

“A study on the Employee Retention Strategies followed in ITC”

Submitted by

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Abstract

Employee retention has become an important matter for companies since employee retention directly affects an organization's stability, productivity, and ultimately overall performance. Therefore, this research is focused on the employee retention strategies adopted by ITC, a leading conglomerate firm in India. In such a competitive industry, where skilled labor is hotly competed, ITC has attempted various retention strategies focusing on the holistic engagement of employees, robust learning and development programs, and a positive work culture. The article explores the effectiveness of such strategies and how these practices are actually contributing to reduced turnover and improved employee satisfaction as well as building loyalty. Based on a review of the literature and data, this paper determines the components of ITC's retention model and their implications for an organization and its employees.

Introduction

Employee retention is the essence of long-term success for any organization. Organizations in the present business environment are constantly confronted by challenging situations for the retention of productive employees due to the dynamism in the labor market, strong competition, and changing requirements in the workforce. One such diversified conglomerate which has come out flying colours in handling the challenges by working through the application of

innovatively effective employee retention strategies is ITC. Business undertakings in fast-moving consumer goods, hotels, paperboards, and packaging necessitate managing workforces in a multilateral manner.

The base point of this research is to gain insight into the mechanisms of retention at ITC, which are helping retain high performers and reduce turnover. This approach includes everything in between, from skill development to comprehensive employee welfare programs. Here, ITC's approach targets the career growth as well as general well-being of its employees. This research goes into great detail regarding the intricacies involved in ITC's retention strategies to develop a framework for other organizations to enhance human resource practices.

Review of Literature

1. One of the most fundamental frameworks regarding employee retention is the Herzberg Two-Factor Theory of 1959. According to Herzberg (1959), job satisfaction is driven by hygiene factors (salary and benefits, for example) and motivators (career growth and recognition, for instance). The theory focuses on fair compensation and career growth, which ITC delivers through its engagement program and learning initiatives.
2. Khandelwal, in 2020, found that the turnover rate is significantly affected by job dissatisfaction and limited opportunities for growth. Khandelwal stated that ITC has overcome these issues with the adoption of developmental plans tailored to individual requirements and career options, as this keeps the workforce satisfied. Gupta and Kumar (2017) explained how an organization's work-life balance and a culture that is deemed to be inclusive of employees result in their retention. Their findings indicated that organizations with flexibility and wellness programs like ITC had lower turnover.
3. Armstrong (2019) continued the discussion about retention influences of compensation, stating that performance-linked bonuses and stock options can be very potent. The application of a through-compensation model, which incorporates financial and non-financial rewards, supports Armstrong's conclusions in the current scenario in making incentives to high performers and long-term loyalty.

4. According to Biswas and Varma (2020), in the employee retention process, the L&D programs play a remarkable role. They believed that the retention rate is high in the companies which invest in the professional development of employees. Continuous training through leadership development and other profile-specific skills programs that focus on personal growth for the individual enhance loyalty among employees.
5. Lee and Bruvold (2003) state that investment in employee development is positively related to retention and productivity. The study supports the thesis of ITC's Leadership Development Program, which identifies the leaders of tomorrow and develops them further to embed the employees within the organization.
6. The concept of "job embeddedness" was introduced by Mitchell et al. (2001). As per this concept, employees are less likely to leave an organization if they are socially and professionally integrated with the organization. ITC facilitates this kind of embeddedness in cross-functional collaboration and conducts an inclusive culture and commitment, thus lessening the chances of voluntary turnover.
7. Saks (2006) found that employee engagement plays an important role in retention, as by increasing the commitment of employees and lowering turnover intentions. The "Voice of Employees" initiative by ITC is valuable to this end in propitiating transparency and inclusiveness in employee-organisation relations.
8. Allen et al. 2010 found some of the evidence-based strategies, such as career paths and flexible work arrangements, to be crucial in reducing turnover rates. The flexible work policies of ITC, which can involve telecommuting and flexible hours, are most appealing to this younger workforce seeking more work-life balance.
9. Cho, Johanson, and Guchait (2009) reinforced the element of flexibility, especially in a service-oriented industry such as hospitality where ITC also operates. In their findings, they concluded that providing flexibility is a crucial retention determinant aligned with ITC's work-life balance principles.

10. The three-component model of organizational commitment, as propounded by Meyer and Allen (1991), includes affective, continuance, and normative commitment. From these perspectives, the welfare programs of ITC on mental health and personal finance improve these forms of commitment because it makes employees feel both emotionally attached and practically committed to staying with the organization.

Variables

- Dependent Variable: Employee retention rate
- Independent Variables: Compensation, learning & development, work culture, work-life balance
- Intervening Variables: Employee engagement, job satisfaction, leadership support

Conceptual Framework

The study conceptualizes employee retention as a function of engagement, development, compensation, and work-life balance. ITC's strategy integrates these factors to improve employee satisfaction and reduce turnover.

Objectives

1. To analyze the effectiveness of ITC's retention strategies.
2. To identify key factors influencing employee satisfaction.
3. To evaluate the impact of L&D programs on retention.
4. To assess the role of compensation and work-life balance in reducing turnover.
5. To provide recommendations for enhancing employee retention.

Research Methodology

Sample Design

- Data Type: Secondary data
- Sources: Research papers, company reports, HR policies, case studies

Research Design

- Approach: Qualitative analysis based on literature review and case study examination
- Data Collection: Published reports, HR policies, and industry research

Statistical Analysis Plan

1. Employee Turnover Rate Before and After Strategies of Retention

Data to Analyze: Previous turnover rates of ITC before initiation of the significant retention strategies compared to the latest turnover rates after applying the strategies.

Analysis Type: A paired t-test or ANOVA could be used to determine if, indeed, the rates of turn-over were statistically significantly different before and after the retention initiatives. This would quantify the effects of the various strategies ITC employed in reducing worker turn-over.

2. Adequate Level of Employees

Data for Analysis: Employee satisfaction surveys can be taken as a point of reference to determine how engaged and satisfied employees are with the retention strategies adopted by ITC (engagement, compensation, work-life balance, etc.).

Type of Analysis: Use descriptive statistics in the form of mean, median, and standard deviation to measure the level of employee satisfaction. Correlation analysis should then be applied to find out whether there is a link between levels of satisfaction with certain programs like career advancement and flexibility and overall retention.

3. Learning and Development Program

Data to Analyze: Compare the retention rate of participants against non-participants to L&D programs.

Analysis Type: A chi-square test could determine whether the trained employee group has any significant difference over the non-trained group regarding retention levels. Regression analysis can also analyze changes in the effect of L&D investments on employee retention percentages.

4. Compensation and Benefits vs. Turnover

Data to Analyze: Employee compensation - covering stock options, bonuses, and other forms compensation must be analyzed by their relationship with turnover.

Analysis Type: Conduct regression analysis to find interaction effect of level of compensation with turnover rate. Such analysis will indicate which level of benefit and compensation is directly affecting retention.

5. Work-Life Balance and Flexible Work Options

Data to Analyze: Extract responses from questionnaire surveys or the record of employees' usage of flexible hours and remote work opportunity. Investigate the effect of flexibility on both job satisfactions and retention.

Type of Analysis: A logistic regression model might be developed to predict the likelihood of employees staying based on availability as well as usage of flexible work policies.

6. Organizational Culture and Employee Engagement

Data to Analyze: Engagement survey data, inclusiveness culture, and effectiveness of cross- functional collaboration.

Analysis Type: Factor analysis can identify the dominant organizational culture factors that have an influence on employee retention. A correlation matrix would be a form of illustration of some areas in cultural variables (such as leadership style or inclusiveness) that influence retention.

Sample Dataset Hypothesis Testing

To enhance the definition of statistical analysis, some hypothetical situations with the following measurements are included:

Sample Dataset Hypothesis Testing

Factor	Pre-Intervention	Post-Intervention
Turnover Rate (%)	22%	12%
Employee Satisfaction (Scale 1-5)	3.4	4.3
Retention Rate of L&D Participants	65%	80%
Compensation Satisfaction (%)	68%	82%

Null Hypothesis: There is no difference in turnover rates before and after retention strategies. Test the significance of the decrease from 22% to 12%.

Comparison of Satisfaction (Correlation Analysis)

Expect that a higher compensation satisfaction leads to a positive correlation with a better retention rate.

L&D Effect (Chi-Square Test)

Compare retention pre- and post-L&D for participants (65% pre-L&D, 80% post-L&D) to determine statistical signs.

Analysis and Findings

ITC's Retention strategy is based on three main pillars which include employee engagement, career growth, and well-being. All these three are designed deep into the system so that the employee not only feels valued but also has enough opportunity for personal and professional development within the system.

1. **Employee Engagement:** Employee engagement is quite crucial to be retained as it allows the employee to possibly stay longer with an organization. Regular employee surveys help the company understand the levels of engagement and work on worrying areas. The schemes like "Voice of Employees" present direct suggestions and issues by the employees to the management, thus creating an environment of inclusions and transparencies. Cross-functional collaboration encouraged at ITC makes employees further aware of the business itself, thus adding to increased job satisfaction.
2. **Learning and Development:** The strongest retention instrument in ITC is continuous learning at the workplace. The organization has a complete training program under which people learn all levels, ranging from induction to leadership levels. Among the important ingredients of the ITC Leadership Development Program is identifying and trainings for leaders to the company. These learning initiatives not only have job-specific modules but also concentrate on the holistic development of people with modules on mental well-being, work- life balance, and personal finance management.
3. **Compensation and Benefits:** Of course, competitive compensation is a very regular retention strategy; however, ITC goes up one step higher in providing several benefits that indicate changes in the needs of employees. ITC's compensation model used performance-linked bonuses and stock options, offering an enormous number of benefits that focus on the welfare of the employees; these include health insurance, flexible working hours, and parental leave. In this sense, aligning its compensation model with individual and organizational goals ensures a high performer is rewarded-thus increasing prospects against attrition.

4. **Work-Life Balance and Flexibility:** ITC continues to recognize that a better work-life balance is essential for healthier employees. It has initiated the following work-life flexibility practices: telecommuting and flexible hours as part of its benefit packages and wellness programs. These are very appealing to millennials and Gen Z because flexibility is the best aspect of any kind of job satisfaction.
5. **Organisational Culture:** ITC has created a work culture of supportive and inclusive nature. The company has been rated among India's best employers, and the reason is that it focuses on creating an empowering work environment at all times. Leadership at ITC always takes care of creating this culture. Managers are made to work with the employees in more consultative rather than authoritative manners. In this way, employees feel valued, supported, and motivated to contribute to the organization.

Recommendations

Though ITC has done well on this front with retaining its talent, there is always scope for bettering. Some of the recommendations the company can apply to further improve retention strategies include:

1. **Improving Mentorship Programs:** Although ITC already boasts a very effective leadership development program, extending mentorship opportunities to a much larger number of employees will adequately cater to those who are mid-career stages.
2. **Promotion of Mental Health at Work:** Considering the growing importance of mental health in the workplace, it is necessary that ITC comes up with more systematic mental health programs, which may include in-house counseling services or associations with mental health professionals.
3. **Open-Door Policy for Remote Work:** The current post-pandemic scenario presents an opportunity where remote work becomes increasingly important for employees. Therefore, ITC should facilitate remote work opportunities, particularly for all those tasks that are not dependent on having to be at the workplace.
4. **Career pathways tailored to individual needs:** With well-defined career-advancement pathways, for those who are remaining with the organization, such opportunities may be made more challenging and opportunities for career specialisation within the organisation could be offered; otherwise, if the company allows it, then there may be added reasons to stay.

Conclusion

Employee retention is a matter of how a company can be committed to its manpower. The result of such efforts is that they keep attracting new talent, but the retention factor is also improved in the process. The strategy of ITC in terms of employee engagement, continuous learning, competitive compensation, and positive organizational culture has helped it to create a workplace that attracts and retains talent. The approach of the company toward retaining employees in a holistic manner has been beneficial for employees who feel valued, supported, and motivated to grow within the organization. As workforce dynamics keep changing, ITC needs to be flexible and continue innovating in retention strategy to stay at the forefront of competition in the industry.

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