

A STUDY ON EMPLOYEE RETENTION STRATEGIES OF MULTI NATIONAL COMPANIES IN CHENNAI CITY

Dr. G. S. DHANASHREE, Assistant Professor, Department of Commerce, Vels University (VISTAS), Chennai - 600117

Dr. H. KAMILAH BANU, Assistant Professor, Department of Commerce, Vels University (VISTAS), Chennai - 600117

ABSTRACT

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. It is the process of encouragement of employees to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. 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 diverse needs. However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome. A distinction should be drawn between the low performing employees and the top performers, the efforts to retain employees should be targeted at valuable, contributing employees.

Retention is a voluntary move by an organization to create an environment which engages employees for a long term. 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. Retention as the effort by an employer to keep desirable workers in order to meet business objectives. It was perceived retention as initiatives which the management takes to prevent employees from leaving the organization. The best practices of retention 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. The main purpose of retention is primarily for organizational gains. The Workforce Planning for Wisconsin State Government 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.

Key Words: retention, employees, employers.

INTRODUCTION:

Human resources are the most important asset of any organization. The success or failure of an organization is completely dependent on the potential of the employees working in. An organization cannot progress without the positive and creative contribution from the employee side. Now-a-days organizations are being competitive in the global market. They are undergoing the difficulties and the challenges in the area of managing human resources. Many organizations still face the problem of keeping their employees active and engaging them for a long period. To exist in the competitive world organizations require focusing on the strength of their employees to achieve the competitive advantage. A knowledgeable and skilled employee is the backbone for the organization that improves creativity and organizational innovation. Therefore, HR

professionals work hard to develop innovative HR practices for engaging, motivating and retaining their employees. As a result, these practices improve the organizational performance as well as the productivity.

A company invests huge amount of time and money for the purpose of employee recruitment, selection and training. It leads to great loss to the company when an employee leaves the organization in a short duration and joins competitor. Increased employee turnover indicates that the company is losing a greater number of employees; it also indicates failure in the selection process as well as not creating proper environment for the employee. A high level of employee turnover is an undesirable goal for an organization. It affects the organization in many ways such as poor performance, low employee morale, low productivity, negative impact on innovation, customer satisfaction, knowledge gain during the past years, and profitability of the organization and moreover replacing cost of another employee. Various estimates suggest that, losing a middle level manager in most organizations costs up to five times his salary.

An employee spends considerable amount of time in the organization to understand its functioning. Long-term employee gets familiar about the company policies and learns to adjust accordingly. Short term employee finds it difficult to settle down in a new environment, as a result the employee fails to perform according to his potential. On account of this an employee often changes his job as well as the company. The short-term employee treats the organization as the mere source of earning money. They are never serious about their work and fail to complete the tasks in the desired time frame. They never bother regarding the performance of the organization. While joining the rival company there is a chance to take the confidential data and pass the information to create an impression in the new organization.

Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. There is no dearth of opportunities for a talented person. There are many organizations which are looking for such employees. If a person is not satisfied by a particular job, he/she can shift over to another job which is suitable for him. In the present extreme competitive environment, HR managers are facing a lot of challenge; they can either hold on to their employees or lose them to competitive world. In the old strategy of employment, an employee is committed to an organization for many years for the better position. Now, opportunities are many, there are numbers of factors which promote the employees to stay or leave the organization. It may be external factors or internal factors and the combined effect of both. It is becoming important to adopt strategies for employee retention. It is the time for the HR managers to identify the needs of the employee and then devise the retention strategies.

Retention of a key employee is critical to the long-term health and success of any organization. An organization must work hard towards retaining employees, as they are really important for the organization. The top organizations stand on the top position because they value their employees to retain them in the organization. Intelligent employers always realize the importance of retaining the best talent. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning, and deeply embedded organizational knowledge and learning.

REVIEW OF LITREATURE:

Nazia, Sultana & Begum, Bushra (2013)¹ focused on the practices observed by a selected Indian MNCs in preserving their personnel and also highlights the evaluations of the personnel about such retention practices mass. Author has thrown mild on how MNCs in India are making

strategic actions in retaining their expertise. This observe attempted to fill the gaps via reading the impact of 3 R's i.e. Respect, Recognition and Rewards on pride degree of the employees and via inspecting the various practices followed by Indian MNCs in preserving their employees. It changed into found that most of the employees opted either yoga or other recreational pastime to manipulate stress. The observe concluded that groups have to take a few measures to relieve the employees from the workload via process rotation, trade in paintings region and different recreational activities.

Jeen Dorance Batty S. (2014)² aimed to the elements which can be the feasible reasons for an worker to leave an organization. Employee's turnover intention and its impact on organizational effects were analyzed and that become amassed via questionnaires from the primary and center line personnel in decided on prepared stores in Bangalore. From the econometric analysis, it become discovered that turnover aim has motivated attrition elements consisting of Quality of Work Life, profession boom, working hours, personal/own family motives, and relation with internal co – employee, welfare, working circumstance, and profits.

Boxall, Macky and Rasmussen (2015)³ explained about the study of retention variables for Indian employees in which they nation that the variables are multidimensional. These encompass interesting paintings, which turned into rated as the most powerful issue in attracting and preserving employees in both public and personal region groups. The studies final results showed that personnel expect management to make employees decisions based totally on benefit and demonstrated that extrinsic rewards (inclusive of pay, merchandising & activity protection) play a position in each worker retention and turnover control. The research similarly recommended that management lent assist to the concept of exact relationships with co-employees and supervisors.

Samuel (2016)⁴ described the main reason creating techniques of worker retention is to prevent the lack of capable personnel from leaving the agency as this will have unfavourable effect on productiveness and profitability. However, retention practices have grow to be a daunting and surprisingly hard project for managers and Human Resources (HR) practitioners in a antagonistic economic surroundings. One of the traditional methods of dealing with employee retention and turnover is thru organizational praise device.

Ms. Deepti Sinha and Dr. Somesh Kumar (2022)⁵ mentioned in their study the problems of employee turnover included the cost of turnover, loss of companies, interruption of customer service, goodwill of the company, leading to more turnovers and regaining efficiency. The strategies to retain employees are; right selection, communication, include employees in decision making, allow team members to share their knowledge with others, shorten the feedback loop, balance work and personal life, provide opportunities for growth and development, recognize team members for their hard work and let them know they are appreciated, clearly define what is expected of team members, the quality of supervision and mentorship, fair and equitable treatment of employees, best employee reward programs, performance based bonus, employee referral plan, loyalty bonus, giving voice to knowledge banks, accountability and fun and laughter at work place.

C Balakrishnan, Dr. D. Masthan and Dr. V. Chandra (2022)⁶ mentioned in their study, employee engagement leads to commitment and psychological attachment and reflects in the form of high retention of employees. The level of engagement in employees can be enhanced by identifying drivers and work on them. Employee retention can be improved by addressing non-financial drivers of employee engagement like communication, recognition, manager and supervisor support and relationship, work engagement, team work and role clarity. Therefore, it

has given a very positive message that even without financial expenditure the employee engagement and hence retention can be improved.

STATEMENT OF THE PROBLEM:

The purpose of the research is to identify the factors that influence employee retention and productivity. The study also determines the nature of employee retention in order to make the employees feel at ease. Motivating employees to continue working in the same establishment with equal enthusiasm and thus delivering the intended results to the organization. It also given a brief insight in to other aspects pertaining to the organization like providing leave facilities based on the employees and organizational requirements, providing safety and health measures to the employees, adopting a humanistic approach in dealing with the personal problems of employees, educating the workers, granting leave and financial assistance liberally in case of sickness of employee and his family members and providing encouragement to the employees.

OBJECTIVES OF THE STUDY:

- To investigate the organizational factors that influence retention strategies.
- To investigate the necessary requirements for retaining employees.

LIMITATIONS OF THE STUDY:

- Sample size was restricted to hundred because of limited time. The project work was done based on the assumption that the information collected was true.
- The study expresses the opinion which changes periodically.

RESEARCH METHODOLOGY:

The study employs a descriptive research design because the goal is to determine the attitude of the sample population towards a problem. Chennai city was chosen as the sample area because of the densely populated micro-organizations. A sample size of 176 has been used and convenience sampling has been adopted for the study.

As statistical tools, percentage analysis, weighted average and the Chi-square test were employed. Questionnaire was given to 246 prominent internet users and of those 176 were found to be useful for the study.

ANALYSIS & FINDINGS:

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographics are statistics that describe populations and their characteristics. Demographic analysis is the study of a population-based on factors such as age, race, and sex.

TABLE 1- DEMOGRAPHIC PROFILE OF THE RESPONDENTS

CATEGORY	FREQUENCY	PERCENTAGE
Gender		
Male	110	62.5
Female	66	37.5
	176	100
Age		
Below 25	67	38

26-35	70	40
36-45	31	18
Above 55	8	4
	176	100
Education		
UG	71	40
PG	59	33
Diploma	31	18
Others	15	9
	176	100
Marital status		
Married	94	53
Unmarried	82	47
	176	100
Monthly income		
Below 25,000	11	6
25,000 - 50,000	33	19
50,000 - 75,000	67	38
Above 75,000	65	37
	176	100
Experience		
Less than 5 years	31	18
6 – 10 years	71	40
11- 15 years	59	33
More than 15 years	15	9
	176	100
Time spent with family		
Yes	69	39
No	107	61
	176	100
Praise & Recognition		
Yes	107	61
No	69	39
	176	100
Performance appraisal		
Yes	91	52
No	85	48
	176	100

Source: Primary data

Table 1 shows that 62.5% of male employees only using retention strategies, 40% of employees are belong to 26- 35 years of age group, 40% of employees were completed undergraduate only, 53% of employees are married so only they using retention strategies, 38% of employees are earning monthly income from 50,000 to 75,000, 40% of employees having 6– 10 years of experience in this field, majority of employees (107) were not spending time with families, 61% of employees receiving praise and recognition from their companies for their performance and 52% of employees were receiving performance appraisal benefits.

TRAINING AND RETENTION OF EMPLOYEE**TABLE 2.RELATIONSHIP BETWEEN TRAINING AND RETENTION OF EMPLOYEE**

Category	Level of retention			X ² Value
	Retained	Non retained	Total	
Trained	40(43.98%)	46(42.02%)	86	1.4396 p=.2302 (d.f=1)
Non trained	50(46.02%)	40(43.98%)	90	
Total	90	86	176	

Source: Primary data

From the table 2 we can understand that null hypothesis is accepted ($X^2 = 1.4396$, $p = .2302$) and there is no significant relationship between training and retention of employees.

CONCLUSION:

Human resources are the most important and valuable assets of any organization. The degree of satisfaction of employee towards their job and welfare facility are important factors to reduce the labour turnover and to the success of the organization. Organizations should provide promotion opportunity for the best performers in order to motivate and reduce the employee turnover.

Organizations should allocate responsibility to each employee which will makes the employee feel responsible and there will be added loyalty. The salary package should be provided based on the efficiency of the employee more than his/her qualifications. Training programs can be initiated only to the most needed employees as the study shows no relationship between training and retention of employees.

BIBLIOGRAPHY:

- Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010) "Retaining talent: Replacing misconceptions with evidence-based strategies", *Academy of management Perspectives*, 24(2), 48-64.
- Workforce Planning for Wisconsin State Government (2005) Employee retention. Retrieved July 1, 2010.
- Tett, R. P.; and Meyer, J. P. (2013) "Job Satisfaction, Organizational Commitment, Turnover Intention and Turnover: Path Analysis based on Meta Analytic Findings", *Personnel Psychology*, Vol. 45, pp. 259-293.
- Boxall, Macky and Rasmussen (2015) "Strategic role of affect-based attitudes in the acquisition, development and retention of customers", *Journal of Business Research*, Vol.42, July, pp.309-24
- Stauss, B., Chojnacki, K., Decker, A., Hoffman, F (2016) "Retention effects of a customer club", *International Journal of Service Industry Management*, Vol. 12 No.1, pp.7-19.
- Ms. Deepti Sinha and Dr. Somesh Kumar (2022). "Corporate social initiatives and employee retention", *Organizational Science*, Vol. 26, No. 6, November – December 2022, Pp. 1702-1720.
- C Balakrishnan, Dr. D. Masthan and Dr. V. Chandra (2022) "Factors affecting employee turnover and sound retention strategies in business organization: A conceptual view", *Problems and perspectives in management*, Volume 15, Issue 1, 2022.