

Human Resources -Change Agents For Motivating and Retaining Employees

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Abstract

This paper will highlight on how HR managers can meet the challenges of workforce diversity, how to motivate employees and retain them to become factor of success for an organization. With the change in competitive market environment, the role of HR in organizations is evolving and it plays a strategic role in the success of an organization.

Employee commitment, productivity and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent. For many firms, “surprise” employee departures can have a significant effect on the execution of business plans and may eventually cause a parallel decline in productivity.

This study is aimed at identifying whether only financial motivators alone are responsible for retention of high quality talent in the organization.

Keywords: motivation, retention, commitment, financial motivators

Introduction

The recruitment and retention of employees is an expensive, time-consuming task. The importance of top-performer retention is a topic that consistently leads in HR and business surveys alike. Notably, more than 1,000 CEOs were asked, “How important are the following sources of competitive advantage in sustaining your growth over the long term?” The #1 response—chosen by 97 percent—was “access to, and retention of, key talent.”[1]

Talent retention is critically important for all organizations for two main reasons:

1. Turnover is expensive.
2. Top performers drive business performance.

Attracting good staff is not an easy job plus their retention can be even more difficult. The substantial costs associated with employee turnover are often ignored. New employees require training and guidance, and lack the experience of existing staff. Much of the knowledge gained by existing employees may be undocumented, and is therefore lost when they leave the company.

While this may sound like employee retention and motivation shouldn't be high priorities for employers, it is more important now than ever to focus on developing a *positive relationship* with employees. If your company has had layoffs, furloughs, or a hiring freeze, the workers who are left are probably working harder than ever as they absorb the work that former employees did in addition to their existing jobs. That sort of stress can cause employee morale to suffer terribly. And at some point, the economy will turn around and if employees believe they have been treated badly or were unappreciated for the work they did to help the company during the lean times, they will be the first to quit. That could leave an employer without its most talented or knowledgeable employees right when it needs to start building and growing quickly.

For this purpose, a brief literature background is discussed to determine the roots of talent retention which mainly starts from high employee turnover. It is noteworthy, that, techniques and tools for talent retention are different in the different parts of the world and organizations try to go accordingly. These techniques include financial and non-financial awards, job engagement techniques and HR activities for the talent retention. According to some researchers talent retention can be made through motivational theories but others believe in different techniques.

In order to determine the future path, forthcoming part of this research paper will explore the background literature of the study.

Research Methodology

A study was conducted through extensive literature review of journals, magazines and previous work done by researchers obtaining information across various industries to evaluate what makes talented employees leave organizations. Furthermore, we would also be considering the various factor affecting employee motivation and retention globally.

Literature Review

People will leave if they don't like their manager—even when they are well paid, receive recognition and have a chance to learn and grow. In fact, *disliking or not respecting the “boss” is the primary reason for talent loss*. Reasons for employee departures cited in major research studies, are, in descending order [3, 4, 5]:

1. Employee/manager relationship
2. Inability to use core skills
3. Not able to impact the organization's goals, mission
4. Frequent reorganizations; lack of control over career
5. Inability to "grow and develop"
6. Employee/organization values misalignment
7. Lack of resources to do the job
8. Unclear expectations
9. Lack of flexibility; no 'whole life balance'
10. Salary/benefits

The Phenomena of Intrinsic Motivation

What motivates people to do their best work in any endeavour they undertake? Management theory and practice has traditionally focused on extrinsic motivators—pay, benefits, status, bonuses, pension plans, expense accounts, etc. While these are powerful motivators, by themselves they are no longer enough—intrinsic rewards are essential to employees in today's environment[2]. Intrinsic rewards come to employees directly from the work they do—like the pride of technical accomplishment, service to a customer, or making a difference in the world. Luk et al. [8] highlighted that intrinsic motivation and job satisfaction are key factors for talent retention.

Retention of Talent

The retention of talent is an important issue; therefore Lockwood and Ansari suggested several strategies for retaining key employees which mainly include HR practices[7]. It is worth mentioning that employees of an organization are always at their best position to assess the organization's HR practices [9]. Budhwar and Mellahi (2007) declared HR practices as one of the important factors for organizational success and among HR practices recruitment and selection has extreme importance because all other HR practices come after them.

Important stakeholder groups (customers, creditors, investors, employees) watch workforce stability and capacity carefully. Workforce strength, capacity, and dependability influence the confidence of all these constituents. Customers are increasingly concerned about the quality and service levels they get from suppliers. They want to have confidence that their suppliers can perform—especially in situations that call for specialized knowledge, fast response, or appreciation of the customers' history with the company. *Customer relationships are stronger when an organization's workforce is stable and customers can depend on the company's people—the continuity of their product knowledge, industry experience and proven performance* (Mitchell, 2002).

Unhappy people can seriously affect employee morale. Whether they leave or not, disaffected workers can damage the attitudes of other workers (Caplan and Teese, 1997). Negative feelings impact the quantity and quality of work, absenteeism and tardiness, cooperation with supervisors, and a company's ability to attract desired applicants.

Financial Motivators

Targeting retention measures at the right people using a tailored mix of financial and nonfinancial incentives is crucial for managing organizational transitions that achieve long-term business success; it's also likely to save money. Still, executives mustn't view employee retention as a one-off exercise where it's sufficient to get the incentives packages right. Rather, best-practice approaches build on continuous attention and timely communication every step of the way to help employees make sense of the uncertainty inherent in organizational change[6].

Findings

As per the review of existing literature, some interesting findings came into light. There are three factors which are responsible for talent retention, viz., *Motivation, Commitment and relationship with boss/ supervisor*. Leadership attention and development opportunities have far more impact on employee motivation than financial incentives. We cannot deny that monetary reward can be a powerful incentive in certain situations, notably in highly competitive environments such as sales or investment banking. It also becomes the foremost lever if it has been "overused": when a company depends on financial reward to engage employees, their intrinsic motivation disappears.

Talent Retention = Motivation x Commitment x relationship with supervisor

Conclusion

Given the growing needs for organisations to retain its best employees in the face of competition, the findings of the study suggest that certain variables are crucial in influencing employees' decision to either leave or remain in an organisation. There are six practices which organizations can implement to retain their top talent: Recruit the right people in the first place, Improve the line manager's ability to manage, Give employee's constant feedback about clear, meaningful goals, Empower employees to manage their own careers, Proactively drive talent mobility & Continuously measure and improve retention strategies.

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