The Importance of Developing Strategies for Employee Retention

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Successful employee retention is essential to an organization’s stability, growth and revenue. Organizations can achieve employee retention by developing four strategies. First, effective communication should be encouraged. Second, hire a diverse workforce. Third, hire appropriately skilled people. And finally, offer employees development and training programs. Our paper discusses these components which contribute towards employee retention strategies. Without properly implemented strategies for employee retention, the organization may face high employee turnover rates. The bottom line is that increased longevity of an employee’s tenure is better for the organization’s overall performance. We offer a series of recommendations to help managers improve retention.

INTRODUCTION

High employee turnover increases cost in resources, recruiting, and time when replacing open positions. Expense to the organization for recruiting a new employee costs half to 200% of the former employee’s salary (Hebenstreit, 2008). The increased cost related to recruitment includes advertising and overlapping of salary; making it difficult to maintain positive employee culture and morale. High employee turnover also leads to missed opportunities for meeting production matrices and budgets set within the departments, adding additional cost to the organization.

A report distributed by the Society for Human Resource Management SHRM (2004) states that 75% of employees are actively seeking a different job. This high percentage should alert employers whose bottom line is dependent on employee productivity. The survey shares that 43% are looking for a new job to receive better compensation, 32% for better career opportunities and 22% are dissatisfied with opportunities at their current job (SHRM, 2004). Organizations, which understand this and develop strategies to addresses these concerns become employers of choice (Dibble, 1999, p. 216). This means
being an employer who knows that workforce diversity, quality talent and relational growth determine the stability of the workplace.

We explored additional literature that suggest measures to increase employee retention and explicates the employee selection process. First, an organization’s should establish a proficient communication process. Leadership must effectively understand and operate within the five levels of communication: intrapersonal, interpersonal, group, organizational and intercultural in order to maintain a healthy work culture for its employees, which is illustrated in table 1 (Bell & Martin, 2014). Second, there must be transparency on the part of the applicant. This allows the organization to examine the applicant and see if they will adopt the vision and fit into the organization’s culture. Third, selection consists of employee diversity, inclusion, integration, specific skills, certifications and educational levels that are valued by both employee and the organization. Finally, the organization should provide additional resources for employee training and development to increase opportunities for their advancement. Our purpose therefore is to provide strategies for employee retention.

LITERATURE REVIEW

Employee retention strategies are a key part of an organization’s vision, mission, values and policies. Dibble (1999) shared that employee retention starts with orientation. Dibble identifies key components employers need to provide employees so they chose to remain with the organization. The employee’s acceptance of the organization’s vision, mission, values and policies come by way of effective leadership communication. Bell & Martin (2014) provide supportive levels in their book for managerial communication and explain the importance of mastering non-verbal communication, which should guide healthy discussions among employees on all levels. We understand that the results of unhealthy communication within an organization lead to a poor work culture which in turn leads to employee turnover. Employee turnover is expensive to the organizations bottom-line. Lucas’ (2013) report that employers don’t understand the expense of high employee turnover. Recruiting new staff is costly due to advertising and administrative expenses; time and resources for onboarding and training; as well as loss of productivity. Baldoni’s (2013) helps us to understand that employee engagement goes beyond productivity: it reduces employee absenteeism, safety incidents and quality concerns.

We learned from Powell’s (2012) research that most employers and business leaders often fail to understand why their employees leave. Unfortunately, many business leaders contribute high turnover to poor relations between employees and managers. According to SHRM’s (2004) employee survey most employees quit their job due to reasons that include: lack of opportunities for professional development, inadequate compensation, poor work/life balance, job stress and unfair treatment. This would be even more evident for women and minorities within a less diverse workplace.

Diversity in the workplace is a strategy that increases employee retention. We liked Curry’s (2004) article because it reminds us that diversity is more than just black and white. Diversity crosses gender, racial and age limits. In Sujansky’s (2004) research, the author explained how the work environment is influenced by each generation. He offered ideas on how to adapt to the unique traits and work styles for personal connection (Baby Boomers); self-reliance (Gen X) and inquisitive/expressive nature of opinions (Gen Y). While Sujansky’s ideas were universal and helpful, we also used Haserot’s (2013) article, which approached multigenerational hiring and retention from the standpoint of law firms. In terms of gender issues in the workplace, the article of Riemenschneider et al (2006) and Sorohan (1993) offers us information regarding the importance of increasing the hire quotas for women. Another research paper by Harisis and Brian (1993) analyzes how prejudice and cultural misunderstanding lead to an increased employee turnover. Pace (2011) added supportive information to our discussion on the study of culture diversity supplying government data supported by President Obama, who called for additional 100,000 disabled employees to work in the public sector.

Although diversity and employee inclusion is critical for employee retention, Gilmore and Turner (2010) reminds us that selection of new employees should be guided by person-organization fit, matching characteristics of individuals to a job and its culture. Gabriél et al (2014) tests the relationship between
perceived fit and the overall attitude associated with an employee’s positive experiences on the job. The study showed that there is direct correlation between Person-Organization fit and job satisfaction. They implied that direct assessment of fit initiated at recruitment improves fit as it aligns employee skills and values with that of the organization. They also noted that the perception of fit fluctuates over time. We used Starks (2007) article, because it analyzed data from 72 agencies over 9 years to determine how the agencies were able to recruit and retain top college graduates in federal employment. Utilizing “fit” and generational theories, he found that recruitment and retention rates were improved when occupations were congruent to educational background and when individuals were hired into agencies with a higher proportion of white collar employees. This article supported our claim that retention is decreased when agencies hire employees into fields that are dissimilar to educational background.

Dawley, Houghton, and Bucklew (2010) provide us with an examination on turnover decisions, or intentions, which are driven by how an employee perceives their fit in a company. In as much that person-organization fit enhances retention; it also impacts an employee’s decision to leave a job. Hebenstreit (2008) shows job fit is relative to personality. He promoted the use of Enneagram, which is a personality and motivation system to recruit and retain employees. His article evaluated data from Enneagram and revealed nine personality subtypes, which interact to create a work environment conducive to retention. As we continued our discussion on job fit, Cramer (1993) helps us to understand that tenure is an important indicator of turnover intention. Organizations with high levels of tenure have low turnover rates. Employees are more apt to stay if employers provide and invest training in their employees. Heathfield (2008) article supports our claim that greater satisfaction among employees is also contingent upon their training and development. They are key motivators encouraging employees to remain loyal and create a cohesive workforce.

We used Ramlall’s (2004) article as it concurred that keeping employees trained is important and has a significant economic impact. We agreed with his explanation that training and development are tools for motivation and optimize the potential for employee retention by increasing their commitment. Gray’s (2014) article confirms our suggestion that the appropriate training exposes the employee’s strength and weakness. This is helpful as we discuss how training encourages employee retention due to leadership opportunities. We added Eckert’s (2013) article because he discussed providing employees with stakeholder training.

THE MAIN FACTORS OF EMPLOYEE RETENTION

Most companies factor employee retention as part of their annual review and budget discussion. This has become evident based on the growth and focus on hiring Human Resource Specialists and growing Human Resource Organizations (SHRM 2014). The foundation towards creating an employee retention strategy should start within the organization’s vision, mission, values and policies.

Vision, Mission, Values and Policies

Suryanarayana, (2010) shares that organizations who attain competitive and winning results are accomplished by “Strategic Intent.” This means that all employees are committed to the organization’s vision, mission and objectives for its operations.

An Organization’s Vision, Mission and Values

An organization’s vision is built around certain core values, which is usually a formulated statement that pushes the organization to attain a corporate goal. A company’s mission is to denote a model that personifies the drive behind the existence of an organization (Suryanarayana, 2010). Targeted direction is important, because good performers maintain commitment to an organization whose goals are communicated clearly, and are attainable.
An Organization’s Policies

Policies reduce unethical behavior, address causes of turnover and provide goals to engage and encourage long-term high performers. Employee engagement increases an organization’s rate of production and reduces absenteeism and turnover (Baldoni, 2013). The importance of policies is not only to provide regulatory guidelines and feedback for operations, but also proper managerial and operational communication methods.

An Organization’s Standard of Communication

Most organizations operate within a multi-level of hierarchy along with a multi-network of human resources as can be seen in Table 1. Employees need to know how they fit into the overall purpose of the organization (Baldoni, 2013). In order for employees to know how they the fit, an organization must have standard process of communication that connects employees to the right message from the employer.

An organization’s standard of communication details the importance of transparent and effective channels of communication between executive leadership, management and employees Bell & Martin (2014) provide five levels of managerial communication. Understanding these levels of managerial communication will help the organization develop a communication standard that is inclusive and considers the diversity of its audience.

Employee Diversity, Inclusion and Integration

A diverse population within an organization’s workforce is beneficial for the company (Curry, 2004). Employees see fewer barriers and more opportunities for growth when an organization embraces and integrates cross-generational, culture and gender employees.

Diversity in Gender and Age

Among the most prevalent barriers facing female employees in a work place in the IT industry are managing family responsibilities, stress, and lack of flexible work hours (Riemenschneider et al, 2006). According to Information Technology Association of America (ITAA), hiring women decreased by 6% between 1996 and 2002. Discrimination was not significant in affecting employees retention, however juggling home responsibilities was the number one factor in women’s voluntary turnover. Although the IT sector differed from Sorohan’s (1993) research discussing female employment retention at Deloitte & Touche, the findings were very similar and proved that women face the same universal obstacles no matter the industry.

The multigenerational work force is facing additional road blocks as well, which affects their retention. Managers must understand what shaped each generation and offer an evolving workplace based on mutual respect and emphasize skill development (Sujansky, 2004). There are about 75 million Traditionalists, 76 million Baby Boomers, 44 million Gen-X and 80 million Gen-Y who represent the largest workforce. Thus, they should work harmoniously toward common goals.

Solutions for Accommodating Diversity in the Workplace

Healthy cooperation and a balanced work environment are instrumental in the federal service sector, where the goal of inclusion of minorities and 100,000 disabled employees has been supported by President Obama’s Office of Personnel Management (Pace, 2011). At the same time, companies in public and private sector must utilize practical solutions for accommodating diversity, because the demographics of the United States are changing: “More than 30% of New York City’s residents are foreign born. Miami is 2/3 Hispanic. Detroit is 63% Black. San Francisco is 1/3 Asian” (Harisis & Brian, 1993). These dynamics make it crucial for managers to avoid the consequences of a negative perception of diversity, which is still prevailing today. In 1,252 telephone interviews conducted by Gallup Organization in May 2005, women were twice as likely as men to report their discrimination such promotion and pay, and among racial groups. Asians and Blacks are most likely to report such circumstances. The results show that employee retention is related to their companies’ diversity policy scores. Diversity is only part of the
consideration for retention strategy. It is equally important that employers assess the employee’s credentials to make sure they are the right fit.

Assessment of Employee Credentials and Work History

Employee retention strategies include upfront assessment of employee credentials and work history to determine qualification for the position and impact on retention. Individual characteristics such as education and experience determine types of jobs and organizations applicants are drawn to. Congruency with an organization (“fit”); leads to retention (Starks, 2007). Fit implies compatibility between people and organizations. Additionally, assessing the way the employee will fit in the job, with the team and within the organization is fundamental.

Concept of "Fit"

The use of the concept of "fit" based on education and credentials in the hiring process provides guidance to determine if the employee meets the qualifications for a vacant position. Person-Organization fit and Person-Job fit are important aspects of hiring for these positions. These concepts embody relationships between the employee and the organization, taking into account the knowledge, skills and abilities the individual brings to the job (Gabriel et al., 2014). Person-Organization fit matches the characteristics of the applicants to the job and culture of the organization which in turn improve new hire-retention rates. Person-Job fit consists of an employee's perception of comfort and compatibility within the environment of the organization (Dawley, Houghton, & Bucklew, 2010). When this type of fit is not present, then the employee seeks alternate employment.

To determine best fit, the organization also has to understand their own culture as it fits with the culture of the new employee. They need to be concerned not only with the current job position, but how the future needs of the organization will be affected by the hiring (Gilmore and Turner, 2010). Person-Job-Organization fit leads to loyalty and greater effort on the part of the employee. This positive job “fit” in turn increases the likelihood of employee retention (Starks, 2007).

Impact of Experience and Tenure

Competent employees positively impact the firm’s productivity and outcomes through experience and extended tenure. Extended tenure through retention returns the investment the company has made in the employee (Ramlall, 2004). Previous job experience and job-hopping impact employee retention and it becomes a significant concern and expense if the new hire leaves the company within a year of employment. New hire recruitment and training costs upwards of half to 200% of departing employees' annual salary. Applying a Type (1-9) assigns employees to groups that factor different events into their decision to join, stay or leave the work place (Hebenstreit, 2008). Employee perceptions, experiences, employment-related decisions personality and motivation offer insight into the challenge of retention. Factors to consider are issues of clear work role, collaboration, supervisory relationships, respect, fairness, rewards and promotions, educational opportunities, or innovative work. Perception of the organizational support often has a major impact on turnover intention and the concept of tenure is its best predictor. Cramer (1993) showed that employers prefer candidates who have longer tenure history in previous jobs. Tenure employers come from an organization who invests in them and provided growth opportunities through training and development.

Employee Training and Development

Training and development motivates employees to remain loyal to the organization and create a cohesive workforce. Heathfield (2008) and her fellow colleagues substantiated the need for continued support in employee training and demonstrated its effect on employee development. Training and development is critical for employee retention strategy.
Options of Employee Job Content and Responsibilities

Employers can establish training and development options for employee job content and responsibilities. Heathfield (2008) looks at job content and responsibilities as an opportunity expand the employee’s role within the organization. A sense of being a part of the company is enhanced when the employee is given a leadership role in projects or has a positive working relationship with the boss. Examples of job content and responsibility in Figure 1 show that employees given an opportunity to grow and develop through leadership goal sharing, self-management and more access to important information and scheduled meetings (Heathfield 2008). These examples of solutions address concerns of employee turnover from SHRM’s (2004) survey results.

Employee’s feel appreciated, when a company recognizes their efforts and talents. Career development should have a direct correlation with increased production, higher wages, fair pay and benefits. “Expose people early and often to the training they will need to become successful leaders” says Andi Gray (2014). It is necessary to build leadership training programs and leadership skills. The company should design a goal plan to determine future needs which includes the identification of internal candidates to participate in training for leadership positions. Creating leadership and management rotational programs allows future management a broad view of the company, which helps the employee understand their impact on the company’s bottom line. Gray (2014) states, “We need to start building our next generation through leadership training, accurately access personal weaknesses, and seek out solutions and advisors.”

Formal Employee Training and Development Options

Employees not only want to grow in leadership but also improve their skills sets through on-going targeted trade specific training. Thomas Eckert (2013) shared that employers need employees to develop a different skill set with supplemental training to understand the issues employers face and the decisions they make as business owners. Enhanced skill sets lead to promotions and better pay. Sum (2011), shares the following propositions:

- Training has a positive impact on measures of the organization’s competitiveness.
- Training has to be integrated in the firm’s business strategies
- The integration of training in the firm’s business strategies increases the impact of training on the firm’s competitiveness.

Sum (2011) uses a regression analysis of the data obtained from a survey of training professionals employed in small, medium, and large firms across three different industries. Data supported the fact that training or the lack there of has an impact on competitiveness in business and retention. Figure 1 provides additional options for a healthy training and development program (Heathfield 2008). Figure 1 suggests that employers should provide training and development through both internal and external seminars, which contributes towards retention strategies. Training and development allow the opportunity to lessen the economic impact of losing critical employees and the knowledge they hold (Ramlall, 2004).

SUMMARY

In conclusion, employee retention strategies should be a part of every aspect of an organization’s principals and operations. This paper provided strategies for employee retention. We showed that in order for any organization to achieve its economic short and long-term goals; they must address contributing factors of high turnover and develop a strategic plan. This plan first show the need for organizations to commit to employee retention starting with their vision, values and operational policies. Organizations should foster positive communications that engage and promote employee commitment to the vision and values of the organization. Second, the plan promotes inclusion of diversity and transparency. Third, the plan continues to focus on recruiting the right employee and assess if the employee is a “Job Fit” for the organization. Last it provides support that organizations should provide employee development and training.
In today's global business, and in particular in the United States, managers must develop practical strategies to retain employees of diverse background. In order to succeed in this endeavor, it is necessary for them to understand the environment that shaped diverse workforce of multiple generations and plethora of cultures. They must also accommodate their employee’s unique learning and work styles, as well as find ways to motivate them. In terms of gender, managers ought to increase the hire of female employees and utilize their talent by offering them flexible work hours that accommodate their family and child-raising responsibilities. When all these goals become a manager’s priority, they create job satisfaction and a positive work environment. It will also increase employee retention and lead to accomplishing organizational goals such as gaining competitive edge and contributing to increased profits.

Retention of valued employees is crucial to a company’s bottom line. Replacement of knowledgeable skilled employees is expensive. Costs to an organization include search and recruitment to fill the vacated position; followed by orientation and continued training required to stay skilled in the workplace. Knowledge gained during an employee’s ongoing employment with a company is lost when the employee leaves. Continued retention efforts to extend tenure of an employee also cost the organization money however the price is small when compared to replacement. The younger an employee is when hired and duration of employment makes age and tenure an obvious correlation. Tenure is also related to staying in the same position, as those who stay long at a company tend to stay in the same position. Alternately tenure is also predicted through mobility within the same company.

We know every employee is not looking for a lifelong job, but hiring qualified individuals based on knowledge and credentials upfront is important to increased retention and decreased turnover. When “fit“ is considered in the present tense within the hiring process and in a forward thinking manner, organizations glean the economic value of knowledgeable, educated, and happy employees. Ongoing acknowledgement has to be given of the relationship between committed employees and a business environment where that employee wants to stay.

Person-Organization fit is the congruence of organizational and personal values. Person-Job fit is the complement between job demands and personal characteristics. Fit is an important factor in both retention and turnover as it is correlated with job satisfaction and positive interactions in the workplace. Enhancing fit begins with recruitment and selection. Fit is reciprocal and involves the assessment of fitness for a role with the organization from both the employee and organization viewpoint.

Employee retention strategies must offer opportunities for employee training and development. This means that companies should have deliberate discussions and utilize in-depth analysis of data and employee feedback as a strategy to retain its employees. Companies should invest in its employees as stakeholders. Organizations should make efforts to understand the employee and the employee should put forth the effort to understand the corporate needs of the company. This should be a mutual handshake that benefits the employee and the employer. Putting retention strategies in place make it possible to retain and motivate employees to remain loyal, productive and competitive.

Employers should look at the retention strategies as long term investments in future growth and competitiveness in the company. The labor market today is highly competitive and retaining top talent is essential to compete in the market place. Employers must recognize this challenge and invest in job content as well as formal training and development. Employers must be willing to create their own leadership academy. Employers must recognize leaders from within, train and develop them as present and future leaders. Every employer must optimize the available opportunities to exercise their retention strategies and invest in their employees, who in return become stakeholders and increase the competitive and financial bottom-line of the company. Employee retention strategies have a high impact and pay a dividend to the employee and the employer.

RECOMMENDATIONS

In terms of strategies to insure retention of high performers, first, we recommend that an organization review its vision, mission and core values to ensure “Strategic Intent” creates a culture where the
employee see their value and an opportunity to grow. This must be communicated proficiently with clarity and transparency to maintain trust in the workforce.

Second, we recommend that managers realize that choosing diversity as part of their workforce is no longer optional, but absolutely instrumental for any organization’s success. The United States economy is no longer driven by manufacturing goods as it used to be during the industrial revolution, but by the service sector. In this sector, skilled workforce is drawn globally, and therefore the knowledge of diversity, its traits and characteristics is a must. It is worthy to note, the United States has become one of the leading nations in the world, because of the melting pot effect, where talent and innovation comes from various cultures. Managers must value and accommodate a diverse workforce along with its unique characteristics by offering professional development workshops that will not only enhance core job skills, but also soft skills and emotional intelligence. In a multigenerational and multicultural work environment, where employees of all backgrounds meet together; there must be a common platform of respect and appreciation for everyone’s differences, in order to build organizational morale and succeed as a company.

Third, in order to retain good employees, managers need to begin the hiring process with a search for the right employee. In a time when employees are not always looking for a job for life, we recommend organizations look at a few imperative points to extend tenure of employees. One size does not fit all; different personality’s measure different motivations for Person-Job and Person-Organization fit. This applies across all realms: employee job title, team, supervisor, organization and culture. The new employee should be introduced to the culture of the organization during the hiring process. Organizations should make it their mission to retain employees with specific knowledge or educational level, credentials, and skills; these individuals may go work somewhere else taking their skills with them. Extending tenure requires motivation on both the part of the employee and the organization.

Fourth, and finally we recommend developing a training program for employees on all levels. It is also important to include outside resources as a form to improve employee performance and productivity outcomes. Training should be formal, job-related and available as an option for all employees to choose. At the end of the day, we should be creating life-long learners, who make an impact at every level as they choose to move up the corporate ladder.

**TABLE 1**

**FIVE LEVELS OF MANAGERIAL COMMUNICATION**

<table>
<thead>
<tr>
<th>Intrapersonal Communication</th>
<th>Communication between within oneself. This happens through interpretation and clarity of what is heard and saw.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal Communication</td>
<td>Communication between self and another person.</td>
</tr>
<tr>
<td>Group Communication</td>
<td>Communication between three or more people</td>
</tr>
<tr>
<td>Organizational Communication</td>
<td>Communication within a social group of people who have different strengths but a common goal.</td>
</tr>
<tr>
<td>Intercultural Communication</td>
<td>Communication with others whose beliefs, values, norms, standards and culture is different than the individual or organization.</td>
</tr>
</tbody>
</table>

Note. These Five Levels of Managerial Communication is to provide competency and understanding about communication (Bell, R.L. & Martin, J., 2014, pp. 23-27)
FIGURE 1
TRAINING AND DEVELOPMENT PROGRAM OPTIONS

TRAINING AND DEVELOPMENT OPTIONS: JOB CONTENT AND RESPONSIBILITIES

- Provide more authority for the employee to self-manage and make decision
- Provide more opportunity to establish goals, priorities and measurements
- Assign the employee to head up projects or teams
- Enable the employee to spend more time with his or her boss
- Provide the opportunity for the employee to cross-train in other roles and responsibilities

TRAINING AND DEVELOPMENT OPTIONS: FORMAL TRAINING AND DEVELOPMENT

- Provide tuition assistance to encourage employees to pursue additional education
- Enable the employee to attend an external seminar
- Pay for the employee to take online classes
- Offer commonly-needed training and information
- Enable the employee to seek training and development in the direction they choose and are interested in, not just the company assigned directions

Note. This information is part of a summary based on the recommendations of (Heathfield, 2008).
REFERENCES


