

Internship Report on
“Retention Management Practices in RAHIMAFROOZ (Bangladesh)
Limited.”

Under MBA Program



**Internship Report on
“Retention Management Practices in RAHIMAFROOZ (Bangladesh)
Limited.”**

Submitted to:

BRAC Business School
BRAC University

Attention:

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Date of Submission: March 07, 2017

LETTER OF TRANSMITTAL

March 07, 2017

Shamim E. Haque
Assistant Professor and Senior Research Fellow, CED
BRAC Business School
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Subject: Submission of Internship Report.

Dear Sir,

I hereby submitting my internship report, which is a part of the MBA program. This internship report is based on, retention management practices. I have got the opportunity to learn about different tools and techniques related to this topic.

This opportunity of MBA in your esteemed organization gave me both academic and practical exposures, I've learnt different aspects of business management and the internship report gave me the opportunity to develop the practical experience.

I will be highly obliged if you are kind enough to receive this internship report and provide your valuable judgment. It would be my immense pleasure if you find this paper useful and informative to have an apparent perspective on the issue.

Sincerely Yours,

Sifat Jahan Heya

Certification

This is to certify that the internship report on **Retention Management Practices** submitted to complete Internship program in Master of Business Administration to the BRAC University is a record of bona-fide research carried out by Sifat Jahan Heya under my supervision. No part of the research report has been submitted for any degree, diploma, title or recognition before.

Shamim E. Haque

Declaration

I, Sifat Jahan Heya is the student of Master of Business Administration of BRAC University do hereby declare that the internship report on Retention Management Practices in Rahimafrooz (Bangladesh) Limited has not been submitted by me for any degree, diploma, title or recognition before.

Signature

.....

Sifat Jahan Heya

ID # 14164037

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Acknowledgement

First, I would like to express my gratitude to almighty ALLAH to give me the strength to complete the report within the stipulated time.

I am deeply indebted to my Academic Supervisor, Mr. Shamim E. Haque Sir for his whole-hearted supervision. His suggestions and comments were really a great source of spirit to make the report a good one.

My sincere gratitude goes to Mr. Muhammed Shahedur Rahman, Senior Officer, HR services, Rahimafrooz (Bangladesh) Limited for his cordial attitude and guidance. In addition, I would thank Rahimafrooz (Bangladesh) Limited for giving me the opportunity to work with them, and also providing me with useful information and knowledge needed for my internship.

Sifat Jahan Heya

ID # 14164037 ((Major in Human Resource Management)

MBA Program

BRAC Business School

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Executive Summary

This report is prepared on the basis of my practical experience at Rahimafrooz (Bangladesh) Limited. This internship report helped me to learn about the practical scenario of Retention Management Practices in well reputed business organizations out here in our country. Rahimafrooz has been a partner in the development journey of this nation for more than sixty years now. Its business success has been complemented by its commitment to the environment, society and community.

Retention of employees is the final component of an overall staffing. While some loss of employees is both inevitable and desirable, Retention management seeks to keep sufficient numbers and types of employees so that organizational effectiveness is not jeopardized. Retention management must be based on a thorough analysis of the organization's turnover. Attention then turns to retention initiatives.

Rahimafrooz has proved itself a caring organization to the existing employees. As a result, apart from some exception, turnover rate is still very low which is less than 2%. Over last one year, total work force of the group has increased by 5%. Overall, manning trend line is almost flat. All these manifest compelling retention management practices in Rahimafrooz. Time is changing. The corporate environment is getting competitive. Constant supervision of the environment and application of modern retention management practices are necessary to cope with the competition.

To prepare this analysis based report I have tried my best to know about the nature of the employee retention management of the organization. I have gone through their annual reports and other necessary documents needed for this analysis. I have compared ratios with a similar industry and interpreted the findings. I hope this paper fulfills the requirement of the assignment.

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Chapter 1:

Introduction

1.1 Origin of the Study:

The report was done as a part of the internship program of MBA. The report focuses on **Rahimfrooz Group** as I was working as an intern in the Human resource department of Rahimafrooz Bangladesh Limited (Business Office). The internship started on 1ST May' 2016 and ended on 31st July' 2016.

1.2 Objectives:

The report will try to –

- Analyze manning level and turnover rate.
- Analyze the retention management policies and practices in Rahimafrooz.
- Make recommendation regarding retention management.
- Make recommendation regarding retention management.
- Make comparison scenario.

1.3 Background:

Rahimafrooz has been a partner in the development journey of this nation for more than sixty years now. It has set itself the highest standards in responsible corporate behavior and its passion for success is aligned with the development of the country. It is committed to playing a leading role in driving growth, prosperity, ethical values and social responsibility. Rahimafrooz continues to serve its customers through unparalleled quality excellence and service superiority. Its business success has been complemented by its commitment to the environment, society and community.

Over the decades, Rahimafrooz has grown in size, scale, and diversity. The Group today has eight operating companies (SBUs), a few other business ventures, and a not for profit social enterprise. Rahimafrooz operates in four broad segments – Storage Power, Automotive & Electronics, Energy and Retail.

1.4 Significance of the Problem:

Retention of employees is the final component of an overall staffing. While some loss of employees is both inevitable and desirable, Retention management seeks to keep sufficient numbers and types of employees so that organizational effectiveness is not jeopardized. Retention management must be based on a thorough analysis of the organization's turnover. Attention then turns to retention initiatives. RAHIMAFROOZ has always been caring to the employees. This attitude has made RAHIMAFROOZ a preferred workplace. But in a changing and dynamic corporate world, being proactive to meet the future challenge is required. Proper understanding of the workplace and policies thereby is required for sustainability of an organization. Effective retention management will help RAHIMAFROOZ to retain the employees as well as the leading position in the market.

1.5 Scope:

The scope of the report is limited to Rahimafrooz Bangladesh Limited (Business Office) and SBUs. The manning table of last one year has been analyzed. Turnover rate has been calculated to have the clear picture of retention management of the organization. The analysis also includes the retention initiatives.

1.6 Methodology:

The report focuses on the primary data obtained during interviews. Data was collected through interviews with different HR professionals of Rahimafrooz Group. Besides, manning chart and other documents of the company have analyzed.

Secondary data from books and the internet was used in order to gain more detailed information about subject.

1.7 Limitations:

Some confidential factors were excluded in the study. Manning information of only one and a half year is available.

Chapter 2:

Overview of the Organization

2.1 History of Rahimafrooz:

Today's Rahimafrooz is a dream that Mr. A C Abdur Rahim turned into reality. The business growth, the social commitment, and the great diversity in today's Rahimafrooz are the outcome of one lifetime of hard work and compassion from Mr. Rahim.

Rahimafrooz is one of the respected and reputed business houses in Bangladesh. It has crossed 60 years of operations. Rahimafrooz has endured turbulences of the last 60 years and has been able to transform itself from a small trading company into a leading diversified business house. This is, indeed, a milestone, which Rahimafrooz has achieved with trust, support and dedication of all stakeholders, past and present, most importantly its customers.

Today Rahimafrooz has emerged as a respected national company by upholding high ideals and values, solemn integrity and honesty, excellence, service and innovation in all spheres of the company's activities building on the already established foundation.

2.1.1 Milestones:

Years	Happenings
1954	Incorporated by Mr. A.C. Abdur Rahim
1959	Distributorship of Lucas Battery
1978	Exclusive distributorship of Dunlop tire
1980	Acquisition of Bangladesh operations of Lucas UK
1985	First producer of industrial battery
1985	Pioneering Solar Power in collaboration with British Petroleum (BP)
1989	Launched Rahimafrooz Service Centre - first ever electronic engine diagnostic centre for vehicles
1992	First ever battery exports to Singapore
1993	Launched Rahimafrooz Instant Power Supply (IPS)
1994	Acquisition of Yuasa Batteries (Bangladesh) Ltd. and launched Excel Retreads.
1997	Attained ISO 9002 certification for Rahimafrooz Batteries Ltd. (RBL) operations
2000	First India office opened in Ahmedabad
2001	Awarded "Bangladesh Enterprise of the Year"

- 2001 Attained ISO 14001:1996 for RBL operations
- 2001 Launched “Agora” – the first ever chain of retail supermarket in Bangladesh
- 2002 Launched Rahimafrooz Energy Services Ltd. (RESL) promoting distributed power
- 2003 Established Rahimafrooz CNG Ltd.
- 2003 Awarded “National Export Trophy”
- 2004 Metronet Bangladesh, a fiber optic based digital solution provider for data communication, launched in joint venture with Flora Telecom
- 2004 Received McGraw-Hill Platt Global Energy Award for Renewable Energy
- 2004 The Group celebrated its 50th anniversary on April 15, with a renewed, enhanced commitment to being successful while upholding its core values
- 2006 Received the “Ashden Award” for Sustainable Energy
- 2008 Launched "Quikfill"- the first ever chain of branded CNG refueling stations in Bangladesh
- 2009 Established Rahimafrooz Globatt Ltd. and Rahimafrooz Accumulators Ltd.
- 2009 Rahimafrooz launched multi brand consumer electronics outlet UREKA
- 2009 Rahimafrooz launched world renowned consumer electronics brand Daewoo
- 2010 Rahimafrooz Inaugurates its biggest and most modern warehouse at Hemayatpur, Savar
- 2011 Established Rahimafrooz CIC Agro Ltd.
- 2012 Rahimafrooz Renewable Energy Ltd. commenced its commercial operation of PV plant
- 2013 Awarded “National Export Trophy” for 2010-2011
- 2014 Received " National Environment Award " by The Ministry of Environment & Forests
- 2014 Awarded "Green Business Award" by Metropolitan Chamber of Commerce and Industries
- 2015 Rahimafrooz IPS has won the Best Brand Award 2015 for the 4th consecutive year in IPS category. Agora has won the Best Brand Award 2015 (superstores).

2.2 Aspiration, Vision, Values and Quality Policy:

Aspiration and Vision:

To be the most admired and trusted organization through excelling in everything we do, following ethical business practices and adding value to stakeholders.

Values:



Integrity in all our dealings



Excellence in everything we do



Total commitment to
Customer Satisfaction



Thinking ahead and taking
New Initiatives



Valuing and **Inspiring People**

Quality Policy:

Quality policy of Rahimafrooz implies, *“We are totally committed to customer delight through operational excellence, innovation and continual improvement of quality.”*

2.3 Corporate Social Responsibility (CSR) Practices:

Rahimafrooz's aspiration is to be the most admired and trusted organization, by excelling in everything it does, following ethical business practices, and adding value to its stakeholders. The Group wants to achieve all of these while being firmly committed to social responsibilities. Rahimafrooz Group, with a proud history of more than 50 years, strongly believes in the principle of contributing back to the community where it operates. Rahimafrooz strives to add value to the society, its economy, and environment through intelligent efforts and focused initiatives.

Rahimafrooz's CSR vision reads, " Passionate and driven to make a difference among the Community and Environment." Much of the Rahimafrooz CSR efforts are carried out through its social development initiative Rural Services Foundation.

Currently, Rahimafrooz Group is contributing in the following areas:

- Education
- Poverty Alleviation
- Environment
- Transport

Apart from this, the Group has always supported many noble initiatives undertaken by various other individuals and organizations. Rahimafrooz has a pioneer role in supporting people distressed by natural calamities and donations to helpless people on health and education ground– all are examples of the socially responsive manner of our business. Rahimafrooz is also a signatory to UN Global Compact. It supports the ten principles of the Global Compact in respect to human rights, labor rights, the protection of the environment and anti-corruption.

Rural Service Foundation (RSF)

Rural Service Foundation (RSF) is a not-for-profit social enterprise endeavoring to reduce poverty and support the rural poor. The Foundation operates mostly in rural, disadvantaged communities. It helps rural people to come out of poverty by helping them in generating income for themselves through programs involving solar home systems, improved cooking stoves, bio gas, contract farming etc. Additionally, RSF also runs "Dhaka Project" which is home to some 500 urban underprivileged children, providing them with shelter, education, food, clothing, and care. RSF has a nation-wide network with nearly four hundred field offices.

Rural Services Foundation (RSF)

In 2008, Rural Services Foundation (RSF) setup a free of cost, residential education centre in Shajahanpur, Bogra for children from severely impoverished families living in the *Monga*

affected areas. In three years, RSF Model School & College has become the home of 145 such students.

Rahimafrooz - RSF IT Centre

Dishari”, an IT education CSR project was taken over by Rural Services Foundation of Rahimafrooz in 2007. RSF is now providing affordable IT education to the communities through its centres in Jhenaidah, Cox’s Bazar, Chandpur, Satkhira and Narshingdi.

Make Roads Safer

The Campaign for Safer Roads, “Make Roads Safer” was launched in March 2008 during the Lucas Dhaka Motor Show 2008. It focuses on driver safety, passenger safety, road and pedestrian safety, and most importantly, the training of the road-safety professionals. This also supports various programs to improve road safety in Bangladesh.

RSF Poribesh Utshab

For the 5th consecutive year, Rahimafrooz celebrated the International Environment Day with “RSF Poribesh Utshab 2012”. This year, Rural Services Foundation (RSF) - a Social Development Initiative of Rahimafrooz, organized quiz competition covering 30 upazillas of Bangladesh and gave awards to 450 students.

The quiz competition is aimed for candidates of SSC examination and the topics include climate change, renewable energy technology and 3R (Reduce, Reuse and Recycle) issues. In our effort to promote greater environmental responsibility, Rahimafrooz will continue arranging the program every year with the aim to encourage the students to increase their knowledge on environment as well as to make them conscious about the climate change.

3R (Reduce, Reuse, Recycle)

Rahimafrooz believes in promoting individual environmental responsibility through commitment to 3R (Reduce, Reuse, Recycle) - a globally recognized concept and practice to address Environmental Issues.

2.4 Business Domains of Rahimafrooz:

Storage Power: Rahimafrooz Group is the largest manufacturer and exporter of automotive and industrial batteries in Bangladesh and has the largest battery export plant in South Asia.

Automotive and Electronics: Rahimafrooz Group markets and distributes various automotive after-market products such as automotive batteries, tires and lubricant as well as electronics ranging from home appliances, power backup systems, lighting products, and electrical accessories. The Group is also one of the leading complete CNG solution providers in the country.

Energy: Rahimafrooz Group has a significant presence in the energy sector of Bangladesh and offers a wide range of renewable and conventional energy solutions.

Retail: Rahimafrooz Group introduced the first retail chain of superstores in Bangladesh and has played a major role in redefining everyday shopping.

2.4.1 Rahimafrooz (Bangladesh) Ltd.

Rahimafrooz Bangladesh Ltd. (RABL) is the Group Parent Company that supports and guides the Strategic Business Units (SBU) from the Rahimafrooz Corporate Office (RACO). It ensures continuous management innovation, best utilisation of technology, new initiatives, corporate governance and adoption of best global practices. The organization comprises of the Group Board Office, Group Information Technology Centre (GITC), and the functional teams of Finance & Accounting, HR & Administration, Corporate Marketing, Group QMS and Compliance.

2.4.2 Rahimafrooz Accumulators Ltd.

Rahimafrooz Group started manufacturing industrial batteries in the year 1991, in collaboration with Electrona of Switzerland. Rahimafrooz Accumulators Ltd. (RAL) commenced operation from 2009, as a separate unit to cater to the growing needs of the local as well as international market. RAL produces and markets a wide range of industrial batteries which are used in telecommunication, power station, railways, electric vehicles, forklifts, ships, buoy lighting, UPS, inverter and solar power systems. It aims to manufacture high quality batteries by employing new and innovative technology, which offers safer and more environment-friendly manufacturing processes. The Company maintains high standards of its operations that are certified in both ISO 9001 and ISO 14001 standards. RAL aspires to be the leading industrial battery manufacturer for traction, stationary, solar and VRLA batteries in the South Asia region.

2.4.3 Rahimafrooz Batteries Ltd.

Rahimafrooz Batteries Ltd. (RBL) is the largest lead-acid battery manufacturer in Bangladesh. The company is one of the leading regional players, with market leadership at home and export endeavours to more than 44 countries around the world. It manufactures about 200 different varieties of batteries for automotive, motorcycle, IPS and other

applications in its factory located at West Panisail, Zirani Bazaar, Gazipur. The Company maintains high standards of operations, which are certified in both ISO 9001 as well as ISO 14001 standards. Furthermore, in order to ensure occupational health and safety of its employees, the company has also implemented the occupational health and safety management system, OSHAS 18001 standard.

The expertise and reputation of Rahimafrooz as a manufacturer of quality batteries locally and internationally has inspired the Group to invest in setting up a new battery factory at Ishwardi EPZ to cater to the growing potential in the international battery market. As part of the same strategy, the Group recently decided to spin-off the Industrial Battery manufacturing facilities of RBL as a separate business unit, moving to a new factory in Savar. As a result of these initiatives, RBL will now be able to devote more resources towards meeting the increasing demand of the local market.

Lucas and Spark are the leading names in the local automotive battery market while Volta, Optus and Delta are gaining equity as international brands.

RBL has state of the art manufacturing plants. It is equipped with the latest technologies along with complete air treatment and lead-recycling management system. Its capacity in automotive and other appliance battery is over a million N50 units per annum and has provision for further expansions. Rahimafrooz has different technical collaboration agreements with the Lucas Battery Company, Technical support Group (TSG), Hawker Batteries, and Invensys, of UK, Eltek – Norway and AEES – France to ensure the quality of the battery.

2.4.4 Rahimafrooz Globatt Ltd.

Rahimafrooz Globatt Ltd (RGL) is the global wing of Rahimafrooz group. As part of excelling two decades of international market experience and aspiring to become a truly global company, this state of the art Maintenance Free (MF) and Sealed Maintenance Free (SMF) battery manufacturing plant was established in the year 2009. With 2.5 million unit production capacity per year, RGL is the largest battery export plant in South Asia. In recognition to its quality management system, RGL has received ISO 9001:2008 Certification from Orion Registrar, Inc., USA. The manufacturing process of RGL ensures highest level of environment sustainability.

RGL offers a broad range of maintenance free automotive batteries manufactured according to JIS and DIN standard for a variety of vehicles, ranging from small cars to large commercial vehicles. RGL also manufactures deep cycle battery for inverter application. All these batteries have been designed by one of the leading German company. These batteries are designed for millions of vehicle enthusiasts across Asia & Pacific, Middle East, Africa, Europe and Americas.

As the pay off line of its flagship brand GLOBATT “Drive Within” illustrates, the battery is winning heart and mind of the consumers around the globe through its unparalleled performance.

2.4.5 Rahimafrooz Distribution Ltd.

Rahimafrooz Distribution Ltd. (RDL) is the distribution wing of the Group, having a present nationwide distribution network of 172 Dealers, 263 Retailers and 102 Lubricant Dealers and carrying over ten national and international brands. It is the clear leader in the automotive after market and emergency power products categories.

RDL’s portfolio includes international tyre brands Dunlop and Apollo and battery brands Globatt, Lucas and Spark. RDL is the exclusive franchisee of the world’s leading lubricant brand Castrol. Through Rahimafrooz IPS, UPS and Voltage Stabiliser, the company enjoys clear leadership of the emergency power products market. In addition, it also runs eight automobile service centres in Dhaka and Chittagong. Recently the company has entered the electronic goods market. It distributes and markets various household appliances and electronic goods through RDL’s newly inaugurated electronics retail chain, Ureka and its numerous sales outlets.

• Batteries	• Electronics
• Tires	• Rahimafrooz IPS
• Lubricants	• Rahimafrooz UPS

2.4.6 Rahimafrooz Gastech Ltd.

Rahimafrooz Gastech Ltd. (RAGT) was formerly known as Rahimafrooz CNG Ltd. established in 2003. In 2012, the company was rebranded as RAGT to widen its scope of serving more customers in the gas segment of Bangladesh. RAGT operates in the following business areas.

- CNG Conversion and Auto Services
- CNG Sales under Quikfill Brand
- CNG Station Equipment
- Technical Services for CNG equipments and refueling station
- Oil & Gas field Business

2.4.7 Rahimafrooz Renewable Energy Ltd.

Transforming the lives of people and lighting up different corners of the country, Rahimafrooz Renewable Energy Ltd. (RREL) has been providing Solar Energy solutions for households, agriculture, healthcare, education, telecommunication, rural streets and marketplaces, as well as government and private institutions. To date, RREL has lightened up

more than 100,000 rural homes in Bangladesh and the Company is endeavoring to do much more in the future. RREL is also the pioneer in providing solar-hybrid solutions for Telecom Operators' BTS towers and solar powered irrigation systems in Bangladesh.

2.4.8 Rahimafrooz Energy Services Ltd.

Rahimafrooz Energy Services Ltd. (RESL) was established in the year 2000 as a standby, captive and distributed power solution provider. It is a leading name in the diesel generator industry having a customer base of more than 1700. At present the number of RESL installed generators is more than 6500 (20 KVA to 1500 KVA). Its clientele comprises of industrial plants, real estates, hospitals, educational institutions, telecoms, supermarkets, corporate houses, NGOs, embassies and various government establishments.

The company is marketing diesel generators from Ferbo(15 to 2500 KVA), Italy and Mitsubishi Heavy Industries Limited, Japan (650 to 4500 KVA). RESL is also providing Rental Power with both diesel and gas generators. The company is planning to launch Mitsubishi gas generator (1.0 MW) in the near future.

2.4.9 Rahimafrooz Superstores Ltd.

Rahimafrooz Superstores Ltd. (RSL) launched Agora the first ever retail chain in Bangladesh in 2001. Agora promises a valuable shopping experience that provides quality and fresh products at the right price. It aims to consistently provide a remarkably satisfying and valuable shopping experience through a business that improves the quality of life for customers and team members.

With outlets in major locations throughout Dhaka, and many more being planned in Dhaka and other major cities, Agora is endeavoring to fulfill the everyday needs of its customers by providing the right quality, assortment and price through stores of various forms and sizes.

While Agora mainly focuses on food items - ranging from a wide variety of fish, meat, vegetables, fruits, bakery, dairy, and grocery - it also carries a vast array of other grocery, personal care, and various other consumer goods and household utensils.

2.4.10 Rahimafrooz CIC Agro Ltd.

Rahimafrooz CIC Agro Limited (RCAL) is a reflection of Rahimafrooz's vision to be a leader of the best quality produce from 'seed to shelf'. The company was established in June 2011 as a joint venture with CIC Agro Businesses (Private) Limited, a leading company in Sri Lanka.

RCAL aspires to provide farmers with complete agricultural solutions by emphasizing sufficiency through modernization of agriculture production, with particular attention on increased production, processing and value addition. The company is focused on modernizing

& bringing efficiency to Plant Nutrition, Mechanization & Tissue Culture through continuous research & development.

RCAL is committed to –

- The use of appropriate scientific practices and improved technology to develop superior fertilizer, seed & machinery products, thereby meeting market need;
- Engaging competent human resources and providing opportunities to enhance their skills;
- Continually improve the quality of products and services in order to delight customers; and ensuring that products & practices are in compliance with regulatory requirement.

2.4.11 Other Ventures:

Core Knowledge:

Core Knowledge (Core-K) is a new initiative of Rahimafrooz Group. Core-K was started in 2009 with the aim to support the country's vision of Education for All. Through dedication to helping educational and research institutions discover, use, and build upon a wide range of e-content, Core-K's goal is to equip these institutions as best as possible in a digital age where globally education is the most important tool in the 21st century.

MetroNet Bangladesh Ltd. (MBL):

MetroNet Bangladesh Ltd. (MBL) is a joint venture company of Rahimafrooz Bangladesh Ltd. It is the first organization in Bangladesh to install fully digital, fiber optical commercial networking backbone. MBL provides robust data communication services to private sector offices, financial institutions, ATMs, and many other institutions.

RZ Power Ltd. (RZPL):

RZ Power Ltd. (RZPL), a subsidiary of Rahimafrooz, is the lowest cost High Speed Diesel (HSD) power plant connected to the national grid.

Chapter 3:

Retention Management

3.1 Retention Management: A Theoretical Overview

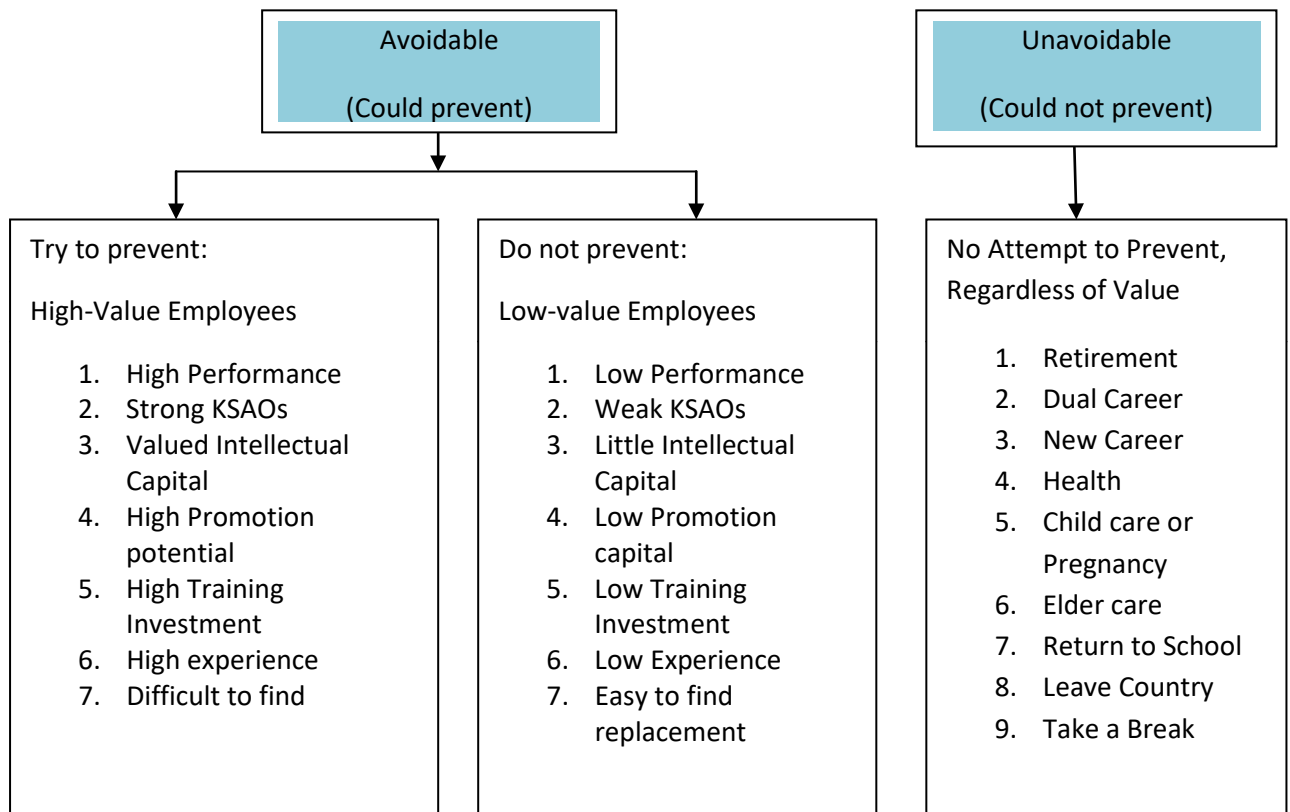
Retention of employees is the final component of an overall staffing system. While some loss of employees is both inevitable and desirable, retention management seeks to keep sufficient numbers and types of employees so that organizational effectiveness is not jeopardized. Management must be based on a thorough analysis of the organizations turnover. The analyses are measuring turnover, determining employees reasons for leaving. The next step is retention initiatives. An effective retention management is necessary for an organization to perform better.

3.1.1 Turnover:

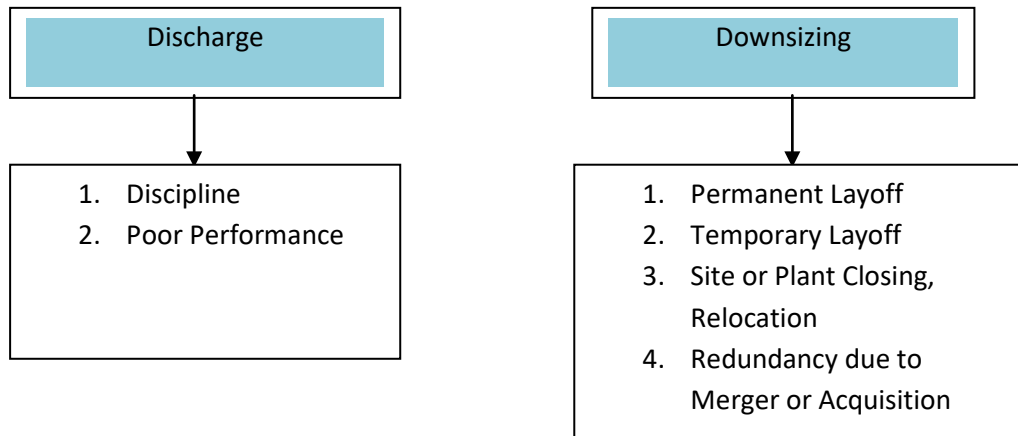
Employee turnover is not only costly but also beneficial to both the organization and the employee. High turnover rate results in high cost for the organization. Extremely low turnover rate hinders the growth of the organizations. Maintaining an optimal turnover rate is beneficial for every organization. Different retention initiatives are practiced to tackle different types of turnover.

Types of Employee Turnover:

A. Voluntary (Employee initiated):

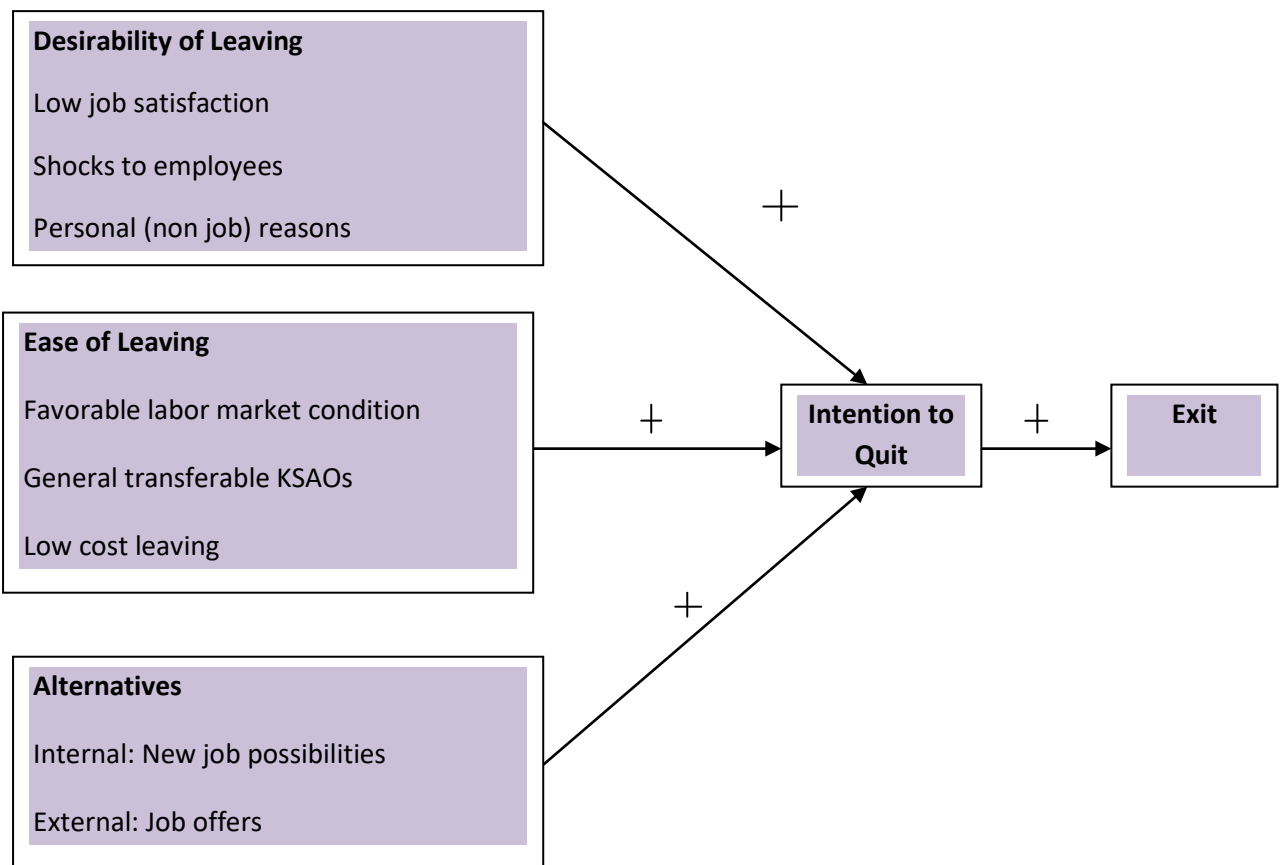


B. Involuntary (Organization initiated):



3.1.2 Causes of Turnover:

Causes (Drivers) of voluntary Turnover:



Causes of Discharge Turnover:

1. Poor person/ job match
2. Unacceptable job performance

Causes of Downsizing Turnover:

Downsizing turnover is a reflection of a staffing level mismatch in which the organization actually is, or is projected to be, overstaffed. Overstaffing may be due to

- 1) A lack of forecasting and planning
- 2) Inaccuracies in forecasting and planning
- 3) Unanticipated change in labor demand and/or labor supply.

3.1.3 Analysis of Turnover:

Analysis of turnover requires that the three types be measured and benchmarked, that specific reasons for employees leaving be identified and that cost and benefits of each type of turnover be assessed.

Formula:

Since turnover involves the discrete action of leaving or staying with the organization, it is expressed as the proportion or percentage of employees who leave the organization in some time period. Thus:

$$\text{Turnover rate} = (\text{Number of employees leaving} / \text{Average number of}) * 100$$

Use of this formula to calculate turnover rates will require data on, and decisions about,

- 1) What is the employees time period if interest (e.g. month, year)
- 2) What is an employee that “counts” (e.g. full time only? Seasonal? Part time?)
- 3) How to calculate the average number of employees over the time period, such as straight or weighted average.

Means for determining reasons for leaving:

1. Exit Interview
2. Post Exit interview
3. Employee Satisfaction Survey

3.1.4 Guidelines for Increasing Job Satisfaction and Retention:

1. Match rewards to employee preferences:

The person/ job match model emphasizes that it is the match between rewards desired by employees and offered by the job that leads to job satisfaction.

2. Make rewards unique:

To have attraction and retention power, reward must be unique and unlikely to be offered by competitors.

3. Rewards must be meaningful:

It is important to provide rewards large and unique enough to be meaningful to the recipient—a “noticeable difference”.

4. Link rewards to retention behaviors:

One retention behavior is simple organization membership – the employees receive the rewards as long as they remain members of the organization. Another retention behavior is seniority, in which the amount of the reward increases with employee’s length of service.

5. Deliver on rewards that are promised:

The organization must live up to its promise and deliver on new rewards or current reward “sweetness”.

6. Reward permanency is important:

While no reward plan is or should be etched in stone, a general intent of reward plan performance is desirable.

7. Remember intrinsic reward:

The sort of intrinsic rewards desired by employees should not be overlooked as potentially important determinants of employee’s decision to stay or quit.

8. Fairness and justice are key:

Employees needs for fair treatment are always present, and justice mechanisms are always in place to ensure that employees indeed continuously experience that the organization’s reward systems are fair.

9. Communicate continuously:

If reward systems are going to increase employee’s job satisfaction, employees must know why the system was developed, the mechanisms of the system, and play outs to be expected.

10. The manager matters:

The employee’s manager may make a difference in retention in several ways. First, the manager he or she can serve as a source of reward or punishment. Second, at the extreme, the manager may engage in abusive or harassing behaviors that are threatening and discomfoting to the employee. Third, managers control many, if not most, of the rewards that employee experiences. Finally, the manager may function as a key communication conduct regarding reward system.

3.1.5 Retention Initiatives:

Ease of Leaving:

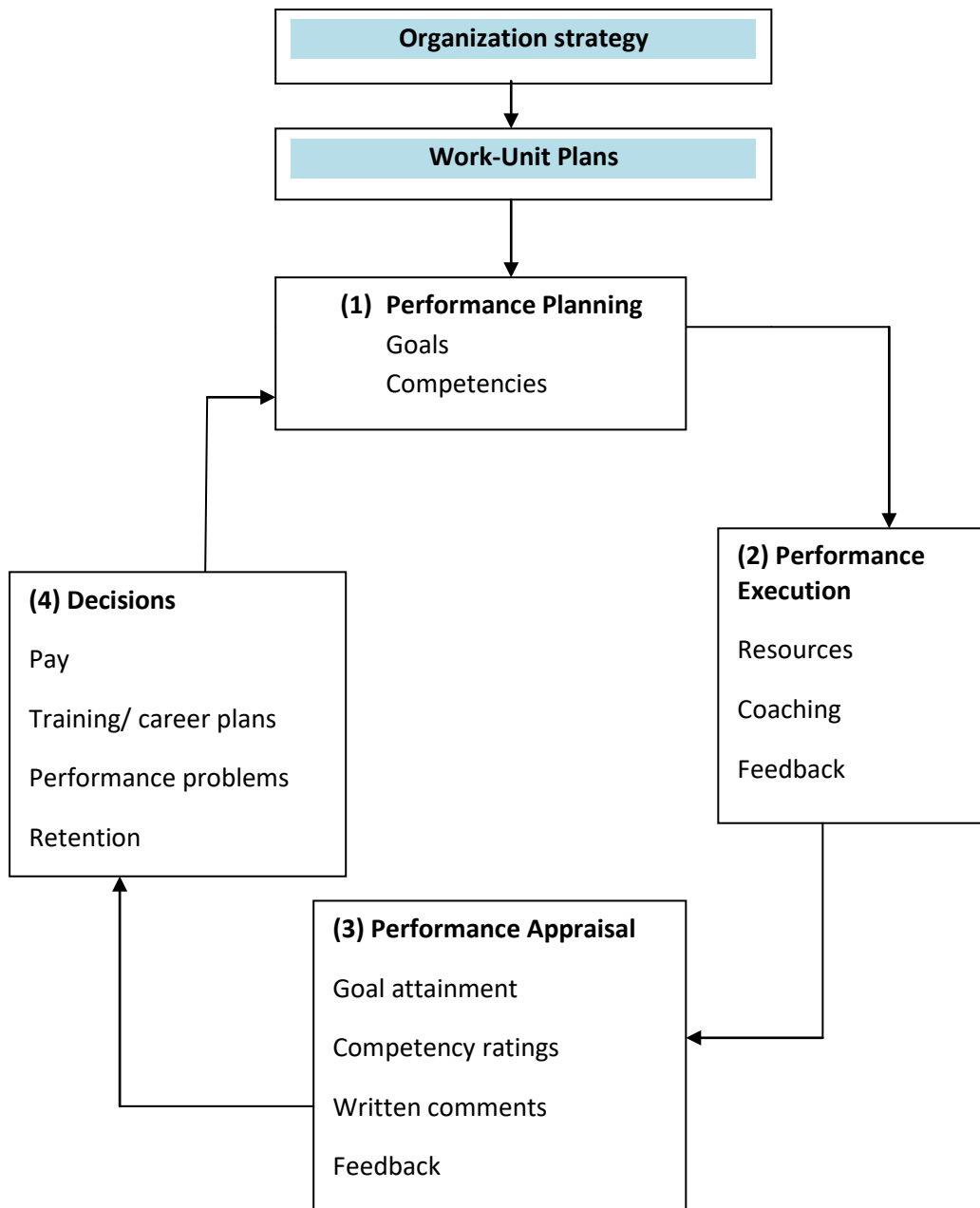
The decision process indicated two-points of attack on ease of leaving – providing organization-specific training and increasing the cost of leaving.

Alternatives:

In confronting outside alternatives available to employees, the organization must fashion ways to make even better internal alternatives available and desirable. Two key ways to do this involve internal staffing and responding to outside job offers.

Performance Management:

Performance Management Process:



Progressive Discipline:

Progressive discipline is another means of tackling discharge turnover. Examples of Misconduct and Penalties are depicted below.

A. Misconduct:

Minor Offence	Moderate Offence	Major Offence
<ul style="list-style-type: none"> • Punctuality • Horseplay • Cleanliness • Computer-personal use • Smoking • Dress code 	<ul style="list-style-type: none"> • Equipment Damage • Misdemeanor (on job) • Harassment • Unsafe behavior • Hostile work environment • Professional standards breach 	<ul style="list-style-type: none"> • Dishonesty • Felony • Sabotage • Theft • Drug/alcohol on job • Firearms/explosives

B. Penalties:

Minor Offence:

First Time	Second Time	Third Time	Fourth time
Oral warning or written reprimand	Written reprimand or suspension	Suspension or discharge	Discharge

Moderate Offence:

First Time	Second Time	Third Time	Fourth time
Written reprimand	Suspension	Longer suspension	Discharge

Major Offence:

First Time	Second Time	Third Time	Fourth time
Suspension or discharge	Discharge	Not applicable	Not applicable

Chapter 4:

Manning Trend line Analysis

4.1 Manning Trend line Analysis:

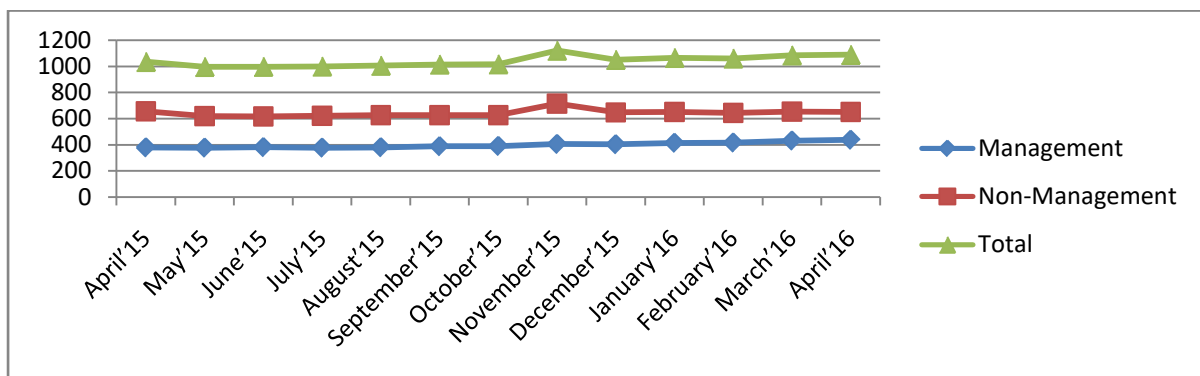
Manning trend line of Rahimafrooz group and its SBUs are analyzed below. The analysis is based on data from April'15 to April'16. Two types of data are analyzed – Management and non-management.

4.2 Rahimafrooz Group:

Manning Trend (Overall Group)

Months	Management	Non-Management	Total
April'15	379	655	1034
May'15	377	619	996
June'15	381	616	997
July'15	377	622	999
August'15	380	625	1005
September'15	388	626	1014
October'15	390	626	1016
November'15	405	715	1120
December'15	403	647	1050
January'16	414	651	1065
February'16	416	644	1060
March'16	431	653	1084
April'16	437	651	1088

Figure 1: Manning Trend Line of Rahimafrooz Group



Statistical Analysis:

	Management	Non-Management
Mean	398	642
Range	379 to 437	616 to 715
Standard Deviation	20.98	26.16

The average number of employees over the time frame is 398. The variability or spread in data is significant. In one year number of employees has increased by 58 at the management level. At the non-management level, there is nominal change at the end of the period of interest with a huge surplus in November and turnover in the next month. This deviation is mainly due to deviation in the manning of RSL. Otherwise, the trend line of Rahimafrooz Group is quite flat. The variability or spread in data is greater at the non-management level than the management level.

Chapter 5:

Retention Initiatives

5.1 Retention Initiatives of Rahimafrooz:

5.1.1 Variable Profit Bonus (VPB):

VPB is linked to segment profit achievement and SBU profit achievement. It manifests performance-based reward. The better performing teams are rewarded more than poor performing teams. It makes the teams motivated to perform better as group. It is powerful driver of segment performance. It gives the people an opportunity to get some added benefit over their basic salary. Eventually, the whole group is benefited. This is one kind of variable pay.

5.1.2 KRA Bonus:

KRA bonus is linked with individual performance. It makes the employee achieve his or her best workplace result. The individual and his/her superior will set the KRA targets. KRA targets should be fixed based on SBU Annual Business Plan and role definition of the employee. KRA bonus is determined on the basis of KRA target achievement.

5.1.3 Festival Bonus:

There are two festival bonuses in a year. Each bonus is equivalent to the basic. An employee is entitled to get the full festival bonus after completing one year of service. If an employee has not completed minimum six months or more than six months, he will be given a bonus on a pro-rata basis for the period completed. His/her festival bonus will be calculated against the amount to be given for completion of 365 days. For example if the person completes 280days then he will get the bonus for those days only. Simple math.

5.1.4 Provident Fund and Gratuity:

There are provisions of provident fund and gratuity. It secures a tension free post retirement life. It created savings for the employees. Every month 10% of the basic salary will be deposited in provident fund account. The company will deposit equal amount of money deposited by the employee. The employee will get gratuity at the end of service with the company. Gratuity = Number of Service Year X The Last basic salary.

5.1.5 Group Insurance:

There is provision of group insurance. The company will pay the premium on behalf of the employee.

5.1.6 Training:

There are ample scopes for training. Training makes an employee feel confident and motivated. It also makes him/her loyal to the company. There is scope of overseas training as well subject to requirement.

5.1.7 Education sponsorship:

There is provision of education sponsorship. If an employee wants to get a professional degree in order to develop his career and the company considers justified then the company will bear the expenses of his education.

5.1.8 Hospitalization Benefit:

The permanent employees and their family (father, mother, spouse and children only) of Rahimafrooz are entitled to hospitalization benefits to a maximum limit of Tk. 35000. It is a compelling retention initiative. Health care benefit is the most preferred reward for any employee of any organization. It removes anxieties and worries of employees and enhances a sense of belongingness among the employees.

5.1.9 Vacation/Holiday Benefits:

It is another top priority benefit among the employees. It provides time for rest and recreation that result in better performance and job satisfaction. In Rahimafrooz Group there is provision of five types of leave.

- a) Casual Leave: The employees are entitled to casual leave with fully pay for ten days in a year.
- b) Sick Leave: the employees are entitled to sick leave with full wages for a total period of fourteen days in a year. Sick leave can be carried forward not exceeding twenty-eight days.
- c) Quarantine Leave: An employee is entitled to quarantine leave for a maximum of three months in case of contagious disease or temporary disability. The leave period can be extended for maximum another three months. After that the person will be considered unfit for job. This is surely a persuasive benefit for the employees.
- d) Annual Leave: Employees who have completed a period of twelve months continuous service shall be allowed during the subsequent period of twelve months leave for twenty days with full wages.
- e) Maternity Leave: A female employee who has completed a minimum of nine months service shall be entitled to enjoy sixteen weeks.

5.1.10 Personal Loan Policy:

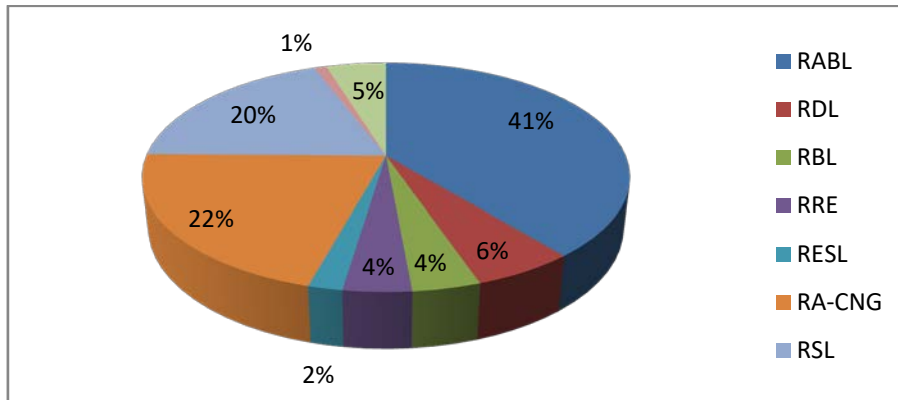
Any permanent employee is eligible for personal loan if he or she works, apart from being confirmed in his or her job, for at least one year to the satisfaction of the management. Personal loan may be sanctioned against security of the employee's Provident Fund and the loan amount shall not exceed the total amount accrued in that fund till the date of application. Repayment of personal Loan must be made in ten equal monthly installments.

5.2 Cost of Employee:

Cost of employee includes salary and other benefits provided to the employees.

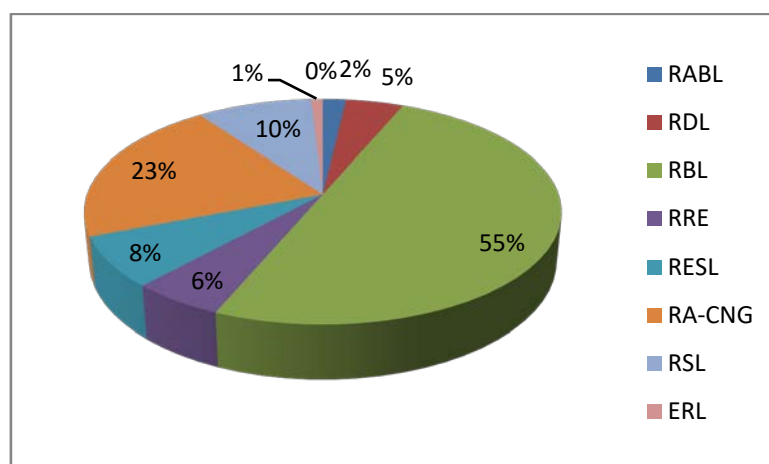
Rahimafrooz incurs quite a good amount of money for the employees. The cost per employee varies from SBU to SBU due to size and qualification of manpower of the respective employees.

Figure 2: Distribution of cost (Management) among SBUs



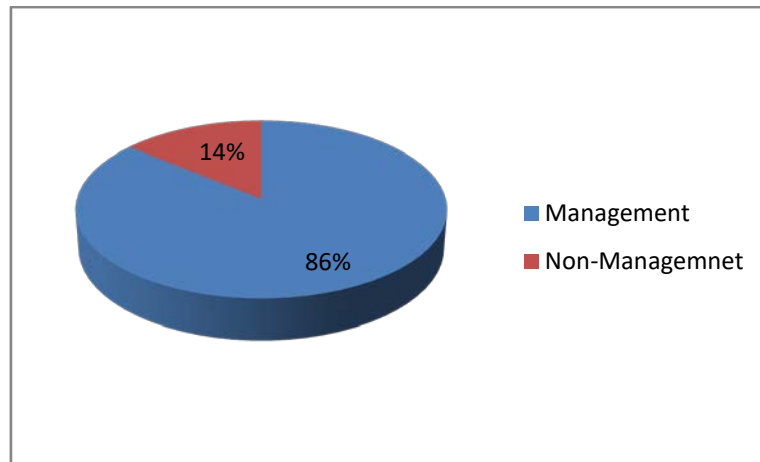
This is the distribution of employees cost (Management) among different SBUs. Highest percentage is attributed to RABL since this is the Head Office of the group. The workforce consists mainly of management staff ERL is only 1%.

Figure 3: Cost (Non-Management) SBU wise



Highest cost (non-management) is incurred on RBL. RBL employs the highest number of non-management employees due to their product type, operation process and production capacity. Rahimafrooz Solar incurs the lowest cost since it is a new venture and workforce is still quite small.

Figure 4: Total Cost (Group)



The overall cost per employee in the group is very compelling for the employee, Using common sense it is not difficult to comprehend that salary range is quite convincing in comparison with the present market situation. But a negative side is the difference between management and non-management level is very big. It should be minimized to some extent considering the market situation and inflation rate.

Chapter 6:

Turnover Analysis

6.1 Turnover Analysis:

Turnover rate measurement and analysis are very important for retention management of any organization. Such data are the foundation for development of strategic retention initiatives. In measuring turnover rate of Rahimafroz Group the following formula has been used.

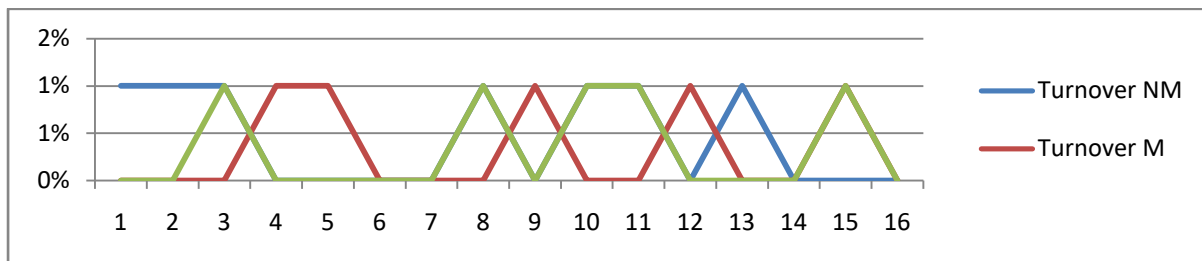
$$\text{Turnover rate} = (\text{number of employees leaving} / \text{Average number of employees}) \times 100$$

Turnover rate:

Turnover Rate

Months	Non-Management	Management	Turnover NM	Turnover M	Total Turnover
January'15	5	0	1%	0%	0%
February	5	0	1%	0%	0%
March	6	1	1%	0%	1%
April	0	3	0%	1%	0%
May	2	2	0%	1%	0%
June	0	0	0%	0%	0%
July	1	0	0%	0%	0%
August	5	1	1%	0%	1%
September	0	3	0%	1%	0%
October	5	1	1%	0%	1%
November	5	1	1%	0%	1%
December	0	2	0%	1%	0%
January	5	0	1%	0%	0%
February	2	1	0%	0%	0%
March	2	5	0%	1%	1%
April'16	0	1	0%	0%	0%

Figure 5: Group Turnover Trend line



The total workforce of the group has been segmented into two group-management and non-management. The time period of interest is January'2015 to April' 2016. A period of 16 months has been taken under the study. The average number of employees has been calculated by dividing the sum of manpower over this period of interest with sixteen. In

turnover calculation only full time employees has been considered. Contractual and part time employees have been excluded.

From the table and the trend line it is clear that overall turnover rate is around 1%, which is very nominal. But the turnover among non-management employees from one month to another month is more than the management employees.

The type of turnover is mainly voluntary. The major reasons of turnover are new job possibilities, personal (non job) reasons, job offers, low cost of leaving, going abroad. The employees are mainly of non-management level. They are skilled or highly skilled.

They have demand in the market. Major portion of the turnover takes place in the outlets of Rahimafrooz.

Though there are ups and downs in the trend line of turn over, the line is below 1% level. It is an extremely positive sign. It manifests effective retention management system in Rahimafrooz. There is hardly any downsizing or discharge.

6.2 Exit Interview:

In the exit interview one thing has been manifested clearly. The people are leaving for better job opportunity. The definition of better job opportunity varies from management to non-management employees. To the management employees it means better position, on the other hand to the non-management employees it means better pay. But they are unanimous in the opinion that Rahimafrooz is a better place to work in terms of culture, environment and pay. But since the turnover rate is low, problem exists in employee mobility- transfer and promotion. It creates dissatisfaction among employees. Time comes when monetary benefits become immaterial. The easy availability of job and low cost of leaving makes the employees leave the job. The problem is acute in competitive market. For example, superstores.

Implication of turnover:

In Rahimafrooz the turnover is basically voluntary. There is hardly any downsizing or discharge; turnover incurs tangible as well intangible cost. The cost varies from management to non-management level. In order to show the implication of voluntary turnover for management and non-management employees the cost of turnover has been figured out.

Turnover Cost:
Financial Cost estimate of One Voluntary turnover (Management)

Separation Costs	Time (Hours)	Cost	Materials and Equipment (Tk.)	Other Cost (Tk.)
HR Manager	1	250		
Employee Manager	3	945		
Accrued paid time off	160	15000		
Processing			1000	
Replacement Cost				
Compensation Difference	160	(8000)		
Staffing Manager	1	250		
Employee Manager	1	315		
Cost per hire				5000
Hiring Bonus		---		
Laptop computer		---		
Recruitment/Selection/Orientation			60000	
Training Cost				
Training program			15000	
Trainee	80	10000		
Productivity/Sales Loss				
Permanent Replacement				400000
Cost of Intangibles		---		
Total Cost		18760	76000	405000

HR Manager:

Time spent by HR Manager in exit interview: 1 Hour

Estimated salary: Tk. 40000

Weekly work hours: 40 hours

Employee Manager:

Time spent by Employee Manager in exit interview and counseling: 3 Hours

Estimated salary: Tk. 50000

Weekly work hours: 40 hours

Accrued paid time off:

Vacation or Sick Pay

Processing:

Making final settlement and other formalities.

Compensation difference:

The benefits given to the leaving employee will be saved. Since the new employee won't be entitled to such benefits.

Staffing Manager and Employee Manager:

The calculation is same as the exit interview.

Recruitment/Selection/orientation:

As per recruitment/selection experts it is 3 times basic salary.

Training Program:

As per training experts per employee in house training cost and external training cost are tk. 5000 and Tk. 15000 respectively. Here the training is considered external.

Permanent replacement cost:

It is considered that it will take minimum six months for the new employee to gain the normal work standard of the old employee. The sr. Sales officer was capable to make sales of Tk. 400000 in six months. This amount is the permanent replacement cost.

Trainee:

Time spent by =the trainee or new employee: 80 Hours.

It is considered that he / she will spend two weeks in the training session. So, the cost is 50% of his monthly salary.

Turnover Cost:

Financial Cost estimate of One Voluntary turnover (Non-Management)

Separation Costs	Time (Hours)	Cost	Materials and Equipment (Tk.)	Other Cost (Tk.)
HR Manager	1	250		
Employee Manager	3	945		
Accrued paid time off	160	10000		
Processing			1000	
Replacement Cost				
Compensation Difference	160	(5000)		
Staffing Manager	1	250		
Employee Manager	1	315		
Cost per hire				5000
Hiring Bonus		---		
Laptop computer		---		
Recruitment/Selection/Orientation			30000	
Training Cost				
Training program			5000	
Trainee	40	2500		
Productivity/Sales Loss				
Permanent Replacement				300000
Cost of Intangibles		---		
Total Cost		9260	36000	305000

HR Manager:

Time spent by HR Manager in exit interview: 1 Hour

Estimated salary: Tk. 40000

Weekly work hours: 40 hours

Employee Manager:

Time spent by Employee Manager in exit interview and counseling: 3 Hours

Estimated salary: Tk. 50000

Weekly work hours: 40 hours

Accrued paid time off:

Vacation or Sick Pay.

Processing:

Making final settlement and other formalities.

Compensation difference:

The benefits given to the leaving employee will be saved. Since the new employee won't be entitled to such benefits.

Staffing Manager and Employee Manager:

The calculation is same as the exit interview.

Recruitment/Selection/orientation:

As per recruitment/selection experts it is 3 times basic salary.

Training Program:

As per training experts per employee in house training cost and external training cost are tk. 5000 and Tk. 15000 respectively. Here the training is considered external.

Permanent replacement cost:

It is considered that it will take minimum six months for the new employee to gain the normal work standard of the old employee. The sr. Sales officer was capable to make sales of Tk. 300000 in six months. This amount is the permanent replacement cost.

Trainee:

Time spent by =the trainee or new employee: 40 Hours.

It is considered that he / she will spent two weeks in the training session. So, the cost is 25% of his monthly salary.

Chapter 7:
Observation
And
Recommendation

7.1 Observation:

1) Culture/ Norms:

Respect for employees of all level exists in rahimafrooz. It is getting a rare phenomenon in most of the local organization. Rahimafrooz has proved itself a caring organization. An employee was involved in battery manufacturing. He went to Pakistan for training at the cost of the company. He was a non-management employee. In an accident at the factory his eyes were affected. He could no longer continue his career in factory. Then he was relocated to RSL in a messenger type position where work is simple.

2) Employee Branding:

Rahimafrooz group tries to attract, develop and retain employees. So far they have emphasized on the later two activities. But now they are getting concerned about attracting talent. They are putting emphasis on employer branding.

3) Work Environment:

A wonderful work environment exists in Rahimafrooz. It has earned the reputation of being a caring organization for the employees. Low turnover rate in manifestation of it. Lot of people has been serving in Rahimafrooz for more than 10 to 15 years. People are hardly fired or discharged unless it is case of major misconduct. Even the under performing are given opportunity to develop themselves.

4) Training:

Training is a common activity in Rahimafrooz. At SBU as well as group level training is conducted round the year. People are sent to overseas training programs.

5) HR Department:

As far as HR is concerned, a culture of acquiring knowledge of modern Human resource practices and implementing them in the organization exists. Senior HR Professionals study about modern HR practices and cascade down the hierarchy. It has made HR play as significant role in the overall organization. Their presence is felt everywhere. They are not confined within traditional administrative role. They are keen to play a proactive strategic role contributing directly to strategy development and implementations. They are committed to drive business excellence and create a rewarding workplace through people.

6) Restructuring:

A restructuring is going on in Rahimafrooz to turn it into an international standard organization in all respect.

7.2 Recommendation:

1. Employee branding is necessary to attract good talent. People know about Rahimfrooz as a leading business firm in terms of their product. But the new graduates of good schools entering into the job market have hardly any knowledge about Rahimafrooz as a workplace. Executive programs like participation in the job fair, seminar/ symposium in leading universities, taking interns, sponsoring different programs in universities etc. one of the reasons of all these is talent attracts talent.
2. To some extent cross SBU and cross-functional transfer can make the employees (Management level) more efficient and dynamic. It will help to uphold the spirit of one Rahimafrooz across the group. It will create group cohesiveness.
3. The immediate superiors should assess training needs. They will then inform the **organizational development/ HR team of the need.**
4. Transport facility should be introduced for employees of all levels.
5. Based on performance one employee from each SBU can be awarded “Employee of the year.”
6. The company should sponsor education/diploma for potential executives with leadership capability.
7. Categorize long service award to the relevant employees.
8. Conduct salary survey each year. It will help to determine competitive salary range.
9. Exit interview/post exit interview should be a mandatory task across the organization.
10. Employees satisfaction survey should be conducted regularly.
11. A complain box for employees accessible only by the CEO should be established at all SBU’s.
12. A retention management policy needs to be formulated.

Chapter 8:

Conclusion

8.1 Conclusion:

Rahimafrooz emerged as a small trading house in 1954. Over last 60 years business expansion, product differentiation and acquisition took place. Rahimafrooz is at the moment one of the leading business houses in Bangladesh. It is a brand name as far as business concern.

Rahimafrooz has proved itself as a caring organization to the existing employees. As a result, apart from some exception, turnover rate is still very low which is less than 5%. Over last one year total manpower of the group has increased by 5%. Overall manning trend line is almost flat. All these manifest compelling retention management practices in Rahimafrooz. But how long will it remain like this? Time is changing. The corporate environment is getting competitive, constant supervision of the environment and application of modern retention management practices are necessary to cope with the competition.

Retention management is the third but the most important phase of staffing. Retention of a competent person is more important than recruitment or selection of the person. The more an employee is competent the difficult it to retain. The manning trend line shows turnover is more at the grade of skilled employee.

Retention management is a systematic analysis of problem-turnover and finding its solution. There opportunity to take proactive action to keep the turnover at a limited level.

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