

Session 7

Employee Turnover, Retention and Re-employment

RETENTION

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project



WHY RETENTION

- Employee retention is one of the primary measures of health of an organization
- Loss of a senior executive is even more costly
- For long term health and success of business
- Retaining best employees ensures

customer satisfaction



Product sales



Profit



WHY IS IT IMPORTANT



IS IT JUST TO REDUCE THE TURNOVER COST?

- ANS: NO
- Its not only the reduction of cost incurred by company .But also the need to retain talented employees from getting poached.

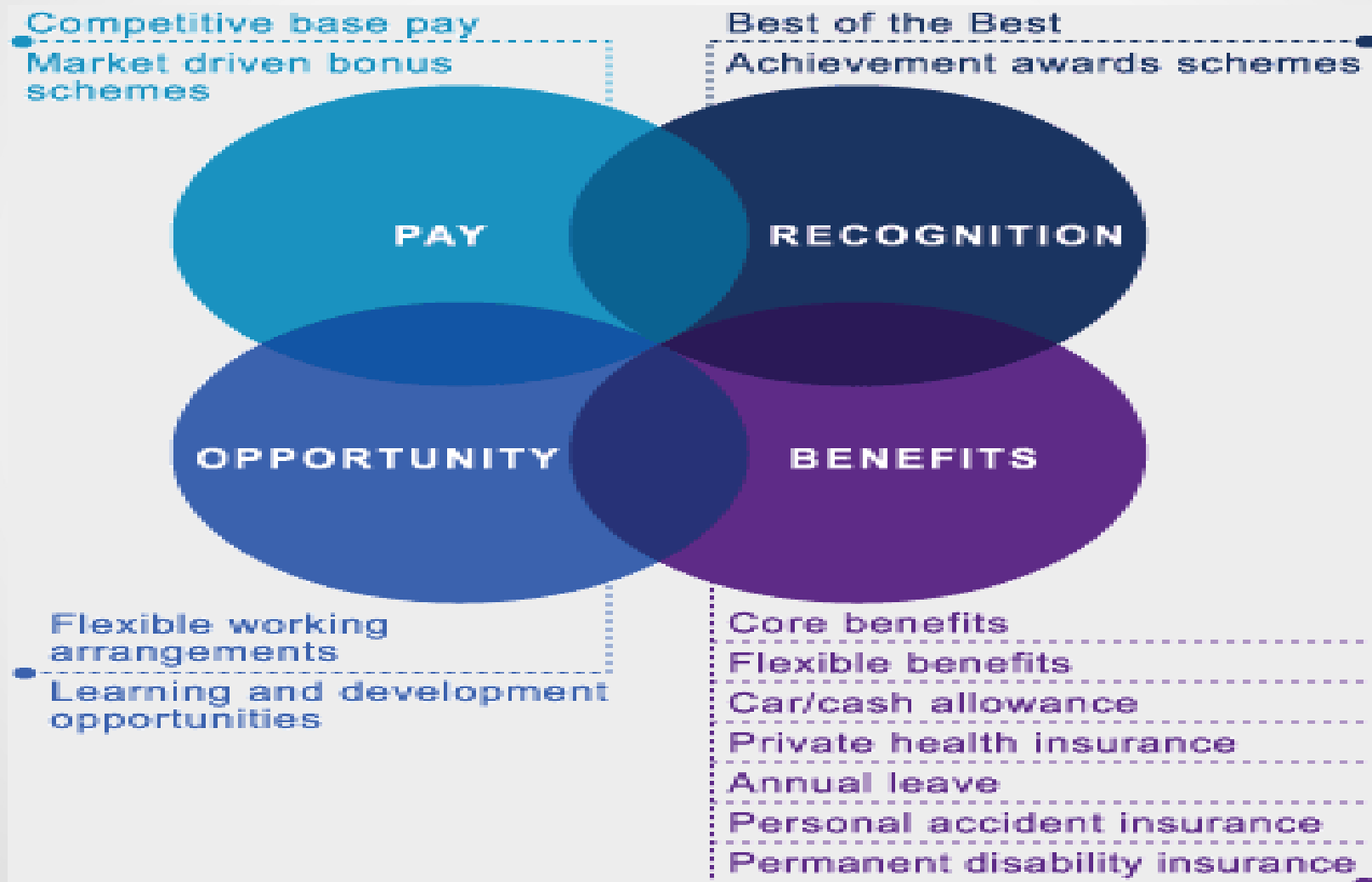


WHAT MAKES EMPLOYEES TO LEAVE

- Job is not what the employee expected to be.
- Job and person mismatch
- No growth opportunities
- Lack of appreciation
- Lack of trust and support in coworkers ,seniors and management
- Stress from overwork and work life imbalance
- Compensation
- New job offer



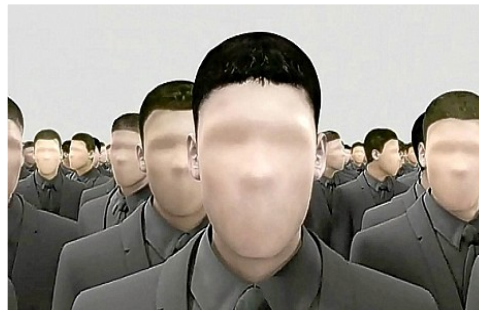
HOW TO INCREASE RETENTION



MANAGING EMPLOYEE RETENTION

- Identify the cost of employee turnover
- Understanding why employees leave
- Implement retention strategies

RETENTION STRATEGIES



Retention Management Strategies:

- Hire the right people in the first place
- Empower the employees
- Make employees realize that they are the most valuable assets of the organization
- Keep their morale value high
- Create an environment where the employees want to work and have fun

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HR Manager's Role:



HR MANAGER'S ROLE :

- Creating Motivating Environment
- Providing Coaching
- Standing up for the team
- Delegation
- Extra Responsibility
- Focus on Future Career

BENEFITS FOR AN ORGANIZATION

- The cost turnover
- Loss of company knowledge
- Interruption of customer service
- Turnover leads to more turnover
- Goodwill of company
- Regaining efficiency

Employee Turnover: Meaning

Employee Turnover means shifting of employees into and out of the organization. It is defined as rate of change in the employees of an organization during a definite period. It measures extent to which old employees leave and new employees enter into an organization.

Types of Employee Turnover:

- i. Accessions: Accessions are additions of new candidates to the existing employees. It includes employment of new candidates, re-employment of former employees, employees called back after layoffs etc.

- ii. Separations: Separations means termination of employment by either of the parties or both viz., employee and employer.

Computation of Employee Turnover:

Rate of employee turnover or external mobility is generally computed in terms of accession rate, separation rate and composite rate. Their computation formula is as follows:

$$\text{Composite Rate} = \frac{(\text{Total Accessions per year} + \text{Total separations per year})}{2}$$

Average number of employees for the year

Use of Composite Rate Formula:

- These formula are useful to compute and compare the rates with those of other organizations for the same period and of the same organization for the past years.
- This comparison shows trend in mobility rates and place of the organization in the community in respect of turnover.
- It shows magnitude of the problem and indicates the effects of external mobility.

The Effects of High Turnover in Companies

- **Productivity:** High rates of employee turnover can lead to lower worker productivity. Workers who have more experience at a certain company will be more aware of the company's policies, goals and how to fulfill their roles in the company.
- **Customer Service:** High turnover can harm a business's ability to retain customers and provide high-quality customer service. Customers may feel more comfortable talking to the same employees and customer service representatives over time. Personal relationships and familiarity can build customer loyalty.

The Effects of High Turnover in Companies

- **Turnover Costs:** High rates of turnover lead to higher costs related to recruiting and training new employees. It costs businesses money to hire human resource workers to interview and hire candidates and training new workers can be a costly process that diverts skilled workers from revenue-generating activities.
- **Profit:** The combined effect of the negatives that can result from high turnover may cause a firm to generate less profit. Anything that tends to increase costs or reduce productivity or revenue will tend to reduce profit.

Separations:

Separations mean termination of employment by either of the parties or both the parties viz., employee and employer. Separation may be natural, voluntary and mandatory.

Types of Separations:

1. Natural Separations

- Retirement
- Employee death
- Company closures

2. Employee Initiated Separations

- Employee resignations
- Voluntary retirement

3. employer initiated separations

- Discharge
- Lay-off
- Retrenchment