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# Employee Motivation and Retention Practices of Multinational Corporations in Karnataka

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## ABSTRACT

Organization and industry have goals which can only be achieved by pressing the right button and stimulating the employees to get desired results through the process of motivation. Getting people to do their best work, even in trying circumstances, is one of managers' most enduring and slippery challenge. The general belief is that all people can be motivated. However, people are not motivated by the same things, at the same time, for the same reasons, or with the same intensity. In fact, hiring does not end when the candidate has accepted the position. Advantageous initiatives and well-planned processes must be firmly in place and consistently nurtured so that employees will have reasons to remain with your company for growth to continue. Following a well-developed strategy will let firms' reduce recruitment through retaining your top-performing talent. Individuals work for many different reasons. Financial rewards are frequently a key factor in influencing why individuals undertake certain jobs. However, money is not everything. Employees want to enjoy their work, be challenged by it and achieve personal fulfillment. For many people, their careers are on-going learning experiences. By understanding what motivates individuals it is possible to create an efficient workplace. It also helps to ensure that employees are happy at work. This in turn will create satisfied employees, who will work with more enthusiasm and retains in the organization for the longer period with best and honest. To have this kind of employee retention plan, the organizations has to follow some motivational practices. As they are overseas companies (MNCs), some sort of differences in motivational policies and programmes. This paper focused towards the detailed analysis of these major core issues with respect to know about new practices which are followed to retain and to motivate their employees in Karnataka MNCs.

**KEYWORDS:** *Employees, Motivation, policies and practices, Retention*

## INTRODUCTION

Multinational Companies (MNCs) in India have a rich heritage and excellent track record over the last many decades. India offers one billion plus population, ranked as the 10<sup>th</sup> largest economy, 3<sup>rd</sup> in terms of purchasing power parity (World Bank) and with many MNCs facing challenges on growth front in their home turf, they have been viewing India and other emerging markets with renewed focus of attention. The wide gap between their low cost of capital and the potential in country like India makes them a strong case for investment.

These trends and growth opportunities have increasingly forced foreign MNCs to establish their business in every corner of the India. The impact of opportunities in terms of growth within the international environment has also become major force in Human Resource Management. The human resource practices are inherent realities and MNCs always need to co-ordinate policies and procedures according to the requirements of host country nationals, parent country nationals and also third country nationals.

Overseas Corporations are very large companies which operate in more than one country. Their corporate headquarters usually remain in their country of origin, while subsidiaries carry on their business elsewhere.

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The branch plants or subsidiary companies operate in both developed and lesser developed nations; it is their behavior in poorer nations that many global activists and watchdog organizations are most concerned about. Lesser developed countries (LCDs) in dire need of economic development and employment opportunities are more at risk of exploitation.

## EMPLOYEE RETENTION

Employee retention denotes to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joinee, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome.

A distinction should be drawn between low performing employees and top performers, and efforts to retain employees should be targeted at valuable, contributing employees. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed.

## RETENTION PROGRAMS

It is important to first pinpoint the root cause of the retention issue before implementing a program to address it. Once identified, a program can be tailored to meet the unique needs of the organization. A variety of programs exist to help increase employee retention.

✓ **Career Development** – It is important for employees to understand their career path within an organization to motivate them to remain in the organization to achieve their personal career goals. Through surveys, discussion and classroom instruction, employees can better understand their goals for personal development. With these developmental goals in mind, organizations can offer tailored career development opportunities to their employees.

✓ **Executive Coaching** – Executive coaching can be used to build competencies in leaders within an organization. Coaching can be useful in times of organizational change, to increase a leader's effectiveness or to encourage managers to implement coaching techniques with peers and direct reports. The coaching process begins with an assessment of the individual's strengths and opportunities for improvement. The issues are then prioritized and interventions are delivered to target key weaknesses. Assistance is then provided to encourage repeated use of newly acquired skills.

✓ **Motivating Across Generations** - Today's workforce includes a diverse population of employees from multiple generations. As each generation holds different expectations for the workplace, it is important to understand the differences between these generations regarding motivation and engagement. Managers, especially, must understand how to handle the differences among their direct reports.

✓ **Orientation and On Boarding** – An employee's perception of an organization takes shape during the first several days on the job. It is in the best interest of both the employee and the organization to impart knowledge about the company quickly and effectively to integrate the new employee into the workforce. By implementing an effective on boarding process, short-term turnover rates will decrease and productivity will increase.

✓ **Women's Retention Programs** – Programs such as mentoring, leadership development and networking that are geared specifically toward women can help retain top talent and decrease turnover costs.

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By implementing programs to improve work/life balance, employees can be more engaged and productive while at work.

## **LITERATURE REVIEW**

The integrative literature review related to employees' motivational practices in organization. It is focused on how job characteristics, employee characteristics, management practices and broader environmental factors influence employees' motivation. This literature reveals widespread support of motivation concepts in organizations. Theoretical and editorial literature confirms motivation concepts are central to employees. Themes in this literature align within the following four areas that is motivation and the nature of job, motivation and nature of employee, motivation and management practices and motivation and broader environmental factors. The current research links employees motivation is both based on qualitative and quantitative studies.

Motivation process is essential to achieve high performance and to meet organizational goals(Rajeswari Devadass, 2011). Employees' efficiency generates organizational performance and their efficiency is highly dependent on "motivation", which is the essential ingredient for any person to make things work. Abraham Maslow's pyramid, begin with physiological needs and progress until the achievement of higher needs, such as self – actualization and spiritual needs. The results of the study confirmed that in Romania, employees put great emphasis on extrinsic motivation, a certain income and job security being primary and it has implications for managers that in order to effectively motivate staff (Daniela Bradutanu, 2011). Getting the right people to the right job and to do their best work, even in trying circumstances, is one of managers' most stable and slippery challenges. Indeed, understanding what motivates human is a big task. Adam Smith, Sigmund Freud and Abraham Maslow theories have taught us about why people do the things they do. Their theories were based on careful, educated investigation and exclusively on direct observations. Research suggests that people are guided by four basic emotional drives, they are the drive to acquire, drive to bond, and drive comprehend and drive to defend. In order to know what actions can managers take to satisfy the four drives and thereby increase their employees' overall motivation, two major studies conducted. In one, 385 employees of two global businesses – a financial services giant and a leading IT service firm. In the other, 300 employees from Fortune 500 companies. Research focused mainly on four commonly measured workplace indicators i.e. engagement, satisfaction, commitment and intention to quit. Both studies showed that an organizations ability to meet the four fundamental drives explains, on average about 60% of employees' variance on motivational indicators(Nitin Nohria and et.all).

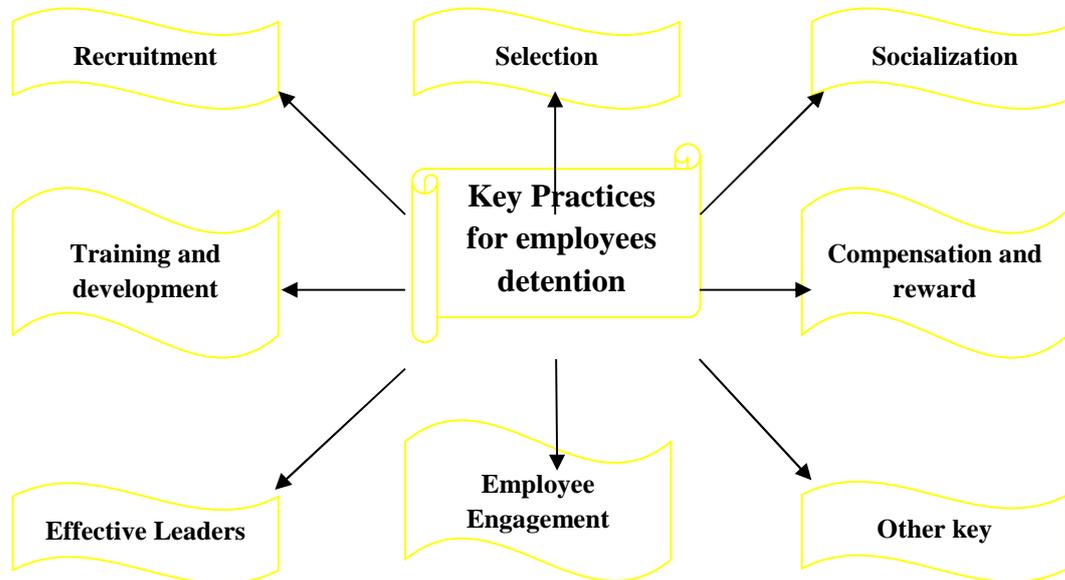
## **NEED OF THE STUDY**

The main purpose of the study is to understand multinational corporations' motivation and retention practices to retain their human resource. The main objectives of the study is to know the importance of employee retention for Multi-National Corporations (MNCs) in India.To evaluate how the motivational strategies acts as a device for the retention plan. The present study is confined to selected MNCs in Karnataka.Only selected facets of job characteristics are considered for the study.

## **MOTIVATIONAL PRACTICES FOR EMPLOYEES DETAINMENT**

By focusing on the fundamentals, organizations can go a long way towards building a high-retention workplace. Organizations can start by defining their culture and identifying the types of individuals that would thrive in that environment. Organizations should adhere to the fundamental new hire orientation and on boarding plans. Attracting and recruiting top talent requires time, resources and capital. However, these are all wasted if employees are not positioned to succeed within the company. Research has shown that an employee's first 10 days are critical because the employee is still adjusting and getting acclimated to the organization. Companies retain good employees by being employers of choice.

**Chart 1: Shows Motivational Practices for Employees Detention**



**Chart:** Authors Developed

1. **Recruitment-** Presenting applicants with realistic job previews during the recruitment process have a positive effect on retaining new hires. Employers that are transparent about the positive and negative aspects of the job, as well as the challenges and expectations are positioning themselves to recruit and retain stronger candidates.

2. **Selection-** There are plethora of selection tools that can help predict job performance and subsequently retention. These include both subjective and objective methods and while organizations are accustomed to using more subjective tools such as interviews, application and resume evaluations, objective methods are increasing in popularity. For example, utilizing biographical data during selection can be an effective technique. Bio data empirically identifies life experiences that differentiate those who stay with an organization and those who quit. Life experiences associated with employees may include tenure on previous jobs, education experiences, and involvement and leadership in related work experiences.

3. **Socialization-** Socialization practices delivered via a strategic on boarding and assimilation program can help new employees become embedded in the company and thus more likely to stay. Research has shown that socialization practices can help new hires become embedded in the company and thus more likely to stay. These practices include shared and individualized learning experiences, activities that allow people to get to know one another. Such practices may include providing employees with a role model, mentor or trainer or providing timely and adequate feedback.

4. **Training and Development-** Providing ample training and development opportunities can discourage turnover by keeping employees satisfied and well-positioned for future growth opportunities. In fact, dissatisfaction with potential career development is one of the top three reasons employees (35%) often feel inclined to look elsewhere. If employees are not given opportunities to continually update their skills, they are more likely to leave. Those who receive more training are less likely to quit than those who receive little or no training. Employers that fear providing training will make their employees more marketable and thus increase turnover can offer job specific training, which is less transferable to other contexts. Additionally, employers can increase retention through development opportunities such as allowing employees to further their education and reimbursing tuition for employees who remain with the company for a specified amount of time.

5. **Compensation and Rewards-** Pay levels and satisfaction are only modest predictors of an employee's decision to leave the organization; however organizations can lead the market with a strong compensation and reward package as 53% of employees often look elsewhere because of poor compensation and benefits. Organizations can explicitly link rewards to retention (i.e. vacation hours to seniority, offer retention Bonus payments or Employee stock options, or define benefit plan payouts to years of services)[15] Research has shown that defined compensation and rewards as associated with longer tenure. Additionally, organizations can also look to intrinsic rewards such as increased decision-making autonomy.

6. **Effective Leaders-** An employee's relationship with his/her immediately ranking supervisor or manager is equally important to keeping to making an employee feel embedded and valued within the organization. Supervisors need to know how to motivate their employees and reduce cost while building loyalty in their key people. Managers need to reinforce employee productivity and open communication, to coach employees and provide meaningful feedback and inspire employees to work as an effective team. In order to achieve this, organizations need to prepare managers and supervisors to lead and develop effective relationships with their subordinates. Executive Coaching can help increase an individual's effectiveness as a leader as well as boast a climate of learning, trust and teamwork in an organization. To encourage supervisors to focus on retention among their teams, organizations can incorporate a retention metric into their organization's evaluation.

7. **Employee Engagement-** Employees who are satisfied with their jobs, enjoy their work and the organization, believe their job to be more important, take pride in the company and feel their contributions are impactful are five times less likely to quit than employees who were not engaged. Engaged employees give their companies crucial competitive advantages, including higher productivity and lower employee turnover.

## CONCLUSION

Employee turnover is a symptom of a deeper issue that has not been resolved. These deeper issues may include low employee morale, absence of a clear career path, and lack of recognition, poor employee-manager relationships or many other issues. In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. By implementing lessons learned from key motivational practices of MNCs can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek "positive turnover" whereby they aim to maintain only those employees who they consider to be high performers.

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