UNIT II

INVESTMENT PERSPECTIVES OF HR

An Investment Perspective of Human Resource Management

The importance of adopting an investment perspective of Human Resource Management

Human Resource is one of the most important resources in an organization. The success or failure of an organization largely depends on how human resource is used to utilize other resources available to the organization. As a result, the focus of human resource management has shifted towards increasing the return on investment by maximizing the productivity of human resource (Mohamed, 2013). Therefore, evaluating the quality, costs and benefits of HR are very crucial to organizations much like any other capital investment.

Since human resource is a crucial resource in organization, according to Geer (2003), human resource practitioners and management scholars have promoted the concept of adopting an investment perspective in human resource. It involves developing policies and programmes in human resources in order to increase its value to the organization and to the market, just like other asset in the organization.

The notion of viewing human resource as human asset, and adopting an investment perspective enable the organization to invest in people in order to earn the best return from them (Mello, 2005).

When an organization views human resource as an investment, rather than a variable cost, it has to consider costs, risks and return when making human resource decisions. The organization has to consider the suitability of the candidates to the jobs, and to train them much like servicing machineries. The opportunity cost of releasing the employees for training has to be considered along with the cost of conducting such trainings when comparing the return from those trainings such as potential increase in loyalty and motivation.

Adopting an investment perspective allows the management to consider the risk of investment in human resource and to device strategies to avoid those risks as well. Even though, human resource cannot be duplicated or imitated by the competitors as easily as other assets such as technology and facilities, the employees themselves have their freewill to move to competing companies (Mello, 2005).

Once an organization has developed a competitive advantage in human resource, the competitors may try to attract those competent employees. The competitor might even be at a better position to offer a higher pay, as they do not have to spend on training and development. Therefore, organizations have to develop their human resource management policies and strategies in such a way to retain the employees and to transfer the knowledge from employee to employee within the organization. Moreover, viewing human resource management from an investment perspective allows organizations to be more proactive and protect their own the knowledge as they are being created.

Adopting an investment perspective in human resource management allows organizations to make human resource decisions after considering its costs and benefits. It also helps to develop strategic plans to minimize the risk and motivate the employees to stay in the organization long enough to maximize the return on investment. This requires valuing its employees, making decisions on compensation, advancement opportunities and retention strategies as well as how much to be invested in each area for each employee.

INTRODUCTION

The human element is often the most important element of performance. Thus, appropriate resources and investments must be committed by any organization to facilitate systems for attracting, motivating and managing human resources. Adopting a strategic view of HR involves considering employees as “human assets,” and developing appropriate policies and procedures to manage them as valuable investments.

2. SOURCES OF EMPLOYEE VALUE

1. Technical Knowledge
2. Ability to Learn and Grow
3. Decision Making Capabilities
4. Motivation
5. Commitment
6. Team Work

ADOPTING AN INVESTMENT PERSPECTIVE

1. Characterizing employees as human assets implies the strategic management of human resources should include considering HR from an investment perspective.

2. Cost/Benefit basis analysis may be used to evaluate HR programs, such as training and development. 3. Investment perspective toward human assets facilitates their becoming a competitive advantage as most other resources/assets can be cloned, copied or imitated by competitors.

4. A strategic approach to HR, however, does not always involve a human relations approach to employee relations, as noted in the Managing Employees at United Parcel Service example

5. Investments in employees must be undertaken in tandem with strategies to retain employees long enough to realize an acceptable return on investments in employees. This requires valuation of the employee as an asset, which can be difficult to do.

HUMAN RESOURCES INVESTMENT CONSIDERATIONS

- Management values.
- Risk and return on HR investment.
- Economic rationale for investment in training.
- Utility theory.
- Outsourcing.

An Investment Prospective of Human Resource Management

- HRM practitioners & Scholars have long advocated that HR should be viewed from investment prospective.
- Current practices indicate employees as valuable investment but still some organizations view employees as variable cost and their is little recognition about employees training & development, recruitment & replacement cost.

- Investment only in physical resources does not give organizations a competitive edge as systems, processes can be duplicated, cloned or reversed engineered.
- Maintainable edge / advantage drives from the level of skills of employees, their knowledge and capabilities.
- Management scholar Edward Lawler described investment in Human Resources as:
    - “to be competitive , organizations in many industries must have highly skilled and knowledgeable workforce. They must also have a relatively stable labour force since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high quality products and services.”
    - Due to forecast of shifts in skills need from manual to cerebral (intellectual) , investment for enhancing employees knowledge & skills become more important.

INVESTMENT IN TRAINING & DEVELOPMENT

- **Investment in employability.**
    - (Training, internship, higher level exposure, learning environment, multi- skilling & growth opportunities etc. which makes employees more employable.
- **Investment in training.**
    - For future strategies and competitive advantage investment in employees training and development to enhance skills to face rapid technological changes.
- On job training..
- Investment in management development.
- Prevention of skills obsolescence.
- Reduction in career plateauing. (stagnation)

Investment practices for improved retention:

- Organizational culture emphasizing interpersonal relationship values.
- Effective selection procedures.
- Compensation and benefits.
- Job enrichment and job satisfaction.
- Practices providing work life balance.
- Organizational direction creating confidence in the future.
- Retention of technical employees.
- Other practices in facilitating retention.

Investment in job secure workforce:

- Employment security/ job guarantee.
- Recognition of the cost of downsizing and lay-offs.
- Avoiding business cycle-based lay-offs.
- Alternatives to lay offs.
    - Redeployment.
    - Curtailment of sub contracts.
    - Reassignment of work to company employees.
    - Pay cuts.
    - Paid / unpaid leaves.
- Ethical implications of employment practices
- Non traditional investment approaches.
    - Investment in disabled employees.
    - Investment in employee health.

– Countercyclical hiring .-keeping highly technical / skilled for future use when company will have normal operations– bhatta business.

Investments in Training and Development:

The Role Of Investment In Training and Development Of Human Resource:

Most people have worked for a company that has offered some type of training and development for their employees. From in-office classes to specialty workshops to college hours, it all adds up as an investment in your business, as well as your employees. With current economic conditions, some businesses are making the decision to steer away from developing their most important asset, their employees, because they don't see the need for it any longer, or they are simply trying to cut costs.

While I can understand the need to cut costs in business, the training and development of your employees is not a good place to start. Why? Consider this: companies that invest in their employees have happier workers that are more confident in their positions and tend to be more loyal to their managers and company overall. I don't mean that you have to go out and spend thousands of dollars on every employee you have. I don't mean that you need to spend countless hours each year in meetings and parties and such with employees. What I do mean is that strategic spending on training and development should be treated as an investment in order for your business to run better, faster, and smoother, and with happier people.

Attracting Better Employees

Companies that offer good paying jobs with room for advancement will always garner a massive amount of interest in their open positions. But, in the hunt for top talent, anything you can do to establish your company as a great place to work is going to pay dividends. One way is to offer employee training and development. This will enable employees to excel in your business as well as their chosen field. This can be as simple as offering in-office training for better pay, advancement opportunities, or bonuses.

Those businesses out there that offer on the job training and development for their workers see more motivated candidates for their open positions. Knowing that there is room for advancement *and* room to improve themselves is going to be a big draw for potential employees. Having that opportunity there in front of them also gives them the chance to become more engaged in their position, the company, and generally be a happier person at work.

Benefits of Training and Development

So what types of benefits are you going to see in your business if you start to invest more in your employees? There is a long list of benefits that you will enjoy from this simple action, and here are a few of my favorites:

- **Motivation:** As I mentioned previously, motivation goes way up when people know that they can move up in a company. They want to perform better and show that they are ready to learn new things to gain better positions in your business.
- **New Technologies:** Offering training in a new technology that pertains to your field is key in keeping your business current, competitive, and on top of the latest market trends. It will ensure that you and your employees know how to run with the rest of the pack and stay competitive in the business world.
- **Lower Turnover:** When employees know that their company cares about their career, and is willing to offer training and opportunities to improve themselves and advance, they tend to stick around a bit longer. This means less hiring and firing for you, and more time doing business and making money.
- **Lower Risks:** Offering specific training in the workplace, such as sexual harassment prevention, can mean less risk for you when hiring new employees, and keeping the old ones. This has the potential to allow your business to run more smoothly, with less hiccups or problems in the long run for you.
- **Satisfaction:** Along with lower turnover and increased motivation, when employees are trained well they become happier, more confident, and have higher overall satisfaction doing their jobs. If you can enable all of your employees to feel this way, you have just created a great working

environment, and your employees are more likely to stay with you, and not be on the lookout for another job.

- **Image:** Your business image means a lot to you, but, it also matters a great deal to your employees as well. When your employees are trained and feel that they can continue to grow with you, it gives your business a better image in their eyes and everyone else's. You'll find that your business will become known as one that cares about its employees and ensures that they are not only happy in their job, but, happy overall in their life as well.

Sure, some of these sound a bit corny, but they are all true. You will quickly find that by making the investment in your employees will translate into so much more for you and your business.

Training Costs

One of the best things about training your employees is that it doesn't have to cost you much at all. You can offer in-office training on a multitude of topics that relate to the workplace (such as sexual harassment and safety), and those that relate to upgrading skills (such as computer training). No matter what you offer, make sure that it all pertains to either your business, your field, or growing your employees.

Offering online training can also be a huge help, and you can even do this extremely cheap by creating your own training website for your employees. There are thousands of great articles on how to create a website for training your employees out there and you can even do it without much web design background at all. By offering everything online, employees can easily do this when they have time or during a set time at work thus improving themselves and their performance.

Why You Need To Invest In Employee Training

When things get financially tight in business, often employee training is the first thing to go. However, this is not necessarily a sound strategic move for a leading organization forging the way in a competitive industry.

At **PulseLearning**, we've started by exploring a big question: **Why invest in employee training during economically challenging times?** The short answer is because training and developing your employees could be critical to the future success of your organization.

In the past, employees were rated on the **3 R's**: *Reading, writing, and arithmetic*. These skills are no longer enough for success in today's unstable business environment that is continuously responding to technological advancement and a rapidly changing social and economic landscape.

For employees to be efficient, productive and adaptable, new skills are required, such as:

- Critical thinking and problem solving.
- Communication.
- Collaboration.
- Creativity and innovation.

Your employees are your biggest asset since they get the required work done so your organization can meet its business objectives. Effective training designed specifically for your organization can provide your employees with essential next-generation skills while bringing with it a host of business benefits.

Here we outline some critical reasons why you need to invest in employee training:

1. **Support succession planning.**

   Providing ongoing employee training and development supports succession planning by increasing the availability of experienced and capable employees to assume senior roles as they become available. Increasing your talent pool reduces the inherent risk of employees perceived as "irreplaceable" leaving the organization. Areas of training that support succession planning include leadership, strategic decision making, effective people management, and role-specific skills.

2. **Increase employee value.**

   Effective training can be used to "up-skill" or "multi-skill" your employees. Up-skilling involves extending an employee's knowledge of an existing skill, providing more experts within a subject area. Multi-skilling is the process of training employees in new or related work areas to increase their usability within the organization. Employees with diverse skill sets can perform a variety of tasks and transition more easily into other roles within the organization.

3. **Reduce attrition rates.**

   Investing in the development of your employees can reduce attrition rates. Well-planned training can provide career pathways for employees making retention within the organization rather than seeing them seeking next-level opportunities elsewhere. Another positive is a reduction in recruitment costs.

4. **Enhance operational efficiency.**

   Training your employees can increase their efficiency and productivity in completing their daily work tasks. Training can also help your organization achieve greater consistency in process adherence, making it easier to project outcomes and meet organizational goals and targets.

5. **Exceed industry standards.**

   Training your employees in industry-standard best practices could also assist you in building your reputation, giving your competitors a run for their money! Many businesses operate in saturated markets, so often it's the small things that will set your business apart from the rest.

Employee Training is Worth the Investment

Staff training is essential for specific purposes related to your business. You may require new workers to undertake instruction in first aid, food handling or a new booking system. Incorporating training that develops employees toward long-term career goals can also promote greater job satisfaction. A more satisfied employee is likely to stay longer and be more productive while on your team.

The cost of turnover

A recent survey indicates that 40 per cent of employees who receive poor job training leave their positions within the first year. They cite the lack of skills training and development as the principal reason for moving on.

Consider the cost of turnover. With one fewer worker, your company's productivity slips. Sales decline. Your current staff members are required to work more hours. Morale may suffer. To find a replacement, you spend time screening and interviewing applicants. Once you hire someone, you need to train that person. The cost of staff turnover adds up. Figures vary, but it can cost as much as $2,500, depending on the position, to replace a frontline employee. That is a hefty price to pay for not training staff.

Other benefits of training

Despite the initial monetary costs, staff training pays back your investment. Here are just some of the reasons to take on development initiatives:

- Training helps your business run better. Trained employees will be better equipped to handle customer inquiries, make a sale or use computer systems.

- Training is a recruiting tool. Today's young workers want more than a pay cheque. They are geared toward seeking employment that allows them to learn new skills. You are more likely to attract and keep good employees if you can offer development opportunities.

- Training promotes job satisfaction. Nurturing employees to develop more rounded skill sets will help them contribute to the company. The more engaged and involved they are in working for your success, the better your rewards.

- Training is a retention tool, instilling loyalty and commitment from good workers. Staff looking for the next challenge will be more likely to stay if you offer ways for them to learn and grow while at your company. Don't give them a reason to move on by letting them stagnate once they've mastered initial tasks.

- Training adds flexibility and efficiency. You can cross-train employees to be capable in more than one aspect of the business. Teach them to be competent in sales, customer service, administration and operations. This will help keep them interested and will be enormously helpful to you when setting schedules or filling in for absences. Cross-training also fosters team spirit, as employees appreciate the challenges faced by co-workers.

- Training is essential for knowledge transfer. It's very important to share knowledge among your staff. If only one person has special skills, you'll have a tough time recouping their knowledge if they suddenly leave the company. Spread knowledge around — it's like diversifying your investments.

- Training gives seasonal workers a reason to return. Let seasonal employees know there are more ways than one to contribute. Instead of hiring someone new, offer them a chance to learn new skills and benefit from their experience.

INVESTMENT PRACTICES IN IMPROVED RETENTION

10 Ways to Improve Employee Retention

Is your employee retention at an all-time high? Can't seem to scare employees off if you try? Congratulations. But, if you're one of the many businesses that sees high employee turnover as a problem, you may wonder what you can do to retain your most valued workers.

In an increasingly competitive business world, top talent is in high demand. If you aren't making your top workers happy, another company may come along to steal them away. Here are ten tips that will help you make sure your employees are around for many years

Create the Right Culture

Finding employees who will feel a strong bond with your company starts with creating an environment that attracts those employees. Your company culture should match the type of employee you want to employ, whether you opt for a by-the-book, strict workplace or a more casual, laid-back atmosphere.

Hire the Right Employees

As you're screening candidates, pay close attention to signs that you may have a job-hopper. While there's nothing wrong with someone switching jobs if it provides career advancement, look for someone who is interested in growing with your company rather than getting experience to take somewhere else.

Offer Training

Businesses expect their professionals to arrive fully trained and certified. Yet too many aren't willing to invest in helping them maintain those credentials. Whether you send employees to a learning center or you provide membership to one of the many e-learning sites available, when you take your employees' education seriously, they see it as an investment in their career.

Provide Guidance

Your employees should be fully aware of their job duties and how they're doing in performing them. You can accomplish this by first having a job plan in place and providing regular feedback on an employee's performance. If an employee feels confused about his role in your organization, he's more likely to feel disgruntled and begin searching for something else.

Pay Well

As difficult as it is to pay competitive salaries when funds are low and budgets are tight, calculate the cost to replace employees. It can cost as much as 30 percent to 50 percent of an entry-level employee's annual salary just to replace him. Employees often find they can enjoy a 10 to 20 percent salary increase by simply moving from one company to the next, which makes jumping ship attractive.

Don't Punish Competence

Managers often spend much of their time on employees who are struggling, leaving the talented ones completely neglected. Over time, this can lead to resentment as star employees start to feel unnoticed and unsupported. Managers must make an effort to let top performers know their hard work isn't going unnoticed.

Be More Flexible

Workers have expressed a preference for flexible working conditions. If you expect your best employee to answer his phone when a client calls at seven o'clock on a Friday night, you should also understand when that employee comes in late one morning or needs to take off early.

Offer Benefits

Small businesses often struggle to compete with larger corporations in providing benefits. While you don't have to beat big business in the healthcare options you offer, you can offer things they won't get elsewhere, such as the ability to work from home, more flexible vacation offerings, and performance bonuses.

Provide Unique Perks

Another way businesses can compete without breaking the budget is through offering perks they can't get elsewhere. Silicon Valley has become notorious for its free meals and nap pods, but you can increase retention by coming up with creative perks. Use your connections to get free VIP tickets to special events or special discounts at local retailers.

Don't Take Yourself Too Seriously

As much work as you try make your company attractive to talented people, the truth is employees might be leaving because of their bosses. In fact, research has shown people tend to quit their bosses, not companies. If you can cultivate an environment where employees feel rewarded and gratified, you'll already be ahead of a great deal of other bosses out there.

JOB SECURE WORKFORCE

JOB SECURITY

Job Security is an assurance that an individual will keep his or her **job** without the risk of becoming unemployed. S/he will have continuity in employment and it may be from the terms of a contract of employment, collective bargaining agreement, or labor legislation that prevents arbitrary termination.

Assurance (or lack of it) that an employee has about the continuity of gainful employment for his or her work life. Job security usually arises from the terms of the contract of employment, collective bargaining agreement, or labor legislation that prevents arbitrary termination, layoffs, and lockouts. It may also be affected by general economic conditions.

Employee job Security

Employers must not overlook the importance of offering employees long-term job security, as this allows employees to feel secure in their work and makes them more willing to contribute more time and effort to their companies.

With greater job security, employees would be more eager to think of novel ideas for enhancing the competitiveness of their companies in their field and in society.

Ultimately, this is beneficial to the companies and would greatly improve overall performance. Thus, offering long-term job security for employees could be viewed by companies as a means to motivate workers and increase productivity. It is in fact more important than salary alone.

Salaries can always be increased when contracts are negotiated and renewed at the end of every contracted period. Although some may argue that a high salary could motivate employees to work harder and put in extra hours, as well as compensating them for their efforts during office hours, pay alone is no guarantee of satisfaction or fulfillment. Even employees on a high salary might not truly contribute much to a business they don't feel part of. Jobseekers are more concerned about the availability of, and being able to secure, long-term employment than just a satisfactory income.

HUMAN RESOURCE INVESTMENT CONSIDERATIONS

Several factors will be considered in the discussion of strategic human resource investment decisions. As noted earlier, these will include management’s values, views of risk, the economic rationale for investment in training, utility theory, and alternatives to human resou1rce investments. Investments in training are covered in this section because they are fundamental to the formation of human capital. Firms also invest in many other human resource practices with the expec-tation that there will be impacts on performance and financial returns.

Management Values

Fundamental values must be addressed in many human resource issues, particularly those involved in major strategic initiatives. When senior managers formulate and implement strategies, their values and philosophies are communicated to members of the organization through human resource policies and practices.

For example, senior managers who are committed to the preservation of the organization's human resources can manage the stress associated with major strategic events, through such measures as dealing with rumors and providing accurate information, so that mis-information does not have such a debilitating impact on employees.

Risk and Return on Investment

Although there are a number of important benefits to investments in human resources, such investments contain an element of risk. Investing in human resources is inherently more risky than investing in physical capital because the employer does not own the resource. Employees are free to leave, although contractual arrangements may limit their mobility. In order for investments in human resources to be attractive, the returns must be great enough to overcome the risks. Further, for some investments, such as cash outlays to maintain no-layoff policies, the benefits are not easily quantified and there are meaningful costs. Decision makers have to be prepared to trade off current costs for long-term strategic benefits, such as a more flexible, committed workforce and related positive aspects of the organizational culture to which such policies contribute

Current Practices in Training Investments

As indicated earlier, heavy investments in training will be necessary for future strategies and competitive advantage. Nonetheless, U.S. companies seem to lag behind the practices of companies in several other industrialized countries. For example, a study by the Congressional Office of Technology Assessment reported that "auto workers in Japan receive more than three times as much training each year as workers in American-owned assembly plants in the U.S." U.S. workers not going on to college do not receive the training of their counterparts in other industrialized countries.

In contrast, technical workers in other industrialized countries are often trained in well-developed apprenticeship programs. Approximately 59 percent of the German workforce has been trained through apprenticeships. In Japan, new employees often receive months of training by their employers. Japanese companies are investing in human resources by training these workers. There are some notable exceptions to the U.S. tendency to lag behind the Japanese and Germans in employee training. One of the most progressive examples of investment in training technical and production workers is provided by Corning, Inc. Corning's experience demonstrates that a company can earn high returns by investing in human resources.

INVESTMENT IN MANAGEMENT DEVELOPMENT

The continued development of managerial personnel is a critical strategic issue in most organizations and a particularly difficult challenge given the massive shifts in strategy. Before considering management development, it is useful to quickly review some evolving and forecasted trends in the managerial environment. It is clear that organizations are becoming less hierarchical and that many middle-management positions have been eliminated. Further, larger numbers of workers are better educated and many are professionals. As a result, they expect to participate more in decision making. In the future, more work is expected to be performed in task force or project teams, power will be shared, managerial status will be deemphasized, and leadership responsibilities may be rotated. Because of the participative aspect of these empowerment trends, many professionals and highly educated employees may have more exposure to managerial responsibilities and may develop related skills as a natural part of their work.

An important management development approach has been to rotate managers through successively more challenging assignments. Frequently, these job rotation programs seek to provide a broad view of the organization and as a result, may involve interdepartmental or cross-functional assignments . Use of job rotational programs is positively correlated with company size and is used most in transportation and communications and least in service industries.

INVESTMENT PRACTICES FOR IMPROVED RETENTION

Companies invest in their workforces when they pursue practices and develop programs that increase retention. By failing to make such investments, they incur the high costs of turnover. Coarse-grained estimates place the costs of turnover at 150 percent of exempt employees' compensation and at 175 percent for nonexempt employees. The determinants of turnover are reasonably well under-stood as there has been a great deal of research on the topic. Accordingly, there are sound practices that employers can follow in order to retain their employees.

Organizational Cultures Emphasizing Interpersonal Relationship Values

One of the most important determinants of employee retention is the organization's culture. By investing in human resource practices that ultimately affect the organization's culture, firms can influence retention. A longitudinal analysis examined the retention of 904 college graduates hired by public accounting firms over a six-year period. The study found a difference in retention related to the culture of the firms. For employees of firms with cultures characterized by interpersonal relationship values (respect for people and a team orientation), the median for retention was 14 months longer than in firms with cultures reflecting task values (detail and stability). Interestingly, the effects of the culture emphasizing interpersonal values appeared to be universal and were not contingent on employee characteristics. Other research has found higher retention in "fearless cultures" in which employees can speak up in order to challenge the status quo without being concerned about retribution. Retention improves with other related aspects of culture such as positive relationships with superiors, absence of conflict-laden relationships, having input into decisions, less emphasis on formal authority, information sharing, and support for employees.

Effective Selection Procedures

When firms hire employees that match well with the organization, the job, and their coworkers, there is an increased likelihood of retention. Recent survey research indicates that careful selection is the most widely used method for retaining front-line employees. In addition to the use of selection procedures, such as valid tests and improved interviewing processes to obtain better job matches between employee job qualifications, the use of realistic job previews (RJPs) also can increase retention. RJPs attempt to show applicants what the actual job is going to be like. As a result, there is less likelihood that applicants will accept jobs that fail to conform to their expectations. The exact means by which RJPs influence retention is the subject of some debate because there are several variables that can have an impact on their ability to affect retention. Nonetheless, RJPs provide a useful means for increasing retention in many circumstances. In addition, the use of biodata, which are data on objective characteristics such as years of experience, bilingualism, and college education, improves retention.

Compensation and Benefits

Equitable compensation is important for employee retention. In turn, greater compensation equity occurs with fair appraisal reviews, equitable ratios of inputs (e.g., effort, skill, education) to outputs (various rewards), exclusion of politics in compensation decisions, fair compensation structures, and communication of compensation procedures. Increased retention also occurs with performance-based compensation, pay incentives, and benefits that are valued by employees. Not surprisingly, the most frequently used approach for retaining senior executives is to improve their compensation and benefits. Companies in Fortune's top 100 list typically offer both high compensation and generous benefits. For example, Merck has extraordinary benefits, and its pay ranks at the top of the scale. Merck employees have received $60,000 in stock options over the past decade while the average stock option gain for nonexecutives at Cisco Systems has been $150,000. At WRQ soft-ware, employees pay nothing for their health care. At J. M. Smucker, the jelly maker, voluntary turnover in a recent year was only 5 percent. One of the company's benefits is a savings plan for which the company provides 50 percent matching contributions.

Job Enrichment and Job Satisfaction

Job-enrichment practices, such as those building in increased responsibility or autonomy, knowledge of results, meaningful work, knowledge of how assigned tasks contribute to the greater activity of the larger organization, and skill variety, have been found to produce moderate reductions in turnover. Practices that enhance job latitude and job satisfaction also have a positive impact on employee retention. However, when high-performing employees feel undervalued, they tend to have higher turnover rates. Another company from Fortune top 100 companies provides a good example of the retention effects of job enrichment and job satisfaction:

"Being at a good company is like having a good wife," says Floyd Williams, a senior production manager at sports gear maker K2 (No. 52), who gushes about the opportunity to work on as many as 25 projects at a time. "When you get used to a certain level of freedom and excitement, you don't want to leave." In fact, none of Williams' three marriages has lasted as long as his 28-year career with the company. "One wife told me it was either K2 or me. And I said, 'Well, I'm not leaving K2!'

Practices Providing Work Life Balance

In addition to job-related factors and the work environment, the opportunity to obtain a balance between work and home life also has a positive impact on retention. Alternative work schedules, child care services, and provisions for family leave also facilitate retention. (The Family and Medical Leave Act sets minimum standards for family leave.) Conversely, unreasonable workloads are associated with turnover. It is no surprise that many companies in Fortune's

list of the best 100 companies to work for provide such benefits. Flextime is offered at 59 of these companies, while 18 provide opportunities for telecommuting. These top employers include a wide range of practices for balancing work and family life. For example, Deloitte and Touche has adopted flextime and telecommuting practices. Janus Investments has generous time-off practices. Unum provides subsidized child care for employees earning less than $40,000. The accounting firm Plante and Moran provides child care on Saturdays during tax season. The SAS Institute, the statistical software developer, has a 35-hour week and provides employees child care at a rate of $250 per month. It also provides 12 holidays per year and free medical care on site. At First Tennessee Bank, 91 per-cent of employees are on flextime. Behavior. Nonetheless, another empirical study that employed an experimental design, with experimental and control groups drawn from two companies, found increased quitting behavior to be associated with training, financial incentives, and competition.