

# **THE USE OF EMPLOYEE RETENTION TOOLS IN A GLOBAL WORKING ENVIRONMENT**

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## **Abstract**

In today's global economy that involves interactions at all levels skilled labor force, trained employees, become a source of competitive advantage and a scarce resource.

People usually choose to work in environments that are close to their values and behaviors, and which aim towards the same goals that they have. It is for this reason that employee retention tools can take as many forms as there are types of employees.

Just like people, companies foster different types of behaviors. These organizations can be focused on immediate results with little loyalty or can be focused on steadily slow growth with high levels of employee devotion.

There are no preferred retention tools when approaching the subject from a general point of view. Retention tools must be adapted in a flexible manner, so that eventually they can fit the final purpose of the organization stated in its mission and in its value declaration.

Employee retention is one of the most difficult issues faced by organizations leaders in today's economic reality, reality dominated by the shortage of skilled labor, uncertainty of economic growth and increasing worldwide turnover. More and more, with each day that passes we find

ourselves in what becomes a more global world with global competition, with a global market and eventually a global labor force.

Before deciding which retention methods are more advisable to use we first have to take a deeper understanding of the reasons for which sometimes employees and especially those who we find to be important assets to our organizations tend to leave.

In a study conducted by the Society for Human Resource Management (SHRM) and Careerjournal.com, and quoted by Susan M. Heathfield in her article “Retention in an Improving Job Market” employees cited the following three top reasons they would begin searching for a new job:

- 53 percent seek better compensation and benefits.
- 35 percent cited dissatisfaction with potential career development.
- 32 percent said they were ready for a new experience. [1]

This would be one way of approaching the issue, where we consider that all employees have the same needs and the same patterns of behavior and most important, that the companies they are working for all have similar structures. In this case the answer would be quite simple at a first glance, indicating primarily the direction of financial benefits (53 percent seek better compensation and benefits) in order to retain our staff.

Of course, using financial benefits is one of the most difficult tasks in HRM similar with the status of the Price within the Marketing Mix. In the Marketing Mix, managers leverage the four elements of the mix – Product, Price, Promotion and Distribution in order to achieve the winning combination in front of the customers. It is easy to reduce the price in order to sell, but that can eventually lead to a Price War with other competitors’ determining in the end a major decrease in the organization’s overall profit. If we decide to increase the financial benefits of our employees the only way that the competition could attract our human resource would be by offering a more tempting financial

package. Therefore an exacerbation of the financial aspect would not be a desirable path to choose.

But, if we were to consider the organization as a Community with certain specific features than a simple representation would divide these entities according to the unique characteristics of their employees in three different models:

1. The Atomistic or Contractarian Model – here, the individual comes first, he is separated and he is pursuing his self-interest. The employee is characterized as an independent person seeking its self-realization.
2. The Organic or the Functional Model – where the organization comes first and the employee evolves in an interdependent relationship. Relationally and interconnectedness are the way to interact. In this case interdependent persons have functional worth for others or for a greater whole.
3. The Mutual or Personal Model – where the main unique characteristics are Mutuality and Loving Fellowship. In this case the employees objectives are related to both individual and organization goals. To be more specific, Mutuality involves an intention to live for others.

Should these aspects be considered, than we can definitely say that different types of organizations, having different organizational behavior patterns which attract employees that are fit with those defining characteristics, have different needs in terms of employees retention tools.

Further more, there is also the aspect of HRM Consistency in using employee retention tools. HRM departments should also be consistent from the single employee's perspective – consistency among different elements of the HRM system regarding that employee, among employees – same treatment for everyone and finally temporal consistency or continuity.

It is important to align the organization's specific features, with the characteristics of the employee and to have a strategic view when using the retention tools. When deciding to choose a set or a mix of retention tools we first have to place our organization and employees in one of the Transactional or Relational areas.

If for example we were to find ourselves in the Transactional area than our employees could be considered as very individualistic and therefore the incentives should be based on what the initial hiring contract stated. In most of these cases we are talking about financial incentives with the employees fitting in the Contractarian Model so our offer should be based on an attractive, competitive, benefits package with components such as life insurance, disability insurance and flexible hours. These incentives usually address persons with highly individual perspective on goals achievement. Financial benefits can range from percentages for target accomplishment to the more popular concept of "Fringe Benefits".

Fringe benefits are benefits which employees or directors receive from their employment but which are not included in their salary or wages. On the tax return form they are called "benefits in kind". They include such things as company cars, private medical insurance paid for by the employer and cheap or free loans. Some fringe benefits will not be taxed, some will and some will be taxed only for employees who are directors or higher paid. [2]

On the other hand if we were to consider our organization in the Relational area than the emphasis on financial compensation would decrease moving towards the non financial motivational and retention tools that refer to respect from top level to lower level of the employees, possibility of career advancement (in a transparent manner), rich learning experience, satisfying level of authority, transparent rewarding system.

By combining these tools with other available resources in the research field and by blending them with the specific of the organization, optimal

motivational packages can be created in order not only to attract the best available labor on the market but also the one that best fits our organization requirements. Motivation doesn't stand as a part of the equation factor only after employment but also before, by attracting the needed work force for the precise job description.

As a consequence, HRM activities must be improved and any misconceptions or paradigms should be eliminated. Four major steps distinguish themselves as important in achieving higher knowledge of one's own organization:

1. "Training the HR managers first" in order to be always to date with the latest research.
2. Better implementing the knowledge.
3. Periodically external HR consultants to keep pressure on the internal ones.
4. More research on the level of satisfaction of the employees.

Following these steps provides the organization with well trained professionals in the field of HRM capable of using retention tools in a strategic manner ultimately adding value to both the organization and the employee.

## **REFERENCES**

[1] [www.humanresources.about.com](http://www.humanresources.about.com)

[2] [www.adviceguide.org.uk](http://www.adviceguide.org.uk)