



## Retention of employees in pharmaceutical industries of Bangalore

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### ABSTRACT

Organizations looking at newer ways to attract employees and *once* recruitment walks into its portals focus on building loyalty. This whole portfolio of how to attract and retain employees is now called by a body of knowledge "talent management". Employee Retention is costly dilemma for all organizations. In today's taxing business climate, managing company's competent and skilled human capital is vital for success. Faced with a tough proposition in attracting talent, HR heads of companies have started applying the Segmenting-Targeting-Positioning (STP) approach of marketing, better known as 'employer branding Strategies. In the turbulent scenario where talent is continuously depleting, HR managers are facing problem in retaining their knowledgeable resource. Here are discussed some of the latest retaining strategies adopted by companies. Another objective of performance appraisal as put by the company is to identify employees with high potential, but there is *no* section in the form where the level of potential of the employee may be identified as high, low or moderate. Planning and organizing are two different abilities but are rated in the form as one factor. Modern organizations are operating in an unprecedented, highly competitive and turbulent business environment which is characterized by the globalization of business. Further, today's global workforce is more mobile than ever before. With a dynamically changing and volatile demand-supply equation, especially against erratic attrition trend and cutthroat competition *no* longer restricted to local or regional boundaries, a need for strategizing & putting in place a robust mechanism for attracting and retaining top talent becomes vital for the company's very survival and growth. The time is tough. There is no denial to the fact that in today's fast pace and knowledge boom, one of the most important factors for today's organization is talent. Its viewed that the availability of suitable and competent talent inside any organization determines the excellence of the same. Most companies today would acknowledge that their human resources are most important asset. But since companies can't own employees the way they own *factories* or product your success *or failure hinges on the quality and duration of the relationship* you form with your people. In present scenario people choose companies which have congenial atmosphere and prefer change if they don't get desirable, as it may hinder the growth and success of the company. Hence retention is vital. The study was conducted to test the hypothesis using stratified and simple random sampling, survey with a questionnaire. Retention of Employees in pharmaceutical industries of Bangalore., The present study reveals the impact of retention strategies on pharmaceutical employees in Bangalore.. On the basis of this scores of hypothesis were made: I. There is no positive relationship between employee retention and productivity. So it will not give any impact on the financial health of the organization. 90% of the employees strongly agree that there is a relationship between employee retention on productivity and continuous performance in the organization. Survey findings made me to accept alternative hypotheses and reject null hypothesis. In this cases calculated values of chi-square is higher than the tabulated values. The study helps to retain employees in the organization and helps to formulate recommendations to improve retention.

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### Introduction

Employee turnover is a much studied phenomenon. There is a vast literature on the causes of voluntary employee turnover dating back to the 1950s. By developing multivariate models that combine a number of factors contributing to turnover and empirically testing the models researchers have sought to predict why individuals leave organization. Many studies are based on only a small number of variables which often only explain a small amount of variability in turnover. Another criticism of turnover studies is that they do not adequately capture the

complex psychological processes involved in individual turnover decisions. A recent study of turnover by Boxall et al (2003) in New Zealand confirmed the view that motivation for job change is multidimensional and that no one factor will explain it.

However, over time there have been a number of factors that appear to be consistently linked to turnover. An early review article of studies on turnover by Mobley et al (1979) revealed that age, tenure, overall satisfaction, job content, intentions to remain on the job, and commitment were all negatively related

to turnover (i.e. the higher the variable, the lower the turnover). In 1995, a meta-analysis of some 800 turnover studies was conducted by Hom and Griffeth, which was recently updated (Griffeth et al, 2000). Their analysis confirmed some well-established findings on the causes of turnover. These include: job satisfaction, organisational commitment, comparison of alternatives and intention to quit. These variables are examined in more detail below, as are a number of other factors where the evidence on the link to turnover is less conclusive. Much of the empirical research on Retention is based on actual turnover, although some studies are based on intentions to quit. Apart from the practical difficulty in conducting turnover research among people who have left an organization, some researchers suggest that there is a strong link between intentions to quit and actual turnover. Mobley et al (1979) noted that the relationship between intentions and turnover is consistent and generally stronger than the satisfaction-turnover relationship, although it still accounted for less than a quarter of the variability in turnover. Much of the research on perceived opportunities has been found to be associated with intentions to leave but not actual turnover (Kirschenbaum & Mano-Negrin, 1999). One of the possible reasons is that intentions do not account for impulsive behavior and also that turnover intentions are not necessarily followed through to lead to actual turnover. Many studies have reported a significant association between organisational commitment and turnover intentions (Lum et al, 1998). Tang et al's (2000) study confirmed the link between commitment and actual turnover and Griffeth et al's (2000) analysis showed that organisational commitment was a better predictor of turnover than overall job satisfaction. Researchers have established that there are different types of organisational commitment. Allen & Meyer (1990) investigated the nature of the link between turnover and the three components of attitudinal commitment: *affective* commitment refers to employees' emotional attachment to, identification with and involvement in the organization; *continuance* commitment refers to commitment based on costs that employees associate with leaving the organization; and *normative* commitment refers to employees' feelings of obligation to remain with the organization. Put simply, employees with strong affective commitment stay with an organization because they want, those with strong continuance commitment stay because they need to, and those with strong normative commitment stay because they feel they ought to. Allen and Meyer's study indicated that all three components of commitment were a negative indicator of turnover. In general, most research has found affective commitment to be the most decisive variable linked to turnover. The relationship between satisfaction and turnover has been consistently found in many turnover studies (Lum et al, 1998). Mobley et al 1979 indicated that overall job satisfaction is negatively linked to turnover but explained little of the variability in turnover. Griffeth et al (2000) found that overall job satisfaction modestly predicted turnover. In a recent New Zealand study, Boxall et al (2003) found the main reason by far for people leaving their employer was for more interesting work elsewhere. It is generally accepted that the effect of job satisfaction on turnover is less than that of organisational commitment. Some researchers have established a relationship between satisfaction, organisational commitment and turnover. Lum et al's (1998) study of paediatric nurses suggested that organisational commitment has the strongest and most Elangovan (2001) noted that the notion of job satisfaction and organisational commitment being causally related has not been incorporated in most turnover models. His

study indicated there were strong causal links between stress and satisfaction (higher stress leads to lower satisfaction) and between satisfaction and commitment (lower satisfaction leads to lower commitment). He further noted a reciprocal relationship between commitment and turnover intentions (lower commitment leads to greater intentions to quit, which in turn further lowers commitment). In summary, only commitment directly affected turnover intentions. Despite a wealth of research, there appear to be few characteristics that meaningfully predict turnover, the exceptions being age and tenure. Age is found to be negatively related to turnover (i.e. the older a person, the less likely they are to leave an organisation). However, age alone explains little of the variability in turnover and as age is linked to many other factors, alone it contributes little to the understanding of turnover behavior. Tenure is also negatively related to turnover (the longer a person is with an organisation, the more likely they are to stay). Mangione in Mobley et al concluded that length of service is one of the best single predictors of turnover. Griffeth et al also found that age and tenure have a negative relationship to turnover. There is little evidence of a person's sex being linked to turnover. Griffeth et al's 2000 meta-analysis re-examined various personal characteristics that may be linked to turnover. They concluded that there were no differences between the quit rates of men and women. They also cited evidence that gender moderates the age-turnover relationship (i.e. women are more likely to remain in their job the older they get, than do men). They also found no link between intelligence and turnover, and none between race and turnover. The research conducted on the link between dissatisfaction with pay and voluntary turnover appears to be inconclusive. Mobley et al (1979) concluded that results from studies on the role of pay in turnover were mixed but that often there was no relationship between pay and turnover. Other studies found no significant relationship. On the other hand Campion (1991) cited in Tang suggests that the most important reason for voluntary turnover is higher wages/career opportunity. Martin (2003) investigates the determinants of labour turnover using establishment-level survey data for the UK. Martin indicated that there is an inverse relationship between relative wages and turnover (ie establishments with higher relative pay had lower turnover). Griffeth et al (2000) noted pay and pay-related variables have a modest effect on turnover. Their analysis also included studies that examined the relationship between pay, a person's performance and turnover. They concluded that when high performers are insufficiently rewarded, they leave. They cite findings from Milkovich and Newman (1999) that where collective reward programs replace individual incentives, their introduction may lead to higher turnover among high performers. Taplin et al (2003) conducted a large-scale turnover study in the British clothing industry. Two factors emerged as the most significant reasons for employees leaving the industry. One was the low level of wage rates in the clothing industry relative to other manufacturing sectors. The other reason referred to industry image with staff leaving because of fears relating to the long-term future of clothing manufacture in the UK. In this study, turnover rates were highest among the most skilled workers. The study also examined the role of payment systems in turnover. The researchers found that where there were flat-rate payment systems alone, average turnover exhibited a statistically significant difference from the industry mean (ie they were 4.5 per cent lower). However, most firms in the clothing industry adhered to piece rate payment systems finding it to be the most effective way of regulating the effort-bargain. This is, in the authors' view, despite anecdotal

evidence that many skilled workers dislike its unpredictability and new entrants to the workforce lack the skills to maximise their earnings potential. For some individuals pay will not be the sole criterion when people decide to continue within an existing job. In their study of mental health professionals, Tang et al (2000) examined the relationship between attitudes towards money, intrinsic job satisfaction and voluntary turnover. One of the main findings of this study is that voluntary turnover is high among employees who value money (high money ethic endorsement), regardless of their intrinsic job satisfaction. However, those who do not value money highly but who have also low intrinsic job satisfaction tended to have the lowest actual turnover. Furthermore, employees with high intrinsic job satisfaction and who put a low value on money also had significantly higher turnover than this second group. The researchers also found that placing a high value of money predicted actual turnover but that withdrawal cognitions (ie thinking about leaving) did not. **Martin (2003) detected a complex relationship**

Methodology: Pharmaceutical Industry Comparison with other sources

#### Survey design and method

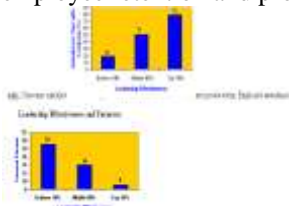
In this study, survey research design is adopted, because the sampled elements and the variables that are being studied are simply being observed as they are without making any attempt to control. The theoretical population of the study consists of the entire workers of the pharmaceutical industries in Bangalore.

#### Statistical Analysis

90% of the employee's opinion is that there is a positive, relationship between retention strategies with productivity. But it has been observed that 72 employees agreed that, there is a positive relationship [ $P < 0.05$ ;  $r = 0.34$ ; ALPA: 0.05] between employee retention strategies and organizational productivity in Bangalore pharmaceutical-industries

#### Discussion

A study conducted earlier to this review tells that there is a relation between employee retention and productivity.



**Types of employment:** Part-time workers have a much higher rate of job separation than full-time workers. The effect is larger for men probably because part-time work is likely to be casual and hence short-term. At any given age, job separation is more likely for male part-time workers than for female part-time workers.

**Migrants:** The chances of job separation are significantly higher for recently arrived migrants than for workers. Recently arrived migrants are less likely to have established roots in a particular location or with a particular employer and therefore more likely to consider alternative job offers. Migrants from the main English-speaking countries had higher separation rates than other migrants, who presumably had a greater need to improve their English language competency, and to accumulate work experience with a single employer.

**Regional areas:** Workers in non-metropolitan areas are significantly less likely to remain in the same occupation than workers in metropolitan areas. This means that workers in non-metropolitan areas either have higher chances of not being

employed or have higher chances of moving to another occupation.

**Occupation:** In general, the lower the skill levels of the occupation (short-term and casual jobs are concentrated in lower-skill occupations) the higher the rate of job separation.

#### Retention strategies

**Understanding turnover:** The academic literature (Dalton et al cited in Abelson, 1987) suggests that differentiating avoidable and unavoidable turnover (from the organisation's point of view) can help organisations to understand voluntary turnover more fully. Avoidable reasons include employees leaving to find better pay or working conditions elsewhere, problems with management or leaving for better career opportunities. Unavoidable reasons - which are beyond the organisation's control - include, for example, an employee having to move because of relocation by a spouse or leaving to fulfil family or caring responsibilities. If an organisation can identify that much of its voluntary turnover is unavoidable it may profit better from initiatives that seek to manage turnover after the event rather than expend resources on implementing preventative measures. On the other hand, if the bulk of turnover is avoidable this offers the potential for targeted intervention. However, if managers assume the turnover problem to be largely unavoidable, they may fail to recognize turnover as a symptom of underlying problems within the organisation.

**Labour market issues:** Another step towards understanding turnover within an organisation is to determine whether retention difficulties are caused by internal or external factors. While the role of labour market conditions in causing turnover may preclude the use of targeted human resource strategies, this information may be useful in analyzing to what extent turnover is due to outside factors. However, although tight labour markets affect an employer's ability to attract and retain staff, looking outwards at the local labour market cannot be a substitute for understanding what is going on within the organisation (IDS, 2000)

**Measuring turnover:** Research suggests that to gain an accurate perspective of internal causes of turnover, it is useful to look at both quantitative and qualitative information (IDS, 2004). To identify underlying reasons for turnover, qualitative information on the reasons why employees have left is necessary. The UK Chartered Institute of Personnel and Development (CIPD) suggest that it is important employers have an understanding of their rates of labour turnover and how they affect the organisation's effectiveness (CIPD, 2004). Depending on the size of the business, understanding the levels of turnover across occupations, locations and particular groups of employees (such as identified high performers) can help inform a comprehensive retention strategy. By understanding the nature of the turnover problem an organisation can decide whether to adopt targeted retention initiatives, for example at particular sites or groups of employees, or to manage overall levels so that there is sufficient labour.

**Wastage rates:** Typically, organisations use the crude wastage rate for measuring turnover. This calculates the number of leavers in a given period as a percentage of the average number of employees during the same period. To calculate the average number of employees during a given period, organisations often add together the number of employees at the beginning of the period with those employed at the end of the period and divide it by two (IDS, 2004).

**Crude wastage rate:** The simplicity of this measure means there is less risk of different parts of the organisation supplying inconsistent data. However, the crude wastage rate has its

limitations because it includes all types of leavers - involuntary leavers. A single measure of turnover that does not distinguish between cases where people left because they were dissatisfied and where people left because of ill health or retirement will be inadequate because it treats leavers as a homogeneous group (Morrell et al, 2004). Furthermore, when calculating replacement figures it may be misleading to base them on crude wastage rates which include employees that do not need replacing (IDS, 2004). The crude wastage rate also makes no distinction between functional (ie beneficial) and dysfunctional turnover (CIPD, 2004).

**Resignation rates:** Another way of measuring turnover is to base turnover rates on voluntary leavers or resignation rates only, thus excluding employees who have left for other reasons such as retirement, redundancy, dismissal or redeployment to another part of the organisation. However, basing turnover rates on voluntary leavers can also have its drawbacks because it does not indicate how many staff needs recruiting to cover those employees who have left because of retirement or voluntary internal transfers. One solution is to record separate turnover rates for voluntary and involuntary leavers (IDS, 2004).

Wastage rates can also be used for specific groups of employees or different business units, which allows an organisation to detect differences in turnover within different parts of the organisation. Overall figures tend to mask potentially significant differences in turnover within an organisation (IDS, 2004). For example, high turnover in one area of the business could produce the same overall rate as a small number of leavers distributed evenly across the organisation, but the actions required to deal with these situations would be quite different. Examining turnover by department can identify any local issues or possible problems concerning particular line managers or to monitor turnover among groups of employees with scarce skills. Wastage rates can also be applied to employees with a certain length of service (eg less than one year) which can help pinpoint ineffective recruitment, selection or induction processes (IDS, 2004).

**Vacancy rate:** Another approach is to place a greater emphasis on the number of vacancies that need to be filled. The vacancy rate is based on the number of positions an organisation actively wishes to recruit to as a percentage of the number of overall employees.

**Stability index:** This measure gives an indication of the extent to which experienced employees are being retained. It can be used to calculate the stability of the whole organisation or of a particular group of employees. It is usually calculated as the number of employees with one year's service or more as a percentage of the number of people employed a year ago. This formula can be varied according to particular circumstances (eg basing it on a longer period of service). A rise in the stability index indicates the company is improving retention of more experienced staff. Normally, a wastage rate would be expected alongside a low level of stability. If both percentages are high, this indicates the organisation is experiencing problems with a small number of high turnover jobs (IDS, 2004).

**Cohort analysis:** This technique enables an organization to understand service-related leaving patterns by taking the leaving rates of a (usually homogeneous) group of employees who joined at the same time. The resulting leaving rates can be plotted on a wastage or survival curve. Cohort analysis is a useful tool for organizations concerned about turnover costs due to high expenditure on recruitment, induction and training.

**Wastage and survival curves:** For wastage curves the number of leavers is plotted against their length of service on leaving. A

characteristic turnover pattern shows a high level for new starters, which then decreases with length of service. Alternatively, survival curves represent the number of people who stay against length of service, providing a measure of retention instead of turnover.

**Exit interviews and surveys:** Organisations typically obtain qualitative information on turnover through exit interviews and surveys. However, it is important to appreciate that the reasons people give for their resignations are frequently untrue or only partially true (CIPD, 2004). The use of exit interviews is widespread yet they can be unreliable, particularly when conducted by someone who may later be asked to write a reference for the departing employee. Where exit interviews are used it is best to conduct them a short time after the employee hands in their notice. The interviewer should be someone who has not had direct responsibility for the individual (ie as their line manager) and who will not be involved in future reference writing. Confidentiality should be assured and the purpose of the interview explained (CIPD, 2004). Alternative approaches involve the use of confidential attitude surveys which include questions about intention to leave and questionnaires sent to former employees on a confidential basis about six months after their departure.

**Costing turnover:** The extent of the impact of turnover on an organization cannot be fully understood if there is no attempt to quantify the costs. The more complex approaches to costing turnover give a more accurate and higher estimate of the costs. Such approaches often take into account the costs associated with lost productivity (ie the productivity of a new employee during their first few weeks or months in the role and that of resignees during the notice period) and the effect on morale of the remaining workforce. One such framework is that proposed by Tziner and Birati (1996) which builds on the earlier Cascio model of separation costs, replacement costs and training costs. The authors demonstrate how their conceptual framework can be translated into a formula and applied in practice. The Tziner and Birati framework includes: direct costs incurred in the replacement process (recruiting, hiring, training and socializing new employees, including the extra effort by supervisors and co-workers to integrate them ndirect costs and losses relating to interruptions in production, sales and the delivery of goods to customers financial value of the estimated effect on performance as a result of the drop in morale of the remaining workforce following dysfunctional turnover. While such approaches are arguably more accurate in that they cover all the costs associated with turnover, in practice these can prove too complex and time-consuming for many organisations. The UK Chartered Institute of Personnel and Development (CIPD) suggests that because of the difficulties involved in estimating and quantifying some of the indirect costs many organisations prefer to take a 'not less than' approach in attempting to cost turnover. According to the CIPD (2004

- Administration of the resignation (including exit interviews)
- Recruitment costs (including advertising)
- Selection costs
- Costs of cover (temporary employees or overtime) during the vacancy period
- Administration of recruitment and selection process
- Induction training for new employees.

**Recruitment practices:** In high turnover industries in particular, a great deal of employee turnover consists of people resigning or being dismissed in the first few months of employment (CIPD, 2004). The costs of recruitment and turnover per individual become much greater when new staff leave after only a short

period of time. Where new employees leave after a short period in the job, poor recruitment and selection decisions both on the part of the employer and employee are usually the cause, along with poorly designed or non-existent induction programs (CIPD, 2004). If expectations are raised too high during the recruitment process this can result in people accepting jobs for which they may be unsuited. Organisations often do this to ensure that they fill their vacancies with sufficient numbers of well-qualified people as quickly as possible. However, this can be counterproductive over the longer-term, as it can lead to costly avoidable turnover and to the development of a poor reputation in local labour markets. The CIPD (2004) suggests that employers give employees a realistic job preview at the recruitment stage and take care not to raise expectations. It may also be useful to invite applicants to work a shift before committing themselves.

**Retention strategies:** IDS (2004) suggest that where there is a general turnover problem within the organisation, companies often take a holistic approach aimed at fully engaging with staff. This may encompass a wide range of measures such as: improving recruitment procedures to ensure candidates receive a realistic impression of the company and the job, supporting new recruits during the critical first few weeks in the job, providing clear career paths, interesting work and support for personal development, considering work-life balance issues, keeping pay in line with appropriate market rates, offering an attractive employee benefits package, creating a pleasant working environment, communicating and consulting effectively with employees.

**Retention (Employee):** Management thinkers from Ferdinand Fournies (*Why Employees Don't Do What They're Supposed to Do and What to Do About It*) to Marcus Buckingham and Curt Coffman (*First Break All the Rules*) agree that a satisfied employee knows clearly what is expected from him every day at work. Changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and make the employee feel unsuccessful. I'm not advocating unchanging jobs just the need for a specific framework within which people clearly know what is expected from them.

The quality of the supervision an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel undervalued will contribute to turnover. Frequent employee complaints center on these areas.

The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. Does your organization solicit ideas and provide an environment in which people are comfortable providing feedback? If so, employees offer ideas, feel free to criticize and commit to continuous improvement. If not, they bite their tongues or find themselves constantly "in trouble" - until they leave.

Talent and skill utilization is another environmental factor your key employees seek in your workplace. A motivated employee wants to contribute to work areas outside of his specific job description. How many people could contribute far more than they currently do? You just need to know their skills, talent and experience, and take the time to tap into it. As an example, in a small company, a manager pursued a new marketing plan and logo with the help of external consultants. An internal sales rep, with seven years of ad agency and logo

development experience, repeatedly offered to help. His offer was ignored and he cited this as one reason why he quit his job. In fact, the recognition that the company didn't want to take advantage of his knowledge and capabilities helped precipitate his job search.

Here are six additional employee retention tips. Here are the first four tips and a discussion about why retention is critically important.

The perception of fairness and equitable treatment is important in employee retention. In one company, a new sales rep was given the most potentially successful, commission-producing accounts. Current staff viewed these decisions as taking food off their tables. In another instance, a staff person, just a year or two out of college, was given \$20,000 in raises over a six month time period. Information of this type never stays secret in companies so you know, beyond any shadow of a doubt, the morale of several other employees will be affected. For example, you have a staff person who views her role as important and she brings ten years of experience, an M.B.A. and a great contribution record to the table. When she finds she is making less money than this employee, she is likely to look for a new job. Minimally, her morale and motivation will take a big hit. Did the staff person deserve the raises? Yes. But, recognize that there will be impact on others. When an employee is failing at work, I ask the W. Edwards Deming question, "What about the work system is causing the person to fail?" Most frequently, if the employee knows what they are supposed to do, I find the answer is time, tools, training, temperament or talent. The easiest to solve, and the ones most affecting employee retention, are tools, time and training. The employee must have the tools, time and training necessary to do their job well - or they will move to an employer who provides them.

Your best employees, those employees you want to retain, seek frequent opportunities to learn and grow in their careers, knowledge and skill. Without the opportunity to try new opportunities, sit on challenging committees, attend seminars and read and discuss books, they feel they will stagnate. A career-oriented, valued employee must experience growth opportunities within your organization.

A common place complaint or lament I hear during an exit interview is that the employee never felt senior managers knew he existed. By senior managers I refer to the president of a small company or a department or division head in a larger company. Take time to meet with new employees to learn about their talents, abilities and skills. Meet with each employee periodically. You'll have more useful information and keep your fingers on the pulse of your organization. It's a critical tool to help employees feel welcomed, acknowledged and loyal.

No matter the circumstances, never, never, ever threaten an employee's job or income. Even if you know layoffs loom if you fail to meet production or sales goals, it is a mistake to foreshadow this information with employees. It makes them nervous; no matter how you phrase the information; no matter how you explain the information, even if you're absolutely correct, your best staff members will update their resumes. I'm not advocating keeping solid information away from people, however, think before you say anything that makes people feel they need to search for another job.

I place this final tip on every retention list I develop because it is so key and critical to retention success. Your staff members must feel rewarded, recognized and appreciated. Frequently saying thank you goes a long way. Monetary rewards, bonuses and gifts make the thank you even more appreciated. Understandable raises, tied to accomplishments and

achievement, help retain staff. Commissions and bonuses that are easily calculated on a daily basis, and easily understood, raise motivation and help retain staff. Annually, I receive emails from staff members that provide information about raises nationally. You can bet that work is about the money and almost every individual wants more. Take a look at your organization Are you doing your best to retain your top talent? Employ these ten factors in your organization to retain your desired employees and attract the best talent, too

#### **Recent Retention Strategies in Pharmaceutical Industries as per the survey findings.**

1. Offer fair and competitive salaries. Fair compensation alone does not guarantee employee loyalty, but offering below-market wages makes it much more likely that employees will look for work elsewhere. In fact, research shows that if incomes lag behind comparable jobs at a company across town by more than 10 percent, workers are likely to bolt. To retain workers, conduct regular reviews of the salaries you offer for all job titles — entry-level, experienced staff and supervisory-level. Compare your department's salaries with statistically reliable averages. If there are significant discrepancies, you probably should consider making adjustments to ensure that you are in line with the marketplace.

2. Remember that benefits are important too. Although benefits are not a key reason why employees stick with a company, the benefits you offer can't be markedly worse than those offered by your competitors

3. Train your front-line supervisors, managers and administrators. It can't be said often enough: People stay or leave because of their bosses, not their companies. A good employee/manager relationship is critical to employee satisfaction and retention. Make sure your managers aren't driving technologists away. Give them the training they need to develop good supervisory and people-management skills.

4. Clearly define roles and responsibilities. Develop a formal job description for each title or position in your department. Make sure your employees know what is expected of them every day, what types of decisions they are allowed to make on their own, and to whom they are supposed to report.

5. Provide adequate advancement opportunities. To foster employee loyalty, implement a career ladder and make sure employees know what they must do to earn a promotion. Conduct regular performance reviews to identify employees' strengths and weaknesses, and help them improve in areas that will lead to job advancement. A clear professional development plan gives employees an incentive to stick around.

6. Offer retention bonuses instead of sign-on bonuses. Worker longevity typically is rewarded with an annual raise and additional vacation time after three, five or 10 years. But why not offer other seniority-based rewards such as a paid membership in the employee's professional association after one year, a paid membership to a local gym after two years, and full reimbursement for the cost of the employee's uniforms after three years? Retention packages also could be designed to raise the salaries of technologists who become credentialed in additional specialty areas, obtain additional education or take on more responsibility. Sign-on bonuses encourage technologists to skip from job to job, while retention packages offer incentives for staying.

7. Make someone accountable for retention. Measure your turnover rate and hold someone (maybe you!) responsible for reducing it. In too many workplaces, no one is held accountable when employees leave, so nothing is done to encourage retention.

8. Conduct employee satisfaction surveys. You won't know what's wrong ... or what's right ... unless you ask. To check the pulse of your workplace, conduct anonymous employee satisfaction surveys on a regular basis. One idea: Ask employees what they want more of and what they want less of.

9. Foster an environment of teamwork. It takes effort to build an effective team, but the result is greater productivity, better use of resources, improved customer service and increased morale. Here are a few ideas to foster a team environment in your department Make sure everyone understands the department's purpose, mission or goal. Encourage discussion, participation and the sharing of ideas.

Rotate leadership responsibilities depending on your employees' abilities and the needs of the team. Involve employees in decisions; ask them to help make decisions through consensus and collaboration. Encourage team members to show appreciation to their colleagues for superior performance or achievement.

10. Reduce the paperwork burden. If your technologists spend nearly as much time filling out paperwork, it's time for a change. Paperwork pressures can add to the stress and burnout that employees feel. Eliminate unnecessary paperwork; convert more paperwork to an electronic format; and hire non-tech administrative staff to take over as much of the paperwork burden as is allowed under legal or regulatory restrictions.

11. Make room for fun. Celebrate successes and recognize when milestones are reached. Potluck lunches, birthday parties, employee picnics and creative contests will help remind people why your company is a great place to work.

12. Write a mission statement for your department. Everyone wants to feel that they are working toward a meaningful, worthwhile goal. Work with your staff to develop a departmental mission statement, and then publicly post it for everyone to see. Make sure employees understand how their contribution is important.

13. Provide a variety of assignments. Identify your employees' talents and then encourage them to stretch their abilities into new areas. Do you have a great "teacher" on staff? Encourage him/ her to lead an in-service or present a poster session on an interesting case. Have someone who likes planning and coordinating events? Ask him to organize a departmental open house. Know a good critical-thinker? Ask him/ her to work with a vendor to customize applications training on a new piece of equipment. A variety of challenging assignments helps keep the workplace stimulating.

14. Communicate openly. Employees are more loyal to a company when they believe managers keep them informed about key issues. Is a corporate merger in the works? Is a major expansion on the horizon? Your employees would rather hear it from you than from the evening newscast. It is nearly impossible for a manager to "over-communicate."

15. Encourage learning. Create opportunities for your technologists to grow and learn. Reimburse them for CE courses, seminars and professional meetings; discuss recent journal articles with them; ask them to research a new scheduling method for the department. Encourage every employee to learn at least one new thing every week, and you'll create a work force that is excited, motivated and committed.

16. Be flexible. Today's employees have many commitments outside their job, often including responsibility for children, aging parents, chronic health conditions and other issues. They will be loyal to workplaces that make their lives more convenient by offering on-site childcare centers, on-site hair styling and dry cleaning, flexible work hours, part-time

positions, job-sharing or similar practices. For example, employees of school-age children might appreciate the option to work nine months a year and have the summers off to be with their children.

17. Develop an effective orientation program. Implement a formal orientation program that's at least three weeks long and includes a thorough overview of every area of your department and an introduction to other departments. Assign a senior staff member to act as a mentor to the new employee throughout the orientation period. Develop a checklist of topics that need to be covered and check in with the new employee at the end of the orientation period to ensure that all topics were adequately addressed.

18. Give people the best equipment and supplies possible. No one wants to work with equipment that's old or constantly breaking down. Ensure that your equipment is properly maintained, and regularly upgrade machinery, computers and software. In addition, provide employees with the highest quality supplies you can afford. Cheap, leaky pens may seem like a small thing, but they can add to employees' overall stress level.

19. Show your employees that you value them. Recognize outstanding achievements promptly and publicly, but also take time to comment on the many small contributions your staff makes every day to the organization's mission. Don't forget — these are the people who make you look good. By 2008, more people will be leaving the workforce than entering, 44% of workers aged 45-59 say they will retire before 65 2)10% of workers aged 50-59 who leave full time jobs, move into part time within 2 years3)1/3 of workers aged 50-59 who leave full time jobs, move back into full time4)72% of companies predict they'll have an increasing number of leadership vacancies over the next 3-5 years5)76% of those same companies are "less than confident" in their abilities to adequately staff these positions6)Workplaces will lose high performers as economy strengthens7)Currently, workplaces that understand future skills needed are having difficulty recruiting8)Recruitment strategies are strengthening9)Retention of talent is increasingly becoming a "hot" issue

**The Internal Challenge:** Who is going to do the work?, What knowledge are we about to lose?, What skills will we lose?, What traditions will change? Is this good?

**The External Challenge:** The market place for good talent will be competitive, The good people will be able to pick and choose their working environment, How do we create an organization in where people want to stick around?

**Shift from Industrial Age to Information Age:** The Old Way: HR is responsible for people management, We provide good pay and benefits, Recruiting is like purchasing, Development happens in training programs, We treat everyone the same Source: "War for Talent"

**Shift from Industrial Age to Information Age:** The New Way: All managers are accountable for strengthening their talent pools, We shape our workplace, jobs, and strategy to appeal to talented people, Recruiting is like marketing, We fuel development through stretch jobs, mentoring and coaching, We affirm our people, but invest differently in A, B, and C players Questions To Reflect On, If the dam bursts today, what is the impact to your organization? How would you replace the people, knowledge, lost productivity?, It's not just about having the bodies. It's about the right bodies doing the right things. Creating an organization of which people want to be a part.

**Current Retention Trends:** Towers Perrin (2002) Canadian study, 59% are open to changing jobs,11% actively looking,45%

passively looking," To retain me, you've got to help me advance, keep the good people, and provide competitive pay...." Understanding the Data: **Employees are looking for job** growth and learning opportunities, or they are looking for a new job, Are you offering the items on these lists to your employees? As managers in your organization, how many of these items do you believe are within your control?

**Understanding the Data – Link to Recruitment:** Attraction is part of retention, so this information also informs recruitment practices, Employees will be attracted to organizations that have well-developed mentoring programs, career development initiatives, and job enrichment opportunities

**Link to Employee Engagement:** Research shows positive correlation of engagement scores with, Employee attraction and retention, Engagement scores also have a positive correlation Leadership Effectiveness and Retention

**Making Leadership Development Work:** Identify, inform and invest heavily in talent, Use 360s to build on strengths, Set extremely high expectations for your leaders – and measure their results, Make leadership development a long term process and not an event, Use the succession process as an opportunity to develop and measure the leadership potential

Responsible for succession process, Approve high potentials, individual development, leadership development, Determine success measures, next steps and time frames, Determine management accountability, Follow-up on actions

Measures: Define up front what you want to achieve in the broader scope, Then...once succession data gathered, define specific measures, timing and accountability. Measure regularly. Track development of talent, and their progress, regularly over the long term. Assign accountability to managers for progress, assign mentors, reward

**Possible Succession Measures:** By 90% of development actions complete, Increase movement of high potentials to other areas of workplace, Increase employee engagement/satisfaction, By year 20xx, increase high potential leaders by x%, Over x years, increase high potential retention by x% ,External measures - attract high potentials

**Individual Development Planning:** Actions, Goals and measures, Follow-up, follow-up, follow-up

**More Best Practices (Hewitt):**Senior management lead the charge, Maniacal focus on the best talent, High potentials are carefully identified, Compensation is highly differentiated, Assignments drive high potentials' growth, Tracking progress is critical

Challenges: Time, Buy-in, Lose sight of big picture – administrative nightmare, Employee/manager conversations, Cultural biases, Resource issues that arise

## Conclusions

In summary, field work findings made us to accept alternative hypotheses and reject null hypothesis. However, the research is warranted to consider, more individual factors, such as, turnover, employee attitude, culture, work environment, etc., alone origin combination with each other in the midst of more strategic to retain the employees along with the better productivity, that new retention tools could be adopted. Today when companies recruit people they often focus attracting precisely those people who will be the most difficult to retain. Though attrition can not be completely eradicated but it can be reduced to drastic level by being innovative. Companies the" days are emphasizing not only on physical emotional benefits also. They have to develop new ideas to touch the emotions of their employees make them loyal towards their organizations. Companies involved in designing strategies such napping,

internal job posting, flexi-time and all. This study of retention identifies a range of factors that have been shown to be consistently linked to turnover. These include organizational commitment, job satisfaction, alternative opportunities and intentions to quit. Evidence on the role of pay is still somewhat inconclusive, although keeping pay in line with market rates is certainly critical to retaining staff. Apart from age and tenure, personal characteristics of employees appear to have little relationship to turnover. While these factors can help employers understand the general nature of turnover and its likely causes, the retention strategies adopted within industries and organisations tend to cover a unique mix of measures and approaches specifically targeted at the particular problem they face. Understanding the problem is key to devising an effective retention strategy. Access to both quantitative and qualitative data is necessary for understanding levels of turnover across occupations, sites and for particular groups of employees as well as for identifying the underlying causes of turnover. Further investigation of turnover in the meat processing industry could include an examination of turnover data to establish whether turnover is uniformly high across the industry or whether there are differences between establishments in the same local labour market. The collation of qualitative data through employee surveys either at industry level or within particular establishments may be useful for identifying sources of dissatisfaction, intentions to leave, and any underlying causes of turnover.

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### Resources

"War for Talent" – McKinsey & Co., Leadership Pipeline" – Ram Charan , "Grow Your Own Leaders" – W. Byham "Effective Succession Planning" – W. Rothwell , "Love 'Em or Lose 'Em" – Kaye & Jordan-Evans, Centre for Creative Leadership – www.ccl.org, Statistics Canada – www.statcan.ca/, "The Extraordinary Leader" – Zenger & Folkman

### *Causes of turnover and retention strategies adopted by Pharmaceutical Industries in Bangalore*

<i>Standard Life Healthcare</i> <sup>1</sup> Private medical insurance provider 750 employees	High turnover in Guildford office Strategy based around prioritizing sales Ineffectual leadership Reactive employee resourcing Lack of customer focus Low employee morale	Streamlining recruitment and induction Providing access to learning resource centers Competitive salary and benefits package Focusing performance management on employee development Improving communications Measuring employee engagement Encouraging employee health and well-being through targeted interventions
<i>Hillarys</i> <sup>1</sup> Blinds manufacturer 950 employees	Retention of shop floor employees at Nottingham site Dissatisfaction with working environment Dissatisfaction with communications High number of job vacancies for lower-skilled workers in one particular area	New employee benefits program with a focus on family-friendly benefits and linking reward to length of service (eg increasing annual leave for longer service) Improving communications Development of a new internal brand Improvements to the physical working environment (eg repainting and minor renovations) Engaging employees through social events and community activities
<i>Happy</i> <sup>1</sup> Training company 37 staff	Retain staff in Pharma market	Work-life balance and flexible working arrangements Empowering employees to make key decisions Promoting an open culture Encouraging employee volunteering, which offers development opportunities
<i>Kent County Council</i> <sup>1</sup> 5,246 staff	Location (East Kent isolated, West Kent proximity to London) High turnover of social workers Heavy workloads and high stress Limited opportunities for career progression	New competency-based career grade structure More coordinated recruitment program (based on attracting newly qualified social workers) Scheme to recruit and train unqualified social workers Review workloads and reduce administrative burdens

<i>BAE Systems</i> <sup>1</sup> Aerospace c.45,000 (UK)	UK graduate attrition Questions over effectiveness of graduate development program	Conducted research into effectiveness of graduate development program Realistic recruitment message to emphasise the defense-related manufacturing nature of its business Educating managers about their responsibilities in the graduate scheme
<i>Seaboard Energy</i> <sup>2</sup> Utility	High turnover in customer contact centre Dissatisfaction with 3-week rolling shift system	Move to fixed shift patterns Recruitment targeted at working mothers to improve the response
<i>Marina Developments</i> <sup>3</sup> Marina group 275 employees	-	Introduced on-site, internally delivered training course for yard staff Training linked to achievement of competency targets and salary increments
<i>Makita Manufacturing Europe</i> <sup>4</sup> Power tools manufacturing 460 employees	Local labour market shortages of unskilled and semi-skilled staff Culture of job-hopping in local area Ineffective induction	Improved induction process by setting up a training scheme for new recruits with both off- and on-the-job training More targeted recruitment (ie employees that can demonstrate some stability, older workers) More stringent checking procedures during selection More aptitude testing during recruitment Rewarding long service
<i>Asda</i> <sup>4</sup> Retailer 100,000 employees	Local labour market issues Expansion highlighted greater need to retain staff	Extended access to share schemes through an employee share option plan More promotion options for staff New management development program
<i>GlaxoSmithKline Research &amp; Development</i> (formerly <i>Glaxo Wellcome</i> ) <sup>4</sup> 4,600 staff	Skilled staff not returning after maternity leave	Returners bonus upon return from maternity leave Opportunities for more flexible working, including phased return to work and job-sharing Assistance in making childcare arrangements
<i>PricewaterhouseCoopers Management Consultancy Services</i> <sup>4</sup> 3,400 staff	Difficulties in balancing work and home life among consultants	Introduced work-life balance initiatives (eg working one day a week at home) Work-life balance workshops Coaching scheme Improve graduate retention

**Top 15 Retention Drivers**

	Retention Items	%
1.	Exciting work & challenge	48.4
2.	Career Growth, Learning & Development	42.6
3.	Working with great people & relationships	41.8
4.	Fair pay	31.8
5.	Supportive management/great boss	25.1
6.	Being recognized, valued & respected	23.0
7.	Benefits	22.0
8.	Meaningful work, making a difference & contribution	17.0
9.	Pride in organization, its mission & product	16.5
10.	Great work environment / culture	16.0
11.	Flexibility	13.6
12.	Autonomy, creativity and a sense of control	12.6
13.	Job security & stability	10.5
14.	Location	10.3
15.	Diverse, changing work assignments	7.7

Source: Love 'Em or Lose 'Em, 1999