

A PROJECT REPORT ON ROLE OF HR PLANNING IN RETENTION OF EMPLOYEES

¹ GAMPALA MOUNIKA, MBA student

² M. Shilpa, Assistant Professor

Department of MBA

Swami Vivekananda Institute of Technology

Abstract

A Project means some task assigned by the company. My project topic is “Role of HR Planning in Retention of Employees.” in the company. To study the concept of Employee Retention in the organization I took this project.

The objective of my research is to identify the various factors of voluntary leaving of the employees from the organization. These factors includes job and person mismatch, no growth opportunities, lack of appreciation, new job offers, lack of trust and support in co-workers, work/ life imbalance etc. The main objective is to identify the retention strategies and the strategies for reducing employee turnover and improving retention. It may include strategies like performance appraisal, career development, training programs, acknowledgement, recognition, induction programs, motivation, rewards, promotional opportunities etc.

The efficiency of the organization depends upon the efficiency of its employees. The efficiency of employees is directly influenced by their own satisfaction. In the present scenario it is required for each organization to have satisfied employees and to keep employees satisfied for accomplishing the objectives and for retaining them for long period.

1 INTRODUCTION

During the past decade, employee turnover has become a very serious problem for organizations. Managing retention & keeping the turnover rate below target & including norms is one of the most challenging issues facing business. All indications point toward the issue compounding in the future and even as economic time change, turnover will continue to be an important issue for most job groups. The causes of turnover are not adequately identified & solutions are often not matched with the causes, so the fail. Preventive measures are either not in place or do not target the issue properly, and therefore have little or no effect, and a method for measuring progress & identifying a monetary value (ROI) on retention does not exists in most organizations. Managing employee retention is a

practical guide for manager to retain their talented employees. It shows how to manage & monitor turnover and how to develop the ROI of keeping their talent using innovative retention program.

Employees are the most important and valuable assets of an organization. Organizations today are doing their best to hold on to their employees. Retaining them is as important as hiring them in the first place. Retention is the next challenge after hiring the employees.

Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees.

Definition

“Employee retention is a process in which the employees are encouraged 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 they’ll as the employee”.

2 OBJECTIVES OF THE STUDY

- To study the present retention strategies adopted by the company.
- To assess the satisfaction level of employee with existing retention strategies.
- To study the common reasons of employee voluntarily leaving or staying in organization.
- To suggest the strategies and steps for reducing turnover and improving retention.

Employers have a need to keep employees from leaving and going to work for other companies. This is true because of the great costs associated with hiring and retraining new employees. The best way to retain employees is by providing them with job satisfaction and opportunities for advancement in their careers. The saying, good help is hard to find, is even truer these days than ever before because the job market is becoming increasingly tight.

Employers are fighting to get talented employees in order to maintain a prosperous business.

Researchers believe that, there is a straight line between employee satisfaction and customer satisfaction. They believe that today's employees pose a complete new set of challenges, especially when businesses are forced to confront one of the

tightest labor markets in decades. Therefore, it is getting more difficult to retain employees, as the pool of talent is becoming more-and more tapped-out. The research below, which focuses primarily on employee retention through job satisfaction, supports this contention.

Employees that are satisfied and happy in with their jobs are more dedicated to doing a good job and taking care of customers that sustain the operation. Job satisfaction is something that working people seek and a key element of employee retention.

There is a definite need to analyze the elements of employee retention through job satisfaction. Considering the positive effects on the economy that can be derived from satisfied-happy employees. Promotional materials for presentation can be created, highlighting these recommendations for employee satisfaction practices for both employers and employees.

3 SCOPE OF THE STUDY:

The scope of the study is confined to the following process like procedure followed for Employee Retention, type of skills, needed by the employees, satisfaction levels of the employees by taking the **100** as **sample size**. So I cannot generalize all the Industry. The study is covered only to the employees of Sumega Technologies Hyderabad.

4 LIMITATIONS OF THE STUDY

However I shall try my best in collecting the relevant information for my research report, yet there are always some problems faced by the researcher. The prime difficulties which I face in collection of information are discussed below:-

- Data collected is based on questionnaire.
- The result would be varying according to the individuals as well as time.
- Some respondents hesitated to give the actual situation; they feared that management would take any action against them
- The findings and conclusions are based on knowledge and experience of the respondents sometime may subject to bias.
- The time period for carrying out the research was short as a result of which many facts have been left unexplored.

5 RESEARCH DESIGN:

Research design is important primarily because of the increased complexity in the market. In fact, it is the key to the evolution successful of companies. It is an important tool to study the employee retention strategies. A research design specifies the methods and procedures for conducting a particular study. According to Kerlinger, ‘research design is a plan, conceptual structure, and strategy of investigation conceives as to obtain answers to research questions and to control variance.

Research Design specifies methods and procedures for study. In this study the company designs new strategies for employee retention.

Source of Data:

Research design specifies the method and procedures for the collection and analysis of the data in the manner that aims to combine relevance to the research purpose.

Data Collection:

The data for the proposed study was collected from one source Primary data.

Primary Data:

It includes collection of first hand information from the response who is concerns with the market research.

E.g. Survey, Questionnaire.

Secondary Data:

It includes collection of data from other source which is concerned with the market research.

E.g. Books.

6 LITERATURE REVIEW

Introduction

ICT Group, Inc. is currently experiencing the effects of increased employee turnover rates. Rather than being an isolated issue, employee turnover faces the nation as a whole. This issue costs companies millions in the expenses needed to recruit and train new employees. Employee turnover rates are linked to corporate structure and environment and can therefore be modified through changes in policy.

Increasing Turnover Rates

Employee turnover rates have, within the last several years, become a nationwide epidemic. Employees no longer feel the sense of company loyalty that once existed. Increasing numbers of corporate mergers and acquisitions have left employees feeling detached from the companies that they serve and haunted by concerns of overall job security. As a result, workers are now making strategic career moves to ensure employment that meets their need for security.

This fact is clearly represented by growing employee turnover rates. In a recent article, the Employment Policy Foundation (EPF) (2004) highlights that “for the twelve months ending August 2004, average employee turnover costs reached \$13, 355, up 6.8 percent from its December 2002 level” (p. 2). The voluntary employee turnover rates released by the U. S. Department of Labor in November, 2004 paint a similar picture. According to the Bureau of Labor Statistics, there was an overall average increase in employee turnover in the U. S. from 19.2% in 2003 to 20.2% in 2004. Weinberg (1997) reports that “too many service companies face employee turnover rates of 50 percent to 100 percent per year or even higher” (p. 4).

Employee Turnover is Expensive

In addition to elevated employee turnover rates being a frustration for employers, they can become a financial concern as well. The EPF believes average turnover costs to be 25 percent of an employee's annual salary (2004). Other studies have proposed that the cost of replacing lost talent is even higher, as much as 70 to 200 percent of that employee's annual salary (Kaye, 2000). Expanding on these thoughts, the EPF (2004) stated that "for a firm with 40,000 full-time employees, the difference between a 15-percent turnover rate and a 25-percent turnover rate is over \$50 million annually. The difference between a 15-percent turnover rate and a 40-percent turnover rate is over \$130 million annually" (p. 2).

Kay (2000) justifies such costs in "...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" (p. 9). The costs mentioned above touch upon another area of concern: productivity. When a high rate of employee turnover exists, most of the workforce is at an entry level stage of production. A very high cost is associated with large numbers of employees who have not reached full productivity. This cycle continues with very few employees performing at maximum productivity.

Factors Affecting Employee Retention: Evidence From Literature Review

The article describes the relationship between human resource practices and employees retention in a given organization. The research reviews relevant literature to identify elements of HR practices that influence employee retention. Over the past decade, the way in which people are managed and developed at work has come to be recognized as one of the primary factors in achieving improvement in organizational performance.

The review of the related literature on the title unanimously acknowledges that successful organizations share a fundamental philosophy of valuing and investing in their employees (Maguire, 1995; Annand, 1997) and managing retention of promising employees" is considered as fundamental of mean of achieving competitive advantage amongst organization (walker, 2001). Aliya and Fariduddin (2003), found the findings tend to prove the hypothesis that the factors leading to positive attitude

an those leading to negative attitudes are different. It could also be said that the categories mentioned by the content analysis technique are mostly applicable in our environment. The major drift is seen in low feelings where some categories were added to record the responses. Only one part of the original research has been replicated for the study; the extension of this study is also possible were the responses could be coded as the sequences mentioned in the original research. The study makes an original contribution to the study of retention among Pakistani Professionals It is hoped that it will lead to similar works in future, particularly with respect to research areas identified herein.

Kehr (2004), explains that the implicit retention factors in spontaneous, expressive and pleasurable behavior and can be divided into three variables; power, achievement and affiliation. Power refers to dominance and social control. Achievement is when personal standards of excellence are to be met or exceeded and affiliation refers to social relationships which are established and intensified. Implicit and explicit retention factors relate to different aspects of the person, but both are important determinants of behavior.

Previous researches suggested several factors which play pivotal role in employee retention Cappelli (2000). The factors which are considered and have direct affect are; career opportunities, work environment, work life balance, Organizational justice, and existing leave policy and organization image. Employee are stay and loyal with such organization where employee have value, sense of pride and work to their full potential Cole (2000). The reasons to stay employee in organization are organization reward system, growth and development, pay package and work life balance.

Employees retaining is the most imperative target for the organization because hiring of qualified candidate is essential for organization but their retention is more important than hiring, because a huge amount is spending on the orientation and training of the new indicated employees. Research finds that the cost of replacing of old employees with new is estimated up to twice the employee annual salary. When Employee leaves the job, organization lost not only employee,

but also lost the customers & client who were loyal with the employee, knowledge of production, current projects, competitor and past history of the organization. Organizations make enormous efforts to attract handfuls of employees and sustain them in the organization. In today's business scenario only high salary and designation is not significant for employees to retain them in the organization, but other factors also play important role in their retention. The intent of this research is to how the organizations retain the talented employees in the organization focusing on the factors i.e. career development, leave policy, leadership style, work environment, remuneration & rewards, Organization Justice, and performance appraisal, and this research also helpful to know the deterrent that why employees leave the organization.

7 CONCLUSIONS

From the above study I want to conclude that employees are the capital of the every organization. So to retain employee organization has to satisfy to employee.

By offering many facilities, events, incentives, appraisal programs, transparent communication company can retain to employees.

The strategies which Sumega Technologies Company made for employees those are successfully going on and company is making profit on basis these strategies.

Employee retention not only reduces the attrition rate but also increases the goodwill of a company in a market. This shows a good culture of the organization.

The study gave a clear picture about the employees and their areas of dissatisfaction, the outcome of the study will help the organization to spot out the areas of dissatisfaction, thereby the organization can take effective steps to improve the employees satisfaction level towards their job and to implement various policy implications. Most of the employees are satisfied with their jobs and most of them are satisfied with the policies of the organization and also towards the other aspects taken in to account for measuring the level of job

satisfaction among the employees in the organization and there are some of the employees who are not satisfied with their jobs due to some of the aspects, also some of the suggestions can be taken in to account to make those employees feel better about their jobs so if the suggestions are taken in to account and done there is chance for making the unsatisfied employees to change their attitude towards their respective jobs.

8 REFERENCES

- [1]. Aldrich, H. (1999). *Organizations evolving*. London: Sage Publications.
- [2]. Armstrong, M. (2000). *Strategic human resource management: A guide to action*. London, Kogan Page Publishers.
- [3]. Cranny, C.J., Smith, P.C., & Stone, E.F. (1992). *Job satisfaction: How people feel about their jobs and how it affects their performance*. New York: Lexington.
- [4]. Hunter, W., & Tieyen, D. (1997). *Business to business marketing: Creating a community of customers*.
- [5]. Lincolnwood-Illinois, McGraw-Hill Professional.
- [6]. Kelley, T. (2005). Employee satisfaction results in improved profitability, retrieved April 4th, 2008 available
- [7]. Miller, J. L. (2006). *Coach Yourself to Succeed @ Work: How to Achieve Optimal Performance and Job Satisfaction*. CA, Dorrance Publishing Co.
- [8]. Moyes, G. D., & Shao, L. P., Newsome, M. (2008). Comparative analysis of employee job satisfaction in the accounting profession. *Journal of Business & Economics Research*, 6(2), 65-81.
- [09]. International Journal of Modern Engineering Research