

**The Role of Human Resource Management in Increasing Employee Retention and
Productivity**

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Human resource management is the most vital component of an organization as proclaimed by a study out of Bangladesh. “There are six elements in an organization like man, materials, machine, money, method, and markets. Among them, man is the most important element of them all” (Nabi, N., Ahmed, A., & Rahman, S., 2017). The impact human resource management has on the retention efforts of an organization is critical to its vitality as the specialty focuses on sourcing the most important element, people. In the post-COVID world, highly qualified talent is more difficult than ever to find. Robust and progressive human research management strategies geared toward the retention and development of current talent are of the utmost importance to the survival of organizations. In 2022, during what is now referred to as the “Great Resignation”, 40 percent of employees thought about leaving their jobs within the next three to six months and a staggering average of 4 million people did just that each month of the same year (Zippia, 2023).

Retention of key employees is at the forefront of many strategic human resource management teams during the pandemic recovery period. Turnover is costly. According to Mathis et al. (2022), separation costs, vacancy costs, replacement costs, training costs, and indirect costs contribute to the average replacement cost of 33% of an annual employee’s salary. While a percentage of turnover is unavoidable and even needed, organizations are hyper-focused on retaining their most vital resource, people. Gaber and Fahim (2018) assert that successful employee retention should not rely on a single strategy. Moreover, practices should involve a combination of strategies including human resource and organizational factors including person-organization fit, challenging job opportunities, training and career development, reward and recognition, leadership behavior, teamwork, relationship, communication, company policies, and a pleasant work environment.

A review of the literature identifies several themes for strategic human resource management teams to consider in recruitment and retention practices. Those themes include an emphasis on work-life balance, non-monetary benefits/rewards, career development opportunities, employee engagement, and the idea that the turnover of key employees is a symptom of deeper issues that need to be identified and corrected. Sepahvand and Khodashahri (2021) identify recruiting, training, and retaining as powerful and reliable factors that improve organizational performance and resolve crises.

Flexible work arrangements can be designed and accommodated in many ways including when and where work is done. Flexible work policies are beginning to have positive results for employees and organizations (Sanchez et al., 2020). As organizations plan for future talent acquisition and retention, it is paramount that the needs of the targeted talent are taken into consideration. Sanchez et al. (2020) go on to state new generations joining the workforce are more interested in jobs that respect their spare time. Candidates are looking for incentive policies and benefits that allow them to be happier. Personal well-being, work-life balance, and job satisfaction are strong priorities for millennials entering the workforce. For many millennials, family is more important than work, in contrast to baby boomers who traditionally value work before family. The ability of employees to be able to integrate work and life commitments positively affects their performance and organizational retention opportunities at the same time.

A well-structured benefits and rewards program will support an organization's attempts to remain competitive in today's labor market while ensuring sustainability in the future (Nabi et al., 2017). Organizations must be aware of the relevance of factors such as non-monetary benefits in order to avoid the loss of motivation of talented employees, absenteeism, or voluntary termination (Sanchez et al., 2020). Reward systems that include critical components such as job security,

location, working relationships, recognition, contribution, salary, flexibility, learning, responsibility, and innovation are enticements that will speak to the current labor force. Mathis et al. (2022) identify when organization recognition programs are linked to defined values and principles, and rewards are presented according to the established values will improve retention. Additionally, policies that offer organizational support for dependent care, family leave programs, on-site childcare, assistance with childcare, and eldercare services will allow an organization to attract key individuals (Sanchez et al., 2020). Chukuka and Nwakoby (2018) illustrated the importance of positive performance being recognized without waiting for nominations for formal awards. That is, recognition should be an ongoing, natural part of day-to-day operations.

Sanchez et al. (2020) declared non-monetary benefits have the greatest impact on employees as they lead to the perception that the organization is not only interested in maximum profit but is also interested in the individual needs of the worker beyond their job. Such a mentality will facilitate greater commitment and retention of key individuals. Leadership development strategies can also impact retention. Mentoring new leaders will guide interactions with employees on their teams and enhance the overall investment of individual contributors.

Enhancing your employment brand is defined as the distinct image of the organization that captures the essence of the company to engage employees and outsiders (Mathis et al., 2022). There is evidence to support that an employer's brand is a larger factor for today's candidates than in years past. Organizations have long strived to be the employer of choice. Such perceptions are more critical than ever with limited access to qualified talent.

According to Mathis et al. (2022), opportunities for personal growth lead the list of why individuals accepted their current positions and why they continue to stay. An organization's

commitment to employees' knowledge, skills, and advancement is evidenced through its training and development efforts. Chukwuka and Nwakoby (2018) demonstrated the use of the expectancy theory of motivation relates to what motivates an organization to attain efficiency and effectiveness in their pursuit of organizational goals. In this example, expectancy facilitates a work environment with good performance, sets realistic and attainable goals for performance, and provides training, support, and encouragement to employees. Investing in employee training programs can make employees feel indebted to the company thereby increasing loyalty. Loyalty is a reciprocal exchange between organizations and their employees (Mathis et al., 2022).

Employee engagement is the extent to which an employee's thoughts and behavior are focused on his or her work and their employer's success (Mathis et al., 2022). Highly engaged employees are more productive, exude dedication, perform at higher levels, and have higher retention than unengaged employees. The idea of employee engagement is that a worker that feels more connected to their workplace will consequently be more productive. Surprisingly, increased compensation is not the most effective way to improve employee engagement. Engagement is more about building an emotional connection between employees and the organization.

Work engagement has been linked strongly to employee retention. An effective way to maintain employee engagement is to show them they are appreciated (Sepahvand & Khodashahri, 2021). Highly engaged employees will have a higher emotional attachment to the organization and more satisfactory work quality. Motivation is correlated with job performance. It is well-supported that when motivation is here, so is productivity. Conversely when motivation is low, so is productivity (Nabi et al., 2017).

Another common finding involves turnover in organizations. Mathis et al. (2022) classified six different types of turnover. Involuntary and voluntary turnovers are traditionally referred to as either quitting or getting fired separations. Functional turnover refers to lower-performing or disruptive employees that leave. Conversely, dysfunctional turnover refers to losing key employees and high performers. Sepahvand and Khodashahri (2021) identify that human resource professionals should proactively address dysfunctional turnover. Turnover is further broken down into uncontrollable and controllable. Uncontrollable represents an employee separation that is related to reasons outside of the control of the employer, such as relocation, leaving the industry to stay home and care for family members, or an employee that returns to college. Controllable turnover identifies employee separation that could be influenced by the employer. Chukwuka and Nwakoby (2018) stated that an efficient and effective human resource management team will solve the problem of employee turnover. Further, an incessant increase in turnover of skillful human resources will create a gap that will be costly to fill. Turnover is multi-factorial in most cases and prevention starts with effective recruiting, selection, and placement of qualified talent. Some deeper issues described by Chukwuka and Nwakoby (2018) include low employee morale, negative organizational culture, an absence of a clear career path, lack of recognition, and poor employee-manager relationships. Positive turnover, however, is a strategy that aims to maintain only high-performing employees. A retention strategy may involve reducing lower-performing employees to improve job satisfaction among your high performers.

“Human resources are the most valuable asset of any organization” (Chukwuka & Nwakoby, 2018). Successful employee retention is paramount to an organization’s stability, growth, and revenue (Sepahvand & Khodashahri, 2021). Human resource is the best resource in an organization and without retaining the best resource, it is not possible to gain success in an

organization (Nabi et al., 2017). Mathis et al. (2022) state retaining top talent in an organization is a main concern, and understanding retention strategies is key to keeping more of your top performers. “Human capital represents a critical success factor for businesses, the current context requires the development and implementation of human resource management strategies aimed at attracting and retaining the most talented workers in order to obtain the expected results” (Sanchez et al., 2020). Gaber and Fahim (2018) deemed the employment of the best human resources management practices is deemed a remarkable strategic tool in the retention of core employees. It is apparent in reviewing the literature across multiple cultures and nations, that retention practices should be at the forefront of any organization that hopes to remain successful. Even with the advent of artificial intelligence and automation, humans as a resource remain the most critical resource of all. So many current practices focus on recruiting new talent. However, retaining and growing current talent is evidenced in the literature as one of the most important ingredients for success.

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