

An Insight into the relevance of Employee retention for sustainability of MNC's

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Abstract

Today employee attrition is one of the major challenges faced by many of the MNC's. Employee retention is crucial and is possible only if the organizations have an uncompromising retention policies and stimulating responsible activities. Earlier day retention was not stressed that much, companies used to follow only few of the retention policies to retain the employees but today employees hale from different background and culture, from different parts of the country. An organization having thousands of employees working under the same roof finds it's difficult to understand each employee's lifestyle and need. But with this fast moving world it becomes necessary to understand the emerging issues of employee retention. Every organization follows and has retention strategies formulated for the employees but how effective the implementation of these strategies are needs analyzed very often. One best way to retain the best employee's to customize the retention policies. Organization needs to understand the intrinsic motivators for each individual. The most effective manpower must be retained and so the Retention strategy should form a part of the overall strategies formulated in the organization. This paper will elaborate and highlight some root causes of attrition and how some of the retention strategies if used can help in facing less of attrition. The main objective of this paper is to understand the relevance of the Retention Strategies or Policies used for MNC's.

Keywords: Employee Turnover, Retention Strategies, Attrition, Retaining Employees etc.

Introduction

Machines don't operate by themselves; they need Human Beings to operate them.

An employee is the most important asset for any organization. Be it Private or Public organization, every organization needs employees to survive in the marketplace. No organization can survive at any cost without its committed and loyal employees. Involving employees in taking critical and important decisions is one way to make the employees feel that they are not just a worker for the organization but an important part of the organization. Each and every employee of an organization is considered as an invincible resource that not only helps the organization to attain their goals but also to prosper in this competitive marketplace. Having Right People at the Right Place is a mantra to be followed by every organization. Retaining the best employees should be a matter of great concern for the companies these days. From a manger's perspective, nothing feels better than having a productive and happy workforce as the manager is responsible and focused on organization's success. Very well said by David Sirota that "You can't expect people to be committed, to be loyal to an organization, to be engaged in an organization, or to want to stay in an organization if the company doesn't care about them."

In the industrial age, the HR was responsible for people management. Recruitment was similar to purchasing. They use to treat everyone equal and development use to happen only in training sessions. In this fast moving world it's the need of hour that managers should be responsible for empowering their talent pools. Recruiting is like marketing in this age. The development is done through stretch jobs, mentoring and coaching. To strengthen the workforce employers invest differently in different employees.

It has been proved by studies that High Levels of Employee Satisfaction & Retention are associated with Greater Customer Satisfaction.



There are many factors on which employee retention is depended and identifying this factor at the right time and implementing it rightly is much more crucial. As rightly said that every story has 2 sides, same way the other side of employee retention is employee turnover, which means the total number of employees parting every year with the organization. It can be voluntary leaving the organization or Involuntary parting with the organization. There are different policies that encourage the employees to stay with their organization for a longer period of time. When a new employee joins the organization, a lot of time and money is invested in training the employee the organization culture and behavior. Retaining employees does not mean that the organization should or need to retain each and every employee rather it means to retain those employees who have proved to be the best employees for the organization, for example employees who are good performers, loyal to company rules and policies, contributing towards the growth of the company etc. As Employee retention important likewise employee attrition is necessary issue to look into, as attrition and retention goes side by side. Attrition arises because employee retaining policies are either not well developed or not very well implemented. It's the management's duty to look into the loop hole and identify the whether the problem of attrition s due to the market demands or due to the improper implementations of the retention strategies.

What It Takes to Build Retention



Source: www.danfarrell.com

The above picture states very clearly that if an organization is aiming at a high performance workforce solution it needs to look into 3 different areas i.e. First is “Select the Right People”, Second is “Increase Employee Productivity” and third is “Make managers More Effective”. In general if the above 3 are considered well by the organization it won't be difficult to control the attrition of employees and manage the retention of employees.

Literature Review

According to Raman, R (2006) attrition in the BPO sector can be classified into two types i.e. “Drive Attrition” caused by factors associated with employers and secondly “Drag Attrition” caused by reasons associated with employees. “Drive Attrition” is caused due to employer's policies like terminating employees at the end of the contract period, retaining only most productive employees, lack of holidays and strict control on leave. “Drag Attrition” is caused due to perceptions and insecurities nursed by the employees such as low perceived value of their job, lack of recognition of work experience, dearth of opportunities for career advancement, lack of time based promotions, odd working hours and health problems arising from it, disturbance in personal and social life resulting from it, desire to pursue higher education.

The decision of leaving the Organization is not easy for an individual employee as well as significant energy is spent on finding new jobs, adjusting to new situations, giving up known routines and interpersonal connection and is so stressful (Boswell, W.R Boudrea, J.W & Tichy, J, (2005). Kulshreshtha A and Kumar T (2005) stated that the employers are realizing that there are many variables that determine an employee's stay at a company. They are not motivated by hygiene factors like salaries alone but they look for other softer rewards like a challenging job, clarity of work, catering to training needs, etc.

Arthur, W., Bell, S., Donerspike, D., & Villado, A (2006) in their work found that employees who perform better and are intelligent enough have more external employment opportunities available compared to average or poor performance employees and thus they are more likely to leave.

Objectives

1. To understand the strategic nature of retention policies.
2. Recognize the different types of retention strategies used in organizations
3. To highlight some of the important reasons of attrition
4. To elaborate the relevance of some retention strategies used in MNC's

Methodology

For the above study both Primary and Secondary data were collected and used to analyze the relevance of retention strategies. For Primary data a Questionnaire (containing 10 questions) was prepared and distributed among employees of different companies and to collect secondary data comprehensive review of existing literature i.e., Journals, Books, Magazines, Internet and Newspapers was undertaken to know the contemporary attrition and employee retention scenario.

Sampling Method and Data Collection

The Random Sampling method was used to collect the data for the study. Primary data was collected through Questionnaire containing questions related to retention strategies and attrition

factors. The responses of the employees were noted and analyzed with the help of Microsoft Excel.

Sample Size

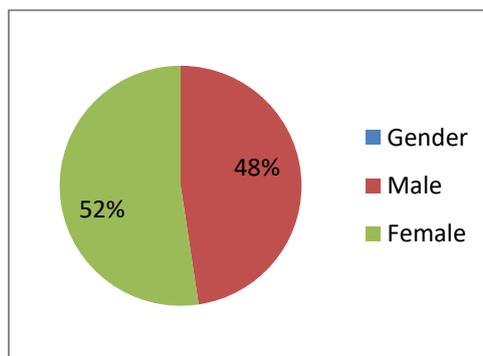
Size was limited to 42 Employees.

Analysis

Simple Percentage Analysis of the Questions asked to the employees

1. Gender of the Respondents

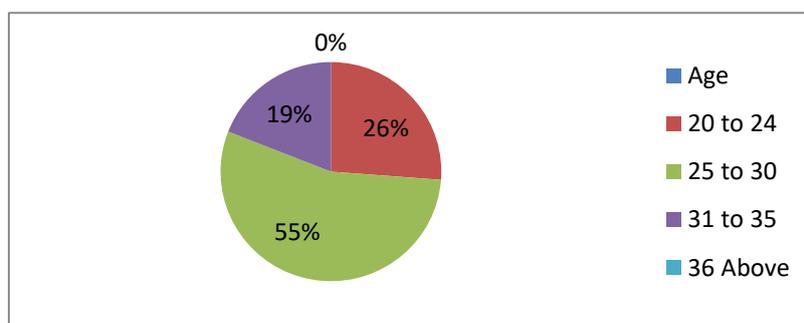
Gender	Percentage	No. of Respondents
Male	48%	20
Female	52%	22
Total		42



Interpretation 1 - The above pie chart shows that 52% of the respondents were Female and 48% were Male.

2. Age of the Respondents

Age	Percentage	No. Of Respondents
20 to 24	26%	11
25 to 30	55%	23
31 to 35	19%	8
36 Above	0%	0
Total		42

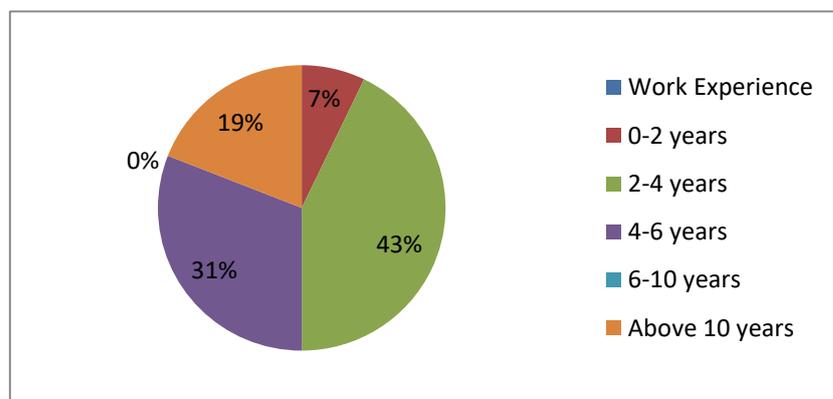


Interpretation 2 - The above pie chart shows that out of 42 respondents 55% of them were of age between 25 to 30 years, 26% were of age between 20 to 24 years and 19% of them were

between 31 to 35 years of age.

3. Work Experience of the Employees

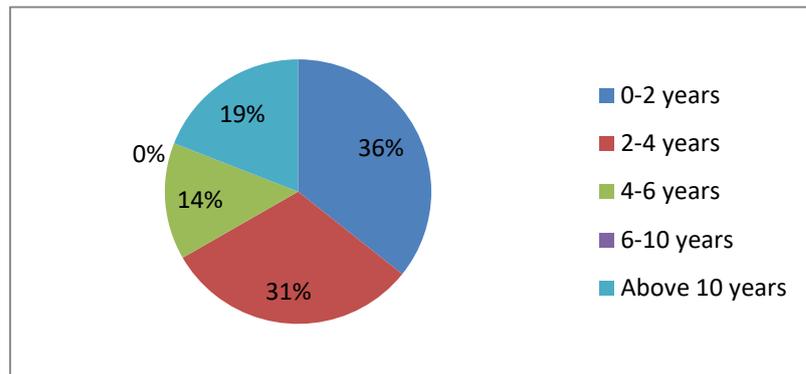
Work Experience	Percentage	No. Of Respondents
0-2 years	7%	3
2-4 years	43%	18
4-6 years	31%	13
6-10 years	0%	0
Above 10 years	19%	8
Total		42



Interpretation 3 – The above pie chart shows that 43% of the employees have experience between 2-4 years and 31% of them were between 4-6 years of total experience.

4. Experience with the current Organization

Experience with the current organization	Percentage	No. Of Respondents
0-2 years	36%	15
2-4 years	31%	13
4-6 years	14%	6
6-10 years	0%	0
Above 10 years	19%	8
Total		42

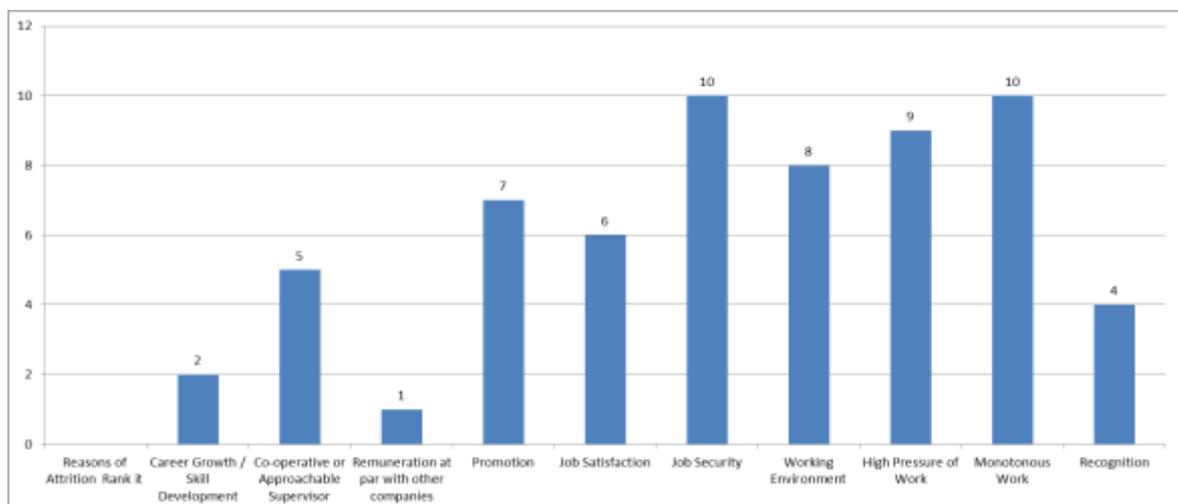


Interpretation 4 – The above pie chart show that 36% of the employees have 0-2 years of experience in the current organization, 31% have 2-4 years of experience and only 19% of them have above 10 years of experience in the current organization.

5. Reasons of Attrition

Reasons of Attrition	Rank it	Ranking of the Reasons
Career Growth / Skill Development		2
Co-operative or Approachable Supervisor		5
Remuneration at par with other companies		1
Promotion		7
Job Satisfaction		6
Job Security		10
Working Environment		8
High Pressure of Work		9
Monotonous Work		10
Recognition		4

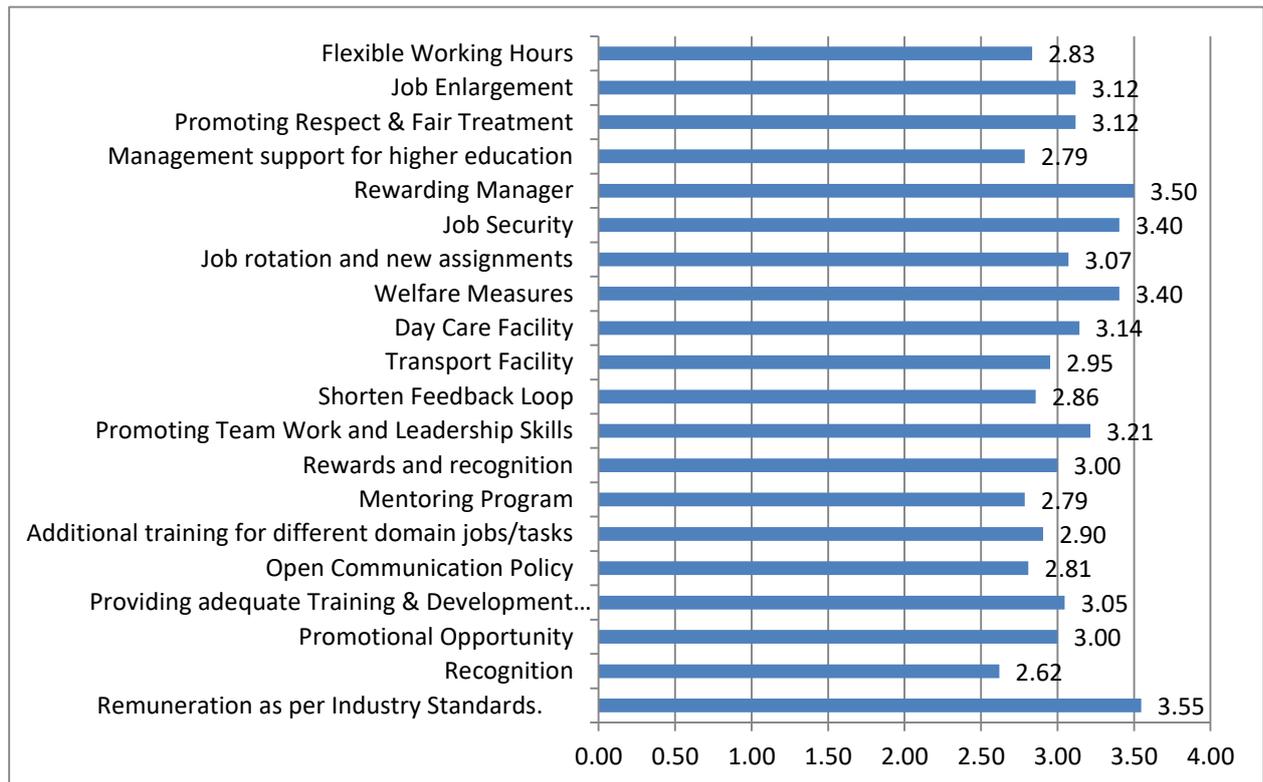
Based on the 42 employees responses Mode was calculated for the above Ranking of the reasons for Attrition in order to determine the frequency of the Rank given to each reason by the respondents.



Interpretation 5 -The above graph represents the rank of the Reasons for Attrition. It can be analyzed that out of 42 respondents many of them have ranked “Remuneration, Career Growth, skill Development, Recognition, Co-operative Supervisor, Job Satisfaction and Promotion as the major reasons of attrition.

6. Retention Strategies

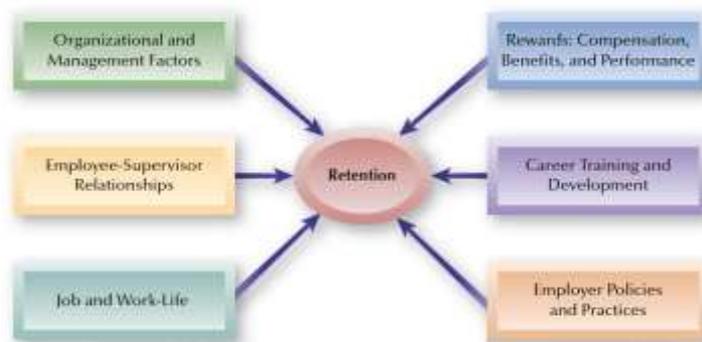
Retention Strategies currently being used in your organization	Average of the total Rating
Remuneration as per Industry Standards.	3.55
Recognition	2.62
Promotional Opportunity	3.00
Providing adequate Training & Development programs for growth.	3.05
Open Communication Policy	2.81
Additional training for different domain jobs/tasks	2.90
Mentoring Program	2.79
Rewards and recognition	3.00
Promoting Team Work and Leadership Skills	3.21
Shorten Feedback Loop	2.86
Transport Facility	2.95
Day Care Facility	3.14
Welfare Measures	3.40
Job rotation and new assignments	3.07
Job Security	3.40
Rewarding Manager	3.50
Management support for higher education	2.79
Promoting Respect & Fair Treatment	3.12
Job Enlargement	3.12
Flexible Working Hours	2.83



Interpretation 6 - The above graph represents the rating of the Retention Strategies by the respondents. It can be analyzed that the most important strategies that are considered by the employees are Promotional Opportunity, Recognition, Additional training for different domain jobs/tasks, Flexible Working Hours, Open Communication Policy, Promoting Team Work and Leadership Skills, Rewarding Manager etc.

Discussion

The results of the study suggested that if organizations consider employees as an important part of their asset then the chances of employees to remain with the organization for a long period of time also increases. On the basis of the data collected and analyzed it could be understood that Retention of employees is important at every level of the organization. Organizations should consider the various factors of attrition and then frame the retention strategies accordingly. For example one strategy used by an organization may not be that effective for other organization. Based on the employee needs and preference it’s important to liberalize the strategies and policies.



Pictorial representation of factors that play a vital role in Retention of Employees.

Conclusion

The results of the data analysis shows that male and female employees are of the identical view about the impact of retention strategies pertaining to aspects such as Remuneration, Career Growth, Work Life Balance, Development and Training Programs, Organizational Culture, Monetary Incentives and Health & Welfare Measures on employee. It implies that there is similarity in the perceptions of male and female employees about the fact that above mentioned aspects have a considerable bearing on employee attrition. Hence it's crucial to consider the strategies and policies at any organization in order to retain the best employees.

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