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EMPLOYEES RETENTION IN BUSINESS ORGANIZATIONS: LITERATURE REVIEW

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ABSTRACT

Nowadays, amidst pandemic, retention of the employee is one of the vigorous decisions for any organization. Somewhat, organizations have to decide whom they're gonna retain and temporarily be laid off once the company gets back on its track. Thus, there are some organizations found to be technology driven like using automated intelligence and robots, yet human resources are still needed to run the technology. Moreover, an employee's skills and talents are important for an organization to grow and develop economically and be competitive to other organizations.

In this article, the primary purpose is to review various literature that explain the areas about employee retention. Secondly, its purpose is to highlight various views of different organizations on employee retention and determine the significant effects of compensation, training and development and other opportunities in employee retention.

The collected review articles will be used to allow the researcher to understand the areas of employee retention. These also serve for the researcher to conduct more studies in relevance to employee retention to his respective job and companies.

Keywords: Employee Retention, Human Resources, Competitive, Organizations

INTRODUCTION

Many organizations were challenged on how to retain employees. The management believes that these employees play an important role for the company's success and for the company to be competitive economically with other institutions throughout the country. The researcher explores and reviews various articles on the different views of organizations, academic or non-academic organizations, public or private organizations, about employee retention. Furthermore, areas in employee retention are discussed and viewed by the researcher on this study which are significant in retaining the employees in the institution.

Employee retention means the actions of employers and management to keep employees stay for longer service, providing them with good salary and compensation, training and development, and other opportunities that allow employees to stay in an organization. Employee Retention is concerned how organizations keep and encourage their employees to remain or stay in an organization for a longer period of time (Bidisha, L. D and Mukulesh, B. (2013)).

Basically, according to James & Mathew (2012), employee retention is the initiative of an organization to encourage their employees to remain for a longer time and its primary is to stop employees leaving the company. Christeen (2014) distinguished eight employee retention factors. These are management, conducive environment, social support and development opportunities, autonomy, compensation, crafted workload, and work-life balance.

According to Iqbal & Hashmi (2015) in their study there are two (2) objectives of employee retention strategies and practices. These are to abridge employee turnover and to abridge the combined expenses of new employees hiring, training and orientation. When employees leave, it will affect the quality and cost of the organization. That's why, retaining employees is a very challenging issue for an organization (Kim, 2012).

The challenges in Employee Retention

According to the view expressed by Scott, McMullen, & Royal, (2012) that one challenge in employee retention when there is talent shortage because of increased global talent. Park et al., (2019) cited that many small and medium sized enterprises encounter uncertainty and complexity regarding employee retention. The view of Carter et al., (2019) about employee retention is that the cost of losing skilled employees is much more risky, costly than retaining them through any compensation plans that an organization has. According to Eldridge, D. & Nisar, T. (2011) study, they have mentioned three (3) types of challenges that organizations face in employee retention. First, there is hard competition with rivals. Second, where skilled labor migrate to another country which offers much better opportunities, compensation, and rewards. And third, organizations could not foretell the employee's future conditions and requirements in the company. Thus, they could not handle the necessity and demand of employees to acquire action.

Mita (2014) defined employee retention as a technique adopted by organizations to keep an effective workforce and to meet time operational requirements. Putra & Rahyuda (2016) stated that compensation has a positive effect on employee retention. It means that giving good compensation to employees is an

option for them to decide whether to leave or stay with the company. According to Teresa et al. (2019) that in order for a company to survive, companies must have loyal employees who are true to their service and commitment to work, co-employees and for the company. According to Workforce Planning for Wisconsin State Government (2015) that employee retention is having practices and policies which address the employee diversity in an organization. These policies and strategies can encourage employees to remain in the organization. Sadaf Zahra et al. (2013) state that the key factors in turnover intention and employees are compensation, supervisor support and with work life policies in an organization.

The researcher focuses on reviewing various articles in Areas of Employee Retention such as compensation, employee recognitions, promotions, training and development, leadership, organizational commitment, and job satisfaction which have relevant views in employee retention.

DISCUSSIONS

Compensation and Employee Retention

Compensation is one of the important elements in employee retention. According to Mabaso and Dlamini's (2017) that organizations should have a compensation strategy to appeal, encourage and retain skilled employees in an organization. Mabaso and Dlamini's (2017) cited also in their study that giving incentives, bonuses and other compensation aids can reduce employee retention that will not allow them to leave the firm.

A study by Hong, Hao, Kumar, Ramendran, & Kadiresan (2012) shows that the company must address a poor work environment by having compensation planning for employee retention. Kumar & Arora (2012) cites that the compensation was the main and primary reason why employees leave the company. To ensure talented and skilled employees within the organization, the company must have the best compensation plans and strategies that could encourage employees to stay. Thus it will result in a company's high turnover and job satisfaction (Gupta, 2014). Good compensation plan of management will cause/influence employee's performance in the company (Grabara, 2013). Allen and Shanock (2013) emphasized employee retention in relationships with an associate or coworker.

Hafanti (2015) states that employee's compensations have ten (10) forms. These are salary, job bonuses, pension or holiday allowances, health insurance for family, employees involvement in insurance programs, recreation program for employees, awards will be received for outstanding employees, and tolerable leave periods. These ten (10) forms of compensation for employees are very important for employees' needs in staying with the company. Putra & Rahyuda (2016) states that compensation has a positive effect on employee retention. This means that it is a major factor for employees to decide if he or she leaves or stays in a company. Thus, giving good compensation to employees increases employee retention in a company. Martini (2020) states that with satisfactory compensation given to employees, the company pays employees attention and it will result in employees to stay in the company. Thus, the compensation received by employees was from the hard work, perseverance, and good performance that they put in their

job and to the company. According to Syahreza et al. (2017) that in order to motivate and satisfy employees for them to achieve a satisfactory performance on their work and company, companies must provide a good compensation system for their employees. Retnoningsih et al. (2016) states that compensation plans and strategies must be executed equitably and properly so that employees can feel satisfaction on their job and produce a good performance for the company. Index et al. (2020) cited that compensation has an inarguable and substantial relationship with employee's job satisfaction in the company. Rahayu (2019) stated that compensation can be obtained in relation to employee's job satisfaction. It can result in employees' satisfaction or dissatisfaction with the compensation that they received. Therefore, this must be taken seriously by the company by giving better compensation to their employees so that employees can feel satisfaction in their job in the company.

Organizational commitment

Organizational commitment is another factor for employee retention. According to Arini (2019), she cites that nurturing the organizational commitment of an employee is very essential because it can increase employees' work excitement to support the success of the company in achieving its goals. With organizational commitment, company progress, development, and sustain its collective obligations for their employees.

Job Satisfaction

Another factor that affects employee retention is job satisfaction. According to Lai-Bennejean & Beitelspacher (2020) study, job satisfaction is an emotional feedback to a job appraisal or work experience of someone. This form is a process of evaluation of what was achieved and what was expected. Kaur et al. (2020) stated that job satisfaction pertains to the overall attitudes and feelings of employees in relation to work and job characteristics. Job satisfaction really plays a significant contribution in increasing employee retention. Tarigan (2016) cites that to increase the effectiveness and performance of the company, the company must maintain a high employee retention with low turnover. Thus, it can save company's costs for employee recruitment. Furthermore, companies can achieve an increase and higher level of employee satisfaction.

Training and Development

According to Mehta, Kurbetti, & Dhankhar (2014), states that employees will stay and extend more their service and time for the company if career opportunities like providing them training and development are in place. They can be loyal to the company. Job related training can improve the employees problem solving ability. It makes them more confident, motivated and committed to their job. Furthermore, they can be more loyal and likely to stay with the organization Hong et al., 2012). Mehta et al. (2014) suggest that it is better to retain a well-trained employee rather than wasting the training cost and starting the induction process once again (Mehta et al. (2014) suggest that company must retain a well-trained and skilled employees rather than spending and wasting training costs and start an induction process again and again. Newman et al. (2011) argued that when an employee has access in training, it is a good opportunity for an employee. Moreover, training and development produce and acquire either

tangible or and intangible outcomes. Tangible outcomes can be in the form of improving productivity, superior products, services and quality and resources maximization or optimization. While intangible outcomes can produce such as morale enhancement, subordinates satisfaction and high self-esteem. These are the things that a company must consider when it comes to training and development.

Leadership

Leadership is a significant practice of a company to determine whether the employees stay or leave the company. It influences employees to decide whether to leave or stay with the company directly or indirectly. Cloutier et al. (2015) in their studies mentions working condition positivity of an employee that when employees have a good relationship and bonding with the boss, and by chance, employees also are given a leadership role in the company, this could boost their sense of intimacy/belongingness with company and it will acquire positivity to their job as well. According to Covella et al., (2017) that leadership plays an important role in retaining employees. Kroon and Freese (2013) view that the significant role in employee retention is having a participative leadership style in an organization. Christeen, G. (2015) cited that leadership style and management support are the two (2) perspectives impact of management on employee retention.

CONCLUSION AND RECOMMENDATION

These areas in employee retention can help to solve the issues and problems in organizations. Besides creating employee retention plans and strategies, these areas in employee retention are good in encouraging employees to stay in organizations. Although these areas in employee retention need further study and investigations. These areas are compensation, organization commitment, job satisfaction, training and development and leadership.

Furthermore, employees are really the important assets of an organization. It is challenging for an organization or institution to keep them for a maximum time period. However, retaining them will help the organization to continue its growth and development. At the same time, nowadays, because of the pandemic, many organizations have difficulty retaining their employees and continuously inspiring and satisfying them by providing these areas of employee retention.

Based on the reviewed articles, it focuses on employee retention in business organizations. Based on the analysis, there were no studies conducted on employee retention and its attrition rate in business organizations. This is the gap addressed by the researcher on the studies. Although this paper reviewed various articles in the area of employee retention by various researchers, it still needs further study in the areas of employee retention. This research should be done and conducted by Human Resource Professionals.

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