

## Employee Retention for Sustainable Development

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*Abstract----* Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover. Today’s business environment has become very competitive thus making skilled employees the major differentiating factor for most organisations. This article endeavours to stress the importance of employee retention and the role of employee retention in promoting sustainable development at Organisations. The article gives a brief introduction to employee retention, its importance for the growth of an Organisation. Recent studies have shown that retention of highly skilled employees has become a difficult task for managers as this category of employees are being attracted by more than one organisation at a time with various kinds of incentives. Against this background, organisations will continue to lose valuable employees to competitor organisations until managers are able to identify and apply appropriate retention strategies that will help in reducing the frequent turnover of key employees. Thus this article would render a good piece of information about employee retention and the rewards that an Organisation would reap by retaining its only differentiating assets. A brief introduction along with review of related literature and the employee retention strategies usually implemented by Organisations is elucidated in this article. The role of employee retention in promoting sustainable development at Organisations is evidenced by the critical analysis of employee retention strategies implemented at HCL technologies and Infosys and how their retention strategies pave way for sustainable development. Finally a model is constructed to depict the role of employee retention strategy in promoting sustainable development at Organisations.

### I. INTRODUCTION

Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover. Today’s business environment has become very competitive thus making skilled employees the major differentiating factor for most organizations. Organizations - both public and private – rely on the expertise of their employees in order to compete favorably and indeed gain competitive advantage in the international market. However, recent studies have shown that retention of highly skilled employees has become a difficult task for managers as this category of employees are being attracted by more than one organization at a time with various kinds of incentives. Against this background, organizations will continue to lose valuable employees to competitor organizations until managers are able to identify and apply appropriate retention strategies that will help in reducing the frequent turnover of key employees. A number of studies (Lee, 2006; Raub and Streit 2006; Griffeth, Hom, Fink and Cohen, 1997) have linked employee turnover with recruitment sources. Others like Stovel and Bontis (2002) considered employee turnover in isolation while paying less attention to the issues of retention.

### II. REVIEW OF RELATED LITERATURE

Employee turnover occurs when employees leave their jobs and must be replaced. Replacing exiting employees is costly to organizations and destructive to service delivery. It is therefore imperative for management to reduce, to the

minimum, the frequency at which employees, particularly those that are crucial to its operations leave. Retention is a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time. Hendricks (2006) notes that employees with scarce skills are in great demand by the organizations and are becoming difficult to source. When these categories of employees are eventually sourced, they become even more difficult for organisations to retain. It is not only the private organisation that is finding it difficult retaining highly skilled employees. The government sector also admits that one of the most difficult aspects of its jobs is the retention of key employees in their organization (Litheko, 2008). Most of the time when these employees move, they migrate to competing organizations with the knowledge and trade secrets acquired from their former employers thereby creating an even more critical situation for the latter (Abassi and Hollman, 2000). Empirical studies such as Stovel and Bontis (2002) have shown that employees, on average switch employers every six years. This situation demands that management should identify the reason/s for this frequent change of employment by employees. Once this reason/s has been identified, management can then devise retention strategies that will help in keeping essential employees for a rather longer tenure. While functional turnover (that is, bad performers leave, good performers stay) can help reduce suboptimal organizational performance (Stovel and Bontis, 2002), high turnover can be detrimental to the organization’s productivity. This can result in the loss of business patronage and relationships, and can even jeopardize the realization of organizational goals. On the other hand, Abassi and Hollman (2000) argue that dysfunctional turnover (that is, good performers leave, bad performers stay) damages the organization through

decreased innovation, delayed services, improper implementation of new programmes and degenerated productivity. Such activities can radically affect the ability of organizations to prosper in today’s competitive economy, leaving even the most ambitious organizations unable to succeed due to their inability to retain the right employees (Stovel and Bontis, 2002). Existing literature (Abassi and Hollman, 2000; Hewitts Associates, 2006; Sherman et al. 2006) highlight reasons for employee turnover in the organizations: hiring practices; managerial style; lack of recognition; lack of competitive compensation system; toxic workplace environments. Others include lack of interesting work; lack of job security; lack of promotion and inadequate training and development opportunities, amongst others. These are intrinsic and extrinsic motivational factors which can assist managers to influence employee retention in their organisations. The problem, however, is that managers have failed in identifying and properly using these variables as retention strategies thereby resulting in the prevailing high turnover rate in the organisations. Turnover is not only destructive to organisations, it is also costly. Every time an employee quits, a replacement must be recruited, selected, trained and permitted time on the job to gain experience. Apart from the costs that are directly associated with recruiting and training a new employee, other indirect costs exist. Bliss (2007) and Sutherland (2004) contend that organisations lost productivity, social capital and suffer customer defection when a productive employee quits. Knowledge, skills and contacts that a departing employee takes out of the organisation constitutes a huge loss.

### III. WHAT IS SUSTAINABLE DEVELOPMENT?

Sustainable development has been defined in many ways, but the most frequently quoted definition is from *Our Common Future*, also known as the Brundtland Report:<sup>[1]</sup>

*"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:*

- The concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs."

All definitions of sustainable development require that we see the world as a system—a system that connects space; and a system that connects time.

- When you think of the world as a system over space, you grow to understand that air pollution from North America affects air quality in Asia, and that pesticides sprayed in Argentina could harm fish stocks off the coast of Australia.
- And when you think of the world as a system over time, you start to realize that the decisions our grandparents made about how to farm the land continue to affect agricultural practice today; and the economic policies we endorse today will have an impact on urban poverty when our children are adults.

### **Sustainability Drives Recruitment and Retention**

Nicole Stika, a researcher and his partners attended the Human Resources and Legal: Become a Talent Magnet - Finding and Keeping the Best Employees (201) event at Corporate College in California. Kenyon Mau of Human Capital Advisors was the featured speaker. They were there to promote Green Plus, their sustainability certification program, which is offered by them at the Institute for Sustainable Development in North California.

Now, we may wonder what the connection is between human resources and sustainability. But

- Smart Service Desk
- CEO Connect through U&I
- Employees First Governing Council

the fact is that there several studies have shown there is an increasingly strong correlation between how green you make your business and how successful you will be at recruiting and retaining talented employees. This is particularly true for younger workers – those who fall into the Generation Y (or Millennial) category (age 15-29).

### **Employee Retention Strategies at HCL Technologies**

Over the past decade, HCL has been one of the fastest growing technology companies not only in India but in the world – even during the depths of the economic downturn. What has been the source of HCL's success during this period of economic turmoil? A combination of technical expertise and an innovative management philosophy that unleashed the innovative thinking of empowered employees. That innovation is fueled by **Employees First**, a unique management approach that unshackles the creative energies of our 84,403 plus employees, and puts this collective force to work in the service of customers' business problems.

The three core values that enabled HCL achieve the level of success that they have attained today are:

#### **1. EMPLOYEES FIRST**

At HCL, focus is on employees first because they believe that employees bring strategic value to the organization and are critical to its success in the global marketplace. Towards this, HCL practices Employees First – the first of its kind of articulation, which creates an enabling environment and a culture of pride in its employees.

HCL reached new heights with Employees First through several initiatives:

- Open 360 Degree Feedback™
- Talent Transformation
- Employees First Academy

- Employee Passion Indicative Count™

## **2. VALUE CENTRICITY**

In an industry dominated by volume, HCL consciously chose a value-centric nonlinear business model, which is recognized by clients and analysts globally. It believes in delivering value by going beyond contractual agreements with its clients.

- Confidence for investors
- Open dialogue with analysts
- Creating value for clients

### **Learning @ HCL**

Learning is the most sustainable source of competitive advantage in our industry, today. As the war for talent continues, leveraging and optimizing learning for stronger performance is critical. In this knowledge based economy, creating a learning environment helps address talent shortfall, generate ideas and ultimately leads to building an engaged workforce resulting in higher productivity and retention. HCL recognizes that grooming an employee into a globally competitive leader requires an extensive and nurturing ecosystem.

- Employee satisfaction survey
- Voice of youth forum
- Employee affinity networks
- Grievance redressal board
- HRD blog ‘Ask Shibu’ blog leaders’ blogs
- Inclusivity survey
- Development centers (DCs) engagement initiatives
- Bulletin Boards

The figure below shows how Infosys links Sustainable Development with Employee Engagement thereby attempting to retain its employees and gain Sustainability.

- Directions

## **3. TRUST, TRANSPARENCY AND FLEXIBILITY**

They believe they are among the most transparent enterprises in the world today. To them, transparency is vision, confidence, collaboration, flexibility, and trust. Some of the steps taken to build a transparent environment are:

- Ensuring our employees is indeed first
- Collaboration for best practices

### **Employee Retention Strategies at Infosys**

Infosys has implemented employee engagement strategy to retain its employees to ensure the implementation of sustainable development in the entire Organization. The following are the different employee engagement strategies implemented at Infosys to ensure employee retention and thus sustainable development.

### **Employee Engagement Strategies at Infosys:**

- Our Corporate Channel, Infy TV
- Our Intranet, Sparsh
- Sustainability portal
- Mailers
- Eco Clubs
- Employee Committees
- Employee Clubs
- Communication Design Group

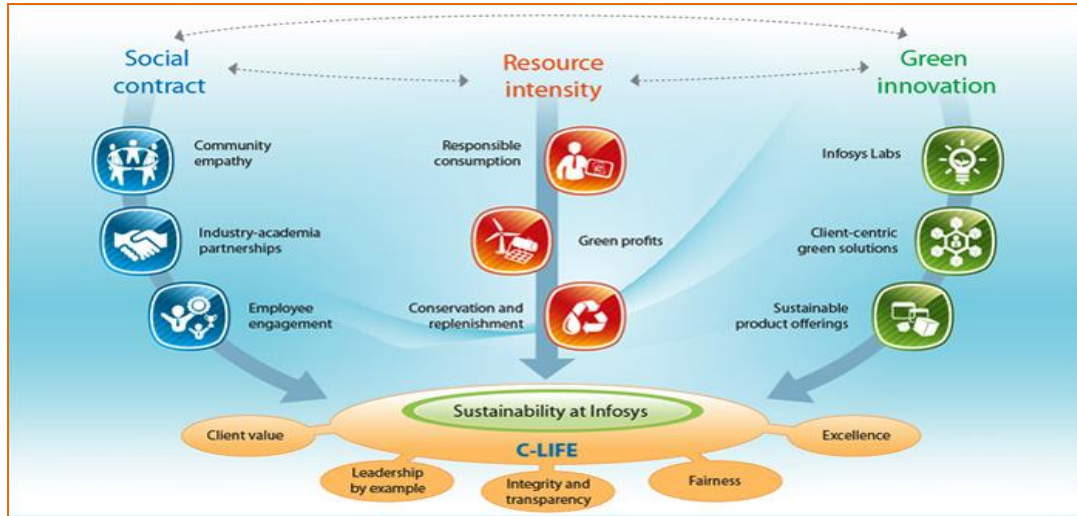


Figure 1.1: Sustainability at Infosys

### Sustainable Development and Employee Retention-(A Cyclic Phenomenon)

The literature available about employee retention ,sustainable development give many insights about sustainable development.The employee retention strategies implemented by HCL have promoted sustainable development as well

Infosys insists upon sustainable development which could promote the concept of employee retention.Thus it could be understood that sustainability retains employees and employee retention strategies can promote sustainable development.The figure below illustrates a cyclic phenomenon and inter dependence of Sustainable Development and Employee Retention.

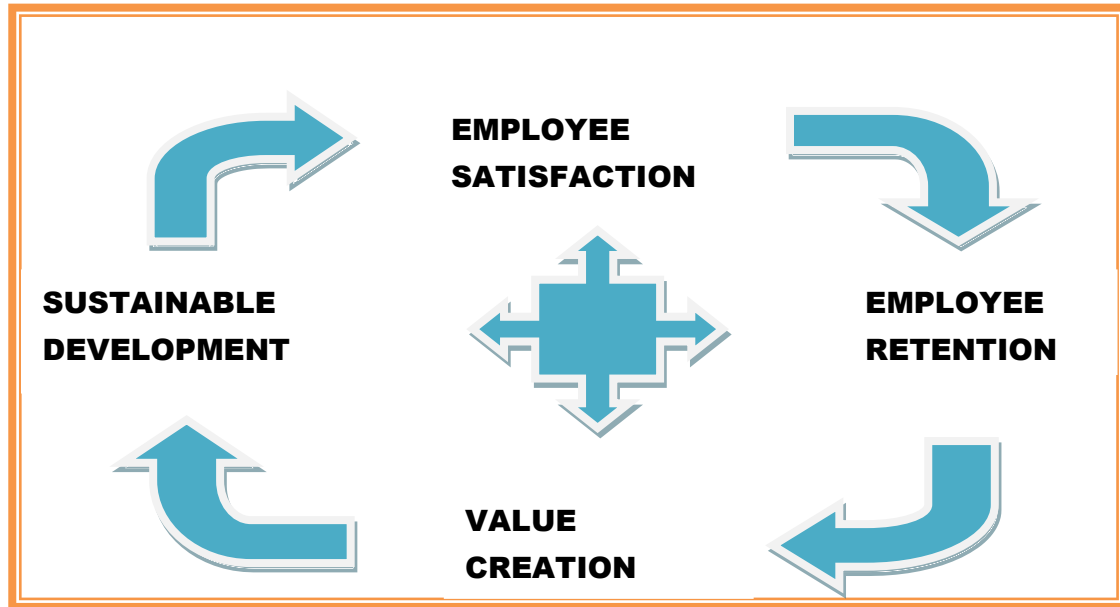


Figure 1.2: Sustainable Development and Employee Retention-(A Cyclic Phenomenon)

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