HUMAN RESOURCE

Factors Affecting Employee Retention Among Professionals

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Abstract

This research explores the factors which influence employees' decisions to stay with, or leave, employers. An exploratory and descriptive approach was taken. Therefore, only a theoretical analysis was performed by reviewing literature relating to Human Resource Management, and motivation theories. No original data was gathered (through questionnaires for example) and so no statistical analysis was carried out.

This research explores the factors influencing employees' decisions to stay with or leave employers. These factors include pay & rewards, work-life balance & flexibility, personal development, company culture, management, appreciation, job security and employer brand. Additionally, the importance of these factors may differ depending on the stage in employees' careers.

This research shows that whilst pay is still a significant factor within employment, it rarely is enough alone. Employees value meaningful work, personal development opportunities, supportive management, fairness, flexibility and feeling part of the team.

Overall this research concludes that there are many different factors affecting employee retention. If organisations understand what employees value in employment and provide a holistic employment experience, they will be more able to increase employee retention and reduce unnecessary employee turnover.

Keywords: employee retention; turnover; work-life balance; pay; company culture; personal development; employee engagement; employer brand

1 Introduction

Employee retention within organisations is key. However, just because an appropriate individual is recruited, it does not necessarily mean that it will be retained. Individuals within organisations are constantly assessing whether they wish to stay with the company based upon their experiences.

Losing skilled staff members can be very detrimental for a business. Not only can it lose important knowledge and personal connections, but will also have to invest time and money into recruiting new individuals. Therefore, employee retention is important to consider at multiple levels within a business, including management and high level management.

This research explores factors in relation to employee retention within professional employees. Existing Human Resource theories and literature were considered in order to understand reasons as to why employees remain with an organisation, and how organisations can encourage employee retention.

Therefore, employee retention is seen to be influenced by many factors throughout employees' time in employment. It is not simply influenced by pay.

2 Background of the study

With new opportunities, increased knowledge on other possible employers, and higher expectations, employees now have less reason to stay within one company than they did in previous years.

Now employees expect to gain development, flexibility, meaning and respect along with fair pay. The ability to compare opportunities and find out reputation of employers using social media sites and professional networks means that employees are able to do this easily.

Therefore, businesses can no longer rely on paying good wages to retain employees. It is key for businesses to understand what employees value in order to manage them effectively.

Several theories support these employee expectations. The Two Factor Theory by Herzberg separates factors into hygiene factors (good salary, good working conditions) which prevent dissatisfaction and motivators (achievements, recognition, development) which cause motivation.

Maslow's Hierarchy of Needs shows that as people progress, they move from meeting basic needs (security) to social, esteem and development. The Expectancy Theory by Vroom suggests that if people believe that putting in effort will lead to good performance and subsequently valuable rewards, they will be motivated.

3 Objectives of the study

To understand what factors are contributing to employees staying within, or leaving from, an organisation. To understand why some employees remain in positions at organisations, and others leave, by focussing on factors such as employee satisfaction, pay and benefits, working conditions, progression, appreciation, and work-life balance.

To understand how working culture, management styles and company reputation can affect employee retention. To understand how a positive working environment, positive support from management, clear communication and professional development can increase employee satisfaction and promote retention. This objective will also explore how factors affecting employee retention can vary depending on stage in career, position within a business and industry. Finally,

To identify best practice methods within Human Resources to increase employee retention. To understand how increasing employee engagement, appreciation, progression and overall welfare can create long lasting relationships between employees and employers. Ultimately, recommendations will be provided in order to allow businesses to retain skilled staff members, create a more stable workforce, and ensure long term business success.

4 Scope of the study

Financial and non-financial considerations will be considered. Financial considerations include pay, rewards, bonuses and benefits. Non-financial considerations include employee satisfaction, appreciation, progression, good relationships, support from management within the company and company culture.

Recent trends within the workplace mean that flexibility, wellbeing, empowerment and work-life balance have also become key considerations in retaining employees. Therefore, to effectively retain employees, consideration must be given to a combination of both employee professional expectations, and personal requirements and ambitions.

Human Resource Management plays a key role in creating effective strategies to retain staff. Within companies, collaboration between HR teams and management can create just employment practices, development opportunities, positive communication and appreciation of employees' contributions.

This study is applicable to businesses of many industries. Employee retention is a key consideration in any business, regardless of size or industry. However, general insights have been made in this study and so it is not drawing specific conclusions for certain industries. Instead, businesses can consider the factors discussed in this study to suit the particular needs of their company/working environment.

5 Review of factors

Based on the HR literature considered, employee retention can be influenced by several broad factors.

5.1 Remuneration

Employees will compare their remuneration to both the market and other employees. A sense of fairness within the level of pay can be very important in retaining staff.

If employees are receiving fair and competitive pay, it can create a feeling that their skills, knowledge and contributions are valued. Benefits can also increase employee satisfaction. Health benefits, holiday allowance, pension schemes, bonuses and incentives can all help to increase satisfaction. If employees feel fairly paid for their work, they are likely to have a positive attitude towards the business.

To retain employees, businesses should periodically assess their remuneration policy to ensure that it is competitive within the industry. If employees do not believe that their pay is proportionate to the level of responsibility and performance required, they may become dissatisfied and begin searching for better opportunities. To reduce staff turnover in skilled professionals, businesses should offer enticing remuneration packages.

5.2 Development

Opportunities for development in the form of promotion, skill development and progression in the role may cause employees to leave if these opportunities are not apparent to them.

Opportunities for professional development can increase employee motivation. Employees typically prefer to work in businesses which allow them to gain new skills and provide training, workshops and challenging roles. These elements enable employees to increase their knowledge, self confidence and professional skills. In addition, these opportunities prepare employees for future opportunities within their career.

Businesses which invest in employee development demonstrate interest in developing their employees. By providing clear progression routes, internal promotions, mentoring schemes, and regular

feedback, employees may be encouraged to continue working in the business. If employees know that they can meet their career goals in this business, they are more likely to be loyal to the company.

5.3 Work-life balance

Factors within work-life balance include working hours, workload and flexibility (remote/flexible work).

For employees to be satisfied, they should have a good work-life balance. If employees have excessive workloads, long hours and excessive pressure, they may become very stressed and burnt out. This can lead to decreased motivation, and thus negatively affect performance. Ultimately, this may mean that employees want to leave the business.

Flexibility within working hours, hybrid working, reasonable workloads, and appropriate leave can help employees achieve a good work-life balance. In addition, managers should encourage employees to maintain separation between work and personal life. If employees feel their personal needs are considered, they are more likely to be satisfied in their role and be loyal to the business.

5.4 Job security

Employees may consider how financially stable the business is, how stable the industry is, and how secure their role is.

Feeling secure in your job can increase confidence and loyalty in employees. Employees usually prefer to work in businesses where their roles are seen to be stable and secure. If employees feel that there may be many redundancies, reorganisations within the business, financial problems, or instability within the business, this may make employees feel anxious and less confident. Employees may then seek more stability in a different job.

Businesses can increase a sense of security in employees by having transparent communication, fair employee policies and careful planning. Management should clearly communicate any major changes in the business, and allow employees to understand what the business aim is and what is expected from them. If employees are able to work in a stable environment they will be more confident in the future of the business. This means they are more likely to build long term careers.

5.5 Company culture

Company culture may include the culture within teams, company values, and how people are treated. If employees have similar values to the company, they are more likely to stay in the business.

If a business has a positive company culture, employees will feel valued, welcomed and comfortable giving their opinions. A good team culture, respect for people, diversity, inclusivity and effective communication can all create a healthy working environment. If employees feel that they are in a supportive and friendly environment, they are likely to develop a sense of belonging with the business.

Conversely, a negative business culture including discrimination, bias, poor communication and conflict within the workplace can cause dissatisfaction. Therefore, businesses should implement fair and ethical working practices and ensure equality within the workplace. Having a good company culture within a business helps employees form positive relationships with people in the workplace. This will in turn increase loyalty, motivation and employee retention within the business.

5.6 Leadership

The relationship employees have with their direct line managers is seen to greatly influence retention. The level of trust, communication, fairness and support given can influence whether employees stay.

Good leadership can create a positive working environment for employees. If a manager listens to employees' concerns, gives constructive feedback and encourages involvement from employees, better relationships with employees may form. If employees have trust in their managers and feel that they value their input, employees will be more likely to stay in the business.

Whereas poor leadership and management can cause dissatisfaction. If a manager is biased, unskilled in communication, does not appreciate employees' efforts, or puts excessive pressure on employees, employees may become unhappy with their workplace. Businesses should provide development opportunities for managers so that they can have more supportive, transparent and employee focused management styles. Good leadership can increase trust and loyalty to the business, and reduce the likelihood of employees leaving.

5.7 Appreciation

Appreciation can include awards and recognition in daily work. If employees feel appreciated, they are likely to feel more engaged and loyal.

Employees will want to be acknowledged for the effort and achievements they make in the workplace. Being appreciated in this way creates a feeling that employees are making a valuable contribution to the success of the business. Appreciation within the workplace does not need to be monetary. Giving positive feedback, messages of appreciation, certificates and publicly recognising employees can all make employees feel appreciated.

If employees are regularly appreciated for their work within the business, it can have a positive effect on staff. Recognition schemes, reward based on performance, appreciation days and increased responsibility can encourage employees to perform at a high level. If employees feel appreciated and valued, they are more likely to create a stronger link with the business and continue to contribute to the business.

5.8 Employer brand

How the employer is viewed in the workplace can influence retention. If employees have a positive view of the company, they may feel more loyal. Alternatively, if they have a negative view of the company they may leave.

The employer brand of a business can affect how employees feel to work in that business. If the business is known to be fair with its employees, allows for career progression, has ethical practices, and supports employees' wellbeing, it will typically be more appealing to professionals. Employees may therefore feel proud to work in this business as they believe that they are working in a place with positive values and professional standards.

A strong employer brand can create confidence in employees and attract talented professionals. However, to avoid a loss of confidence and satisfaction, businesses must make sure that the workplace matches the image they have created in the public. If employees do not experience what they expect from the business, employees may become less trusting and satisfied. As such, businesses

should create a genuine positive employer brand in a fair way. This can be done with employee centred policies, clear communication and consistent working practices.

6 Research methodology

This is both exploratory and descriptive in nature. Secondary and conceptual research only has been used.

Common Human Resource Management texts and popular motivational theory have been analysed in order to recognise reasons why people stay. Themes were then established and these were analysed at various points in a person's career and in the context of an organisation.

Eight key areas have been explored:

- Compensation and benefits
- Career development and training
- Work life balance and flexibility
- Job security
- Culture and values
- Leadership and management
- Recognition
- Employer image

Primary research, in the form of questionnaires, sampling and statistical analysis was not undertaken. Consequently, the findings are of a theoretical nature and should thus be analysed as such – as providing a structure for understanding employee retention.

7 Theoretical analysis of key factors

7.1 Key factors

7.1.1 Pay

Fair pay is an important part of the employer/employee relationship. However, whilst poor pay will demotivate employees, fair pay alone will not provide long term motivation. Therefore, organisations need to ensure fair pay but it may not be enough to retain staff.

7.1.2 Work/life balance

Work life balance is becoming an important consideration. If staff are constantly under pressure or have erratic working hours, it can cause burn out and therefore lead staff to leave even if other conditions within the role are good.

7.1.3 Development

This relates to Maslow's high level needs. If employees feel that they are able to develop and gain knowledge, they are more likely to perceive the future in the company positively.

7.1.4 Management and company culture

If staff feel valued, supported and trusted within management, they are generally more likely to be committed to the organisation.

7.1.5 Company image

A good company image makes employees feel proud to work for the business. A good company image will mean employees are likely to recommend it to others.

8 Compensation and benefits

Rewards offered by an organisation are important for retaining staff.

Elements of total rewards include:

Table 1. Elements of total rewards

Rewards	Retention
Salary	Provides stability, and allows comparison to market rates.
Performance-related rewards	Motivates employees in line with expectancy theory.
Health and insurance	Provides security for the employee and dependants.
Pension and savings	Encourages a long term working relationship.
Holiday	Leaves time for rest and personal obligations.
Training and development support	Shows investment in employees.
Health support	Demonstrates care for employee well-being.

Equity within reward systems is very important. If employees do not feel rewarded fairly compared to others (even if their pay is competitive) then it can lead to lower employee commitment. Therefore, organisations should have clear, fair remuneration policies. It is also important to be clear on how pay and reward decisions have been made.

9 Work-life balance and flexibility

Good work life balance is a key area for Human Resources.

Table 2. Work types, their benefits and their issues

Work type	Benefits	Issues
Hybrid	Encourages both teamwork and individual freedom	Needs good communication and specification
On-site	Fosters good teamwork and facilitates management	Can be time consuming and people may struggle with set times
Remote	Offers freedom and avoids a commute	Can result in loneliness and reduce team cohesion
Flexible Times	Enables staff to cater for personal needs	Demands confidence and definition of outcomes

Whilst there is no ‘one size fits all’ solution, people and jobs will have different requirements depending on an individual’s situation and life stage.

It is important that staff believe that they can effectively manage their own work life balance and that staff are treated consistently by managers.

10 Career growth and professional development

People often mention career progression as a key area regarding employee retention. Staff are keen for:

- Well defined career routes and progression rules
- Ongoing training and development
- Interesting and stimulating work
- Mentorship – for instance by more senior staff
- Cross functional and/or role mobility
- Encouragement and facilities in relation to additional study and qualifications.

Staff will generally wish to remain within an employer if they feel that they are continuing to develop and where they perceive that the company is supporting them in doing so. However, where people feel that their development is stunted, even those on good salaries may opt to leave in order to progress.

Dialogue between line management and staff can, alongside personal development planning, be used to highlight development.

It can also ensure that staff and the business share common goals.

11 Comparison across career stages

People's career needs can also evolve throughout a person's career.

Table 3. Career stages and likely needs

Career stage	Likely needs
Early Career	Training, development, support and initial salary
Early - Mid Career	Salary development, progression and acknowledgement
Mid Career	Work life balance, responsibility, job security and leadership
Senior Career	Culture, freedom, contribution and seniority as well as job security.

11.1 Early career

Individuals generally wish to train, receive support and experience new areas. They are developing their skills and career self-concept. Usually, people also care about both their initial salary and potential for salary development.

11.2 Early - mid career

As people develop in their jobs, many become more aware of their worth within the market. Salary, progression and acknowledgement therefore become increasingly relevant.

11.3 Mid career

Job security, freedom and workable working patterns can be of heightened importance to those who also have further commitments such as looking after a family.

11.4 Senior career

Senior individuals frequently want freedom, to make significant contribution, to fit in with an organisation's culture and to be acknowledged by senior management.

Whilst these are common trends, there is variation between individuals. Employers must refrain from supposing that one need will universally affect each member of staff.

12 Qualitative themes in the literature

There are several key areas which are commonly explored within Human Resources.

12.1 Psychological safety

Staff should feel able to express themselves, enquire and recognise errors, without being reprimanded or ashamed. It assists with staff development, and underpins a trusting and communicative environment.

12.2 Good work culture

Staff appreciate a positive, considerate and team orientated work culture. Good interpersonal relations are a major factor behind staff retention.

12.3 Leadership and management

Managers have a significant influence upon staff. Trust can be created by ensuring that staff feel they are managed in a fair and transparent manner, and that the manager is truly invested in their development and well-being.

12.4 Ethics and values

Staff are more likely to be dedicated to an organisation if it demonstrates that it adheres to its values and is fair to staff, customers and the local community.

12.5 Recognition

Consistently recognising good performance sustains staff motivation and enables them to understand that their work is valued.

12.6 Development

Providing staff with development prospects can lead to high levels of personal satisfaction and also contributes to staff dedication.

Together then, these highlight that alongside policy, staff retention is influenced by day-to-day experiences and interactions.

13 Key findings

The key points to emerge from the literature include:

13.1 Retention

Staff evaluate an organisation based on a range of areas including; pay, development, work-life balance, culture and management and its image.

13.2 Pay

Whilst appropriate pay is essential, staff motivation and commitment is also affected by other issues including appreciation, interesting and developmental work.

13.3 Work-life balance and flexibility

Staff desire a degree of control over both their working pattern and volume. Where this is restricted, individuals can become stressed and may subsequently leave.

13.4 Culture and management

Good culture and reliable management are amongst the most influential factors contributing to staff commitment.

13.5 Development promotes long-term commitment

Staff are more likely to envisage continuing involvement with an organisation where they feel that development and/or progression are possible.

13.6 Perceived fairness

Staff's perception of fairness in relation to pay, promotion and general treatment influences both trust and loyalty.

13.7 Different issues are important at different points in a career

Typically, those at the early stages of their careers place more importance upon development and progression. Usually, more senior members of staff highlight work-life balance, culture, freedom and security as key areas.

13.8 Employer image

An organisation's good image can contribute to staff's sense of pride and enhance their loyalty.

14 Discussion

Staff retention has various considerations associated with it. Although good pay is an essential feature of employment, the research does not indicate that people retain staff solely for this reason. Other critical factors include work/life balance, flexibility, culture, leadership, training and development and company image.

Based on research undertaken within this study, a generic model of staff retention can be summarised as:

Good Pay, Work/Life Balance, Flexibility, Positive Culture, Effective Leadership, Training/ Development, Recognition and Company Image.

Individuals will often weigh up these elements in differing ways. Whereas a new graduate may highly value training as well as pay, a more experienced member of staff may find that culture, freedom, security and work/life balance are key areas for them.

Staff journey through the employment life cycle: firstly through recruitment and then through induction, and then as they undertake work and develop in their careers. Therefore all phases of the life cycle can affect staff retention.

Moreover, often individuals do not become aware of their lack of satisfaction until later. People can progressively become under-engaged and eventually leave. Consequently companies must continually and candidly assess staff views.

15 Recommendations

Below are suggestions for how to apply the research undertaken within this topic.

15.1 Improve induction

A methodical induction process can enable new staff to both understand and socialise within an organisation. Initial experiences will also affect someone's decision to remain at an organisation.

15.2 Create career development

Organisations can establish job levels and progression routes. They can also set out the skills which are needed within different roles. Regular discussions can then take place to explore an individual's development opportunities.

15.3 Provide choice

As far as is possible and appropriate, organisations can offer a variety of working methods such as flexible and/or hybrid working. These should be available in a fair and consistent manner.

15.4 Train managers

By training managers in areas including communication, feedback provision, coaching and empathy, an improved team environment can be achieved. The manager – employee dynamic has a significant effect on staff retention.

15.5 Acknowledge staff's work

Not only can formal reward systems be introduced but also informal ways of recognising people's work can be promoted. This can make staff feel that their work is recognised.

15.6 Ensure equitable and open reward systems

An organisation can outline how it determines pay, bonuses and benefits. These can then be periodically analysed to ensure that they remain competitive within the market.

15.7 Respond to feedback

Regularly undertaking engagement, stay and exit interviews will allow an organisation to determine why individuals remain or depart. Appropriate responses can then be made to this information.

16 Conclusion

Human Resource Management and motivational theories were analysed in order to explore factors influencing staff retention within professional roles.

Alongside salary, other areas have been found to impact on staff retention. These include work/life balance, flexibility, company culture, management style, appreciation and career progression. Staff also appear to desire stability and a feeling of community, whilst valuing both respect and progression.

Analysis of theory suggests that salary can be used to avoid staff dissatisfaction. Motivation and commitment can be enhanced by offering progression, appreciation and engaging work. Staff also wish to feel secure, be part of a group and to progress.

Hence it can be seen that in designing staff retention strategy, companies should analyse all aspects of an employee's working life. In order to effectively retain staff, companies must not only avoid staff leaving, but also recognise what is important to staff. Furthermore, effective communication and consistent fulfilment of promises are key.

Furthermore, different stages of a career can place differing emphasis on what is important. Suitable staff retention strategies should therefore recognise such variations and acknowledge that not one issue is likely to universally impact all staff in the same way.

As this research was conducted at a purely theoretical level and did not utilise primary data, the results offer a theoretical structure. This can then be combined with an organisation's own data in order to formulate appropriate staff retention strategies.

In summary, this research highlights that staff retention is multi-faceted. As well as reasonable salary, important areas include work/life balance, flexibility, company culture, management style, career progression, appreciation and company image.

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