

Why Do Employees Leave Organisations? Have a Critical Look at your Recognition System

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Abstract: *Recognition of employees' achievements is one of the most important factors to motivate employees. Employees who perform exceptionally well, expect that their contributions will be recognized or they will be appreciated by the top management. Over the decades (or perhaps centuries) the reward and recognition system has been adopted by numerous organisations – private or public. There are myriad ways by which employees can be appreciated. Further, one special type of reward may not motivate equally everyone. One person's reward may be perceived by another person as punishment. The present case illustrates a classic example of how an organisation loses a bright employee due to absence of a proper recognition system.*

Prof. Lutfi Sidek is a contract academic staff working at a local public university. He has been working at the Chemistry department for a couple of years. Customarily, his contract is renewed for two years, though he expects that his contract should be renewed for more than two years and it will give some sort of job security, which is an important ingredient for job satisfaction. But due to the recent budget cut by the government, the university adjusted some of its policies pertaining to the contract officers. Before budget slash, the employees used to receive a host of benefits including end-of-contract gratuity and children's educational allowance.

Budget cut has prompted universities to take away some of the privileges given to the contract officers previously. On top of this, their renewal of contract is also at stake. Prof Sidek did not mind for the loss of gratuity or children's educational allowance, but recently when he received his new renewal offer, he found that his contract has been renewed for only one year. It may be noted that many contract officers when they receive one year contract and their age is below 60 years, they deem that their services are no longer needed by their university. Prof. Sidek thinks that he is a highly productive researcher. It is not the case that he produces only a number of top quality papers published in Web of Science journals but his papers are widely cited by researchers across the universities in the world. He justifies himself that his contract would have been renewed for more than one year. He is not at all happy with this one year contract. Consequently, he started searching jobs elsewhere. Since his CV is quite impressive and he is recognised as a world-class researcher, he received multiple offers from abroad as well as from some local private universities. He already made up his mind that he would not accept this one year contract and decided to leave. After some deliberation with his family, he finally accepted the offer from a local private university. They offered him 3 years contract and total salary package was RM10 thousand more

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than what he was receiving from the present university. He resigned from the university and joined the private one.

A quick analysis of the above case reveals that the university lost a star academician due to their poor human resource planning. They could have easily given him 2 years contract and retained him. It is important to note that he didn't leave for extra salary package but due to the feeling of non-appreciation of his contribution to the university. The other university not only paid him more but provided longer period of contract. Why did they do this? One reason could be more visibility of their university through top class research and publication and consequently international recognition. Then they can use this higher rank as their marketing tool. Hence, in the long run the university can draw more international students.

The above case of losing bright employee is not something new or rare, it happens in many organisations regularly. Reward and recognition is not something people want, it is their need. Imagine that you are working so hard for your company and have already contributed a great deal for it, but the company management has not bothered to think even to recognise your valuable contribution. What will be your feeling?

Note that for bright candidates, there are always job opportunities abound elsewhere, so the moment you get a good deal elsewhere, you will join there. Who is the loser in this case? It is the company who didn't value your contribution and didn't even think how much worthy you are for them. They have a mind-set that "people come and go; when people go some other people will come". This cycle will continue until they realise that employees do not just seek good benefit package, they also seek appreciation and adequate recognition for their contribution from their organisation. Bob Ulrich, a human resource management expert once aptly said:

If you want to avoid losing your best employees, and encourage others to do better, recognizing them publicly may save yourself time and money and having to find and retrain a new staff. ...It may be hard to believe, but recognition is the most powerful motivator of all.

In a recent survey conducted by the author on 505 Malaysian employees found that 48.68% of the respondents said that they were under-rewarded in their organisations. This shows that managers of these companies need to pay a hard look at their compensation system. Many times employees just expect an open "Thank you" from their bosses but ironically bosses feel too hard to say even "Thank You". But the smart managers are those who are cognizant about the matter and they go extra miles to recognize their employees' contributions and these are the companies which march forward just because of their management style where people are at their heart.

How to recognize employees' achievements? There are numerous recognition ways that managers can adopt. Human resource expert Bob Nelson recommends the following:

- Write a letter to the employee's family telling them about the excellent job the employee is doing.

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- Arrange for a senior level manager to have lunch with the employee.
- Have the CEO of the organisation call the employee personally (or stop by in person) to say, “Thanks for a job well done.”
- Find out what the employee’s hobby is and publicly award him or her gift relating to that hobby.
- Designate the best parking space in the lot.
- Create a “Wall of Fame” to honour outstanding performance.

In a recent survey, the author found the following five most preferred rewards among Malaysian employees:

- Cash
- Traveling allowance to visit overseas country
- Further training and educational opportunities
- Paid vacation
- Company share

The full details of the rewards and their preferred ranks are provided in Table 1.

Table 1: Ranking of the reward and recognition ways

Reward	Mean	Std. dev.	Confidence interval (95%)	Rank
Employee of the Month/Year	9.1703	5.1117	(8.72, 9.61)	7
Cash	3.5723	3.9233	(3.23, 3.91)	1
Certificate/Plaque	9.6594	4.5733	(9.26, 10.06)	10
Merchandise	9.6792	4.2281	(9.31, 10.05)	11
Medal	11.5822	4.1659	(11.22, 11.95)	15
Reserve parking space	12.2812	4.4517	(11.89, 12.67)	17
Write-up in the newsletter	11.0455	4.3452	(10.66, 11.42)	14
Praise in the meetings	11.7723	4.2870	(11.40, 12.15)	16
Traveling allowance to visit overseas country	5.8931	3.7650	(5.56, 6.22)	2
Paid vacation (Time-off)	6.3604	3.9742	(6.01, 6.71)	4
Company XYZ award	10.4099	3.8792	(10.07, 10.74)	13
Further training and educational opportunities	6.2970	3.9080	(5.95, 6.64)	3
Job redesign	9.6337	4.4773	(9.24, 10.02)	9
Company share	6.5723	4.7817	(6.15, 6.99)	5
More power in the job	8.5564	4.8174	(8.13, 8.97)	6
Maple gold coin	10.3347	4.2427	(9.96, 10.70)	12
Premium certificate	9.3683	4.1742	(9.00, 9.73)	8

In essence, organisations should be mindful in providing adequate recognitions to their high achievers. Note that recognition programs do not necessarily need a lot of budget; simple and sincere “Thank You very much, Mr. X for the job well done” may send a strong message that “We care you”. A celebrated human resource expert said:

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Rewarding and recognizing positive results is an important factor in retaining employees. People enjoy working and tend to thrive in organisations that create positive work environments – environments where they can make a difference.

Questions:

1. How could the case of Prof. Sidek better handled?
2. What holds back organisations for not-recognising their employees' work of excellence?
3. How can reward and recognition program create positive work environment in a company?
4. Draw a linkage between employee reward and recognition program and motivation.