Employee Retention – A Key Tool for Achieving Competitive Advantage

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ABSTRACT
The present fast changing economy, increasing cut throat competition, has forced the organizations to be more competitive and effective in order to grow and survive in the long run. The organizations cannot sustain in such fast changing competitive nature of business without realizing the significance and potential of their employees. Human resource is a life blood of an organization and plays a pivotal role in achieving and sustaining competitive advantage. Due to the increased stiff competition, the opportunities for employees has also increased, thus making skilled employees the major differentiating factor for most organizations. Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover due to green pastures available to them. Employee retention is very critical tool in the hands of organizations and acts as key business driver for organizational success and is by far a significant factor for organizations to be economically competitive. The best way for organizations to remain relevant in their operations is by achieving competitive advantage that is sustainable which is only possible if organizations are able to retain their workforce. In the light of above discussion, the present paper will discuss the various HRM instruments that can help in retaining the human capital as well as the present paper will also highlight the significance of employee retention for achieving sustainable competitive advantage.

Keywords-- competitive advantage, employee commitment, employee retention, human resource

I. INTRODUCTION
The success and survival of organizations depends upon the performance and satisfaction of their employees and hence organizations have to meet their demands in order to retain their talent. Human resource plays a very critical role in enhancing the growth and prosperity of organization and is an indispensable factor for the survival and development of organization. The unprecedented nature of business which is characterized by dynamic working environment, fast changing global economy, technology driven business, and cut throat competition has resulted in creating more and more avenues and opportunities for employees and also at the same time has posed a challenge before the organizations in attracting, developing and retaining their employees. The demand for skilled employees is so high, that it becomes difficult for organizations to retain their valuable and competent workforce. Organizations can achieve competitive advantage if they are successful enough in managing and retaining promising employees Walker (2001). Various studies over the years have reflected that the organizational productivity and growth is attributed to the organizational ability in retaining its human capital. Research Studies of Amadasu (2003) and Akindele (2007) have stressed that the goals and objectives of organization can be met if suitable and proper retention strategies are put in action and implemented by organizations. Therefore, the role of organization must be to develop strategies to retain the pool of talented and capable workforce for gaining strategic edge over its competitors.

II. EMPLOYEE RETENTION
The present scenario of job market has resulted in the changing profile of employees who are now becoming more aware and demanding due to the avenues and opportunities available before them. Every organization irrespective of its nature, size and control cannot undermine the significance of their human resources because they are highly contributing towards the success of organizations. Human Resource is considered as a dual resource, a resource itself as well as manipulator of all other resources available to the organization. They are the life blood of organizations and every organization wants to have and retain a pool of talented and creative workforce in their armoury who can effectively and efficiently put their efforts in taking their organization to new heights. Organizations cannot dream of becoming successful unless and until they are effective in retaining their skilled and
competent workforce which is only possible when they will recognize and value the presence and potential of their human capital. Mitchell (2002) and Rappaport, Bancroft, and Okum (2003) highlighted that organizations inability to retain skilled employees who possess the requisite knowledge and skills to perform in a better way in meeting organizational goals has resulted in a failure on part of management to be competitive in this dynamic and turbulent environment. The challenge of retaining talented and competent employee has created enormous pressure on the organization to devise retention strategies Cascio (2003) Heneman and Judge (2003) and Gberevbie (2008).

Human resource department has to lay down a strategy and action plan for creating a culture of trust, collaboration and commitment among the employees for gaining strategic advantage in this competitive business era. Acton et al., (2003) believed that human resource department plays a significant role in retaining the staff by recognizing their talent which helps to motivate and encourage them to stay in the organization. Employee retention strategies if implemented in letter and spirit will go in a long way to achieve effectiveness and efficiency in their business decisions and operations, which would help organization to reduce labour turnover costs, and thereby not only improves organizational performance and company knowledge base but will also improve organizational goodwill and overall competitiveness.

III. EMPLOYEE RETENTION STRATEGIES

Retaining top talent for gaining global competitiveness and strategic advantage is the utmost priority for the organizations today and therefore proper retention strategies should be put in place where top performers are rewarded and under – performers are guided accordingly. Employee retention strategies help in creating a sound culture and suitable environment by which employees can effectively utilize their potential for the prosperity and growth of organization. Keeping the above in view, the following are the strategies for employee retention which would enhance organizational performance and help in achieving strategic competence in the face of challenging business environment.

3.1 Induction and Orientation

Organization must create favourable atmosphere where new recruits are socialized with the existing employees and job environment as this will encourage mutual collaboration and trust with one another. Introducing new entrants to the organizational systems and practices develops a sense of belongingness and enhances employee morale and thereby leads to their commitment and satisfaction with the organization. The strategic advantage over the competitors can be realized if organization is in a position to accommodate and select those individuals whose knowledge and competence matches with the organizations standards and have got the potential to deliver and have the ability to excel in challenging and tough times.

3.2 Training and Development

Training and Development of employees has received great importance over the years and in the contemporary business environment, organizations can achieve excellence and competitive edge over their competitors if they invest in imparting training and developing their workforce. The effectiveness of employees is enhanced and employee turnover is reduced when fully designed and comprehensive training program is put into action, Wetland (2003) and Pritchard (2007). According to Bassi and Van Buren (1999), Accenture (2001) and Garg & Rastogi (2006) in the present competitive economy, attracting and retaining capable staff is possible if organization identify training and developmental needs of its employees which would help to increase organizations productivity and global competitiveness.

3.3 Compensation

Sound compensation plan is a motivating force in attracting and retaining the top talent in the organization. Willis (2000), Milkovich and Newman (2004) and Gardner et al., (2004) were of the opinion that out of all rewards and benefits that an employee receives, compensation is the most and crucial motivator for arresting the commitment and loyalty of employees. Lockwood (2006) pointed out that the organizations which offered lucrative packages and higher levels of salary were able to keep low employee turnover rates and moreover it resulted in creating a culture of excellence at workplaces. Employees commitment at work places and their overall satisfaction with the job can be increased if both monetary and non-monetary incentives are provide to them, Parker and Wright (2001) and Moncraz, Zhao and Kay (2009) . Branham (2005) highlighted that sound compensation plan helps in enhancing employee commitment by reinforcing strong values that guide employee behavior at workplace, secondly it also helps in communicating employees about what results are valued and what performances are expected by the organization and lastly compensation helps in creating a sense of emotional ownership which increases the employee loyalty and improves overall performance.

3.4 Reward and Recognition

Reward system is a result oriented and an effective tool which keeps employee highly motivated and encourages him/her to improve performance and deliver better results. It is a matter of paramount importance for organizations to facilitate open and transparent reward system as it creates an environment of collaboration and high performance. So, it is essential for organization to link rewards with performance as such practice would enhance employee commitment and creates a sense of belongingness towards the organization. Watson (1999),
Tower (2003) and Silbert (2005) shared a similar view that organizations must link rewards with employee performance which would help in retaining top talent in the organization. Monetary rewards in terms of cash benefits, salary, bonus and other financial incentives must be given in accordance with the set performance standards and employee performance output. Organization must also provide non-monetary rewards like advancement opportunities, task responsibility, recognition and appreciation of work to their employees as these are considered as the most critical factors for employee retention. Recognizing the performance of individuals and giving them appreciation for their work will most likely help in enhancing employee satisfaction with the job and would give them the feeling that they are valued in the organization.

3.5 Participation in Decision making
Employee participation in decision making plays a pivotal role in developing an atmosphere of creativity and rational thinking among the members of organizations. Davies (2001) and Gold (2001) viewed that employee participation in decision making is very important for enhancing their loyalty towards the organization. When the management takes everyone on board irrespective of the hierarchy then it leads to employee satisfaction and enhances their commitment with the organization. Noah (2008) believed that when employees are involved in the decision making process it helps in creating a sense of belongingness improves the employee-employer relationship and most importantly reduces the employee turnover rates.

3.6 Performance Management
Performance management is a comprehensive process in creating a culture of excellence where every individual in organization strives hard for meeting the expectations of organization. Performance appraisal system is an effective tool in motivating and retaining the employee for higher performance. Organizations must communicate the performance standards to employees in advance for better results and output. Performance appraisal system must be fair, open and transparent which sends a strong message among employees and helps in increasing employee loyalty and commitment which will result in low employee turnover.

3.7 Career Planning and Development
Career planning and development is beneficial for both employees and organization as it helps in addressing the individual career needs for their overall growth and development and plays a pivotal role in attracting the competent and capable individuals to the organization Kyriakidou and Ozbilgin (2004). Career planning and development is very significant in enhancing the morale and motivation of employees and helps in reducing employee turnover and dissatisfaction. Organizations competitive advantage in retaining the top talent and skilled workforce depends upon the growth and advancement prospects of employees, Meyer et al (2003) and Prince (2005).

3.8 Quality of Work Life (QWL)
Quality of work life is gaining tremendous popularity and recognition among organizations as it facilitates suitable and adequate working conditions to the employees for better performance at work places. The more accepted QWL at work place is, the more satisfied and committed an employee will be. Ramlall (2003) and Zeytinoglu & Denton (2005) believed that quality of work life plays a pivotal role in retaining employees and helps in achieving organizational effectiveness. Pout (2009) and Shahbazi and et al. (2011) pointed out those organizations that provide favourable and conducive work environment helps employee to be creative, increase their morale and thereby leads to low employee turnover.

3.9 Organizational Culture and Climate
Organizational culture and climate creates a favourable attitude among the employees to enhance job performance. A strong culture which is shared among the members of organization leads to higher job satisfaction and reduces job turnover. When cultural artifacts are not shared it creates disharmony among the members and results in low performance. OCTAPACE culture has been regarded as a critical component in enhancing job satisfaction and employee retention. An environment of openness, trust and collaboration creates a strong influence among members to share their ideas and helps in developing a participative work culture. A culture were employees are encouraged to be pro-active and were autonomy is entrusted for decision making and solving problems helps in creating loyal and commitment workforce.

IV. CONCLUSION
The competitive and dynamic nature of business and the changing environment of labour market are one of the most debated issues in the business world. Management and business leaders world over has greatly emphasized the need to recognize the significance of human factor as an engine for economic growth and progress. Human resource is instrumental in guiding the organization in becoming the institution of excellence and is considered as a torch bearer for its survival and prosperity. Organizations are facing a major challenge of coming up to the aspirations and demands of employees in managing and retaining the workforce due to their changing work profile. The lucrative packages and other incentives being offered to talented and key employees by aggressive competitors have posed a high concern for the organizations in retaining them. The need here arises to create an enabling culture at the work place where every individual works collectively and feels recognized and valued and contributes towards organizational progress and development. This scenario, calls for the role of HR
professionals, academicians, researchers and other policy makers to devise and implement retention strategies which would not only attract and retain talented and capable individuals but will also help organizations to improve their performances and increase their global competitiveness.

REFERENCES