

The Impact of Remuneration on Employee Retention

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Abstract

Being an essential resource of any organization, employees do assume a considerable job in building up the blocks of the overall industry in the business. In this way, the organization needs to require the best ability. Enrolling the best aptitude has never been an issue for the more significant part of the organizations, yet holding them is a test. With the shooting employee turnover rate, different looks into and examines are proceeding to recognize the underlying driver for it and discovering strategies to help employee retention. This study is about to understand one of the most important factors i.e. Remuneration and its impact on Retention. The fundamental goal of the analysis is to recognize the effect of salary on the employee stability in the private sector organizations in the locale of the Delhi/NCR and to examine the situations and frame the basic but innovative strategies and also implement them in order to increase the employee retention in the zone.

Keywords: Employee Retention, IT industry, Delhi NCR.

1. Introduction

With an estimation of 20,000 privately owned businesses in Delhi NCR, the battle to diminish employee turnover is genuine. The issue of employee retention isn't only kept to the limits of India; however, it is confronted around the world. Employee steady loss is the continuous decrease in the staff of the organization because of willful or automatic reasons. While employee retention is the organization's capacity to hold its employees, an employee wearing a down rate expresses the level of employees you have lost as an organization for reasons unknown. Be that as it may, employee retention is its direct inverse. It is the rate at which the employee or staff is held in the organization. With one out of each four employees continues exchanging his activity, retaining the employees, and confronting the wearing down is, without a doubt, an appalling call for organizations. Much after the enormous spending plan

procuring and enrolling process, numerous organizations face a high pace of employee turnover. A high retention rate is the sign of employment fulfillment in all the terms, be it pay or the benefits. Notwithstanding, a high level of employee steady loss is an admonition for the Human Resource Department and the organization.

2. Literature Review

While addressing the multi-dimensional concept, Cascio perceived retention as those initiatives taken by the management to prevent their human resource (employees) from leaving the company. It was further proposed that the employees should be rewarded for taking care and doing their jobs effectively, which will ensure that the harmonious relationship between the management and the employees, maintaining a safe and healthy working atmosphere in the workplace.

The Workforce Planning for Wisconsin State Government (2005), emphasized on the creation of conducive organizational environment and systems for addressing the diverse requirements of the employees by the managers to sustain harmonious work practices to ensure continued employment.

2.1 Employee Retention

As per the ongoing review report distributed by the Glassdoor, 37% of the HR's expressed that if the new ability is selected on the grounds of the prerequisites of the organization and his aptitudes, they will last longer than the desire. The blemished procuring procedure to fill the vacant occupation positions without coordinating the similarity of the new employee increment employee turnover. Be that as it may, giving serious compensation and different advantages to the employee of your organization can diminish employee turnover. Everybody in the organization likes it when they have a pioneer, not the chief. The sentiment of the feeling of inadequacy because of a bossy disposition hampers the free progression of thoughts, suppositions, and correspondence. Giving them a stage for open discourse with the staff and the administration can support the sentiment of one network sharing a shared objective. A stable situation for employees helps their certainty and refines their work also. They admire their supervisor as their coach, so he ought to keep up a great conventional association with his employees so he can rapidly spur them; resolve the contentions and complaints, assuming any, among the employees. Making employee commitment in a few or the other way, keeps them occupied with the work. The

separated employees were effectively searching for a new position according to the Glassdoor overview. Advancement, be it inner or outer, increases the pay as well as the obligations. Giving improvement and different motivations furnish them with the impression of being esteemed in the organization for their work and commitment. According to the most recent research by the Consumer Technology Association (CTA), high abilities preparing projects and expert aptitudes developing programs to add in the employee retention, individually. Every one of these variables, by and large, assumes a crucial job in lessening employee weakening and raising employee retention. Henceforth, these add to bringing down workforce turnover in the organization. There are certain aspects where most companies usually focus on, when crafting employee retention strategies and programs:-

Offering a pleasant working environment

Nobody could ever work for a place that is either unsafe or uncomfortable. Maintaining a comfortable environment in the office during the working hours is anything more than aesthetics, keeping in mind that these small things can boost employees' moods.

Assuring a succeeding career

With the hold of fast-moving technologies, people face many challenges to keep their selves up- to -date. Conducting seminars & classes involving career development training can create a ladder of promotion for an existing employee in the meanwhile also helps to flourish their skills.

Employee compensation

Rewarding the employees with increased payroll, bonuses/thoughtful gifts according to the performance to acknowledge their efforts.

Open-door communication

Every company should have a hierarchy rule so that every employee could be able to communicate with the reachable head and can discuss the issues and problems which he might be facing during the work.

Employee attraction

To the employee's attraction, many companies offer eye-catching trips, holiday tours, and outings, which might give creative ideas and peace of mind to every individual.

2.1.1 Impact of poor Employee Retention

Following are some of the effects of poor employee retention:-

Discontinuation of bond

When an employee works for a company, he/she builds relationships with the clients and customers that encourage foreseen sponsorship of the business. At the time the employee leaves the company, this bond gets discontinued due to lack of interaction which may affect the organization in many terms.

Lack In knowledge

When an experienced employee leaves, he takes all the valuable knowledge and current status/projects of the company with him.

Regaining the right path again

It is very difficult for a company to regain the accurate path at work after hiring a new trainee. Once an employee resigns, this temporary loss can be filled by wasting a good amount of time on training a new individual.

2.2 Remuneration

Remuneration can be defined as the pay or compensation given to an employee on the basis of their performance and eligibility. This provides basic attraction to the employee so that he can perform his job

effectively. Salaries plays an important part as it is the most focused source of income for an employee in determining their standard of living. There are two types Remuneration viz Time rate method and Piece rate method.

Remuneration and employee retention are somewhat inter-related as employees only stay with an organization if it is paying well. This not just includes salary but also other perks. The environment of the business is changing very fast, according to the time. According to the heights of the time if the employee's attrition is not stopped, then the company will face many problems. The problems are mainly because of whether to focus on the work or to prevent the employees from leaving the organization. If this does not stop, then companies will be looking for new employees, which is a challenging task in today's time as there is high competition among the different companies. The big companies are always looking for talented candidates for their work and never lose any chance to get them and excite them with high wages and showing exciting things about the company.

Now the organizations need to keep their employees happy for the proper functioning of the business. And now this is the duty of the organization to maintain the employees

and avoid the loss of the people from their organization. The HR department of any organization mainly handles this task and to solve this problem and they make different strategies for keeping the requirements of the company and the employees in mind. Reducing the attrition of employees would help to save the time of the organization for searching new candidates, financial resources and energy of the organization which could be used in the advancement and the betterment of the company. The HR team also makes attractive efforts to retain their employees and keep them satisfied by providing monetary as well as non-monetary benefits so that their employees can perform the task with full interest. According to the nature of humans, they are always attracted to worldly things. However, there still are some employees who believe in moral support and recognition for the task they perform and have no interest in the materialistic things provided by the company. Retention of the employees is the reason behind the company's compensation packages and other benefits on different occasions so that they can ensure the presence of their employees for a more extended period of time.

2.3 The relation between Remuneration and Retention

The employees are compensated according to Remuneration is giving of financial compensation by the employer for the service done by the employees. The remuneration should be designed swiftly and should satisfy the task for which it is given to the other person, i.e. the compensation provided by the company to their employees keeping in mind the vision, business strategies, mission for which it is delivered and also for organizational structure.

Different companies have different strategies to keep their employees stick to their organization, and they use efficient compensation plans to attract their employees. A standard compensation plan focuses on different components like Salary, incentives, commission, etc. to keep their manpower motivated. It becomes very essential for an organization to keep their productive employees motivated and satisfied with their jobs. And, the organization tries to plan different strategies to retain them and it had been observed monetary benefits could attract the employees' utmost. The employees could

best retained by providing them higher salaries (Lewis et al 2001).

3. Research Methodology

3.1 Statement of Problem

The prime concern of this research is to study the effect of remuneration (especially Salary) on employee retention rate on the private sector companies in the region of Delhi NCR. The study will be analyzing how and to what extent the remuneration factors will influence the employees and their relation with the factor as mentioned earlier.

3.2 Research Type

This research type opted for this study is descriptive. It is explanatory research that studied the roots of the respondents of private companies behind employee attrition and employee retention. It examines the effecting factors on various grounds.

3.3 Sample area

The sample region chosen for this research was the private companies located in the part of the Delhi/NCR.

3.4 Sample size

The sample size of the study is 258.

3.5 Type of data

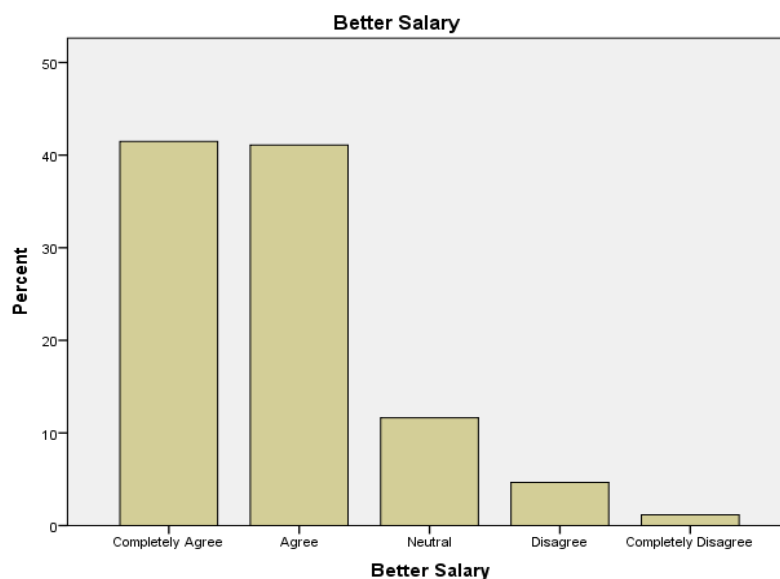
The data used in this research is primary as well as secondary both. Questionnaires and interpretations are the results of direct effort made by the researcher, while information regarding the research topic is collected through secondary sources. Thus, the data collected is both through primary and secondary.

3.6 Method of data collection

The researcher used the questionnaires to study and identify the influential factors to complete the research for employee attrition and employee retention in private companies in the region of the Delhi NCR.

Better Remuneration (Salary)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Completely Agree	107	41.5	41.5	41.5
	Agree	106	41.1	41.1	82.6
	Neutral	30	11.6	11.6	94.2

	Disagree	12	4.7	4.7	98.8
	Completely Disagree	3	1.2	1.2	100.0
	Total	258	100.0	100.0	



When we took the response from the respondents about remuneration then we got to know that 213 respondents from 258 are those who are agreeing on it (in which 107 completely agrees and 103 agrees with this). Those respondents who didn't comment anything about are 30. And, the number of persons who disagrees with it are too less i.e. only 15 respondents. If we see this in the percentage point of view then the number of agreed people is 82.6 percent and only 5.8 percent people disagreed to it. The above data showed that majority of respondents agreed with this. This means that for

majority of employees, remuneration is the foremost factor to stay in any organization.

4. Conclusions

As we push forward in our business, we are lamentably confronting an expanded lack of profoundly talented employees. Employee retention is a worry for organizations right now showcase. There are broad business open doors for talented professionals. Higher skilled the employees are, the more noteworthy the interest for their administrations. The information workforce is becoming quicker. The expense to

supplant an employee is getting progressively recorded and the news isn't useful for managers. It costs a lot to supplant an employee. Findings of this research give sufficient evidence that compensation is one of the essential factors for building loyalty amongst employees. Recognition of works by the organization can motivate them and will enhance their job satisfaction. All the major factors of compensation especially salary-operate an influential relationship with the employee retention plan. And, could conclude that the remuneration especially Salary is the basic and most important factor of Employee Retention.

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