3.0 INTRODUCTION

Employing the right staff is an important human resource challenge faced by all employers and nowadays recruitment has become expensive as well. It is very important that the right suitable staff members alone should be recruited. According to senior HR managers whatever the recruitment tools available it is difficult to predict one’s stability and individual needs or future plans. Particularly in IT/ITES-BPO industries in India the employee’s stability and their future plans are difficult to predict at the time of recruitment even by the experts in this sector. Employee Recruitment and Retention is not just a simple selection process and requires management decision making with extensive planning to employ the most suitable manpower and retain the talented employees for long tenure. This chapter analysis the employee recruitment and retention views, theories and models.

3.1 AN ANALYSIS ON HUMAN RESOURCES RECRUITMENT AND RETENTION

The first part of employee retention is employee recruitment and according to Filippo, “recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”. Recruitment is the process of identifying the organization needs to employ someone up to the point at which application forms for the post have arrived at the organization. Selection then consists of the processes involved in choosing from applicants a suitable candidate to fill a post. Training consists of a range of processes involved in making sure that job holders have the right skills, knowledge and attitudes required to help the organization achieve its objectives. Recruiting individuals to fill particular posts within a business can be done either internally by recruitment within the firm, or externally by recruiting people from outside but the recruiter must care that the recruited candidates should not leave at an early stage of their career.

Filippo continues (Diagram-5) that recruitment needs are of three types viz, PLANNED, i.e. the needs arising from changes in organization and retirement policy; ANTICIPATED, i.e. those movements in personnel, which an organization can predict by studying trends in internal and external environment; and UNEXPECTED, i.e. due to early departure, due to
resignations, deaths, accidents, illness which gives rise to unexpected needs. The IT/ITES-BPO industries in India are conducting this type of recruitment because of employee attrition.

After selected the suitable manpower than employee engagement leads to employee retention and this was described in the academic literature by Schmidt et al. (1993). A modernized version of job satisfaction, Schmidt et al.'s influential definition of engagement was "an employee's involvement with, commitment to, and satisfaction with work." This integrates the classic constructs of job satisfaction (Smith et al., 1969), and organizational commitment (Meyer & Allen, 1991). Harter and Schmidt's (2003) most recent meta-analysis can be useful for understanding the impact of engagement. Linkage research (e.g., Treacy) received significant attention in the business community because of correlations between employee engagement and desirable business outcomes such as retention of talent, customer service, individual performance, team performance, business unit productivity, and even enterprise-level financial performance (e.g., Rucci et al., 1998 using data from Sears).

Some of this work has been published in a diversity context (e.g., McKay, Avery, Morris et al., 2007). Directions of causality were discussed by Schneider and colleagues in 2003. Employee engagement is derived from studies of morale or a group's willingness to accomplish organizational objectives which began in the 1920s. The value of morale to organizations was matured by USA Army researchers during World War II to predict unity of effort and attitudinal
battle-readiness before combat. In the post war mass production society that required unity of effort in execution, (group) morale scores were used as predictors of speed, quality and militancy. With the advent of the knowledge worker and emphasis on individual talent management (stars), a term was needed to describe an individual's emotional attachment to the organization, fellow associates and the job. Thus the birth of the term "employee engagement" is an individual emotional phenomenon, whereas, morale is a group emotional phenomenon of similar characteristics. In other words, employee engagement is the raw material of morale composed of many attitudinal drivers (e.g. Scarlett 2001).

Employee retention, employee motivation, positive employee morale, rewards and recognition are explored in these resources. What creates motivated, contributing people? How does a company maintain high employee morale when people work long hours? How does the reward and recognition system contribute to or deflate employee motivation, positive morale and retention? Answers are as follows, every person has different reasons for working. But, we all work because we obtain something that we need from work. The something obtained from work impacts morale, employee motivation, and the quality of life. To create positive employee motivation, treat employees as if they matter – because employees matter.

The appropriate definition offered by Barber (1998 pp, 5-6) is "recruitment includes those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees and importantly on a view of whether an employer's recruitment activities will accomplish the objectives Competition among business organizations for recruiting the best potential has increased focus on innovation, and management decision making and the selector’s aim to recruit only the best candidates who would suit the corporate culture, ethics and climate specific to the organization (Terpstra, 1994). This would mean that the management would specifically look for potential candidates capable of work as being individual workers/team players and it would be crucial in any junior management position. Human Management resource approaches within any business organization are focused on meeting corporate objectives and the realization of strategic plans through training of personnel to ultimately improve company performance and profits (Korsten, 2003). The process
of recruitment does not however end with the selection of the right people but involves maintaining and retaining the employees chosen. Despite a well drawn plan of recruitment, selection and retention involve a qualified management team. Recruitment processes followed by companies can face significant obstacles in implementation. Theories of HRM may provide insights on the best approaches to recruitment and retention although companies will have to use their in house management skills to apply generic theories within specific organizational contexts. Although the recruitment process should proceed in the manner i.e., recruitment objectives, strategy development, recruitment activities, recruitment results, it is useful to add intervening/process variables to this model and to work backwards through the model. That is, in order to make decisions about what recruitment activities to undertake (i.e., strategy development), an employer needs to understand why certain recruitment activities may result in certain recruitment outcomes (Rynes, 1991). So the term intervening/process variable is used as a label for the factors that have been hypothesized to explain the relationships between recruitment activities and outcomes. In terms of generating applicants, it is critical that an employer’s recruitment actions attract the attention of potential job applicants (Barber, 1998). Research suggests that the following attributes are likely to generate attention: (a) messages that are vivid in nature (e.g., include pictures) and include concrete language (Tybout & Artz, 1994), (b) messages that convey unexpected information (Kulik & Ambrose, 1993), (c) messages that provide personally relevant information (Chaiken & Stangor, 1987), and (d) messages that are conveyed in face-to-face conversations (Tybout & Artz, 1994).

In addition to attracting attention, recruitment communications need to be understandable and viewed as credible by the individuals whom the organization is interested in recruiting (Breaugh & Billings, 1988). In terms of a message being understood, such mundane factors as using an appropriate level of expression and choosing the correct language (e.g., Spanish) are clearly necessary (Jablin, Putnam, Roberts, & Porter, 1987). The medium used to deliver a message can also influence comprehension. For example, Stiff (1994) suggested that in contrast to a verbal message, a written message may increase understanding given that the message can be reread and studied. In contrast, Lengel and Daft (1988) suggested that in-person communication may lead to greater understanding, especially when the message is somewhat complex. Lengel and
Daft argued that in-person communication is a richer medium in that tone of voice, non-verbal cues, and other variables exist that are lacking in a written message. With regard to message credibility, research (Stiff, 1994) has consistently shown that communicator expertise and trustworthiness lead to a message’s being believed. In terms of expertise, generally those who are closest to the work situation (e.g., job incumbents) are seen as being an informed source of job-related information (Fisher, 1979, Ilgen, 1979 and Hoyer, 1979) Thus all the theories particularly by Rynes 1991, Barber 1998, clearly elaborate the recruitment process and point out that effective recruitment will not only provide suitable workers but also leads to employee retention in all organizations.

3.2. AN ANALYSIS ON EMPLOYEE RECRUITMENT

As noted by Rynes (1991), much recruitment research has focused on the effects of recruitment sources (e.g., Do individuals referred by current employees have a lower turnover rate than persons recruited via newspaper ads?), recruiters (e.g., Do recruiters who offer more information about a job make a better impression on job applicants?), and realistic job previews (e.g., Does providing accurate job information result in a higher level of job satisfaction for new employees?). All of these topics can be considered as recruitment activities.

In the recruitment process, Barber (1998) delineated three phases (i.e., generating applicants, maintaining applicant status, and influencing job choice decisions). That is, (a) certain recruitment activities (e.g., advertising on a Spanish-speaking radio station) may influence the number and type of individuals who apply for a position, (b) certain activities (e.g., professional treatment during a site visit) may affect whether job applicants withdraw during the recruitment process, and (c) certain recruitment actions (e.g., the timeliness of a job offer) may influence whether a job offer is accepted.

In planning a strategy for generating applications, a fundamental question that should be addressed is what type of individual does the organization want to recruit (e.g., what knowledge, skills, and abilities are important? Is a diverse applicant pool desired?) Until an
employer determines the type of applicants he seeks, it is difficult to address several other strategy-related questions: Where should the organization recruit (e.g., colleges versus state employment offices) what recruitment sources should he use to reach the desired applicant population (e.g., the Web versus job fairs)?

When should the employer begin recruiting (e.g., at the start of a college student’s senior year versus during the second semester)? What message should it convey to potential applicants (e.g., a good deal of job-related information versus information on a few key aspects of the job)? In order for an organization to intelligently answer these basic questions, it must have a clear sense of what its recruitment objectives are (Breaugh, 1992). For this reason, in portrayed the establishment of objectives as the first phase of the recruitment process. In the past, it appears that many organizations had the simple recruitment goal of attracting a large number of job applicants (Wanous, 1992). For a variety of reasons (e.g., the cost of processing applications), several researchers have questioned the wisdom of simply trying to attract a large number of applicants. Instead, it has been suggested (Rynes, 1991) that employers would be wise to consider a wider range of possible recruitment objectives.

For example, some employers might be interested in trying to influence one or more post-hire outcomes by the way they recruit. Such post-hire outcomes include: the job satisfaction of new employees, their initial job performance, whether the organization is seen as living up to the psychological contact that has been established, and the first-year retention rate of new hires. In establishing recruitment objectives, organizations might also focus their attention on post-hiring outcomes that can be measured the day employees begin work (Breaugh, 1992). Such outcomes might include: the cost of recruiting, the speed with which jobs were filled, the number of individuals hired, and/or the diversity of the new employees.

Although recruitment activities have been linked to some of these post-hire outcomes, some researchers (e.g., Williams, Labig, & Stone, 1993) have argued that in recruiting many employers are not overly concerned with post-hire outcomes. Rather, they are interested in pre-hire outcomes such as the number of individuals who apply for a position, the quality of these applicants, their diversity, and the number of individuals who accept job offers that are
extended. If an employer is interested in these more proximal outcomes of the recruitment process, its strategy development should be focused on how to accomplish them.

In the first edition of the Handbook of Industrial and Organizational Psychology, less than one page was given to recruitment (Guion, 1976). By the time the second edition was published, research on recruitment was seen as meriting an entire chapter (Rynes, 1991). Even though numerous recruitment studies had been published since the 1976 Handbook chapter appeared, Rynes perceived this body of research to be lacking in several ways. For example, she found most of the research that she reviewed focused on one of only three topics (i.e., recruitment sources, recruiters, and realistic job previews) and that the research on each of these topics was "developed in isolation from the others" (Rynes, 1991 pp 399).

In her chapter, Rynes showed how this piecemeal approach to research hindered theory development and left unanswered several questions that an employer might have. More recently, the expanding body of research on recruitment has been seen as sufficient to merit entire books (e.g., Barber, 1998). Given that dozens of studies were published between Rynes' (Rynes, 1991) and Barber's (Barber, 1998) reviews of recruitment research, it is not surprising that Barber felt that understanding in certain areas (e.g., recruitment source effects) had increased. However, Barber also pointed out that researchers still had failed to address adequately a number of significant issues (e.g., the site visit). She also noted that methodological weaknesses (e.g., failure to measure key variables) made it difficult to draw clear conclusions from many studies.

Recruitment research (e.g., Barber, 1998; Breaugh, 1992; Rynes, 1991; Wanous, 1992) is a mixture of optimism and pessimism on employee recruitment and retention. Barber's excellent review of recruitment research (Barber, 1998), also provides awareness on recruitment research. The works of Barber (1998), Breaugh (1992), Rynes (1991), and others were attempting to stimulate research by highlighting unresolved issues and several overlooked topics. This framework makes apparent the complexity of the recruitment process, a complexity that has frequently been overlooked (Barber, 1998). It also shows the narrowness of
the recruitment literature (i.e., the number of key issues that have not been examined). On a more positive note, the framework stimulates future research that will lead to a better understanding of the recruitment process (i.e., the interaction among recruitment variables and the relationship between recruitment variables and the other variables). The organizing framework presented is based upon models that have been offered by Barber (1998), Breaugh (1992), and Rynes (1991).

3.3. AN ANALYSIS ON BEHLING THEORIES (1968) OF EMPLOYEE RECRUITMENT AND RETENTION

According to Behling and others, there are three ways in which an individual makes a decision to join an organization viz. objective factor, subjective factor and critical contact. Accordingly the following three theories of recruitment have been evolved:

- Objective factor theory

- Subjective factor theory and

- Critical contact theory.

These are briefly discussed here:

Objective Factor Theory: According to this theory the choice of organization by a potential employee depends on objective assessment of certain tangible factors, such as the following:

- Pay and perks
- Location
- Opportunity for career growth
- Nature of work
- Educational opportunities, etc.

(b) Subjective Factor Theory: According to this theory compatibility of individual personality with the image of organisation is a decisive factor in choosing an organization by an individual candidate seeking employment

(c) Critical Factor Theory: There are instances when a candidate is unable to choose an organisation out of alternatives based on objective or subjective factors which are given above. This is due to many reasons such as limited contact and insufficient data, in regard to the
organisation or his/her own inability to analyse and come to any firm conclusion. In such cases, certain critical factors observed by him during his interview and contact with personnel of the organization will have a profound influence in his decision process.

This theoretical base is developed by Behling and others mostly influenced by the labour conditions which exist in developed countries like the USA and western European nations like the UK, France, and Germany. In these countries vacancies are plenty and there is scarcity of suitable hands. In developing nations like India, the reverse is the case, where vacancies are less and hands are more resulting in large scale “educated unemployment”. The theoretical base given as such cannot be applied in to Indian conditions expect in high paid jobs like R&D, marketing, finance, etc, where higher skill and better knowledge are the prerequisites. In such cases a candidate has a variety of choices and he is the master of his choice. In production, servicing and clerical jobs, unemployment is high where the number of jobseekers far exceeded the vacancies. In such a situation candidates have little choice and grab whatever the job offered by whichever the organization. In such cases, the potential employers/organizations are in a better position to choose the candidates from many available. And hence the recruitment process should be a process of filtering and discovering potential candidates not only for actual or anticipated organizational vacancies but also searching for prospective employees. But regarding the IT/ITES-BPO sector employment in India, the prerequisites are fluency in English, typing skills, computer and information technology related knowledge and the HR managers are said to be ready to hire the available manpower instead of suitable manpower which results employees early departure.

3.4. FREDERICK HERZBERG (1950) EMPLOYEE RETENTION THEORY

Business concerns invest a significant amount of time, effort and resources into their employees, from hiring to training and motivation. The loss of employees not only removes talent from a business, it also represents a loss of the company resources invested in the employee. The Employee retention theory is philosophy centred on considering why employees leave a company and what can be done to keep them. Frederick Herzberg studied employee retention and motivation and eventually came up with his duel dimensional job satisfaction
theory. Herzberg believed that the two dimensions of job satisfaction are dissatisfiers (he called them "hygiene" issues) and satisfiers, also called motivators. His theory was that employees can be retained through minimizing dissatisfaction and maximizing satisfaction. Dissatisfiers include factors such as administration, company policy, working conditions, supervision, relationships and salary. Satisfiers include the job, promotion, achievement, responsibility and recognition.

Company's Rules and policy have the potential to lead to employee dissatisfaction, with little potential to motivate employees. Administrators cannot do much about rules and policy to increase satisfaction, but dissatisfaction can be reduced through keeping rules to what is necessary and ensuring that everyone is held to the same standards. Fair and necessary rules help retain employees. Supervisors, the enforcers of company policy, can lead to employee dissatisfaction for the same reasons as the actual policy can frustrate employees. Supervisors have a difficult position and administrators can minimize the dissatisfaction of both employees and supervisors by ensuring that they pick the right leader for the supervisor of position.

The Job, the work that the employee is doing is ideally a satisfier, though in some cases it can be a dissatisfier, one that can lead to losing the employee. Most people enjoy working in a job that they feel is a needed contribution to society. Administrators can enforce this idea through discussions on the importance of the work. Community value can be added through business outreach programs. Responsibility seems like it might be a dissatisfier, but it's really a satisfier. Employees enjoy the freedom that additional responsibility affords them. The idea that they are able to work independently appeals to the majority of employees. To increase satisfaction and retention, added responsibility should not mean more work, just more freedom. Additional work should come as job advancement. Advancement and promotion lead to employee satisfaction. Promotion should be earned, however; seeing others advance unfairly could lead to dissatisfaction. Loyalty, productivity and quality performance are all valid reasons to advance an employee. Opportunity for promotion helps retain employees because they feel that their work and financial future can be improved through effort. Promotion lets employees know they are valuable and that recognition also helps with the retention effort.
3.5. AN ANALYSIS OF FEW REVIEWS/MODELS ON EMPLOYEE RECRUITMENT AND RETENTION.

The Robinson Group Model, Eileen Appelbaum and her colleagues (2000) model, a model by 3M corporation, HR review, Organization culture review and commitment reviews are analysed and these reviews are mainly based on factors like employees attachment, training, incentive pay system, job satisfaction, motivation, employee involvement, commitment, etc. These reviews provide an observation on how to retain the employees.

ROBINSON GROUP MODEL: Studies by Robinson Group of HR Consultants, USA, (2004) further state that engaged employees care about the future of the company and are willing to invest the discretionary effort. They feel a strong emotional bond to the organization that employs them. Regarding employees’ emotional attachment the study reveals that only 31% of employees are actively engaged in their jobs. These employees work with passion and feel a profound connection to their company. People that are actively engaged help move the organization forward. 88% of the highly engaged employees believe they can positively impact the quality of their organization's products, compared with only 38% of the disengaged. 72% of the highly engaged employees believe they can positively affect customer service, versus 27% of the disengaged. 68% of highly engaged employees believe they can positively impact costs in their job or unit, compared with just 19% of the disengaged. Engaged employees feel a strong emotional bond to the organization that employs them. This is associated with people demonstrating willingness to recommend the organization to others and commit time and effort to help the organization succeed. It suggests that people are motivated by intrinsic factors (e.g. personal growth working to a common purpose, being part of a larger process) rather than simply focusing on extrinsic factors (e.g., pay reward).

EILEEN APPELBAUM MODEL: Regarding employee’s Involvement the study reveals that Eileen Appelbaum and her colleagues (2000) studied 15 steel mills, 17 apparel manufacturers, and 10 electronic instrument and imaging equipment producers. Their purpose was to compare traditional production systems with flexible high-performance production systems involving teams, training, and incentive pay systems. In all three industries, the plants utilizing high-
involvement practices showed superior performance. In addition, workers in the high-involvement plants showed more positive attitudes, including trust, organizational commitment and intrinsic enjoyment of the work. The concept has gained popularity as various studies have demonstrated links with productivity. It is often linked to the notion of employee voice and empowerment. Regarding employee’s Commitment the study reveals that it has been routinely found that employee engagement scores account for as much as half of the variance in customer satisfaction scores. This translates into millions of dollars for companies if they can improve their scores. Studies have statistically demonstrated that engaged employees are more productive, more profitable, more customer-focused, safer, and less likely to leave their employer. Employees with the highest level of commitment perform 20% better and are 87% less likely to leave the organization, which indicates that engagement is linked to organizational performance. For example, at the beverage company of Molson Coors, it was found that engaged employees were five times less likely than non-engaged employees to have a safety incident and seven times less likely to have a lost-time safety incident. In fact, the average cost of a safety incident for an engaged employee was $63, compared with an average of $392 for a non-engaged employee. Consequently, through strengthening employee engagement, the company saved $1,721,760 in safety costs in 2002. In addition, savings were found in sales performance teams through engagement. In 2005, for example, low-engagement teams were seen falling behind engaged teams, with a difference in performance-related costs of low-versus high-engagement teams totalling $2,104,823.3.

A STRATEGIC FRAMEWORK MODEL BY 3M\textsuperscript{133} CORPORATION OF USA: The strategic framework of an organization provides legitimacy for organizational activities, creates ownership and loyalty, and motivates creative ideas and innovative products and services. The ability of an organization to successfully link all of its business facets to its strategic framework is often the most difficult and challenging task it faces. A great example of an organization that linked its strategic framework to its daily activities far earlier than its competitor was the 3M Corporation. 3M had a strategic framework that established HR strategies tied to its mission, vision and values. The company's strategic plan required a minimum of 50% of its profits to

\textsuperscript{133} 3M – Minnesota Mines and Minerals – an USA based multinational business conglomerate.
come from products no older than 5 years. 3M recognized that a strategic commitment to innovative products would pay off if it were tied to creating a culture that allowed its employees to be innovative and creative. When an employee at 3M made a mistake or had an idea that didn't work, he or she discussed it at a team meeting and the entire team celebrated the learning experience. Over time, a culture evolved where risk and innovation were viewed as necessary and complementary. 3M managed to link strategies to management and employee actions. It successfully linked corporate success to the development of new products and a lesser dependence on mature products. It linked its HR systems to its strategic framework by creating a set of HR strategies that provided innovative compensation and reward systems, creative organizational structures, training and development plans tied to strategic outcomes and targeted employee skills.

**THE HR REVIEW BASED ON ORGANIZATION STRATEGY AND CULTURE:** Creating the Culture to Support Mission, Vision, and Values of the Organization is one of the important aspect. The culture that evolves in a particular organization is a complex outcome of external pressures, internal potentials, responses to critical events, and a number of chance factors that are hard to predict. As with any other business activity, the predictability of a cultural outcome can be enhanced by the planning and participation of the HR Professional in the creation or the transformation of the strategic framework. Mission, vision, and values dictate what impact the organization will have on the world over time, how the organization will create that impact, and what organizational values will guide the internal and external interrelationships of the employees. Creating the HR strategies to develop an organizational culture that supports the mission, vision, and values is both a science and an art. Because cultures evolve naturally, the task of minimizing the variables by generating complementary systems is critical.

Identifying the specific HR strategies in a strategic plan requires some real visioning in respect to the characteristics necessary to help the culture evolve so that it nurtures the mission, achieving the outcomes in the vision, and using the values of the organization. These strategies drive to issues of employee selection, top management's actions, and employee socialization to name a few. The clear goal of any selection process is to identify and hire individuals who have
the knowledge, skills and abilities to perform the jobs within the organization. Employee recruitment and retention have and will continue to be one of the most strategic of all corporate functions. Developing the strategies that govern management actions is another story. This typically has the largest impact on the organization's culture and establishes the norms that filter down to impact all of the cultural characteristics.

Ensuring that the management's actions support the cultural and strategic model being developed is critical. It requires a strategic commitment on the part of management and a clear HR leadership strategy to make it happen. Employee socialization or the manner in which new employees adapt to the culture is another key part of the HR strategy plan. Clearly, a priority of the HR strategy plan is the communication of the norms and values that comprise the culture. This is a critical process that helps new employees develop a sense of their place in the culture and a dedication to the organization. As the other key characteristics of culture are revived, it is clear that reward systems, organizational structure, decision making processes, level of empowerment, training and development and labour relations environment are all issues worthy of strategic inclusion. Today, it is a clear transformation of HR from an operational level of consideration to a strategic necessity for organizational success.

**ORGANIZATION CULTURAL MODEL:** According to Stephen P Thomas, CEO of a large scale industry, "It is a shared meaning by members of the organization, based on what has happened before and what they predict will happen in the future." Stephen P. Thomas defines it as "A common perception held by the organization's members; a system of shared meaning." Thomas goes on to discuss recent research that suggests there are ten primary characteristics that, in aggregate, capture the essence of an organization's culture. These are member identity, the degree to which employees identify with the organization, group emphases the degree to which work activities are organized around groups, people focus, the degree to which management decisions take into account the effect of outcomes on people, unit integration, the degree to which units are encouraged to operate in a coordinated manner, control the degree to which rules and regulations are used to control employee behaviour, risk tolerance, the degree to which employees are encouraged to be risk seeking, reward criteria the degree-to
which rewards are allocated based on performance, conflict tolerance, the degree to which employees are encouraged to air conflicts and criticisms, means-ends orientation—the degree to which management focuses on outcomes rather than on processes used, and open system focus degree to which the organization monitors and responds to changes in the external environment.

It is clear that many of the characteristics that determine culture are viewed as being on the "plate" of today's HR Professional. Maintaining, changing or creating a culture will be highly dependent on the status of recruitment and retention processes, performance evaluation criteria, reward practices, management systems, innovation systems, training and career development activities, promotion procedures, organizational structures and labour relations practices. Historically, many organizations and their CEOs view hiring, training, and employee orientation as the HR contribution to the corporate culture. While there is no question that orientation and training can make significant contributions in developing employee skills, values, fundamental assumptions about the world, those things that make up an organization's culture are less easily created, harder to change, and often impervious to quick fixes. HR professionals often end up in a hierarchical organizational structure with an authoritarian management style and are expected to contribute to high value/low cost products and services without an opportunity to create the organizational vision and strategic framework to make it happen. In the last few years, HR Professionals have started to break out of the stereotype of the "personnel manager" and are now being recognized as keys to organizational success.

**ORGANIZATIONAL COMMITMENT MODEL:** Five rules help to enhance organizational commitment:

A. Commit to people first values; put it in writing, hire the right-kind managers.  
B. Clarify and communicate the mission; Clarify the mission and ideology; make it charismatic, use value-based hiring practices; stress values-based orientation and training; build tradition.  
C. Guarantee organizational justice; satisfy a comprehensive grievance procedure; provide for extensive two-way communication.  
D. Community of practice; Build value-based homogeneity; cross-utilization, and teamwork; getting people to work together.  
E. Support employee
development; commit to actualizing; provide first-year job challenge; enrich and empower; promote from within; provide developmental activities; provide employee security without guarantees.

I. Affective Commitment: Affective Commitment is defined as the employee's positive emotional attachment to the organization. An employee who is affectively committed strongly identifies with the goals of the organization and desires to remain a part of the organization. This employee is committed to the organization because he/she "wants to". In developing this concept, Meyer and Allen drew largely on Mowday, Porter, and Steers's (1982) concept of commitment, which in turn drew on earlier work by Kanter (1968)

II. Continuance Commitment: The individual commits himself to the organization because he/she perceives the high costs of losing organizational membership (cf. Becker's 1960 "side bet theory"), including economic costs (such as pension accruals) and social costs (friendship ties with co-workers) that would be incurred. The employee remains a member of the organization because he/she "has to".

III. Normative Commitment: The individual commits himself to and remains with an organization because of feelings of obligation. These feelings may derive from many sources. For example, the organization may have invested resources in training an employee who then feels a 'moral' obligation to put forth effort on the job and stay with the organization to 'repay the debt.' It may also reflect an internalized norm developed before the person joins the organization through family or other socialization processes that one should be loyal to one's organization. The employee stays with the organization because he/she "ought to".

Organizational commitment in the fields of Organizational Behavior and Industrial/Organizational Psychology is in a general sense the employee's psychological attachment to the organization. It can be contrasted with other work-related attitudes, such as job satisfaction, defined as an employee's feelings about their job, and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with the organization.
Beyond this general sense, organizational scientists have developed many nuanced definitions of organizational commitment, and numerous scales to measure them. Exemplary of this work is Meyer & Allen's model of commitment, which was developed to integrate numerous definitions of commitment that had proliferated in the employee recruitment and retention models.

3.6. PROPOSED/MODIFIED REVIEWS FOR RECRUITMENT AND RETENTION

Observed all the information’s and strategies from the theories and models viewed/discussed previously, the theoretical framework for this research is being constructed. The first phase would be deal with the employee recruitment and the second phase would be deal with the employee retention.

Every success of organization depends on efficient and effective use of man power. HR involvement starts when an employee enters in the organization and it ends, when he leaves the organization. HR deals with the all human dimension. Human Resource Management is the phenomenon of late 19th century, when, with the growth of industrialization in the West, the role of HR manager started to emerge. However, it gained importance in 1950’s, when Japanese used it as a strategic resource. There was an essential requirement for efficiency and hence a “Human approach” towards employees yielded greater dividends both at the organizational and national level. Afterwards, HRM progressed to the centre stage of the organization. Today, therefore in truly world class corporations, the HRM function has assumed a greater significance and plays a comprehensive role in organizational management. The dawn of the 21st century presupposes organizational systemic preparedness for retaining and gaining competitiveness in a global and native business scenario. The early 20th century predominantly focused on the manufacturing or the production priorities of the firm. The shift from manufacturing to service and the increasing pace of technological change make human resources the key ingredient to the nation’s well being and growth. In a service oriented industry like IT/ITES-BPO, the quantity and utilization of human resources become all the more important.
According to a NASSCOM-McKinsey report, annual revenue projections for India’s IT industry in 2008 are US $ 87 billion and market openings are emerging across four broad sectors, IT services, software products, IT enabled services, and e-businesses thus creating a number of opportunities for Indian companies. In addition to the export market, all of these segments have a domestic market component as well.

Other key importances of this sector are:

- Software & Services will contribute over 7.5 % of the overall GDP growth of India
- IT/ITES-BPO Exports will account for 35% of the total exports from India
- Potential for more than eight million jobs in IT/ITES-BPO by 2014
- IT industry will attract huge Foreign Direct Investment (FDI) of U.S. $ 4-5 billion
- Market capitalization of IT/ITES-BPO shares will be around U.S. $ 225 billion

The improvement however, also needs to be qualitative rather than just being quantitative. The skill level of the information technology professionals is one area that needs improvement and presents a considerable amount of challenge before the Indian information technology industry.

Companies seek employees with technical skills, vision, and the ability to organize and persuade in presentation of ideas and information. Strong communication skills and the ability to learn will be high on employers' demand list for employees. Therefore this research work is initiated with the foremost objective of studying and exploring the recruitment and retention process in IT/ITES-BPO sector. The pressures in the free economy, the breakdown of trade barriers and globalization are making enormous demands on today’s corporations to compete in every domain. The performance naturally tops out of all the critical items in the Indian industries and, therefore, it becomes imperative to understand how the job performance is influenced by the above-mentioned factors. Consequently it has become inadvertent for the employer to improve the morale and the quality of work life by providing adequate welfare facilities, fringe benefits, pay and stability of employment, occupational stress, organizational health programmes, alternative work schedules, participative management and control of work, recognition, congenial employee-superior relations, grievance handling procedure, adequacy of resources, seniority and merit in promotion, employment on permanent basis and the like.
which in turn forms the subsequent objective the research work for the purpose of reducing absenteeism and alienation of employees.

Now-a-days, there is no balance between the family and work life due to job pressure and conflicting interests and over-socialization that lead to too much of interest about the co-workers for satisfaction of their ego, creating problems in the minds of neighbours’. The work-norms imposed on workers created too much of burden and control by their bosses. Team effort will assume central importance especially that of self-directed work teams. Employees will choose employers who have aims and values that match theirs and who value balance in their employees’ lives. Employees want to learn and advance, toward opportunities for professional growth which attract them. It is inevitable to a service sector like IT/ITES-BPO, has an urgent need to retain the intellectual workforce and accelerate revenue generation. So as to identify this, the researcher ponders over the areas of leadership, motivation, employee training and development, organization culture which has an excellent outcome on the loyalty and commitment towards the organization.

The experts are of the opinion that the business process outsourcing service providers in India need to change their operations to a way that is more oriented to the knowledge process outsourcing. One of the most important crises facing the Indian information technology industry concerns the attrition aspect. “Increased level formal education led changes in the attitude of employees”. It is not uncommon for a person to change careers, on an average of six times in his or her lifetime. It is now rare for a person to stay with a single company his or her entire working life. Because employees are often willing to leave a company for better opportunities, companies need to find ways not only to hire qualified people, but also to retain them. Unfortunately, many employees these days feel that they are working harder, faster, and longer hours than ever before. Job-related employee stress can lead to lack of commitment to the corporation, poor productivity and even leaving the company; all of which are of serious concern to management.

Employees in the future will likely be looking for corporations that have a new work environment, one that encourages each employee to work toward improvement in the product
or service; gives employees the responsibility and authority to make decisions, provides timely feedback, and rewards employees based upon the quality of the product and efforts. To attract and retain employees, IT/ITES-BPO sector need to be exploiting those points of convergence and continuously work with employees to redesign the work, eliminate job stress, increase job autonomy, provide learning and training opportunities, and improve the quality of work life. This study is an attempt to bridge the gap that arises between the employer and employee relationship in terms of attrition and ascertain ways and means for retention of employees among companies in IT/ITES-BPO sector.

Most research in the IT/ITES-BPO sector has addressed only specific problems related to its environmental analysis like challenges, growth and opportunities, the problem of attrition, the HRM systems, and issues of job stress, job satisfaction, individual performance etc. Literature review has also shown how various researchers have identified a plethora of reasons behind the escalating problem of attrition. Many researchers have also worked on various domains like the HRM systems and practices, job satisfaction, and burnout prevention. Most of the research on IT/ITES-BPO is based upon qualitative approaches involving small numbers of workers. Broader based survey research has been restricted to managerial surveys. Presumably due to the difficulties in gaining research access to IT/ITES-BPO, employee voice on a larger scale has been absent from much of the existent literature, although recent work is beginning to address this deficit. The few studies that have canvassed employee perceptions of their work have either relied upon very small samples or upon small numbers of workers spread across a larger number of organizations. Research done in the area of employee motivation and satisfaction has discussed domains like education, private public employment, financial institutes, oil industry, government ministries, and labour market, to name a few but not much inclusive and structured work has been done in the domain of IT/ITES-BPO sector. Thus, no systematic and comprehensive work has been found that collaborates both the facets viz. employee recruitment and retention, and how employee motivation, employee satisfaction, employee involvement, commitment, can be used to combat the most smouldering problem of the present times i.e. employee attrition.
This research aims to explore the dimensions of attrition and produce a model for employee retention. To attain the aim of the research, Barber (1998) delineated three phases in analyzing the recruitment process was taken as the basic foundation, because the output (Retention) is entirely based on the quality input (Recruitment process) that is, (a) certain recruitment activities (e.g., advertising on a Spanish-speaking radio station) may influence the number and type of individuals who apply for a position, (b) certain activities (e.g., professional treatment during a site visit) may affect whether job applicants withdraw during the recruitment process, and (c) certain recruitment actions (e.g., the timeliness of a job offer) may influence whether a job offer is accepted. Competition among business organizations for recruiting the best potential has increased focus on innovation, and management decision making and the selector’s aim to recruit only the best candidates who would suit the corporate culture, ethics and climate specific to the organization (Terpstra, 1994). Although recruitment activities have been linked to some of these post-hire outcomes like the cost of recruiting, the speed with which jobs were filled, the number of individuals hired, and/or the diversity of the new employees, some researchers (e.g., Williams, Labig, & Stone, 1993) have argued that in recruiting many employers are not overly concerned with post-hire outcomes. Rather, they are interested in pre-hire outcomes such as the number of individuals who apply for a position, the quality of these applicants, their diversity, and the number of individuals who accept job offers that are extended. So this study is interested in these more proximal outcomes of the recruitment process, and development of strategy and radiant efforts focused on how to accomplish them. The process of recruitment does not however end with the selection of the right people but involves maintaining and retaining the employees chosen. A well set organization requires a satisfied skill force in terms of working conditions (Frederick Herzberg Employee Retention Theory (1950)) i.e. welfare facilities provided to them. Consequently it has become inadvertent for the employer to improve the morale and the quality of work life by providing adequate welfare facilities which in turn forms the basis for employee engagement (Robinson Group Model). This study employs several variables for analyzing the effectiveness of welfare facilities provided to the employees like Job Security, Resolving Complaints, Grievances & Problems, Monetary Benefits, Flexibility of Working Time, Growth Opportunities/ Promotion,
Transport Facilities, Medical Facilities, Canteen & Rest Room Facilities, Present Salary Revision Period, Other Non Monetary Benefits.

It is proposed that the Job Characteristics and personal attributes like leadership, motivation, employee training and development, organization culture, loyalty and commitment, and by extending organizational outcomes the results can be obtained as satisfied, motivated, involved and retained employees. Employee engagement leads to employee retention and this was described in the academic literature by Schmidt et al. (1993). Employees in the future will likely be looking for corporations that have a new work environment, one that encourages each employee to work toward improvement in the product or service; gives employees the responsibility and authority to make decisions, provides timely feedback, and rewards employees based upon the quality of the product and efforts. Employees want to learn and advance, toward opportunities for professional growth which attract them. It is inevitable to a service sector like IT/ITES-BPO, has an urgent need to retain the intellectual workforce and accelerate revenue generation. To attract and retain employees, IT/ITES-BPO sector need to be exploiting those points of convergence and continuously work with employees to redesign the work, eliminate job stress, increase job autonomy, provide learning and training opportunities, and improve the quality of work life. This study is an attempt to bridge the gap that arises between the employer and employee relationship in terms of attrition and ascertain ways and means for retention of employees among companies in IT/ITES-BPO sector.

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 decisions. The research should therefore allow managers to manipulate a host of job characteristics and investigate the likely effects upon the recruitment process, motivation, performance and sustenance of the workforce for achieving desired results.

The first part of the employee retention process is the recruitment. So, Keeping all the key notes from the Rhynes(1991) and Barber(1998) in mind, the following factors are being included which are in a broad sense classified into two as the way of selection and tools used
during the manpower hire. The factors involved in the recruitment process are Aptitude test, testing technical skills, Latest recruitment tools used, Testing English communication skills, Energy level, Assertiveness, Social ability, Family circumstances, Psychological test, Career ambitions, Clear job preview at the time of recruitment, Company’s policies and procedures explained at the time of recruitment, Company’s mission and vision explained at the time of recruitment, Salary, Facilities and welfare measures explained at the time of recruitment. If a human Resources managers following these variables we assume that the employee attrition rate would be fall down further. These factors/variables are included in the research questionnaire and an employee recruitment model also constructed/suggested for IT/ITES-BPO employee recruitment (Diagram-6).
3.7. HACKMAN AND OLDHAM’S JOB CHARACTERISTICS MODEL (1976) FOR RETENTION

The Job Characteristics Model by Hackman and Oldham (1976) focuses on the interaction between the psychological states of employees, the job characteristics that are believed to determine these states and the attributes of individuals that determine how positively a person will respond to a complex and challenging job. Few of the aspects of the
model have been amended with reasons. This amended model then generates a base for the theoretical skeleton of the research model.

The Hackman and Oldham’s Job Characteristics Model was taken as the foundation to generate a conceptual model for the research. The three psychological states applied in the model are experienced meaningfulness of the work; (the degree to which the individual experience the jobs as generally meaningful, valuable and meaningful) experienced responsibility for the outcomes of the work (the degree to which individuals feel personally accountable and responsible for the result of their work) and knowledge of the actual results of the work activities (the degree to which individuals continuously understand how effectively they are performing). All these can be purely classed as intrinsic to the job itself. Consequently, the model predicts only intrinsic (internal) motivation. The effects of extrinsic rewards, such as pay and other benefits, self-esteem, job security, hours of work and working conditions, etc. and the resulting extrinsic motivation are ignored. Moreover, there are several job dimensions that have been found to have an effect on worker satisfaction and motivation that are not included in Hackman and Oldham’s formulation of the model. It may also be argued that personal and work outcomes need to be amended. The outcomes limit to high internal work motivation, high quality of work performances, high satisfaction with work, and low absenteeism and turnover. It may be noted here that along with personal outcomes as mentioned here, involvement with work may also breed as a result of the critical psychological states. The personal and work outcomes may be redefined as high work motivation, high work satisfaction and high work involvement/commitment. If this be the case, it may result in organizational outcomes too. Organization outcome will be a chain of events, wherein the organization cultivates satisfied employees; who feel motivated; show high involvement/commitment and hence retains employees. The research aims to find out the factors that cause attrition, how do these dimensions vary across the personal characteristics, what factors actually contribute to
attrition. Similarly, it studies whether satisfaction, motivation and involvement, commitment, welfare measures, etc, enhance the stay of an employee in the organization. Thus, based on the literature review, we assume that personal characteristics and job characteristics, following thoroughly professional recruitment and retention strategies together lead to the level of satisfaction and involvement/commitment in an employee, which further leads to their sustenance in the organization for a long term.

The job characteristics model by Hackman and Oldham focuses on the interaction between the psychological states of employees, the job characteristics that are believed to determine these states and the attributes of individuals that determine how positively a person will respond to a complex and challenging job. Diagram-7 is a diagrammatic representation of the original Hackman and Oldham’s job characteristic model. The core job dimensions are seen as propelling three psychological states that, in turn, lead to a number of advantages personal and work outcomes. The vital psychological states are defined as,

*Experienced meaningfulness of the work:* The degree to which the individual experiences the job as generally meaningful, Valuable and meaningful.

*Experienced responsibility for the work outcomes:* The degree to which individuals feel personally accountable and responsible for the results of their work.

*Knowledge of results:* The degree to which individuals continuously understand how effectively they are performing.

The theory proposes that employees who experience these states at adequately high levels are likely to feel good about them and respond positively to their jobs. The model suggests that five core dimensions can be seen as influential the extent to which employees experience the three critical psychological states:

1. *Skill variety:* The degree to which the job requires a diversity of activities that involve different dexterity and talents.

2. *Task identity:* The degree to which the job requires completion of a whole and identifiable piece of work, that is, a job that has a beginning and an end with a tangible outcome.
3. **Task significance:** The degree to which the job affects the lives or work of other people, both in the immediate organization and in the external environment.

4. **Autonomy:** The degree to which the job allows the individuals substantial freedom, independence and judgement to plan the work and decide the procedures for carrying it out.

5. **Feedback:** The degree to which the job activities give the individual direct and lucid information about the efficacy of his or her performance.

Specifically, Skill variety, task identity and task significance are seen coalescing to form the experienced meaningfulness of the work. It is proposed, therefore, that jobs that require the use of several different skills, allow employees to complete a substantial piece of work (as opposed to the continuous repetition of a simple task) and are seen as having an impact on other will be thought of as worthwhile and meaningful by the workers in those jobs.

Job autonomy is seen as determining experienced responsibility for the outcomes of the work and feedback is seen as determining knowledge of the actual results of the work activities. The three psychological states are then seen as combining to determine various personal and work outcomes such as high internal work motivation (i.e. Intrinsic motivation), high-quality work performance, high satisfaction with the work and low absenteeism and turnover. To summarize, the model postulates that an individual experience positive effect to the extent that he/she learns (knowledge of results) that he/she personally (experienced responsibility) has performed well on a task that he/she cares about (experienced meaningfulness).

The Hackman and Oldham model incorporates this effect by including variable termed Growth Need Strength (GNS), which may be taken as the characteristic features of individuals that establish how optimistically a person will react to a multifaceted and challenging job. Hackman and Oldham propose that an individual with a high GNS will react more positively to a job high in the five core job dimensions than an individual with a low GNS. GNS may influence the link between the objective job dimensions and the psychological states or at the link between the psychological states and the outcome variables. The first link suggests that people with a high GNS are more likely to experience the psychological states while the later suggests that individuals with a high GNS react more positively to the psychological states. Hackman and
Oldham used a multiplicative model to determine the overall motivating potential of a job. The motivating potential score (MPS) was using the formula:

\[ MPS = \frac{\text{Skill variety} + \text{Task significance} + \text{Task identity}}{3} \times \text{Autonomy} \times \text{feedback} \]

In order to test the job characteristics theory, Hackman and Oldham developed the Job Diagnostic Survey (JDS), which measures employee perceptions of job characteristics, various psychological states, personal and work outcomes and strength of growth needs.

(Diagram-7. Hackman and Oldham's (1976) Job characteristics model)
REVISED/MODIFIED MODEL OF HACKMAN AND OLDHAM (1976)

Core Job dimensions
- Skill variety
- Task Identity
- Task Significance
- Autonomy
- Feedback

Critical Psychological States
- Experienced meaningfulness of the work
- Experienced responsibility for outcomes of the work
- Knowledge of the actual results of the work activities

Personal and work outcomes
- High internal work motivation
- High quality of work performances
- High satisfaction with the work
- Low absenteeism and turnover

Organizational outcomes

TRAINING AND MOTIVATION
- On the job trainings
- Motivational programmes
- LEADERSHIP AND INTERPERSONAL RELATIONS
  - Leadership style
  - Relationship with immediate Manager/supervisor
  - Supervising qualities
  - Hierarchical structure
- ORGANIZATION CULTURE AND OPEN SYSTEM
  - Work environment
  - Work culture
  - Adequate feedback
  - Communication system
  - Recognition and praise
  - Policies and procedures
- HYGIENE FACTOR-PERSONAL CARE AND CAREER GROWTH
  - Fair and equal treatment
  - Creativity aspects
  - Chances for advancement
  - Company’s care of professional Development and career growth

Satisfied employees
- High work motivation
- High satisfaction with work
- Involved employees

Motivated employees
- High involvement with work

Involved employees
- RETAINED EMPLOYEES
Diagram-8. Proposed/modifed version of Hackman and Oldham's (1976) job characteristics model

PROPOSED MODEL FOR EMPLOYEE RETENTION

Personal Characteristics
- Gender
- Education
- Marital Status
- Age

Job Characteristics (Core Job Dimensions)
- Training
- Motivation
- Leadership Style
- Relationship with Immediate supervisor/Manager
- Supervising Qualities
- Hierarchical structure
- Work environment
- Work Culture
- Adequate Feedback
- Communication System
- Recognition and Praise
- Policies and Procedures
- Fair and Equal Treatment
- Creativity Aspects
- Chances for advancement
- Company’s care of Professional development And career goals

Retention of employees (Organizational outcome)

Satisfaction Motivation Involvement Satisfied personal life with the employer

Retention of employees (Organizational outcome)
Diagram-8 and 9, illustrates constructs of retention model includes personal characteristics, intrinsic job dimensions and the resulting level of satisfaction, motivation and involvement(work outcomes) and the final result is retained employees(organizational outcome), It also describes the personal characteristics as age, gender, education, marital status tenure (length of service) and core job dimensions which are intrinsic in nature. Based on this model the research was conducted towards the objectives of the study. The set of Job characteristics chosen for retention were intrinsic characteristics clubbed in to four factors, viz Training and motivation, Leadership and interpersonal relations, Organizational culture and open system and Hygiene factor-personal care and career growth.

3.8 CONCLUSION

This chapter elaborately analysed the employee recruitment and retention theories/models, various aspects and Modified version of Hackman and Oldham’s (1976) retention model, and Rhynes (1991) and Barber (1998) recruitment model. All these theoretical aspects/models have taken in to consideration and we assume that if we add the following four factors namely, Training and motivation, leadership and inter personal relations, organization culture and open system and Hygiene factor-personal care and career growth then this could be a positive and encouraging model. The employee recruitment and retention variables mentioned in chapter IV were also included in the research questionnaire to analyse the objectives of the research.