

A Study on Factors Determining Employee Retention and its Impact on Job Satisfaction in Dharani Sugars and Chemicals Ltd at Vasudevanallur

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ABSTRACT

Employee Retention plays a crucial role in determining the long-term health and success of any firm. Failure to retain the best employees may lead to costly propositions for the organization. Recruiting knowledgeable candidates for the job is essential, but retaining them is even more important than recruiting. The study involves the factors affecting employee retention and the measures adapted by the management to improvise it. It further analyzes the employees' satisfaction towards organization's efforts in retention strategies. The study being descriptive in nature which comprised of hundred respondents, stratified random sampling of probability method was used. The data collected were examined using Chi- Square, Weighted Average and Percentage analysis. From the collected data it was revealed that the majority of employees were highly satisfied in maintaining good relationship with the management. Few suggestions are provided to the management to increase the retention of employees in the organization. To explain the topic better, Dharani Sugars and Chemicals Ltd at Vasudevanallur was chosen as an example.

Keywords: Employee Retention, Hiring, Job satisfaction.

INTRODUCTION:

Employee Retention plays a crucial role in determining the long-term health and success of any firm. Failure to retain the best employees may lead to costly propositions for the organization. Recruiting knowledgeable candidates for the job is essential, but retaining them is even more important than recruiting. The study involves the factors affecting employee retention and the measures adapted by the management to improvise it. It further analyzes the employees' satisfaction towards organization's efforts in retention strategies.

Employee Retention involves taking measures to encourage employee to retain in the organization for the maximum period of time. Corporate is facing a lot of problems in employee retention these days. Hiring knowledge people for the job is essential for an employer. But retention is even more important than hiring. There is no dearth of opportunity for a talented person. There is much organization, which is looking for such employees. If a person is not satisfied by the job he's doing, he may switch environment it becomes very important for organizations to retain their employee.

Employee Retention is a process in which employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee.

Key employee retention is critical to the long term health and success of business. Managers readily agree that retaining the best employees ensures customer satisfaction, product sales, satisfied co-workers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Employee Retention matters, organizational issues such as training time and investment, lost knowledge, mourning, insecure co-workers and costly candidate search aside, failing to retain a key employee is costly. Various estimates suggest that losing a middle manager costs an organization up to 100% of employee's salary. The loss of senior executives even more costly.

Employee Retention is one of the primary measures of the health of the organization. If you are losing critical staff members, you can safely bet that other people in their department are looking as well. Exit Interviews with departing employees provide valuable information to retain the remaining staff.

STATEMENT OF THE PROBLEM:

The aim of the present report is to study factors like salary, superior – subordinate relationship, growth, opportunities, facilities, policies and procedures, suggestion, co-worker by which it help to know the retention level in the organization and factors relating to retain them. This study helps to find out where the organization is lagging in retaining.

OBJECTIVES OF THE STUDY:

- To study the factors affecting employee retention.
- To know about the strategies employed by the company to improve the rate of employee retention.
- To examine the level of employee satisfaction with regard to employee retention.

SCOPE FOR THE STUDY:

This study entitle “Employee retention” in banking sector. This study is conducted to analyse the relationship of various factors with absenteeism like behaviour changes, technology, business condition etc. This study need to know the employees retention in the concern. Employee retention helps to reduce the acquisition cost such as the process of outsourcing, recruiting and providing training to the new employees in much cost than retaining the existing employees. If an effective retention strategy is adopted the company also earn goodwill among the customer.

REVIEW OF LITERATURE:

Marx (2005) stated the effort to retain the best personnel begins with recruiting. Attracting and retaining the best people are not two different things, but are the same thing. Both require creating and maintaining a positive reputation, internally as well as externally. Employers must be honest with the recruit about the beliefs, expectations, organizational culture, demands, and opportunities within the organization. By representing the organization realistically, a department will attract those who will be content working within the culture. you must take time during the hiring process to make wise decisions. The employer must be candid about the working conditions, responsibilities, opportunities and other details to reduce the chances of making hiring mistakes.

Carney (2005) believed that the key to employee retention is quite simple to communicate. Communication with the employees must begin early on in the relationship. He believes that the imprinting period of a new employee is probably less than two weeks. Employers must engage the employee early on by sharing how important the job they do is. It revealed that communication must begin early in the employer/employee relationship. Organizational values and culture must be made clear to all employees and their importance within the organization must be continually emphasized.

Mendonsa (2005) demonstrated that training can help revitalize personnel. For an increasing number of people, the chance to learn new skills is a significant personal goal for both the career opportunities education can provide and for the chance to do something a little different. Training emphasizes to the employee that they are valued and respected. This in turn to increased loyalty and retention.

Lee (2006) described the strategy for attracting and retaining employees consists in crafting the ultimate compensation and benefits package, along with instituting an employee appreciation and recognition program. Companies that attract and retain employees are talent magnets; these are the employers of choice for highly talented people. These employers know the key to attracting and retaining quality employees isn't compensation and benefits packages or programs. The key is how well they address four critical areas: 1. a company's reputation; 2. the quality of internal operations; 3; how well the management team treats employees; 4. the ability to satisfy the needs of internal customers.

Arthur (2006) explained about one of the most productive methods for retaining Top Talent is to ask for employees for their suggestions. Successful suggestion programs encourage ideas from employees at every level and provide quick feedback to everyone who submits an idea. In turn, the more idea you are able to implement, the more motivated the workforce will become. And the more Company will benefit.

Panoch (2006) stated that Companies today are interested in retaining valuable employees and good employees are increasingly becoming more difficult to find. In this continually changing global economy, business needs to understand and utilize key concepts concerning employee retention. Retention matters because high turnover creates high replacement costs and is clearly associated with low levels of customer satisfaction, customer loyalty, and lost revenues. Retention is particularly challenging today due to an aging work force and a growing imbalance in the supply and demand of qualified personnel.

Borkowski (2007) demonstrated that in addition to group belonging employee expectations of the organization play a key role in motivating employees. Victor Vroom's theory of employee motivation is referred to as expectancy theory. Expectancy theory argues that individuals make conscious decisions to maximize pleasure and minimize pain in every aspect of their lives. Vroom states the way an individual responds to work is unique to a given individual and for that reason, motivation is much more complex than earlier theories indicate. Vroom states that an individual's performance is linked to many factors, such as skills and experience, as well as their personality and desire to accomplish the agency's objectives. The main tenants of Vroom's theory state that people will perform better if there is a desirable outcome or reward. The reward must be something that is not only desirable but also something that will make the effort exerted worthwhile.

Agrusa & Lema (2007) suggested that the incentive packages used to retain employees not only include higher wages, but also retirement programs, free meals, paid vacations, uniforms, and paid time off, in addition to other incentives.

Moncarz (2008) indicated in a 1993 study by the US Department of Labour on high performance work practices revealed that involving employees in the decision-making, goals and the direction of an organization through participation in teams will help produce job satisfaction and reduce turnover. Rewards do not necessarily have to be financial to be motivational. Empirical studies of lodging properties in Central Florida confirmed that hourly employee retention was predicted by self-fulfillment and working conditions over monetary rewards.

Chikwe (2008) described the key to reducing turnover seems to be finding out what motivates employees to leave a job. Described the success of any business rests in the hands of its employees, from profitability and productivity to recruitment and retention. To maintain a stable workforce, employers must actively engage their employees in different retention activities. These can range from customized compensation packages to the age-old family picnic. Whatever the case, people need to feel wanted, valued and appreciated.

Spiro (2009) stated that Employees are looking for alternatives because of their collective desire to improve the balance between work and family. If do not provide them, someone else will. Instead of a traditional vacation policy, the company lets employees take time off from a leave bank, in which they can accumulate as many as 60 days off to use as they see fit. This policy has helped with employee retention, particularly by making it easier for female employees starting families to take time off and ultimately return to work.

HYPOTHESES OF THE STUDY:

Hypothesis 1:

H0: There is no association between Educational Qualification and Job satisfaction.

H1: There is an association between Educational qualification and Job satisfaction.

Hypothesis 2:

H0: There is no association between Level of income per month and satisfaction of salary.

H1: There is an association between Level of income per month and satisfaction of salary.

Hypothesis 3:

H0: There is relationship between Years of experience and satisfaction of salary.

H1: There is relationship between Years of experience and satisfaction of salary.

Hypothesis 4:

H0: There is relationship between job satisfaction and factors affects employee Retention.

H1: There is relationship between job satisfaction and factors affects employee Retention.

LIMITATIONS OF THE STUDY:

- Most of the employees having fear to respond to the answers.
- Company restrict to give the necessary details.
- The individual perspective appears to be different.
- Employees busy in workloads.
- Whatever the results given which is based on the mind-set of employees and not accurate.

METHODOLOGY:

Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. The scope of research methodology is wider than that of research methods.

This study is an empirical study in which both primary and secondary data were used to collect data.

Primary Data:

The primary data were collected from the salaried class whose income exceeds the taxable limit with the help of a well-structured questionnaire. The data collected from 100 sample respondents in Tirunelveli city. A questionnaire consists of a number of question involves both specific and general questions relating to tax literacy and investment pattern.

Secondary Data:

Secondary data were collected from books, journals, websites and reports and magazines. Secondary data are data that has previously been collected and is utilized by a person other than one who collected the data.

CONSTRUCTION OF TOOLS:

- A) Simple percentage method
- B) Chi - square
- C) Pearson Correlation

A) Percentage Analysis:

The expression of data in terms of percentage is one of simplest statistical devices used in the interpretation of business and economic statistics. Percentage refers to special kind of ratio in making comparison between two or more data and to describe relationships. Percentage can also be used to compare the relation terms the distribution of two or more sources of data.

$$\text{Percentage} = \frac{\text{No.of respondents}}{\text{Total No.of respondents}} * 100$$

B) Chi- square Test:

The following formula has been used for computing chi-square test.

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Degree of freedom = (r-1)(c-1)

Where,

χ^2 = chi-square value

O = Observed frequency

E = Expected frequency

r = No.of rows in a contingency table

c = No.of columns in a contingency table.

c) Correlation:

Correlation analysis deals with the association between two or more variables. It does not tell anything about cause and affects relationship. Correlation is classified in two types as;

- Positive and
- Negative correlation

FORMULA:

$$r = \frac{\Sigma(X - \bar{X})(Y - \bar{Y})}{\sqrt{\Sigma(X - \bar{X})^2 \Sigma(Y - \bar{Y})^2}}$$

Sampling Design:

The researcher has chosen simple random sampling. This type of sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion and has the same probability of being selected.

SUMMARY OF FINDINGS:

From the data analysis,

- Majority 81 % of the respondents are in male categories.
- It indicates that 35 % of the respondents are in the age group of 35-45 years.
- Majority 79 % of the respondents are married people.
- Majority 41 % of the respondents are belongs to Diploma / ITI qualification.
- 32 % of the respondents have experiences of 5 to 10 years.
- It shows that 31 % of the respondents are earning income level above 10000.
- It indicates that 41 % of the respondents are feeling about the work load of the organization is moderate.
- The table shows that 59 % of the respondents are absent by their personal reason.
- Majority 59 % of the respondents say that, the company should take the action against the absent employee by the way of loss of pay.
- Majority 41 % of the respondents are friendly with their supervisor.
- It reveals that 41 % of the respondents are say that, the company rules and regulations are very good.
- It shows that 49 % of the respondents are told that providing welfare facilities ESI/PF.
- 58 % of the respondents expecting free education for the children.
- It reveals that 47 % of the respondents are told that their low salary affects their retention.
- Majority 66 % of the respondents are told that providing salary with bonus is an attractive package.
- Majority 54 % of the respondents are satisfied with the work place.
- 36 % of the respondents are dissatisfied with the salary package provided by an organization.
- 49 % of the respondents are opportunity for career development is very good.

SUGGESTIONS:

- As 36% of employees have disagreed to the satisfaction of proper salary packages, the organization should provide the adequate salary to the employees according to their work.
- 56% of employees are expecting free education for their children. So, the company may consider about their employee children education.
- Employees are the one who bring success to an organization. So, the company should take appropriate steps to motivate the employees to see their company success.
- Most of the employees felt that the management does not allow to take initiatives. So the organization should encourage employees to do so.
- The organization should provide opportunities to the employees to share their ideas at work. It may leads to innovative work.
- 42% of employees expect that the organization should treat them with more respect at work place. It leads to psychological satisfaction.

With these suggestions, the organization would make any new hire feel like a part of the company and help them adjust to the transition. Go the extra mile and their gratefulness will go a long way in benefiting the business and its productivity.

CONCLUSION:

Effective Retention strategies are needed to be implemented by the organization to keep the employees for a longer period of time. It is necessary that the Human Resource Department must be aware of the employees' problem and act accordingly. From the study it is identified that the lack of growth opportunities is the main factor

that forces the employees to change their jobs. Through Chi-Square analysis it was revealed that there is a significant relationship between Educational qualification and job satisfaction. Therefore, this study concludes that to retain more employees in banking industry, the management needs to create more employee retention measures in the organization for the growth of the employees. Doing so, the employees may feel that they are an essential part of the organization and the company would be in turn benefited with a stronger and reliable workforce.

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