

**IMPACT OF HR PRACTICES ON THE RETENTION OF EMPLOYEES IN
KARUR DISTRICT**

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ABSTRACT

In India, public and private sector companies are facing a formidable challenge of recruiting and retaining talents. Since liberalization of Indian economy and its related economic progress many business organization in India are strategically staffing its work force and they aim to retain the highly talented employees. Based on the conceptual discussion the current study aims to analyze influences of HRM (Human Resource Management) practices on retention of employees in public and private sector organizations in India.

Key words: Retention, Hr practices, commitment, organizations, Employees' perception

INTRODUCTION

Employee retention is a process in which the employees are encouraged to remain with the organisation for the maximum period of time. If this process becomes very effective, it will greatly benefit both the employees and the organisations in the long run. But nowadays, the reality is very bitter because the employees after gaining experience and skill jump from one organisation to another for better prospects. It results in an acute shortage of skilled and talented workforce in the world of business. Hence, the cost of replacing employees becomes a burden to the organisations.

STATEMENT OF PROBLEM

Management scholars argue that how employees' management is becoming a more important source of competitive advantage for an organisation. Reviewing the current HRM literature, there is to-date only few empirical studies on Indian organisations other than BPO/IT

sector having been conducted with regard to the organisations' HR practices on retention. This raises unexplored issues such as:

- Are these organisational HRM systems best practices fit all or differential HR practices for different types of employees (core, contractors, alliance and acquisitions)?
- How do these practitioners perceive their effectiveness?

These questions call for theory refinement and the development of a more comprehensive theoretical model of the HRM retention relationship especially in the Indian business environment. These unexplored issues are the focus in this study. Moreover, this research will advance the HRM practices adhered by the Indian public and private sector organisations in retention their valuable labour forces, especially in the Indian business environment.

SCOPE OF THE STUDY

The aim of this study is to investigate and determine the current human resource practices on the retention of employees in public and private sector organisations in India. It will examine the relationship between HR practices and retention and further identify the elements of HR practices, which strongly influence the decision for employees to stay. Results from this study will assist in the development of an effective HRM retention program for organisations.

OBJECTIVES OF THE STUDY

- ✓ To present the introduction, statement of the problem, scope and methodology used for the study.
- ✓ To analyse the related review of literatures.
- ✓ To analyse the employees' perception towards the HR practices adhered by their organisation.

HYPOTHESIS OF THE STUDY

The following hypothesis framed to justify the objective constructed.

H0: There exist no differences in the HR practices adhered by the public and private sector institutions.

H1: There exist differences in the HR practices adhered by the public and private sector institutions.

METHODOLOGY

In this study, 432 employees of both public and private sector employees of Karur district have been taken for the analysis. Karur being popular for textiles, mosquito net and bus body building and also having lot of Government and Private organizations like schools, hospitals banks, share brokers offices, revenue department, commercial tax office, PWD, Registered Office, Post Office colleges and courier offices etc., In the current study on the nature of data and interpretations required, appropriate statistical tools have been applied. The such tools are Frequency distribution, Weighted Average, Likert's Scaling, Correlation, Paired 't' test,

REVIEW OF LITERATURE

The concept of Human Resources Management (HRM) could be defined as the function that intermediates the gap between organisational goals and personal goals of its employees Therefore, managing employee retention will require quite an interference of HRM.

In this regard, Moyeen and Huq's (2001)⁵ study on HRM practices of 92 medium and large business enterprises (public and private sector) located in Dhaka, Bangladesh was very interesting. They found that only 62 per cent of surveyed organisations had an HR/IR department. About 96 per cent organisations had training programs. 91 per cent of organisations had performance appraisal system and similar per cent of organisations had a system of rewarding the good employees. The least prevalent practice among the surveyed organisations was employee pension plan. The researchers inferred that union status (presence of unions) was associated with some HRM practices and firms. Size was found to be an important predictor of some of the HRM practices.

Similarly, Budhwar et.al (2004)⁶ study compared the HRM practices in Indian public and private-sector organisations. The findings revealed that the gap between Indian private and public-sector's HRM practices is not very significant. Moreover, in a few HR functional areas; Indian private-sector firms have adopted a more rational approach than their public-sector counterparts.

In the same line of thought, Chandra Sekhar's (2005)⁷ human resource planning as a strategic issue of business management has been a crucial and ever demanding activity on the part of management of people. HR functionaries from 57 companies in the twin cities of Hyderabad and Secunderabad participated in this research to raise their views on how they are

practicing one of the most important issues of strategic HR in their concerns in a conference on HRD in Hyderabad city. Results reveal certain startling findings of their HR orientation and practices when compared to public and private type of organisations. Public sector HR functionaries were found to be little more active in their HRP activities than their counterparts. However, the variations in their HRP activities have not reached statistical levels of significance indicating that HRP orientation and activity profile are global in nature. Implications are drawn for practice of the HRP activities.

HR PRACTICES

HR (Human Resource) management is a strategic and coherent approach to the management of the most valued assets of the organizations, that is people working in the organization, who individually and collectively contribute to the achievement of its organization's objectives. In the present study five dimensional factors are considered for analysis where employees are asked to rate their perception, preferences and attitude towards the HR practices adhered in their present organization or work place.

Personal-organization fit

Personal-organization fit refers to the compatibility between individual and organization. The right fit between a company and its employees is strengthened when the principled conduct is encouraged in an organization. The following table discusses public and private sector employees' perception level about their organization hysteries.

TABLE: 1
ORGANIZATIONAL FIT

Variables	Public Sector			Private Sector		
	Sum	Mean	Rank	Sum	Mean	Rank
This organization has the same values as I do with regard to concern for others	732	3.85	2	922	3.81	2
This organization does not have the same value as I do with regard to fairness	552	2.91	4	702	2.90	4
This organizational has the same values as	734	3.86	1	952	3.93	1

I do with regard to honesty						
I feel that my personal values are a good fit with this organizational culture	674	3.55	3	910	3.76	3

Source: Primary Data

The above table 1 indicates the Organization fit analysis. In both public and private sector organizations mutual concern for honesty has ranked first with a mean of 3.86 and 3.93 respectively. Similarly, fairness to employees has ranked 4th place in both public and private organizations with a mean of 2.91 and 2.90 respectively.

Remuneration

Pay is one of the means by which employers seek to control or influence the workforce and it is a major component of the employment contract, both formal and informal. Pay is used to specify relative worth of jobs, and gives an indication regarding the fairness in the wage and salary policy of a company. To have a satisfactory pay system, the company has to motivate high performance and retain good employees.

The following table depicts employees' perception on the remunerations and recognition.

TABLE: 2

REMUNERATION AND RECOGNITION SYSTEM

Variables	Public Sector			Private Sector		
	Sum	Mean	Rank	Sum	Mean	Rank
Employees are given positive recognition when they produce high quality work	663	3.49	2	944	3.90	1
This organization pays well	715	3.76	1	921	3.81	2
This organization offers a good benefits package compared to other organizations	627	3.30	5	825	3.41	5
This organization values individual excellence over teamwork	660	3.47	3	913	3.77	3
This organization offers good opportunities for promotion	637	3.35	4	874	3.61	4

Source: Primary Data

On the Study of Remuneration and Recognition of the respondents, in the Public sector, employees feel that the organization which pays well has ranked first with the mean of 3.76. On the other hand, in private sector, the same variable has got second rank. But positive recognition for the employee's work has ranked first with the mean of 3.49. In both the sectors opportunities for promotion has ranked 4th place with the mean of 3.35 and 3.61 respectively.

Opportunities for Training and Career Development

The training and orientation process is a new hire's first impression about the organizational environment, and therefore it is a critical period. The most successful orientation programs make new employees feel welcomed and be part of the team. They highlight the individual's role in the employers' mission. The following is the table about employees' opinion on the training and career development opportunities they experience in their work place.

TABLE: 3

OPPORTUNITIES FOR TRAINING AND CAREER DEVELOPMENT

Variables	Public Sector			Private Sector		
	Total Sum	Average Mean	Rank	Total Sum	Average Mean	Rank
People are properly orientated and trained upon joining this organization	637	3.35	1	851	3.52	3
This organization does provide regular opportunities for personal and career development	587	3.09	4	847	3.50	4
Innovation and creativity are encouraged here	596	3.14	3	874	3.61	2
The organization has career development activities to help an employee identify/improve abilities, goals, strengths & weaknesses	607	3.19	2	927	3.83	1

Source: Primary Data

The table 3 reveals about the opportunities for training and career development. The public sector respondents have ranked first for the training upon joining the organization with the mean of 3.35. In private sector, they have ranked first for identifying and improving the strength of the employees with a mean of 3.83. In both the sectors, the respondents have ranked the opportunities for personal and career development with a mean of 3.09 and 3.50 respectively as the fourth place.

Challenging Assignments

Employees are provided with challenging assignments and well-defined performance measures to accomplish it. Feedback is important for a high performance environment in which employees can achieve their personal goals. The following table depicts public and private sector employees level of perception about the challenging work assignments they encounter.

TABLE: 4
CHALLENGING EMPLOYMENT ASSIGNMENTS AND OPPORTUNITIES

Variables	Public Sector			Private Sector		
	Sum	Mean	Rank	Sum	Mean	Rank
Employees are offered more challenging work within the organization	665	3.50	4	898	3.71	3
Employees can work autonomously on their work assignments	619	3.26	5	833	3.44	4
Employees are skilled to do a number of different jobs, not just one particular job	698	3.67	1	920	3.80	1
Employees are given opportunities to learn new things	674	3.55	3	919	3.79	2
Employees are offered a good amount of variety in their job	487	2.56	2	618	2.55	5

Source: Primary Data

The above table exhibits the challenging employment assignments and opportunities. In both the public and private sector organizations, employees are skilled to do varieties of jobs, and this skill has got first rank with an average mean of 3.67 and 3.80 respectively. In public sector, working autonomously on the assignments has been ranked as fifth, whereas in private sector, good amount of variety in the job has been ranked fifth.

To measure the association between the public and private sector regarding HR practices, the following hypothesis is framed and tested.

H0: There exist no differences in the HR practices adhered by the public and private sector institutions.

TABLE: 5
PAIRED ‘t’ TEST

HR PRACTICES OF PUBLIC AND PRIVATE SECTOR INSTITUTIONS

Variables	Pairs	Mean	SD	SE	Correlation	
Organization fit	Pair I	Public sector	3.542	0.445	0.222	.972
		Private sector	3.600	0.472	0.236	
Remuneration, recognition and reward	Pair II	Public sector	3.474	0.178	0.079	.695
		Private sector	3.700	0.193	0.086	
Opportunities for training and career development	Pair III	Public sector	3.192	0.112	0.056	-.068
		Private sector	3.615	0.151	0.075	
Challenging employment assignments and opportunities	Pair IV	Public sector	3.308	0.443	0.198	.995
		Private sector	3.458	0.528	0.236	

Level of significance: 5 per cent

From the correlation analysis it is inferred that HR practices of public and private sector organization establish positive correlation in the areas of person-organizational fit; remuneration, recognition and reward; assignment of challenging task and its completion, whereas the opportunity for training and career development is observed to be negatively correlated.

TABLE: 6
PAIRED t TEST

HR PRACTICES OF PUBLIC AND PRIVATE SECTOR INSTITUTIONS

Variables	Pairs	Mean	SD	SE	t value	Sig
Organization fit	Pair I Public sector and Private sector	-0.057	0.117	0.055	-1.029	.009
Remuneration, recognition and reward	Pair II Public sector and Private sector	-0.226	0.147	0.065	-3.468	.026
Opportunities for training and career development	Pair III Public sector and Private sector	-0.422	0.194	0.097	-4.345	.023
Challenging employment assignments and opportunities	Pair IV Public sector and Private sector	-0.150	0.098	0.043	-3.414	.027

Level of significance: 5 per cent

The calculated t value is less than the significance value. Therefore, the hypothesis is accepted and it is concluded that there exist no differences in the HR practices adhered by the public and private sector institutions.

It has been understood that HR practices are always better than others and that all organizations should adopt these “high performance work practices.” In recent years, organizations in the public and private sectors have witnessed many changes in their environment. These pressures have pushed both types of organizations to continuously improve their practices.

FINDINGS

- From the detailed data analysis, it has been inferred that person-organization fits are determined by the variables like mutual concern of honesty, care, personal values and fairness in treatment of employees.
- The detailed data analysis reveal the fact that the public sector employees have the feel that they are paid well, on the contrary the private sector employees have said that they are paid based on their productivity standards.

- It has been inferred that the public sector organizations are practicing a culture of training their work force before they join new duties and they undertake new assignments, whereas it has observed that in private sector organizations the process of training and career development are continuous and it is reviewed in regular intervals.
- It has been understood that both in public and private sector organization the employees are highly skilled to handle any assigned task and they feel that job rotations are fairly practiced by their superiors.
- With the support of Paired ‘t’ test it has been concluded that in India there exist no differences in the HR practices adhered by the public and private sector institutions.
- From the correlation analysis, it has been inferred that HR practices of public and private sector organization establishes positive correlation in the areas of person-organizational fit, remuneration and recognition and assignment of challenging task and its completion, whereas the variable opportunity for training and career development is observed to be negatively correlated.

SUGESSTIONS

- Public sector organization should modify its HRM policies that have included organization culture, transparency in work conduct, exposure in advanced technologies, onsite opportunities, interest in new learning etc., to retain its employees.
- It is recommended that the private sector organizations are to adopt new initiatives and review existing retention strategies. Constantly monitoring and bench marking the retention strategies of the competitors and taking a proactive step towards implementing novel and attractive strategies will help them prevent poaching of employees.
- It is also recommended that the private sector organizations are to adopt HR and employee retention policies that could aim to provide flexible benefits where employees have options to choose benefits, which are more beneficial for them i.e., like benefit packages. The policies framing work should be entrusted to the HR department who should be solely responsible and accountable for implementing a robust retention process, starting from conducting research to implementing specific employee friendly strategies. For example:

- Designing competitive compensation packages, with performance incentives like bonuses and stock options as appropriate
- Implementing transparent performance review systems
- CONCLUSION
- Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. It has been inferred that though there exist marginal differences in the public and private sector employees level of perception towards their organizational practices like HR, intra-inter personal relations (organization factors) and their commitment towards their employer, the intention of the employees to stay or leave the organization is observed to be more among the private sector workers, who are comparatively young in age than the public sector workers and more educated.

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