RETAILING THE BEST TALENT: A CHALLENGE FOR PRIVATE EDUCATION SECTOR IN KOLKATA

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ABSTRACT

Research suggests that most of the employees leave an organisation because of some form of dissatisfaction relating to workplace. The everlasting challenge of HR manager is that of retaining the best talent. It is difficult to keep employees happy and happy employees alone do not always ensure high retention level of employee. What prompts an employee to leave his or her current job is not easy to predict. Employees, no matter how happy they are with the job and workplace, such is psychology of human mind that, we always strive to do better things in life and this drives an employee to look for better options, even though they are quite happy on the current job. In most cases, it has been seen that, once an employee decides to leave a job, he/she ends up doing so, no matter what effort an employer puts in retaining him. Some two decades ago, employees regarded job security as a deciding factor in one’s career and they desired nothing more than a good salary and job security. People were more concerned with the lower order needs of the Maslow need hierarchy theory; basically physiological and security needs. Employees were not concerned about job environment, work-life balance or the career path. Specifically, when we consider the education sector, retention is becoming a problem in private sector educational institution. This paper tries to highlight the factors, that faculty of private management institutes in Kolkata cited as a reason for high attrition level. Basically speaking out on, why faculty members leave their current job and look for better opportunities, but ultimately remain more or less dissatisfied.

KEYWORDS

Retention, Private Management Institutes, Happy Employee, Education Sector, Attrition Level.


INTRODUCTION/LITERATURE REVIEW

Kehr (2004), explains the implicit retention factors as spontaneous, expressive and pleasurable behaviour which can be divided into three variables; power, achievement and affiliation. Power refers to dominance and social control. Achievement is when personal standards of excellence are to be met or exceeded, and affiliation refers to social relationships, which are established and intensified. Implicit and explicit retention factors relate to different aspects of the person, but both are important determinants of behaviour. Previous researches suggested several factors which play a pivotal role in employee retention, Cappelli (2000).

Denton (2000) has clearly stated that employees who are happy and satisfied with their jobs are more dedicated towards their work and always put their effort to improve their organisational customer’s satisfaction.

Walker (2001) was of the view that, managing and retaining promising employees is an important fundamental means of achieving competitive advantage among the organisations. Gherevibie (2008) have agreed that, an organisation’s inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organisational goals, is one of the main challenges facing organisations in the area of performance. Silbert (2005) forwarded the view that, reward is important because it has an enduring impression on employees which, in turn, gives the employees an impression that, they are valued in the organisation.

According to Miller, Erickson & Yust (2001), employees get benefited by work environment that provide sense of belonging. Wells & Thelen (2002) have stated in their study that organisations which have generous human resource policies have a very good chance to satisfy and retain employees, by providing them an appropriate level of privacy and sound control on work environment, which enhances the motivation levels to commit with the organisation for the longterm.

Gordon (2009) predicts that talent shortages are going to increase well into the next decade, limiting the ability of companies to expand and, in fact, jeopardising their chances of survival as global competition becomes more intense. Talent management is one of the most important and most urgent issues of human resource management in the world and it is still one of the most acute problems in many large organisations (Kaningham, 2007).

There is no dearth of opportunities for a talented person. There are many organisations which are looking for such employees. If a person is not satisfied by the job he’s doing, he may switch over to some other more suitable job. In today’s environment, it becomes very important for organisations to retain their employees.

The reason may be personal or professional (Fombrun & Shanley, 1990). Fitz-enz (1990) recognised that only one factor is not responsible in management of employee’s retention, but there are several factors influencing employee’s retention which need to be managed congruently i.e. compensation & rewards, job security, training & developments, supervisor support culture, work environment and organisation justice, etc. Accordingly, organisation utilises extensive range of human resource management factors to seek employee commitment and retention (Stein, 2000; Beck, 2001; Clarke, 2001; Parker and Wright, 2001).
One of the most significant internal challenges is high attrition rates. Attrition refers to a gradual, natural reduction in membership or personnel, as through retirement, resignation, or death (National Performance Review 1997). Ting (1997) declared that experimental evidence showed the characteristics of job like opportunities for promotion, task clarity, present pay, connection with colleagues as well as supervisors have important effect on job satisfaction of the employees. Every organisation should have a retention policy that creates and fosters an environment which helps employees to grow with the growth of the company.

**OBJECTIVE OF STUDY:**
- Why retaining the best talent is important.
- To highlight reasons for high attrition level in private education sector.
- Citing what the faculty members desires in a job.

**METHODOLOGY:**
The study was carried out with a sample size of 50 faculty members and 30 HR managers in the private education sector in Kolkata and nearby areas. A well-structured questionnaire was circulated and few were interviewed too.

**INTRODUCTION TO RETENTION:**
Retaining employees is as important as retaining customers. When an employee leaves an organisation, company loses money. With a lot of options available in the job market, retaining employee have become a difficult task. Retention becomes important for a motivated and efficient employee. Company with low retention level or high attrition level will end up increasing its expenses and can have a damaging negative effect on the present employees.

Retention basically deals with understanding employer-employee requirement. According to society for HRM, employee replacement costs can reach as high as 50 to 60% of an employee’s annual salaries. Studies showed that for entry level employees, it costs between 30% and 50% of their annual salaries to replace them. For mid-level employees, it costs up to 150% of the annual salaries to replace them. For high-level or highly specialised employees, organisation spends up to 400% of their annual salaries of the employees. According to best practices report, 63% of employers consider revised pay scales as a top priority factor.

**FINDINGS:**
**Why HR Managers need To Retain Employees?**
1. High attrition is a costly affair: Retention matters because high turnover creates high replacement costs (Padron). Associated costs are that of Recruitment, Selection, Induction and also training cost. Cost of recruitment includes cost of placing and creating advertisement regarding vacancy, screening and interviewing candidates. It costs a lot to bring onboard a new recruit, in the form of cost, relating to Induction and also Training cost. Cost of keeping present employee is always low in comparison to hiring new one.

**How to Retain your Valued Employee?**
- Enriching job and adding on more challenges to the present job:
- Help with career development. Clearly indicating the career path that an employee should follow for his career growth with the organisation.
- Conducting a stay interview to elicit important information as to what will hold an employee back in the organisation. Stay interview acts as a one on one interaction between a manager and a valued employee. It is designed to know what has kept the employee in the current organisation and also trying to elicit the factors that will further help him to stay in the organisation.

**Fig. 1: Source: Economic Value of an Employee to the Organisation over Time (C Bersin by Deloitte)**
2. It is a time consuming process to find a replacement: Employees leaving an organisation with a short notice period or without one hamper the working of the organisation as recruiting a new one will take time. It is a time consuming process to place ad, conduct screening and go through the series of interviews, followed by Background check or Reference checking.
3. Disruption in the work: The normal flow of work is lost when a present employee already in the system and settled there leaves the institute.
4. Chance of recruiting a non-efficient employee: According to recent studies, 36% of new recruits are misfit in the organisation. Companies face lot of problems due to hiring mistakes. Other than adding on the cost, it leads to creation of a negative environment, which ultimately results in low morale of team members.
5. Adjustment problem with new recruit and high learning curve: For new recruits, the learning curve is steep, meaning it takes a long time to learn new job. There is also problem of adjustment with co-workers and team members.
6. If an institute practices a good retention policy, the employees will feel wanted in the organisation and will develop a sense of belongingness.
7. Losing a valued employee to competitors had always been a threat. These employees will show their efficiency and loyalty towards the competitors and also they will share tactics and strategies with competitors.

**Table 1:** Cost to Value of an Employee

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Money is not always the factor that influences an employee to leave a job. Factors like his current environment, team members, supervisors, or the job itself can be one of the reasons.

Transparency during recruitment and placing of a candidate will actually help in the long run. Most of us when we join an organisation, we enter in with certain expectations and with time, we see certain factors and situations cropping up, triggered by facts which are hidden from us during recruitment, that prompts us to look for other opportunities. During the time of interview, a candidate should be given a brief about his actual job role, job description and job specification.

Following a recognition-rich culture that promises to give recognition for work well done and also appreciating a good effort. Once employees move upward, leaving the lower order needs of an employee, recognition and power becomes importance. This instils a sense of belongingness in the employees and they see themselves valued by the organisation.

Retention is not the work of the HR Department alone. The immediate supervisor is the best person to know, what motivates an employee to give in their best. Instead of relying on the HR manager alone, the immediate supervisor should come forward to give his recommendations.

Management and HR manager should realise the fact that job security only works well with entry level employees, but once employee settles down in a job, the next important factor is giving importance to career growth and advancement.

Reasons for Employees Leaving Their Current Job:
Through questionnaire and interview method, the following primary reasons were cited for leaving a job in the private education sector

- Lack of leaves and sabbaticals: It is a part of higher education institutions. Faculty members take such leaves to develop their expertise and increase the excellence level. How a faculty member is prepared and inducted into a professional career, and how the faculty member is developed and maintains excellence, have a close, significant relationship to the success or failure of the institution. This success is achieved through faculty quality and vitality, faculty commitment to duties, and faculty loyalty to the institution (Dayhaw-Baker, 1994).

- No encouragement for higher education and further studies- Private institutes do not literally encourage their faculty members to pursue higher education, as that will require grants of few off days or flexible working time.

- Flexible Work Hours: In such a competitive environment even academicians are feeling the stress and hence demand flexible Work Hours, so as to maintain a work life balance. Today we see dual career couples and for them, it becomes difficult to maintain smooth professional and personal life.

- According to Maslow Need Hierarchy Theory of Motivation, needs just above the physiological or basic need, is the job security need. For employees at the entry level, job security becomes a bare necessity, to survive in the market. The supply of faculty in the job market is huge in comparison to the demand.

- Lack of motivation both financial & non-financial: In the private institutes, faculty are mostly underpaid. Most of the faculty holding a Ph.D. or NET qualification are not paid according to the pay scales. There are faculty members who are paid below the bare minimum amount set by AICTE. In addition, there is not much scope for non-financial incentives.

- There should be a structured appraisal system: In the absence of any structured appraisal system, faculty tend to do job hoping for better appraisal and career advancements.

- Lack of leadership role: lack of commitment of employees ends up in change of jobs. People desire more challenges in the job. If the leader in an employee can be nurtured well, the company will win a committed employee.

- Stress on job: job stress and job satisfaction has an inverse relationship with each other. Stress takes the form of pressure created from the work environment and work load. Job stress is a mix of both controllable and uncontrollable factors. Job stress can result in employees leaving the job to escape the stressful situation.

- Negative environment: A negative work environment can create stress which in turn can be a reason for job change. The work environment must motivate employees to go to extreme lengths to fulfill their responsibility and feel connected to the organisation. The organisations need to improve the work conditions to support organisation’s strategic interest and satisfy employees, who have essential role in the success of the organisation Ayres (2005). Employee’s behaviour is the outcome of an interaction in the environment. Work environment has a direct impact on the satisfaction of workers. A positive team spirit and creative environment can help in retaining employees in the long run. Team spirit will help in creating a feeling of belongingness.

Suggestions by Faculty Members
From the research conducted, we can come up with few suggestions that faculty members have pointed out which would enable institutes grow in the long run:
• Research work should be encouraged. Weekly off to carry out research work.
• Where ever possible, grants should be given to carry on research projects.
• Paying according to AICTE or UGC scale to candidates who fulfil necessary criteria.
• Making job more challenging and enriching the profile.
• Having a structured appraisal system that will ensure justice to candidates considering their years of experience, seniority in organisation, merits and contribution to the organisation a step forward.
• Maternity and paternity leave should be granted.
• Empowering faculty members to take up challenges and come out as leaders.
• Recognising their work.

CONCLUSION
Good educators are valuable intellectual property of an educational organisation. When we are talking about the education sector, a mix of intrinsic and extrinsic motivators will help in retaining them in an institute. As important it is for getting bright students to make the institute proud, similarly a strong faculty group will create a brand for the institute. This issue is becoming a problem for private institutes in Kolkata and needs to be addressed as soon as possible to get things back on track for the smooth and non-disruptive functioning and also for increasing an institute’s brand equity and making it more lucrative for job seekers. Having a sound retention policy is as important as having a good recruitment policy. Recruiting people will only keep on adding numbers, but ultimately what matters is how many people stay with you and grow along with the growth of the institute.

REFERENCES