

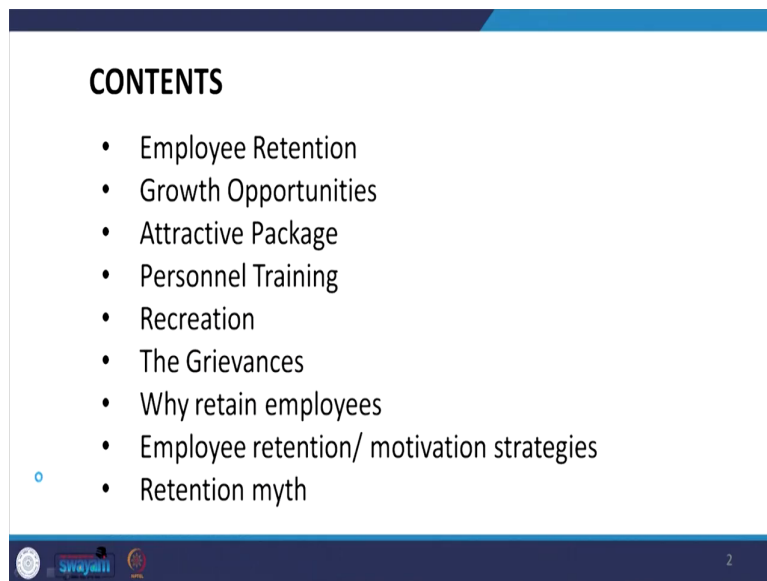
**Talent Acquisition and Management**  
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**Lecture – 15**  
**Employee Retention**

In this session, we will talk about Employee Retention and especially those employees whom the organization wants to retain because, if the talented employees are there, their contribution makes a lot of difference in the organization.

We have seen the number of case studies in which the talented employees are supposed to be retained, so that if any problem or situation comes across, then that can be solved by these talented employees. So, what are the different practices, and what we will study in this session regarding employee retention?

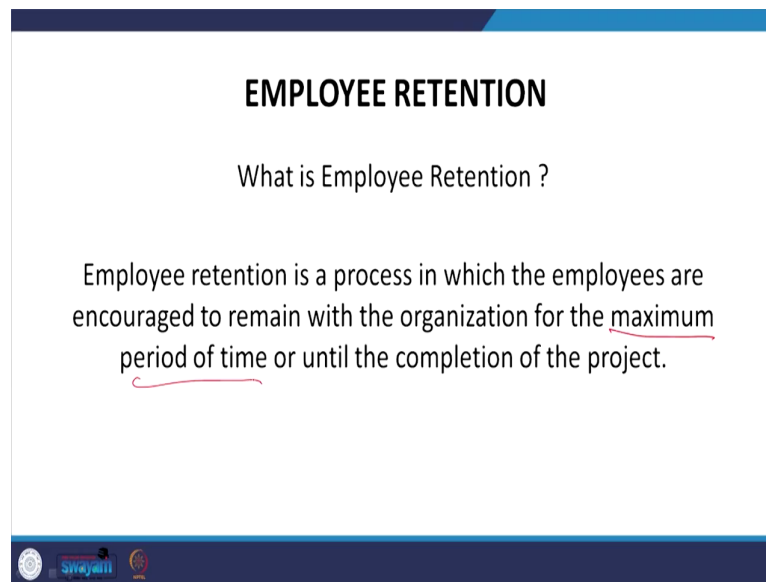
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What exactly does employee retention mean, growth opportunities for the employees, attractive packages, personal training, recreation, the grievances, why retain employees? Employee retention or motivation strategies and retention is a myth. So, all these contents will be discussed.

“Employee retention” is a process in which the employees are encouraged to remain with the organization for the maximum period or until the completion of the project is there. Here, the maximum period mentioned in the definition must be noted.

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So, every organization wants to retain its employees, in the Indian context if we talk about the PSU and public sector, especially in the PSU. So, in general, we will find that in the PSU, the employee turnover, i.e., the joining and the leaving ratio of the employees is very low.

Because once they join, they are continuing with that organization and they feel job security in this type of organization. There are many private organizations also wherein they do not retrench the employees. Even if the employees are surplus they will identify certain new projects and try to accommodate those employees, but they will never tell employees to leave, which is one aspect.

The second aspect is those who are talented employees. So, they join the private organization, in general, because there is a very less percentage of talented employees who join the PSU and leave the organization to switch into other PSU or private organizations.

As I already mentioned that employee turnover in PSU is very less, in comparison to the private organizations for retaining talented people, and interestingly the very right word has been used here, there is a maximum period for that employees are encouraged to remain with the organization.

Because for the talented employees the period to work in one company itself is very short, especially at the beginning of the career. The tendency is to go for fast growth. The same will be discussed later in the session i.e., how we are talking about the growth opportunities for talented employees.

If the talented employees do not see any growth opportunity, then they will not be happy and if they are not happy, they will try to search for a job in another organization which will give them more freedom, flexibility, status, recognition, pay compensation and all other amenities. So, this is a matter of perception i.e., what is the maximum period.

So, on average you will find that the talented employees at the beginning of the career are leaving after 18 months, 24 months, and a maximum of 36 months, i.e., from 1 year to 3 years is the maximum period of the talented employees to work in an organization at the beginning of the career.

So, the organization has to and make an effort to encourage them to remain with the organization. So, what type of effort do they have to make? To mention, there are different dimensions in employee retention. The first and foremost dimension in employee retention is job satisfaction.

If the employees are having job satisfaction, then they will continue with the organizations, especially in the young generation, e.g. I have noticed that it is not necessary MBA students will appear in the first organization interview, which is coming for the campus placement.

When we ask them that you are selected for an interview, then why are you not appearing? So a student replies that I want to work in a specific job profile and the job profile mentioned is not suitable for me.

So, job satisfaction becomes the priority for talented employees. If they are happy with the job, then their compensation package rewards are secondary for them because they know they will earn that much money. So, earning the money is not the criteria for them, it is whether the job is having job satisfaction or not.

So, job satisfaction is becoming employee retention. So, first is, it is a process, second is efforts are to be made by the organization for the retention, third is the maximum period

which is to be considered that has to be taken care of by the organization or until the completion of the project.

There is another problem in which a talented employee leaves before completion of the project. When you start a project, you hire talented employees. Employees are talented and then in between. Normally the project completion period is a minimum of 3 years, but if the project is not complete and the key personnel of the project leave, then the project is getting affected.

So, therefore, in that case till the completion of the project, it is the responsibility of the employer to retain the employees. Now, what are the dimensions or factors for these employee retention? So, first and foremost is a growth opportunity.

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Every organization provides growth opportunities through HR, for example in the 1st year, 2nd year, or 3rd year they will go for a particular opportunity like a career path, career management or they might appear in certain examinations like the TATA administrative services are there.

So, therefore, internal employees are getting an opportunity to jump in the career and this type of growth opportunity is sometimes it is skill development. The second point is an attractive package. So, it is not an attractive package rather it is a skill development that is becoming more important.

If skill development is becoming more important, then, in that case, it is very interesting what type of training and skills are required. We will further discuss in this course also about talent analysis, how to analyze the talent, and then based on their performance and packages you have to decide whether you are going to get that particular aspect of their growth opportunities or not.

So, performance appraisal to the potential appraisal becoming the criteria in the case of the organizations. So, if the potential appraisal is there, then potential appraisal will create more growth opportunities. So, growth opportunities may be in the terms of job enrichment i.e., adding value to the job, or change in job profile, or the key positions and responsibilities are given.

So, that will be the growth opportunities. The second one is the attractive package. So, nowadays the concept is of variable pay; it is not variable pay but fixed pay plus variable pay. What is the fixed pay? That is this is a minimum salary which you will get to do your job, but if you are putting more effort you see traditionally there was always a complaint that another employee is working less and we both are being paid equally.

So, this complaint took a serious matter of research and then it has been observed that we have to filter the great people from the good people. So, good people mean they are doing their jobs whatever job is given to them. They are doing their jobs, but who are the great people?

Great people are those people those who are doing something extra or surplus and when they are doing this type of the activities, then definitely, in that case, they should get the better packages if somebody is contributing more, somebody is adding the value, then there should be more or surplus perk and which is called the attractive packages or the variable pay.

So, if you take the 10 points, but if you perform better than that you will go for the 15 points or bonus points. So, for these bonus points or a particular milestone, a certain additional amount will be paid as attractive packages. So who can do the best, he will earn the best. The third point is about personal training.

Now in the current business environment, the skills are kept on changing. People have to learn new skills for example in the COVID, we have seen that online courses and online teaching have become important. Whether you can change yourself from classroom teaching

to online teaching, for that purpose many people require the training; training to run that software, training to learn other activities during online teaching.

A simple example is that if you are conducting your online course and then you want to share you must have an idea of how to share or how to make the writing skills on the board during the online teaching.

So, therefore, personal training is required and according to the personal training the persons will be getting these opportunities to develop themselves and when they are, so somebody knows that is if I will work in this organization for the 16 months, then I will be able to get that particular learning and as a learning, I will be developing myself.

So, he will continue to the organization for a long period, meaning 18 months. Long means it is never too long now for this generation. So, 1 year, 2 years, 3 years as I mentioned earlier, and he learns the different skills. So, therefore, in that case, a personal training he develops will be keeping the work to continue in that organization and there will be employee retention.

Then come recreation facilities. So, therefore, for such types of projects which are in the interior, for people working in those projects in the interior, it is becoming monotonous.

And if it is becoming monotonous, then there may be the chances that they may go under the depression or they may get frustrated or they will see that there is nothing and if you are working in a small village, then you do not have an outlet for your socialization process or interaction like this.

So, how long will human beings continue in such a situation? So, what is required? The recreation facilities are required. In recreation facilities, I will also like to take the support of the welfare facilities. For example, the school for the children. So, many employees who are working in the organization are in that particular project and they find there is a good school.

So, that will keep them retaining the employees. For their children's education, they will continue in that particular organization. There is also one of the reasons for employee retention. Next is the grievances.

So, first there must be few grievances, second is if there is any grievance then the HR cell is so prompt to redress that particular grievance. If a grievance address is there for complaints,

disputes, or conflicts with the other employee or with the employer. So, those grievances are addressed very fast and justified. Here justified is important.

For example, many times people perceive that they will get this much of a salary, but later on when they find that the payslip is having a smaller amount. So, they go to HR and say I am getting a lesser salary than promised.

So, then HR will look into the matter. I will give one example. When I was in the Hukumchand Mill as a labor officer, one day one employee came and said that I had received the lesser amount in the first salary. Normally this type of grievances comes into the first salary.

So, I asked what is the problem? So, I was told that I was supposed to get PF but double PF is deducted. So, then I explained to him that there is an employee contribution, and under the PF act employers' contribution will be also there and therefore, 10 percent of your basic will be also deducted as employee's share.

So, it is a very simple example, but many times people do not know that what are the legal deductions and they assume this amount in their first salary, but in the first salary when these amounts these contributions are deducted may be the ESI contribution will be the PF contribution, then they find that is amount is less.

So, many times these types of grievances also come. Another important point for employee retention is from my research work with one Ph.D. scholar, that the people leave the bosses and not the organization.

If your relationship with your boss is very good, then employees will like to continue in that organization and then there will be no grievances, but suppose there is a conflict between the boss and subordinate and there is a grievance and that grievance goes to HR.

Now, how that grievance has been handled, then they clear their misunderstandings, they understand the expectations from each other there will be no grievance. But when the one side whether the employer or boss or a subordinate, if pursues that other person does not deserve my attention, my guidance, my assistance whatever the role is there, then grievance will convert into dispute and that dispute may, in turn, be converted into the resignation.

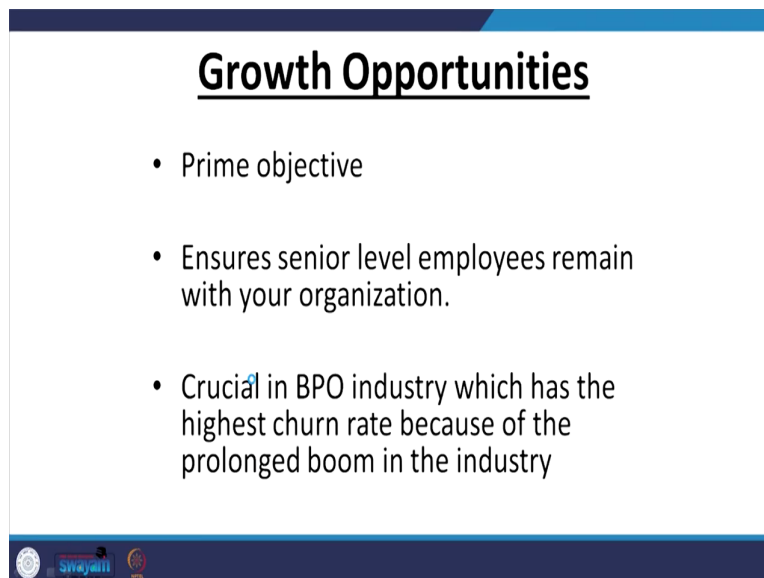
So, for retaining the employees those grievances are to be addressed very promptly and judiciously. If you can attend to those grievances promptly and judiciously, then definitely employees will not be unhappy in the organization and if they are not unhappy, then definitely they will continue in the organization, but that is the procedure in many organizations, the grievance is not even noticed.

The HR department says that you handle this type of grievance yourself. If you are not comfortable with your boss, this is your problem, this is not the HR problem. If this type of attitude is there, the employee turnover will be very high, and very few people will continue the organization.

So, for the retention of the employees, these dimensions are very important. If growth opportunities, attractive packages, personal training, recreation, and grievances are there and then employee retention will be possible.

So, in the growth opportunity, the prime objective is growth. Growth normally means promotion, but as I mentioned that is a learning of the different aspects, then training is also to be taken into consideration.

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**Growth Opportunities**

- Prime objective
- Ensures senior level employees remain with your organization.
- Crucial in BPO industry which has the highest churn rate because of the prolonged boom in the industry

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Ensure senior-level employees remain with your organization. This point is very important. You see people move from the lower level to the middle level, middle level to the senior



level, and when they go for the senior level, they have spent a lot of experience in the organization.

In the process of spending many years in the organization, the knowledge base is generated that experience within the organization counts a lot. So many times it has been told to continue with the current employee-only do not see for replacements. Why? Because the known-devil is better than the unknown angel.

So, therefore, it is always better the senior-level employees will remain in your organization even if they are creating certain problems. As they are working for a long tenure, they know the culture of the organization better than newcomers.

When you make certain changes, they may not appreciate, but then talk to them. Now here we will talk about the service industries i.e., the BPOs industries. The BPO industry has the highest churn rate because of the prolonged boom in the industry.

For outsourced business processes, there are outsourced industries. If the demands are high then, in that case, employees will not be ready to compromise with the current organization and that's why you find the switching from one organization to another organization.

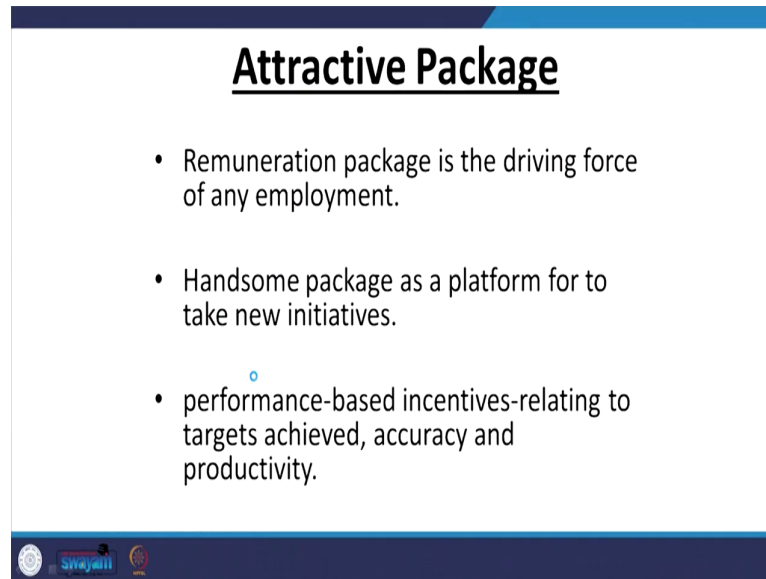
Another aspect is also that BPO employees are mostly from the young generation and therefore, they find it is interesting for them to change and go to new places, meet new people because of the age factor.

So for the BPO industries, it is becoming very important that they retain employees because of the lot of boom in the industries, the retaining the talented employees is the need otherwise they will go to your competitor.

When we talk about employee engagement, motivation is required. In the employee engagement physiological needs, safety needs, social needs, self-esteem needs, and the self-actualization need is there and after achieving these needs and it comes to employee engagement.

So, employee engagement is from the top to the bottom. So, here you will find that you are going from the top highly engaged employees and to disengaged employees who are looking for the physiological needs only. So, therefore, what is important? What is a driving force?

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**Attractive Package**

- Remuneration package is the driving force of any employment.
- Handsome package as a platform for to take new initiatives.
- performance-based incentives-relating to targets achieved, accuracy and productivity.

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The HR department should also be efficient and effective to understand a particular employee motivation is a driving force that will give the result. So, the driving force we have talked about earlier is that it can be growth opportunities, it can be attractive packages, it can be training, it can be the redressal of grievances, compensation rewards, etc.

So, the handsome package is a platform to take new initiatives. So, therefore, in that case, I would like to mention change management. The attractive package is becoming a very good tool for change management. So, I was a labor officer and then we were required to shift workers from one shed to another shed. We have to shift the 32 workers from the C shed to the A and B shed, but workers normally do not agree with this.

In the C shed, the cotton was running that time cotton was running on the wages were extra wages i.e., the incentive was 25 paise per meter. In the shed A and B, the cotton with synthetic was running and incentive was 45 paise per meter. So, naturally, in the whole shift, there will be 10 to 15 meters of cloth, about 36 years before, and then the daily earning will increase.

So, despite that, we pushed the employees because the C shed was running into losses. So, the organization started to run that particular cloth into the cotton with synthetics.

When cotton with synthetics was running and as a result, the workers from the C shed, were asked to go for the shed A and B. And when they were talking about going to shed A and B,

they found already that shed C was getting the fewer workers. So, out of the 30, 10 to 15 workers, they have joined into the shed A and B.

So, it means that a change was pulled, the attraction was to work in A & B shed. So, despite we forcefully put them, they voluntarily were going into the shed A and B because their earning was more and therefore, it is called the pull change management and when the pull change management was there, so the handsome package worked as a platform for to take new initiatives.

So, if new jobs will be introduced in the organization, normally nobody will be ready because they have to leave their comfort zone and have to shift into the uncomfortable zone. To shift to the uncomfortable zone, there should be some motivation.

There cannot be a force, i.e., always you will force them to switch and they will accept. You have to take the motivation and as a result of which you will find that they take the new initiative's performance-based incentives relating to the targets, assured accuracy and productivity and you will find it has become the performance-based incentives to achieve and the accuracy and productivity.

So, there are certain motivations or attractive packages as I have given the example that it was running of a different cloth, but if we will produce the more than 10 meters cloth that is called PIS Production Incentive Scheme.

So, traditionally that is a performance-based incentive basically and then you will go for that particular package, do care of the training and development needs of its employees and there will be a faster growth rate in their career path which I already mentioned earlier.

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## Personnel Training

- An organisation should also take due care of the training and development needs of its employees.
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- Faster growth rate in their career path.

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## Recreation

- Recreation is as important as any other tool. It helps in creating a conducive environment – making fun for everyone.
- Initiatives like Sports, Activities, family get together and unwinding zones at the workplaces
- Besides this, cultural programmes and birthday celebrations break the monotony of everyday work pressure.
- Meditation, Yoga.

Now, recreation is an important tool just like any other tool, it helps in creating a conducive environment. So, their job is becoming more interesting when initiatives like sports activities, family get-together, unwinding zones at the workplaces beside cultural programs and birthday celebrations, and to break the monotony of these everyday work pressures, meditation, yoga hall & sports club are there.

Besides the above, breakfast or snacks are available and you can have a break, there is a recreation room. In the recreation room, there is a TV, so that you can go to that particular facility also. So, this type of recreation facilities also make them retaining in the organization

and to create a supportive work atmosphere, ensure a prompt atmosphere & redressal of grievances.

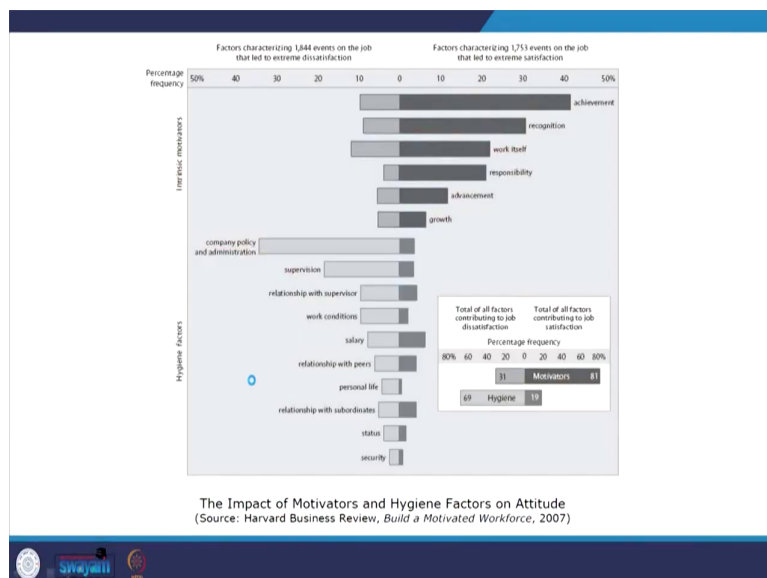
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## The Grievances

- In order to create a supportive work atmosphere, ensure a prompt atmosphere & redressal of grievances.
- This reinforces an employee's belief in the management and in the fact, that no stone will be left unturned to identify and solve their grievances and quickly as possible.

As I mentioned earlier also if the boss and subordinate relationship is good, no stone will be left unturned to identify, and solving their grievances should be judicious, and quickly as much as possible.

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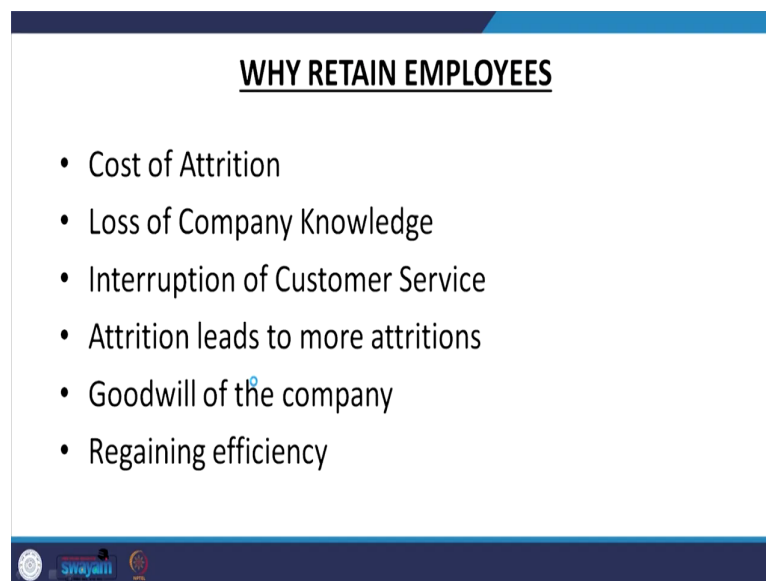


Now, in this slide, we will talk about the impact of motivators and hygiene factors on attitude. Hygiene theory or Herzberg's motivation states that there are certain factors in the workplace that cause job satisfaction while a separate set of factors cause dissatisfaction, all of which act independently of each other. I have talked about that particular motivation i.e., satisfaction & dissatisfaction.

So, here you will find that as the company policies, supervision relationship with supervisors, work conditions, salary relationship with peers, personal life relationship with a subordinate, status security, all these are the hygiene factors. They are having the most important part for their no dissatisfaction. And what are the motivational factors?

The achievement that what they have achieved recognition i.e., their recognition work has been recognized and then as I mentioned job satisfaction work itself is important, then the responsibility, the authority, and responsibility given to them, advancement in the growth opportunities. So, these factors are there in their concern.

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**WHY RETAIN EMPLOYEES**

- Cost of Attrition
- Loss of Company Knowledge
- Interruption of Customer Service
- Attrition leads to more attritions
- Goodwill of the company
- Regaining efficiency

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So, the question arises why should we invest so much money into employee retention strategies, policies, procedures, type of incentives, grievance handling, growth opportunities, and training, etc. So, if you go for employee retention there is too much investment, but why?

The answer is the cost of attrition because if the employees leave and you have to hire the new employees, then, in that case, there will be a lot of cost implications, like you have to advertise, there will be the screening test, interviews and then there will be the selection.

So, if the cost of attrition is high, then that will cause more cost to the employees, loss of company knowledge, as I mentioned that the senior-level employees, during the process from junior to senior level employees, have created a knowledge base about the organization because they have worked into a particular culture.

And when they have worked into the particular culture, they have developed a knowledge base about the people, about the system, about the infrastructure, about the culture especially, but if the attrition is low and the turnover is high, then people will be leaving and the knowledge will go with the employees.

Interruption of customer service like we are also having so many products at home and then if you want, we know the people to whom we have to call. So, we call, we develop a rapport with that particular person, and then we are comfortable. But, if one day one person is coming, another day another person is coming, third-day third person is coming. So, then time and again we have to start from the A to Z.

So, therefore, in case of interruption of the customer service that will become very important. Attrition leads to more attrition. So, once you retain the employees, they will talk to another employee and they will retain those employees. So, you will retain the other employees also.

Goodwill of the company - if the employees are continuing for a long time, then it seems that they are happy. If the people are happy, they are continuing in for a long time in one organization that is creating the goodwill of the company, regaining the efficiency, so that whatever the efficiency is there, they try to regain and therefore, they are doing the best as compared to their competitors. So, what should be the strategies to retain the employees?

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## EMPLOYEE RETENTION/ MOTIVATION STRATEGIES

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.

Hire the right people in the first place. As I mentioned, job satisfaction is important. So, hire the right people in the right first place. So, then they will not leave the job or they will not be tempted at least to leave the job because the job profile that they were looking for is matching in other organizations. Empower the employees. Give the employees the authority to get things done.

So, every time they need not go to the boss and ask, rather than they should feel empowered. Make employees realize that they are the most valuable asset of the organization, give them that culture and environment so that they develop the ownership, have faith in them, trust them and respect them.

So, we have to keep faith in them and naturally, we have to keep the trust and respect also. So, when you are with anybody in an interpersonal relationship, when you have faith, trust, and respect, then definitely the relationship will grow further. If you want to continue that relationship, if you want to retain that relationship, then have faith, trust, and respect. I would like to add one more, patience. Provide them information and knowledge.

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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.

Keep providing them feedback on their performance. Recognize and appreciate their achievements whenever they are achieving and always keep their morale high. So, we have to give their morale a boost, keep their morale high. Create an environment where the employees want to work and have fun.

Always there should be an environment where they will like to work and have fun, no stressful environment is to be there. So, finally, in the last slide, we will see various myths in employee retention. First is people often leave a company for more pay.

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## RETENTION MYTH

- ✓ People often leave a company for more pay
- ✓ Incentive programs produce long-term profits and improve productivity and morale
- ✓ People don't want more responsibility
- ✓ Loyalty is dead
- ✓ Improving employee satisfaction is expensive
- ✓ Supervisors are the problem

This is the myth. This is a myth because I have talked about how the work environment is important. Incentive programs produce long-term profits and improve productivity and morale. So, therefore, by only the money you can motivate anybody that is a myth.

People do not want more responsibility that is also a myth. People want to work theory X theory Y. So, they belong to theory Y. Loyalty is dead is also a myth, people are loyal that is natural.

Improving employee satisfaction is expensive is also a myth. Investment in the employees is a myth. If wrong leadership is there. So, they will say that if we train them the person will go. So, do not train. So, that is the wrong decision. Supervisors are the problem.

So, many times it is a myth rather than the work culture environment that is to be preferred more. If this work culture environment is there, the retention myth has to be clarified. If you follow these practices, we will be able to retain our employees.

Thank you.