

"A REVIEW ON THE NON-MONETARY FACTORS THAT CONTRIBUTE TOWARDS EMPLOYEE RETENTION"

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Abstract

In this era in which, retaining employees has become more challenging than attracting employees, some organizations, manage to retain their employees at a higher rate, compared to others. It is evident from the working models of the organizations that it is not money that holds the employees in the organizations but the presence of certain non-monetary factors. This paper aims to review the non-monetary factors that retain employees in an organization and is expected to throw some light on various ways in which, organizations can retain their talent efficiently and effectively.

Keywords: Non-Monetary, talent attrition, talent turnover.

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INTRODUCTION:

Employees are the blood and life of any organization. The role played by the talents for the existence, and functioning of the institution most efficiently and effectively is very major. The high level of the significant role played by the talents, makes them the most treasured assets in the organization, without a shadow of a doubt. This calls for the requirement of special attention for acquiring and maintaining employees in the organization.

Many pieces of research have been conducted in the field of Human Resources for long. The dynamic and uncertain nature of the field makes any number of researches conducted in the field, scarce. The complexity of the field is fueled by the problems faced in the field such as talent attrition and talent turnover, for which, there is no permanent solution due to the ever-changing requirements and expectations of the employees. The increase that is taking place in the rate of attrition and retention of talent, year by year, is a matter of concern.

This review is expected to throw some light on the non-monetary factors that contribute towards employee retention, thereby showing ways in which the organizations can solve the problems of high rates of talent attrition and talent turnover, at least up to a certain extent.

Talent attrition:

Talent attrition can be said as the decline, that takes place in the number of employees due to various reasons. Talent attrition can be caused due to voluntary and involuntary reasons. The attrition that is triggered by the employees themselves, according to their own choice is called voluntary attrition, whereas, the attrition that is initiated by management's decision is called involuntary attrition.

Voluntary attrition can be subdivided into two namely (i) Functional attrition and (ii) Dysfunctional attrition. The resignation of employees who perform below the set standard is known as Functional attrition, whereas the attritions in which the effective performers leave is known as dysfunctional attrition. Dysfunctional attrition can similarly be subdivided into two namely (i) avoidable attrition and (ii) unavoidable attrition. Avoidable attrition is usually caused by factors which may include working condition, compensation and so on, whereas, unavoidable attrition is caused by factors which the organization usually have no control over, such as sickness, demise and so on. Talent attrition is a double-edged sword and has its own merits and demerits. The major benefit of talent attrition is that it reduces the number of employees that the company has to pay,

which reduces the expense and financial liability of the company, contributing towards profit. Demerits of talent attrition may include the reduction of the productivity of the organization, increase in the workload and stress levels of the existing employees, and so on. Talent attrition is considered to be negative in most cases as its demerits outweigh the merits. Companies try to keep the level of talent attrition low, to prevent it from adversely affecting the company.

However, talent attrition is not always a threat to the organization. It is argued that a healthy percentage of talent attrition is acceptable as it prevents stagnation of employees, removes poor performers, and aids in the introduction of new blood into the organization, which might take the organization to better heights.

Talent Retention:

Talent retention can be said as the capability of an organization to retain its employees. This capability is very vital for organizations as the success of an organization is highly dependent on the satisfaction and retention of employees.

Recent trends suggest that the talent retention capability of the organizations is on the decrease due to many reasons. This decrease in the ability of the organization to retain talent is costing the organizations in many ways due to which, the need for talent retention is rising.

Organizations employ different strategies to retain their employees. Money and other money-related benefits are employed by the organization in most cases due to its high success rates. However, it is seen that money is also not able to retain their employees like in the past, and organizations have to come up with new ways to retain their employees. Some of the strategies employed by organizations seem to be able to do a better job than money in retaining employees due to which, its demand is on the rise. The discovery and employment of non-monetary strategies that can retain employees are sure to increase the efficiency and effectiveness of the organizations.

REVIEW OF LITERATURE:

Huang et al., (2006), examined the effect that the factors related to the individual, firm, and market have on job retention, in their study titled "Constructing factors related to worker retention". Data collected by interviewing managers of Human Resource, who resigned the job for other jobs, along with the Secondary data of 180 employees who resigned the job at one firm, were analyzed. The study found that the factors that influenced Job

retention were "Gender", "Marital Status", "Relative Pay", "Employee Status", "Economic cycles" and "Speed of Promotion". "Individual performance" and "educational level" did not have any influence on Job retention. "Human Capital", "Wages", and "signaling effects" were found to be the factors based on the firm that influenced Job retention. The study also found that it was the factors based on the firm that had more influence than individual factors on Job retention.

Zhao and Kay (2009),

in their study titled "An exploratory study of US lodging properties' organizational practices on employee turnover and retention", examined the impact that the initiatives and practices of employee retention have on the retention and turnover of the employees. The analysis of data collected from 24 management companies, revealed that "Hiring and Promotion", "Corporate culture" and "training practices", influenced the retention of non-management employees, whereas "Hiring and Promotion" also influenced the retention of management. The study also found that "Goal and Direction", "Organizational Mission", "Rewards and Compensation" and "Employee recognition" reduced the turnover of non- management employees.

Munsamy, M., & Venter, A. (2009)

understood the factors that retain management employees, who are rich in experience, in a native governmental organization, through their study titled "Retention Factors of Management Staff in the Maintenance Phase of their careers in local government." They found that sixteen key factors, that retained employees in the job included "Direct Financial", "Indirect Financial", "alignment of the job with passion", "developmental opportunities", "work environment", "autonomy", "recognition", "promotion", "sense of achievement", "flexibility", "teamwork", "trust", "promotion", "autonomy", "work-life balance", "sense of security" and "supportive of balance". The study revealed that the factor which retained the employees the most was "the alignment of the job with passion or personal meaning".

Gough and Hick (2009)

in their study titled "Employee evaluations of occupational pensions", investigated the role played by an occupational pension in psychological contracts, employee recruitment, employee retention, and also to perceive the attitude of employees in the managerial position to the Employment Equality Regulations. They found that "occupational pension" plays a major role in the psychological contracts of employees belonging to the older age group. It was also found that the provision was more successful in retaining employees than recruiting them. They found that the employees are in support of the Employment Equality Regulations but are skeptical about the proper implementation of the same by the organizations.

Gberville (2010)

in a study conducted in the Banking sector of Nigeria, titled "Organizational retention strategies and employee performance of Zenith Bank in Nigeria", investigated the "Employee retention strategies" and "Employee performance" and found that, "Organizations image", "Enhanced & Regular Salary package", "Staff participation in decision making" and "humane treatment of employees", are the retention strategies, that organizations should adopt, to retain the employees and to ensure greater performance.

Kyndt et al (2011)

examined the factors that influence employee retention, in their study titled "Influence of learning and working climate on the retention of talented employees". Through the analysis of data collected from 972 employees from social profit and profit organizations, they found that it is the "learning" of the employees that encourages them to stay back in the organization

and that age is the only variable, that has a positive relationship with the retention of the employees.

Adzei and Atinga (2012)

conducted a study in Ghana among the health workers, titled "Motivation and retention of health workers in Ghana's district hospitals – Addressing the critical issues" and reviewed the influence that financial and non- financial incentives have on the motivation and retention of workers. Stepwise Regression Analysis applied on data collected from 285 workers, revealed that, motivation and intention to stay was influenced in a significant manner by financial incentives and that non- financial motivators such as "opportunities for continuous professional development", "Leadership skill and supervision" and "availability of infrastructure and resources", influenced the level of motivation and retention.

Ghosh et al., (2013)

in their study titled "Who stays with you? Factors Predicting employees' intention to Stay", Recognized the factors that can distinguish between the employees who remain in the organization and the employees who have the intention to depart from the organization so that the employees who have the intention to depart can be identified beforehand and measures can be taken to retain them. The study, through the employment of factor analysis of the data collected from 100 employees using incidental sampling found that "Goal Clarity", "Normative Commitment", and "affective Commitment" were the factors that could predict the intention of the employee to continue in or depart from the organization, in the best manner.

Renaud et al., (2015)

in their study titled "What are the best HRM practices for retaining experts? A longitudinal study in the Canadian information technology sector", attempted to find out the practices that could impact the "functional retention" of employees and also whether the impact of these practices varied according to the expert or non-expert status of the employees. Data from employees of the Canadian subsidiary of an IT firm was utilized for the study. The study revealed that the functional retention of the employees was positively impacted by HRM practices such as "stimulating work environment", "innovative benefits", "incentive compensation", and "training and development", regardless of the expertise status. It was also found that a moderating role was played between "HRM practices" and "Functional Retention" by the status of the employees and also that, the function retention rate of expert employees was more than the non-expert employees.

Spencer et al., (2016)

conducted a study titled "Labor supply and productivity responses to non-salary benefits- Do they work? If so, at what level do they work best" and for the first time, exploring how the retention and performance of the employees in a higher education institution in the United States got impacted by the employees' benefits that were of low marginal – cost. The study found that the offering or maximizing the tuition fee waiver, which is an employee benefit of low cost, increased the productivity and retention of the employees. The study also found that the productivity and the intention of an employee to stay could be predicted by the number of dependents, the extent of tuition waiver, and also the annual salary.

Matongolo et al., (2018)

in a study titled "Employer branding and talent retention: perceptions of employees in higher education institutions in Uganda", which was conducted among respondents from two public universities, examined the relationship, that exists between "the attributes of employer branding", "leadership and development", "people orientedness" and "talent retention", in higher learning institutes of Uganda. The data was analyzed

using Confirmatory factor analysis and also structural equation modeling. The study found that talent retention was predicted accurately only through dimensions of employer branding such as "Reward Strategy" and "People Orientedness" and suggests the institutions to use "Reward" and "People Orientedness" as methods to retain employees.

Chinyio, E., Suresh, S., & Salisu, J. B. (2018)

in their study titled "The impacts of monetary rewards on public sector employees in construction: A case of Jigawa state in Nigeria", investigated the influence of compensation elements such as "salary", "bonus", "gratuity" and "pension" on the satisfaction, motivation, attraction, and retention of construction employees in the public sector in Nigeria. Data collected using the stratified random sampling method was analyzed through the application of descriptive statistics and structural equation modeling. The study found that it was "salary", "gratuity", and "pension" that attracted the people to the job. "Gratuity" and "allowances" motivated the employees while "Gratuity" along with "pension" influences them to remain in the job. The study found that "Gratuity" played a major role in attracting, motivating, and retaining employees.

Marinakou & Giousmpasoglou (2019)

conducted a study in the luxury hotel sector, titled "Talent management and retention strategies in luxury hotels: evidence from four countries" intending to define talent and talent management while concentrating more on the retention strategies. The study conducted through semi-structured face to face interviews managers of Luxury hotels in four different countries, found that "Teamwork", "Succession planning", "Compensation", "Training and Development", and "a culture that is friendly, family-oriented and open access", were the talent retention strategies employed in the luxury hotels.

Dhanpat et al., (2019)

in their study titled "Exploring retention factors and job security of nurses in Gauteng public hospitals in South Africa", conducted in public hospitals in South Africa, tried to examine the relationship between and the impact of "Employee retention" on "Job Security". 202 responses received were analyzed using inferential and descriptive statistics, which revealed that, there exists a relationship between "Retention factors" and "Job Security" and that "training and development" predicted the "Job security" the strongest among nurses. The study concluded by providing recommendations, that could increase the sense of job security among nurses.

Sen and Bhattacharya (2019)

in their study titled "Attracting and managing talent, how are the top three hotel companies in India doing it", investigated how human resource shortage issue, training, and preparation for the future is performed by top three hotels in the country, in an environment in which the profile of the customer, expectation of the employees as well as the market is in the process of changing. A case study approach in which, review of the talent attraction and retention processes of the hotels was adopted by the study. The study revealed that the hotels need to innovate and to be more global in their approach.

CONCLUSION:

It is evident from the review that many factors contribute to employee retention in the organization. The organizations have to implement those factors which are relevant to the industry and the organization for its success failure to which, the results can be catastrophic.

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