

# A STUDY ON IMPACT OF HR PRACTICES ON EMPLOYEE RETENTION

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**Abstract :** Employee retention is the ability of organization in making their employees stay within the organization for a longer period of time. Retaining skilled employees is vital to the success of any business. Every organization invests their time and money in making the employees industry ready. The cost of losing an employee effects the productivity, and also increases the expense of recruiting, selecting and training a new employee. Employee retention has become a major concern since past decade, especially for multinational corporations because of globalization. Dissatisfaction with work, low growth prospects etc can be some of the reasons for an employee to leave an organization. With proper HR practices like Rewards & recognitions, policies to maintain work life balance, flexibility in work hours, Fair compensation etc will motivate the employees to continue with the same organization. This paper focuses on finding out the impact of Human Resource practices on retention of employees in two major multinational corporations namely Amazon and Synchrony Financial. Primary data is collected from these two multinational corporations on various aspects of human resource practices like recruitment, training, performance appraisals, rewards, work life balance etc. It aims at understand various HR practices and the impact of these practices of organization on employee's retention.

**Keywords:** Retention, Motivation, Work life balance, Employee satisfaction, Performance appraisal.

## I. INTRODUCTION

Attrition and retention are one of the major challenges faced by human resource management in the current scenario. Attrition is the percentage of employees leaving the organization per year, and the HR management is concerned about ramifications of it. When the management hires a new employee and trains him/her to be more skilled and equipped for the work conditions, they expect the employee to stay with them throughout the life time. The efforts put in by the management to retain its employees are called as Retention. there are different motivational factors for different employees to stay with an organization. So it is important to have retention practices like providing constructive feedback, fairness in recognition & rewards, autonomy in working style, providing training programs, providing assistance in health & wellness, offering flexible work arrangements and supporting work life balance of employees. Employee retention strategies not only help in reducing cost and improving productivity, it has been observed that employees sticking to an organization for a longer span are more loyal towards management and the organization. Research on the impact of these practices on employees will give us a brief understanding of employee retention in the companies which are mentioned in the study, which are Amazon and Synchrony Financial.

## PROBLEM STATEMENT

Retention of talent is a big challenge in MNC's in present days as there is huge war of talents and poaching is a strategy used by companies to capture the efficient workforce which is scarce resources of all the factors of production. Therefore the problem identified is retention of employees in the organisations.

## OBJECTIVES OF THE STUDY

- To study various HR practices followed at Amazon and Synchrony Financial
- To study the understanding and satisfaction of employees towards various HR Practices
- To study which HR Practices have greater impact on retention of employees

## RESEARCH METHODOLOGY

The study is based on primary data collected from a sample size of 62 from the employees working in two multinational companies namely Amazon and Synchrony Financial. The data is collected by using a structured questionnaire and interview method. The sample is selected through convenient sampling technique. The data is analyzed by using table and charts.

## REVIEW OF LITERATURE

HRM is an approach which consists of employee's development, and working for the betterment of employees in a workplace. The five categories of HRM are employee retentions, learning and development and performance appraisal (Amstong 2009).

In today's business era's so many changes occurring in the Human resource field. In an organization HR functions are interlinked with a number of activities that has influence all the areas of an organization. The achievement of an organization relies on the HRD climate such as autonomy, fair compensation, recognition, openness, integrity (Ramesh, 2005)

Human Resource practices give opportunities related to career development, so that they help in employee engagement and employee development (Mone and London, 2009).

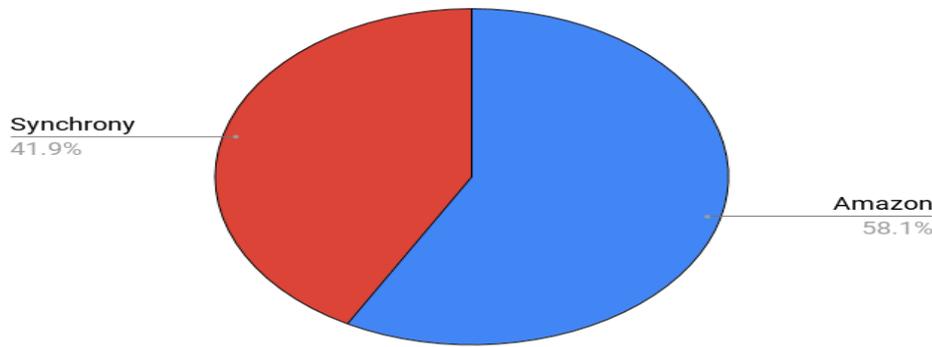
Now a day the workers demands have been increased than ever before, it is not because of perks and salaries but in very term like cultural and work experience context. Providing a flexible, prolific and dynamic working environment in order to retain and attract the potential employees. In case if Retention plans/Strategies be not appropriately embedded in the corporate industry/business process then all the efforts are useless since from the selection. (Earle, 2003)

If Human Resource Practices are executed effectively in order to get the better outcome of retention employees, so that I would be very helpful and effective in order to reduced the turnover ratio and at the end result would be retention of employees for longer time period (Enterkin, 2001).

Now the organization focuses on those strategies which will be helpful to retain the employees and to reduced the turnover rate (Steel, Griffeth, & Hom, 2002).

**DATA ANALYSIS & INTERPRETATION**

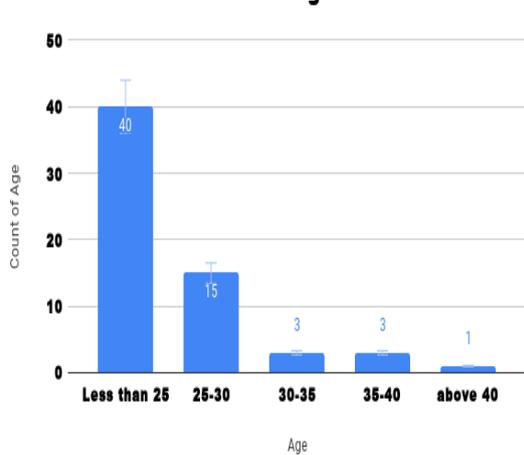
**% of Respondent's belonging to various Companies**



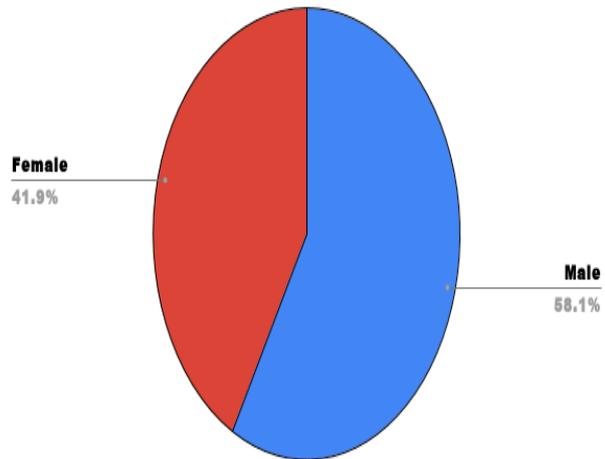
(Source: Questionnaire)

From the above table it is inferred that 42% of the employees are from Synchrony Financial and 58% of the respondents are from Amazon India

**Count of Age**



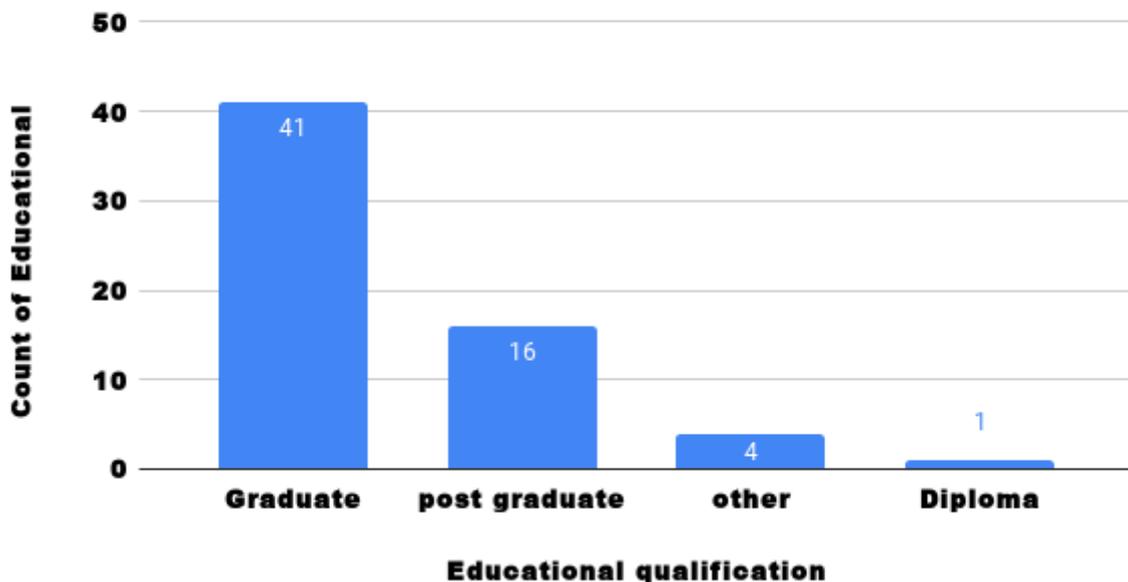
**Count of Gender**



(Source: Questionnaire)

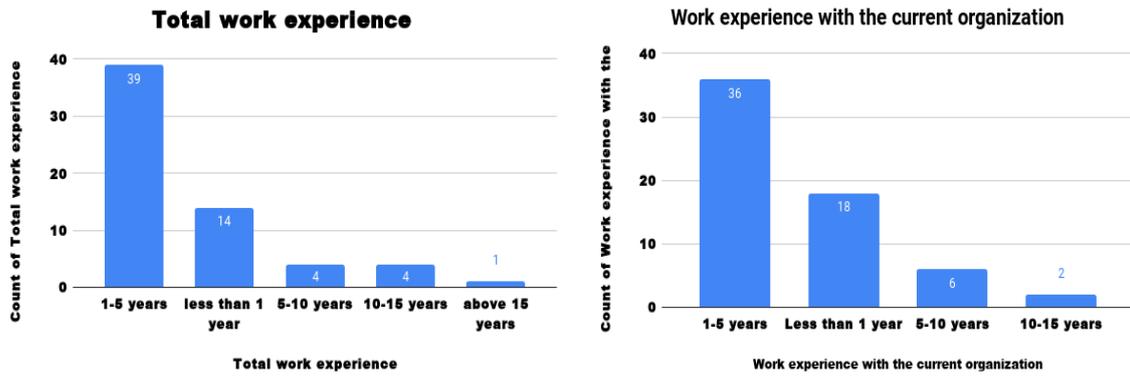
From the above graphs it can be stated that 65% of the employees belong to the age group of less than 25 whereas 24% of the respondents fall under the age group of 25-30 and the remaining respondents are above the age group of 31. 58% of the respondents are male and 42% of the respondents are female.

**Educational qualification**



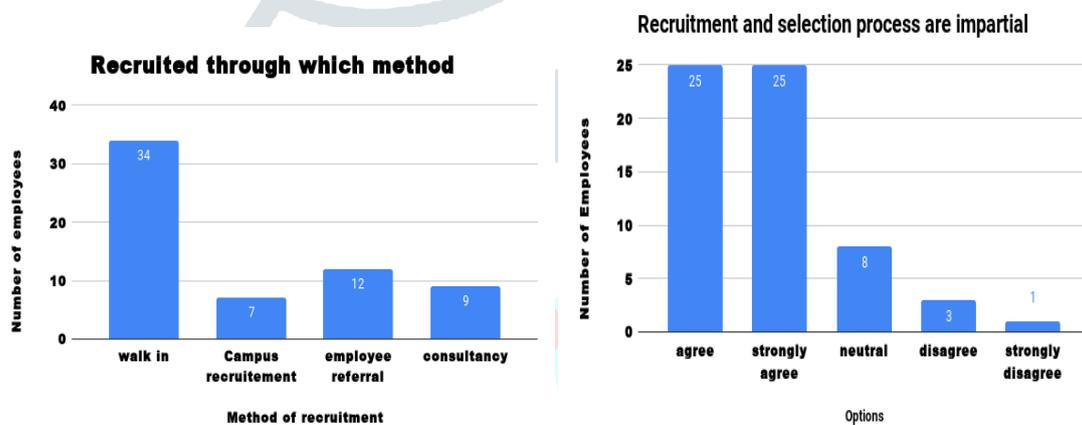
(Source: Questionnaire)

From the above graph it can be stated that 66% of the respondents are graduates, 26% of them are post graduates and remaining 8% of them are diploma holders and other qualifications.



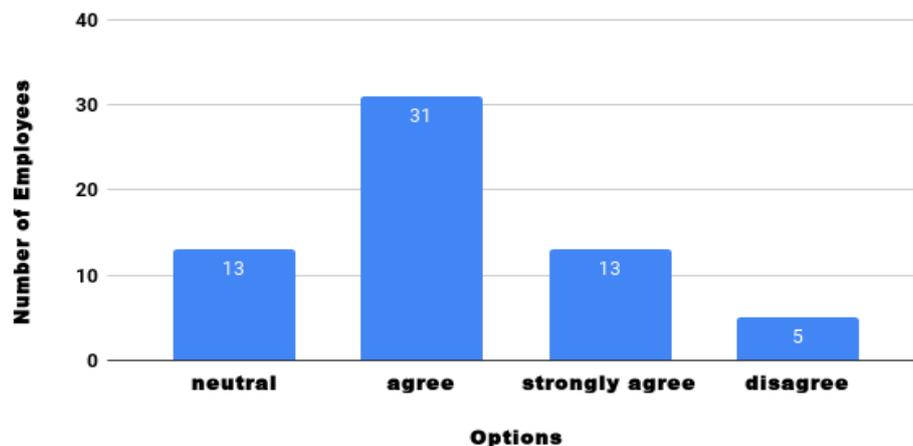
(Source: Questionnaire)

From the above graph it can be mentioned that 58% of the respondents have overall as well as with the current organisation work experience of 1-4 years, 26% of the respondents have total work experience of less than one year and 29% of the respondents have work experience with the current organisation of less than a year, whereas remaining respondents have more than 6 years of work experience in the current organisation and also overall work experience.



(Source: Questionnaire)

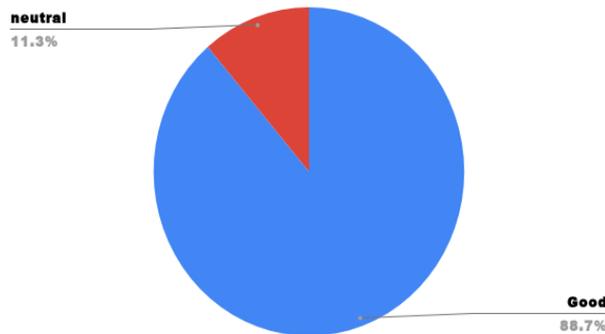
### Selection criteria is well described through Job



(Source: Questionnaire)

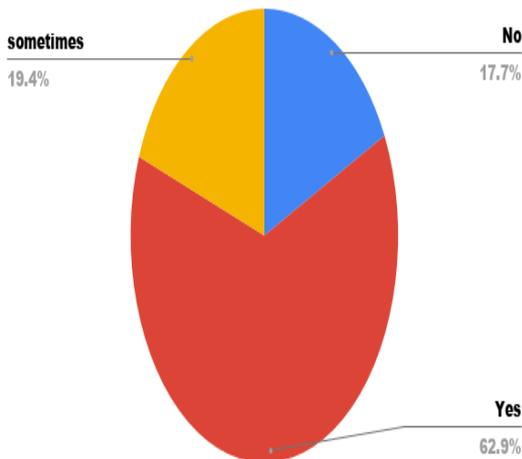
55% of the respondents were recruited through walk in, 19% of them got recruited through employee referral, 15% of them through consultancy and the remaining 11% got recruited through campus placements. 80% of respondents agree that the recruitment and selection process is impartial in the organisations whereas remaining 20% have no opinion or disagree with this. 70% of the respondents agree that the selection criteria is well described in the organisation whereas 30% of them have no opinion and disagree with this.

**How was your on-boarding experience**

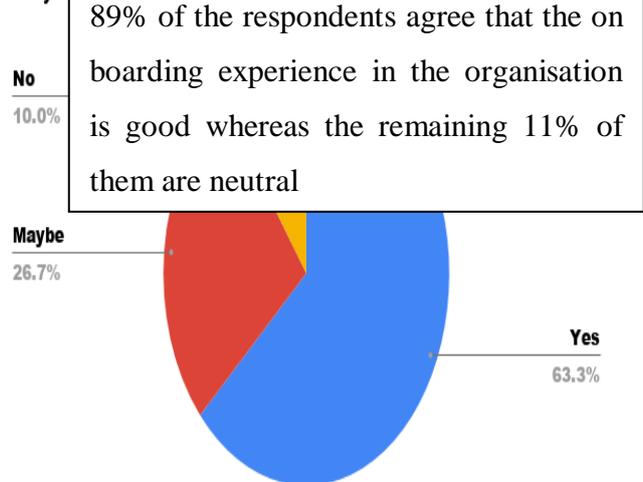


(Source: Questionnaire)

**Are you currently being offered flexible work**



**If yes, does that help in improving your work & maintain work**



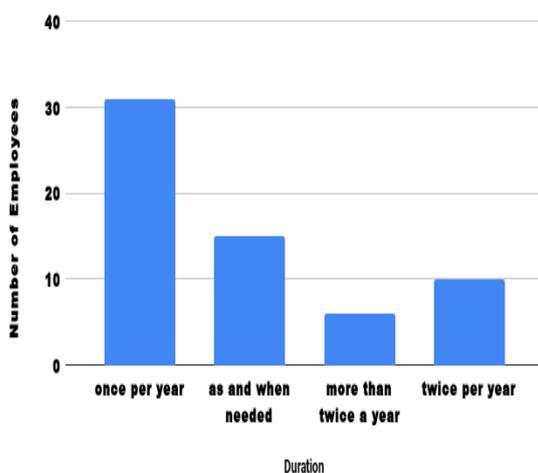
89% of the respondents agree that the on boarding experience in the organisation is good whereas the remaining 11% of them are neutral

(Source: Questionnaire)

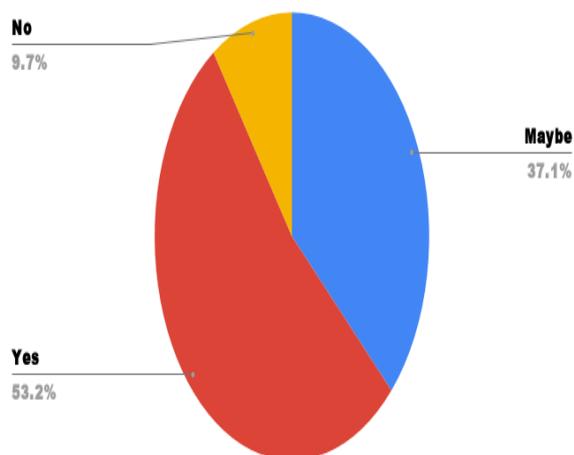
62% of the employees opined that they are provided with flexible work hours whereas 15% of them say that sometimes it is provided and 18% of them say that it is not provided.

63% of employees say that flexible work hours help them in managing their work life balance whereas 27% of them feel may be and 10% of respondents say that flexi hours provided does not allow them to balance their work and personal life.

**How often does your organisation conduct employee performance appraisals**



**Performance appraisal provide objective, interactive & meaningful feedback on performance?**

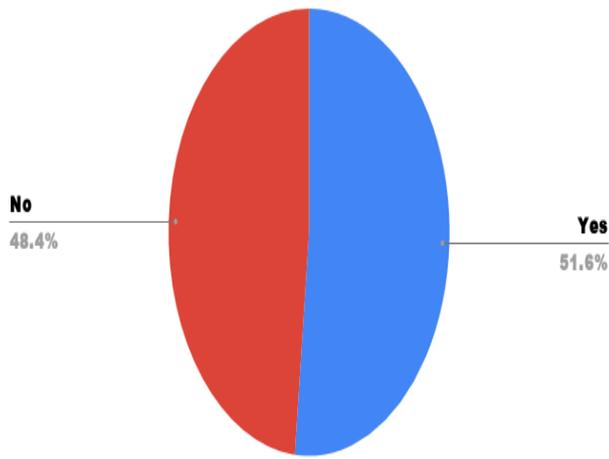


(Source: Questionnaire)

60% of the respondents agree that performance appraisal is conducted once a year whereas the remaining say that it is conducted twice a year and also according to the need of the organisation.

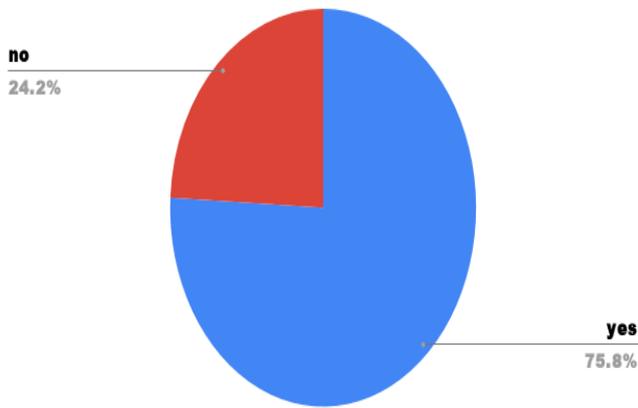
53% of the respondents agree that they are provide with objective and meaning feedback on their performance whereas 37% fell that they are not provided.

**Do you feel your management team is transparent?**



52% of the employees say yes that management is transparent to them about all the policies and procedures whereas 42% of them say no.

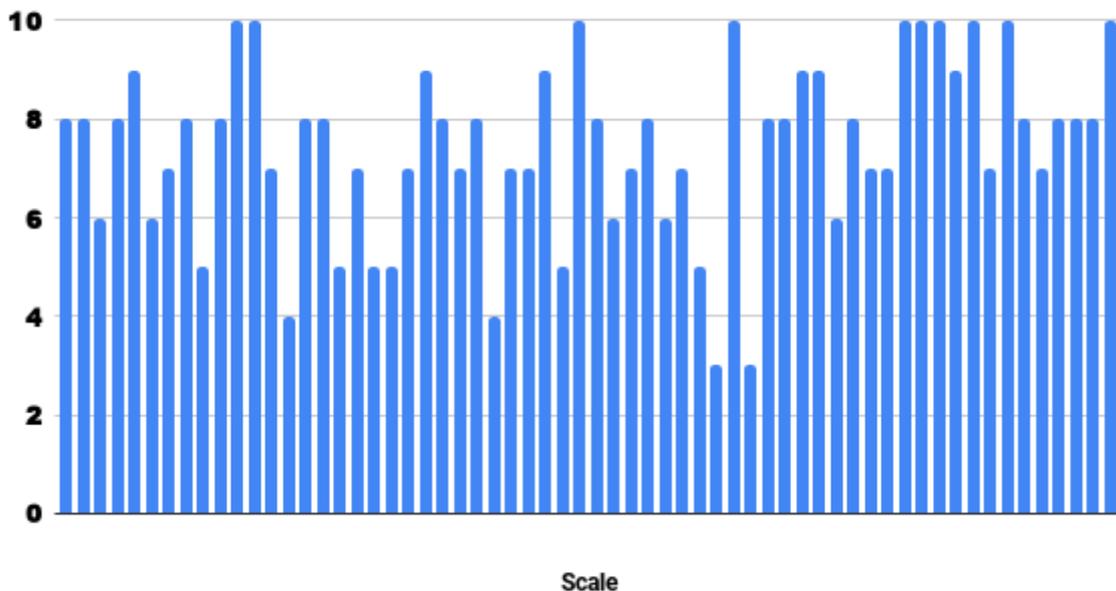
**Do you foresee yourself working here one year**



76% of employees see themselves working in the organisation for the near future whereas 24% of them do not feel so

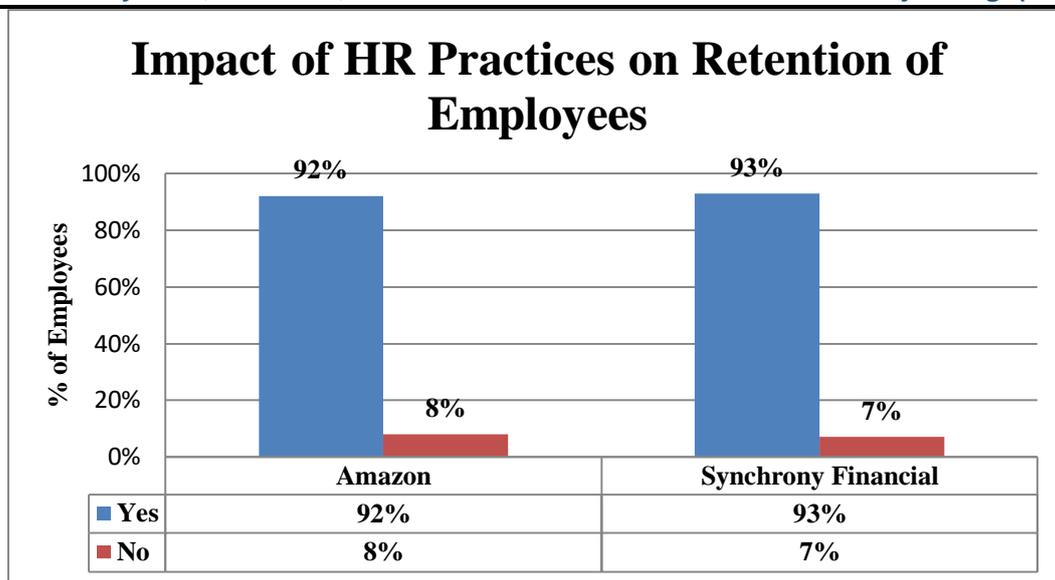
(Source: Questionnaire)

**On a scale of 1-10 how happy are you at work?**



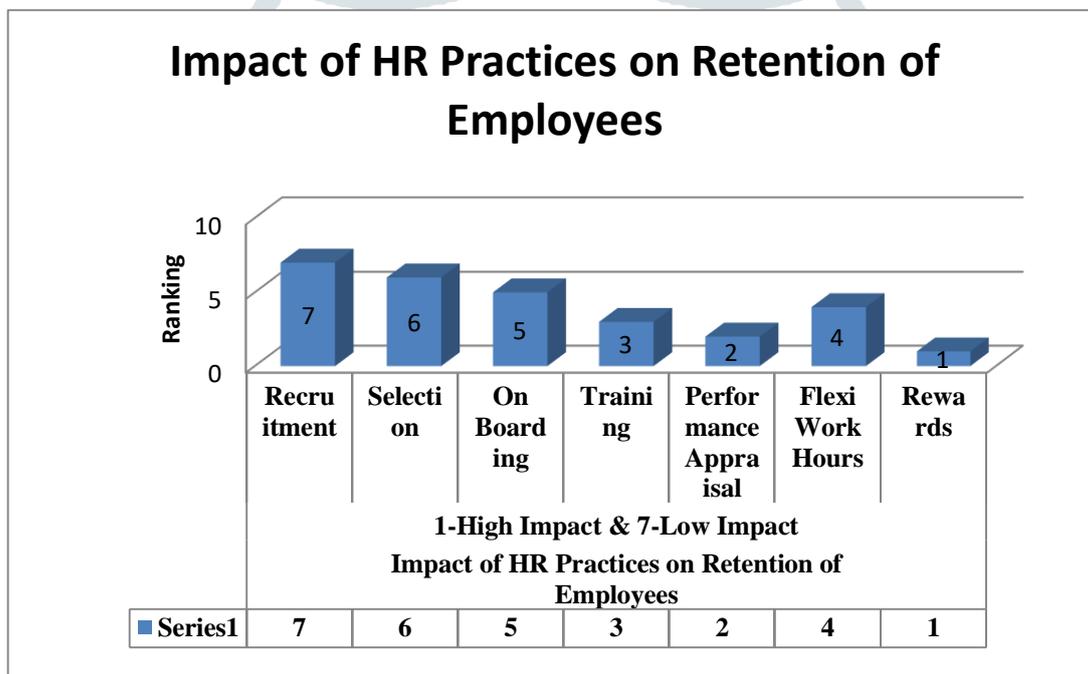
(Source: Questionnaire)

On an average 70% of the employees are more than 60% happy and satisfied working with both the organisations whereas the remaining employees are not.



(Source: Questionnaire)

92% and 93% of employees from both the organisations agree that HR Practices has an impact on retention of employees whereas 8% & 7% of employees say no.



(Source: Questionnaire)

Rewards and performance appraisal have a greater impact on employee retention followed by training, flexible work hours, induction, recruitment and selection

#### FINDINGS

1. Majority of the respondents (58%) under the study belong to Amazon India
2. Majority of respondents (65%) belong to the age group of less than 25 years
3. Major part of the respondents (58%) are male employees
4. 66% of the respondents under the study have graduation as their educational background.
5. Majority of respondents have total work experience and experience with the current organisation from 1-4 years.
6. Majority of respondents (55%) got recruited through walk in's and respondents opined that the recruitment and selection process followed in the organisations are impartial and also agreed that the selection procedure is well defined.
7. Majority (89%) of respondents are extremely satisfied with the on boarding practices followed by the organisations.
8. Majority (62%) of employees say that they are provided with flexible work hours that help them in managing their work as well as personal life.
9. Majority (60%) of employees agree that performance appraisal is conducted once a year.
10. There is mixed opinion of employee that management is not transparent to employees about their achievements, appreciation and developmental needs.
11. Majority (76%) of employees are satisfied working with the company and see themselves continuing in the company in the near future.
12. Majority of employees are happy and satisfied working with their respective organisations
13. Majority of employees say that HR Practices have a greater impact on the retention of employees.
14. Of all HR Practices studied Rewards and performance appraisal have a strong relation with retention of employees

**SUGGESTIONS**

1. Companies should follow a new pattern of worklife balance as it will help employee manage their work as well as personal life and helping employees managing worklife balance will help employees to be retained and productive in the organisation.
2. Performance appraisal used in the organisations should become more objective, performance rating discussions should be made more interactive and feedback provided should be meaningful and constructive that will help employees to grow and strengthen their performance and contribution towards achieving organisation objectives. It also serves as an important tool towards retention of employees.
3. Management should be transparent to employees regarding their performance the basis on which the promotions and increments are based.
4. Organisations have good retention strategies to retain the employee's organisations should follow enhanced culture of transparency and constructive performance appraisal that allows companies to retain the talented employees for a longer period of time.
5. Organisations should refine their HR Practices like open and unbiased performance appraisal, rewards should be based on performance and not on seniority, management should follow culture of transparency in all matters pertaining to employee growth and development.
6. Organisations should follow a fair and equitable reward system as it has the greatest impact on employee retention.

**CONCLUSION**

Human assets are the most reactive assets of the organisation they are the backbone of the organisations. Companies to keep themselves profitable and sustained in the market they have to strive towards acquiring, managing and very importantly retaining the qualitative talent. HR Practices followed in the companies should be employee friendly and fulfill the needs of the employees so that employees make remarkable contributions to achieve organisations VOMS (Vision, Objectives, Mission and Strategies).

**SCOPE FOR FURTHER RESEARCH**

A comparison can be drawn between the HR practices and their impact on employee retention followed by both the companies. Only impact of four HR practices were studied other HR practices can be studied.

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