

AN EXPLORATORY STUDY OF INFLUENCES OF MENTORING ON RETENTION OF GRADUATES IN THE CONSTRUCTION SECTOR: A LITERATURE

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ABSTRACT

The commercial world has long known and dependent on mentoring as a proven technique for developing in house talent, mentoring is undergoing resurgence because business leaders not only recognize the benefits of transmitting knowledge among employees. Organizations today face a challenge concerning the mentoring and retention of key knowledge graduate employees. Changing workforce demographics, distinct by an aging labour force, more competitive recruiting and faster turnover among young graduates are creating exceptional knowledge retention problems in many industries, threatening to reduce the capacity for innovation, growth and operational competence. The study describes improved practices that organizations can use to address the threat of lost knowledge caused by changing workforce demographics. The study was mainly a literature review, qualitative with a distinctive focus on the influence of mentoring on retention of employees within organizations. The data used in the report was mainly qualitative, built on the content analysis, and historical data. The study revealed knowledge transfer helps graduates in improving their skill sets which increases their marketability and the prospective for them to pursue career opportunities elsewhere. Furthermore mentoring relationships can help organizations in addressing this challenge. On average an employee who had been mentored reported high levels of knowledge transfer, were more likely to report higher turnover intentions. The early success of the creativities described provide useful lessons for the construction industry and executives who make out that knowledge retention and mentoring of employees are important for supporting future organizational performance, further more mentoring relationships may help organizations in simultaneously promoting effective knowledge transfer and commitment that help in the retention of key knowledge employees. Future research in this area is recommended to better understand how mentoring relationships may advantage organizations.

Keywords: retention, graduates, mentoring, skill development, construction.

Introduction

A significant percentage of the workforce, within the construction sector is nearing retirement age over the next ten years. These employees have acquired a tremendous amount of knowledge about how things work, how to get things done and who to go to when problems arise. Losing their expertise and experience could significantly reduce efficiency, resulting in costly mistakes, unexpected quality problems, or significant disruptions in services and/or performance. In addition, faster turnover among younger employees and more competitive recruiting and compensation packages add significantly to the mounting concern about the organization's ability to sustain acceptable levels of performance. Companies may not have a solid understanding of the reasons employees leave. Saratoga Institute research cited by Leigh Branham indicates another conflict between the employer and employee perspectives: 89% of managers believe employees leave for money; 80-90% of employees leave for reasons other than money. Employers cannot address a high turnover rate if they do not understand its root causes. As employees exit, those left behind may not be capable or willing to take on the additional responsibilities. They may already be overworked, or lack the confidence for a new role. When the only employee who knows how to run a legacy system leaves, coworkers may not want involvement with a technology or role they perceive will soon be obsolete. Companies can lose much more than full-time employees through attrition. The notion of a more-experienced individual providing knowledge and support to someone who is less-experienced has been in existence since Homer wrote his epic poem, *The Odyssey*. Mentoring is considered to be the oldest form of knowledge transfer (Stephenson, 1998). For centuries, in agrarian and hunting societies, one was surrounded by many adults who served as occupational role models, i.e., mentors, and the knowledge that was passed down from these mentors benefited both the individual and the collective organization of which one was a part (Csikszentmihalyi & Schneider, 2000). The transfer of knowledge and the retention of key knowledge workers, thus, is critical to organizational competitiveness (Cascio & Aguinis, 2008; DeLong, 2004; Holtom, Mitchell, Lee, & Eberly, 2008). This requires organizations and researchers to focus more closely on processes

such as mentoring that can support effective knowledge transfer and retention of critical knowledge workers. Organizations that rely upon effective knowledge transfer to sustain a competitive advantage face a dilemma. If such organizations do not have processes to endorse effective knowledge transfer, productivity will agonize and organizational survival may be threatened. Turnover-related costs examined by the Saratoga Institute represented more than 12% of pre-tax income for the average company. As the rate of turnover increases, so does the cost per employee. For companies with greater than average voluntary attrition, turnover costs were equivalent to nearly 40% of company earnings (The Saratoga Review, 2007). While these figures do include the costs to train a new employee, they overlook the value of the organizational knowledge lost when employees leave. When employees leave, they take a major competitive advantage with them. And they will leave. The increased number of job changes shortens the life cycle of an employee, putting companies at greater risk of organizational knowledge loss.

Objectives of the study

- ✚ To investigate the effects of mentoring relationships through knowledge transfer.
- ✚ To evaluate the influences of mentoring on retention of employees within organizations.
- ✚ To describe improved practices that organizations can use to address the threat of lost knowledge.

Review of literature

Mentoring programs in organizations can be helpful in improving performance and transferring knowledge, and lead to higher job satisfaction and retention of employees, resulting in higher business productivity. In the workplace, relationships naturally develop between co-workers, clients, supervisors, and subordinates. Relationships at work can be both productive and unproductive, filled with animosity or admiration, and can foster friendships that go beyond the workplace lasting long into other careers and employers. One type of relationship that can be very beneficial in the workplace, even advancing an individual's career, is the mentoring relationship. The mentoring relationship between a

mentor - a more experienced employee - and mentee can provide both parties benefits offering support and knowledge in performing a job. A mentoring relationship can sometimes develop into a negative situation with a mentor possibly sabotaging a mentee or not providing the necessary career support (Piasecki, 2011). The relationship an employee has with his/her peers, colleagues and company has a significant impact on knowledge retention and transfer.

The effect of mentoring relationship through knowledge transfer is that knowledge retention and transfer is an area that holds great potential for companies in terms of reducing the costs associated with turnover, and perhaps more important, in sustaining business performance. Companies are recognizing it as a priority. Companies are also recognizing that their knowledge retention and transfer strategies need work. A study by the Institute for Corporate Productivity found that a third of responding companies retain knowledge poorly or not at all when workers leave, while half think they're doing only "okay" at protecting organizational knowledge. Just two in ten think they are doing well or very well in knowledge retention (Institute for Corporate Productivity, 2009). Manpower's recent survey adds weight to these findings, 31% of employers indicated their organization does not have a proactive process in place to capture employees' job knowledge (Man Power Survey, 2010).

Research in this area suggests that providing skill-building opportunities to protégés is positively related to personal learning in the workplace (Lankau & Scandura, 2002). Yet, an unintended consequence of knowledge transfer via mentoring is the potential for increased job mobility for protégés and the resulting negative effect on organizational retention efforts (Ramaswami & Dreher, 2007). Recent findings from a longitudinal study suggest that mentoring fosters organizational retention in part because the emotional bond established between a mentor and a protégé may contribute to higher levels of organizational commitment (Payne & Huffman, 2005).

Methodology

The study is mainly a literature review with a special focus on the human resource management, qualitative with a distinctive focus on the influence of mentoring on retention of employees within organizations. Built on the content analysis, case studies, and historical data.

The Importance of graduate retention and knowledge transfer

When a business loses employees, it loses skills, experience and “corporate memory”. The magnitude and nature of these losses is a critical management issue, affecting productivity, profitability, and product and service quality. For employees, high turnover can negatively affect employment relationships, morale and workplace safety. The cost of replacing workers can be high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with can take years to replace. The problem of turnover can be addressed through a variety of pro-active retention strategies: workplace policies and practices which increase employee commitment and loyalty. Employee retention and knowledge transfer are two elements of a more general concern that might be best termed ‘skills management,’— i.e., everything that has to do with recruiting, maintaining and developing *the necessary mix and levels of skill required* to achieve organizational and business objectives (Lochhead & Stephens, 2004).

The impact of mentoring on retention of employees within organizations

Though viewed as a key aspect of mentoring (Stephenson, 1998), knowledge transfer has been primarily studied at the interfirm level , at the interdepartmental level , and at the team level . Knowledge management articles highlight knowledge transfer as a key mechanism for organizational success, yet a gap exists between practice (Buckman, 1998) and formal research . Little research in the knowledge management literature, however, has explicitly tested mentoring as a means by which knowledge is transferred among individuals (Gallupe, 2001).

Mentoring saves money, retains workers, builds leadership, and growth talent

Mentoring contributes to employee growth and tenure. In the long run, a well-organized and managed program can save the company thousands of rands. **Reduced turnover and recruiting costs.** Mentoring relationships can help retain talented people because they have a stronger commitment to the organization (Jacka and Quin, 2010). Talent remains much less likely to leave if they feel supported in their work and made aware, for example, of new opportunities that their mentor suggests. **Assistance in transferring knowledge from the retiring workforce to new workers.** Many mentoring

relationships help younger employees learn from those who will retire soon. Pairing junior staff with more senior staff can reinvigorate the enthusiasm of senior employees as they transfer crucial knowledge to the next generation of workers. This reduces the loss of the tacit knowledge from seasoned veterans leaving the workforce. It also brings new employees up to speed quickly in those first few months of employment. The chief learning and development officer in a global consulting firm confirms the value of mentoring as a learning tool: “People grow more with human interaction on the job, and we are trying to bring that to all our employees. The best way to learn is from a fellow professional.” **Assistance in career growth, building leadership capacity, and increasing bench strength.** Mentees can put their learning on a fast track with mentoring. If they’re headed toward management, for example, the mentoring may focus on becoming a better leader and manager. When the mentor shares her own experiences, gives advice, and suggests readings, online courses, or other experiences to help other employees move toward their goals, she builds her own leadership skills in the process. Enhanced bench strength in company leadership ensures successful succession planning and increases productivity.

Failure to build employee loyalty now can become a ticking time bomb as external and internal forces work to prise the organizations most valued people resources loose. That’s where mentoring comes in. Research into mentoring’s impact on retention is consistent internationally. One of the most substantial ways well-constructed mentoring programmes pay for themselves is by increasing the chances people will stay – by at least a third on average and in exceptional cases by over 1000 percent . Mentoring has this remarkable effect and impact on retention? Some of the mechanisms, which have been documented, include: It points people towards internal rather than external job opportunities. (On average, only one in five employees is likely to look first within their current employer for their next job; of people, who are in mentoring relationships, this proportion rises to nearly five out of five.).

Retention

As an outcome of mentoring relationships in workplace settings, retention is of interest in this study because of its importance to organizational performance. For decades, management researchers have

emphasized the importance of retaining talented employees through research on turnover. Thus, in the knowledge economy, it is important to look at matters of retention . Organizations face significant challenges in retaining valued employees because of the changes in the employment relationship that promote greater job mobility. Traditional research has concentrated on the influence of job satisfaction on voluntary turnover . While the implication of such research is that workers dissatisfied with their jobs will leave and those satisfied with their jobs will remain, researchers suggest that this view is too simplistic and constricted in explaining what influences turnover and retention. To develop alternative theoretical understandings of voluntary turnover and retention, researchers have expanded upon the initial research to explore other ideas. Recognizing that "... less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment", researchers are beginning to recognize the importance of relationships in retaining employees. Organizations that have not been concerned with retention in the past, however, are now struggling to keep their skilled employees. In professions heavily dependent upon knowledge transfer such as medicine, engineering, and chemicals manufacturing, the pool of skilled workers is shrinking; thus, there is increased competition for the available employees. Organizations with higher levels of mentoring had lower turnover; moreover, they suggested that the mentoring specifically assisted in developing protégés' knowledge and skills. The researcher expects that knowledge transfer will mediate the effect of mentoring on organizational retention. The type of knowledge transfer to protégés may influence their intentions to remain within an organization. If a mentor transfers knowledge that is specific to the organization (i.e., organizational practices and relationships), then the protégé will be more likely to remain with the organization because the knowledge cannot be applied elsewhere. Based on the above, the researcher propose that knowledge transfer will intermedate the relationship between mentoring and protégés' intentions to remain with their organization.

Best practices in retention and knowledge transfer

In order to address the threat of lost knowledge caused by changing workforce demographics. The heart of any knowledge-retention strategy is its knowledge- sharing practices. There are many sorts of methods that contribute to knowledge capture, sharing and re-application: after-action reviews,

communities of practice, face-to-face meetings, mentoring programs, expert referral services, training, video conferencing, interviews, written reports, etc. While many of these practices are helpful for creating a general knowledge-sharing environment, the question remains which ones are most useful for addressing knowledge-retention problems? A review of the HR literature suggests that sources on HR retention can be grouped into the following categories:

Case studies of particular companies that primarily relate what a particular establishment has done with little or no reference to more general sources within the HR literature. Works that focus more intensively and exhaustively on specific retention areas. The literature on compensation and benefits systems, for example, is quite considerable. Based on the review of the literature, the list of retention practices that captures the main types of interventions discussed in the HR literature. They are as follows (Lochhead & Stephens, 2004):

Competitive and Fair Compensation is a fundamental starting point in most strategies to attract and retain employees. However, there is general agreement that compensation levels do not single-handedly guarantee employee retention. Common best practices include the use of industry surveys to benchmark and position wage and salary structures to be fair and competitive. **Recognition and Rewards** include a diverse range of formal and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff. They include such things as employee of the month awards, company-sponsored sports teams and social events, prizes, clothing, and so on. Recognition and rewards can contribute to a workplace culture of respect and appreciation for employees and work well done, and thereby reinforce employee commitment to the firm.

Training, Professional Development, and Career Planning are effective ways to enhance employee retention. Training constitutes a visible investment that the company makes in the worker, providing him or her with new skills, and greater competencies and confidence. Training often leads to work that is more intrinsically rewarding. Combined with effective communication about how an employee's efforts at developing skills will lead him or her to more challenging and meaningful positions *within*

the company, training encourages workers to make longer term commitments to their workplace: it permits them to see a future with the company.

Conclusion and recommendations

Retaining organizational knowledge in the face of changing workforce demographics is a complex challenge that requires simultaneously confronting the problems created by an aging workforce, a shrinking talent pool and increasingly restless employees. The threats posed by changing demographics were not created in a year and will not be solved overnight. The most effective knowledge retention strategies will require a multifaceted approach and a long-term commitment on both the leadership of an organization and the employees. Because knowledge is a key resource today, a more systematic understanding of how knowledge is shared and transferred in organizations is needed in order for organizations to be able to better manage it. Results of this study suggest that a focus on mentoring simply as a vehicle to promote knowledge sharing may harm an organization as the more talented employees may “jump ship.” Attention must also be given to understanding the mentoring behavior’s that foster a protégé’s affective commitment so as to mitigate the potentially negative effect of knowledge transfer on retention.

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