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Employee Engagement: A Retention Tool

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Abstract:

In today's global market place where companies seek a competitive edge, a volatile economic climate, demands for constant change and the war for talent, organizations face significant challenges in their pursuit for business success. Today, employees seek short-term careers in different organizations with the expectation that they will commit for the short-term and move on from jobs that are not satisfying, or simply use experience gained in one role as a stepping stone to another job (Bates, 2004). Corporations want people to put in extra effort and generate innovative ideas to improve services and save money (Skapinker, 2005"). The present paper explores the relationship between Employee Engagement and Retention.

Key words: Retention, Employee Engagement, HR

1. Introduction

The 21st century has made a sea change in organization policies in attracting engaging and retaining the right employee. . Once an individual is employed in an organization he usually remains married to the organization till retirement. There was hardly any occasion when the employee quit by himself. But this is no longer the ground reality today. In the past the employee would proudly say how many years of service he has put in to his company. But in present scenario it is more of how many companies he can fit in one year of his service. It is becoming significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization's need to create an environment in which one would be willing to stay (Harris, 2000)

2. Changing Role of HR

In this new age economy, with its attendant paradigm shifts in relation to the human capital HR is expected to comprehend, conceptualize, innovate, implement and sustain relevant strategies towards winning edge. The tech-Savy employees have higher propensity to switch jobs, by exploring new opportunities to fulfill their aspirations and expectations. The role of HR professional has become dynamic involving activities such as filling the demand for emerging job openings to retaining the existing workforce by framing effective retention strategies. Employee retention today is the most critical issue as there is a massive shortage of talented employees, labor, economic growth and employee turnover. Fitz-enz (1997) stated that the average company loses approximately \$1million with every 10 managerial and professional employees who leave the organization. It's cheaper to retain staff rather than employing new employee. The question arises what it costs when you lose a valued employee, especially when your competitors are eager to hire the same people. In this era of high employee turnover, which causes workforce, instability reduced efficiency, lower effectiveness and creates a negative impact on bottom line impacts. Now a days every employee considers each and every employment options, weighs the value of making a move against the value of staying Retention of Key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge.

3. Employee Engagement

Scholars define engagement as a positive, fulfilling and work-related state of mind characterized by vigor, dedication, and absorption. This also refers to a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event,

individual, or behavior (Schaufeli et al., 2001). Employee engagement is demonstrated to have a statistical relationship with productivity, profit, safety, customer satisfaction, and retention in organizations (Little & Little, 2006). Employees may be classified as actively engaged, non-engaged or actively non-engaged. Actively engaged employees are involved, satisfied with, and enthusiastic about their work (Guthrie & Shayo, 2005).

In today's highly competitive labor market, there is extensive evidence that organizations regardless of size, technological advances, market focus and other factors are facing retention challenges.

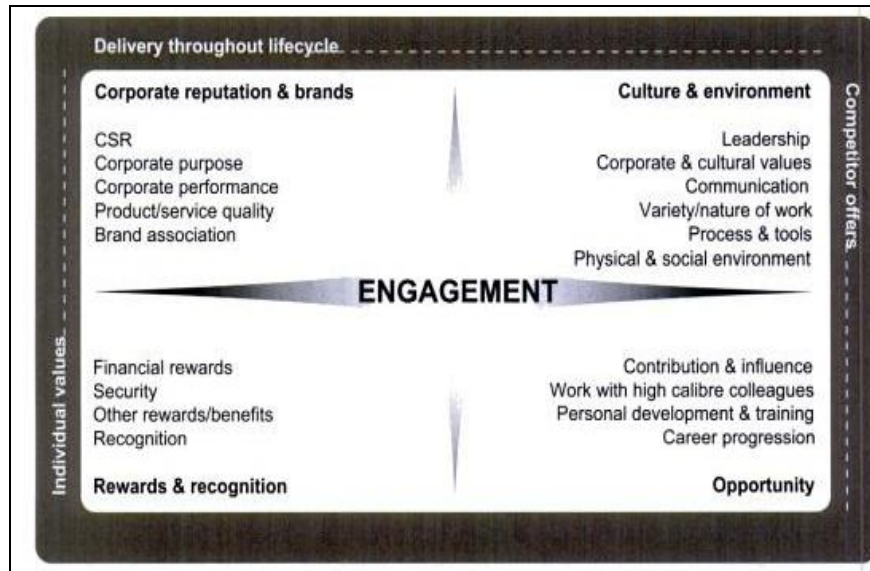


Figure 1

Source: *The Employer Brand: Keeping Faith with the Deal* by Helen Rosethorn pg37

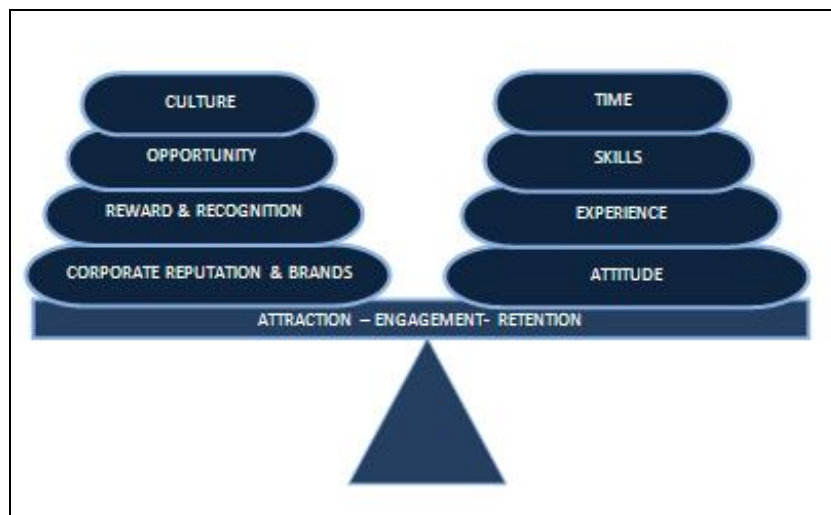


Figure 2

Source: *Keeping Faith with the Deal* by Helen Rosethorn pg42

4. Key Drivers of Employee Engagement

The key drivers of employee engagement according to literature are as follows

- Trust & integrity – managers should communicate well and go by their words.
- Nature of the job – employees should find their job challenging enough to motivate themselves.
- Line of sight between employee performance and company performance – employee should have clear understanding as to how they contribute to the company's performance.
- Career growth opportunities – employees should have clear career path and growth.
- Coworkers / team members
- Pride about the company – employees should feel esteemed by being associated with the organization.

- Culture - A culture of respect where good job is appreciated.
- Feedback, counseling and mentoring
- Fair reward, recognition and incentive scheme
- Effective leadership
- Clear job expectations&
- Work responsibilities.

The brand balance highlights the attraction, engagement & retention nexus of employees in the organization and how engagement can act as a pivotal tool to retain employees.

5. Engagement vs. Retention

Employee engagement and commitment directly affects productivity, Satisfaction and Retention. Productivity is clearly important for the business, but being productive leads directly to a sense of achievement and personal fulfillment. Satisfaction matters as people who are satisfied work better, harder and more effectively. It also enables businesses to attract and retain the best people.

Retention matters because it is expensive to recruit and train people, and an inability to retain people disrupts teamwork, customer service and productivity. This element can therefore make the whole process of employee engagement self-sustaining (as shown in the diagram below)

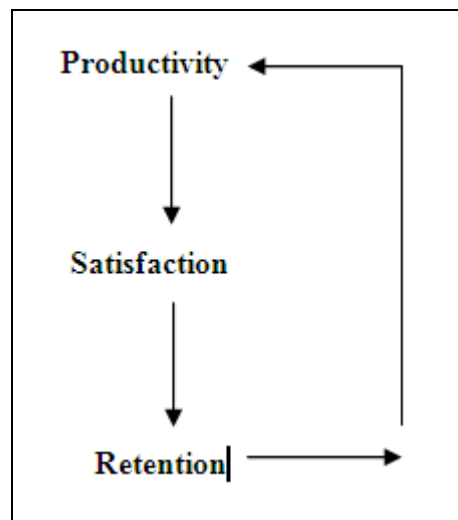


Figure 3

A virtuous, self- sustaining cycle resulting from employees who are engaged with their work.

6. Conclusion

Retention the ugly monster is on the upswing across the business sectors. Today, moving over from one organization to the other is not considered a sin but career graphs are being etched on the move. HR is looking at a new mantra of Employee engagement which has emerged as a critical driver of business success in today's competitive marketplace. Not only does engagement have the potential to significantly affect employee retention. Thus, to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment.

7. References

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