2nd Chapter

- Comprises the historical overview of the subject matter including the review of literature and the research developments in the field.

The Strategic Function of Management

Human Resource function is one of the most crucial, the most complex and the most critical functions in the management and it needs a very soft and sophisticated managing.

It is considered so based on the famous notion that ‘the very existence of an organisation is dependent upon the presence of people in it’ or say ‘No people– noorganisation’. Organisation is defined as a group of people coming together for achieving common goals. The optimum and efficient utilization of all the resources of the organisation – Money, Material, Machine, and even Men are depended on the managing of human resources and the presence of effective and efficient human resources.

Human Resource function is considered to be the most complex of all the functions because it deals with managing the most sophisticated, sensitive, emotional and complex being on the face of the earth – that is the human being. No wonder John W. Newstrom and Keith Davis (John W Newstorm, 2002) call organisations as complex systems. Owing to everyone’s unique cognition, different people have different perceptions, different attitudes, different personalities etc. as a result we find that something which is adored by someone is abhorred by others, something which is liked by someone is disliked by others and something which is favoured by someone is deterred by others. All these reasons make it essential on the HR manager to manage the complex beings with due care, eloquence and lucidity.

Managing human resources is as difficult as walking on a razor thin blade. For example, if the communication function and especially the grapevine (the informal communication) are not managed carefully, it may lead many interpersonal problems in
the organisation. A miscommunication or a misunderstanding may lead to strikes, riots, lockouts and even closures. The uncertain and unpredictable behaviour of the employees pose a bigger challenge to the human resource manager. Different employees may react differently to the same situation and the same employee may behave differently to the same situation at different times. Thus the human resource manager requires understanding the criticality of the function and being less manipulative to avoid problems.

The strategic nature of the human resources emphasises that organisations can’t risk losing employees on a regular basis which leads to inviting problems. A replacement of machinery or a change in the sources of finance or for that matter even a change in the location of the organisation may not affect its functioning much, but a change in the employees due to attrition – either it be voluntary or involuntary – has a great impact on the way the organisation functions. This lays tremendous stress on retaining the employees and such that employee retention has become the current hot topic of the corporate world. A lot is being written and spoken about employee turnover and employee retention. In this section of the work the researcher highlights the reasons which lead to high attrition rate (employee turnover) and also the strategies or techniques suggested increasing the employee retention in the organisations, in the light of research conducted previously and also in the light of the literature available on the topic.

**Employee Turnover – Definition**

Also called as attrition, employee turnover refers to the number of employees leaving the organisation in a given period say a calendar year in relation to the number of employees employed. Putting it more simply we can say that it is the proportion of employees leaving an organisation during a given period of time. (John W Newstorm, 2002) An online encyclopaedia defines it as “Turnover, in a human resources context refers to the characteristic of a given company or industry, relative to rate at which an employer gains and loses staff”. (Wikipedia).
Unlike financial turnover, a high employee turnover is the sign of an ailing organisation. Higher rate of attrition leads to many problems in the organisation including, fall in morale of employees, a fall in productivity, decrease in employee satisfaction, etc. Further, the problems mentioned above are counterproductive such that one leading to other. E Mrudula (Mrudula, 2006) is of the opinion that employees keep moving from organisation to organisation in search of better opportunities and pursuing their career interests. Employees start searching jobs in other companies for better opportunities when they start thinking that their current organisation does not have any growth opportunities. Although the above mentioned reasons are not the only ones, they play a very important role in high employee turnover.

A high rate of attrition leads to many problems in the organisation. Apart from managing problems, it also leads financial liabilities. On the whole it can be said that, high employee turnover hampers the overall organisational effectiveness and performance of the organisation. Thus it is very essential for the management of any organisation to take measures for keeping the attrition rate low.

Before we go into the strategies to be initiated for employee retention, let us go through the reasons behind high employee turnover across various industries and also the costs associated with employee turnover.

**Cost of Attrition**

If the number of employees leaving the company is high then it is not considered as good. Higher employee turnover leads to number of costs. They can be classified as visible or tangible costs and invisible or intangible costs. The tangible costs are generally accounted as they are visible; however the intangible costs generally miss the sight of the management and are not accounted. This leads to a massive deflation in the calculation of total costs of attrition leading to the presumption in the management that the company is not affected by attrition.
Low employee turnover rates are preferable as it is associated with direct and indirect costs of the organisation, which has an impact on the financial performance of the organisation (Huselid, 1995).

Staw finds out in his research that the direct costs include severance costs, recruitment costs and the costs of training of new employees and indirect costs are the effects on operating performance due to the disruption of existing routines (Staw, 1980)

**Tangible Costs of Attrition**

For the sake of ease, clear understanding and likelihood of missing any of the costs, let us start considering the whole human resource process as a whole. We will take the costs which are incurred by the company from the time when an employee leaves the organisation till the time a new employee takes over the charge and reaches his position. Employees those who perform better have relatively more external employment opportunities when compared to average or poor performers and thus are more likely to leave (Trevor, 2001). If such employees who are good performers leave the organisation through voluntary turnover, it is often found to be harmful or disruptive to the firm’s performance (Bax, 2004). Rather if poor performers, choose to leave the Organisation, it is good for the Organisation (Abelson, 1984), thus it is important to differentiate between functional and dysfunctional turnover and accordingly encourage the functional turnover and discourage the dysfunctional employee turnover. Further voluntary turnover of critical work force is to be differentiated into avoidable and unavoidable turnover (Barrick, 2005).

When employees leave the job, the company has to provide certain severance benefits to them. Although it is the right of the employees it affects the profitability of the company, as the company could have rotated the money in the business and thereby made some profit. The benefits includes mandatory ones like that of the gratuity, as per The Payment of Gratuity Act “sec 4.(1) Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years, - (a)
on his superannuation, or (b) on his retirement or resignation, or (c) on his death or disablement due to accident or disease...”, or it may be voluntary, agreed upon by the employer at the time of appointment of the employee, such as the company may have to buy back the stocks given or sold at a discounted price to the employee as an incentive or reward, if the terms of agreement ask for the buyback of ESOPs (Employee Stock Option Plan) at the severance of the employment.

**Administrative Costs**

Employee turnover also leads to many administrative costs to the organisation such as the cost of conducting exit interviews, the cost of stopping payroll, benefits deductions, benefits enrolments etc.(Bliss, 2006)

The cost of conducting exit interviews includes the cost of arranging the interview with a HR executive or someone from the top management, printing of the questionnaire, etc. Apart from this the organisation has to initiate proceedings for the stoppage of the payroll of the employees. Their names have to be removed from the registers, the online accounts need to be edited for confidentiality reasons; changes need to be brought in the payroll software, the processing of the formalities of their separation need to be initiated, like the one of the gratuity payment, ESOPs, insurance, provident fund, mediclaim and reimbursements, if any.

Administrative costs are also incurred when suitable replacements for the separating employees are to be made. All the formalities which are done at the termination of services of the former employee are started when new employees joins the organisation, such as enrolling of the employees in all the schemes of the organisation, registering their names with the provident fund department, opening of their bank accounts, etc.
Recruitment and Selection Costs

Recruitment for the vacant position can be done either internally or externally. Nevertheless in both the cases recruitment puts expenditure on the organisation. Internal recruitment is possible only when there are surplus staffs at the lower level or at the same level.

In case of external recruitment the company incurs expenditure on advertising, has to pay the charges of advertising agency, cost of holding the selection process including the written tests, group discussions, interviews, the cost of checking the background and references, etc. It also leads to certain administrative expenditures like issuing of the appointment letter, opening of the salary account of the employee with the bank, enrolling them in the various schemes which the organisation is providing, like insurance, mediclaim, etc.

And once the employees are placed, orientation need to be conducted for them which may take the valuable time of the manager who is conducting the orientation and as well as of the new entrants, as they are already on the payroll and their days need to be compensated. The organisation has to arrange for the training of the employees, leading to heavy expenditure. Identifying training needs, choosing the trainer – internal or external, both come at a cost – choosing the training method, imparting training, evaluating training programme etc., are an expensive business.

Sometimes if the designations of the people appointed are big, the organisation has to even modify the ambience of the workplace as per choice of the incumbent.

Training costs

The new employees also require orientation and training in the organisation for the purpose of making them aware of the organisations culture and the work processes of the organisation. To make the new entrants aware of the organisations history, the structure, the product, the processes, the suppliers, the customers etc. of the company. In
this process the organisation incurs heavy expenditure by way of charges of trainer, by way of providing the necessary logistics and infrastructure for the training programme, by way of the time of the person who plans and designs the training programme, etc.

**Intangible Costs of Attrition**

Apart from tangible costs of attrition, there are certain hidden or intangible costs which are often missed and require a very careful approach to be identified and calculated. Let us analyse a few of them. Again we will follow an orderly approach, considering the whole human resource process from the time when an employee leaves the organisation till the time when a new employee takes over the charge and reaches his predecessors position.

**Intangible Human Resource Costs**

When people leave organisations their experience is also lost. The experience which they developed over time while working with the company, the system of work they evolved, the ease they learned in doing the work and the synergy developed between them and other employees of the organisation. Although these things are not accounted in the books, they affect the organisation in a negative way.

The new person who joined would take some time to understand the processes of the work and also the culture of the organisation before starting to perform in the organisation, further the person may take more time to align with the organisation’s culture if coming from a very different work environment. The new entrant needs to evolve a work style in tune with the work style of those employees who are already working in the organisation. Apart from the new employee, those employees who worked with the employee who left, may have to tune new work relationship with the new comer. The leaving of the employee also may lead to a fall in their morale in the existing employees.
If these things are not properly managed by all the three parties (i.e.) the management, the existing employees and the new entrant, they may lead to bigger problems in the organisation and in some cases may even lead to a further increase in the employee turnover of the organisation, where either the new entrant or the existing employees may prefer leaving the organisation.

**Intangible Administrative Costs**

Exit interview is conducted when employees leave organisation to know the reason behind their leaving. One person from the HR dept. or the line manager would conduct the interview leading to loss of time and effort from their side. It does not end there, the interviewer may form his own opinion regarding the leaving employee, and if his version is negative then there is a possibility of fall in morale in the existing employees leading to an increase in employee turnover. (Bliss, 2006). Apart from these, the cost of the time and effort of people who complete the formalities of separation of the employee are also high.

**Loss of Productivity**

It is a fact that when a settled employee leaves the organisation, it affects the productivity of the organisation. At any given time a person who is working in the organisation is relatively better than any new entrant for his/her awareness of the products and services, procedures, processes, work systems, protocols, rules and regulation of the company. As the new comer will take time to get himself acquainted with the things mentioned above, it impacts the productivity of the organisation negatively.

In addition to this the synergy or understanding which the existing employees had with the previous employee cannot be substituted, as it takes time and effort to achieve the same synergy and understanding with the new employee. Apart from this, the time the employees spend in discussing the reasons for the employee’s exit, the effect of his/her exit, etc. also hinders the productivity of the organisation.
According to William G Bliss (Bliss, 2006) employee turnover costs the productivity through three different ways.

i. Cost of time lost by co-workers and supervisor in guiding and correcting the new entrant,

ii. Cost of the mistakes which the new entrant would make and

iii. Cost of the expertise of the departing member.

In addition to this when an employee leaves an organisation the existing employees will be burdened with additional work, leading to stress, unrest and dissatisfaction among them, in return resulting in the fall of productivity. If the problem is not taken up immediately it may lead to more employees leaving the organisation.

**Loss of Reputation**

Organisations with higher attrition rate are not considered as good in the industry. Sometimes the industry takes a parochial view of the situation and ends up assuming that the employee turnover in the company is high as the company is not keeping them happy and is not bothered about their satisfaction.

The tale that the company is not treating the employees justly and employees are not happy spreads like a wild fire and damage the reputation of the organisation in the industry and market. The effect of which may be disastrous for the organisation, good and talented people may not prefer the company for employment.

**Reasons for employee turnover**

It is evident from the information given above that an organisation cannot sustain for long with a high rate of employee turnover. It is a very important function of the HR department now, to control the attrition rate. If management do not make an effort to keep employees in the organisation, then surely the organisation would be at loss. Hence,
the management need to make strategies which help them in retaining talented employees. But, good strategies cannot be made unless there is a clear understanding as to why employees are leaving the organisation, what is influencing them to quit the organisation, what are the factors responsible, etc.

An employee may leave the organisation for various reasons. Broadly classifying the factors responsible for employee turnover are of two, a) **Internal factors** and b) **External factors**. Regarding the point as to which employees tend to leave? John W Newstrom and Keith Devisopine that those employees who are satisfied are less likely to quit or announce their intention to quit. (John W Newstorm, 2002) They also state that the employee’s attitude towards the organisation and the organisation’s attitude towards the employees also influence the rate of attrition in the organisation.

Taking a different view, E Mrudula is of the opinion that the employees often leave an organisation and keeps moving in search of a good career, they keep experimenting for the satisfaction of their life interests. (Mrudula, 2006). It seems the problem is bigger than it seems, a reason of a high attrition rate may be lack of moral values among the employees and employers, which makes them disloyal towards each other. The employers keep the employees as long as they are beneficial, similarly the employees stick to the organisation so long as they get advantage of staying.

Many companies spend a great amount of time and money investigating the causes of employee turnover. Usually the intent behind such studies is to find out why people leave. The idea behind such studies is that if a company can identify the reasons for employee turnover, it can work to hold terminations and turnover down. (Hughes, 1973)

**Job satisfaction and employee turnover**

Job satisfaction is defined as the feelings a worker has about his or her job experiences in relation to previous experiences, current expectations or available alternatives. (Balzer, 2000). Satisfied employees are happier with their organisations and job conditions. They are happier as they are satisfied and they are satisfied as they are happy with their job. It
is also noted that satisfied employees perform better than dissatisfied employees. They perform better as they are able to concentrate better on their job and also because they like their organisation. In contrast if they are dissatisfied they can’t concentrate better on their job and as a result their performance comes down.

Apart from a fall in performance they are likely to leave the organisation as well. Satisfied employees are more likely to continue to work in the organisation, whereas dissatisfied employees are likely to leave the organisation. Job satisfaction is considered as one of the primary reasons for employee turnover. Thus managements keep making efforts to keep the employees satisfied as satisfied employees not only perform better but also likely to continue to work in the company.

**Internal factors responsible for employee turnover:**

Internal factors originate from within the organisation. It may be anything associated with the job, the organisation, the management, working conditions, co-workers, supervisors, subordinates, terms of employment etc. As they are internal to the organisation, the management can modify them lower the employee turnover rate. As they are internal to the organisation they can be managed by the management.

**Monetary reasons**

The core to any employment contract is the salary employees receive as a return to his/her duties. If the compensation being provided by the organisation is not adequate and fair then the employee may leave the organisation if they get a good opportunity. With regards to this Biswajeet Pattanayak mentions adequate and fair compensation as core to the Quality of Work Life of the employee. (Pattanayak, 2005) However, adequate and fair compensation is not the only solution to retain employees, as employees these days are very calculative and they also compare other benefits like incentives, bonuses and fringe benefits such as insurance coverage, educational assistance which employees of other organisations receive.
The nature of work itself:

The nature of work may also lead to dissatisfaction among employees, leading to attrition. Employees do not feel comfortable working on something for which they are not appointed. The work may be of a higher standard compared to their capability, leading to stress on the employees’ mind and physique. Thus, the employees may consider leaving the organisation as soon as they realise and get a better opportunity. Conversely, if the work assigned to them is below their standards and if they feel that their skills and capabilities are not properly being used then they may leave the organisation for a better and challenging opportunity.

For example in the BPOs, the work is very tiring by its very nature or timing. Employees get affected as it is very stressful. Hence they may start searching for better opportunities and switch when they find.

Interpersonal relationships at work place, etc.:

Employees give a high weight age even to the informal relationships which develop at their work place. The formal relationships are defined out of the structure and hierarchy of organisation whereas informal relationships are formed based on the interaction of employees. The relationships not only help them achieve goals of the organisation easily but also give them some amount of contentment. Thus, if the interpersonal relationships in the organisation are not properly managed they may lead to a higher rate of attrition.

If employees do not have good understanding with the manager or supervisor they are more likely to quit. It is generally said that “employees do not quit organisations, they quit managers”. Employees also decide to quit depending on the quality of their relationships with their colleagues. Especially, female employees may not work in an organisation where either the superiors or colleagues make unwanted advancements.

Further, the relationships which employees have with clients or suppliers may also influence their continuance in the organisation.
Organisation policies and poor supervision:

Employees who are motivation seekers (ref: Herzberg’s Two-Factor Theory, next chapter) will not be happy if they feel that policies of organisation are either wrong or improper. They are de-motivated when organisation does not consider their suggestion. They even do not prefer working under a person who according to them is poor in planning, organising, managing, supervision etc. Thus poor organisation policies and improper supervision also contributes to increase in attrition rate.

Communication and information flow:

Employees like organisations in which communication and information sharing is open and free. Well defined communication channels help organisation avoid information blockages and also in smooth and quick disposal of work. An employee coming from an open organisation with free communication channels may not be comfortable working in organisation with traditional communication channel.

When employees get the information needed to perform their jobs, and if the communication is at optimal levels across the organisation, it stands to reason that employee morale, productivity, effectiveness and efficiency will also be at optimal levels. Employees who are treated in this way are more likely to continue to work in the organisation instead of looking for opportunities outside. All too often employees leave their job because they feel they are not valued and because management fails to communicate with them or listen to their opinions. (Thornton, 2001)

No or little opportunity for Training, Growth and Development:

The employees these days are very ambitious and thus seek regular opportunities for growth, advancement and development. If the organisation fails in giving the employees the desired opportunities for their growth and advancement the employees may not be fully content with the job and the risk of their leaving the job is high. Not only shall the opportunity for the growth and advancement be provided but the organisation should also
provide the required training and development for the ability to meet the opportunity for growth and advancement. Employees themselves may identify training programmes which they would wish to undergo, and the organisation shall provide them with necessary guidance and assistance to take up the programme, apart from sponsoring the whole programme.

**Work-life balance:**

Work-life balance is a situation where employees are able to give sufficient time to their families as well. People take up jobs for their family’s sustenance. If organisations take a major chunk of time of individuals, they will be left with little time and energy to spend with the family. The current competitive market has put a big challenge over the organisations, and in order to thwart competition with the available resources they try to make extra use of them, there by eating up from the personal time of employees. The employees are demanded to work for extra hours. Even if organisations are ready to pay for overtime employees may not be willing to work extra time and decide to quit.

**Favouritism and inequity:**

If organisations do not maintain equity among employees and use different standards for different employees, the hard working employees may feel deprived and may decide to quit. Sometimes, if the manager is biased, it leads to unequal distribution of rewards among employees, those favourite to the manager will get rewards by not doing enough and those who are not in the in-group of the manager may be left out. The hardworking employees may not tolerate this and may decide to quit leading to a rise in employee turnover.

**Reorganisation and redesigning:**

Sometimes the organisations opt for a change in their structure to improve performance or facilitate ease in operations. As organisations go for reorganisation and redesigning then some employees may not be comfortable with the new setup, and they may opt out of the organisation.
External factors responsible for employee turnover:

External factors are those factors over which the management has little or no control, these factors are external to the job, such as health of the employee, interest in pursuing higher education, a change in marital status, transfer of spouse, children’s education, parents health, competition, coming up of other lucrative industries, etc.

Economic and labour market conditions:

The opportunities in the market depend upon the level of economic activity in the country. If the economy of a country is in recovery or boom and prosperity, employment opportunities in the country will increase, as a result employees start searching for jobs and switch jobs if they find better opportunities. The level of economic condition in which business operates is one among the major factors that influences the employee turnover (Pettman, 1975).

If the labour market conditions in the country are positive that is if the supply of labour is more than demand employees would not leave jobs as it will be risky. Conversely if the demand for labour is more than the supply of labour employees may keep seeking better opportunities and companies will be willing to pay more for better employees.

Employee relocation:

Sometimes employees have to relocate due to transfer of spouse or due to any personal or property reasons. In India, generally women have to change their jobs and even career aspirations due to a job change or transfer of husband to some other location. Some employees leave their organisation because of these reasons. This remains one of the chief reasons for women’s turnover rate apart from pregnancy, child birth and upbringing of children.
**Personal reasons of employees**

Apart from reasons mentioned above there can be other personal reasons for which employees leave their jobs. Men may leave their job because of family reasons like health of parents, spouse, their own health, education of children etc. They may also leave their job for a change in their career such as they may opt to change their field or plan to start any business. Apart from reasons mentioned above women may leave their job because of maternity issues or taking care of children. Although companies need to provide maternity benefits to the women as per The Maternity Benefit Act, 1961 still some women would not prefer to avail it and would rather want to take care of the children fully. Apart from maternity reasons some women employees in India leave or change their job when they get married.

**Economic reasons**

Sometimes people have to incur unpredicted expenses in their life, such as a major surgery of a family member, litigation expenses etc. If their current job is not giving them money they need, they prefer to change their field or company for the sake of earning more and take care of their family more properly. Children education, marriage of sisters, etc. are other prominent economic reasons for an employee to seek a better paying opportunity in the industry. However this aspect can be categorised under seeking opportunity for higher salary.

**Social reasons:**

Apart from colleagues and family members, sometimes employees change their job because of society. When somebody wants to change the society they are living in they may consider even changing their workplace. They may prefer to change their locality for various reasons like the demographics of the locality, for a change in their status or for other reasons. Although the transport facilities have improved a lot and easy mobility is possible from place to place, still some people may consider changing their company because of a change in location of home.
Herzberg’s Two-Factor Theory

As a part of a study of job satisfaction, in the late 1950’s and early 1960’s Fredrick Herzberg and his associates developed a theory which is named as The Two-Factor theory (Chandan, 2006). This theory is considered as a motivation theory and as an extension to Abraham Maslow’s work – The Hierarchy of Needs (Material, 2004).

In this study of Employee Retention the theory is of great significance, as the satisfaction and dissatisfaction of employees determine whether the employee would continue to work or quit the organisation.

The two-factor theory is based on interviews with over 200 engineers and accountants in the Pittsburgh area. They used the Critical Incident Method for collecting data. The respondents in the interview were asked as to what are the situations when they felt exceptionally good about their jobs, and also what are those situations when they felt exceptionally felt bad about their jobs.

The results obtained by the research gives us a very critical insight about the employees’ motivation, feelings, satisfaction and dissatisfaction. This theory is considered as one of the most important theory in the study of management. It provides great insight into the way motivation is taught and understood across the world.

The data collected was tabulated and reported as positive and negative feelings of employees to different situations. After a thorough analysis Herzberg concluded that the factors which satisfy employees are associated with job content and the factors which dissatisfy the employees are related to the job context. He termed the factors which satisfy the employees as satisfiers or hygiene factors and the factors which dissatisfy the employees as dissatisfiers or motivation factors. If satisfiers are present in the job, it prevents the dissatisfaction of employees and if the dissatisfiers are absent in the job, it leads to motivation of the employees.
Putting it more simply, hygiene factors of the job are those factors, the presence of which does not motivate the employees, but their absence definitely de-motivates them. And motivation factors are those, the absence of which does not de-motivate employees but their presence motivates the employees.

Thus, the two-factor theory proposes that managers will not be able to motivate—and in case of this study say ‘retain’—employees if they focus on the hygiene factors alone, such as salary, perks, incentives etc., instead along with the hygiene factors the managers need to focus on motivation factors, such as recognition, giving more responsibility, authority etc.

However, some employees may have characteristics as enumerated by Douglas McGregor in his Theory X type (Luthans, 1973) and be complacent with the hygiene factors, they are classified as hygiene seekers. And the categories of employees who are not motivated unless they are provided with motivation factors are termed as motivation seekers and in the terminology of Douglas McGregor are classified as Theory Y. Following is a brief classification of hygiene and motivation factors.

**Hygiene Factors**

Hygiene factors are those factors the presence of which does not motivate the employees as they are essential to the existence of the contract of employment and the absence of which will de-motivate employees. They just prevent the dissatisfaction and maintain status quo and simply maintain ‘zero level of motivation’ as Chandan indicates, “An employee may identify low pay as a cause of dissatisfaction, but he would not necessarily identify high pay as a cause of satisfaction”. (Chandan, 2006)

**Some of the hygiene factors are:**

- Salary, wages and other types of fringe benefits,
- Company policy, its rules which govern the work environment,
- Interpersonal relationships,
• Working conditions and job security,
• Supervisor and his style of supervision, etc.

One of the research done in the year 2001 regarding finding out the effect of supervisor-employee relationship on employee turnover found that HR executives cite good worker-supervisor relationship as the prime reason for low employee turnover. The knowledge workers do not want to be dominated by anybody, and if they find the managers are trying to dominate over them, they would consider options to move out of the organisation. Thus we can say that managers need to have a team oriented attitude, to retain employees. Although managers are superior in terms of qualification and their ability they need to be humble to accommodate the employees so that employee turnover does not increase.

**Motivation Factors**

Motivation factors are that factor the absence of which does not or may not de-motivate the employees but the presence of which definitely motivates the employees. These factors are related to the nature of work and are intrinsic to the job. These factors have a very positive effect on the morale of the employees, their satisfaction, efficiency and leads to higher productivity apart from a high probability of their retention.

**Some of the motivation factors are:**

• The work or the job itself
• Recognition of the efforts of the employees
• Their achievement
• Additional responsibility or responsibility according to employees’ capability
• Opportunity of growth and advancement
Analysis of previous researches:

In order to understand the concept in detail the researcher did an analysis of the previous research papers and reports related to employee turnover and employee retention. Internet was used a source for the research papers. Following is a brief analysis of few researches done in the past in the relevant area.

Monetary and non-monetary strategies to control attrition:

The management has the responsibility of controlling the attrition in the organisation. As we have seen above, higher employee turnover leads to excessive costs of operation, hence the management need to make strategies to control the employee turnover. As per a research regarding employee retention in North India, it is found that companies have strategies for employee retention which can be broadly classified into two categories i.e. monetary and non-monetary strategies. Monetary strategies are those strategies where a monetary incentive of payment is done to the employees and non-monetary strategies include strategies that do not include payment of any monies to the employees. Although, majority of the organisations are employing the monetary strategies such as Performance Linked Incentives, Rewards, Increment in Salary; yet good number of innovative non-monetary practices are also being implemented to retain the manpower. These practices include Job Rotation, Job Enrichment, Exit Interviews, Participation in Management, Public Recognition of Achievements etc.(Gagan Deep Sharma, 2012)

As the title of the study is “A Study on Employee Retention, with Special Reference to the BPO and IT Industry” it raises a question as to whether the employee turnover and employee retention is different in IT and BPO sectors and other sectors. Given certain common conditions related to society and other external factors it can be assumed that the employee turnover is similar in other sectors also. However as the internal conditions of various organisations and various sectors are not identical the employee turnover and employee retention levels may be different in different sectors.
Further, the point that the research is being done in IT and BPO sectors; it also becomes a point whether there is difference between the employee turnover in the Indian IT companies and the MNCs. As per a research, there is no significant difference in responses between IT professionals of Indian and Multinational Companies in India, regarding the factors of employee turnover (Minu Zachariah, November 2012). Further regarding the response of the employees towards the work and their work relationship and their expectations, it was found that there is no significant difference in among Indian IT professionals and the employees of MNCs.

Among other things the research concludes that Indian IT Companies are on par with MNCs in various aspects of employment, including having a retention strategy and in attracting and retaining top talent.

Employee turnover can also be said as a part of human behaviour. Whether employees are satisfied or not are also a result of their general attitude apart from the work or work related factors in the organisation. Employees with a positive attitude are generally satisfied with the work, working conditions and the organisational culture, as they tend to adjust easily and also they have a positive belief that they can alter the negative situation into a positive one. People with a negative attitude always find negativity in any situation. They are less tolerant of things that go against their wishes, they tend to get irritated quickly and thus make the decision to quit the company. Thus the human psychology plays a very important role in employee turnover and employee retention.

The conditions of employment are same for all the employees of the organisation, however we find that some employees are satisfied and continue to work in the organisation and some of them are not satisfied and leave the organisation. Given this fact we can conclude that there are certain internal factors of the employees that lead to employees remaining and leaving the organisation. Applied psychology literature found that perceptions of fair treatment were related to decreased turnover. (Kozlowski, 1993).

The point to be noted from the above sentence is, it is the perception of fair treatment and not fair treatment per se, which is responsible for decreased turnover. Meaning that the if the employees feel or perceive that they are being treated fairly then they are likely to
continue in the organisation and if the employees perceive that they are not being treated fairly, even if they are being treated fairly, then they would leave the organisation. Thus, apart from treating the employees fairly the management need to make the employees realise that they are being treated fairly and only this will help them in reducing the employee turnover in the organisation.

It shall not be misunderstood that the management can only make the employees perceive that they are fairly treated whereas actually they are treated unjustly or unfairly. It is corroborated by another research done by Eisenberger, Fasolo that when management treated employees well, employees had increased job satisfaction and decreased turnover. (Eisenberger, 1990)
References:


