

## Retention - Employee Point of View

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### Abstract

*Employee Retention is a critical factor and the most unavoidable issues for the present HR managers. It will be a foolish act to neglect employee retention in the organizations as it helps to retain the good people who are responsible for the development of the organization. Retention of key employees is very much useful for the long-term survival of the company. It is a well known fact that retention of best employees ensures higher productivity, increased employee and customer satisfaction, effective knowledge sharing and better learning.*

*Strong retention strategies will help the organization in providing a better working environment for the employees, they will increase the confidence levels and commitment levels of the employees towards the organization. In the Indian scenario retention is never a big issue. Especially, in the recent past the attrition levels were not much. But the things have changed a lot in recent years. With the increase of business opportunities employees are findings many more alternatives. Because of this the organizations are facing employee poaching from the other firms which in turn increases employee attrition.*

*This paper aims to know which variables will influence the employees to be with the organization or not. This paper is concerned about the relationship between the personal variables and organizational variables. It is even observed that many employees are having work life balance problems. Even in few cases monetary rewards and non monetary rewards will have a direct impact on the retention of employees.*

**Keywords:** *Employee Retention, organization, monetary rewards, non monetary rewards, commitment, Human resources, sustainability, retention strategies.*

### Introduction

In the present competitive business environment, when all the other resources are so prone to imitation and adoption by the competitors, Human Resources is the only resource, which if selected, developed and retained keeping in view the organizational goals, can prove to be a reliable differentiating factor. With the help of this differentiating factor organizations can strategically position themselves and sustain that position for the competitive advantage in the longer run. To successfully derive maximum out of the pool of human skills existing in the organizations,

one of the greatest business challenges that exist is to retain the valuable employees in the organization (Hom and Griffith, 1998).

The new age economy, with its attendant paradigm shifts in relation to the human capital, in terms of its acquisition, utilization, development and retention, has placed a heavy demand on today's HR professionals. At present HR is expected to implement and sustain relevant strategies and has to contribute effectively towards giving the corporate its winning edge (Janet Cheng Lian Chew, (2001). Attracting and retaining the top talent is

becoming pivotal for the company's survival as there is cut throat competition irrespective of boundaries. There is a need to set everything right in order to attract and retain the employees.

In the present scenario of business, employee commitment towards the organization is very less. No employer can guarantee the stability of tenure of the employees. They can't even guarantee the career paths of their employees. There is lot of changes in the present employment contract, employer can't guarantee the job security, and in turn employee never guarantees his continuity in the organization. In Olden day's employee loyalty was exchanged with job security. But now the trend has changed. These days all are very much concerned about their career portfolios and the employees are concentrating in developing required skills based on the employer requirements. It is evident from the present organizational scenario that organizational loyalty has been replaced by one's own professional loyalty. Traditional psychological contract existing between the employers and employees is now dissolved; which has resulted in the decreased employee loyalty and commitment and increased attrition levels of the employees.

Organizations are concentrating on retention as there is more job mobility throughout the global. Employees never mind in shifting their jobs so frequently, even because of small issues they shift their jobs. Normally loyalty means sticking to the organizations for a long duration, but these days the meaning for loyalty has changed and now people feel loyalty is working with commitment till they stay. So how to retain is the biggest challenge. When we look at the retention issue, it is evident that money is the major luring factor. In reality many research studies proved that it is not the only reason for shifting the job. No employee will leave unless the pressure is unbearable. If the conditions are favorable, employees tend to stay, and if the conditions are unfavorable, then almost any good carrot will tempt them to move away.

While recruiting the employees, organizations have a false opinion that money will bring the best employees to the organization. Because people tend to discuss about salary while joining based on their experience and education levels. But at the end of the day it is the non-financial rewards which will attract the employees towards the organization.

### **Need for the Study**

Now a day's attrition is not just an internal issue of the organization. It is creating a sort of insomnia among the overseas clients who offer critical operations to Indian vendors. Overseas clients are not at all willing to accept any sort of excuses regarding the delays in completion of the projects. They are not ready to accept the reason of attrition as one of the cause for delay. Because of this delay they have to tolerate financial losses, for which they are saying a huge no. So clients are now introducing certain clause related to retention in their contracts. This will make the organizations responsible for retaining people/teams working on the client's projects. Failing which may attract a financial penalty (Mohit, 2008). With this, the internal-poaching system is under control. So retention is becoming the need of the day for the organizations.

People quit because of the incompatibility they have with the environment, or with their bosses, or with peer group or may be some other reason. So what the organizations are concentrating is how to make employees happy. Because, organizations have identified one big truth that only happy employees tend to do work more efficiently.

Now the organizations are identifying the satisfying factors of the employees. What employees prefer most? What their needs comprise of? They are in search of all such factors which will satisfy the employees at most. They cannot depend on only one or two factors, as people and their needs differ from one to one. Even it is not possible for all companies to provide the same work life to their employees. Things may differ from company to company. So the present study was undertaken.

## Objectives

1. Examining the factors influencing Employee's intentions of persisting with their organization.
2. Identifying the key drivers that have the most important impact upon retention.

## Hypothesis

### Hypothesis - I

$H_0$  = Monetary and Non-Monetary incentives have no significant impact in retaining the employees.

$H_1$  = Monetary and Non-Monetary incentives have significant impact in retaining the employees.

## Research Design and Methodology

Research Design adopted for this study is Exploratory and analytical in nature.

### Data Collection:

The Primary data is gathered by discussions with the HR Managers and also by distributing the Questionnaire to the employees of IT and ITES companies in the metropolitan cities of South Indian organizations'. The Questionnaire is having 56 questions in total. Out of which 52 questions are designed with Likert's Five Point scale.

The Secondary data is gathered from the different Journals, books, articles, web sites, internet and even an effort has been made to gather the information from the doctoral works.

## Sampling

- **Sample Population:** The sample chosen for this study are the employees of IT and ITES Companies of South Indian Metropolis.
- **Sampling method:** The sampling method adopted for this study is Non-Probability sampling method in which Judgment sampling and Convenience sampling methods are used. The researcher has chosen the companies as per her convenience and availability of permissions, contacts of the HR managers and employees.

- **Sample Size:** Out of 1200 distributed questionnaires the researcher could collect 775 completely filled in questionnaires.
- **Sampling Instrument:** Questionnaire method was adopted to get the responses. The sample questionnaire was electronically mailed, and for some personally visited.

## Interpretation of data

The Statistical Package for Social Sciences (SPSS) was used to analysis the quantitative data.

## Analysis

### Factors responsible for staying in the organization

The survey questionnaire has the following questions regarding the factors influencing the employees to stay in the organization.

**Table 1: Factors which influence employees to stay**

Sl.No.	Factor	Percentage
1.	Challenging Job	80%
2.	Payment of Salary	89%
3.	Existing Work	83%
4.	Benefits received	82%
5.	Flexible Working Hours	87%
6.	Attitude of the Boss	83%
7.	Child and Elder care centers	55%
8.	Work Assignments	67%
9.	Feeling of Pride	62%
10.	Location convenience	78%
11.	Appreciation	83%
12.	Growth Prospects	84%
13.	Feel Good	47%
14.	Relations with team	81%
15.	Organization Culture	74%
16.	Freedom	63%
17.	Job Security	67%
18.	Interest in Travelling	71%
19.	No time to look for new job	60%
20.	Bringing pets to work	23%
21.	Other reasons for staying	59%

*Source: Primary source*

With the above statistics it is clear that every employee has certain specific reasons for staying in the organization. He/she will look for certain

things which suit their requirements. If they are not finding the required things to the required extent they are thinking to quit the present organization and wants to look for some other.

### Retention Improvement

The same employees were also asked to rate which factors the organizations have to improve to increase the retention rate of the organization. The responses were

**Table 2: Retention Improvement factors**

Sl.No.	Factor for Improvement	Percentage
1.	Training to the managers	16%
2.	Preference for employees ideas	15%
3.	Appreciation for innovation	3%
4.	Pay more	23%
5.	Selection of managers	17%
6.	Benchmarking	4%
7.	Recruitment Criteria	8%
8.	Benefits Offered	15%

*Source: Primary source*

Most of the employees felt that the payment should be more, and many even felt that the organizations has to train up the managers, in handling the issues of teams. They even expressed that at the selection time itself proper care is to be taken while selecting the managers. They felt that if the managers are not good, then best employees also may not give his best to the organization. Next most of the employees felt that their opinions are not considered in decision making. Decisions are taken autocratically; no participative system is implemented in the organizations, which employees are dissatisfied with. Even though many benefits are offered to the IT & ITES employees still they are expecting some benefits in to their baskets. So the organizations have to think about all these issues which may increase the percentage of retention in the organization.

### Testing the Hypotheses

#### Impact of Monetary and Non-Monetary Benefits on Retention

It is a known truth that monetary and non-monetary benefits are the major influencers in retaining the employees, as one will work in the organization for the sake of money. Even though money is the primary criteria for working, employees also give prominence to other factors like non-monetary benefits, facilities, working conditions, respect etc. Non-monetary recognition will motivate the employees in building the confidence and satisfaction levels of employees. In a report of American Society for Training and Development (ASTD) it is even mentioned that employee retention research identified consistent employee recognition as a key factor in retaining top-performing workers. So, there is a need for the organizations' to balance both the monetary and non-monetary benefits in the organization.

Maslow's need hierarchy theory better explains this scenario. Once the basic needs are satisfied without any problem then the next will be the motivator. So every person wants money to lead his/her life, but once this is met sufficiently, money is never a motivator for an employee. In such situations, organizations can use the non-monetary benefits as the motivators. Literature reveals that today the employees are giving preference to more non-monetary benefits. So, successful organizations in retaining the employees are those who are concentrating on non-monetary benefits, by not neglecting the monetary benefits.

With this assumption a hypothesis is framed that both monetary and non-monetary benefits will have an impact on retention. To prove both monetary and non-monetary benefits will influence the employees to stay in the organization, the below analysis has been done. For the analysis purpose cross tabulation method is used. Along with the cross tabulation, chi-square method is used to analyze the data.

**Hypothesis - III**

**H0** = Monetary and Non-Monetary incentives have no significant impact in retaining the employees.

**H1** = Monetary and Non-Monetary incentives have significant impact in retaining the employees.

**Table 3: Impact of Monetary Benefits on Retention**

**Crosstab**

			retention			Total
			2	3	4	
Monetary	1	Count	2	1	0	3
		Expected Count	.3	2.0	.7	3.0
	2	Count	7	27	0	34
		Expected Count	3.0	23.0	8.0	34.0
	3	Count	16	181	72	269
		Expected Count	23.9	181.9	63.2	269.0
	4	Count	34	220	63	317
		Expected Count	28.2	214.3	74.4	317.0
	5	Count	10	95	47	152
		Expected Count	13.5	102.8	35.7	152.0
Total	Count	69	524	182	775	
	Expected Count	69.0	524.0	182.0	775.0	

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.426 <sup>a</sup>	8	.000
Likelihood Ratio	39.222	8	.000
Linear-by-Linear Association	5.287	1	.021
N of Valid Cases	775		

a. 4 cells (26.7%) have expected count less than 5. The minimum expected count is .27.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	.223	.000
	Cramer's V	.157	.000
	Contingency Coefficient	.217	.000
N of Valid Cases		775	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

The above analysis clearly shows that there is an Impact of monetary benefits on retention as the chi-square table is showing an asymptotic significance value less than 0.05. So we can interpret that money is definitely a motivator for an employee to stay in the organization.

**Table 4: Impact of Non-Monetary Benefits on Retention**

**Crosstab**

			retention			Total
			2	3	4	
Non-monetary	0	Count	13	80	44	137
		Expected Count	12.2	92.6	32.2	137.0
	1	Count	56	444	138	638
		Expected Count	56.8	431.4	149.8	638.0
Total	Count	69	524	182	775	
	Expected Count	69.0	524.0	182.0	775.0	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.437 <sup>a</sup>	2	.024
Likelihood Ratio	7.090	2	.029
Linear-by-Linear Association	3.557	1	.059
N of Valid Cases	775		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.20.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.098	.024
	Cramer's V	.098	.024
	Contingency Coefficient	.097	.024
N of Valid Cases		775	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Coming to the non-monetary benefits the above chi-square table values (Chi-square value = 7.437, asymptotic value = 0.24, which is less than 0.05) clearly depicts that even the non-monetary benefits have an influence on retention.

So from the above analysis we can conclude that both monetary and non-monetary benefits are having an influence on retention of employees in the organizations. So the organizations should not neglect any of the things. Many organizations may be mistaken that providing monetary benefits is more than enough to retain. They should know that non-monetary benefits are equally important.

**Suggestions**

**Retention Improvement**

- Maximum number of employees said that the organizations should pay them more. Almost all the employees opined that Indian organizations are paying them less when compared to other countries.
- For retention improvement most of the employees asked the organizations to concentrate on the managers and leaders. If most eligible

managers are there to supervise the work, employees will be satisfied, and they like to work with the organization. According to the study the most preferred factors regarding the managers are selecting the managers better, giving good training to the managers in handling the work and teams, and asking the managers to listen to his subordinates.

- A considerable number of the employees even felt that for increase in the retention rate the organizations have to concentrate on the hiring process. It should recruit right and better people, should try something new, and must set an example first. Most of managers responded to this one differently. They said that every organization will be interested in recruiting good people, and always feels that it is different from others.

**Impact of Monetary and Non-Monetary Benefits on Retention**

- The results have shown that both the monetary and non-monetary benefits are having an influence in retaining the employees. They are the factors which are responsible for attracting the employees and they are the factors which

are responsible for the employee's increased tenure.

- According to the managers if the organization is paying prompt salaries, regular increments, and even if the benefits are good and are satisfactory to the employees then they won't leave the organizations until a better offer is given, but along with these things if other aspects are provided they are responsible for the retention of employees along with the monetary and non-monetary benefits.

### Summary and Conclusion

Retaining the employees is not an easy task. It is clear from the study that employees have many expectations from the organizations. They expect challenging work, better salary, recognition, preference to their ideas, a friendly manager, better benefits, convenient working time, etc. From the study it is evident that providing monetary benefits will not be sufficient to satisfy the employees along with them they also expect to have many more attractive non-financial rewards. Organizations also have to concentrate on the retention improvement programmes by taking appropriate feedback from the employees of the organizations. Not just the existing staff but also from the exit staff. In the study many of the respondents felt that they don't have good managers. They must be given proper training regards, people management issues. Even the study has proved that both monetary and non monetary

benefits will have an impact on retention rate. So they should provide something extra which no organizations can provide, where employees should be proud to be associated with this organization.

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