisation. This model defines five types of compensations as rewards to satisfy an employee that is salary, bonus, incentive, allowances and fringe benefits. This suggests that compensation leads to an increase in an employee's performance which in turn increases the chances of retention as good performance enables an employee to fulfill his needs. Figure 3 elaborates the performance model of employee retention.



Source : Osibanjo et al., (2014)

Rethinking model of employee retention:

The rethinking model recommends that retention of employees is not the sole responsibility of human resource planners, rather the responsibility lies on other departments too. In this process superiors always have an important role to play as they have to understand the relevant needs of their subordinates and satisfy them from time to time. Statistics suggests that superiors are responsible for over sixty percent of all employee turnovers, (Lewis et al. 2012). If de-motivation of an employee results due to poor leadership, the employee starts searching for another job with the condition that ample opportunities exist in the job market. By applying retention policy in every department, making retention a responsibility of superiors, implementing retention policy and achieving organisational goals forms the four steps of this model as depicted in figure 4.



Source : Lewis et al., (2012)

Regression model of employee retention:

Regression model is based on two attributes namely motivation and involvement. Simultaneous consideration of these two attributes divides the employees into four categories that are detached, disgruntled, strugglers and stars. The detached category is for those employees who are inadequate in both the dimensions. They leave the organisation without any reason; hence it is extremely difficult to retain these employees. Disgruntled are those employees who are highly involved but de-motivated. It is moderate to high difficult to retain these employees as they lack intrinsic motivation. Strugglers are those employees who are highly motivated but low in involvement. It is moderate difficult to retain these employees. Stars are those employees who are motivated and involved to a higher degree. Such employees can be easily retained. The segment that falls under the category of disgruntled and strugglers requires more focus from the policy makers. Organisations can retain them by making some efforts. Figure 5 below explains the regression model of employee retention.

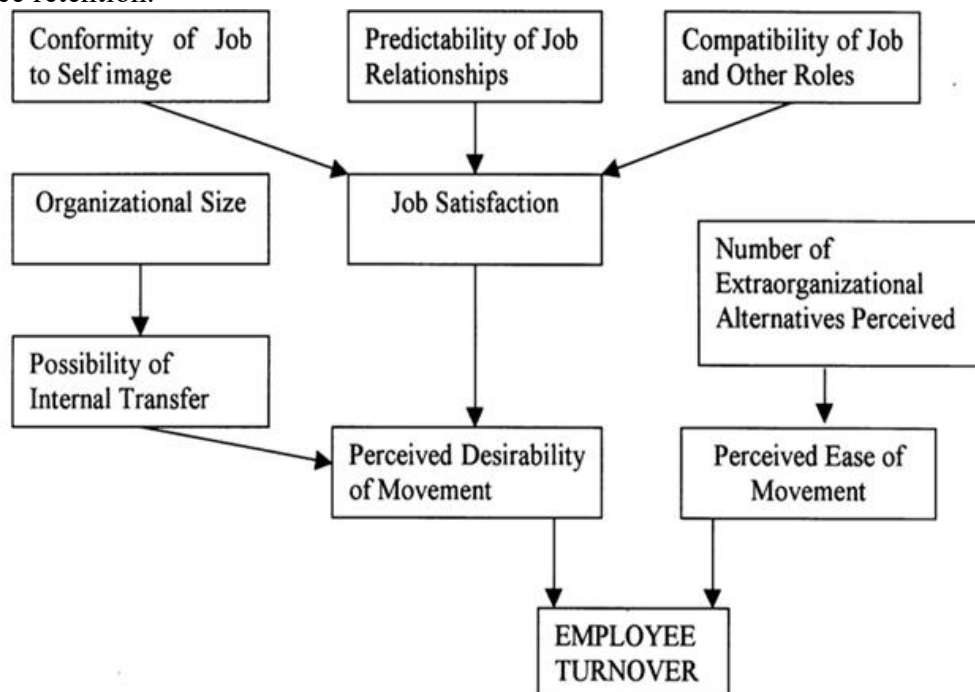
Figure 2.5 Regression model of employee retention

<p>Disgruntled</p> <p>Highly Involved but de-motivated employees</p> <p>Moderate to highly difficult to retain</p>	<p>Stars</p> <p>Highly Involved and highly motivated employees</p> <p>It is easy to retain employees</p>
<p>Detached</p> <p>Uninvolved and de-motivated employees</p> <p>Highly Difficult to retain</p>	<p>Strugglers</p> <p>Uninvolved but highly motivated employees</p> <p>Moderately difficult to retain</p>

Source : Tomer et al., (2015)

March and Simon's model of employee retention (simplified version):

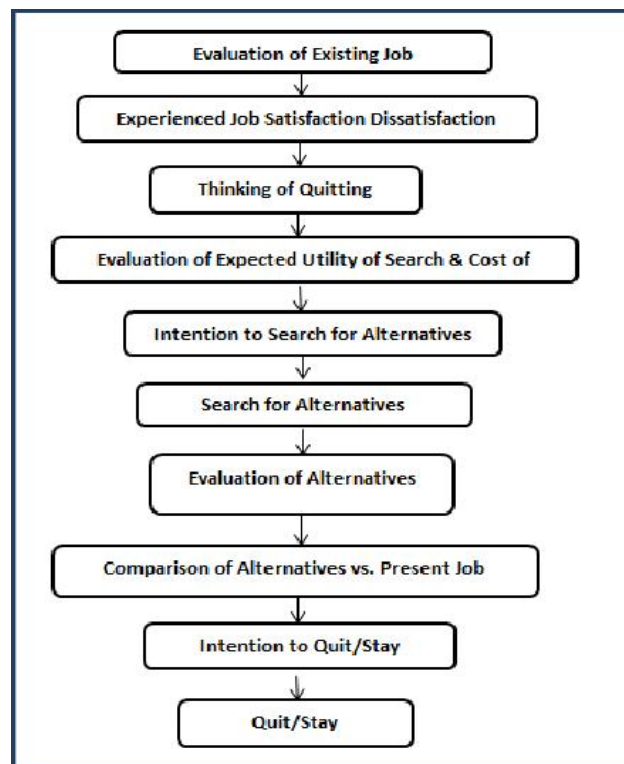
There are two main reasons for attrition of employee, perceived ease of movement that is influenced by ample opportunities outside the organisation and perceived desirability of movement that is influenced by a sense of job satisfaction in the existing organisation. For retaining the existing employees, March and Simon suggested that optimum pay perks can reduce the chances of turnover. Figure 6 explains the model of March and Simon for employee retention.



Source: Morrell et al., (2001)

Mobley's intermediate linkage model for employee retention:

Mobley's intermediate linkage model for employee retention suggests that there are a number of stages through which an employee makes a decision regarding staying or leaving an organisation. The process of decision making whether to leave an organisation or not, starts after evaluating the present job so as to establish that whether the present job is fulfilling the desired objectives. If there is dissatisfaction, then employees think to go for another job. Employees do evaluate the usefulness of hunting a job and the costs behind it. In case he finds better utility for a new job, he/she starts developing an intention to search for an alternative job where his/her expectations can be fulfilled. After exploring several alternatives, the employee starts evaluating each of them based on set parameters or objectives and arranges them in order of preference. As soon as an employee finds the order of preference, he/she starts comparing with the present job to find whether the new job shall in actual give the desired benefits or not. If the new job is providing all the expectations, an employee starts developing the intention to quit and finally leaves the present job. It is evident that the decision to quit is a time taking process and the responsibility lies with the organisation to sense the psychology of employees and make all necessary efforts so as to retain them. Figure 7 explains Mobley's intermediate linkage model of employee retention.



Source: Mobley (1977)

Conclusion

It has been concluded that attrition is not an immediate decision but it takes a number of stages, that suggests that organization has ample time to retain an employee. Further, employee retention is not the sole responsibility of human resource department but it is a responsibility of whole organization. Organizations are suggested that there should be synchronization of objective of an individual employee and the organization, besides this there should be good leadership and reward system and employee engagement.

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