A SHORT SURVEY ON EMPLOYEES RETENTION METHODS IN INDIAN FIRMS

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ABSTRACT

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees Most employees feel that they are worth more than they are actually paid. There is a natural disparity between what people think they should be paid and what organizations spend in compensation. When the difference becomes too great and another opportunity occurs, turnover can result. Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization. Pay is more than "dollars and cents;" it also acknowledges the worth and value of the human contribution. What people are paid has been shown to have a clear, reliable impact on turnover in numerous studies.Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth Blog Online and Earn Money.

INTRODUCTION

Employee turnover is one of the largest though widely unknown costs an organization faces. While companies routinely keep track of various costs such as supplies and payroll, few take into consideration how much employee turnover will cost them: Ernst & Young estimates it costs approximately $120,000 to replace 10 professionals. According to research done by Sibson & Company, to recoup the cost of losing just one employee a fast food restaurant must sell 7,613 combo meals at $2.50 each. Employee turnover costs companies 30 to 50% of the annual salary of entry-level employees, 150% of middle-level employees, and up to 400% for upper level, specialized employees. Now that so much is being done by organizations to

retain its employees Why is retention so important? Is it just to reduce the turn over costs? Well, the answer is a definite no. It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached.

Retention involves five major things:

- ➢ Compensation
- ➢ Environment
- ➢ Growth
- ➢ Relationship
- ➢ Support

Compensation

Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. While setting up the packages, the following components should be kept in mind:

- ➢ **Salary and monthly wage**: It is the biggest component of the compensation package. It is also the most common factor of comparison among employees. It includes
  - • Basic wage
  - • House rent allowance
  - • Dearness allowance
  - • City compensatory allowance

  Salary and wages represent the level of skill and experience an individual has. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employee's

performance and his contribution to the organization. Bonus: Bonuses are usually given to the employees at the end of the year or on a festival. Economic benefits: It includes paid holidays, leave travel concession, etc. Long-term incentives: Long term incentives include stock options or stock grants. These incentives help retain employees in the organization's start up stage.

- ➢ **Health insurance**: Health insurance is a great benefit to the employees. It saves employees money as well as gives them a peace of mind that they have somebody to take care of them in bad times. It also shows the employee that the organization cares about the employee and its family.
- ➢ **After retirement**: It includes payments that an Employee gets after he retires like EPF (Employee Provident Fund) etc.
- ➢ **Miscellaneous compensation**: It may include employee assistance programs (like psychological counselling, legal assistance etc), discounts on company products, use of a company cars, etc.

Employee Retention Strategies

The basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people in the first place.

2. Empower the employees: Give the employees the authority to get things done.

3. Make employees realize that they are the most valuable asset of the organization.

4. Have faith in them, trust and respect them.

5. Provide them information and knowledge.

6. Keep providing them feedback on their performance.

7. Recognize and appreciate their achievements.

8. Keep their morale high.

9. Create an environment where the employees want to work and have fun.

These practices can be categorized in 3 levels:

- ❖ Low,
- ❖ Medium and
- ❖ High level.
- **Low Level Employee Retention Strategies**:
- ✓ Appreciating and recognizing a well done job
- ✓ Periodic days off for good performance·
- ✓ Rewards (gift, certificates, monetary and non-monetary rewards)
- ✓ Wedding gifts
- ✓ Anniversary gifts
- ✓ New born baby gifts
- ✓ Scholarships for employee's children
- ✓ Get well cards/flowers
- ✓ Birthday cards, celebrations and gifts
- ✓ Providing benefits
- ✓ Home insurance plans
- ✓ Legal insurance
- ✓ Travel insurance
- ✓ Providing workplace conveniences
- ✓ On-site ATM
- ✓ laundry facility for bachelors
- ✓ Shipping services
- ✓ Financial planning assistance

- ✓ Casual dress policies
- ✓ Facilities for expectant mothers
- ✓ Parking
- ✓ Parenting guide
- ✓ Flexi timings
- ✓ Fun at work
- ✓ Celebrate birthdays, anniversaries, retirements, promotions, etc
- ✓ Holiday parties and holiday gift certificates
- ✓ Occasional parties like diwali, holi, dushera, etc
- ✓ Organize get together for watching football, hockey, cricket matches
- ✓ Organize picnics and trips for movies etc
- ✓ Sports outings like cricket match etc
- ✓ Indoor games
- ✓ Occasional stress relievers
- ✓ Employee support in tough time or personal crisis·
- ✓ Personal loans for emergencies
- ✓ Childcare and eldercare services
- ✓ Emergency childcare services
- **Medium Level Strategies for Employee Retention**
- ✓ Special bonus for successfully completing firm-sponsored certifications.
- ✓ Benefit programs for family support.
- ✓ Flexible benefits.
- ✓ Medical care reimbursement.
- ✓ Gymnasiums.
- ✓ Providing training and development and personal growth opportunities.
- ✓ Professional skills development.
- ✓ Individualized career guidance.
- **High Level Strategies**
- ✓ Promoting Work/Life Effectiveness.
- ✓ Develop flexible schedules.
- ✓ Part-time schedules.
- ✓ Extended leaves of absence.

- ✓ Develop Support Services.
- ✓ On-site day care facility etc.
- **Understanding employee needs**: This can be done through proper management style and culture·.
- ✓ Listen to the employee and show interest in idea.
- ✓ Appreciate new ideas and reward risk-taking.
- ✓ Show support for individual initiative.
- ✓ Encourage creativity.
- **Encouraging professional training and development and/or personal growth opportunities**: It can be done through
- ✓ Mentoring programs
- ✓ Performance feedback programs
- ✓ Provide necessary tools to the employees to achieve their professional and personal goals
- ✓ Getting the most out of employee interests and talents
- ✓ Higher study opportunities for employees
- ✓ Offer personalized career guidance to employees
- **Providing an environment of trust:** Communication is the most important and effective way to develop trust.
- ✓ Suggestion committees can be created
- ✓ Open door communication policy can be followed
- **Regular feedbacks on organization's goals and activities should be taken from the employees by**:
- ✓ Management communications
- ✓ Intranet and internet can be used as they provide 24X7 access to the information Newsletters, notice boards, etc.
- **Hire the right people from the beginning**: employee retention is not a process that begins at the end. The process of retention

begins right from the start of the recruitment process.

Retention Success Mantra

- **Transparent Work Culture**

In today's fast paced business environments where employees are constantly striving to achieve business goals under time restrictions; open minded and transparent work culture plays a vital role in employee retention. Companies invest very many hours and monies in training and educating employees. These companies are severely affected when employees check out, especially in the middle of some big company project or venture. Although employees most often prefer to stay with the same company and use their time and experience for personal growth and development, they leave mainly because of work related stress and dissatisfactions .More and more companies have now realized the importance of a healthy work culture and have a gamut of people management good practices for employees to have that ideal fresh work-life. A transparent work environment can serve as one of the primary triggers to facilitate accountability, trust, communication, responsibility, pride and so on. It is believed that in a transparent work culture employees rigorously communicate with their peers and exchange ideas and thoughts before they are finally matured in to full-blown concepts. It induces responsibility among employees and accountability towards other peers, which gradually builds up trust and pride. More importantly, transparency in work environment discourages work-politics which often hinders company goals as

employees start to advance their personal objectives at the expense of development of the company as a single entity.

Quality of Work

The success of any organization depends on how it attracts recruits, motivates, and retains its workforce. Organizations need to be more flexible so that they develop their talented workforce and gain their commitment. Thus, organizations are required to retain employees by addressing their work life issues. The elements that are relevant to an individual's quality of work life include the task, the physical work environment, social environment within the organization, administrative system and relationship between life on and off the job. The basic objectives of a QWL program are improved working conditions for the Employee and increase organizational effectiveness.

Providing quality work life involves taking care of the following aspects

- ❖ **Occupational health care**: The safe work environment provides the basis for the person to enjoy working. The work should not pose a health hazard for the person. The employer and employee, aware of their risks and rights, could achieve a lot in Their mutually beneficial dialogue.
- ❖ **Suitable working time**: Organizations are offering flexible work options to their employees wherein employees enjoy flexi-

timings for dedicating their efforts at work.

- ❖ **Appropriate salary**: The appropriate as well as attractive salary has always been an important factor in retaining employees. Providing employees salary at par with the other counterparts of above that what competitors are paying motivates them to stick With the company for long. QWL consists of opportunities for active involvement in group working arrangements or problem solving that are of mutual benefit to employees or employers, based on labor management cooperation.

The management can support employees directly or indirectly. Directly, they provide support in terms of personal crises, managing stress and personal development. Management can support employees, indirectly, in a number of ways as follows:

Managing employee turnover: Employee turnover affects the whole organization in terms of productivity. Managing the turnover, hence, becomes an important task. A proactive approach can be adopted to reduce attrition. Strategies should be framed in advance and implemented when the times arrives. Turnover costs should also be taken into consideration while framing these strategies.

Become employer of choice: What makes a company an employer of choice? Is the benefit it offers or the compensation packages it gives away to its employees? Or is it measured in terms of how they value

their employees or in terms of customer satisfaction? Becoming an employer of choice involves following a road map which tells where to go as a brand.

Engage the new recruits: The newly hired employees are said to be least engaged in the organization. Keeping them engaged is an important task. The fresh talent should be utilized to maximum before they start feeling bored in the organization.

Optimize employee engagement: An organization's productivity is measured not in terms of employee satisfaction but by employee engagement. Employees are said to be engaged when they show a positive attitude toward the organization and express a commitment to remain with the organization. Employee satisfaction also comes with high engagement levels. So, organizations should aim to maximize the engagement among employees.Coaching and mentoring: Employees whose work performance suffers due to poor interpersonal relationships or because of lack of interpersonal skills should be provided proper coaching by their superiors. Planed coaching sessions help an individual to work through issues, maximize his potential and return to peak performance.

Conclusion

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behavior, social

comparison of reward reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive. Several approaches to retention are available. Early theories are too simplistic in their approach towards Retention. For example, advocates of scientific Management believe that money is the motivating factor. The Human Relations Movement posits that social contacts will motivate workers. Mere knowledge about the theories of Retention will not help manage their subordinates. They need to have certain techniques that help them change the behavior of employees. One such technique is reward. Reward, particularly money, is a motivator according to need-based and process theories of Retention. For the behavioral scientists, however, money is not important as a motivator. Whatever may be the arguments, it can be stated that money can influence some people in certain circumstance. Being an outgrowth of Herzberg's, two factor theory of Retention, job enrichment is considered to be a powerful motivator. An enriched job has added responsibilities. The makes the job interesting and rewarding. Job enlargement refers to adding a few more task elements horizontally.

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