



The Employee Retention Practices of MNC'S in Hyderabad

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Abstract

Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work. Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision. This paper is focuses on the emerging employee retention practices in Hyderabad MNCs.

Keywords: Retention, employee, attrition, motivation, organization, strategies, satisfaction, etc.

Introduction

Human beings are treated as the assets of the organization. Have you ever called or revisited a client and discovered that the person you were dealing with is no longer working for the company? It's an unfortunate and frustrating realization¹. All that time – and often money – spent developing a relationship and sharing business strategies with someone you trusted went out the window. Now recall how you felt about the organization your client represented. Their reputation became unreliable, you lost faith in their business practices and you probably lost interest in working with them. So if you have felt this way about other companies, then your clients likely feel the same about yours if you have trouble retaining your top talent.

For managers, nothing feels better than having a strong, successful, happy workforce in place who are mutually focused on the organization's performance². Hiring top-quality individuals is an important task on its own, but essential to any manager's ongoing process is a critical retention strategy³. In fact, hiring does not end when the candidate has accepted the position. Advantageous initiatives and well-planned processes must be firmly in place and consistently nurtured so that employees will have reasons to remain with your company for growth to continue. Following a well developed strategy will let you reduce recruitment through retaining your top-performing talent.

Obviously, you cannot hold onto all your best people, but you can certainly minimize the loss. Reducing employee turnover is a strategic and vital issue, beneficial to your company's bottom line. It has taken considerable time and resources to attain a staff whom you are proud of – to replace them starves your organization of many essential success factors (money, overall

attitude, productivity, etc.) and the company's ultimate triumph. The intent of this whitepaper is to help you discover the importance of retaining your valuable employees and provide you with a list of solutions'

People are Valuable

Like an art collector who has spent time and research attaining that Great Master's work which embodies the talent, skills and training of the artist, getting excellent staff requires the same passion⁴. The collector protects the painting with superior security and environmental methods. In your position as a manager of people you must do whatever you can to keep that priceless individual who works hard for your company and generates strong results.

As an experienced business person, you have undoubtedly used, or are in the process of using, effective hiring tools to assemble what you believe to be the best staff, with exceptional skills and who fit well into your company's unique culture⁵. In a competitive, professional world, top performers are often made a variety of offers before they settle on one career position. But once they are working for you, they need reason and motivation to remain.

The old adage "Look after the small things and the big things look after themselves" can easily apply to your workforce. "Look after your people and the business will look after itself". It could not be more relevant today as when it was first said. Your staff is more than employees. They are valuable individuals with unique competencies and characteristics who require appreciation as much as a paycheck. In fact, people are the single most valuable element within your organization. Without them, you simply cannot do business or generate

revenue. It is not just human resource companies that are in the people business – every business needs excellent people to prosper. Can you think of a Fortune 500 company that reached success without top performing people who have grown and developed over time with the company?

Each individual who performs a function at your organization – no matter how junior or senior – are the puzzle pieces that fit together to create the larger picture of success⁶. Missing one of those pieces puts a hole in the picture and stops your company being successful. To keep them, your company must develop a retention strategy with clearly defined goals.

Literature Review

Many researchers have talked about various perceived attitudes of employees like their satisfaction, motivation, and its influence on their tenure, loyalty, commitment etc⁷. This chapter reveals all the relevant literature about the employee retention practices, theories and research works of employee motivation, commitment collaborate the findings to tackle the problem of employee drop out from the organizations in Hyderabad MNCs.

Need of the Study

The main purpose of the study is to protect the interest of the people in the organization through making employees and the workers in a coordinative manner with the tool of building healthy relations in the organization⁸. A strong relationship among the people in the organization also besides the trust, morality of people and adopting ethical values in the organization is leads an organization free from employee drop out where this problem is affected by many organizations.

Objectives: To reduce the employee dropping form the organization, to create value for the people in the organization, to identify the problem of employee dropping, to reduce recruitment costs, to set goals for employee retention, to build and streamlining the relations in the organization, to find the effect of employee retention practices on reputation and reliability of the company, to check out the employees perception on job security which is an outcome of employee retention, to find out the annul drop outs from the organization and study the reasons for their exit and study the current employee retention practices of the MNCs in Hyderabad.

Scope: The study covers the reasons for employee dropping, it considered for within the study period and stipulated to Hyderabad MNC`s only. The development of motivation and relationship building model to tackle the problem of employee drop out has inputs from a variety of sources including primary and secondary sources, the study is confined to the data collected from the MNCs located in the Hyderabad. Moreover, only selected facets of job characteristics have been considered for the study. There are many which can be included in order to assess employee motivation. Therefore the scope of the study is

limited to the geographical location of the sample size and also to the selected dimensions of personal characteristics and employee motivation.

Hypothesis

The basic hypothesis of this research that employee motivation, employee satisfaction, employee involvement, and life interest and work compatibility lead to prolonged sustenance is an extension of this model with minor modifications in it. It is proposed that the Job Characteristics model is modified by redefining job dimensions as growth prospects, accountability, sense of accomplishment, self-esteem, job security, interpersonal relationships, working conditions, by extending organizational outcomes as satisfied, motivated, involved and retained employees⁹. The Hackman and Oldham's Job Characteristics model which has been taken as the base to study the research questions pertaining to this research. The new model is also designed to be of use as a management tool and must therefore be simple and flexible enough to be of use to the management of a MNC. Typical management questions would involve the likely motivational impact of job redesign, such as increasing employees' level of control and responsibility over their work behavior or introducing a scheme whereby employees participate in certain management decisions¹⁰. The model should therefore allow managers to manipulate a host of job characteristics and investigate the likely effects upon the motivation, performance and sustenance of the workforce. This study aimed at exploring the dimensions of attrition and retention¹¹. Based on our ground work; initial survey and personal interviews held with the MNC`s employees, it was found that factors that contribute to attrition are quite different from the factors that contribute to retention¹².

Significance

The significance of the study lies in the detonation of the MNC`s in the recent years. Where on one hand the MNCs are growing with leaps and bounds, on the other the employee turnover has been alarmingly high, thus costing a lot to the company¹³. The middle level and low level employees are victims of dearth of motivation and employee satisfaction also seems to be brandishing. The study is an attempt to assess the patterns of attrition in MNCs and analyze the relationship among employee motivation, job satisfaction and employee retention, so as to utilize employee motivation to retain employees in an organization. Thus, not only is it significant for academicians but also for professionals who can exploit it to control the employee turnover¹⁴.

Implications

Based on the conclusions derived after the in-depth and comprehensive study, few implications can be made about employee retention. Employee retention is vital to the long term health and success of any business organization, especially in case of MNCs where the organizations spend so much in the

recruitment and their initial and on going training of the employees¹⁵. Organizational issues such as time and investment involved in training; knowledge lost due to attrition; mourning and insecure coworkers and a costly replacement of candidate costs a lot to the organization. Employee retention does matter. The concept of employee retention should be very distinctly understood and realized by organizations. The retention strategies designed should be such that the retentive forces are maximized and the debilitating forces minimized¹⁶. Attempt should be made not to orchestrate the retention strategies in isolation but ensuring that it forms a part of the overall strategies for fortifying the pull on the human talent, which include sourcing, staffing and development strategies in addition. It should also be noted here that retention policies should be highlighted at par with other policies so as to ascertain that the employees feel they are highly valued. Once the employees working in the organization are made to feel that the organization holds high degree of attachment towards them, it shall be easy to incorporate retention strategies¹⁷. The organization should inculcate the value of people asset and the duty of retention across all levels. Most of the MNCs are adopting some fundamental actions to retain employees, including salary surveys to stay shoulder to shoulder of the market, culture-building exercises for employees, exit interviews, counseling, employee development programs, rewards and recognition, as well as increased pay and benefits.

Inculcating the retention culture

The most important aspect of inculcating the retention culture is to emphasize upon the employees that the organization values them. Culture of retention should prioritize the I-I-I model i.e. Introduce-Inculcate-Involve. The details are as follows:

Introduce to the employees that the organization holds high degree of attachment towards them values them and believes in sustaining them. Inculcate the culture in the organization communicating to the employees that retention of employees is not just a segregated task of the H.R, but is the responsibility of the whole family. Season the work culture that is in sync with the philosophy of retaining the employees. Involve employee more in planning retention strategies as coworkers understand better than supervisors.

Few ways to create a culture of retention should include taking care of the intrinsic motivation needs of the employees, and involvement factors. For creating a culture of retention in the organization the following should be kept in mind:

Even the ordinary has something extraordinary: No role within the organization should be viewed as "ordinary". Everyone should be given the opportunity and the goal of being extraordinary. Create a mission, act upon it, and feel proud about it: A mission which a team can take pride in should be created. Shape up a free atmosphere; break away redundant policies: People should not be strangled by micro-managing or

by burying them in policies and procedures. Only the necessary guidelines and tools should be given. A free and liberated atmosphere should be given to the employees. Celebrate activities, not just performance. Small little progresses should also be celebrated and recognized. Activities, efforts, and modest improvements instead of big results should be noted and praised. Create, innovate and designate: Empowering employees for decision making, innovation and creativity is the key to foster a positive atmosphere and enhance employee involvement. Allowing the employees to play, have fun and experiment with newness; encouraging them to contribute to others (employees, customers and the community) in extraordinary, innovative and novel ways; designating employees with expansion of their responsibilities horizontally, and empowering them can have multiplying effects on the loyalty of the employees.

Recommendations

Developing Retention Strategy: Organizations should have a proactive retention strategy which helps in reducing employee turnover. Retention plan strategies should be different for different level of employees, because their roles are different; their needs are different; what motivates them are different and what makes them leave are also different. Based on the study it has been seen that dimensions of satisfaction and motivate are significantly different for employees on the basis of age, gender, marital status and education. Then, the regression model revealed that intrinsic motivation and involvement factors, as well as age and education level contribute to the sustenance of employees in the organization. Thus based on the findings, it can be said if the employees are motivated and involved in the work they can be retained.

The ease of retention would depend on their degree of motivation and involvement. It is desirable to plan employee retention strategy by an organization, which should cover following aspects:

Reciprocity is the key. Employees are investors in the company and expect a return on investment. The return can be in the form of recognition, empowerment and authority. Retention must be part of the organization's DNA. Successful organizations have woven retention and engagement deeply into their structure. Loyalty is never given. Loyalty must be earned; even satisfied employees sometimes leave. Therefore, develop sense of loyalty among the employees. Organizations must be seen as employers of choice. One has to compete on compensation and benefits, but win on culture, learning and development. Stars include more than just the top 10% -- or 1%! Stars are people at any level who sustain in the organization and bring value to it. Each generation of employees has different reasons for staying. For the first time in modern history, there are varied generations working side-by-side in most companies of this industry. Generational differences continue to pose new challenges to today's employers. Thus, retaining them needs a generation-

centric approach. Mentor widely and in both directions. Build learning relationships in all directions and hold all partners responsible for the success. Train intelligently. Provide on-going retention training in manageable bites – make it a continuous effort and find ways to size the retention plan to the specific demographics of the organization. Create a development culture. “Career development is the right thing for the organization (identifying and developing future leaders), the right thing for the employee (creating a development environment), and a key retention component.” Recognize managers who keep employees. Meaningful recognition remains a potent energizer for employees and managers alike.

Conclusion

As what the study has shown, there are significant relationship between the factors of training, compensation and appraisal on MNCs employee’s retention in Hyderabad. And this reflects the major finding of this study on how different culture might have different expectation on determining their employment satisfaction and retention.

As conclusion, the whole study successfully identify that training, compensation and appraisal is a fundamental consideration for the employees of Hyderabad MNC’s retention decision; while empowerment is less fundamental to employees consideration as this can be attributed to the Asian culture characteristic of higher authority conformity

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