

# Emerging HR Challenges (Literature Review on Employee Retention)

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**Abstract:** Emerging HR challenges or comprised of different organizational factors relating to employee retention has become a biggest challenge in today's business world. As the job, market is wider and more offerings are attracted. Keeping in mind sensitivity of staffing we have identified various reviews that would help us to find out the relevant variables affecting employee retention. Current paper analyzes different literature based on secondary data to identify the gap. The objectives set for this paper is to investigate the factors affecting employee retention and to evaluate the factors affecting job satisfaction.

**Keywords:** HR Challenges, Employee Retention, Satisfaction.

## I. INTRODUCTION

Human resource is a key dimension that connects different people and different segment of life, one such segment is employees. Although profit, sales, customer satisfaction or primary points that, a company focuses. However, employee and activities related to employee's welfare need to be considered to retain an employee who can create organizational effectiveness. For example, companies like Google, Yahoo takes care of personal need of employee to retain them.

Many organizations are focused on retaining employees with monetary and non-monetary factors. We have identified following reviews that have discussed different monetary and non-monetary factors both intrinsic and extrinsic that helps in retaining employees.

### A. Employee Retention and Literature Review

Maertz. et. al (1998) have stated turnover and employee retention in particular organization, and the factors that determines employee to stay in business or discussed in the analysis, researchers have identified stay and quit processes. Zineldin (2000) have viewed employee retention as an obligation of a

business to help the employees to identify themselves in the organization. Denton (2000) contributed towards employee retention that employee will be happy and satisfied only when organization takes care of welfare measures. Stauss (2001) have identified trust, commitment, brand loyalty and customer preference that helps an employee to have a cognitive attachment towards the organization. Walker (2001) promises fundamental advantages of an organization is retaining employee and assisting in meeting their demands. Steel (2002) have come up with certain factors and commented there are similar reason for employee to stay or leave an organization. Amadasu (2003), Taplin (2003) have find out successful organization retention strategies that helps people to stay back. Acton (2003) have identified role of HRD policies to keep committed employee as valuable assets. This paper emphasizes on value-based leadership. Judge et al (2003) have agreed that organization faced challenges as inability to recruit competent employee and retain them. This paper also identified various disobeying factors that restrict employee growth, Lekun (2003) have emphasizes need for effective and efficient organizational goal and strategies for employee betterment and their role in employee retention. Kali Prasad (2006) has identified bad management work pressure, working conditions and ineffective management or the key player for employee dissatisfaction. Baker (2006) describe importance of employee retention with comparison to appointment of new employee. He identified the cost will be low in retaining employees whereas new employee turnover may be low. He also focuses on their level and their contribution in good organization. Fitz (1990) describes employee retention is related to organizational measures, compensation and rewards, training and development, leadership qualities and equity among employees. Kehr (2004) has emphasized on retention factors like need for achievement, need for affiliation and need for power. Hyter (2007) has bring out extrinsic value of an employee like: commitment, connectivity and goodwill has an impact on employee retention. Prichard (2007) has bring out importance of program related to retention and training and development process helps in retaining employees. Dochy (2007) has investigated self-

perceived individual factor like educational background, status and knowledge skills that helps in managing work pressure and its relevance in employee retention. Kay et al (2009) has included compensation and its importance in employee retention. Walker (2009) has recognized the following factors that help in employee retention 1. Recognition from boss 2. Cooperation with team members and customer loyalty. He has also identified performance-based incentives to retain employees. Waytt et al (2002) a consulting company has collected data from 2075 employees to understand various factors that helps in retaining employees. Silbert (2005) explains importance of valued employees and reward based performance system has created long term impression among employees. Prince (2005) has argued most of the talented employee strive to climb career ladder to achieve growth opportunity. Eyster (2008) has identified attractive career and life options will help in retaining employees. Noah (2008) states that employee participation in decision-making will promote sense of belongingness that helps in employee retention. Erickson et. el. (2008) stated work environment will create positive atmosphere and retention feeling. Messmer (2000) has given employee training and career development as an important factor to remain employee. Handy (2008) have come up with innovation and technical survival leads to employee retention. Wharton (2002) has given more importance to manager roll to retain employee. Burnetto et al (2002) has commented job satisfaction has direct influence in employee retention. Rosenblatt (1996) in his research has commented negative correlation between employee retention and job satisfaction. Ruvio (1996) in his research commented job performance and employee retention are positively related. Davis et. al. (1985) provide positive and negative feelings towards one's job or reasons for employees leaving the organization. Davy et al (1991) states that insecurity among employees always minimizes job satisfaction and that affects the retention strategies. Sokova (2000) has studied job satisfaction among public sector managers and their retention, as per his research income plays a vital role in creativity belongingness feeling of employees towards organization. Alaameri (2000) have researched on employees in health care organization studies conducted between 80's to beginning of 2000 have shown business organization have given more importance to employee turnover however factors indicated towards HR policies and commitment of employees. For example, Chruden (1980), Muller (1981), Jackson (1981) Cost (1987), Mosier (1990), Stear (1991), Susskind (2000) have emphasized on wide range of factors that predicting employee turnover. Henry (2007) has researched long term investment of

an organization should focus on job redesign to task autonomy three empowerment of objectives will help in retaining employee and decreasing employee turnover. Ongori (2007) has given special emphasis on the HR as a long term investment of a company its management should give more importance to the redesigning the job, managing the empowerment of employees and scientific method of retaining employees.

Major issue faced by the organization's today is challenging ie., retaining the employees. As the job market is more promising and they are providing all the benefits and more packages due to this employees are moving and hoping from job to job. Job Satisfaction is also one of the important factor that influence the ER. Arnold (1982) have studied age job satisfaction, time period, status and expectations are positively related to the ER. Carsten (1987) has used meta-analysis technique identify the correlation between the variables ie., job satisfaction and employee turnover. As per the study conducted by Harrington et. al. (2001) clears the facts on employee leaving jobs due to emotional imbalance and lower levels of intrinsic job satisfaction and dissatisfaction with monetary aspects are the main predictors. Gurpreet (2007) defines positive relationship between the turnover and job satisfaction signifies the ER intentions.

## II. FINDINGS AND CONCLUSION

ER is emerging factor in HR Challenges. Many factors are identified in the literature review that acts as important factors towards ER like, Motivational measures, locus of control, career opportunities, compensation, reward and recognitions, promotions, workers participation in decision making, training and development, job security and job satisfaction.

Following chart indicates the job satisfaction as a mediator between various factors described below:

Employee Turnover and job satisfaction are negatively correlated to one another. Above model given will improve the attraction of new employees to join and retain the existing employees. Some literature provides the data that there exists high job satisfaction lead to lower turnover, while low satisfaction leads to higher turnover.

To conclude various factors described above helps to retain employee. Most of them being from employer side. However, employee's psychological and emotional wellbeing and satisfaction level decides the retention.

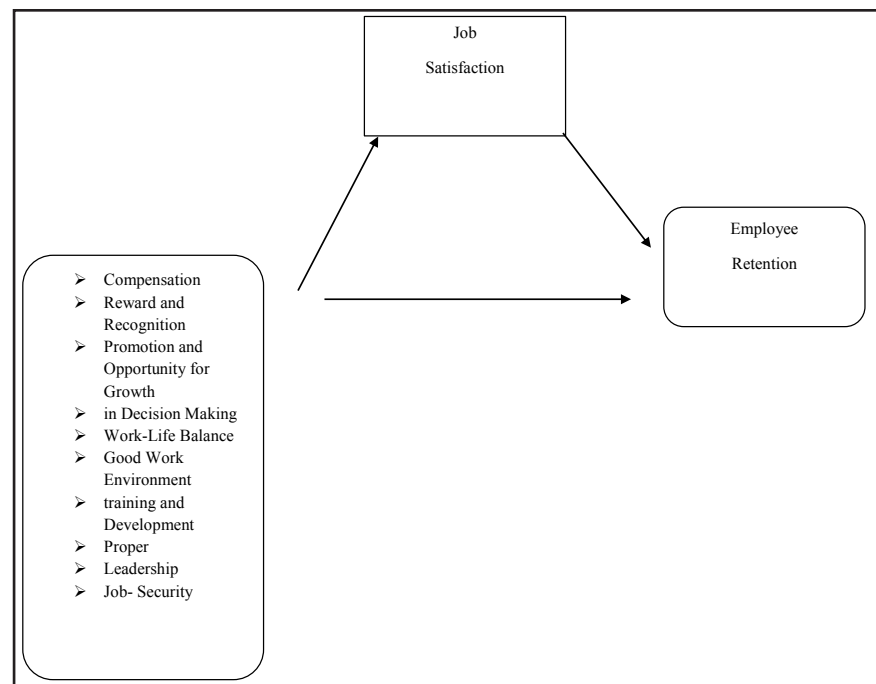


Fig. 1: Factors Affecting Employee Retention Considering Job Satisfaction as Mediator

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