

Employee retention strategies and its effect on turnover in retail sector

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Abstract

Employee retention is a demanding concern of the organization. This study emphasized employee retention strategies. Employees are the assets of the organization. In order to retain skilled and dedicated employees in the organization, management should take care of employee satisfaction. Identify the causes of employee turnover and overcome them. The purpose of this study is to prove how important it is to retain employees these days and if organizations are not aware of the situation and immediate action is not taken, what are the consequences and how would it affect the organization and the industry. Considering the importance of a sensitivity of the issue of retention to any organization, this study seeks to review the various available literature and research works on employee retention and factors affecting employee retention and job satisfaction among employees

Keywords: Employee retention, Employee satisfaction, Employee turnover, Employee retention strategy

CHAPTER –I INTRODUCTION

1.1 Introduction

Employee retention is challenging concern of the organization. This study emphasized employee retention strategies. Employees are the assets of the organization. In order to retain skilled and dedicated employees in the organization, management should take care of employee satisfaction. Identify the causes of employee turnover and overcome them. The purpose of this study is to prove how important it is to retain employees these days and if organizations are not aware of the situation and immediate action is not taken, what are the consequences and how would it affect the organization and the industry.

Considering the importance of a sensitivity of the issue of retention to any organization, this study seeks to review the various available literature and research works on employee retention and factors affecting employee retention and job satisfaction among employees

1.2 Employee retention definition

Employee retention is defined as the ability of an organization to retain its employees. It can also be termed as a process in which resources are motivated and encouraged to stay with the organization for a longer period of time for the sustainability of the organization. The ultimate goal of employee retention is to make both stakeholders, i.e., the employee and the employer, happier. It makes it easier for loyal employees to stay with the

company for a longer period of time. Denton (2000) [1] clearly stated that employees who are happy and satisfied with their work are more committed to their work and always put their efforts to improve their organisational customer satisfaction of their organization. Panoch, (2001) [2] opined that organizations today are very careful to retain their valuable employees and good employees because they are increasingly becoming more difficult to find. Walker (2001) [3] was of the opinion that managing and retaining promising employees is an important fundamental means of achieving competitive advantage among organizations. Cutler (2001) [4] was of the opinion that one of the most an important management requirement in any organization today is to maintain the motivation and commitment of the most vital and dynamic human resources. It is not important to see who the organization hires, but what is important is who stays with the company. Researchers such as Kaliprasad (2006) [5] confirmed that despite the fact that a company may try to bring all these factors into play to improve employee retention, an employee may still decide to leave the workplace due to bad management. Baker (2006) [6] highlighted the fact that hiring new employees is much more difficult and also more expensive than retaining existing employees in the organization. This is why the organisation must do constant effort to identify and try to retain all the best performers irrespective of their age. (Bashir et al (2009) employees are the most important part of everyone organization, because they are the ones who produce or deliver your products or services. If the employees will retain in the organization for longer time and does not change quickly so the organization will be benefited from this. It is important that employers must know that how the employees remain in the organisation. According to Several factors have been considered in previous studies important for employee retention. Factors that have a direct impact on employee retention are career opportunities, work environment and work-life balance. Mita (2014) defined employee retention as “a technique adopted by businesses to maintain an effective workforce while meeting operational requirements”. Bidisha (2013) described it as “a process in which employees are encouraged to stay with the organization for the maximum period of time or until the completion of the project. According to Workforce Planning for Wisconsin State Government (2015), employee retention is “a systematic effort to create and support an environment that encourages employees to remain employed by having policies and procedures in place that address their diverse needs.

1.3 Purpose of the study

The purpose of this study is to analyse previously conducted researches on employee retention in order to identify the determinants that various researchers commonly identify as the basis of their decision to remain in an organization.

CHAPTER –II LITERATURE REVIEW

2.1 Meaning of Employee Retention

Employee retention Sinha, C., & Sinha, R. (2012). Refers to various policies and practices that enable employees to remain with an organization for a longer period of time. Every organization invests time and money to prepare a new employee, to make him company material and bring him to the same level as existing

employees. The organization is at a complete loss when employees leave their jobs after being fully trained. Employee retention takes into account the various measures taken so that an individual remains with the organization as long as possible.

Basically Employee retention Hannay, M., & Northam, M. (2000) is an organizational goal to retain productive and talented employees and reduce turnover by fostering a positive work environment that promotes engagement, shows employee appreciation, provides competitive pay and benefits, and promotes a healthy work-life balance. Employers are primarily interested in retaining employees in a period of low unemployment and increased competition for talent. To retain employees, organizations are using HR technology to recruit, hire, engage and recognize workers, as well as offer greater work flexibility and modern benefits such as physical and financial wellness programs.

2.2 Importance of employee retention

As businesses compete for the best talent, employee retention is critical. While some experts suggest that a 90% retention rate is a good goal, the reality is that it varies across companies and industries. However, the ability to retain employees is universally beneficial for many reasons. Here are the top nine benefits:

- **Cost reduction.** US employers spend hundreds of millions of dollars each year recruiting and training new workers. These costs are sunk if the employee leaves early. Productivity, team cohesion and morale are also affected – which also has a financial impact. The total replacement cost for each employee can range from 90% of the worker's salary for an entry-level employee to 200% or more for professionals and temporary managers.
- **Recruitment and training efficiency.** By focusing on employee retention, companies reduce recruitment costs and get a greater return on employee training. Recruiting costs include fees paid to recruiters or for advertising the position, interview travel and any signing bonuses. This is followed by training, which can also be expensive. If the employee leaves early after being hired, that money is wasted.
- **Increased productivity:** Employee turnover reduces productivity because the new worker needs time to get up to speed and produce at a comparable level to their predecessors. It also takes a toll on the remaining employees who have to take on additional work and may produce lower quality output as a result. Conversely, workplaces with high retention tend to have more engaged workers who are more productive as a result.
- **Improved employee morale:** Organizations with successful employee retention programs foster greater connectedness and engagement, which helps morale and, in turn, increases retention. Conversely, a steady stream of departures has a dampening effect on workplace morale, with side effects that include reduced quality of work and more workers choosing to leave.
- **Experienced staff:** It stands to reason that the longer employees stay with an organization, the more engaged, knowledgeable and skilled they become. They have also established valuable relationships with customers and co-workers. When an employee leaves, the company incurs an opportunity cost in the potential value the employee could provide.
- **Better customer experience:** Inexperienced and less skilled new hires may be more prone to missteps that negatively impact the customer's experience with the company. Satisfied, longer-term employees are often more skilled in dealing with customers and may have strong relationships with them. This applies both in all stages

leading to the signing of the contract and also after the sale, when the customer can contact customer service. A better customer experience can also be a key element of brand differentiation.

- **Better employee satisfaction and experience:** There is a symbiotic relationship between employee retention and satisfaction—the happiness and fulfilment of employees—and employee engagement, the degree of commitment workers bring to their roles. Satisfied and engaged employees are often more likely to stay with the organization, and organizations with high employee retention rates often experience greater employee satisfaction and engagement.
- **Stronger corporate culture:** Company culture develops over time based on the cumulative characteristics and interactions of employees. When engaged employees who are aligned with the organization's culture stay, they reinforce the organizational ethos. A strong company culture also improves productivity and performance.
- **Increased income:** Employee retention isn't just about cutting costs; anecdotal evidence shows that it can also have a positive impact on revenue. Employers with better retention rates provide a better customer and employee experience retain experienced top talent and are more productive – all of which can drive growth.

2.3 Employee turnover

A certain amount of turnover will always exist in an organization and some of it can be beneficial because it clears the way for new talent. Industries that tend to employ many entry-level, part-time, and seasonal

However, high turnover takes its toll. Companies with higher turnover lose what they invested in recruiting, hiring and training employees who leave. **Phillips, J. J., & Connell, A. O. (2003)** For the rest, morale and quality of work can be affected. In addition, organizations experiencing higher attrition need to focus more attention on replacing talent and addressing issues related to lost productivity, employee burnout, and reduced employee engagement. These negative effects can lead to even more turnover and hinder the overall success of the company.

2.4 Identified reasons for turnover

Research says **Michael, O. S., & Crispin, C. (2009)**. That most employees leave an organization out of frustration and constant friction with their superiors or other team members. Low pay, lack of growth prospects and motivation in some cases force employees to look for a change. Management must make every effort to retain those employees who are truly important to the system and known to be effective contributors. It is the responsibility of both line managers and management to ensure that employees are satisfied with their roles and responsibilities and that their work brings them new challenges and learning every day.

2.6 The Three R's of Retention:

- **Respect** is respect, special regard, or special consideration given to people. As the pyramid shows, respect is the foundation of employee retention.
- **Recognition and rewards** will have little effect if you do not respect employees. Recognition is defined as "special notice or attention" and "act of clear perception". Many retention and morale problems occur because management does not pay attention to people's needs and responses.

- Rewards are the extra benefits you offer beyond the basics of respect and recognition that make it worthwhile for people to work hard, care, and go above and beyond the call of duty. While rewards are the smallest part of the retention equation, they are still important.

Aggarwal (1998) explained the concept of reward as something that an organization offers to employees in response to work and performance and something that employee’s desire.

2.7 Reviewed papers

Table No. 2.1 Literature Review

<i>AUTHORS</i>	<i>PUBLICATIONS</i>	<i>VARIABLE</i>	<i>FINDINGS</i>
<i>Fitz-enz (1990)</i>	<i>IOSR Journal of Business and Management (IOSR-JBM)</i>	<i>Factors influence employee retention</i>	<i>Employee retention is not influenced by a single factor, but there are a number of factors that are responsible for employee retention in an organization. Management must pay attention to factors such as rewards and rewards, job security, training and development, superior support culture, work environment and organizational justice, etc.</i>
<i>(Butler, P. and Glover, L (2007)</i>	<i>International Journal of Business and Management Invention (IJBMI)</i>	<i>Various Strategies that influence employee retention</i>	<i>Found that employee retention strategies contributed to employee commitment to organizational goals also exposing their loyalty towards their company also found that when the workforce was retained, the knowledge they acquired facilitated the development of the operations of the company they worked for</i>
<i>Eva Kyndt, Filip Dochy et al (2009)</i>	<i>IOSR Journal of Business and Management (IOSR-JBM)</i>	<i>Personal factors</i>	<i>In their study investigating employee retention found that personal factors such as level of education, seniority, self-perceived leadership skills and approach to learning and organizational factors such as appreciation and stimulation and the pressure of work are of great importance in employee retention.</i>
<i>Hewitt (2002) and Noah (2008)</i>	<i>International Journal of Science and</i>	<i>Involvement in decision making</i>	<i>Mentioned that modern businesses always keep their employees well</i>

<p><i>Kaliprasad (2006)</i></p>	<p><i>Research (IJSR)</i></p> <p><i>International Journal of Recent Technology and Engineering (IJRTE)</i></p>	<p><i>Attrition take place due to bad management</i></p>	<p><i>informed about all important matters of their business and involve them in decision-making at all levels that can utilize the talents of their employees. Supporting the view, Noah (2008) found in his research that employee involvement in decision-making helps create a sense of belonging among employees, which helps in creating a good pleasant work environment and contributes to building a good employer-employee relationship.</i></p> <p><i>Research the fact that a company may try to bring all these factors into play to improve employee retention, but an employee may still decide to leave the workplace due to bad management and attrition take place</i></p>
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Source: Author's Own

CHAPTER-III RESEARCH METHODOLOGY

3.1 Introduction

The basic purpose of research is to find the solution of certain questions by making use of scientific and systematic technique. Before finding an appropriate solution to a problem. The researcher has to decide the way in which he writes to proceed work in future. This refers to the development of a proper research design. Research design is concerned with the bath and ways in which the investigation manages the situation to study the selected problem. Research is common variance refers to search for knowledge. The advance learner's dictionary of current English lay down the meaning of research as a careful investigation or enquiry, especially through search for new facts in any branch of knowledge.

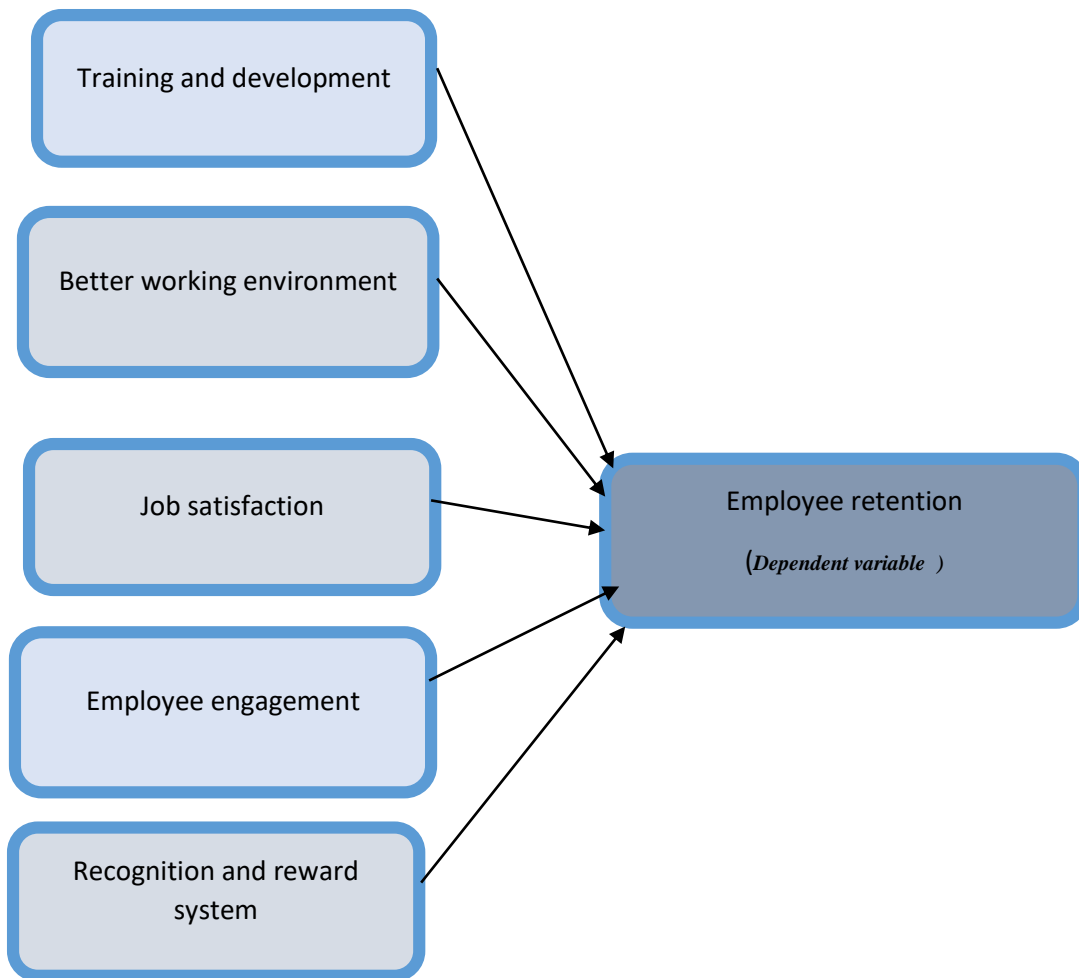
3.2 Objectives

- ❖ To explore the various retention strategies and its effect on employee retention.
- ❖ To explore the retention strategy contribution in relation to retention ratio.
- ❖ To study the existing employee retention strategy preferred by the retail sector to reduce employee turnover.
- ❖ To study the role of retention strategies in employee attrition.

3.3 Conceptual Framework

Figure No. 3.1 Conceptual Framework

Independent variable



Source: Author's own

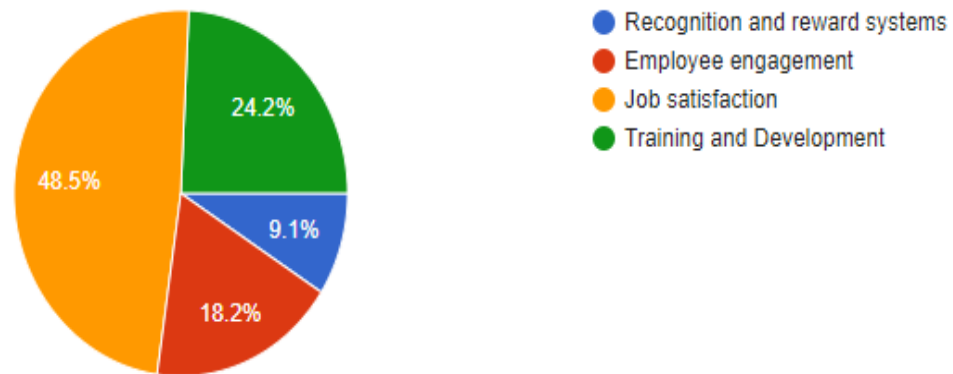
CHAPTER -IV ANALYSIS AND INTERPRETATION

4.1 Objective1

Summarized data analysis for four components are given below. For the each attributes different questions were framed and collected the opinion of respondents.

The Employee retention strategies affect the most of the employees to retain in the organisation

Graphical presentation of data analysis



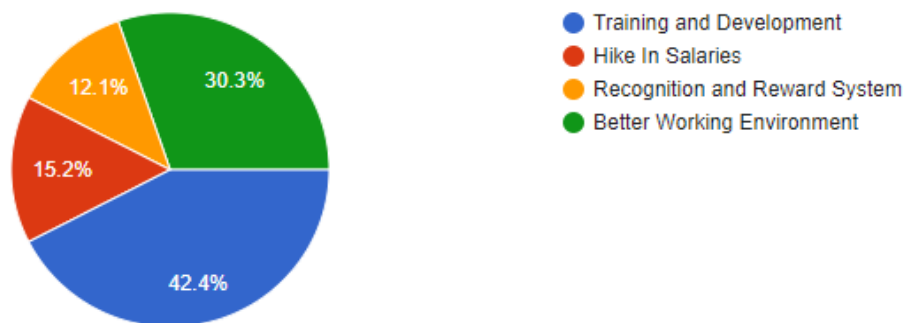
Findings

- Recognition and reward system is always motivated to retain in the organisation. Otherwise highly paid jobs of competitor will attract the skills employees. But here it is observed that very few employee gives importance to the strategy of perks and reward system.
- Most of the respondents feel that employee engagement, training and development and employee satisfaction is most important strategies which the organisation should have to give to their employees for retaining them for a long period of time.
- According to the overall analyses approximately 25% % of the employees have strongly accepted the importance of training and development in employee retention. This employee retention strategy hits the employees to retain in the organisation
- It was found that most of the respondents feel the employee engagement in their workplaces which lead the increase in the level of employee satisfaction and at the end of the employee retention.

4.2 Objective 2

The Strategy that help employees to improve the quality of their work

Graphical presentation of the data analysis



Findings

- According to the overall analysis approximately 43% of the employees agreed that on job training to the employees affect the retail sector employees the most to improve the quality of their work and also give them carrier opportunity rather than providing them the rewards, reorganisation or giving them hike in their salaries
- It is also found that most of the employees have strongly accepted the importance of better working environment of the employees is really help them to improve their quality of work
- It was found that most of the respondents feel the work environment facility, workplace and affect employee satisfaction and which led to improve the quality of their work as well as retain the employee within the organisation

CHAPTER -V CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

This study signifies the increasing importance of employee retention in an organization. It highlights the reasons for high turnover and employee retention strategies and their impact on turnover in the retail sector. The purpose of this study is to examine different employee retention strategies, what are the implications and how it would affect the organization and the industry. This study briefly covers the various areas where employee retention strategies are implemented, namely work environment, work culture, training and development, benefits and rewards, and employee recognition. Retailers who can keep employees engaged and motivated will have a significant advantage over the competition. Still, many companies are struggling to understand how to increase employee retention in retail. There are various factors that influence employee retention in an organization such as work culture, recognition at work, perks, hike in their salaries benefits, recognition, on-going training, and excellent work environment. According to the research and data I have collected from the respondents, job training of employees has the most impact on employees in the retail sector to improve the quality of their work and also provide them with career opportunities rather than providing them with rewards, recognition or which will increase their salaries. In my research I conclude that in the retail sector 50% of employees are kept as long as they want because of job satisfaction, therefore employee engagement in their workplaces leads to increased levels of employee satisfaction and ultimately employee retention strategies. Therefore, an organization can

impart certain strategies to encourage employees to perform well and retain them in the organization implementing retention strategies. It is about how well the company can retain employees in the long term.

5.2 Suggestions

The following are the suggestions put forth to retain employees after reviewing various research papers

- First important point is to focus on training and development. Identifying training needs and providing appropriate training to employees will make them to improve the quality of their work and also provide them with career opportunities rather than providing them with rewards, recognition or which will increase their salaries. This will also led to increases their skills and motivate them to achieve higher levels position.
- Employee retention in the retail space can seem like an uphill battle, but understanding exactly what your employees need to succeed and leveraging technology to do so will give the retail sector a good chance to uplift their business.
- Retail businesses have boost workforce retention and engagement through mobile learning, giving your employees seamless access to training content right at the point they need it.
- Millennial employees don't always have the skills to proactively engage with other employees. You must continue to bring people together as part of the company culture and have to conduct different workshops for train the employees.

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