# Employee retention and high turnover analysis

This research project has arisen as a consequence of growing concern within GSFS regarding employee retention and high turnover. This research is based on the employees of the Money Market segment of the Financial Services Industry. As a fellow employee the author seeks to identify the main reasons that lead experienced and skilled employees (middle managers) to leave the organisation within a short period of recruitment. The intent of this research paper is to illuminate numerous employee-retention related issues that are of particular significance to organizations today.

" Mid career employees and managers who should be at their peak of productivity are the most dissatisfied segment of the workforce. The companies need to find ways to rekindle the fires of this vast neglected group of people – or risk losing them all together."

– Harward Business Review, March 2006.

Employee commitment, productivity and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent.

An Employee Retention Model is a philosophical and newly developed theory which helps managers and supervisors to retain employees, they need to understand what employees like and do not like. What is not liked needs to be addressed, focusing on the groups' needs. Two of the main employee retention models discussed are, the Tuckman's group development model and Job embeddednes.

In turbulent times, the role of the manager becomes more important because managers play a vital and distinct role, different from anyone else in the organization. That role is as a catalyst-someone who can " reach inside each employee and release his or her unique talents and convert them into performance" (Buckingham and Coffman, 1999).

To effectively motivate and retain employees, a manager needs to deal with each person, working together one-on-one. A good manager therefore, is one who will help talented people find satisfaction in their work, and " satisfaction" is key to an employee's decision to stay or leave an organization. (Buckingham and Coffman, 1999; Kreisman, 2002; Kaye and Jordan- Evans, 1999)

All managers are not leaders; similarly not all leaders are effective leaders. In-effective leaders can be bad leadership and or lack of leadership which can cause major destruction in plans, relationships and failures in organizations. Kellerman (2004) states that Ineffective leaders fail to produce the desired change due to missing traits, weak skills, strategies badly conceived and tactics badly employed.

Leadership Development must be driven from the top: if the senior management is not intimately involved and committed to it, it's not worth starting argues James and Burgoyne (2001) in their principles for leadership development.

## Project objectives
Find out if the basic motivational factors are available in the organization.

Do the culture and the structure of the organization have an impact on the business as it operates in volatile markets, is flexibility available?

A comparison of the facilities employees are given at competitor organizations that GSFS does not provide.

Discuss, using a range of literature the critical success factors of employee retention.

Evaluation of the appropriateness of staff trainings provided. Do they increase efficiency of job related activity?

To draw conclusions of the findings and to provide recommendations for improvement.

## Approach

Different research strategies are appropriate for different research objectives (Saunders et al, 2003). It is a theory that explains how the subject under research will work. Considering the various alternatives available, the methodology indicates what type of study was undertaken to provide answers for this particular research problem.

A qualitative research methodology has been adopted using both primary and secondary research. The primary research has been conducted via data collection through semi-structured interviews and questionnaires triangulated with the findings based on the literature review.

The author feels that this is the best approach to gather qualitative data and analyse in order to determine the reasons for the current situation in the

organisation. The author has chosen the phenomenological paradigm or the interpretive approach.

The selection of a qualitative approach is further strengthened by Hussey and Hussey's (1997 p20) definition of qualitative research as, " a subjective approach which includes examining and reflecting on perceptions in order to gain understanding of social and human activities."

The sample chosen consisted of ex- employees, current employees and senior managers of GSFS.

## Findings and Conclusion

The data analysis showed that 100% of the employees who left the company to join a competitor were due to dissatisfaction of the leadership in the organization. The analysis further revealed that 80% of the current employees too were dissatisfied with the management styles of the company. The reasons they provided was that the current organizational structure did not permit autonomy which is a main requirement in a money broking business.

Further analysis showed that middle managers (experienced dealers) were de-motivated due to the absence of a reward system on performance.

Recent studies have shown that the manager, whether a front-line supervisor, a project leader, team ' captain', or senior manager, actually has more power than anyone else to reduce unwanted turnover. Because the factors that drive employee satisfaction and commitment are largely within the direct manager's control (Buckingham and Coffman, 1999; Kaye and

Jordan-Evans, 1999). These include providing recognition and feedback, the opportunity to learn and grow, fair compensation reflecting an employee's contributions and value to the organization, a good work environment, and above all, recognition and respect for the uniqueness of each person's competencies, needs, desires and style.

## Summary of Recommendations

The following generic retention strategies were proposed to the senior management of GSFS with regards to employee retention and motivation:

Improve collection and analysis of turnover data

Modify use of exit interviews

Develop leadership qualities in managers

Setting targets and establishing managerial accountabilities in respect of retention

Developing and communicating an 'employee value proposition'

Select more rigorously, based on ' fit' to the organisation

Emphasise teamwork and employee engagement

Train more intensively on job specific

Increase effective organisational communication

Reward based on individual performance in service based organisations.

# TABLE OF CONTENTS

## CHAPTER1 INTRODUCTION

## CHAPTER 2 LITERATURE REVIEW

## CHAPTER 3 METHODOLOGY

## CHAPTER 4 FINDINGS AND ANALYSIS

## CHAPTER 5 CONCLUSION AND RECOMENDATIONS

## References