Chapter 2

Conceptual Background

In today’s competitive and complex business environments, organizations are facing the challenges not only in enhancing the productivity but also coping with the pressure of managing efficient and effective human resources (HR) practices in the form of hiring, developing and retaining skillful employees. To support this, effective HR policies are becoming mandatory for the success of an organization and to overcome these challenges, management of these organizations are finding new avenues of implementing effective and dynamics HR policies. In this regards, new dimensions of organizational behavior such as understanding the emotional intelligence of the employees, employee commitment and employee satisfaction have gained rapid prominence on the strategic roadmap of the organization.

*In the era of cut-throat competition and advanced information technology, the survival of organization is, therefore, depends upon a loyal and committed workforce.* In the era of globalization and liberalization, employees are becoming the competitive advantage for any business. A business may manage with mediocre employees but competent employees can thrust an average business to bigger heights. Likewise, bad employees can cause flourishing business empires to fall down. In a tight labor market, retaining good employees and developing employee loyalty becomes increasingly important and a continuing challenge. Employers therefore need a strategy to retain their key experts and crucial skilled workers. As prospective employers continuously bid for top performers, management strategies must therefore give due concern and sufficient resource allocation to keep employees pleased, motivated and satisfied. The idea is that the satisfied employee is less likely to pursue greener pastures. In the long-term,