

# “Talent Attrition and Retention: A Review of Literature”

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**Abstract**—*Human resources are the backbone of any organization. They are the most vital and dynamic resources of any organization. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Retaining employees is a critical and ongoing effort. Securing and retaining skilled employees plays an important role for any organization, because employee's knowledge and skills are central to company's ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to review the various available literature and research work on employee retention and the factors affecting employee retention and job satisfaction among the employees.*

**Keywords:** *Human resources, employee retention, job satisfaction, literature*

## 1. INTRODUCTION

Companies in India as well as in other countries face a formidable challenge of recruiting and retaining talents while at the same time having to manage talent loss through attrition be that due to industry downturns or through voluntary individual turnover. Losing talents and employees result in performance losses which can have long term negative effect on companies especially if the departing talent leaves gaps in its execution capability and human resource functioning which not only includes lost productivity but also possibly loss of work, team harmony and social goodwill.

There is no single strategy or retention plan which may satisfy each and every employee in an organization. As we have different personalities as such we have different demands and expectations from the organization. Many researchers such as Arnold and Feldman, (1982) Wotruba and Tyagi, (1991) Brodie, (1995) have found and concluded in their study that age, job satisfaction, tenure, job image, met expectations, organizational commitment are consistently related to turnover intentions and the actual turnover. Research findings by Jewell

and Segall, (1990) and Locke (1976) have clearly stated that people, who are satisfied with their jobs, tend to stay in them longer, i.e. lower turnover, and be less absent. Researchers such as Carsten and Spector (1987) conducted a meta-analysis to find the relationship between job satisfaction and turnover and found a negative correlation between both the variables. Harrington et al. (2001) examined the various predictors of intentions to leave a job and observed that emotional exhaustion; lower levels of intrinsic job satisfaction and dissatisfaction with salary and promotional opportunities were the main predictors. Gurpreet Randhawa (2007) concluded in her study that a significant correlation between job satisfaction and turnover intentions suggesting thereby that higher the job satisfaction, lower is the individual's intention to quit the job.

According to Lvancevich and Glueck (1989), employee attrition/turnover is the net result of the exit of some employees and entrance of others to the organization. Employee attrition/turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi & Hollman, 2000). Employee attrition, as defined by Hom and Griffeth (1994), is “voluntary terminations of members from organizations”.

Employee turnover costs organization needless expenses (Buck & Watson, 2002). Replacements and training expenses have a direct impact on organizational costs, productivity and performance, and as such, an increasing number of organizations are now recognizing employee retention as a key strategic issue (Glen, 2006). 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 (Samuel & Chipunza, 2009). The Harvard Business Essentials (2002) defined retention as the converse of turnover, being voluntary and involuntary. It is a voluntary move by an organization to create an environment which engages employees for a long term (Chaminade, 2007). From a managerial perspective, the attraction and retention of high-quality employees is more important today than ever before. A number of trends (*e.g.*, globalization, increase in knowledge work, accelerating rate of technological

advancement) make it vital that firms acquire and retain human capital. While there are important differences across countries, analysis of the costs of turnover as well as labor shortages in critical industries across the globe have emphasized the importance of retaining key employees for organizational success (Hinkin & Tracey, 2000).

Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time. Mita (2014) defined employee retention as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements”.

Bidisha (2013) described it as “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”. According to Workforce Planning for Wisconsin State Government (2015), employee retention is “a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs”

Blankertz (1996) in his research paper, “Employee turnover in community mental health organization: A developmental stages study”, observed that recruitment and retention of direct service workers can be a major problem for administrators of community mental health organizations. This paper, based on a nationwide study of psychosocial rehabilitation of workers and administrators, examines the congruity of worker and administrator perceptions of worker motivation for entering and leaving the field. Workers are motivated by the intrinsic nature of the work to enter into and stay in the field. Job burnout is as important as low pay in forcing workers out of the field. Money was a major motivating factor for workers to enter the field and perceive external opportunities as forces that pull them away. Thus, administrators must address their workers' needs if their agencies are to offer quality services.

John Sheridan (1992) conducted a study to investigate the retention rates of 904 college graduates hired in six public accounting firms over a six year period. The author has taken organizational culture as a dependent variable and to analyze its effects on employee retention. The organizational culture values on voluntary retention were examined through survival analysis and the statistical analyses used were descriptive statistics and correlations for organizational cultural variables and .The author concluded the study by emphasizing that organizational culture has a dominant theme in retention of employees.

Koustab Ghosh (1993) made a study to identify the reasons for more turn over in manager at IT organizations. The author aimed to focus on designing and balancing the organizational social and technical sub systems elements in order to moderate the turnover of junior and middle level managers. They were interviewed in – depth and content analysis were made for level wise qualitative responses. The author concluded from

his study that organizational socio technical factors have influenced on managers retention.

Michael Jackson March (1999) conducted a research on employee retention of range complex fire Department (RCFD) with an main objective to identify what were the reasons for an employee to quit an organization and to provide suggestions to improve employee retention. The author formulated descriptive and evaluation research methods to carry out research and the researcher found out the reasons such as long work week, job dissatisfaction and lack of promotional opportunities. Finally the researcher provided suggestions to the top management to concentrate on 6 keys to identify retention such as recruiting, training, communication, job satisfaction, pay and benefits.

Sunil Ram Lall (2003) made a study to identify the most significant factor that an employee’s decision to remain in an organization or to at leave large. The author further describes about developing strategies to enhance retention practices. Research sampling was a stratified random method and about 115 employees were included for survey. The study revealed that rewards & recognition, task identify, feedback no of positions at the company and satisfaction with the position of employees are essential. The study concluded that the organization should identify the actual needs with regards to career, family, education & community so that it can reduce employee’s turnover.

Jyotsna Bhatnager (2007) made a study to analyse how for talent mgmt strategy by Indian ITES employees drives a way for retention. A survey on a sample of 272 was taken and data were analysed using factor analysis method. The findings of the study were high levels combined with career planning, incentives, organizational culture which can achieve high employment retention.

Ian Taplin and Jonathan Winter Ton (2007) made a study to examine the role that mgmt style plays in retaining workers in a high turnover industry. Case study approach based upon extensive interviews with workers managers were used for data collection. The results concluded that positive actions by management promote worker attached to their dept heads and management which diminishes the turnover.

Neeraja Behera et al (2008) made a study to identify how job satisfaction acts as a key in retaining an employee. The study proved that if managers pay attention to job satisfaction factors such as pay, rewards, recognition, training, work environment there will be a high retention among employees. The author suggests that the mgmt should consider these views and act accordingly to avoid employee turnover.

Boxallet. al. (2003) in his study “Labour turnover and retention in New Zealand; the causes and consequences of leaving and staying with employers” confirmed the view that, motivation for job changes is multidimensional and that no factor will explain it. However, over time factors those appear to be consistently linked to turnover. He found that the main

reason behind people leaving their job was they got more interesting work elsewhere. It was generally accepted that the effect of job satisfaction on turnover is less than the organizational commitment.

Allen & Meyer (1990) in the study of “The measurement and antecedents of affective, continuance and normative commitment on the organization” indicated three components of commitment & these components were a negative indicator of turnover. They also investigated the nature of the link between turnover and the three components. These commitment were affective commitment, continuance commitment and normative commitment. Affective commitment refers to employees’ emotional attachment to, identification with and involvement in the organization; continuance commitment refers to commitment base on costs that employees associate with leaving the organization; and normative commitment refers to employees’ feelings of obligation to remain with the organization., employees with strong affective commitment stay with an organization because they want, those with strong continuance commitment stay because they need to, and those with strong normative commitment stay because they feel they should.

Gregory P. Smith (2010) in his article on Employees Retention Strategies: How to Attract, Keep and Motive Today’s Workforce has stated that employers face major challenge in finding skilled people, a younger workforce with different attitudes about work and growing population of old persons heading towards retirement. The study reveals 85 percent of human resource executives state the single greatest challenge in managing workforce in organization’s inability to recruit and retain good employees and managers.

Larry Galler (2001) in his article Manage Talent or Lose it has stressed that balance sheet of a company is statement of profit and loss, which is reflection of the functioning of talent staff. The talent need properly managed and improper utilization of talent may result in severe loss as well as future prospect of the industry. Talented staff need effective work culture and perform in the effective manner. It is true that selection and placement of talented persons is not sufficient, but responsibility of the top management to put at appropriate position to derive best results from excellent performance. Usually the management remains incapable to place right talent at right position, as every person cannot handle every position of the organization but possesses specialization in some specific area. It is the responsibility of the management to place the person at right position, where one can be best suited in view of experience and expertise. It is not the fault of any talented person for not yielding perfect performance, but management has to assess the potential of the person within the total organizational set up. This task is most crucial but most of the management personnel remain incapable to assess such talent factor of individual.

The study conducted by Griffith et al (2000) analysed the relationship between pay, an individual’s performance &

turnover. They noted the modest effect of pay and pay –related variables on turnover. They also concluded that insufficient reward to high performers result in them leaving the organization. While citing the findings from Milkovich and Newman (1999) they noted introduction of collective reward programs in place of individual incentive schemes may lead to higher turnover among high performers.

Gupta (2011) in his study on BPO industry concluded that one of the prime reasons for employees leaving the industry was due to the cause that the industry was viewed as a gap filler occupation. There seems to be a flaw in the way the industry was structured. The industry has been mainly dependent on youth who take out time to work, make money in the process while thinking of career alternatives. Hence, for this group BPO was never a long-term career but only as a part time job.

Howard and Homma (2001) found that job satisfaction alone is not sufficient to predict the attrition intentions. They suggested that organizational commitment should also be included in the turnover model as another independent variable. Also Karsh et al. (2005) proposed that job satisfaction and organizational commitment are predictors of turnover intentions. Wasti (2003) in a research conducted in Turkey also proved that organizational commitment is a predictor of turnover intentions. In past Harrell et al. (1986) established that there is a significant negative correlation between turnover intentions and job satisfaction. Morrison (2004) in his research study, which assessed all three components commitment to the organization and affected by turnover intentions of nurses, found that organizational commitment is negatively correlated with turnover intentions. This was again proved by the result of the research by Korunka et al. (2005).

Trevor et al. (1997) has proved that rise in pay has a negative impact on turnover. Davies, Taylor, & Savery (2001) forwarded the view that compensation to top workers is given by every organization but very few organizations uses it strategically. They said that “Salary and benefits policies are not being used strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment”. Gardner et al., (2004) were of the view that pay is considered as a motivator as well as employee retention technique. Milkovich and Newman (2004) have clearly stated that among all types of reward, monetary pay is considered one of the most important and significant factor in retention. In a research by Moncraz, Zhao and Kay (2009) it was concluded that although compensation was not one of the top factors influencing non-management turnover but compensation can act as a critical factor in reducing managerial turnover and increasing commitment.

Price & Muller (1981) in their study on 1091 registered nurses in seven hospitals found that job dissatisfaction influenced actual turnover indirectly through its direct effect on turnover intention. Costly et al. (1987) found that the main causes of high labour turnover in an organization are poor personnel

policies, poor recruitment policies, poor supervisory practices, poor grievance procedures, or lack of motivation. All these factors indicate that there is no proper management practices and policies on personnel matters hence the employees are not recruited scientifically, promotion policy of the organization is not communicated to the employees properly, no grievance procedures are there in the organization and as such the employees decides to quit. Zedeck and Mosier, (1990) has mentioned that the issue of employee turnover is very crucial and important to managers, researchers and individuals. Jackson, (1981) and Stear (1991) have stated in their studies that high turnover is caused by unhappiness with the work, inadequate compensation, unsafe and unhealthy conditions, unrealistic expectations, inappropriate processes or tools, and poor candidate screening. Other causes are lack of career opportunities and challenges, dissatisfaction with the job-scope or conflict with management. From the point of view of Susskind et al., (2000) turnover problem should be dealt with careful strategies exclusively concentrating on human resource problems. Zuber, (2001) found that employees are more likely to stay when there is a predictable work environment and vice versa. Zuber also stated that instable organization have a high degree of employee turnover. Kevin et al. (2004) have stated that although, there is no standard framework for understanding the employees turnover process but a wide range of factors are useful in predicting employee turnover. Henry Ongori (2007) concluded in his study that employees are the long-term investments in an organization and as such management should encourage job redesign, task autonomy, task significance and task identity, open book management, empowerment of employees, recruitment and selection must be done scientifically with the objective of retaining employees and decreasing employee turnover.

Aryee *et al.* (1998) found a significant positive correlation between satisfaction with work flexibility and organizational commitment and thereby good rate of retention.

Martin (2003) looked at the effect of unions on labor turnover and found clear evidence that unionism is associated with lower turnover. He suggested that lower turnover is a result of the ability of unions to secure better working conditions; thus increasing the attractiveness for workers of staying in their current job. New

Professionals' intentions to change jobs have been attributed to their level of job satisfaction (Bender, 1980; Klenke-Hamel & Mathieu, 1990; Lorden, 1998).

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