Employee Retention through Employee Engagement

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ABSTRACT

Employee engagement leads to commitment and psychological attachment and reflects in the form of high retention (low attrition) of employees. The level of engagement in employees can be enhanced by identifying its drivers (influential factors) and work on them. For the purpose of study, the drivers of the employee engagement are identified and hypotheses have been formulated. The relationship between employee engagement and employee retention is examined from the response to separate questionnaires from 185 employees who are chosen based on random sampling. The study finds that the employee retention can be improved by increasing the level of employee engagement and focusing on few non-financial drivers. Practical implication of this study is the retention can be improved without financial expenditure when there are economic constraints. Organizations can design good practices in the light of findings to retain their best talent (highly skilled and specialized human resources) without much financial burden.

KEYWORDS: Employee Engagement, Employee Retention, Work environment, Supervisor support, Communication

1. Introduction

Employee Engagement – Meaning & Definition.

Employee engagement is defined as employees’ willingness and ability to help their company succeed, largely by providing discretionary effort on sustainable basis (Perrin’s Global work study, 2003). Another study (Scarlett survey) views it as measurable degree of an employees’ emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform at work. The employee engagement is an emergent working condition and a positive cognitive, emotional and behavioural state directed toward organizational outcomes (Shuck & Willard, 2009). Gallup (which is known as authority on employee engagement) relates employee engagement to a positive employee’s emotional attachment and employee’s commitment (Demovsek D, 2008). Thus the employee engagement make employees emotionally bonded to their organization and tend them to become passionate about their work and hence results in improvement of employee retention.

2. Impact on Employee Retention

Employees are assets of any organization and organization always try to avoid losing the key performers. Employee retention can be defined differently as per the context of its usage. It can be represented mathematically in percentage such as retention level is 87%, which means the organization could keep its 87% of its employees with them for a specified period which is normally taken as a year. In other context employee retention refers to the ability of an organization to retain its employees. In this case the employee retention is considered as a strategy, based on the effort by which the organization attempts to retain the employees. Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period. Whereas retention management has become major source of competitive advantage in the modern rapidly globalizing business world(Vaiman, 2008). Randenbush, S.W. & Bryk, A.S. (2002) argue that the employee turnover affects family, organization and society. It brings stress in family as relocation of family and employee will become necessary and financially related issues in connection with the relocation also arise. For organization it may lead to disruption of service to clients and dissatisfaction of employees.
due to extra workload. When an employee with critical skills to support the society leaves the organization, it impacts the society badly. With retention a growing concern for organizations, understanding the factors that drive commitment and loyalty among employees is essential for managing increasing turnover risk in the months and years ahead, (Mark Royal, Hay Group News release, 2011). As per Corporate Leadership Council report (2008) the highly engaged organizations have the potential to reduce the staff turnover by 87%, the disengaged are four times more likely to leave organization than average employees. It was observed that the employee retention can be improved by improving employee engagement.

3. Role of HRM in Employee Engagement & Retention.

Human Resources Management (HRM) play important role in retention of employees. HR managers have to identify the right retention strategies which their employees perceive to be effective. Good HRM practices in the area of compensation, reward, career development, supervisors’ support, culture and work environment can help to improve retention (Meyer and Allan, 1991; Solomon, 1992; Snell and Dean, 1992). Many organizations now utilize extensive range of human resources management factors that influence employee commitment and retention (Stein, 2000; Beck, 2001; Clarke, 2001; Parker and Wright, 2001). According to them, the factors which influence employee retention are work environment, supervisor support, organization image, employee value match, remuneration, reward and recognition, employees’ career development etc. Hay Group study (2011) has identified five key factors that differentiate “stayers” (those committed to the company more than two years) from “leavers” (those planning to leave in two years or less). The key factors are confidence in the organization and leadership, room for employees to grow, a fair exchange between organization and employee, an environment for success and authority and influence. Factors influencing engagement include work environment, rewards and recognition, career development, supervisor/leader, compensation/remuneration, and employee-organization value match.

Work environment is considered one of the most important factors in the employee retention (Zeytinoglu & Denton, 2005) and people strive to work and to stay in those corporations that provide good and positive work environment (Ramlal 2003). Study by Wiesenberger and Associates (1993) suggest that employees’ view regarding organization is strongly concerned to their relationship with supervisor. Recognition from bosses, team members, co-workers and customers enhance the loyalty and retention.

Several studies have highlighted the linkage between rewards and employee retention and it has been the most important factor for attracting and retaining the talent (Williams and Dreher, 1992; Watson Wyatt, 1999; Willis, 2000; Tower Perrin, 2003; Mercer, 2003).

Career development is also very important for employee retention. Employees are keen to advance in their career, organization desires to strengthen their bond with employees must spend on development of employees (Hall & Moss, 1988). Study by Prince (2005) also advocates that to gain competitive advantage, organization requires talented and productive employees and the latter need career development to enhance and cultivate their competencies. Freyermuth (2007) also recommends that the organization must groom leaders to support the employees and to build the work environment where workers want to stay.

4. Techniques for Employee Engagement

The four engagement techniques currently favoured by organizations are:

4.1. Action Teams (55%) – Employee teams created to work with leaders to identify engagement goals and develop strategies to achieve them.

4.2. Story Telling (49%) – Distilling information about what the company is striving for and how it can get there, into more human and persuasive “stories” that involve employees on a more emotional level.

4.3. Appreciative Inquiry (29%) – A communication approach that encourages employees to work with leaders to envision corporate goals and share ideas how to best achieve them.
4.4. Message Maps (19%) – A messaging approach demanding an in-depth understanding of the audience, their perceptions and attitudes.

5. Key Findings From the Global Survey:
Other interesting findings to emerge from Meldrum’s latest global research into employee engagement include:
Around 81% of organizations worldwide now have employee engagement on the agenda.
A quarter of organizations address engagement through a formal engagement program, while 54% treat engagement as part of a general philosophy incorporated into overall people practices.
Employee engagement programs in 40% of organizations worldwide are overseen primarily by HR, while for 27%, internal communication is the key function.

5.1. Findings of Alpha Measure Survey.
Alpha Measure is a US company that designs custom employee surveys tailored to target the organizational topics and challenges facing the staff, and offer exceptional customer support to assist the organization at every step of the way.

It defines employee engagement as the level of commitment and involvement an employee has towards their organization and its values.

How will we know to what degree our employees are engaged? The first step is to determine the current level of employee engagement. The best tool to determine this base line is a comprehensive employee satisfaction survey. A well administered satisfaction survey will let us know at what level of engagement our employees are operating. Customizable satisfaction surveys will provide us with a starting point towards our efforts to optimize employee engagement.
The key to successful employee satisfaction surveys is to pay close attention to the feedback from our staff. This is the only way to identify their specific concerns. When leaders listen, employees respond by becoming more engaged. This results in increased productivity and employee retention. Engaged employees are much more likely to be satisfied in their positions, remain with the company, be promoted, and strive for higher levels of performance. Listening to employee ideas, acting on employee contributions and actively involving employees in decision making are essential to employee engagement.

7. Taking action to improve Employee Engagement.
Nothing is more discouraging to employees than to be asked for their feedback and see no movement toward resolution of their issues. Even the smallest actions taken to address concerns will let your staff know that their input is valued. Feeling valued will boost morale, motivate and encourage future input. Taking action starts with listening to employee feedback. Then the data needs to be analyzed. Next, a definitive action plan will need to be put in place and finally, change will be implemented. It is important that employee engagement is not viewed as a onetime action. Employee engagement should be a continuous process of measuring, analyzing, defining and implementing.

8. Alternative to Employee Engagement.
Conditions that prevent employee engagement seldom alleviate themselves. They should be assessed and addressed as soon as possible. Left to multiply, negative employee satisfaction issues can result in:
8.1. Higher Employee Turnover
Employees leave, taking their reservoir of knowledge and experience to another workplace
8.2. Diminished Performance.
Competency of the workforce is reduced, at least short term, until new employees are trained
8.3. Lost Training Dollars.
Time and money invested in training and development programs for departing workers is wasted
8.4. Lower Morale.
Remaining employees can be overburdened with new duties, in addition to the unresolved issues that already prevent their full engagement.

9. How to attain Employee Engagement?
Listen to the employees and remember that this is a continuous process. The information our employees supply will provide direction. Insist upon increased engagement at the managerial level, and create and deploy a customized employee satisfaction survey from AlphaMeasure to assess your current level of employee engagement. Identify problem areas, make a plan and take action towards improvement.

PeopleStreme

PEOPLESTREME EMPLOYEE ENGAGEMENT SURVEY REPORTS
People Streme has offices in 6 Countries including India. PeopleStreme specialises in all facets of Human Capital Management systems. Its client list reads like a who's who of Australian, national and global organizations, including Government and Not-For-Profit. Our clients include McDonald's, Mercedes Benz, Fuji Xerox, Mater Hospital, Warringay City Council, Astra Zeneca, Olympus Newcrest Mining, Fairfax Digital and many others. They have experience in and work across all industry sectors.

PeopleStreme Employee Engagement (PS-EE) is a series of online diagnostic tools designed to accelerate improvements in Employee Engagement and retention. Competing employeeengagement tools were developed based on Industrial Age thinking. Instead, PS-EE includes a new talent management Knowledgebase which provides recommended remedies for each factor and employee retention. In addition to remedies, the online software tool recommends the top employee engagement priorities requiring urgent attention in order to reduce unplanned turnover and improve retention for talented employees.

PeopleStreme Employee Engagement builds benchmarks as the survey is conducted, immediately, not after delays of weeks or months. This enables you to immediately compare and prioritize each Department or Division with organizational and industry benchmarks. You can easily compare to internal benchmarks such as:
- Absenteeism rate
- Lost time injury rate
- Employee turnover rate
- Previous restructures

Standard reporting includes:
- Department/ Division comparison with the Organisation Benchmark
- Gender Comparison
- Location Comparison (State or other Location information)
- Custom Fields provide additional demographics for reporting
- All data can be exported for reporting purposes.

10. Conclusion.
The present study was conducted when the airport was reeling under the high employee turnover. The study brought out how employee retention can be improved by improving engagement level of employees. There was statistical evidence in the study to confirm that the employee retention can be improved by addressing non-financial drivers of employee engagement like communication, recognition, manager/supervisor support (relationship), work engagement, team work and role clarity. Therefore it has given a very positive message that even without financial expenditure the employee engagement and hence retention can be improved. The result can be applied as a starting point for further studies or can be emulated in similar airports or organizations which really require a cost effective way of retention. Limitation of the study is that it has not gone in details to analyze the impact of each drivers separately, instead had a holistic approach. As such the future studies can be
conducted in two directions: one to find the impact of non-financial drivers on the employee engagement and retention and the other to include financial drivers of employee engagement and have an elaborate study of the impact of engagement drivers on employee engagement and retention.

REFERENCES
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