

# [The criticality of retaining skilled employees management essay](https://assignbuster.com/the-criticality-of-retaining-skilled-employees-management-essay/)

## Introduction:

Purpose of the report: The report is intended to analyse the key factors involved in employee retention and also focus of the measures to be taken up by the employer for reducing the attrition rate of skilled workers. The solutions discussed suggested in the report could be possibly applied in the case of ‘ Keeping Suzanne Chalmers’. The commentary also aims to discuss further the reasons of the employee leaving the company.

Scope: The information in the report ranges from examining the factors for Suzanne Chalmers quitting the job to the measures taken by Thomas Chan to stop the attrition. Further the analysis in the commentary will discuss in general the reasons responsible for such situations in organisations.

Background: The credentials of the report would be the case study of Suzanne Chalmers a top talent in the area of internet protocol working at API who decided to quit the organisation even though was offered options like higher salary, larger working space, unpaid leave for two or three months complete with paid benefits and increase in share options.

Limitations: The report revolves around the employee retention of Suzanne Chalmers and the tactics tried by the employer Thomas Chan and is limited for being offered only a few number of reasons to stay back in the employment. The analysis of the case is based and compared on the theories of four drive and the theory of expectancy.

## Summary of the issue:

The case of Suzanne Chalmers working at Advanced Photonics Inc. as a software engineer in internet protocol is a typical example of the issue faced by many employers in the current market were in employees who are talented for the job and hold key position in the company after earning many accolades for outstanding performance over years and responsible for finishing projects contributing a fortune to the company deciding to leave the company on a very short notice without proper reasons. The summary of the report discusses about the means and ways the employer can practice to hold the employee back at work and other reasons accounting for the employee to decide to leave the job and possible solutions around the issue. It also confers about the resolutions tried by the employee in the case of Suzanne further converses about the employee behavior in general towards their job and the responsibilities entrusted onto them by the employer.

The expectations of the employee and employer in general have also been mentioned in the report. In the case of Suzanne Chalmers the employee quits the organisation at a stage of her career were she is under the age of 40 years just like many other employees who quit the company. It is also noted that the reason is not stress or long hours. The vice president of Advanced Photonics Inc thought that the reason was more money. The generous share options which had skyrocketed on the stock market giving many employees more money than they can make use off. It has been observed that their finance independence gave them less reason to remain with the organisation. It was noted that the employee after quitting the organisation and taking a break returned back to market and joined a start-up software firm in the same locality.

The meeting between the vice president and the employee is discussed further moving to the solutions for retaining employees in general. The motivation factors for the employees in an organisation have been elaborated in the report. The report would also discuss emotions of the workforce as well as values and attitudes of management.

## Importance of employee turnover:

Abbasi and Hollman (2000) sought to determine the impact of employee turnover on organizations and found that excessive employee turnover often engenders far-reaching consequences and, at the extreme, may jeopardize efforts to attain organizational objectives. In addition, Abbasi and Hollman (2000) indicated that when an organization loses a critical employee, there is negative impact on innovation, consistency in providing service to guests may be jeopardized, and major delays in the delivery of services to customers may occur. The study also showed that a decline in the standard of service provided to guests could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organization.

As part of the process of developing and implementing strategies to maintain and increase competitiveness, organizations face the challenge of retaining their best employees. As such, this research was designed to analyze and determine the most effective ways for one employer to retain its critical employees. The company in this study has been successful at maintaining a relatively low turnover ratio, but the employees who left the organization have been critical employees, thus presenting a significant challenge. The results of this research effort potentially could be used as a framework for guiding employee retention in other large, complex organizations.

## Criticality of Retaining Skilled Employees:

Fitz-enz (2002) stated that the average company loses approximately $1 million with every 10 managerial and professional employees who leave the organization. As mentioned previously, the combined direct and indirect costs associated with one employee ranges from a minimum of one year’s pay and benefits to a maximum of two years’ pay and benefits. Thus, there is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee’s departure. It will become significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization’s need to create an environment in which one would be willing to stay (Harris, 2000).

Organizations will need to either create an intellectual capital environment where the transmission of knowledge takes place throughout the structure, or continue to lose important individual knowledge that has been developed during the length of service (Harris, 2000). This deep knowledge is what many believe will help to meet the needs and expectations of the customers and to create and sustain a competitive advantage within the global economy in which organizations are competing in today.

The critical factors derived out of eminent motivation theories and the implications for developing and implementing employee retention practices can be described as follows:

Needs of the Employee – Employees have multiple needs based on their individual, family, and cultural values. In addition, these needs depend on the current and desired economic, political, and social status; career aspiration; the need to balance career, family, education, community, religion and other factors; and a general feeling of one’s satisfaction with the current and desired state of being.

Work Environment – Employees want to work in an environment that is productive, respectful, provides a feeling of inclusiveness, and offers friendly setting.

Responsibilities – Given that one feels competent to perform in a more challenging capacity and has previously demonstrated such competencies, an employee may feel a need to seek additional responsibilities and be rewarded in a fair and equitable manner.

Supervision – Managers and other leaders more frequently than others feel a need to teach, coach, and develop others. In addition, these individuals would seek to influence the organization’s goals, objectives and the strategies designed to achieve the mission of the organisation.

Fairness and Equity – Employees want to be treated and regarded in a fair and equitable manner regardless of age, gender, ethnicity, disability, sexual orientation, geographic location, or other similarly defined categories, With increased effort and higher performances employees also expect to be regarded more significantly than counterparts who provide output at or below the norm. The employee’s effort and performance at a particular level is influenced by their individual goals and objectives and which would vary by each individual. An outcome or reward that is perceived to be highly significant and important can result in a higher level of effort and performance by the individual employee.

Effort – Even though employees may exert higher levels of effort into a position based on a perceived significant reward, this could be a short-term success if the task itself does not challenge or provides satisfaction to the employee.

Employee Development – Employees prefer to function in environments that provide a challenge, offers new learning opportunities, significantly contributes to the organisation’s success, offers opportunities for advancement and personal development based on success and demonstrated interest in a particular area.

Feedback – Individuals prefer to have timely and open feedback from their supervisors. This feedback should be an ongoing process during the year and not limited to formal performance reviews once or twice per year. In addition, the feedback should be from both the employee and the supervisor.

## Employee Retention at Advanced Photonics Inc :

As implicated in the case study Thomas Chan the vice president at the organisation has observed that employees even though were under 40 years, which is too early to retire quitting the job at API. It has also been witnessed that it is not for reasons like stress or long hours but the organisation’s share options that skyrocketed on the stock market which left many employees at API with more money than they could possibly spend. It has also left the employees to be millionaires giving them financial independence leaving fewer reasons to stay in employed at API.

In this particular case Thomas was approached by Suzanne Chalmers who has been employed at API for four years in the field of internet protocol as a software engineer supporting the software that directed fibre optic light through API’s routers. It is also mentioned that internet protocol is a very specialized work and Chalmers was one of the top talents in that area.

## Theory of Expectancy and Four Drive Theory:

Four Drive Theory: As it is known that emotions play a significant role in employee motivation which is not supported by many theories and researchers. But, the four drive theory emphasizes the concept and relevance of emotions in employee motivation. The theory was developed by Harvard Business School professors Paul Lawrence and Nitin Nohria. According to Steven M, Mara O,& Tony T (P. 178, 2009), a motivation theory that is based on the innate drives to acquire, bond, learn and defend, and that incorporates both emotions and rationality. It has been derived that employees with higher emotional intelligence are more sensitive to competing demands from the four drives, and are better able to avoid impulsive behaviour from those drives, and can judge the best way to act to fulfill those drive demands in a social context. Recommendations of the practical implications of the theory are explained in two parts. First being that best workplaces for employee motivation and wellbeing offer conditions that help employees fulfill all four drives. Employees continually seek fulfillment of their innate drives, so successful companies provide sufficient rewards, learning opportunities, social interaction and so forth for all employees. The second recommendation is that fulfillment of the four drives must be kept in balance; that is, organisations should avoid too much or too little opportunity to fulfill each drive. The reason for this recommendation is that the four drives compensate each other.

Expectancy Theory of Motivation: This theory offers an elegant model based on rational logic to predict the chosen direction, level and persistence of motivation. According to Steven M, Mara O, & Tony T (P. 178, 2009), expectancy theory is a motivation theory based on the idea that work effort is directed toward behaviors that people believe will lead to desired outcomes. The concept also says that work effort is directed toward behaviors that people believe will lead to desired outcomes. One of the appealing characteristics of expectancy theory is that it provides clear guidelines for increasing employee motivation. The Expectancy Theory of Motivation was developed, by Victor Vroom of the Yale School of Management, in the year 1964. He was of the opinion that people made a conscious choice while deciding whether or not to perform at the workplace. However the choice that was made by the employee depended entirely on the employee’s level of motivation which in turn was a function of three factors which are effort, performance and outcome.

## Current trend of Employee job satisfaction and Suzanne Chalmers:

In the current generation employee is not completely satisfied with higher salary packages but is looking for more than that and stressing on innovative ways of retaining the employee. The reasons for choosing an organisation for employment can be categorized as location of company, compensation, the job, company reputation, career development, career path, job security, organisational culture, challenge, training and development, empowerment and attractive benefits. Like wise potential reasons for employee to leave the organisation can be classified as salary, lack of challenge and opportunity, lack of career advancement opportunities, ineffective leadership, inadequate emphasis on teamwork, not having the opportunity for a flexible work schedule, too long of a commute, lack of trust in senior management, inadequate opportunity for training and development and low overall job satisfaction. The case of Suzanne Chalmers can be listed for lack of challenge and opportunity and lack of career advancement. The employer took care of everything but lacked on the above mentioned factors leaving the employee with no other choice but to quit the job.

## Conclusion:

If the organisations take up better employee retention plans and offer employees with more valued reasons to stay back with the organisation. The firms can possibly come up with innovative employee retention programs by offering the employees with better location of the company or the branch which is closer to their living place, compensation, better job matching their qualification, career development, career path, job security, organisational culture, challenge in job, training and development, empowerment and attractive benefits. Applying the thoughts of Four Drive theory has been proved to be very important in the current situation as emotions play a major role in motivation of employees.