3.1 Definition & Concept of Retention

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joinee, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time. (1)

According to Get Les McKeown’s employee retention is define as “ effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their divers needs.” (2)

Retention is a voluntary move by an organization to create an environment which engages employees for a long term. According to Samuel and Chipunza (2009), the most
important purpose of retention is to look for ways to prevent the capable workers from quitting the organization as this could have negative effect on productivity and profitability. The view that the main purpose of retention is primarily for organizational gains is similarly viewed by Humphreys et al. (2009), who in describing the concept, place the focus of retention in terms of “some notion of adequacy or sufficiency of length of service…”, which can be measured in terms of a return on the costs of investment associated with training and recruitment or the effects on patient care that are considered to be optimal.

In addressing the multi-dimensional concept of retention, Cascio (2003) perceived retention as initiatives which the management takes to prevent employees from leaving the organization. The issues which the latter further proposed are employees being rewarded for doing their jobs effectively, ensuring that the relationship between employees and managers are harmonious, and maintaining a working atmosphere which is safe and healthy. (3)

The Workforce Planning for Wisconsin State Government (2005), placed emphasis on managers’ systematic effort to create organizational systems and an environment which is conducive for addressing the diverse needs of their current employees in order to sustain their continued employment through harmonious work practices. The author Brown (2005) claimed that an orientation program which is designed appropriately, “… whether it is short or long, will improve retention of employees.” Also, Frank et al. (2004, p. 13) defined retention as the “…effort by an employer to keep desirable workers in order to meet business objectives” (4)
Thus, Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work.

Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

### 3.2 Importance of Retention

Every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves companies money. As Beverly Kaye and Sharon Jordan-Evan stated in *Training and Development*: “Studies have found that the cost of replacing lost talent is 70 to 200 percent of that employee’s annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting, and training the
Retention

best employees represents a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out.”

Thus, retaining a valuable employee is essential for an organization for following reasons:

- **Hiring is not an easy process:** The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process.

- **An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture:** A new joinee is completely raw and the management really has to work hard to train him for his overall development. It is a complete wastage of time and money when an individual leaves an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy; a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves.

- **When an individual resigns from his present organization, it is more likely that he would join the competitors:** In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in
some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joinee is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.

- **The employees working for a longer period of time are more familiar with the company’s policies, guidelines and thus they adjust better:** They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively.

- **Every individual needs time to adjust with others:** One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new joinee with the previous employees and always find faults in him.

- **It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization:** They enjoy all kinds of benefits from the organization and as a result are more attached
to it. They hardly badmouth their organization and always think in favor of the management. For them the organization comes first and all other things later.

- **It is essential for the organization to retain the valuable employees showing potential:** Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.\(^5\)

The management must understand the difference between a valuable employee and an employee who doesn’t contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change.

### 3.3 Retention Process

While many organizations use robust, structured and systematic techniques to attract and retain their customers, it is only now that many of them are applying similar methodology to retain their employees.

The process begins from the recruitment stage and continues thereafter. They need to communicate to the candidates not only the role and expectations of the management but also the cultural values of the organization to convey their emphasis on participation, motivation and involvement in decision-making. They look for employees who can shoulder responsibilities and then provide them with tools and authority to serve their internal/external customers. The focus is on systematically communicating and keeping
in touch with the employees and encouraging innovation and ingenuity while providing opportunities to upgrade their skills. (6)

3.4 Strategies formulated for employee retention during different periods

According to J. Leslie Mekeown, the approach of employee retention has developed gradually and has undergone focused attention in various periods.

(i) Paternalistic ‘Status quo’ employer-employee relationship to reduce rate of employee turnover. This was dominant upto 1980s.

(ii) Focus on providing Hygiene factors. However, job mobility and turnover of employee increased due to changes in job market and opportunities outside the organization. People did not remain with one employer for long or for career in working life, so employees started voluntarily leaving the organizations. Thus to retain employees, organizations laid emphasis in providing Hygiene factors (Herzberg two factor theory of motivation), i.e. compensation benefits and physical aspects of working environment (health, safety and comfort) at workplace. The focus was to reduce employee turnover and also to workout data, i.e. to maintain turnover rates on regular basis in the organization.

(iii) Thrust on motivating factors. Then came another change when emphasis of employers became dominant on motivating factors (Herzberg) such as:

- Feeling of achievement,

- Recognition,
• Challenging work itself,

• Career advancement,

• Increased responsibility,

• Opportunity for growth as a person.

The emphasis was equally on growth or higher order needs of A. Maslow social needs (affection, friendship, acceptance, belongingness in the work group), esteem or ego needs (status recognition, self respect etc.) and self actualization needs of growth, achieving one’s potential, self fulfillment etc.)

(iv) Improvement in Quality of work life. Later organizations started providing various job-designs and improvement in quality of work life (QWL) measure to enable individuals to satisfy variety of needs. These measure are, i.e. meaningful work, challenge in learning and problem solving, control over one’s job, a chance to collaborate with colleagues. Nature of work one is involved has a profound impact on shaping individual’s personality, determining performance, commitment and job satisfaction.

(v) Building organization culture. Other areas of focus have been such as making compensation rewards and benefits more competitive so as to have a difference with other organizations and also building organization culture. During 1990’s it came to be realized that corporate culture is important for corporate growth, success, excellence and survival. It has motivating effect on employees as it influences initiative, trust, support and innovation. Good culture is usually typified by quality of excellence, openness in
communication, participation in decision making, high standard of safety, good corporate citizen. This sustained employee retention called as “holistic approach” that dealt with employees “higher needs” such as acceptance, esteem and self fulfillment.

(vi) Retention factors for knowledge workforce. According to J. Leslie Mekeown the current approach in employee retention is to lay emphasis on following factors in knowledge era.

(a) Core competencies and Outsourcing strategies

Late Prof. C.K. Prahalad and Gary Hamel emphasized that organizations to adopt core competency model (i.e. skills and activities that are essential to an organization’s success and that the organization must do well a competitive strategy). Organizations will focus on hiring employees only for their core activities and will be purchasing non-core products and services externally. This trend is continuing.

(b) Concentrating on Performance- related Rewards

Concentrating on performance related reward systems to meet expectations of employees who have their own core competencies (knowledge workforce) and provide them work-life balance programmes. Employer has to attract high caliber individuals who can perform the organization’s “mission critical” (core competencies) tasks. Employer has to offer different “retention stimuli” in winning potential employee and not allowing him to go elsewhere. This is also referred as “employee value proposition” approach which emphasizes the benchmarking activities and involving organizations in adopting the employee retention best practice of similar organization.
(c) Employee Retention Strategy, an ‘Employer of Choice’

Employee retention concept of becoming an “employer of choice or building company image”. It lays emphasis as under:

- Process of becoming an employer of choice before hiring highlighting in recruitment literature, i.e. advertisement, product branding, company image, management reputation and releases for public. The object is, to attract right employees.

- It is important what management says and to do after hiring. Process continues for retention (beyond the hire stage) to include treatment with employees, their development efforts and feel at home etc.

- Another aspect is to develop retention mindset in the leadership for building a welcome environment where people want to stay. It is developing a retention culture- a retention way of life. It is about creating a genuinely welcoming place, where employee’s love to work based on credibility, respect, fairness, pride and camaraderie. It is good performance management process, which can help improve retention such as-
  
  - Use of role clarity and annual review of goal achievement.
  
  - Use of performance appraisal mechanism to measure those goals and,
  
  - Employer’s mentor/coach role to encourage and advice to produce enduring, productive employee-employer relationship.

(d) What ticks Knowledge Workforce?
Other current retention approaches are towards following aspects:

- Provision of fun
- Nurture creativity
- Continuous learning.
- Work and life balance.
- Love and individual dignity.
- Involvement and team working.
- Performance-related compensation etc. \(^{(7)}\)

In sum, focus in retention approaches in different periods during industrial, service sectors, information –technology (IT) and Internet era mentioned above are summarized in a continuum as under Exhibit No. 3.1

**Exhibit No. 3.1 Continuum Showing Focus in Retention Approaches in Different Periods.**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Approaches</td>
<td>Paternalistic</td>
<td>Hygiene Factors</td>
<td>Motivating Factors</td>
<td>Holistic</td>
<td>Core competence, Corporate image</td>
<td>Ticks for Knowledge workforce</td>
</tr>
</tbody>
</table>
3.5 Techniques of Employee Retention

Companies have now realized the importance of retaining their quality workforce. Retaining quality performers contributes to productivity of the organization and increases morale among employees.

Four basic factors that play an important role in increasing employee retention include salary and remuneration, providing recognition, benefits and opportunities for individual growth. But are they really positively contributing to the retention rates of a company? Basic salary, these days, hardly reduces turnover. Today, employees look beyond the money factor.

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**Exhibit No. 3.2 Retention techniques**
The basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people in the first place.

2. Empower the employees: Give the employees the authority to get things done.

3. Make employees realize that they are the most valuable asset of the organization.

4. Have faith in them, trust them and respect them.

5. Provide them information and knowledge.

6. Keep providing them feedback on their performance.

7. Recognize and appreciate their achievements.

8. Keep their morale high.

9. Create an environment where the employees want to work and have fun. *(8)*

These practices can be categorized in 3 levels: Low, medium and high level, shown in Exhibit No. 3.3
3.5.1 Low Level Employee Retention Strategies

- Appreciating and recognizing a well done job

- Personalized well done and thank-you cards from supervisors

- Congratulations e-cards or cards sent to spouses/families

- Voicemails or messages from top management

- Periodic days off for good performance
• Rewards (gift, certificates, monetary and non-monetary rewards)

• Recognizing professional as well as personal significant events

• Wedding gifts

• Anniversary gifts

• New born baby gifts

• Scholarships for employee’s children

• Get well cards/flowers

• Birthday cards, celebrations and gifts

• Providing benefits

• Home insurance plans

• Legal insurance

• Travel insurance

• Disability programs

• Providing perks: It includes coupons, discounts, rebates, etc
  ➢ Discounts in cinema halls, museums, restaurants, etc.
  ➢ Retail store discounts
  ➢ Computer peripherals purchase discounts

• Providing workplace conveniences
  ➢ On-site ATM
  ➢ On-site facilities for which cost is paid by employees
 laundry facility for bachelors

 Shipping services

● Assistance with tax calculations and submission of forms

● Financial planning assistance

● Casual dress policies

● Facilities for expectant mothers

● Parking

● Parenting guide

  ▪ Lactation rooms

  ▪ Flexi timings

● Fun at work

 Celebrate birthdays, anniversaries, retirements, promotions, etc

 Holiday parties and holiday gift certificates

 Occasional parties like diwali, holi, dushera, etc

 Organize get together for watching football, hockey, cricket matches

 Organize picnics and trips for movies etc

 Sports outings like cricket match etc

 Indoor games

● Occasional stress relievers

 “Casual dress” day
“Green is the color” day

Handwriting analysis

Tatoo, mehandi, hair braiding stalls on weekends

Mini cricket in office

Ice cream Fridays

Holi-Day breakfast

- Employee support in tough time or personal crisis
  - Personal loans for emergencies
  - Childcare and eldercare services
  - Employee Assistance Programs (Counseling sessions etc)
  - Emergency childcare services

3.5.2 Medium Level Strategies for Employee Retention

- Appreciating and recognizing a well done job
- Special bonus for successfully completing firm-sponsored certifications
- Benefit programs for family support
- Child adoption benefits
- Flexible benefits
- Dependents care assistance
- Medical care reimbursement
- Providing conveniences at workplace
- Gymnasiums
- Athletic membership program
- Providing training and development and personal growth opportunities
  - Sabbatical programs
  - Professional skills development
  - Individualized career guidance

### 3.5.3 High Level Strategies

- Promoting Work/Life Effectiveness
- Develop flexible schedules
- Part-time schedules
- Extended leaves of absence
- Develop Support Services
- On-site day care facility etc.
- Understand employee needs: This can be done through proper management style and culture

- **Listen to the employee and show interest in ideas**
  - Appreciate new ideas and reward risk-taking
  - Show support for individual initiative
- Encourage creativity

- **Encouraging professional training and development and/or personal growth opportunities:** It can be done through:

  - Mentoring programs
  
  - Performance feedback programs
  
  - Provide necessary tools to the employees to achieve their professional and personal goals

  - Getting the most out of employee interests and talents

  - Higher study opportunities for employees

  - Vocational counseling

  - Offer personalized career guidance to employees

- **Provide an environment of trust:** Communication is the most important and effective way to develop trust.

  - Suggestion committees can be created

  - Open door communication policy can be followed

  - Regular feedbacks on organization’s goals and activities should be taken from the employees by:

    - Management communications

    - Intranet and internet can be used as they provide 24X7 access to the information

    - Newsletters, notice boards, etc.
• Hire the right people from the beginning: employee retention is not a process that begins at the end. The process of retention begins right from the start of the recruitment process.

  ➢ The new joinees should fit with the organization’s culture. The personality, leadership characteristics of the candidate should be in sync with the culture of the hiring organization.

  ➢ Referral bonus should be given to the employees for successful hires. They are the best source of networking.

  ➢ Proper training should be given to the managers on interview and management techniques.

  ➢ An internship program can be followed to recruit the fresh graduates. (9)

Exhibit no. 3.4: Examples of various companies

<table>
<thead>
<tr>
<th>Employers</th>
<th>Key Drives To Attract And Retain Talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procter and Gamble India</td>
<td>o Early responsibilities in career</td>
</tr>
<tr>
<td></td>
<td>o Flexible and transparent organizational culture</td>
</tr>
<tr>
<td></td>
<td>o Global opportunities through a variety of exposure and diverse experiences</td>
</tr>
<tr>
<td></td>
<td>o Performance Recognition</td>
</tr>
<tr>
<td>American Express (India)</td>
<td>o Strong global brand</td>
</tr>
<tr>
<td>Employers</td>
<td>Key Drives To Attract And Retain Talent</td>
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<tr>
<td>---------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NTPC</td>
<td>o Value-based environment</td>
</tr>
<tr>
<td></td>
<td>o Pioneer in many people practices</td>
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<tr>
<td></td>
<td>o Learning and growth opportunities</td>
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<tr>
<td></td>
<td>o Competitive rewards</td>
</tr>
<tr>
<td></td>
<td>o Opportunity to grow, learn and implement</td>
</tr>
<tr>
<td></td>
<td>o Strong social security and employee welfare performance-oriented culture</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>o Strong values of trust, caring fairness, and respect within the organization</td>
</tr>
<tr>
<td></td>
<td>o Freedom to operate at work</td>
</tr>
<tr>
<td></td>
<td>o Early responsibility in career</td>
</tr>
<tr>
<td></td>
<td>o Training and learning opportunities</td>
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<tr>
<td></td>
<td>o Visible, transparent and accessible leaders</td>
</tr>
<tr>
<td></td>
<td>o Competitive rewards</td>
</tr>
<tr>
<td></td>
<td>o Innovative HR programs and practices</td>
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<tr>
<td>Glaxo Smith Kline Consumer Healthcare</td>
<td>o Performance-driven Rewards</td>
</tr>
<tr>
<td></td>
<td>o Its belief in “Growing our own timber”</td>
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<tr>
<td></td>
<td>o Comprehensive development and learning programs</td>
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## Employers and Key Drives To Attract And Retain Talent

<table>
<thead>
<tr>
<th>Employers</th>
<th>Key Drives To Attract And Retain Talent</th>
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<tbody>
<tr>
<td></td>
<td>o Flat organization, where performance could lead to very quick progression</td>
</tr>
<tr>
<td></td>
<td>o Challenging work context</td>
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<tr>
<td></td>
<td>o Competitive rewards</td>
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<tr>
<td></td>
<td>o Exhaustive induction and orientation program</td>
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<tr>
<td>Tata Steel</td>
<td>o Organization philosophy and culture</td>
</tr>
<tr>
<td></td>
<td>o Job stability</td>
</tr>
<tr>
<td></td>
<td>o Freedom to work and innovate</td>
</tr>
<tr>
<td>Colgate Palmolive India</td>
<td>o Company brand</td>
</tr>
<tr>
<td></td>
<td>o Open, transparent, and caring organization</td>
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<td></td>
<td>o Management according to the managing with respect to guiding principles</td>
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<tr>
<td></td>
<td>o Training and development programs</td>
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<td></td>
<td>o Structured career planning process</td>
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<td></td>
<td>o Global career opportunities</td>
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<tr>
<td>Wipro</td>
<td>o Company’s brand as an employer</td>
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<td></td>
<td>o Early opportunities for growth</td>
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<td></td>
<td>o High degree of autonomy</td>
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<td>o Value compatibility</td>
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### Key Drives To Attract And Retain Talent

<table>
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<th>Employers</th>
<th>Key Drives To Attract And Retain Talent</th>
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<tbody>
<tr>
<td></td>
<td>o Innovative people program</td>
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<tr>
<td><strong>Indian Oil Corporation</strong></td>
<td>o Company brand image</td>
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<tr>
<td></td>
<td>o Work ethics</td>
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<tr>
<td></td>
<td>o Learning and growth opportunities</td>
</tr>
<tr>
<td></td>
<td>o Challenging work assignments</td>
</tr>
<tr>
<td></td>
<td>o Growing organization</td>
</tr>
<tr>
<td><strong>TCS</strong></td>
<td>o The group brand equity</td>
</tr>
<tr>
<td></td>
<td>o Strong corporate governance and citizenship</td>
</tr>
<tr>
<td></td>
<td>o Commitment to learning and development</td>
</tr>
<tr>
<td></td>
<td>o Best in people practices</td>
</tr>
<tr>
<td></td>
<td>o Challenging assignments</td>
</tr>
<tr>
<td></td>
<td>o Opportunity to work with fortune 500 clients (10)</td>
</tr>
</tbody>
</table>

### 3.6 Retention Myths

The process of retention is not as easy as it seems. There are so many tactics and strategies used in retention of employees by the organizations. The basic purpose of these strategies should be to increase employee satisfaction, boost employee morale hence achieve retention. But sometimes these strategies are not used properly or even worse,
wrong strategies are used. Because of which these strategies fail to achieve the desired results. There are many myths related to the employee retention process. These myths exist because the strategies being used are either wrong or are being used from a long time. These myths prevent the employer from successfully implementing the retention strategies. Let us learn about some of these myths.

1. **Employees leave an organization for more pay**: Money may be the motivating factor for some but for many people it is not the most important factor. Money matters more to the low-income-employees for whom it’s a survival issue. Money can make an employee stay in an organization but not for long. The factors more important than money are job satisfaction, job responsibilities, and individual’s skill development. The employers should understand this and work out some other ways to make employees feel satisfied. When employees leave, management tries to retain them by offering more money. But instead they should try to find out the main reason behind it. Issues that are mainly the cause of dissatisfaction are organization’s policies and procedures, working conditions, relationship with the supervisor and salary, etc. For such employees, achievement, growth, respect, recognition, is the main concern.

2. **Incentives can increase productivity**: Incentives can surely increase productivity but not for long term. Cash incentives, volume work targets and speed awards are old management beliefs. They can generate work speedily and in volumes but can’t boost employee commitment. Rather speed can hamper the quality of work produced. What really glues employees to their work and organization is quality work, meaningful responsibilities, recognition, respect, growth opportunities and friendly supervisors.
3. **Employees run away from responsibilities**: It is a myth that employees run from responsibilities. In-fact employees feel more responsible if they are given extra responsibilities apart from their regular job. Employees look for variety, greater control on the processes and authority to take decisions in their present job. They want opportunities to learn and grow. Management can assign extra responsibilities to their employees and appreciate them on the completion of these tasks. This will induce a sense of pride in the employee and will improve the relationship between the management and the employee.

4. **Loyalty is a thing of the past**: Employees can be loyal but what they need is an employer for whom they can be loyal. There is no reason for the employee to hop jobs if he’s satisfied with the employer.

5. **Taking measures to increase employee satisfaction will be expensive for the organizations**: The things actually required improving employee satisfaction like respect, career growth and development, appreciation, etc. can’t be bought. They are free of cost. An employer or management that reacts well to the employee’s ideas and suggestions is enough for the employees to be retained. \(^{(11)}\)

### 3.7.1 Role of HR in Employee Retention

An organization can’t survive if the top performers quit. It needs employees who are loyal and work hard with full dedication to achieve the organization’s objective. It is essential for the management to retain its valuable employees who think in favour of the organization and contribute their level best. An employee who spends a longer duration at
any particular organization is familiar with the rules, guidelines and policies of the organization and thus can adjust better.

The Human Resource team plays an important role in employee retention. Let us find out their role in the same:

- **Whenever an employee resigns from his current assignments, it is the responsibility of the HR to intervene immediately to find out the reasons which prompted the employee to resign.** No one leaves an organization without a reason. There has to be one and the human resource team must probe into it. There can be innumerable reasons for an employee to leave his current job. The major ones being conflict with the superiors, lesser salary, lack of growth, negative ambience and so on.

- **It is the duty of the HR to sit with the employee and discuss the various issues face to face.** Understand his problems and listen to his side of the story as well. Remember the HR should not focus on conducting exit interviews, rather more emphasis should be laid on retaining the employees.

- Try to provide a solution to his problem. Hiring is a tedious process and it is really very difficult to recruit the right candidate and train him once again. Do check the track record of the employee who wishes to move on. It is really essential for the management to retain those employees who have the potential and are really indispensable for the organization. If they leave and join the competitors; the organization would be at loss. If one feels that the employee is not very happy with his team leader, try to shift him to a new team. If the
employee feels his salary is not justified, try to give him a hike but make sure he is worth it and you don’t end up upsetting others.

- **The HR person must ensure that he is recruiting the right employee who actually fits into the role.** A right person doing the wrong job would never find his job interesting and certainly look for a change. Make sure every individual has been assigned responsibilities according to his specialization and interest. The employees must be clear with their KRAs from the very beginning. Every individual works for money and the HR must quote a justified salary acceptable to the other person. Don’t compel anyone to join at a lesser salary. He might join at that moment but would most likely quit after sometime. The hike should be on the present salary and must match the market trends and the expectations of the individual.

- **The human resource department must conduct motivational activities at the workplace.** Organize various internal as well as external trainings which help the employees to learn something extra apart from their routine work. Make them participate in extracurricular activities important for their overall development. Encourage them to interact with each other so that the comfort level increases.

- **The HR must launch various incentive schemes for the top performers to motivate them.** This way the employees feel important for the organization and strive hard to perform even better the next time. The employees who show promise should be awarded with cash prizes, lucrative perks and certificates to make the individual stand apart from the crowd. Send a mail wishing the employees on their birthdays or congratulating them when they perform
exceptionally well or come out with something innovative. Arrange a small bouquet for them as a gift from the organization’s side. This way the employees feel attached to the organization and are reluctant to look for a change. A friendly atmosphere is essential for the employees to feel safe and secure. Make them participate in various management decision making.

- **Performance reviews are a must.** The HR along with the respective team leaders must monitor their team member’s performance to ensure whether they are enjoying the work or not. The employees look for a change only when their job becomes monotonous and does not offer any growth or learning. Job rotation can be one of the effective ways to retain employees. 

The HR professional must try his level best to motivate the employees, make them feel special in the organization so that they do not look for a change.

### 3.7.2 Role of Team Leaders and Supervisors in Employee Retention

The team members must be assigned responsibilities as per their specialization, qualification, interests as well as experience. The team members must find their job interesting for them to enjoy and work hard to achieve the organization goals. The KRAs must be formulated in the presence of the employees. Let them decide what best they can perform. Problems crop up whenever there is a mismatch or the employees have to do something out of compulsion. Don’t compel anyone to do something. Let them accept the responsibilities willingly. An individual with an analytical bent of mind would not do
very well in a marketing or branding profile. A wrong profile is one of the several reasons as to why an employee looks for a change.

An over burdened worker never finds his job interesting and would always be eager for a change. It is the duty of the team leader to distribute the work equally among all the employees. The manager should not be partial to anyone and treat all his members as one. He should not let negativity creep in the team. The superiors must have a control on their subordinates and make sure they do not fight with each other. Nothing productive comes out of disputes, rather it demotivates the individuals and prompt them to look for some another opportunity.

- **Rules and regulations should be same for everyone.** Avoid granting special favours to anyone.

- **One should never fear his boss. Hitler approach does not work in the current scenario.** A team leader should be a role model for his team. The team managers should not be arrogant and avoid misuse of their position. He should let all the team members participate in the decision making process. Every employee should have the freedom of expression and no one should be left out or neglected. The team leader should trust and respect his team members to expect the same from them.

- **The team leader should be accessible to his team members.** Employees feel demotivated when their queries remain unsolved and there is no body to listen to them. When the team leader doesn’t have time for his team, the employees crib
among themselves and wish to move on. The team leader must make sure to be with his team whenever required. He should support his team members always. Listen to their problems and try to provide a solution. Make them feel that you are there for them. A little care is essential to make them feel safe and secure. If you find any of the team members worried, intervene immediately. Minor problems left unattended can lead to severe stress later, forcing employees to look for a change.

- **The superiors must maintain transparency in communication.** Every team member should get the same information from their boss for them to remain satisfied and loyal towards the organization.

- **The team leader must appreciate those who perform well.** Give them a pat on their back. The hard work of the team members should never go unnoticed. The top performers must be given a special treatment to motivate them further and expect the same from them every time. The employees who have not performed well should also be asked to buck up for the next time.

It is the responsibility of the team leader to bind his team together. Take your team out for lunch once in a while for them to come closer to each other. Every individual expects peace at the workplace and looks for a change only when there is unnecessary stress at work. The team leader must promote healthy competition at the workplace. \(^{(13)}\)

A team leader should mentor his team well. Employees are reluctant to go for a change when they have a good boss.
3.7 Some recent Retention strategies

1) Employee Stock Option Plans/Schemes (ESOP/ESOS)

The employee stock option plan is a good management tool for retention of human talent and guarding against poaching of staff of a running organization by a rival company. ESOP in India is regulated by Securities Exchange Board of India (SEBI). According to guidelines issued by SEBI “employee stock option” means the option given to the whole-time Directors, Officers or employees of a company which gives such Directors, Officers or employees, the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a predetermined price.

2) Stock Appreciation Rights (SARS)

Under an SARS, a certain number of shares are allotted to the employees. After the vesting period, the employee is free to exercise his option, and if the value of the shares has appreciated he is given shares or cash worth this appreciated value. If he is allotted shares equivalent to his appreciated value, he can sell them after a lock-in-period. The advantage of SARS is that it is a cashless transaction for the employees.

3) Sweat Equity

When a company is newly formed or starts a new line of business, the company engages the best executives and employees available, who bring in their IPR (Intellectual Property Rights) and know-how, skill and expertise with them, which make a value addition for the company. Certain key professionals would like to invest in the company’s capital and would like to risk their own contribution to the capital of the company along with their
own IPR, know-how, skill and expertise. Such employees would like to be a strategic part of the promoter group and would like to make value addition to their capital invested in the company. Such an employee is awarded with Sweat Equity as an incentive to join the company.

Sweat equity shares to mean equity shares issued by the company to employees or directors at a discount or for consideration other than cash for providing the know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called. It is, therefore, necessary for the issue of sweat equity shares that the concerned employee either provides the know-how, intellectual property rights or other value additions to the company.

4) ‘Golden Hello’ and ‘Golden Handcuffs’

The golden hello, as the name suggests, is an incentive offered to a select set of new recruits, mostly middle and senior-level executives poached from rivals who are well known in industry or are skilled in a niche area. The bonus could be in the form of ESOPs, cash incentives, non-cash incentives or a combination of all three. Golden Handcuffs: Any terms or restrictions that make it prohibitively expensive for the executive to leave employment, usually because he or she would be forfeiting significant stock options, restricted stock or other type of bonus or equity.\(^{(14)}\)

5. Retention Bonus

Retention bonus is an incentive paid to an employee to retain them through a critical business cycle. Retention bonuses have proven to be a useful tool in persuading employees to stay. A retention bonus plan is not a panacea. According to a survey, non-
management employees generally receive about 10 percent of their annual salaries in bonuses, while management and top-level supervisors earn an additional 50 percent of their annual salaries. While bonuses based on salary percentages are the generally used, some companies choose to pay a flat figure. In some companies, bonuses range from 25 percent to 50 percent of annual salary, depending on position, tenure and other factors. Employees are chosen for retention bonuses based on their contributions to management and the generation of revenue. Retention bonuses are generally vary from position to position and are paid in one lump sum at the time of termination. A retention period can run somewhere between six months to three years. It can also run for a particular project. As long as the project gets completed, the employees who have worked hard on it are entitled to receive the retention bonus. For example, the implementation of a system may take 18 months, so a retention bonus will be offered after 20 months.  

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