
Understanding the Dynamism of Employee Commitment and Retention in Context to Talented Employees in Indian Organisations

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Abstract

The prime purpose of human resource in an organization is to research, recruit, select and retain core employees so as to enable them to compete them in the global business markets environment. In the emerging integrated global economy, the 'war for talent' is intensifying, companies have been increasingly concerned about retaining their most important soft resource i.e., core competent human resource. To ensure sustainability and the development of the organization to face the dynamism of business and to maintain its triple bottom organizations must find and attract appropriate talent pools of human resources, develop and retain talented people so that they can drive the organisations through their physical and creative mental efforts. Various studies have revealed that practices related to human resource management are the most crucial factors that influence employee's retention in any organization. The concept of just having a "good workplace" by an employer as the means to retain employees is no longer a primary aspect. In the changing times professional social networking platform like LinkedIn the star performers are literally just a message away from being snatched from the team on which organizations have worked so hard to build. The research paper makes an attempt to the understand of the relationship between core employee commitment, retention and certain factors of human resource management in Indian Organisations.

Key Words: Core employees, global markets, talent retention

INTRODUCTION

The turn of twentieth century saw nations around the world become part of the global village, with the trade barriers between them being reduced or knocked down through the driving forces of globalisations for various global markets. The Indian economy has not remained isolated, globalization of trade and

economy has taken deep roots in India post liberalization. The holistic paradigm shift towards integrated markets and operations of business has opened up new economic opportunities. Initially being just production oriented the companies focus has focus has shifted to service and knowledge-based economy for industries. And now slowly we are entering into the ear of data economy. In the existing

scenario the nurturing and enhancement of the skills of human resources has therefore become crucial for organisations as customers are becoming more service oriented. The knowledge workers in particular have a growing vital role to play in the emergence of the digital and data economy.

The geek professionals manning the corporates are the new avatar of talented the professional's employees who are innovative, business savvy, very adept in taking up new skills, having excellent ability in social and professional networking, and possessing great fire in the belly for achievement. The new generation of fresh blood young professional are propelled by an urge to experiment, take risks, take up new ventures that can spur their creativity. Employees creative skills and innovations are contributing to employers' competitive edge in the war for talent. Gone are the days when employees use to think about joining a company and retiring in the same company. With the change in mindset of the young workforce, the objectivity of retention of talented labour is becoming, the most critical issue facing the corporate leaders. The demand for better equipped employees is growing along with the changes in technology and business dynamics, economic growth and employee turnover as a result the shortage of talented employees is being felt by many organisations. Managers and the top-level authorities are constantly faced with the issue of retaining employees, and there is a substantial quantum of evidence that worldwide retention of skilled employees has been challenge and serious issue to the human resource managers in the face of ever-increasing high rate of employee

turnover (Budhwar & Mellahi, 2007; Samuel & Chipunza, 2009).

Recently there has been widespread opinion that the role of human resource management is not just recruitment, training and compensation but its contribution in any organisation has to be more strategically, aligned with the strategic intent of the organisations missions and visions. Furthermore, the human resource management department is not only expected to maximise the human resource outputs and align itself with the organizational values and culture but also make sure that it is propagated in the entire organization. Consequently, human resource managers have started to place increased levels of focus on the process through which they can assess and also improve the organisational performance of the employees along with incorporation of efforts to retain core employees. The bouquet of techniques often takes the form of initiatives such as motivation, development, proactive communication, equal employment opportunities and affirmative action policies aimed at creating a diverse workforce within which all employees feel appreciated and valued.

OBJECTIVES

Although there is extensive literature available on human resource managements "best practices and high-performance practices." However, there exists diversity in opinion and low consensus among researchers as to precisely which type HRM practices should be considered as the "ideal type" of human resource managements system that is assumed to be universally effective in

combating the attrition of talented employees.

The existence of diversity in opinion and multiplicity of approaches to human resource managements, it is required that a more systematic and comprehensive investigation would be beneficial to the development of knowledge in this area. The outcomes study may assist in the development of insights into effective human resource managements retention program for the organizations. Employees retention, motivation and development are considered to be very important strategic options for corporations. Effective implementation of human resource strategy may improve employers' chances of recruiting and selecting the right employees who can become committed to their organisation and also improve their ability to retain highly skilled and motivated employees.

The Indian economy has shown sustained healthy growth for more than two decades post liberalization, as a result there has been increase in demand for employees.

The domain of dynamism of employee commitment and retention in context to talented employees is of interest for the researchers and the organizational and authority policy makers. The bank of knowledge continues to grow regarding what kind of HRM systems are relevant for the Indian context. Further, given the scarcity of robust research in relation to the subject.

The objectives are for the paper are as follows: -

- a) To study the current human resource practices on the retention of core employees in Indian

organizations.

- b) To explore the relationship among various factors of demographic variables and HR variables in retention of core employees.

LITERATURE REVIEW

With reference to the review of literature, it is acknowledged that successful organisations share a fundamental philosophy of valuing and investing in their employees. Various studies in relation to employee retention have suggested that high proactive involvement of management in positive way at work policies and practices will enhance employee retention. Retention of employees can provide a vital element of competitive advantage to the organization.

HRM is a complex issue and the theoretical model presented cannot represent this complex phenomenon because a number of extraneous, uncontrolled factors could influence the model variables. The paper primarily deals with gaining insights in relations to variables of retention management of core employees in organizations. The study is comprehensive and focus on certain aspects of HRM taking into considerations of resources constrain limited scope is considered for the study which in itself is a limitation. The data collected, for the model to study intention to stay demonstrate motivated behaviour in terms of desire to remain in the organisation, were cross-sectional so causality cannot be definitively determined.

Changes in environmental factors constantly create issues in the practice of human resource management, a lot of the assumptions and postulations in relations human resources practice and operations

have been challenged, due to a series of inexorable reforms (Lesperance, 2001).

In contemplating the future prospects of HRM, it is worthwhile to examine the developments and directions of HR policies in terms of their relevance to the contemporary workforce, especially in the area of the attraction and retention of employees.

In fact, several research studies have described human resource management as a means of achieving competitive advantage (Walker 2001).

Consistent with this perspective, is an equally important issue for organisations, the retention of their critical (core) employees. Phillips & Connell (2003) noted that Employee turnover continues to be one of the most unappreciated and undervalued issues facing business leaders. Most organisations today continue to struggle with retention because they are relying on salary increases and bonuses to prevent turnover (Gumbus and Johnson 2003). Essentially, more organisations are now realising that retention is a strategic issue and represents a competitive advantage (Walker 2001).

As the retention of talent with critical skill sets is acknowledged by organisations as vital for the achievement of business growth and the building of organisational competencies, some organisations strive to be the 'employer of choice' by creating a positive environment and offering challenging assignments that foster continued personal growth. An 'employer of choice' (EOC) is an organisation that outperforms its competition in the attraction, development and retention of people with business-required aptitude, often through innovative and compelling human resource programs (Clarke 2001).

Social exchange theorists have produced significant quantities of research that support the theory that the level of commitment to the employee demonstrated by an organisation will have a direct impact on the commitment that employees show to the organisation in return

RESEARCH METHODOLOGY

The main objective of this study is to enhance the understanding on the determinants which influence of human resource practices on the retention of core employees in Indian organisations. In order to successfully complete the research and fulfil the above stated objectives, study involved an in-depth interview of human resource managers or representatives of Indian companies using a structured questionnaire covering various aspects or HRM retention variables. The research tool (Questionnaire) for the paper was developed by referring to books and similar research carried out by other researchers and other related articles and publications. The questionnaire for the study included statements covering the demographic factors and HR factors related to commitment. The questions were used to obtain demographic information on age, gender, length of service, educational qualification, industry and occupation. The other variables included were Selection, Remuneration, Training, Performance, Organisational leadership, Policies & Culture, Communication, Work Environment, Commitment and Retention. These factors are relevant to understand the extent relationship between various factors in relation to the nature of the study. A broad spectrum of Industry sectors were

approached these organisations can be categorized as infrastructure, logistics, IT & ITES, auto, education, retail and manufacturing. This ensured a broad spectrum of industries. All the respondent employees participated in the survey were designated to be as core employees by their organisations. A total of 356 responses were used for the study. According to Green (1991), the required sample size depends on the number of issues, the desired power of relationship, alpha level, number of predictors and expected effect sizes. The simplest rules of thumb are $N \geq 50 + 8m$ (m is the number of independent variables) for testing multiple correlation and $N \geq 104 + m$ for testing individual predictors. This was deemed to be a good sample size.

DATA ANALYSIS

The data analysis includes analysis of the collected data by applying Pearson coefficient correlation on various determinants.

The independent variables like selection, remuneration and recognition, training, performance management, organisational leadership, organisational policies & culture, communication, work environment were the factor analysed (principal components with varimax rotation). Varimax rotation is applied with the objectivity to simplify factors by maximising the variance of the loadings within the factors under considerations across variables. Application of Varimax rotation causes the spread in loadings to maximise loadings that are high after extraction become higher after rotation and loadings that are low become lower. Consequently, interpreting a factor becomes easier after Varimax rotation because it is obvious which variables correlate (Neter, Kutner, Nachtsheim and Wasserman 1996).

The outcome and interpretation of the analysed data is as follows:

Table 1: Correlations Demographic Variables

Pearson coefficient correlation								
	Age	Gender	Experience	Qualification	Industry	Occupation	Commitment	Retention
Age	1	-.232**	.826**	.341**	.349**	.381**	.092	.215**
Gender	-.232**	1	-.254**	-.147**	-.116*	-.187**	.029	.089
Experience	.826**	-.254**	1	.331**	.391**	.313**	-.020	.194**
Qualification	.341**	-.147**	.331**	1	.063	.304**	-.076	.117*
Industry	.349**	-.116*	.391**	.063	1	.266**	-.125*	.043
Occupation	.381**	-.187**	.313**	.304**	.266**	1	-.114*	.146**
Commitment	.092	.029	-.020	-.076	-.125*	-.114*	1	.700**
Retention	.215**	.089	.194**	.117*	.043	.146**	.700**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The correlational analysis of various demographic factors and commitment and retention was carried out. Table No. 1 shows the result on data analysed. The calculated value of 0.826 between the factors age and experience shows a strong relationship.

For the factor of retention strong relationship is shown only for one factor which is commitment as indicated by calculate correlational value of 0.700. For

other factors retention has less significant or weak relations with other variables.

For other factors of commitment and retention the values are less significant as indicated in Table No. 1. In fact, the factor commitment shows weak and negative relationship with variables like experience, qualifications, industry and occupation.

Table .2: Correlations HRM Variables

Pearson coefficient correlation

	Selection	Remuneration	Training	Performance	Organisation leadership	Policies & Culture	Communications	Work Environment	Commitment	Retention
Selection	1	.462**	.526**	.400**	.449**	.581**	.561**	.636**	.543**	.527**
Remuneration	.462**	1	.373**	.273**	.365**	.305**	.267**	.477**	.326**	.268**
Training	.526**	.373**	1	.560**	.599**	.656**	.602**	.640**	.553**	.429**
Performance	.400**	.273**	.560**	1	.603**	.554**	.552**	.520**	.548**	.466**
Organisation leadership	.449**	.365**	.599**	.603**	1	.759**	.612**	.566**	.654**	.659**
Policies & Culture	.581**	.305**	.656**	.554**	.759**	1	.763**	.698**	.697**	.619**
Communications	.561**	.267**	.602**	.552**	.612**	.763**	1	.601**	.655**	.579**
Work Environment	.636**	.477**	.640**	.520**	.566**	.698**	.601**	1	.644**	.613**
Commitment	.543**	.326**	.553**	.548**	.654**	.697**	.655**	.644**	1	.700**
Retention	.527**	.268**	.429**	.466**	.659**	.619**	.579**	.613**	.700**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table No. 2. Analyses correlation between various HRM variables, retention and commitment. The correlation matrix presented in Table 2 indicate that strong significant relationship exists between organizational leadership and Policies &

Culture as indicated by correlational value of 0.759 from the table no. 2.

Similarly, a strong significant relationship is shown between organisational Policies & Culture and organizational communication as indicated by the correlational value of 0.763.

For other variables the table no. 2. Indicates moderate relationship between commitment and retention variables. Thus, from the correlation analysis on the data of Indian organisations for most of the parameters the values indicate moderate relationships between the identified human resource variables and organisational commitment and retention.

CONCLUSION AND SUGGESTIONS

The dynamism of workforce in India is changing at a very rapid pace and their perception has also changed drastically. The Indian Parliament 'Lok Sabha' had recently passed three new labour bills – The Industrial Relations Code Bill, 2020; Code on Social Security Bill, 2020 and the Occupational Safety, Health and Working Conditions Code Bill, 2020 in the month of September 2020. With the passage of these new labour reform bills by government of India, they have made it easy for the employers to hire and fire employees along with other changes in relation to organizational labour norms.

While there is requirement for better clarification and more precise specification on the workers who can be termed as core workers in an organisation, there has been little agreement on what precisely constitutes the core employee. In precise, these results highlighted some key factors in context of Indian organisations for effective retention of employees. These include dynamic leadership, effective systematic performance appraisal system, effective training and career development programs, effective communication setup and consultation system and excellent reward and remuneration system.

The barriers for HR managers to undertake effective human resource management practices included lack of strategic importance given to HR function and support from top management and being perceived as functional area only.

The descriptions of core employees seem to have a focus on knowledge, skills and attributes (KSA) that are of strategic value to the organisation.

The following five characteristics of can be correlated with core employees, firstly the core employees possess skills, knowledge and abilities that are relatively rare or irreplaceable to ensure the success of the organisation. The Second one being core employees are central to the productivity and wellbeing of the organisation. Thirdly, they provides a competitive edge to the organisation. Fourth, they support the organisational culture and vision. And the fifth one is that they are innovative and customer focused.

The findings from the study points towards positive significant co-relationship between the certain factors and organisational commitment. These specific factors can be categorised into two broader groups of determinants: firstly, as Personal HR factors like organisational fit (selection), remuneration, reward and recognition, training and career development, performance management. Second group of determinants being organisational factors (leadership behaviour, company culture and policies, effective communication and satisfactory work environment). In addition to above the top managers and senior core employees also require autonomy, and opportunities to mentor so that they can make a greater contribution to the organisation.

This paper makes a very small contribution to the understanding the factors of relationship between management of human resource and retention. The paper has attempted and also has gone a substantial way towards meeting its main objective, which was to determine the HRM factors that influence the retention of core employees in Indian organisations. As the Indian economy is currently growing at the second fastest pace in the entire world and would soon be joining the fantastic five club. The domain of human resource commitment and retention is emerging and evolving; hence it is the area of interest to both researchers and policy makers. The knowledge base of the domain continues to grow regarding what kind of HRM practices are relevant for the Indian context.

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