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Research Article

EMPLOYEE RETENTION: PRINCIPLES AND PRACTICES

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Abstract: *Human resources are the most important assets of any organization. Long term health and success of any organization depends upon retention of key employees. Employee retention has thus become the new success mantra in the age of job hopping. It is observed from the study that the present employees are considered to be the greatest asset of their organization by Indian IT firms and they consciously try to retain the existing talent. Motivational leadership is practiced in most firms India and they encourage inflow of new ideas. Creativity is promoted and nurtured through discussions, workshops and interactive programs. Care is also taken to groom talent and promote acquisition of knowledge through courses, workshops and trainings.*
Keywords: attrition, IT firms, talent, harassment, retention, success.

Introduction

Human resources are the most important assets of any organization. A skilled, cooperative and well gelled workforce serves as the backbone of any organization to provide it with competitive advantage. In today's competitive environment, organizational survival depends on employees' satisfaction and commitment to the goal. According to Choudhary (2016), 'Long term health and success of any organization depends upon retention of key employees.' When a trained employee leaves the organization, he carries out with him important knowledge about the organization's products, its productivity, its strengths and weaknesses, its clients and their demands, record of its past projects, its current projects, and even the future plans and policies. Moreover, the time, effort and cost incurred to train the employee to make him corporate ready are lost and the fruits are usually enjoyed by competitors.

Acknowledging the value of human resources, employee retention has become the new success mantra in the age of job hopping. The word 'retain' according to Oxford Dictionary is 'to keep something or continue to have something'. So, by employee retention it is meant that the present employees are kept with the organization so that they serve the organization for the desired duration. Employee retention according to Kaur (2017) is a process through which employees are encouraged to remain with the organization for maximum period of time or until completion of the project. McKeown (2002) viewed employee retention as a

systematic effort by the employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs.

Employee retention becomes even more important in today's cut throat competition because of the following factors:

➢ Hiring the right talent requires considerable time and cost. It is noted that replacement costs are usually 2.5 times the employee's salary (Kaur, 2017). Thus, the cost of turnover is very high.

➢ Grooming an employee to be ready for specific organization is a painstaking task.

➢ An employee with all internal confidential knowledge joining the competitors becomes a threat.

➢ Employees need time to adjust and adapt to the environment and co-workers. Optimum performance is only possible when orientation stage is complete.

➢ Hierarchal dependency and faith builds over time. A break in the authority-responsibility chain might disrupt the whole process.

➢ Employees serving for long periods are loyal to the organization, voluntarily accept policies and guidelines, and are more dependable in stormy days.

The causes of attrition may be different for different individuals but broadly they can be characterized under personal reasons and job related reasons. According to Choudhary (2016), the primary causes for which employees leave an organization are unsatisfactory job characteristics, job and person mismatch, lack of growth opportunities, lack of appreciation, lack of support from co-workers, seniors and management, stress from overwork, compensation package and new job offer. Mandhanya (2015) stated that organizations should have a proactive retention strategy which helps in reducing employee turnover. Talent retention practices should be followed during recruitment and selection (select efficient and loyal employee); training and development (develop skill and have surveys); compensation package (effective); organization environment (cooperative and growth oriented); leadership (foster team work); and support (feedback and counseling). Rawal (2011) pointed out that the work environment must comprise of recognition, appreciation, friendly relation, flexible working hours etc. to favor retention of employees. Martin Jr. (1979) made an investigation on employee's intentions to remain or leave an organization. It was found from his research that increase in few variables positively impacts on decision to stay with the organization which include pay (money given), integration (having close friendly relations at work),

formal communication (by superiors), distributive justice (positive sanctions), and upward mobility (promotion). Increase in few variables negatively impacts on decision to stay with the organization which include centralization (power concentration), routine formation (repetitive work), and education (look for higher position).

The job characteristics or the core job dimensions which provides satisfaction, motivation, involvement, interest and work compatibility are career development opportunities, self esteem, participation, growth prospects, feeling of accomplishment, prestige, interpersonal relationship, supervisor's support, working conditions, involvement, leader's qualities, performance appraisal procedure, work-life balance, job security and amenities. These, along with personal characteristics like gender, age, marital status and education, collectively and individually contribute to retain an employee.

Employee Retention Policies

Many policies specifically addressing on the issue of employee retention have been formulated by management experts. For the purpose of this study only three popular models as elaborated by Kaur (2017) are briefly discussed.

1. Zinger Model: Connection or engagement is deemed to be the key to retain existing employee as per this model. There should be provisions for powerful recognitions to boost the morale or self-esteem of the employee. The employee should also align with the organization so as to build up the esteem of the organization. Both personal and professional development of the employee must be addressed simultaneously through trainings, programs and policies which in turn would develop their strengths, values and engagement. As the organizational results depend on the health and productivity of the employees, the model states that the employers need to ensure a healthy and enriching experience to their employees.

2. ERC's Retention Model: Employee Retention Connection's (ERC's) lays stress on motivational leadership and encourages inflow of new ideas. Work can be made stimulating by giving variety of assignments, designing high-involvement jobs, autonomy to make decisions, resources and support to do good work, opportunity to learn, feedback on result and understanding the significance of one's personal contributions. There must be a shared vision of the organization's direction, a conscious effort to develop the entire workforce and a model code of conduct to reflect the core values. Constructive feedback and instant recognition for positive work must be practiced.

3. Integrated System for Retaining Employees: To enhance individual job satisfaction, loyalty and commitment, the needs and desires of employees must be taken into account. Many interrelated factors are to be taken into account and minutely scrutinized to ensure satisfaction and thereby promote employee retention. The most important ones are training and supportive learning, personal recognition, flexibility in jobs, career development, open communication, cordial superior-subordinate relationship etc. When these issues are addressed properly by the management, there are higher chances of retention of the existing talent.

Employee Retention Policy followed by IT companies in India

The following section briefly reviews the policies on employee retention followed by three IT companies operating in India. The key features which enable them to reduce attrition are highlighted here:

1. Employee Retention Policy in Tata Consultancy Services (TCS)

The Indian firm Tata Consultancy Services (TCS) has taken the issue of employee retention very seriously as they believe in the ripple effect that attrition of an unsatisfied employee causes in the organization. They have taken many initiatives to promote retention or arrest attrition. To enable all employees function with full efficiency, TCS has created an environment where positive recognition is given to performers and they are encouraged to give innovative ideas. The compensation is based on performance appraisal which is conducted at an interval of six months. Various training programs like Academic Interface Program, Leadership Development Program, Continuous Learning Program etc. are sponsored by the company to enhance workers' productivity. To reduce and predict attrition, TCS has developed software coined as "iRetain". The technology driven software identifies the employees in advance who might leave the organization. The managers then do a 'causal analysis' of the employee to assess the reasons of his discontentment. If possible within the framework of the concern, remedial measures are taken to address the issue.

2. Employee Retention Policy in Infosys

According to Gupta and Singh (2021), 'health, safety and environmental management system are designed to provide a secure working environment to every employee'. The basic physiological needs are well addressed by the authorities and they also have zero tolerance for any sort of harassment at any level within the organizational hierarchy. Free speech is given due regard as most issues can be resolved through open dialogue. The ideas of employees are invited through the 'Optiwise' scheme. Employees are often benched or kept

waiting without work in many IT firms. This becomes a source of concern and frustration to the employee. It often reduces employee productivity and triggers attrition. To enhance productivity, the 'Zero Bench' scheme was launched which ensured that all employees were optimally utilized. The company has also introduced a friendlier dress code to make youngsters feel at ease.

3. Employee Retention Policy in Wipro

According to Gupta and Singh (2021), Wipro focuses on four vehicles of growth for employees namely career, capability, growth of leadership and unified culture of aspirations. These are aimed to fulfill the comprehensive aspirations of all employees and bring stability in tenure of the personnel. Periodic meets are conducted to discuss and review the state of affairs. Perceptual surveys are also conducted among employees to review the level of their satisfaction in the organization. Talent management process is meticulously done by the management to nurture and groom the best talents and encourage them to stay on with the organization. The company also gives paramount importance to personal commitments of every employee and looks for proper work-life balance of its employees.

Conclusion

It is observed from the study that the present employees are considered to be the greatest asset of any organization and they consciously try to retain the existing talent. Motivational leadership is practiced in most IT firms of India and they encourage inflow of new ideas. Creativity is promoted and nurtured through discussions, workshops and interactive programs. Equality of opportunity is promoted for all and any form of harassment is strictly addressed to by the institution. Care is taken to groom talent and promote acquisition of knowledge through courses, workshops and trainings. It can thus be concluded that the Indian IT firms value talent and leave no stones unturned to retain the existing talent in their organizations.

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