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Attraction and retention of the employees. A study based on multinationals from Romania

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Abstract

Total reward is a process of human resource management rarely encountered in Romanian entrepreneurial practices. Businesses that are using this concept are often organized in joint-stocks companies with foreign capital. There are also situations where smaller companies provide their employees organizational rewards, applying the idea of total rewards. However, in these cases, business executives, usually make use of this concept in an unrealistic manner. If in Romanian companies total reward, is not even a basic concept, in multinational companies this is a “must have”. It’s the only way to survive on the market. Why? Multinationals usually provide outsourcing activities which must be cheaper in terms of costs compared to the original country of activity.

While attraction of human resources represents the stage that starts with one or more job postings and it ends with new engagements for the organization, retention is "an effort made by the employer to keep employees willing to achieve organizational goals" (Akhtar et al., 2015 in Frank et al., 2004, p. 13).

The purpose of this research it is to discover the typologies of organizational rewards that attract and those which maintain human resources in outsourcing multinationals. This study has focused on two key steps taken from human resource management: attracting candidates to job interviews and maintaining the chosen personnel in companies. The research model was designed so that the two aspects are simultaneously and comparatively analyzed.

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1. Introduction

1.1. What does total reward mean

The ideas behind the total reward concept, have emerged since the eighteenth century. In 1776, the great Scottish economist Adam Smith argued that employees should maximize the "total net benefit" of work, thinking not just in terms of wages, but also taking into account factors such as tolerance, job security and the possibility of having success or failure (Gerhart and Rynes, 2003; Reilly, 2010). Other specialists in the field, such as Michael Armstrong and Hellen Murlis from United Kingdom (Armstrong and Murlis, 2007), said that total reward includes both, extrinsic (for example: salary) and intrinsic rewards (for example: professional satisfaction). American consultants Schuster and Zingheim discussed about total reward as a "philosophy, set of principles, a way of thinking" despite of a simple set of rewarding practices (Reilly, 2010).

Michael Armstrong (2007) it is an adept of the holistic approach to defining the concept of total reward, which "includes all kinds of possible direct and indirect, intrinsic and extrinsic rewards" (Armstrong, 2007, p. 31, in Manus and Graham, 2003). All aspects of employees' rewards are interlinked and treated as a coherent whole (Armstrong, 2007). In Armstrong's vision (2007), the components of the total reward are total remuneration and non-financial rewards (also called "intrinsic").

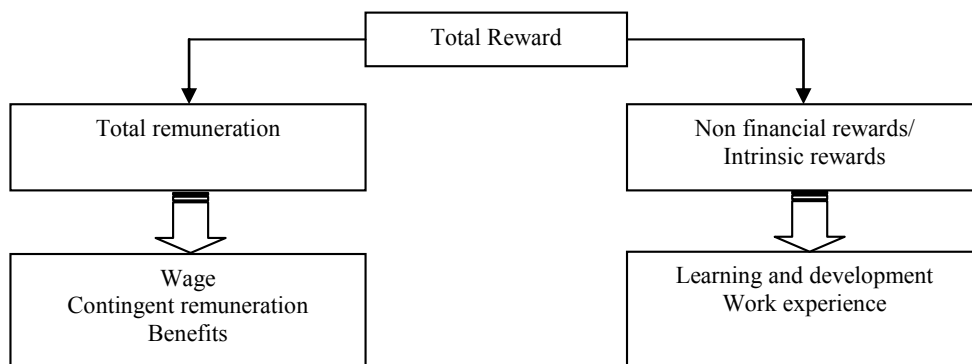


Fig. 1. The components of total reward
(Source: adapting from Armstrong, 2010, p. 32)

Michael Armstrong promotes the holistic character of total reward, saying that there are no reward mechanisms that operate in isolation but, on the contrary, all the ways in which people can be rewarded for their conduct which leads to work satisfaction. The aim of total reward is "to maximize the impact of combining a wide range of initiatives for motivation, commitment and involvement in the workplace" (Armstrong, 2010, p. 32).

1.2. Attraction and retention of the employees. Ways to organizational success?

The attraction of the workforce it is an important part of the organization's performance, and it is usually starts by launching a job, and it is finished with new employments. In the selection process, people find useful details about the company, which ultimately influence the final choice of employment (Boswell et al., 2011, in Chapman et al., 2005). The information presented to the candidates at this time also includes the organizational rewards offered, and certainly marks its decision on employment. People balance everything they know about jobs from similar positions to those of the company that wants to attract them (Boswell et al., 2011, in Ryes and Cable, 2003).

Boswell et al. (2011) recommend the following elements for the process of attracting human resources to organizations (Boswell et al., 2011):

- Pay;
- Benefits;
- Work- life equilibrium;
- Performance and recognition;
- Development and career opportunities.

Maintaining valuable human resources in companies, represent a real challenge, and employers' willingness to provide attractive organizational rewards relying on career development, often compels competing businesses to review employee retention strategies (Kantar et al., 2015). When companies want to maintain employees for long periods of time, there is a need to create an environment where staff is rely on job security (Akhtar et al., 2015 in Chaminde, 2007). Other researchers are agreeing

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