CHAPTER – 2
LITERATURE REVIEW

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Researcher has taken a review of number of books related to well-being. Researcher has also studied the relationship between well-being and employee engagement through different research papers. Researcher has also studied the impact of work environment and employee performance. He has also studied the relationship between work environment and productivity.

Researcher has also studied the research papers relating to workplace environment and its impact organizational performance in public sector organizations. He has studied the literature of ‘World Economic Forum’ which is committed to improving the state of the world.

In one of the papers ‘The workplace alliance investing in a sustainable workforce’ prepared in collaboration with Boston Consulting Group, in the preface they said (Michael B McAlister and Robert Greenhill) ‘we firmly believe that global collaboration of employers working together will deliver powerful insights and make workplace wellness part of the solution to the human capital challenges employers are facing today.

The alliance has the potential to become a powerful contributor in the arena. For this reason, we are committed to further developing the alliance momentum increasing relevance and stabilizing sustainability of practices and seeking a path to closer integration in the working place wellness space. What is needed to bridge the gap between employees’ expectation and employers’ expectation is ‘creating a helping organization’.

Ganesh Chella the author of the book ‘creating a helping organization’ (Engaging ways to promote employee performance, growth and well-being) has beautifully suggested the strategies, based on his research, how to promote employee performance, growth and well-being.
Dr. Sanrupt Misra has rightly commented on the book that ‘Ganesh Chella briefly brings his decades of experience to empower people to build a bridge between human welfare and organizational performance. He explored the myth of driven people and driven organizations by gently opening up the soft underbelly of both. It is done in a manner that only Ganesh Chella could have done, with his deep sense of personal values and insights into human relationships formal and informal.

2.1 Brief concept of Well-being: Well-being is not just about being wealthy or successful and it is certainly not limited to physical health and wellness. Wellness is about the combination of our love for what we do each day, the quality of our relationships, the security of our finances, the vibrancy of our physical health and the pride we take in what we have contributed to our communities. Most importantly, it is about how these five elements interact.

The first element is about how you occupy your time or simply liking what you do every day your career building. The second element is about having strong relationships and love in your life: your social well-being. The third element is about effectively managing your economic life: your financial well-being. The fourth element is about having good health and enough energy to get things done on daily basis: your physical well-being. The fifth element is about the sense of engagement you have with the area where you live: your community well-being. (Well-being the five essential elements – Tom Rath, Jim Harter; Gallup press).

Researcher has reviewed many research papers. One of such paper is ‘well-being at work – overview and perspective by Paul Schuite, PhD, Harri Vainio MD PhD. This paper provides an overview and perspective on the concept of well-being at work. Well-being is a term that reflects not only on one’s health and satisfaction with work and life and is summative concept that characterizes the quality of working lives, including occupational safety and health (OSH) aspects.
It may be a major determinant of productivity at the individual enterprise and social levels. Based on review of literature and recent conference, we suggest a model linking workforce well-being, productivity and population well-being.

To appraise validity of model 5 questions are asked.

1) Is there robust definition of workplace well-being? Numerous definitions of well-being exist. Definition given by Waddell and Burton is ‘It is the subjective state of being healthy, happy and contended, comfortable and satisfied with one’s life. It includes physical material, social, emotional (happiness), and development and activity dimensions. A more expansive definition also cited at the Helsinki Conference is ‘flourishing employees achieving their full potential for both their own benefit and that of the organization. There is a relatively large literature on well-being in psychology involving three areas such as 1) displeasure – pleasure 2) anxiety – comfort and 3) depression – enthusiasm.

There are also definitions in the field of economics, medicine, and health. Although, there is no consensual definition, efforts have progressed to develop tools to measure well-being. One self-evaluation tool developed by the Finish Institute of Occupational Health is currently being tested in various companies and may serve a useful means of bench working well-being at work.

2) Have the variables that influence well-being being aptly described? There has been some informative research on determinants of well-being. Warr identified three categories of determinants: work related life style, and personality.

Workplace has also categorized in terms of context (work) context free. Of particular importance is the need to assess how adverse work conditions affect well-being. More research is needed on the determinants and consequences of well-being at the individual, organizational and social levels and such research should aim to quantify the determinant factors.
If the research is to be useful for guidance and regulation, the relation between hazards to well-being and the exposure to them will need to be characterized so that risks can be anticipated over a range of exposures (work conditions and characteristics) or so that at least some analogistic approach to exposure – response characterization could be developed to discriminate between the levels of threat to well-being.

3) What is the nature of evidence linking well-being to productivity? Considering the role of well-being and productivity, it can be assessed at the individual level, enterprise and national levels and multilevel analysis will be ultimately being necessary to get a comprehensive view of all the important determinants and relationships. Secondly at the individual level, there is concern that linking well-being to productivity may devolve to ‘blaming the worker’ for the poor performance of the enterprise without examining all the other major factors including employers’ responsibility. Consideration of productivity in relation to well-being should include addressing workers’ potential, aspirations and satisfaction as well as the ability to accomplish work satisfactorily.

4) What is the state of knowledge on the effectiveness of interventions to promote workplace well-being? Research will need to be conducted on how to influence the determinants of well-being and the effectiveness of their intervention. It is still more difficult to research on non-health components (e.g. satisfaction with one’s life and their economic impact). Most workers are employed with SME having fewer resources and expertise. Research must be focused on SMEs to cover major portion of working class. Among SMEs, units must be differentiated based on their resources and capabilities and limitations in business.

5) Should interventions aimed at improving well-being at work focus more than work related factors? Extensive body on research has shown that line between work and non-work related hazards started diminishing. Transition is needed from recognizing solely occupational hazards to recognizing all the factors that affect the health and well-being of workers.
Addressing well-being at work, the research needs are significant and still many queries are unanswered, need to be investigated further.

Wellness in the workplace 2011: An Optum health - Research Study has given certain suggestions. Ensure that the right mix of wellness programs to address employee needs leverage claims data. Incorporate a variety of delivery methods and provide an integrated experience to make program convenient for employee participation. Consider using incentives if your organization is not currently leveraging them start slowly with staged approach that begins with simple goals, such as participation more towards more complex strategies as you’re your program matures. To maximize effectiveness, ensure that incentive levels and types are well matched with the effort required of employees. To maximize engagement, be sure your communications are tightly targets, and they address the needs of your audience in ways that are personalized and meaningful. Consider leveraging onsite events and biometric screenings to identify and educate and drive them to resources to manage their health. Almost half the companies surveyed have no formal, written wellness program plan. Companies who do not have a plan should leverage their external partners and internal resources to develop a strategic plan, set goals and measure year to year results.

Defining Workplace Programs, a Rapid Systematic Review: by Jule A. Hind and Michael J Ronse, Ivey Business School at Western University, London. In this white paper researchers have tried to make near one definition of the term wellness program at the workplace. the definition typically include activities related to health promotion and disease management. Out of number of studies made, the top five components recommended for successful wellness programs are:

1) Organizational leadership
2) Health risk screening
3) Individual tailored programme
4) Supportive workplace environment and culture
5) Comprehensive program design
Although each of these elements was found to contribute to successful programs, it is necessary to see the degree or the extent to which, these components contribute individually.

Conceptualizing well-being in the workplace: Stafenia De Simone, Researcher in Organizational Behaviour, Institute for Service Industry Research, National Research Council, Naples Italy, has published a paper in International Journal of Business and Social Science (Vo. 5 No. 12; November 2014). In this Researcher has given number of models of the term well-being. The term is gaining more and more importance. It is the absence of disease. It has a broader meaning which includes physical emotional mental and social aspects. The higher level construct of overall well-being at work adds social and eudemonic well-being components. It is the way to conceptualizing and measuring well-being in the workplace. Researcher has given three models.

1) Subjective Well-being: It describes overall experience in life and reflects a person’s self-desired happiness. Subjective well-being includes positive attitudinal judgements as well as the experience of positive and negative effect.

2) Eudemonic Well-being: Number of constructs in organizational behaviour display at least partial overlaps with eudemonic well-being. These include job involvement, work engagement, thriving flow and intrinsic motivation, meaning in work.

3) Social Well-being: It consists of feeling embedded in meaningful communities and having satisfying short term interactions and long-term relationships with others.

The real importance of this concept for scholars, researchers, managers and executives is quite clear, given the link to everyday work and life experiences of all organizational members. Literature from different fields, such as organization behaviour, psychology and medicine, contribute to a unified understanding of well-being in the workplace. In fact, both models presented draw from an interdisciplinary perspective.
New Economic Foundation (Well-being at work – A Review of Literature): New Economic Foundation (NEF) is an independent think-and-do tank that inspires and demonstrates real economic well-being of employees. Nuffield Health is an organization which is always reviewing current thinking and tries to improve the practices in place. Nuffield has contributed this report in order to enable organizations to foster employee well-being. Key findings of the research report are narrated here.

1) Personal Resources: Health and vitality

Many studies revealed that strong positive association between physical activity, particularly regular physical activity and well-being outcomes, including good mood, mental well-being, life satisfaction and subjective well-being. Healthy eating is associated with improved subjective well-being. The role of sleeping and vitality has important role in the dynamic model of well-being, with sleeping problems associated with a range of negative impacts, including lower life satisfaction, lower level of positive emotion and higher level of negative emotion.

2) Organizational Systems: Job Design

2.1) Fair pay – Income serves material needs and also satisfies status needs. Higher pay gives higher well-being whereas lower pay gives lower well-being to employees.

2.2) Environmental Clarity – Sharing information and communicating well is positively associated with well-being. Achievable job with clear goals leads to job satisfaction and morale.

2.3) Management Systems: Good quality of feedback is positively associated with well-being.

2.4) Functioning at work – There is a positive relationship between employees perceiving their jobs as matching their skills and desires is associated with higher well-being.

2.5) Experience of work – Experiencing positive feeling at work, has positive impact on well-being at work.
3) Management System:

Good quality feedback is positively correlated with several aspects of well-being. Positive managerial behaviour towards staff is strongly correlated to various aspects of well-being. It includes appreciation and support for workers / employees work.

4) Work Environment:

Having safe, danger free and comfortable physical conditions of work is positively correlated to well-being. Poor physical conditions are negatively correlated with job satisfaction.

5) Functioning at work:

Evidence shows that positive relationship between employees perceiving their job as matching their skills and desires is associated with higher well-being as well as with lower stress.

6) Sense of control:

Degree of control or autonomy at work is positively associated with job satisfaction. Absence of autonomy could have negative influence on job performance. Some findings reveal that too much control or too little control would negatively affect the well-being.

7) Experience of work:

Experiencing positive feeling at work has been shown to have a positive self-reinforcing impact on well-being at work, which improves the performance of staff.

Key findings regarding well-being at work given by New Economic Foundation are narrated above.

Adam M Grant Asst. Professor at University of North Carolina, Marlys K Christianson PhD student at Michigan University, Richard H Price Professor of Management and Organizations at the University of Michigan wrote an article with views to through light on effects of managerial practices on employee well-being. They wrote a research article “Happiness, Health, or Relationships, Managerial Practice and Employee Well-being Trade-offs”. Human Resource Managers regularly monitor employee well-being through surveys. Research shows that employee well-being is an important aspect for organizations.
Employee well-being has a significant impact on the performance and survival of organizations by affecting costs related to illness and health care (Danna and Griffin, 1999), absenteeism, turnover and discriminatory efforts (Spector, 1997), organizational citizenship behaviour and job performance. Accordingly, managerial practices ranging from work redesign and incentive compensation to team building and safety initiatives are often structured with the explicit goal of improving performance by increasing employee well-being. Managerial practices affect:

i) The psychological well-being of employees by shaping their jobs and lives (Judge and Watanabe, 1993)

ii) The physical well-being of employees by influencing their health, in terms of outcomes such as cardiovascular disease, blood pressure and workplace accidents (Danna and Griffin, 1999)

iii) The social well-being of employees by providing opportunities for interpersonal relationships and by treating employees with varying degree of fairness (Kremar & Tyler, 1996)

Research on work redesign practices shows that enriching jobs to increase stimulation and challenge typically increases job satisfaction but often causes physical strain (Campion and McClelland, 1993).

Similarly, job rotation serves to make work interesting by providing variety but can enhance stress and strain by placing higher demands on employees (Martin and Wall, 1989). The purpose of this paper is to call attention to the importance and prevalence of these well-being trade offs and examines how they can be mitigated.

We define well-being more broadly as the overall quality of an employee’s experiencing and functioning at work (Warr, 1987). The holistic definition is based on the health care, philosophy, psychology and sociology literatures which coverage on the core dimensions of well-being: psychological, physical and social. There is surprising agreement across these disciplines about the core elements of well-being.
Health care researchers use the term health to describe “A state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” (World Health Organization, 1946).

Similarly, philosophers have suggested that well-being, consists of person’s psychological, physical and social functioning (Nassbaum, 2001; Sen 1993).

Psychologists have developed a proposal for a national well-being index that includes psychological, physical and social parameters in order to capture a person’s well-being in it’s entirety (Diner and Seligman, 2004) and socialist have offered similar conceptualisation (Allardt, 1993). Psychologist and other social scientists have devoted several decades to the study of psychological well-being, which focuses on the subjective experiences of individuals.

Psychologist tends to focus on two components of psychological well-being: hedonic and eudemonic (Ryan and Deci, 2001). Hedonic component is concerned with subjective experiences of pleasure. Eudemonic component is concerned with fulfilment and the realization of human potential.

Physical well-being has studies by organizational researchers. According to them work is potential source of injury and disease (Dianna and Orffin, 1999). Secondly work can be a source of stress (Karasek and Theorell, 1990). And thirdly work is a source of benefit that allow directly and indirectly, for the purchase of healthcare services in geographical areas that do not otherwise provide universal healthcare (Adler et al 1993).

Social well-being refers to the quality of one’s relationship with other people and communities (Kayes, 1988).

**2.2 Different managerial practices followed:** Researchers have suggested their managers can change four dimensions of organizational context – risk, reward, social and physical – to improve employee well-being (Danna and Griffin 1999, Hackman and Oldham, 1980, Johns, 2006, Parker and Wall, 1998)
2.2.1 Enriching Tasks: Worker redesign practices;

Research shows that when tasks are enriched to create feeling of meaningfulness, responsibility and knowledge of results, employees experience higher level of job satisfaction (fried and Ferris, 1987) but that can also undermine employee health. Enriched job challenges employees to stretch their skill a to complete complex, demanding work and take on personal responsibility for consequential risk. These challenges often lead to strain, effort, fatigue and overload (Compion and McClelland, 1991, 1993). They can even increase the risk of cardiovascular disease (Melamed et al 2006).

2.2.2 Increasing Rewards: Incentive compensation practices;

Research shows that incentive compensation practices can compete with each other for earning, eroding trust, cooperation, mutual support and helping (Ferraro et al 2005, Munkes and Diehl, 2003, Yorges, 1999). If employees perceive inequalities, it is likely that high performers will either leave the organization or they will seek another job where they will be paid what they deserve (Adams, 1965). Research shows that organizations with high pay disparities have high managerial turnover.

2.2.3 Improving Relationships: Team building practices;

Team building practices include collective problem solving and goal setting activities. Research shows that such practices can improve the quality of inter personal relations (Thye and Lawler, 2002). However, research suggests that although team building practices often increase social well-being, they may decrease psychological well-being. Although some employees enjoy working in groups, many strongly prefer to work independently (Cummings, 1981, Hackman and Oldham, 1980). Research suggests that requiring employees to work in teams may undermine their feelings of autonomy, thereby decreasing their job satisfaction (Campion et al 1993).

2.2.4 Enhancing health: Safety practices;

Safety practices are designed to increase performance by decreasing the likelihood of injury, illness, absenteeism, death and other adverse outcomes for employees (Fleming and Lardner 1999).
Managerial implications: From Trade-off to Synergies;

Analysis shows that well-being trade-offs are an important but underappreciated consequence of various managerial practices. With safety practices, managers have achieved positive well-being synergies by involving employees in the design of safety practices, which makes it possible to develop policies that simultaneously increase physical, psychological and social well-being (e.g. Cohen and Colligan, 1997).

Noticing impact on well-being: Increasing managerial attention;

1) Think more broadly about who is affected and how: - Managers need to collect small samples of biased, available information (Heath et al 1998). Managers are likely to consider how their practices affect nearby individuals without contemplating on other individuals. Managers may prepare incentive plan for Marketing Department without affecting people in Finance Department (Molinsky and Margolis, 2005).

2) Think about long term impact: - Managers are likely to emphasize the short term and discount the future (Laverty, 1996). Managers may fail to consider the long term impact of job re-design which provides challenging work without considering the long term impact on health of employees

3) Collect more information on employees’ attitude about current practice: - Managers tend to generate explanations that are shallow and narrow (Health et al 1998).

Preethi Vijaymadhavan and Dr. Venkatrama Raju from Vels University Chennai, Tamilnadu, India published a research article ‘Significance of General Well-being of IT Professionals in India’ in ‘International Journal of Business and Management Invention’. The aim of the study was to explore the factors influencing the General Well-being of professionals and IT professionals in particular. Responses from 826 IT professionals were collected and analysed. Three important factors were revealed which influence the well-being of IT professionals in India namely i) Physical Health ii) Depressive Symptoms and iii) Work Stress.
i) Physical Health: - This can be seen as a set of health related issues of an employee due to work pressure. Managerial concepts of health and strategies refer physical as well as mental illness; it covers spiritual aspects also (Mayer Christian 2011). More than the absence of illness, injury and disease, it also means leading a balanced life, developing one’s potential, making a meaningful contribution to organization.

ii) Depressive System: - Depression contributes towards depression of health, employees develop various symptoms of stress that can harm job performance, health and even threaten the ability to cope with the environment (Gunaseelan and Ismail 2008).

iii) Work Stress: - Work stress can increase risk for heart disease, psychological disorders and other health problems. There are ample evidences showing that occupational stress has an impact on worker’s mental well-being. There is significant evidence that chronic and high levels of occupational stress, left unchecked, are related to well-being of the employees (Zafir, Shaikh 2013).

2.3 Employee Commitment and Well-being: - Commitment is a force that binds an individual to a target (social or non-social) and to a course of action of relevance to that target (Mayer, Becket and Van Dick, 2006, p. 666) There is large body of research demonstrating the benefits of commitment for employees. The result of research reviewed suggests that the commitment can also benefit employees also.

Kate Sparks, Brain Farqher and Cary L. Cooper, University of Manchester Institute of science and Technology UK have published an research article in ‘Journal of Occupational and Organizational Psychology (2011), 74, 489-509 in which they have focussed four issues which of relevance today for organizations and workers as well, they are

i) job insecurity,
ii) work hours,
iii) control at work and
iv) managerial style.
i) Job Insecurity: - There is trend of restructuring and downsizing which led to insecurity particularly for white collar workers (e.g. Paul, 1993, Warrall and Cooper, 1998). Warrall and Cooper, (1998) found that 60% of national sample of 500 British managers had undergone a major restructuring during the previous 12 months involving downsizing and outsourcing.

This led to insecurity even among middle and Sr. level managers also that lowered down their morale, motivation and loyalty.

Available research suggests that such job insecurity is bad for employee well-being. This can affect organizations also due to increased sickness absence (Vahera et al 1997). That affects them financially as well.

The long term costs to both employee health and organizational performance of job insecurity is not known. If non-permanent work is to continue, employers need to consider ways of providing such entitlements to non-permanent staff, or least for the well-being of their employees but also to attract younger workers.

ii) Work Hours: - Flexible working time arrangements has become the feature of the day due to new technology and demand from such changes in working time have been investigated by organizational psychologists to assess the impact on well-being and work performance.

Numerous studies addressed the effects of compressed work week by extending per day hours. It has resulted in fatigue, sleepiness, loss of sleep. But long working hours have favoured by workers because the extra non-work days allow larger blocks of time for recuperation from night work, for family and friends and for other leisure pursuits (Rosa et al 1989). Flexible working hours appear to increase satisfaction with the work environment and the work schedule itself (M Guire and Liro 1987).

iii) Control of Work: - The concept of perceived autonomy or control has been extensively investigated in research. ‘Perceived control” concerns the amount of control that an individual believes that they have over environment.
Very low levels personal control has been found to be psychologically harmful whereas greater control has been associated with better mental health (e.g. Evans & Carve, 1991). High levels of perceived control are associated with increase in job satisfaction, commitment, involvement, performance and motivation and with low levels of physical symptoms, emotional distress and absenteeism (e.g. Spector, 1986).

iv) Managerial Style: - Increased managerial pressure can also impact on employee well-being. Some individuals display a bullying management style with subordinates under pressure. Recent survey of over 500 employees in 70 UK organizations found managers to be the perpetrators for 74.7% of employees who reported being victims of bullying (Hoel and Cooper, 2000). Bullying at work has been linked with employee ill health, including psychosomatic, stress symptoms, anxiety and depression (Hoel, Rayner and Cooper 1999).

Employees may find themselves working for managers younger than themselves (Jamieson and O'Mara, 1991), Jex (1998) suggests that this may cause resentment in the older, more experienced, subordinate worker and at the same time increase pressures on the younger manager, who may not have sufficient experience to cope with managerial responsibilities and demands.

Nicole Renee Baptiste published a paper in Journal of Emrad Group Publishing Limited named as ‘Tightening the link between employee well-being at work and Performance – A New Dimension for HRM’. His findings of the study are HRM practices adopted have a significant impact on employee well-being at work and tend to be more positive than negative. Management relationship behaviour in the form of support and development of trust promoted well-being at work amongst workers.

Social relationship that exist between the managers and employees that are built on support and trust in management from HRM practices play an important long term role in the development of positive employee attitudes and behaviour that constitute employee well-being at work and enhanced performance.
Organizations that do not engage in these types of relationships will therefore perform worse in the long term. Performing the well-being of employees is needed to enhance performance and thereby survival and further development of organization (Currie, 2011). This view is reinforced by (Schuster 1998) who purports that a significant relationship exists between attention to employees and superior organizational performance. Introducing well-being at work into business and public sector enterprise is likely to introduce a change in the organizational climate that makes room for innovative practices that can produce positive organizational outcomes.

2.4 **Job satisfaction**: According to Jernigan et al (2002) work satisfaction is one’s sense of satisfaction not only with work but also with the larger organizational context with which work exists. Tehrani et al (2007) suggest that managers can create a more positive environment where employees can flourish and increase their feelings of well-being at work.

2.5 **Employee commitment**: It is the heart of human resource management. It is concerned with feelings of attachment to the goals and values of the organization’s role in relation to this and attachment of the organization for its own sake rather than for its strictly instrumental value. Commitment is the internalised employee belief, often associated with ‘soft HRM’ and high trust organizational culture (Mathews and Shepherded, 2002).

2.6 **Work Balance Satisfaction**: Changing world of work has presented several challenges to the wide-ranging disclosure of work life balance. There are various social, political and economic changes that have served to raise the profile of work life balance in workplaces as well as amongst policy makers and commentators (Daniels and French 2006). Bratton and Goal (2003) defines work-life balance as the need to ‘balance work and leisure / family activities’. This is further supported by Platt (1997) who suggests that a happy medium needs to be ‘balance’ between work and life.
Changing demographic composition of the labour market, especially increasing female composition, has undoubtedly served to raise the tricky issue of balancing working lives outside household tasks (Houston 2005). Those with caring responsibilities for people with disabilities and of the elderly also face challenges in combining their work and non-work rules (Hurst et al 2006). WERS 2004 survey shows that evidence to suggest that a requirement to working full time or long hours, disadvantages employee with caring responsibilities, who are often women (Kersley et al 2006). Requiring employees to work with long hours conflicts with the objective of creating ‘a level playing field’ in the work-place, in line with, the managing diversity agenda (Liff 2003). Organizations need to offer different motivators (Flexible working hours). Alternatively, Damels (2006) argues that employees seek employment in an organization that fits with their personalities and is more likely to provide motivators that meet their needs.

Katrina J. Lawson, Andrew J. Noblef and Rodwell (Faculty of Business and Law, Deakin Australia) published a research article at Oxford University Press viz. ‘Promoting Employee Well-being: the relevance of work characteristics and organizational justice’. Research focussing on the relationship between organizational justice and health suggest that perceptions of fairness can make significant contributions to employee well-being.

Present study included all four dimensions of fairness (i.e. distributive, procedural, interpersonal and informational). Three of the fairness dimensions – distributive, interpersonal, and informational justice predicted the context specific measures of employee well-being. The significant relationship between these forms of justice and job satisfaction suggests that employees are more likely to be satisfied with their jobs if they i) perceive they are being fairly rewarded ii) believe they are being interacted with a respectful manner and iii) receive timely and accurate explanations about the process leading to the justice related decision (Colquitt 2011).
There are a number of strategies organizations can adopt in order to promote distributive, interpersonal, and informational fairness including ensuring that equity (rewarding employees based on their contributions) and equality (maintaining reasonable levels of parity between employees) are taken into account when distributing resources such as promotions, bonuses, or new work roles. Providing all employees involved in a particular justice related decisions with accurate information about the decision making process and giving employees explanations as to why decision outcomes may have been delayed and carrying out these processes in a friendly manner that is respectful to employees (Cropanzano et al 2007).

Although these strategies are directly aimed at increasing perceptions of fairness, the findings from this and previous studies indicate they are likely to also enhance job satisfaction (Cohen, Charash, and Spector, 2001, Judge and Colquitt 2004).

Society for Human Relations Management Foundation (SHRM) prepared the report summarizing various latest research findings on Employee Turnover and Retention and offered certain ideas which you can practice.

Report of SHRM classifies the employee turnover as below:

![Employee Turnover Diagram](image-url)

Figure 2.1
Voluntary turnover is initiated by the employee. Involuntary turnover is initiated by the organization. To manage voluntary turnover, it needs in-depth of why employee leave or stay with the organization.

Dysfunctional turnover is harmful to the organization, which may include exit of high performers & employees having skills which are hard to replace. Exit of women or minority group members which would deteriorate the diversity of workforce.

Functional turnover does not hurt the organization, because it includes exit of poor performers which is easy to replace.

Turnover is costly, it affects a business performance. It is difficult to manage. Organizations that systematically manage turnover in good or bad times will stand a greater chance of weathering such shortages.

Retention may become more challenging. SHRM survey of HR professionals reveals that 62% of the respondents reported that it is difficult to hire workers with the skills essential for 21st century.

Research on talent retention is centred on why people leave, in the process organizations gain better idea of why people stay & can learn to influence such decisions.

Theory of organizational equilibrium suggests that individual will stay with the organization as long as the inducements it offers are equal to or greater than the contributions (time & effort) required of the person by the organization. Moreover, these judgements could affect by both the individuals desire to leave the organization and the ease with which it could depart the organization.

With limited resources organizations may choose to focus on target populations rather than trying to retain every employee.

Turnover is a complex process. Although some individuals may quit a job on impulse, most people who leave spend time initially evaluation their current job against possible alternatives, developing intentions about what to do and engaging in various types of job search behaviour.
The research shows that specific turnover drivers affect key job attitudes such as satisfaction with one’s role and commitment to the organization. Low satisfaction and commitment can initiate the withdrawal process, which includes thoughts of quitting, job searching, comparison of alternative opportunities and the intention to leave. This process may lead to turnover if the organization fails to manage effectively.

To proactively manage retention, organizations must monitor and adjust key aspects of the work environment that influence employees desire to stay or leave. Retention savvy managers thus keep tabs on alternate opportunities, so they can ensure that positions remain competitive.

Exclusive studies have looked into the question of predicting turnover. For example, Griffith R.W., P.W. and Gartner, S2000 & in Meta-analysis of antecedents and correlates of employee turnover; update, moderate tests, and research implications for the next millennium, wrote in Journal of Management, 26, 463-488. In this research they have listed predictors in order from those with the strongest relationship to turnover at top, to those with the weakest relationships at the bottom. Some of the important predictors which merit attention are

i) Key attitudes of organizational commitment & job satisfaction.

ii) The quality of the relationship between an employee and his or her immediate supervisor.

iii) Role clarity (including definition, communication & re-enforcing of performance expectations).

iv) Job design (including job scope, promotion opportunities and opportunities to participate in decision making).

v) Workgroup cohesion.

This research shows that pay might not matter as much as you think in turnover decisions, as compensation and pay satisfaction are relatively weak predictors of employees’ decision to leave. Thus offering higher pay or bonuses to keep people at your organization may not be the most efficient way to address retention.
Researcher has also identified some more reasons to leave the company such as leaving an unsatisfactory job, leaving the job for better, employee may have certain plan in mind, sometimes he may leave without plan also. These finding have revealed in a paper written by Lee, T.W. & Mitchell, T.R. 1994, an alternative approach, unfolding model of voluntary employee turnover.

Martaugh, Frank “Show and tell” Memphis Business Quarterly, spring 2007:13.14 narrates that small organizations should leverage building positive workgroups cultures, providing employees with challenging jobs & making each worker feels valued, offering well defined career paths, offering above market rewards.

He has cited the example of ‘Running Pony’, employing 17 employees. This organization understands that workplace relations matter in people’s decision about staying or leaving an organization. The said company has had 100% retention since inception. Because Managers have strived to build a supportive and cohesive culture Co-founder & Managing Partner Jonathan Epstein has narrated that “we were trying to build a team of people who knew each other, who liked each other, who worked well together and complemented each other”. He added that company’s biggest achievement is “creating an environment where creative and talented people are comfortable”.

2.7 SHRM Surveys (34)

Retention Practices: Research shows that certain HR practices can be especially powerful in enabling an organization to achieve its retention goals. They include 1) Recruitment 2) Selection 3) Specialization 4) Training and Development 5) Compensation and Rewards 6) Supervision and 7) Employee Engagement. Evidence shows that recruitment practices strongly influence turnover. Considerable research shows that presenting applicants with a Realistic Job Preview (RJP) during the recruitment process has a positive effect on retention of hires (SHRM 44). An RPJ presents accurate information about the positive characteristics and potential challenges associated with any job, as well as clear details about performance management processes.
RJP help employees adjust easily to their new work environment. Research shows that Bio-data questionnaire can be quite predictive of retention, yet they are not widely used by organizations (SHRM 49). For many organizations, turnover rates are very high among new employees. Socialization practices can help new hires become embedded in the company and thus more likely to stay (SHRM 52, 53).

Training and development: it is a double sword. More training makes people more marketable, thus more likely to leave. However, research shows that there is a modest negative relationship between training and turnover. Those who receive more training are less likely to leave (SHRM 56). Less compensation and rewards put company in a disadvantaged position. At the same time, pay levels and pay satisfaction are only modest predictors of turnover decisions (SHRM 59). Research suggests several approaches one is to lead the market with respect to rewards, it promotes satisfaction & leave employees with minimum alternatives to leave the organization (SHRM 60).

Supervision: Maximum people leave because of bad bosses. Research supports this claim; the quality of employees’ relationships with the supervisors is an important driver of turnover. Evidence also suggests that a workers’ satisfaction with his or her boss, the quality of exchanges between them, and fair treatment by supervisors are related to retention (SHRM 65).

One study found that fair treatment by supervisors was more important than the distribution of outcomes in predicting turnover (SHRM 66). It is essential to pay particular attention to abusive supervision, criticizing direct reports in public, ridiculing subordinates, lying, breaking promises, making threats and misdirecting anger at employees (SHRM 67). Training may discourage some of these misbehaviours. If it does not, you will need to remove above supervisors if their actions are driving valued employees away.
Employee Engagement: Strengthening employee engagement in your organization can also help you retain talent. Engaged employees are satisfied with their jobs, enjoy their work & the organizations, believe that their job is important, take pride in the company & believe that their employees values their contributions (SHRM 69). One report on measuring engagement found that highly engaged employees were five times less likely to leave than employees who were not engage (SHRM 70).


Past research has suggested that workers leave voluntarily or involuntarily. In this article, the other holds that this approach excludes some involuntary departures from analysis, while treating all people who leave voluntarily as being similar. Drawing on Dalton & Porter’s (1981) suggested of avoidable and unavoidable turnover, the article examines whether the taxonomy aids in the analysis of turnover.

The key finding from the research is that unavoidable departures and retentions did not significantly differ on four variables: Commitment, Satisfaction, and Job retention & withdrawal cognitions. These findings suggest that researchers should consider the circumstances of job quits when analysing the causes of employee turnover.


The study provides evidence that organizational satisfaction tactics influence turnover among new hires. Result of the study suggests that how new hires are socialised can more fully embed them in the organization & thus reduce turnover.

They narrated that as employees participate in their professional and community life, they developed the web of connections and relationships on and off the job. There are 3 types of connections that fosters embeddedness 1) links 2) fit and 3) sacrifice. Links are the connections with other people; fit represents the extent to which employees are themselves as compatible with their job, organizations and community. Sacrifice represents forms of value a person would have to give up if he or she left the job. As per SHRM research, Frank J 2006, US job retention SHRM and career journal.com SHRM research, woman are more likely than men to report that flexible work schedules are an effective retention strategy and are more likely to cite relocating spouse, childcare issues, conflict with co-workers and difficulty balancing work and personal life as reasons for leaving organizations.

Cost Benefit of turnover may be based on factors such as job type or level, employee type, or performance level. The SHRM retention tool kit will be useful (www.shrm.org).

To develop retention strategy, we need to collect data from various sources such as exit interviews, post exit surveys, current employee focus groups, linkage research, predictive turnover studies and qualitative studies.


A model of performance turnover relationship was tested that addressed at least 3 shortcomings of previous research. (First empirical test of mediated performance of turnover relationship.)

first model recognized that performance may have simultaneous and sometimes conflicting effects of both the desire and the ability to leave an organization.

second, the model explicitly included two important moderators of these relationships i.e. contingent rewards and visibility.
Third, the model suggested that performance is a somewhat psychologically distal antecedent of turnover with effects that are mediated by other variables. Data consisted of organizational performance and turnover records for 130 employees of medical services organizations during the period under investigation, 20% of sample voluntarily quit.

The result provides support for the proposed model of performance turnover relationship and may help explain the complex relationship between performance and alternatives and the rewards. Contingencies moderate the relationship between performance and satisfaction.


The authors agree that research should examine which individual are leaving the organization if for example, only the poorest performing individuals are leaving, turnover could be benefited and not negative for the organization. Conversely, if the highest performing individuals are leaving, the result could be highly negative for the organization.

An integrative model of the relationship between individual job performance and turnover is proposed, which argues that performance may lead to turnover through 3 different routes. 1) cognitive and affective evaluations 2) the desire to leave the organization, actual and pursued mobility in the job market and 3) performance which may lead more directly to the turnover in response to performance related shocks in the system.


The study examines relationship between high involvement HR practices, quit rates and sales growth. A sample of call centres across the US was considered.
The result of the article suggests that HR practices that emphasis an investment in human capital reduce turnover and thus increase firm performance key among the findings is the confirmation of the tie between quit rates and performance.


Portion of this text devoted to turnover concerns the costs of employee turnover. Specifically, it provides methods for calculating the associated costs of separation and organization quit rates and offers 3 categories of turnover costs namely, separation cost, replacement cost and training cost.


Key theme posted is that turnover among employees who are evaluated negatively by the organization is positive for the said organization. Specifically, that while too much turnover may be negative, limited amount of turnover may actually be positive for the performance of the firm. The author holds that recommendation for re-hire is an adequate proxy for good turnover.


It is based on the work of Dalton D.R., Todor W.D. and Krackharst D. M. 1982, to further the notion turnover is not always a “problem” for the organization. General quit rate is not adequate to explain the impact of turnover on firms’ performance, specifically it is proposed that loss of individuals with large amount of social capital may be more damaging to the firms’ performance by low capital employees.

The authors argue that aggregate and individual level data may not come to the same conclusion about turnover. This phenomenon termed as “ecological fallacy” means the properties that are correlated at the level of aggregation are not necessarily correlated with the same unit at the individual level.

The labour market / turnover literature shows that the consistency and strength of the negative relation between job opportunities on unemployment and voluntary job termination (turnover) in aggregate data sharing upto 70% of the variance.

However, in studies of individual decisions to turnover, the consistency and the strength of the effects is not at large as expected based on the aggregate data. In addition, results do not show that alternative job options or assessment of labour conditions behave at the individual level in the same manner as at the aggregate level.


The study provides wide ranging evaluations of the links between systems of High Performance Work Systems (HPWS) and firm performance. Results based on nationwide sample of 1000 firms indicate that HPWS have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short and long term measures of organizational financial performance.

The article elaborates role of strategic human resource management in the success of the organization, specifically by reducing organizational turnover rates. In this study, HPWS were shown to improve corporate financial performance through reduced cost associates with quit rates.

The key contribution of this article is the integration of job performance into predominant process models of turnover, numerous process models (March and Simon, 1958, Mobley, 1977) have been applied in an attempt to explain the decisions to leave an organization, but this is the first to look at the role of job performance in the process. Job performance is conceptualized as both a direct influence on turnover as a precursor to various antecedents of turnover. This theoretical advance has implication for both turnover researchers and HR managers in understanding how to keep valued employees.

McKay P F A very, D R Tonidandel, S Morris, M A Hernandez, M, M R 2007, Racial differences in employee retention: Are diversity climate perceptions the key; Personal psychology, Go 35-62

The study examined the role of diversity climate perceptions on turnover rate among white, African Americans and Hispanics. The authors hypothesize that perception of climate of diversity would be most negatively correlated with turnover intentions among Africans followed by Hispanics and the whites. The findings were indeed strongest among blacks but contrary to the hypothesized effects, both white men and women showed stronger effects than Hispanics.


This article examines turnover from a practitioner perspective. Drawing on the idea that competition to retain key employees can be intense, the authors hold that top level executives and HR department spend large amount of time, effort and money trying to figure out how to keep their people from leaving. The article describes new research and its implications for managing turnover and retention. In doing so the conventional wisdom that this satisfied people leave and money makes them stay is challenge.
The notion that people often leave for reasons unrelated to the job, the job is explored. Multiple other caucuses are put forth. In many situations, unexpected events or shocks are the cause conversely employees often stay because of personal attachment and fit, both on their job and in their community. Recommendations for integrating researching into practice are offered.


This paper introduces the construct job embedded ness to the turnover domain, embedded ness represents a broad consultation of influences on employee retention. The critical aspects of job embedded ness are

1) links - the extent to which people have links to other people / activities
2) fit – extent to which the jobs and communities are similar to or fit with the other aspects of life and
3) sacrifice – the ease with which the link can be broken. Sacrifice encompasses the perceived cost of material or psychological benefits that may be forfeited by leaving a job.


Although it is clear that the relationship between job satisfaction and turnover is significant and consistent, it is not vary strong. The author suggests that it is probable that other variables mediate the relation between job satisfaction and the act of quitting. Key among these variables is the concept of behavioural intentions. The model presented is one of the first to propose the role of intentions to quit in the turnover process.

This paper suggests that organization must employ a comprehensive retention policy in order to deal with the consequences of spiralling replacement costs for employees. The suggestion is to integrate research on retention in order to create a comprehensive policy. Synthesis or research presented attests that average performers are less likely to quit than high or low performers.


The article offers a framework for winning the talent war. The importance of talented employee is trumpeted in the popular business process suggesting that firm success often hinges on acquiring and retaining the most creative employees with top notch ability. Findings of the study suggest that using utility analysis can assess firm in evaluating the usefulness of income laden compensation.

Tata Consultancy Services has published white paper, it covers concept of attrition and its significant, its causes and effects on the organization. it also explains the retention strategies based on exit interview and other data. Managing and controlling attrition is the responsibility of HR, it affects other functions also, such as organizational functions, business and delivery functions. It takes time to get suitable replacement for lost employees, particularly those with high experience and special skills. It is costly in terms of time, effort and money. Loss of employee affects on-going projects and services which lead to dissatisfaction among customers and other stakeholders of company. New employees are required to be trained to attain the optimum level of skills and efficiency. Recruitments also costs money. High churn organizations are continuously engaged in firefighting attrition.

Understanding attrition help to reduce attrition, in regaining good employee, it also reduces the costs of attrition; it also minimizes the after effects of attrition.
An important task of HR personnel is to analyse the root cause of attrition. On the basis of analysis of route cause the company has to develop retention strategies. Retention strategies could be offering high salary, promotion, over sea deputation, transfer to a location of choice, change of role or one with higher responsibilities. It may take a form of making financing assistance, loans, change of project, training and redressal to any specific grievances.

Attrition can be largely predicted, statistical and predictive model help in effectively understand and control attrition. Analysis of root causes of attrition would help us to design retention plan, savings to business from this will be considerable.

An interesting study was made at Indian International Airport by C. Balkrishnan and Dr. D. Masthan together with Dr. V. Chandra of “Employee Retention through Employee Engagement”. It was on the background of that an Indian International Airport was facing severe employee retention problem. Experienced and highly skilled man power was able to get better opportunity elsewhere. Customer service and safety were also affected. As the number of travellers is increasing, the expectations from Airports also have been increasing. There is great demand for the competent people to provide satisfactory service to the customers for which highly engaged employees were required. First and foremost, focus on the retention of the competent employees. Here is the importance of employee engagement.

Researchers studied 554 employees from 8 departments. Stratified random sampling was used taking 1/3rd of employees (i.e. 185) data was collected through questionnaire.

Initially, 25 drivers of employee engagement were identified based on literature review and after discussing with senior managers, 6 drivers were finally considered.
After analysing the statistical data regarding employee engagement, it was considered that employee engagement like communication, recognition, managers/supervisors support (relationship), work engagement, team work and role clarity. Employee retention can be improved even without financial expenses.

HR Council for the Non-Profit Sector had published a paper viz. Trends and Issues – Job satisfaction and employee retention: What’s the connection?

Findings from HR Council 2008 survey of non-profit sector employees suggest some connection between job satisfaction and employee retention. These findings shed light on retention challenges and strategies and offer some clues about when retention might be a challenge and what it would take to make sure more employees are often satisfied with their jobs.

In the survey, it has been revealed that the greatest differences between employees who are very satisfied and less than satisfied show up in satisfaction ratings particularly 1) recognition of work 2) amount of influence on decision making 3) evaluation and feedback and opportunities for career advancement. In the findings, it has been revealed that job satisfaction is the main issue.

RISUS: Journal of Innovation and Sustainability Vol. 5, Numero 1-2014 In this paper researcher have given different factors which affect retention and others which cause employees to stay in the company. The paper is titled as “Talent Retention Strategies in different organizational context and intentions of talents to remain in the company.” Researchers have prepared questionnaires comprising 51 statements results of which were ask to analyse the link between retention factors and intention to remain in the company.
Employee Retention Guide (AICPA): provides strategies for recruiting and retaining the top talents. Certain guidelines are given to keep top performance.

Give employees enough responsibilities treating employees with trust and respect, providing feedback on performance and recognizing their achievements, dedicating thought and resources in promoting high morale and hiring of the right people.

There are 6 professional motivators namely acknowledgement and respect, communicate and fun, compensation flexibility and time off, increase responsibility and challenge and personal development.

There are other motivators also such as provide voluntary benefits like auto insurance, legal insurance, pet insurance, travel insurance, discount vision plans, disability programs.

Certain perks can be provided such as discount through clients and local merchants, discount for modems, retail store discount, computer purchasing discount, etc.

Retention through compensation, providing work place conveniences, supporting employees, during their personal crises, showing recognition and appreciation for good job done, supporting family needs through been fitness program, encouraging professional training and development.

Individual career guidance and development: There are following ways and means to retain top talents:

1. Respect for company’s Mission Statement.
2. Career growth opportunities.
4. Open door management style.
5. Interesting / Challenging project.
6. Encourage training, development and personal growth.
7. Creating an environment of trust.
8. Higher the right person for right work.
Barbara J. Krcisman has delivered 24 courses & published white paper giving number of insights into motivation, commitment and retention of employees (Barbara J. Kreisman Ph.D Research/white paper insights Denver February 2002)

Managers of today are facing a difficult challenge of motivating and retaining employees in an environment of increased uncertainties (Mitchell 2002)

Research shows that in the future, successful organisations will be those which adapt their organizational behaviour to the realities of the current work environment where longevity and success depend upon Innovation creativity and flexibility”. Further, the dynamics of the work environment will have to reflect a diverse population comprised of individuals whose motivations, belief and value structure differ vastly from the past and from one another.

A report published by corporate leadership commit an independent research organisation founded by industry and education, indicates that shortage of sufficiently skilled employees at many levels of labour market are being driven by long term secular trends in the economy.

2.8 Ways & means of Retaining Excellent Performing Managers:

2.8.1 Offering a high value accommodation: Organizations can offer high value accommodation in the form of big size furnished flat or bungalow in a posh locality. After a certain number of years’ service, the manager can become owner of that accommodation. Organizations will pay the EMI for that flat.

There will be an agreement between the concerned manager and the company, after successful service of certain number of years, that accommodation will get transferred in the name of the manager, subject to certain conditions, such as if the manager leaves the employment of that company, he will have to vacate that accommodation and will have to handover the possession of that accommodation to the company.
2.8.2 High branded car: Company may offer high branded car like BMW / MERCEDES etc. for use. Having worked with that company for certain number of years, ownership of that car would be handed over to the concerned manager, subject to certain conditions. Expenses incurred for fuel, maintenance and salary of driver will be paid by the company. These facilities would satisfy the ego of a person and the concerned manager will get the recognition as a high profile person.

2.8.3 Offer partnership: In certain organizations, after certain number of years the concerned person is offered a partnership in the company, for example, A F Fergusson and Company, a chartered accountants firm. Certain consulting companies are also doing the same thing such as Mecanzy.

2.8.4 Sending a manager for overseas: Certain companies send the concerned manager abroad for some reason or the other. That satisfies his ego. The family and relatives of the manager feels proud of him.

2.8.5 Work from home: Especially for ladies, it is important as they have to care for their children, parents, in-laws etc. this provides flexibility to them. They can look after their children and at the same time they can work for the company also. If they are given this facility, they will be more loyal to the company and can work with more devotion.

2.8.6 Payment in dollars: Many employees are eager to earn in dollars. You can pay them in dollars so that they will not get disappointed even if they are not sent abroad.

2.9 Improving well-being at work: It focuses on helping employees to strengthen their personal resources, flourish and take pride in their roles within the organizational system functions to the best of their abilities, both as an individual and team. They are helping employees to have positive overall experience of work. It is interesting to know as to how to foster the well-being at work.

The importance of management behaviour in terms of well-being appears to be high, and some management styles seem to be more successful at strengthening well-being at work than others.
By creating a safe working environment, as well as sense of social value of the organization’s work, it may be possible to increase employees’ feeling of satisfaction. By ensuring good levels of job-fit and skills used by creating opportunities to staff to develop new skills, employers will be positioned to create high levels of employee satisfaction with their jobs and their development at work. By investing time in helping employees to take greater control over their work, staffs have been shown to perform better and with greater job satisfaction. By taking steps to improve relationship at work with a particular focus on relationships between staff and managers and by encouraging positive feeling it appears to be possible to improve not only job satisfaction, but also life satisfaction.

There are number of ways or incentives to be offered to managers to retain them. But this cannot be done in case of every manager. We have to follow the cafeteria approach. We have to identify those managers whose track record is excellent. Those who are inevitable (essential) to the organization, depending upon the utility, organization incentives are to be offered. Retention of Excellent Managers is vital from the point of view of the organization. It is essential for the company to stay into the competition. It is also necessary for maintaining competitive spirit in the organization.

2.10 Research Gap
2.10.1 It has been seen that there is no any study made on the perceptions of HR Heads & their Excellent Performing Managers on the policies for employee well-being and retention especially in manufacturing companies in India and also in & around Pune.
2.10.2 There is much awareness about employee well-being and retention in IT establishments which is lacking in manufacturing industries.
2.10.3 The target respondents are HR Heads & their Excellent Performing Managers who are there in the company and are good performers.
2.10.4 The proposed study focuses on different factors of employee well-being in manufacturing industrial units.
2.10.5 This study focuses on the perceptions of HR Heads & their Excellent Performing Managers of the select manufacturing companies on the employee retention aspects which are significant for decision making for staying within the organization.

2.10.6 Study covers the sample from manufacturing companies from in and around Pune City only.

2.10.7 Therefore, the researcher finds that, there is a research gap on this subject which would definitely add to the body of the knowledge.