

Measuring The Return On Investment (ROI) Of Employee Retention Efforts At SG Pvt Ltd.

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Citation: Anil Joseph et.al (2024). Measuring The Return On Investment (ROI) Of Employee Retention Efforts At SG Pvt Ltd. *Educational Administration: Theory And Practice*, 30(4), 3451-3457 Doi: 10.53555/kuey.v30i4.2055

ARTICLE INFO

ABSTRACT

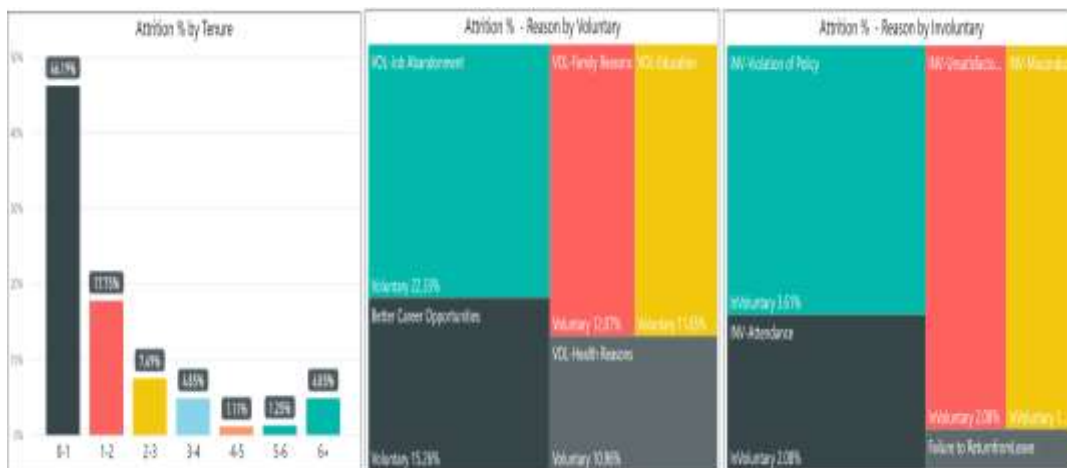
SG Pvt Ltd, a large BPM and Digital Transformation company, investigated the financial benefits of employee retention programs. They developed a model that considers costs of recruitment, training, and turnover's impact on customer satisfaction. Their analysis showed that high turnover is expensive, leading to issues like poor hiring decisions and lost revenue. However, investing in employee retention yielded significant returns. For every dollar spent, they saved \$3 on recruitment and training, and customer satisfaction increased by 8-10%. This study highlights the value of measuring the financial impact of employee retention programs, allowing companies to strategically invest in initiatives that boost retention and drive business success.

Keywords: Employee, ROI model, Retention.

1. Introduction:

The success of a firm is heavily dependent on employee retention in the competitive business world of today. Employee retention benefits a company's bottom line because it allows employees to bring with them important experience, information, and abilities.

It was observed the turnover was higher in the first year of tenure and the key reasons for turnover were high job abandonment, family reasons, and desire to pursue higher education, health reasons and better career opportunities elsewhere.



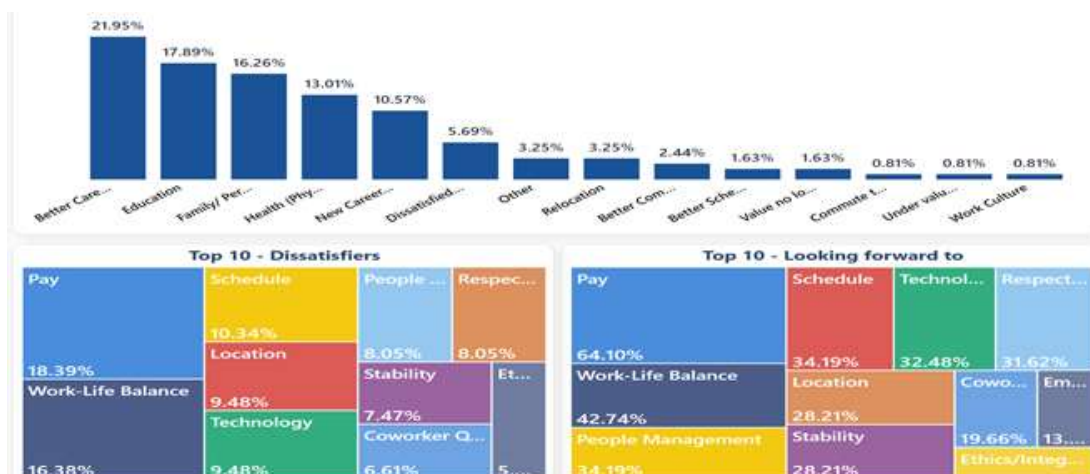


Figure 1. Reason for Employee leaving

A further drill down revealed compensation and benefits, work life balance and work location being primary drivers for employee turnover.

Measuring the return on investment (ROI) of staff retention initiatives, *Lyubomirsky, S., King, L., & Diener, E. (2005)*. however, can be difficult. SG Pvt Ltd, a leader in the BPM industry has put in place a variety of programs to increase staff retention. Among these initiatives are:

EX Initiatives

Recognizing the critical importance of a positive first impression, SG Pvt Ltd has invested heavily in creating a seamless and engaging onboarding experience for new hires. This focus on early impact starts from day one with a dedicated Day 1 Success Team ensuring a smooth transition into the company. New hires are welcomed with a comprehensive Welcome Kit containing essential information, company materials, and even some fun additions to help them feel comfortable and acclimated to the company culture.

A crucial aspect of this early onboarding phase is a revamped new hire orientation program. Gone are the days of generic presentations; SG Pvt Ltd has implemented an improved and informative orientation that provides a more effective introduction to the company, its values, and its goals. This enhanced orientation lays the groundwork for a successful tenure.

To further equip new hires for their roles, SG Pvt Ltd dedicates a specific Tech Day to familiarize them with the technology and tools they'll be using on a daily basis. Understanding these tools from the outset allows new hires to hit the ground running and contribute meaningfully from day one.

Building on this strong foundation, SG Pvt Ltd offers a structured 90-Day Path to Success program. This program outlines key milestones and objectives for new hires to achieve within their first three months. By providing clear expectations and achievable goals, the 90-Day Path to Success program sets new hires up for success and fosters a sense of accomplishment early on.

Understanding that the initial training period is just the beginning, SG Pvt Ltd offers ongoing support through the P.E.E.R. Program (which likely stands for Peer Engagement, Education, and Review). This program pairs new hires with experienced colleagues who can provide ongoing guidance, answer questions, and offer valuable insights from their own experiences. This peer-to-peer support system fosters a sense of community and belonging, further contributing to employee retention.

By investing in these comprehensive onboarding and support initiatives, SG Pvt Ltd is demonstrably committed to its employees' success from day one. This commitment not only benefits new hires but also strengthens the company as a whole by fostering a positive and engaged workforce.

It's important to note that the success of these initiatives depends on their implementation and ongoing evaluation. Organizations often review and refine these programs to ensure they are meeting the needs of both the company and its employees. Additionally, HR policies and programs can vary widely between different organizations based on their size, industry, and specific objectives.

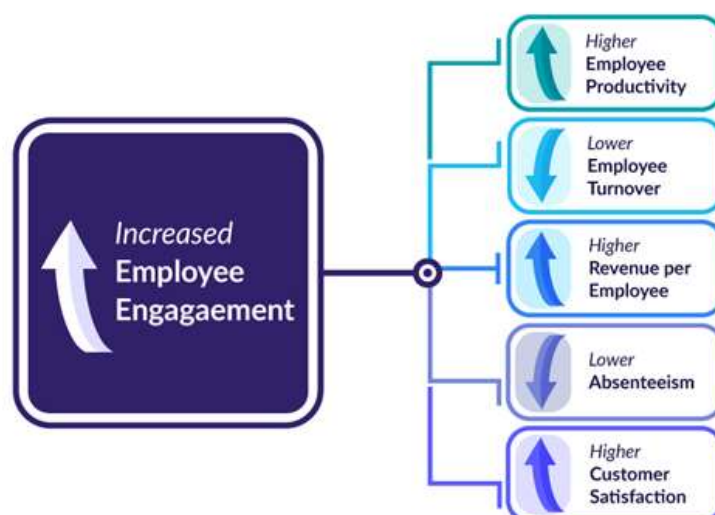


Figure 2. ROI Employee Engagement

Competitive benefits and pay plans.

SG Pvt Ltd goes beyond simply onboarding new hires; they recognize the importance of continuous learning and development throughout an employee's career. Extensive training and development initiatives are offered, equipping employees with the skills and knowledge they need to excel in their roles and adapt to an ever-changing landscape.

The company fosters a culture of appreciation by acknowledging and engaging its employees. This focus on employee well-being goes beyond lip service. SG Pvt Ltd actively seeks to understand and address employee needs, fostering a sense of value and belonging.

To ensure these efforts translate into tangible results, SG Pvt Ltd has developed a comprehensive ROI methodology to assess the effectiveness of its employee retention programs. This methodology goes beyond basic financial metrics and takes into account a variety of factors that contribute to the company's overall success. One key element considered is the cost associated with recruiting and onboarding new staff. High employee turnover necessitates constant recruitment efforts, which can be a significant drain on resources. The methodology also factors in the productivity loss brought on by staff churn. Losing experienced employees disrupts workflows and can take time to replace their contributions. Finally, the model recognizes the vital connection between customer satisfaction and employee morale. Happy and engaged employees are more likely to provide exceptional customer service, ultimately leading to higher customer satisfaction and loyalty. By comprehensively analyzing these interconnected factors, SG Pvt Ltd gains valuable insights into the true impact of its employee retention initiatives, allowing them to continuously refine their approach and maximize their return on investment.

The company has discovered that its efforts to retain employees significantly improve the bottom line of the business. This is according to the ROI model. For instance, the business has discovered that it saves \$3 on hiring and training expenses for every dollar put into staff retention. SG Pvt Ltd has also seen a 10% rise in customer satisfaction because of its staff retention initiatives.

Ray, D., & Mishra, B. (2022).

Calculating the return on investment (ROI) of staff retention initiatives is crucial for making wise business decisions. Companies can strategically engage in projects and programs that will increase employee retention and ultimately drive business success by knowing the financial impact of employee retention.

Hiring and on boarding a new worker cost approximately \$2000- \$3000 depending on the nature of the business. The missed output for an average employee is estimated at \$6,000 when they depart. *Wright, T. A. (2017)*. SG saves \$3 on hiring and training expenses for every \$1 invested in staff retention. The firm has seen a 8-10% boost in customer satisfaction because of its efforts in retaining employees.

The study culminated in a series of recommendations designed to further enhance employee retention and, consequently, unlock new business opportunities. A central recommendation focused on the creation of a robust ROI model. This model would meticulously assess the return on investment associated with various

employee retention initiatives. By quantifying the financial impact of these programs, the company could make data-driven decisions about resource allocation and prioritize initiatives with the greatest potential payoff. Another key recommendation emphasized the importance of investing in programs and projects that demonstrably elevate employee morale and engagement. A happy and engaged workforce is not just a feel-good notion; it translates into a more productive and successful company. The study suggested continued investment in initiatives that foster a positive work environment and cultivate a sense of belonging among employees.

Regular monitoring and assessment of employee retention metrics was also identified as critical. By closely tracking key indicators, such as turnover rates and employee satisfaction scores, the company gains valuable insights into the effectiveness of its retention efforts. With this data at hand, leadership can continuously refine their strategies and identify areas for improvement.

The recommendations further advocated for a data-driven approach to employee retention tactics. Moving beyond anecdotal evidence, the study emphasized the importance of basing decisions on concrete data. By leveraging data analytics, the company can identify which retention initiatives are yielding the most significant results and tailor their approach accordingly.

Finally, the study recognized the growing importance of environmental sustainability and social impact. The recommendations proposed implementing and promoting environmentally friendly practices and social impact programs within the company. Contributing to a greater good can be a powerful motivator for employees, fostering a sense of purpose and aligning with their personal values. By embracing these initiatives, SG Pvt Ltd can not only enhance employee retention but also build a more socially responsible brand image, potentially attracting top talent and opening doors to new business opportunities.

Implications for Managers:

Managers play a pivotal role in steering organizational success. Embracing ~~green innovation~~ social impact initiatives and sustainable strategies is not just an ecological commitment but a strategic approach to elevate employee engagement, ensuring retention becomes a natural outcome. By aligning organizational practices with sustainability, managers can cultivate a committed and motivated workforce. *Wright, T. A. (2017).*

Implications for Academics:

This study contributes significantly to the expanding body of research on the multifaceted benefits of green innovation (sustainability and social impact practices). Academics are urged to delve deeper into the intricate relationship between green innovation, employee behaviour, and broader organizational outcomes. Understanding these dynamics is crucial for shaping future management practices. *Sarkis, J., & Cordeiro, M. F. (2011).*

Cultivating Workplace Happiness for Retention:

The intricate dance between employee happiness and retention is paramount, particularly in the competitive Indian business landscape. Focusing on workplace happiness, as outlined in the summarized paper, provides a roadmap for organizations. Positive relationships, work-life balance, appreciation, mindfulness, and transparent communication collectively contribute to employee satisfaction and long-term retention. *K Midhun Raj (2023)*

Strategies for Enhanced Retention:

Tailoring retention strategies within the organization to individual workforce needs transcends demographic stereotypes *Phillips, J., & Phillips, P. (2009).* Employee engagement, irrespective of demographic characteristics, can be bolstered by fostering positive work environments, diversity and inclusion, regular communication, and a data-driven approach. Organizations gain a competitive edge by understanding and responding to the unique needs of their workforce. *Ravishankar, M. N., & D'Souza, A. (2019)*

Nurturing Employee Well-being During the Pandemic:

The unprecedented challenges of the pandemic underscored the importance of communication, well-being initiatives, and recognizing employee contributions. By prioritizing safety, maintaining open communication channels, and encouraging employee involvement, organizations can weather challenges and reinforce a positive and supportive work environment. *Saks, A. M. (2005)*

HR Audit and Organizational Citizenship Behaviour:

Effective HR audit practices positively influence HR effectiveness, which, in turn, impacts employee retention and organizational citizenship behaviour (OCB). Organizations should prioritize comprehensive HR audits to enhance policies, procedures, and practices, creating a positive and productive work environment. *Bhattacharya, A., & Sharma, D. (2020).*

Hackman & Oldham Job Characteristics Model

This widely used model, when modified, redefines job dimensions and organizational outcomes. Growth prospects, accountability, self-esteem, security, interpersonal relationships, sense of accomplishment, and working conditions collectively influence satisfied, motivated, involved, and retained employees.

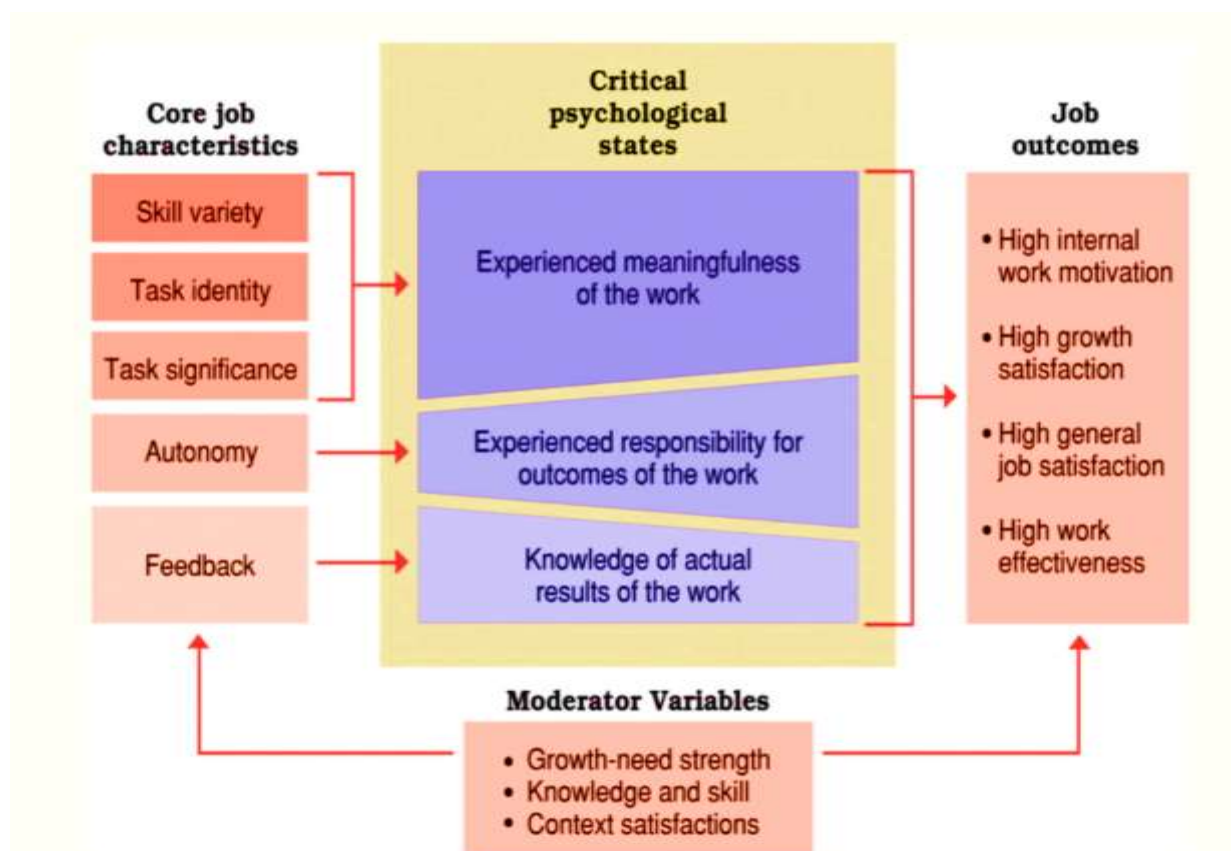


Figure 3. Job Characteristics and outcome

The synthesis emphasizes the pivotal role of sustainable and social impact initiatives workplace happiness, effective HR practices, industry-specific strategies, and the dynamic interplay of job characteristics in influencing employee retention. Organizations equipped with these insights can navigate the evolving professional landscape, fostering a resilient and committed workforce. *Verma, R., & Sharma, V. (2020).*

Employee retention is a critical factor for organizational success. When employees stay with a company, they bring with them valuable experience, knowledge, and skills that contribute to the company's bottom line. However, measuring the return on investment (ROI) of employee retention efforts can be challenging. A few studies have examined the impact of employee retention on organizational outcomes. These studies have found that employee retention is positively correlated with several outcomes, including:

1. **Productivity:** Employees who stay with a company for longer are more productive than employees who turnover frequently.
2. **Customer satisfaction:** Employees who are engaged and satisfied with their jobs are better able to provide excellent service to customers.
3. **Innovation:** Employees who have been with a company for longer are more likely to come up with new ideas and solutions.
4. **Financial performance:** Companies with low employee turnover rates are more likely to be financially successful.

ROI Model

SG Pvt Ltd established an ROI model for measuring the impact of employee retention efforts on the company's bottom line. The model considers a number of factors, including:

Cost of hiring and training new employees- The company estimates that it costs approximately \$2,000-3000 to hire and train a new employee.

Loss of productivity due to employee turnover- it is estimated that the average employee who leaves the company costs the company \$6,000 in lost productivity.

Impact of employee morale on customer satisfaction: it was found that there is a strong correlation between employee morale and customer satisfaction.

Using this ROI model, the firm established that its employee retention efforts have a significant positive impact on the company's bottom line. For example, the company has found that for every dollar invested in employee retention, it saves \$3 in hiring and training costs. Additionally, employee retention efforts have led to a 8-10% increase in customer satisfaction.

The following recommendations were proposed to Management.

1. Rationalize compensation to bring it on par with the market.
 2. Increase opportunities for internal growth
 3. Improve recognition and feedback for employees – find people doing the right thing and recognize them.
 4. Make Supervisors /Managers accountable for employee growth and development.
 5. Improve Supervisor-employee relationship
 6. Improve Communication between departments – managers and frontline.
 7. Improve training experience for new employees
 8. Empower Managers to take the right decisions for customers and employees.
 9. Set Goals and communicate to employees at the beginning of each session - clarify the expectations.
 10. Other suggestions included:
 11. Change nights shifts on rotation basis so all employees get benefitted.
 12. Conduct Health awareness Camps and encourage employee participation in leading a healthy lifestyle.
- Implement educational programs for those who wish to pursue academic interests while at work.

Drill Down on a satisfied employee

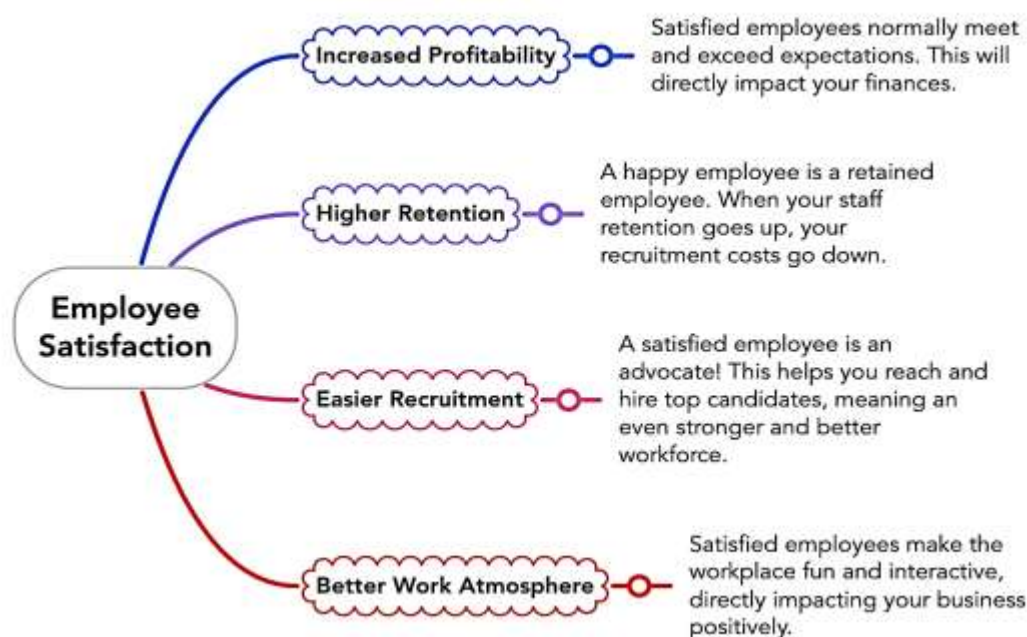


Fig 4. Proper facilities management and Employee Satisfaction

2. Conclusion

The survey suggests that the following factors were the main causes of employee unhappiness.

- i) Pay and Benefits
- ii) Work location;
- iii) Family pressures
- iv) Desire to pursue higher education
- v) Health reasons
- vi) Few Unhappy with Supervisors
- vii) Individual motives

The way a leader interacted with his or her team members had a big influence on employee morale and retention, even while a lack of leadership bandwidth was not considered a cause for concern.

The firm adopted a novel approach in the form of coaching and mentoring with master coaches put into practice. To increase employee motivation and retention, several employee engagement programs are being

implemented. To acknowledge top performers and contributors within the firm, monetary prizes are being combined with social recognition.

The experience of the company shows that calculating the return on investment (ROI) of staff retention initiatives is crucial for making wise business decisions. Companies can strategically engage in projects and programs that will increase employee retention and ultimately drive business success by knowing the financial impact of employee retention.

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