

**“A STUDY ON EMPLOYEES RETENTION STRATEGY WITH SPECIAL
REFERENCE TO SELECT MANUFACTURING SECTOR”.**

Dr. Shilpa Ajay

*Associate Professor, Department of Management Studies, Nitte Meenakshi Institute of
Technology, Yelahanka, Bengaluru-64*

Abstract:

Retention of employees is an important function of the HRM. Top management have to take serious effort to retain their talented employees otherwise, the competitors are likely to attract talent that you have already nurtured in the company over a period of time. A careful strategy for crafting and implementing employee retention strategies is the important responsibility and top priority by the management. This paper discusses the present strategies adopted by the company and the satisfaction level of employees towards these strategies. The study also tries to know the impact of monetary and nonmonetary strategy adopted by the company on employee retention.

Key words: Employees, Retention, satisfaction

Introduction:

Employee retention refers to the ability of an organization to retain its employees. This new millennium is witnessing intense competition which is profoundly impacting the business environment. The emerging new economy, in which services, communications and information technologies play a significant role, has created new avenues for developing countries endowed with skilled workers. Competition among business houses is high due to fast track innovations, shorter product cycles, and ever fast changing markets due to various demands of the customers. Liberalization across border has also taken place moving towards globalization. Today's organizations are undergoing constant and substantial change due to many internal and external forces. These changes are impacting on the inter and intra organizational career mobility of managers and employees. Under such circumstances talent retention has become a big problem for the business and organizations. The uncertainties of a changing economy, increasing competition and diversity in the workplace have compelled the organizations to hold on to their top performers at whatever cost they have to pay. It is very difficult task for the recruiters to hire professionals with right skills set all over again. Thus the focus has shifted from numbers to quality and from recruitment to retention. In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organisational knowledge. Every organization invests time and money to groom a new joiner, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

Review of Literature

Malvern W. Chiboiwa (2010) conducted a research on major private sector medical laboratory company in Zimbabwe and was aimed at achieving the following objectives: identify the causes of employee turnover in the organization, examine the current retention practices in the organization, establish the effectiveness of the practices, and attempt a workable retention practice that could reduce the high rate of employee turnover in the organization. Qualitative research design was employed using structured interviews as well as administering research questionnaire to all category of employees. The result of the research showed that labour turnover is higher amongst non-managerial employees. Similarly, majority of the employees would soon quit the organization and lastly, the high rate of employee turnover in the organization is largely attributed to poor reward system administration.

Maya Michaelson (2009): A special interest is taken in employees' learning, because this is seen as a retention supporting activity. The results show a large positive contribution of appreciation and stimulation of the employee to employee retention. This result is consistent with findings of earlier research. However, the retention benefits arising from personal development offer new possibilities when attempting to enhance employee retention. This study also showed that individual differences influence employee retention. Leadership skills and seniority have a positive relationship with employee retention and the level of readiness and initiative regarding learning is negatively related to retention.

Muhammad Hassan (2011) Employee retention is the vital challenge in all organizations. This papers focus on one industry that is the leather industry of Pakistan which is facing the same problem of retention of employees due to many reasons. As Leather industry is the third largest export earning sector in Pakistan so these reasons are discussed in detail. The turnover rate in Leather Industry of Pakistan is around 25 – 30% annually, its observed that mostly second line managers change their job's for high salaries offer, recognition, authority and also to seek for more knowledge and to get more competitive edge in terms of processing; In tanneries its critical and alarming because of the process and article secrecy. In order to achieve competitive advantage, maximum utilization of resources and to get organizational efficiency employees must be retained in a true spirit in order to cope with all these conditions. In this paper the authors tried to know the reasons behind this dilemma that how employees can be retained and some suggestions were given to deal with it. One edge of this paper is that one of the author belongs to the same industry i.e. leather industry.

Claire Crutchley (2008)When companies pay bonuses to employees of bankrupt companies to stay with the firm, popular press often describes this as greedy managers expropriating the last bit of wealth from shareholders. In addition, research has found that, on average, retaining pre-bankruptcy management has negative consequences. Nevertheless, the incidence of these retention plans has been growing. In this paper, we study key employee retention plans (KERPs) and the corporate environment which allows the payment of a KERP. We find no evidence that the companies that declare KERPs have poor corporate governance or overpay top executives. Instead, we find these companies are very similar to non-KERP bankrupt companies, both before and in resolution of bankruptcy. The main difference between the two samples is that KERP companies are larger and from industries that are more employee-driven, such as wholesale and retail. We find that KERPS do not

speed up the bankruptcy process, but instead companies with KERPs spend more time in bankruptcy.

Klara Nelson (2009) Illuminates significant relationships between three major knowledge management (KM) design dimensions and the perceived ability of 150 organizations to retain their knowledge workers. Knowledge worker retention is a critical challenge for today's organizations as they face increasing global competition with its demands for even more such workers, while dramatically shifting workforce demographics hasten their exit. KM design initiatives that accelerate knowledge creation, acquisition, and particularly knowledge capture, sharing and retention, are receiving unprecedented levels of investment as a result. While many factors impact organization financial performance, this research indicates that successful knowledge worker retention is significantly related with higher reported financial performance. The implications of these results are noted.

Methodology

Objectives of the Study

- The main objective of the study is to know the existing retention strategy adopted by the organization. The study also tries to know the impact of monetary and nonmonetary strategy on employee retention. This study also tries to understand the top level management perspective for the retention of talent resources in the company

Scope of the study

The study has been conducted with respect to employee retention system existing in the organization which is useful to retain the efficient employees by an organization. Therefore, the management can update the retain strategy with necessary changes.

Sample Design

For the study purpose, the researcher has taken 115 employees as the sample size working in various departments of the Pushpak Company, Bangalore. Simple Random Sampling method was adopted for the data collection.

Data collection

The primary data were collected mainly using the structured questionnaire. These questionnaires were given to employees. Well structured objective based questionnaire were designed using likert scale and ordinal scale questions. Secondary data is collected through various sources Company website and brochure, journals and management books, websites etc.

Data Analysis:

Collected data for the study using questionnaire was feed to the SPSS software and analyzed the data using correlation and descriptive statistics.

Result and Discussion:

The different variables have been considered for the study is:

M10	Basic Salary
M11	Dearness Allowances
M12	House Rent Allowance
M13	Bonus
M14	Travel Allowance
M15	Yearly Increments
M16	City compensation Allowance
M17	Incentives

Table no 1: Correlation analysis on Employee Compensation Retention Strategy Rating

		Correlations							
		M10Compensation	M11	M12	M13	M14	M15	M16	M17
M10Compensation	Pearson Correlation	1	.057	-.030	.450**	-.047	-.018	-.010	-.080
	Sig. (2-tailed)		.562	.762	.000	.634	.858	.920	.418
	N	105	105	105	105	105	105	105	105
M11	Pearson Correlation	.057	1	.019	-.045	.039	-.148	-.079	.028
	Sig. (2-tailed)	.562		.846	.647	.693	.131	.420	.776
	N	105	105	105	105	105	105	105	105
M12	Pearson Correlation	-.030	.019	1	-.081	.010	.040	.140	-.059
	Sig. (2-tailed)	.762	.846		.411	.922	.687	.155	.548
	N	105	105	105	105	105	105	105	105
M13	Pearson Correlation	.450**	-.045	-.081	1	.023	-.053	-.005	.081
	Sig. (2-tailed)	.000	.647	.411		.820	.590	.960	.409
	N	105	105	105	105	105	105	105	105
M14	Pearson Correlation	-.047	.039	.010	.023	1	.176	-.080	-.069
	Sig. (2-tailed)	.634	.693	.922	.820		.072	.418	.484
	N	105	105	105	105	105	105	105	105
M15	Pearson Correlation	-.018	-.148	.040	-.053	.176	1	-.030	.069
	Sig. (2-tailed)	.858	.131	.687	.590	.072		.761	.484
	N	105	105	105	105	105	105	105	105
M16	Pearson Correlation	-.010	-.079	.140	-.005	-.080	-.030	1	-.180
	Sig. (2-tailed)	.920	.420	.155	.960	.418	.761		.066

	N	105	105	105	105	105	105	105	105
	Pearson								
	Correlation	-.080	.028	-.059	.081	-.069	.069	-.180	1
	Sig. (2-tailed)	.418	.776	.548	.409	.484	.484	.066	
M17	N	105	105	105	105	105	105	105	105

** Correlation is significant at the 0.01 level (2-tailed).

A Pearson correlation coefficient was computed to assess the Monetary Compensation retention strategy. In the above table Basic Salary, DA, Bonus (M10, M11&M13) there is a positive correlation in the variables. Overall, there is a strong, positive correlation where in employees are satisfied with Basic salary, DA& bonus which helps the company to retain the employees in the organization

Table No 2: Employee Satisfaction towards non-monetary strategy

The different variables have been considered for the study is:

N11	Leave Policy
N12	Flexible Working Hours
N13	Overtime Policy
N14	Insurance
N15	Medical facility
N16	Career Advancement Opportunity
N17	Acquire New Skills and Knowledge
N18	Benefits (like tea, coffee) provided by Company

Correlations

		N11Noncom pensation	N12	N13	N14	N15	N16	N17	N18
N11Noncompensati on	Pearson	1	.027	.156	.069	.111	.147	.143	-.125
	Correlation								
	Sig. (2-tailed)		.787	.111	.487	.259	.134	.145	.204
	N	105	105	105	105	105	105	105	105
N12	Pearson	.027	1	.082	.107	.050	.032	.127	.067
	Correlation								
	Sig. (2-tailed)	.787		.405	.277	.613	.745	.198	.499
	N	105	105	105	105	105	105	105	105
N13	Pearson	.156	.082	1	.301**	.088	.046	.126	.041
	Correlation								
	Sig. (2-tailed)	.111	.405		.002	.370	.640	.200	.677
	N	105	105	105	105	105	105	105	105
N14	Pearson	-.069	.107	-.301**	1	-.024	-.003	-.009	.095
	Correlation								
	Sig. (2-tailed)	.487	.277	.002		.812	.979	.927	.333
	N	105	105	105	105	105	105	105	105
N15	Pearson	-.111	.050	-.088	-.024	1	-.047	.067	-.098
	Correlation								
	Sig. (2-tailed)	.259	.613	.370	.812		.633	.499	.321

N16	N	105	105	105	105	105	105	105	105
	Pearson								
	Correlation	-.147	-.032	-.046	-.003	-.047	1	-.056	.102
	Sig. (2-tailed)	.134	.745	.640	.979	.633		.570	.300
N17	N	105	105	105	105	105	105	105	105
	Pearson								
	Correlation	-.143	-.127	-.126	.009	.067	-.056	1	-.053
	Sig. (2-tailed)	.145	.198	.200	.927	.499	.570		.591
N18	N	105	105	105	105	105	105	105	105
	Pearson								
	Correlation	.125	.067	.041	.095	-.098	.102	-.053	1
	Sig. (2-tailed)	.204	.499	.677	.333	.321	.300	.591	
	N	105	105	105	105	105	105	105	105

** . Correlation is significant at the 0.01 level (2-tailed).

A Pearson correlation coefficient was computed to assess the Non-Monetary Compensation retention strategy in the above table Insurance, Medical Facility, Career Advancement Opportunity, Acquire New Skills and knowledge there is a high negative correlation in the variables. Where in employees are not ok with the non-monetary compensation of the retention strategy

Table NO 3: Job opinion of employee

The different variables have been considered for the study is:

EE1	Job Security.
EE2	Promotion opportunities.
EE3	Welfare Measures.
EE4	Working Environment.
EE5	Job Rotation and New Assignments.
EE6	Help in Career Development.
EE7	Location transfer Opportunities with promotion
EE8	Training & Development programs.
EE9	Rewards & Recognition.

Correlations									
	EE1	EE2	EE3	EE4	EE5	EE6	EE7	EE8	EE9
EE1	Pearson Correlation	1	.013	.012	-.093	-.041	-.100	-.123	-.081
	Sig. (2-tailed)		.896	.903	.345	.680	.308	.212	.410
	N	105	105	105	105	105	105	105	105
EE2	Pearson Correlation	.013	1	.102	-.104	.151	.048	-.149	.298**
	Sig. (2-tailed)	.896		.298	.293	.124	.625	.128	.002
	N	105	105	105	105	105	105	105	105
EE3	Pearson Correlation	.012	.102	1	.015	-.133	-.072	.037	.085
	Sig. (2-tailed)	.903	.298		.877	.175	.466	.706	.386
	N	105	105	105	105	105	105	105	105

	Pearson Correlation	-.093	-.104	.015	1	.008	-.038	.072	.015	.028
EE4	Sig. (2-tailed)	.345	.293	.877		.932	.699	.468	.876	.775
	N	105	105	105	105	105	105	105	105	105
	Pearson Correlation	-.041	.151	-.133	.008	1	.064	.017	.150	.008
EE5	Sig. (2-tailed)	.680	.124	.175	.932		.515	.862	.126	.936
	N	105	105	105	105	105	105	105	105	105
	Pearson Correlation	-.100	.048	-.072	-.038	.064	1	-.087	.018	.128
EE6	Sig. (2-tailed)	.308	.625	.466	.699	.515		.376	.855	.194
	N	105	105	105	105	105	105	105	105	105
	Pearson Correlation	-.123	-.149	.037	.072	.017	-.087	1	-.010	.022
EE7	Sig. (2-tailed)	.212	.128	.706	.468	.862	.376		.916	.822
	N	105	105	105	105	105	105	105	105	105
	Pearson Correlation	-.081	.298**	.085	.015	.150	.018	-.010	1	.190
EE8	Sig. (2-tailed)	.410	.002	.386	.876	.126	.855	.916		.052
	N	105	105	105	105	105	105	105	105	105
	Pearson Correlation	-.041	-.004	.049	.028	.008	.128	.022	.190	1
EE9	Sig. (2-tailed)	.678	.971	.621	.775	.936	.194	.822	.052	
	N	105	105	105	105	105	105	105	105	105

** . Correlation is significant at the 0.01 level (2-tailed).

A Pearson correlation coefficient was computed to assess the overall of the employee job. In the above table (EE1,EE2,EE3) There is a low positive correlation in the variables. Where in employees are positively confident regarding job security, welfare measures which motivates them to stay in the same organization.

Table No 4: Perception towards Organizational Culture

The different variables have been considered for the study is

ER 1	The working environment is open & trustworthy.
ER 2	Morale in the company is high.
ER 3	Supervisors do spend good deal of time in listening to employee's ideas.
ER 4	Employees are allowed to take responsibility and authority.
ER 5	Organization provides scope for better career development plans.
ER 6	Organization recognizes human values and culture.
ER 7	Communication is effective at all levels.
ER 8	Safe working environment is provided.
ER 9	Good Relationship With employees
ER10	Rewards And Recognition
ER11	Infrastructure
ER12	Work Schedule
ER13	Company Policy And Procedure
ER 14	Availability Of Promotion Opportunity
ER 15	Job Security
ER 16	Statutory benefit
ER 17	Motivation for the Employees
ER 18	Rate Of The Appraisal System

		Correlations							
		ER1	ER2	ER3	ER4	ER6	ER5	ER7	ER8
ER1	Pearson	1	.218	.282	.218	.356	.089	-.048	.089
	Correlation								
	Sig. (2-tailed)		.545	.430	.545	.312	.807	.896	.807
ER2	N	10	10	10	10	10	10	10	10
	Pearson	.218	1	.922**	.048	.758*	-.175	.717*	-.467
	Correlation								
ER3	Sig. (2-tailed)	.545		.000	.896	.011	.629	.020	.174
	N	10	10	10	10	10	10	10	10
	Pearson	.282	.922**	1	.215	.791**	.000	.845**	-.527
ER4	Correlation								
	Sig. (2-tailed)	.430	.000		.551	.006	1.000	.002	.117
	N	10	10	10	10	10	10	10	10
ER6	Pearson	.218	.048	.215	1	-.068	.068	.145	.068
	Correlation								
	Sig. (2-tailed)	.545	.896	.551		.852	.852	.688	.852
ER5	N	10	10	10	10	10	10	10	10
	Pearson	.356	.758*	.791**	-.068	1	-.167	.535	-.167
	Correlation								
ER7	Sig. (2-tailed)	.312	.011	.006	.852		.645	.111	.645
	N	10	10	10	10	10	10	10	10
	Pearson	.089	-.175	.000	.068	-.167	1	-.089	-.667*
ER8	Correlation								
	Sig. (2-tailed)	.807	.629	1.000	.852	.645		.807	.035
	N	10	10	10	10	10	10	10	10
ER6	Pearson	-.048	.717*	.845**	.145	.535	-.089	1	-.535
	Correlation								
	Sig. (2-tailed)	.896	.020	.002	.688	.111	.807		.111
ER7	N	10	10	10	10	10	10	10	10
	Pearson	.089	-.467	-.527	.068	-.167	-.667*	-.535	1
	Correlation								
ER8	Sig. (2-tailed)	.807	.174	.117	.852	.645	.035	.111	
	N	10	10	10	10	10	10	10	10
	Pearson								

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

A Pearson correlation coefficient was computed to assess the employer perception towards organization Culture. In the above table, there is a positive correlation in the variables. Where in employees are positively confident regarding job & organization culture in the company

Table No 5: Employee perception towards retention program

Correlations										
	ER9	ER10	ER11	ER12	ER13	ER14	ER15	ER16	ER17	ER18
ER9	Pearson	1	-.327	-.612	.000	.327	.500	.408	.102	.250
	Correlation									.000
	Sig. (2-tailed)		.356	.060	1.000	.356	.141	.242	.779	.486
ER10	N	10	10	10	10	10	10	10	10	10
	Pearson	-.327	1	-.356	.218	-.524	-.218	-.356	.356	-.764*
	Correlation									-.218
ER11	Sig. (2-tailed)	.356		.312	.545	.120	.545	.312	.312	.010
	N	10	10	10	10	10	10	10	10	10
	Pearson	-.612	-.356	1	-.408	-.089	-.408	-.250	-.583	.612
ER12	Correlation									.408
	Sig. (2-tailed)	.060	.312		.242	.807	.242	.486	.077	.060
	N	10	10	10	10	10	10	10	10	10
ER13	Pearson	.000	.218	-.408	1	.218	-.200	.000	.816**	-.500
	Correlation									-.200
	Sig. (2-tailed)	1.000	.545	.242		.545	.580	1.000	.004	.141
ER14	N	10	10	10	10	10	10	10	10	10
	Pearson	.327	-.524	-.089	.218	1	.655*	.802**	.089	.218
	Correlation									.218
ER15	Sig. (2-tailed)	.356	.120	.807	.545		.040	.005	.807	.545
	N	10	10	10	10	10	10	10	10	10
	Pearson	.500	-.218	-.408	-.200	.655*	1	.816**	.000	.000
ER16	Correlation									.200
	Sig. (2-tailed)	.141	.545	.242	.580	.040		.004	1.000	1.000
	N	10	10	10	10	10	10	10	10	10
ER17	Pearson	.408	-.356	-.250	.000	.802**	.816**	1	.250	.102
	Correlation									.000
	Sig. (2-tailed)	.242	.312	.486	1.000	.005	.004		.486	.779
ER18	N	10	10	10	10	10	10	10	10	10
	Pearson	.102	.356	-.583	.816**	.089	.000	.250	1	-.612
	Correlation									-.408
ER19	Sig. (2-tailed)	.779	.312	.077	.004	.807	1.000	.486		.060
	N	10	10	10	10	10	10	10	10	10
	Pearson	.250	-.764*	.612	-.500	.218	.000	.102	-.612	1
ER20	Correlation									.500
	Sig. (2-tailed)	.486	.010	.060	.141	.545	1.000	.779	.060	
	N	10	10	10	10	10	10	10	10	10
ER21	Pearson	.000	-.218	.408	-.200	.218	.200	.000	-.408	.500
	Correlation									1
	Sig. (2-tailed)	1.000	.545	.242	.580	.545	.580	1.000	.242	.141
ER22	N	10	10	10	10	10	10	10	10	10

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

A Pearson correlation coefficient was computed to assess the employer perception towards specified retention problems. In the above table (ER10, ER11) There is a negative correlation in the variables. Where in employers are facing problem in rewards and recognition, infrastructure in the existing retention strategy and the rest of the question variables are moderately positive.

Conclusion:

Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. They need transparent work environment to work in. In a transparent environment where employees get a sense of achievement and belongingness, where they can best utilize their potential and realize their skills. They love to be the essential part of such organization and the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth. The management has simply to concretize people and live them alone with an environment in which they find it possible it behaves appropriately, identify the problem, appreciate the need to resolve it, identify the factors and contributing to the problem and behave in ways that would either eliminate the casual variables or reduce their influence on the problems. Though slow, the process of concretization is sure to produce the desired results conducted in proper ways.

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