Determinants of Knowledge Workers Retention

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Abstract

In the modern environment, knowledge worker retention has been described as the most reliable means of ensuring sustainable competitive advantage. On that ground, understanding how to retain knowledge worker has become an inevitable process for companies. Strategic human resource management must be in place and closely involved in every stages during the tenure of employment. It is the best practice for management to recognize who are the knowledge workers inside the organization and to be well-planned for them, thus they will not be burnt out and leave the company. On the other hand, it will create awareness for them to continuously retain in current employment. The importance of retaining knowledge worker was formed into the context of this documentary research. In terms of analysing factors that influences retention level of knowledge worker. It was found from the previous studies that employees’ decision to stay with any given company is reflected on four importance factors which are career development opportunities, recognition and value at work, relationships with supervisor and co-worker, and, salary/bonus/incentive/reward. Positive aspects of these factors will influence their loyalty positively, which will influence overall retention positively. This article will contribute to provide the strategy recommendation of knowledge worker retention to organization. It can be applied to prevent the lose in organization in term of financial and non-financial due to high turnover of knowledge worker. Human resource personnel and supervisors may apply the best practice as recommended in this paper to retain the knowledge worker with current organization.

Keywords: knowledge worker, employee retention, sustainable competitive advantage

Introduction

Words by Aristotle said “All men by nature desire knowledge”, now as world foreseen knowledge drives the global economy. The world has shifted from industrial economy to knowledge economy as the evolution of “knowledge age” of the millennium. Most of the job in various industries is transforming to knowledge-based job. Knowledge is observed as a key contributing factor to organizational success or failure. Nature of work requires lesser manual operations and routine, but more varied and complex and analytical job. Knowledge work is associated with professional or subject matter expert. Thus, we call those workers as “Knowledge worker”. Knowledge worker is the one who is skilful and has tacit knowledge to run work efficiently. They do not only know “what to do”, instead they know “how to do” where the major instrument and production is knowledge (Benson & Brown, 2007). Knowledge workers are handling more challenging tasks than other routine-workers.

When there is a vacancy to be fulfilled, the entire process of selecting and recruiting the new employee will be carried out. This complete cycle would be highly in cost to company both in term of money and time (Sutherland & Jordaan, 2004). Moreover, the company needs to re-invest on human capital for instance conducting internal training or allocating appropriate training for new employee to enhance on their skills and performance. Furthermore, the replaced employee might not be as capable as the previous one. Employee retention is a critical function in every business units in any organizations. It impacts directly on financial, business performance and productivity.
Attempt to win over employee loyalty through employee ownership and retention programs must be essentially earned (Smith & Rupp, 2002). Failure to apply effective employee retention strategy may cause serious loss even to the large and profitable company in terms of monetary, worker morale, and business competitive advantage. Mayfield and Mayfield (2007) comparing cost of replacing an employee who left the organization is about 3 times the salary of the individual. Additionally, the average turnover may cost in a range of 1.5 times an employee’s annual salary. Organization extra cost will incur on recruitment and selection process, reassigning workloads, lost organizational knowledge, and training. Thus, employee retention is very important to the employer and organization (Perryer, Jordan, Firms, & Travaglione, 2010) because without the valuable worker can cause the firm not to achieve the organization’s goal (Emerald Group Publishing Limited, 2011).

Benson and Brown (2007) observed that knowledge workers had a significantly higher commitment to the organization than other workers and lower intention to leave. However, the influence factors for them to quit from the current job is still exist and it could be several factors. Several companies applied some factors and it went well to retain their best employees to stay within organization (Carter-Ward, 2006); outside conferences and seminars, managerial training, holiday, vacation, gifts, flexible time, flexible benefits, interesting or important work assignments, independence to make decisions, discount on merchandise or company’s product, onsite child care, parking privileges, sick pay, transportation and, unpaid leave.

It was also noted by Kehr (2004) that the implicit retention factors with respect to knowledge employees appear in spontaneous, expressive, and pleasurable behaviour that these employees exhibit and they can be categorized into three variables as achievement, power and affiliation. The context of power is used in order to make reference to issues of dominance and social control. On the other hand, achievement is a representation of personal standards on excellence with reference to how each individual meets or exceeds set goals, while affiliation is used to make reference to social relationship that are established and intensified between group of individuals, corporations, or a combination of both. On the explicit and implicit levels, employee retention factors are used to represent the different aspects of individual, however, it should be noted that both of determine exhibit the important elements with respect to determining the actual behaviour of these individuals. On the ground of such understanding, this article will present an analysis of four of these factors and how they influence knowledge worker retention namely career development opportunities, recognition and value at work, relationships with supervisor and co-worker, and salary/bonus/incentive/reward.

### Career Development Opportunities

Everyone needs improvement and enhancement in their life, especially, the knowledge workers. They know that they are excellent and they expect the management to be able to recognize all hard works and properly plan for career development. Besides imputing their individual efforts for the growth of the company, knowledge workers expect that their job experiences should be challenging and provide them with the necessary opportunities for career development and this has been described as a source of competitive advantage when it comes to recruiting and retaining employees (Graddick, 1988). Glen (2006) makes known that people are always working for some reasons and the cause of such needs to be provided by the work they perform, the organization they work for, their co-workers and other facets within the system they are employed in. Studies have also shown that employees strongly desire advancement in their careers and it does not matter their ages, as such advancement is viewed as a motivational factor.

The company investment on training and career development of employees is one of the important factors when it comes to satisfaction and retention. In any cases, organizations have the budget to invest on training and development for those employees they expect returns from as such is the only way
they can be able to get returns from such investment (Messmer, 2000). Clarke (2001) also made known that companies in the modern setting are intensifying the development of their talented employees through different series of increased competence analysis, input on the proficiency of these employees’ interest, and the actual development of the employees as well as appraisal formulas for their respective contributions towards the growth of the company.

Wetland (2003) suggested the organization have to invest in human resources, especially to increase career development and training plans for their employees. This is based on the understanding that training is able to enhance employee skillsets. According to Noe (1999), employees generally perceive that point; the company will put them through different training and development programs that they can use to improve their skills. Thus, meeting such expectation will inevitably increase retention rate for the knowledge worker. Gomez-Mmejia, Balkin, and Cardy (1995) also made known that training provides employees with special techniques and skills that they can adopt in the course of rectifying deficiencies in their performance, and also increasing their abilities to meet the corporate goals through a much more effective job delivery. Garg and Rastogi (2006) also made known that training and development programs are necessary to increase the overall competitiveness of the company because employees are equipped with new and advanced skills in the process, and such skills will increase their overall job delivery with a subsequent increase the performance of the company.

The well-performed employee is always looking for positive promotion in career path. Quick promotion motivates knowledge worker to continuously improve on performance (Huang, Lin, & Chuang, 2006). This is another successful story that knowledge worker aim to achieve it. Knowledge workers with high levels of support from the organization are less likely to have turnover intention (Perryer et al., 2010). Zheng and Ding (2011) as well subtle that work and training opportunities inspired to attract and retain knowledge worker. Thus, companies that desire to strengthen their commitment with the knowledge workers must provide them with opportunities for career development (Hall & Moss, 1998; Hsu, Jianã, Klein, & Tang, 2003; Steel, Griffeth, & Hom, 2002; Woodruffe, 1999). Such opportunities include the creation of promotion and career development opportunities within the organization and also providing training and growth opportunities for these employees to improve on their overall skills as well as advance their employability in both the external and internal settings of the labour market (Butler & Waldrop, 2001).

Career development and growth opportunities are very important for both parties who are employees and employers (Hall, 1996). It is mutually beneficial since it provides both the employers and employees with an imperative outcome (Hall, 1996; Kyriakidou & Ozbilgin, 2004). In order to gain and maintain competitive advantage, the company requires talented and productive employees who are later become knowledge worker in an organization and these employees need training and development programs in order to make such a reality (Prince, 2005).

On the ground of such understanding, it will be stated that training and development programs in the organization influences the performance of knowledge workers and their overall retention (Frazis, Gittleman, Horrigan, & Joyce, 1998; Storey, & Sisson, 1993; Bassi & Van Buren, 1999; Accenture, 2001; Wetland, 2003) because the employees will be equipped with new skills to effectively deliver their designated duties and they will view the need to contribute effectively towards the growth of the company as a demonstration of their appreciation for the company’s commitment towards their individual growth.

If the management notices that they have knowledge workers employed within organization and all of them are really productive and participative in daily operations. The management should consider providing opportunities for career development. Support and compensate them, together with guiding them along to the career path they may take. Knowledge workers constantly create their own futures by continuously developing their ability via further education and
developing new, labour-market related competences (Zheng & Ding, 2011). Thus, provide more trainings, organization would be able to retain the knowledge worker. Training is not only to improve skills and knowledge of the employee, on the other hand, it could meet their development need. The supervisor may plan for more challenge tasks to be assigned to knowledge worker which is required higher skills to complete task. These changes could really tone the knowledge worker and at the same time could challenge them with more complicated tasks to be completed. Management may consider more on development opportunities, for instance sponsor employee for higher education such as MBA/DBA in response of secured employment and retention (Glen, 2006).

Recognition and Value at Work

The knowledge worker could leave the current position in the organization if they sense that management do not appreciates and neglect their hardworks and accomplishment which they have put all efforts through it. This negative reaction would make them feel invaluable, thus, they might have the thought of moving to other organization who really value and appreciate them more than the current one. The challenge for organization is to recognize the different antecedent of commitment of knowledge workers without creating conflict among employees (Benson & Brown, 2007).

Another concept of employee recognition and value for their job is based on the ideas of job matching with the employees on the ground of their skills, knowledge, qualification, ability and other features that the employees will be used to match their level of suitability for the job (Edward, 1999; Lofquist & Dawis, 1969). According to Amar (2004), the social value of work in the past is based on the idea of employees seeing work as a livelihood, but this idea is changed presently where employees now seek work as place of social belonging. Thus, employees are now making use of their working environment as a tool for demonstrating their competence and defining new terms as to how they conduct their work as compared with the instruction based formula that works in the past were defined with.

An individual’s value match with the job is viewed as an employees’ way of selecting the job settings and it is based on the ideology that employees’ value with the job should be congruent with the organization, their individual goals and the goals of the company (Kristof, 1996; Netemeyer, Boles, Mckee, & McMurrian, 1997. According to Brown (1969) and Kidron (1978) such alignment will shift employee mentality from the direction of doing things just for the corporate growth, into doing it both for their individual growth and the growth of the company. Other research has also explained organizational fits on employee cooperation and their willingness to work towards the growth of the company, and proposed that these requisites are predefined together with both their own goals and that of the company (Barnard, 1938). According to Cable and Judge (1997) employee recruitment and selection method shall be based on the extent that they can be able to align their individual goals with that of the company and recognize the need to develop the company as well as apply necessary efforts in the course of making such needs a reality. Thus, it can be seen that employees’ value and recognition of their job settings has a direct influence on their overall performance in the company as well as loyalty. This is because when employees recognize their job settings and align them with their individual goals for self-actualization, they will be able to work towards the corporate growth and also be more loyal to the company.

This kind of reward is different from the wages and compensations whereby this recognition and praise given are not come in a form of monetary. Instead, this kind of individual recognition is from the sincere praise and compliment from manager. They are deserved to be praised because of their hard work. Manager should recognize outstanding talent wherever it is found and compliment these knowledge workers widely and publicly among other employees.
Relationships with Supervisor and Worker

Positive relationships with co-workers are essential towards organizational commitment (Benson & Brown, 2007). If there exists of negative relationship between knowledge workers and the immediate manager and peers, the tendency for them to leave the job is high too. This negative relationship is a serious issue which later could cause any other troubles and finally turn the work environment to become displeasure. Strong team work, acceptance from supervisor and co-workers are the social parts in working environment which comprised into factors of retention (Zheng & Ding, 2011).

The level of relationship that workers maintain with their co-workers and supervisors has a direct influence on their retention in the company as noted by Eisenberger, Fasolo, and Davis-LaMastro (1990). This is because when supervisors provide employees with needed supports, they are opened to communicate and engage in rewarding relationship with these employees, and such will reduce the level of employees’ turnover because they become more engaged in the organization (Greenhaus & Callanan 1994). In most cases, the decision to employees to stay or leave a company is influenced by the level of support they get from leaders, thus leaders and not the job itself has the most influential effects on employees’ retention.

When employees are highly valued and respected in the organization, they will remain with the company because they see the company as much of a family later than just an associated (Silbert, 2005). Additionally, the level of relationship maintained with co-workers and supervisors will influence decision making process because employees will be focused on ensuring that their decisions in the organizational setting does not have any negative effects on their co-workers and supervisors as they seek to create harmony with these parties.

In accordance with Silbert (2005), it is very easy for well-skilled and talented employees to find jobs in other areas, thus it is important that the company always adopt necessary measures to keep these employees satisfied and influence their decision towards creating harmony and unity in the system. One of the ways that such process can be achieved is through a building co-operation and positive relationship between co-workers and supervisors. On that ground, it can be seen that quality relationship with co-workers and supervisors will positively influence employees’ decision to stay with a given company.

It is possible to state that positive relationships create favourable preconditions for the strengthening of motivation of employees to do good work and perform better. Manager shall create good work environment between himself and employees as well as among all the employees. A positive relationship with co-workers is crucial to organizational commitment while this joint with a positive relationship with their supervisor were vital to knowledge workers to lower intentions to resign (Benson & Brown, 2007). Moreover, Zheng and Ding (2011) recommend harmonious and team cooperative working culture in the organization.

Salary/Bonus/Incentive/Reward

Wages and compensation are other factors that could turn knowledge worker away from the organization. Zheng and Ding (2011) found the salary system is having the highest influential among other factors. If the pay is lower than the market level, it may denote that the organization underestimates the contribution of knowledge worker (Huang, Lin, & Chuang, 2006). Especially now all data and information are not sealed anymore, they are revealed to the world. A smart knowledge worker might have compared their current benefits to the others.

This is the most influential factor when it comes to attracting and retaining knowledge workers because it is a direct ways of measuring growth for every individual and the desire of all employees is growth from the financial sense. In terms of retention, the need to reward performing employees handsomely as their output defines is based on the understanding that they will be appreciative of the company for such
efforts and become more loyal. Additionally, the cost of retaining employees are much lower when compared with the cost of recruiting and training new set of employees to develop the same level of skills that the older ones have. According to Lawler (1990) organization adopted strategies of low wage in cases where the work is simple and require little training and companies who compete in the labour market for high performing workers do adopt a high wage strategy. Generally, researchers agree that the easiest way of maintaining and increasing the commitment level of employees is by offering reward and recognition packages that reflect their overall performance. Generally, workers expect to be appreciated for efforts inputted towards the growth of the company and the easiest way of appreciating them is through adopting reward strategies that reflects their overall performance in the company.

Smith (2001) advised that money cause employees into the organization but it does not retain them, which is a mixed idea that knowledge workers can stay with a given organization for non-financial reasons, but can also leave the same organization for financial reasons. The fact that money is capable of satisfying employees but not capable of retaining them means that it is an inadequate factor. Monetary cannot be conceived as the essential factor for retaining employees especially knowledge employee (Brannick, 1999) as many organizations have been successful in implementing employees retention strategy that are non-financial in nature (Pfeffer, 1998), but the fact still remains that it has huge impact on the course of employees’ loyalty to a given organization. This idea is supported by Ihsan and Naeem (2009) who made known in a pharmaceutical sales study that the reward and compensation offered by companies are rated by employees as having the most significant influence on loyalty. Thus, the reward and recognition patterns of the company have direct influences on loyalty (Brannick, 1999; Willis, 2000; Parker & Wright, 2001) even when researchers such as Highhouse, Stierwalt, Bachiochi, Elder, and Fisher (1999) have made the suggestion that the money is not sufficient for retaining employees.

Williams and Dreher (1992) made known that wages are key influential factor for both attracting and retaining knowledge worker, and they also play significant role on the recruitment process. Thus, it will be concluded in this sense that the reward and recognition settings of a company influences employees’ loyalty to a great extent in the sense that the more positive such system is, the more loyal employees will be.

Managers should have quarterly or yearly review with their knowledge workers. After manager realized of how good they are and already assigned them with task that require higher skills, manager shall as well consider to increase their wages and compensations. Extending incentives, rewards, and reinforcements to reach knowledge workers’ motivational patterns. Reward in term of monetary still meaningful and motivated to employees (Glen, 2006). Design package of compensation system that could attract and retain knowledge workers in the current employment. Additionally, they will be more encouraged if their salaries are higher than the market (Zheng & Ding, 2011).

Conclusion and Recommendation

These four importance factors influence individual knowledge worker on the intention to stay in current organization. In most cases, the combination of factors is different from one another. Management shall be able to realize the conditions and current situational of their employees and implement a strategy plan to increase employee satisfaction level. Some large organization may use the quickest way to increase satisfaction level which is to increase on monetary benefits to their employees, whereby another organization may apply long term plan such as offering career development and training plan to workers. The most appropriate way to manage this element is to take the holistic view and come out with the best and suitable strategic planning to be applied in the organization.

Perception and consciousness of knowledge worker needs to be well extended. Knowledge workers
are the assets of the organization. As the number of knowledge workers increased in the organization, management should play a critical role in creating and engaging the critical knowledge required in order to be sustainable competitive advantages. In summary, knowledge workers offer value-added to the organization through their ideas, analyses, syntheses, judgement, design, and strategy. Managing the knowledge worker is not as easy as the other workers. They are smart, adventurous and intelligent. Knowledge worker will be able to perform comprehensively under brilliant management. Understanding the cause and factors affecting the turnover of knowledge workers is great opportunity to the management to come up with the strategic human resource management plan implementing to make them retain within the organization.

References


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