

EMPLOYEE TURNOVER VS JOB SATISFACTION: DEVELOPING A COMPETENCY MODEL FOR RETAINING EMPLOYEES

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Abstract : *As it seems the employee turnover is increasing very high and it becomes a very serious problem in different organization. There are many reasons behind it but in some cases it may relate with the compensation strategies of the organization and it may be due to some awful decisions from the part of management. Many organizations willing for employee satisfaction to reverse the process of employee turnover but not all attain the goal. The focus of this article is to highlight reasons behind the employee turnover and to focus on some decisions and the implementation of strategies those to be taken in terms to retain the good employees in the organization and to increase employee satisfaction. This article also focuses on certain issues and the implications for redesigning work settings to attract, promote, encourage and preserve the best employees in the organization with the help of competency model.*

Keywords: Employee turnover, Employee satisfaction, Compensation Strategies, Bad Management

I. Introduction

Employee turnover can be defined as the rate in which the organization gains or loses the employee and it can also be defined as the comparison of the total number of employees an organization replaces in a given period of time to the average number of total employees in that organization. Job satisfaction is a measure of workers' pleasure with their work. Many factors play a major role in the employee turnover rate of any organization and these can be the part of both the employer and the employees. There are certain factors those can play a major role in the job satisfaction of an employee. Remuneration, company benefits, compensation strategies, management behavior, employee attendance, and job performance are the factors that play an important role in employee turnover. Many organizations are facing the problems related with their performance due to the high turnover rate

The employee turnover can be categorized under different categories those are as follows

- ✓ **Internal Turnover:** When employees are leaving their current position, and taking a new position within the same organization. Internal turnover can effect the organization both in positive and negative aspects. Internal turnover can be controlled by some HR

policies, such as the recruitment policies of the organization or formal succession planning.

- ✓ **External Turnover:** When the employee quit the job and become the part of other organization then it can be defined as external turnover and there are many negative effects of this type of turnover in terms of productivity and also the image of the organization
- ✓ **Voluntary Turnover and Involuntary Turnover:** In some cases employee having his own choice for adopting the turnover then this is the voluntary turnover but in some cases employee has no choice for his termination then it can be explained as involuntary turnover.

Reasons of High Turnover: There are several reasons responsible for leaving the job and behind most of the reasons there is management. The rate of the employee turnover may vary from one organization to another. Some of the reasons are –

- Some times management wants multiple tasking that means one people have to so the task of two or more than two persons it may leads to the over loading and some times the given time not sufficient to complete the task resulting in the long days. Management expects a lot from the employees and when they are not able to fulfill the goals within the time unpaid overtime will be there.
- Management not providing the authority to take the decisions by themselves so it seems that the job is only the job without giving a pride of ownership.
- Sometimes management tries to reshuffle or reorganize the organizational structure and that time people are not able to find the actual position and become de annoyed.
- Sometimes management showing biasness by giving promotion to the employees those are not having the proper qualification and experience and restrict the employees those are eligible for it.
- When the things are going wrong in the organization management is pointing to the employees and ask for the reasons. Management doesn't want to find the actual reasons and the problems in the current strategies.
- Management wants to apply some decisions and not clarify the actual reason behind the implementation of the new strategies; it leads to dissatisfaction among the employees.
- There are some people in the organization those are taking the credits of all the people under them and showing the work of their own, at that time management not trying to find the actual workforce behind the success and it leads to the de motivation among the employees those are willing to work.
- Some times management not providing adequate training to the employees as they required doing the job and when they are not performing well they left the job.

- Management not showing the full faith on the employees, in some cases when a person wants to open the then the management
- Compensation policies of the management are also not good and showing some favoritism in some cases. Some employees those are good in they can get the hike in respect to other ones. Some times they are also paying very low and want that the employee will do the work higher then what they paid.
- Sometimes there may be a poor leader in the organization due to some ill strategies of management and when the leadership not good it can't clear the purpose and the use of different tasks. There will not be a proper direction and the purpose so the employee will not be satisfied with the work and wants to leave.

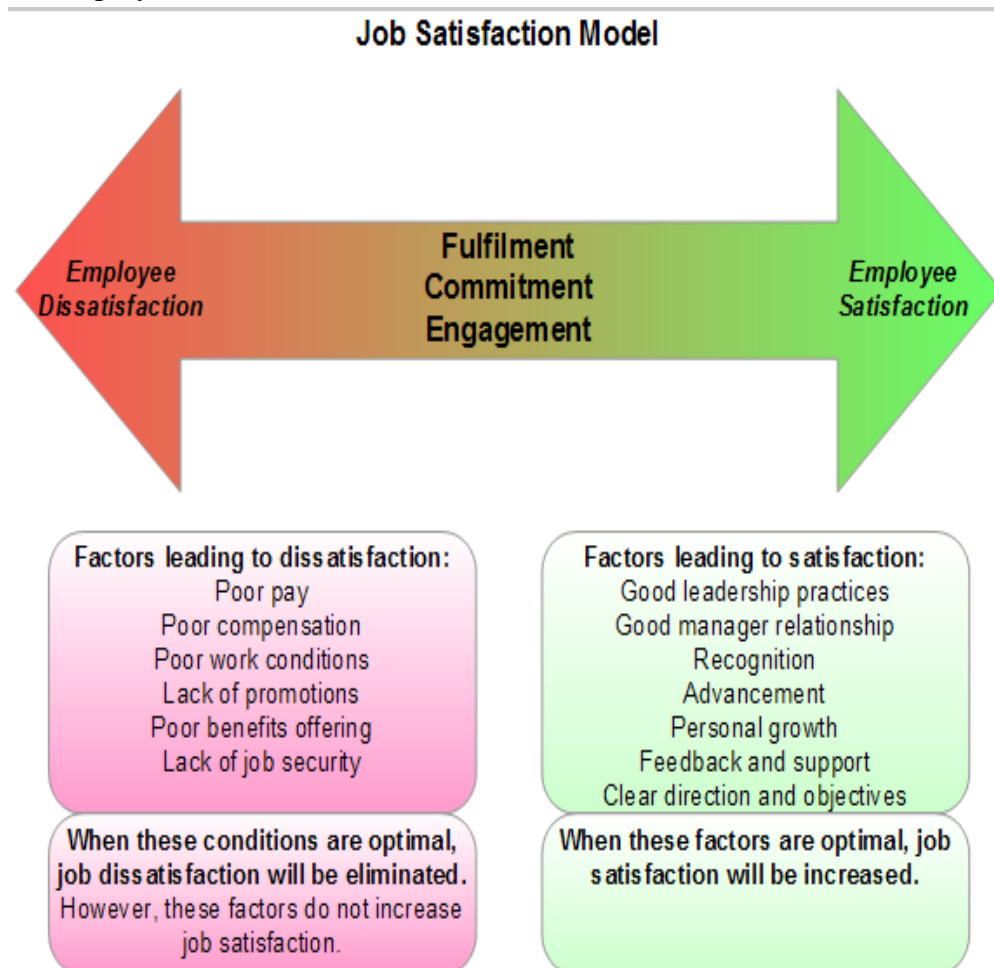


Figure 1: Job Satisfaction model

Source: talentedapps.files.wordpress.com/2008/04/

II Literature Reviews

Background Information of Employee Retention

Employee turnover is not an issue of Human Resource, but it is actually the product of many problems and in the cases it can be defined as the output of unhappiness of the employee in

the organization. If an organization is not able to manage its workforce then it will be a loss to the organization both in the direct and indirect manner. It seems that the cost of hiring and training the employee is very high in different organization and if the employee leaves early on without yielding the profit or in terms of some valuable inputs than it is always loss to the organization.[1] To find out a proper solution for the problem of retention the main thing is to find out the causes behind the turnover. For this purpose the analysis of such factors is required. It is already given that there are many reasons responsible to force the employee to leave the job, may be from the part of the management or from the other factors. To retain the employee in the organization certain strategies can be adopted that include the change in work environment and also the compensation strategies of the organization because these are the main reasons behind the employee turnover[4].

Retention Strategies:

As we all know that the employees are the main asset of a business and organization should adopt some strategies those are responsible for sustaining the employee in the organization. These strategies will be the part of retention strategies.

- To retain the employees the implementation of the retention strategies should be done in a specific manner and for that purpose the organization must be reorganized. They have to find out the main skills and the goals of the employees so that they can use them in the correct way and the organization can find the correct person for the correct job.
- All the employees should be motivated to do the good work and for that the top performers can be chosen for the highest compensation. The compensation strategies of the organization should be very clear and they should be based on the achievements, skills and the experience of the employee.
- Customize and integrate all the activities of the organization those are responsible to bring the employees together.
- Management should not implement only the theoretical theories to improve the engagement of the employees in the activities of the organization in place of general practices.
- Management should find some strategies that are useful in increasing the loyalty and the commitment of the employees towards the organization. Proper mentoring should be the part of the management to develop self confidence in the employees
- It's clear that in some cases the non working professionals may take the advantage of the reward system of the organization. This is the responsibility of the management to check that the reward should not be given to the employees those not deserving it because it leads to dissatisfaction.
- There should be proper stress management for the employees
- Employees must be rewarded and appreciated. There should be a periodic increase in the salary of the employees to motivate them.

III. Methodology Developing Competency Model

The word competency can be defined in different ways. In the beginning it was used for talent management. In the beginning of 1973 it was a word used to specify a person who is better than an average individual. According to L. Ron Hubbard “The meaning of competency is the ability to control and operate the functions in the working environment and also to control that environment also”. It can be defined as an umbrella term than covers many aspects that can affect the performance of an individual or an organization.

Competency model is the description of all the capabilities that can play a role in improving the performance of a person in the particular area. In the context of any business it is a combination of three attributes of an employee-

- Personal Attributes
- Knowledge/Experience
- Skills/behavior

These all the attributes are responsible for increasing the performance. The competency model is beneficial in different terms.

- It can provide a career map for the employees
 - With the help of this model HR functions can be used to access employees in scientific manner.
- So the competency model can also be developed for HR processes to increase the efficiency of the entire processes. Competency models should be developed and implemented to integrate with HR processes like selection & recruitments, training, performance appraisal and potential appraisal, Career Planning, rewards and compensation. These models can be developed according to the need and the objectives of the organization. The main purposes that can be solved by defining such type of model are –
- Role of HR can be redefined.
 - It can define the knowledge, skills and other abilities required by a person.
 - It helps in transforming the leadership.
 - Provides a tool for using best practices in HR.
 - Establish a framework for developing and accessing the performance of HR

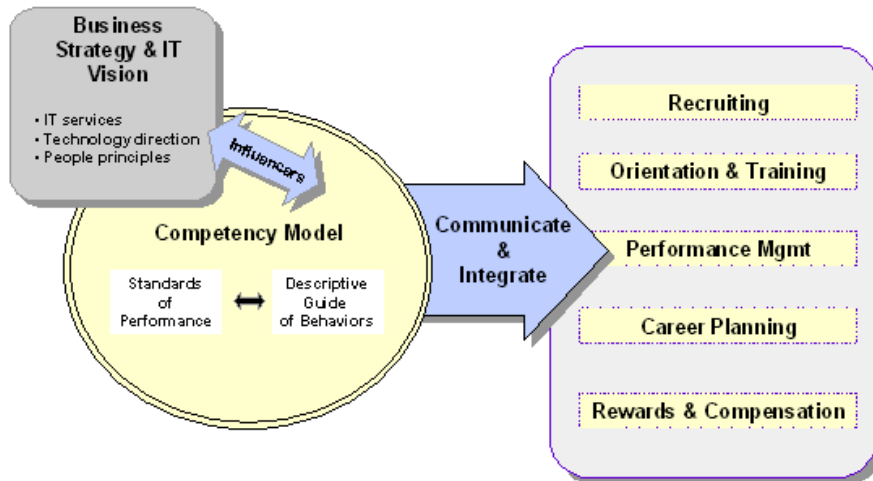


Figure 2: Business Cycle and Employee Recruitment Process

The steps required for developing a competency model are –

- Analyze the job task for HR position.
- Explain the tasks and identify all KRAs.
- Identify job competencies to achieve the better result.
- Define a model for new role and capabilities

Source: www.logenii.com/wft.gif

- The other model that can be developed is the leadership competency model to align knowledge, skills, abilities and behaviors and the leader should adhere them to lead the team efficiently.

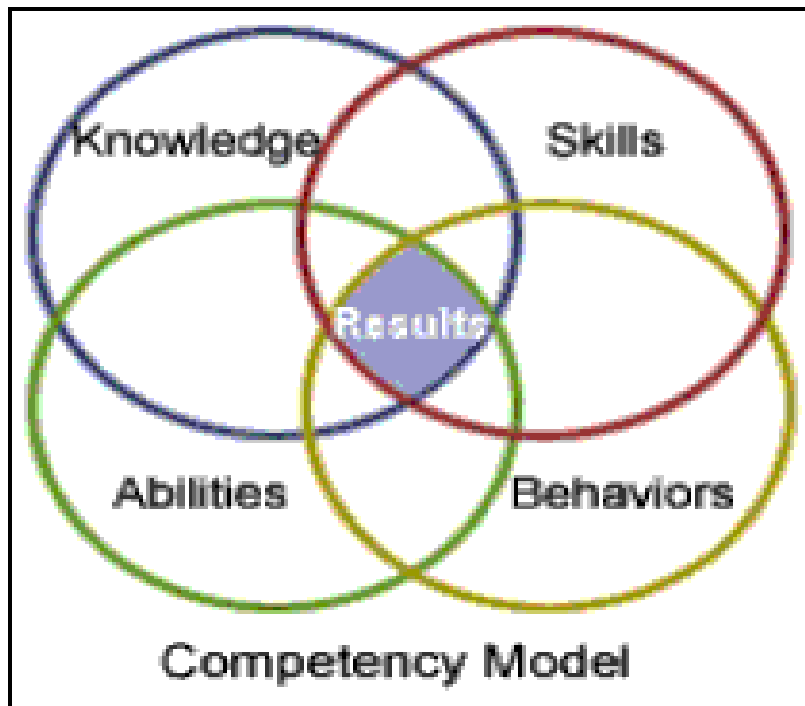


Figure 3: Leadership Competency Model

Source : www.fdicoin.gov/reports07/Eval-07-001-508.shtml

For developing the leadership competency model firstly all the leaders from different levels are assembled to develop a focus team. These all the leaders are expert in their field and so by using different methods of information gathering, requirements can be studied for the implementation activities.

Following key features are required for developing a leadership competency model

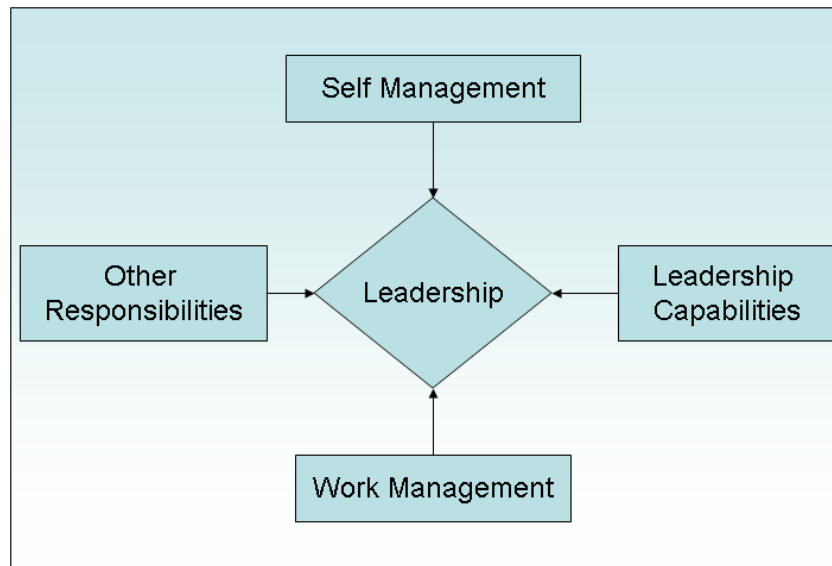


Figure 4: Leadership competency model

- Self Management includes managing their own values, strengths and to control their behavior. It also includes the personal development.
- Leadership capabilities include the potential to motivate others. It includes the ability to manage the performance of a group. Person must be able to resolve the conflicts and having the capability of team building.
- Leader must have the task specific knowledge and must be able to guide the team for achieving a goal. Leader must have the capability to solve any problem with proper time management, resource management and can provide a proper feedback to others so that they can reach the desired goal.
- Leader must be innovative in terms of providing new ideas with calculated risks. The main purpose of the entire efforts of a leader is to work for the benefits others with his moral principles.

This model is helpful in retaining the employees as the present generation wants to work in entertaining environment where they feel free from any work pressure. This can also helps employees to upgrade their skills. Leaders can develop a work system where they leverage the abilities and knowledge of all the employees for the organization's performance requirements. In this manner the leaders can also help the organization to save the recruitment and training costs by hiring and retaining the right talent and so entire turnover cost can be reduced by developing a proper career plan for the employees.

IV. Conclusion

The employee turnover not only resulted due to the problems of management and the compensation strategies of the organization but sometimes it may be due to the personal problems that results into the increase in stress and employee wants to change the job. But it seems that the major loss of employees is due to the bad management. This is an issue that

can effect the entire organization because with an employee there is also the loss of knowledge and experience and the entire cost can be measured very easily. Higher turnover can slowdown the productivity of the system. There are certain factors those are under the control of the management like satisfaction with pay, satisfaction with work profile and also with their supervisors. Managers can make the workplace better by planning some activities and they can go beyond the goal setting. Professionalism should be the main quality of a good manager. A good manager is personnel not managing a single employee but the entire organization.

HR processes are mainly responsible for such turnover so it can be reduced by introducing the competency model for HR, so that all the HR practices can work for the retention of the employees by increasing satisfaction with the nature of work because this is the main factor that forces an employee to leave the job. The competency model will be an integration of HR activities like training, performance management, career planning and implementation of innovative compensation strategies. So by seeing the current work scenario where companies are losing their valuable employees then new concepts are developed to retain them and one of the concepts is career planning that can be done by developing a competency model.

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