

Evaluating the Factors of Employee Retention and its Strategies Practiced in Hyundai Mobis Private Limited, Irungattukottai

C. S. Poornima,

Researcher

Bharathiar University
Coimbatore, India.

Dr. Selvam Jesiah,

Research Supervisor

Dean (Academics), XIME Chennai
Bharathiar University, Coimbatore, India.

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 in manufacturing industry and the measures adapted by the management to improvise it. It further analyzes the employees' satisfaction towards organization's efforts in retention strategies. To explain the topic better, HYUNDAI MOBIS PRIVATE LIMITED, IRUNGATTUKOTTAI in Tirunelveli district was chosen as an example. The study being descriptive in nature which comprised of fifty respondents, stratified random sampling of probability method was used. The data collected were examined using Chi- Square, 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 manufacturing industry.

Keywords: Employee Retention, Hiring, Job satisfaction.

INTRODUCTION:

In today's competitive world where there is significant change in technology, trade agreements and increase in cost of living, maintaining a good employer employee relationship is a challenge for any business organizations. This research attempts to explore the major factors that contribute for retaining existing employees in automobile industry. The talented employees may leave an organization because they become dissatisfied when under paid or under motivated (Coff 1996), and while the organizations tries to retain its employees they may present other challenges namely overtime salary which do not comply with organizational plans and policies. Employee retention is a process in which the 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. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees. Most employees feel that they are worth more than they are actually paid. There is a natural disparity between what people think they should be paid and what organizations spend in compensation. When the difference becomes too great and another opportunity occurs, turnover can result. Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization. Pay is more than "dollars and cents;" it also acknowledges the worth and value of the human contribution. What people are paid has been shown to have a clear, reliable impact on turnover in numerous studies. 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. In a transparent environment while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth.

Employee retention is the ability of a business to convince its employees to remain with the business. It is important to remember that all business lose employees for varied reasons like unsuitability, changes in strategy, strikes, layoffs, retirement, long term illness etc., the voluntary turnover. Staff turnover may vary between industries and also from region to region. However poor employee retention may lead an organization to face the following problems. Such as increase in cost of recruitment, poor morale among work force which will lead to low productivity. These five has taken a keen step to study on employee retention strategies adopted.

Elangovan(2001) noted that the notion of job satisfaction and organizational commitment being casually related has not been incorporated in most turnover models. His study indicated there were strong causal links between stress and satisfaction (higher stress leads to lower satisfaction) and between satisfaction and commitment (lower satisfaction leads to lower commitment) He further noted a reciprocal relationship between commitment and turnover intentions (lower commitment leads to greater intentions to quit, which in turn further lowers commitment). In summary, only commitment directly affected turnover intentions.

Boxall et al(2003) found that the main reason by far for people leaving their employer was for more interesting work elsewhere. It is accepted that the effect of the job satisfaction on turnover less than that of organization commitment.

Shoaib M., Noor A., Tirmizi S.R, Bashir S., (2009) mentioned that the positive relationship of career development opportunities, supervision support, working environment, rewards and work life policies with employee retention.

STATEMENT OF PROBLEM:

The manufacturing sector holding a major share in industries and growing rapidly at 14.4% forms the base of employment of all cadre people in India. As the industries grow, it widens the job opportunities thereby employees job hopping has become high in these field due to lack of job satisfaction. Industries face a major challenge of retaining the talented and experienced employees as it incurs recruitment of new staff to refill the vacancies and training of those new staffs. Shifting of new staffs for all those processes affects the quality of the product. This study focuses on employee satisfaction towards work environment, the importance & factors of employee retention through various retention strategies being practiced in manufacturing sectors. This study also examines the level of employee satisfaction with relation to employee retention.

OBJECTIVES OF THE STUDY:

1. To study the factors affecting employee retention.
2. To analyze the employee retention practices in manufacturing industries.
3. To find employees overall satisfaction in the organization with relation to work environment culture.
4. To examine the level of employee satisfaction with regard to employee retention.

SCOPE OF STUDY:

- It would help the management focus on the deficient areas which need improvement and further enhance in the Employee retention service of the Company.
- The Employees can able to express their views about their expectation towards the Employee retention strategy .
- The results of the study would certainly help the management to control attrition and develop the Retention strategy to better achievement of organizational goals and objectives.

NEED FOR THE STUDY:

The objective of this research is to study the retention practices followed in manufacturing sectors and factors affecting employee satisfaction. It has a major influence on employee as well as employers. Employers face the reduction in quality of the product due to loss of talented employees. Employee satisfaction plays a major role in retention. The research was conducted among all levels of employees in manufacturing sector in Tamilnadu. The employee satisfaction is affected by various factors includes job security, pay scale, pay revision,

appreciation for good work, personal policies & procedure, relationship with co-workers, promotional policy, transfer policy, working hours, workplace, maintenance of rest rooms, awards for additional qualification. To know whether the company provide training to management on retention issues and to support open communication.

Retention involves five major things:

- Compensation
- Environment
- Growth
- Relationship
- Support

LIMITATIONS OF THE STUDY:

The following are the limitations.

1. Getting timely responses from the respondents was a difficult task.
2. The results obtained from the responses fits to this unit alone and cannot be extended or fit to the universe.

REVIEW OF LITERATURE :

Sultana Nazia & Bushra Begum (2013) Employee Retention has gained importance in recent years, particularly as part of talent management programs, and its relevance can be seen so much that the HR practitioner who integrates it into a talent program may grow bewildered by the huge volume of research about it. Employee retention is more than just keeping employees on the job. It is also about sustaining employees, primarily by enhancing their job satisfaction. This paper tries to document the practices followed by a select Indian MNCs in retaining their employees and also highlights the opinions of the employees about such retention practices mass. Boxall, Macky and Rasmussen (2003) have conducted a study of retention variables for New Zealand employees in which they state that the variables are multidimensional. These include interesting work, which was rated as the strongest factor in attracting and retaining employees in both public and private sector organizations. The research outcome showed that employees expect management to make personnel decisions based on merit and also demonstrated that extrinsic rewards (such as pay, promotion & job security) play a role in both employee retention and turnover management. The research further suggested that management lent support to the idea of good relationships with co-employees and supervisors.

Lockwood and Anari (1997) concluded the following factors as crucial retention strategies for IT professionals in the USA and U.K. In order of their importance, the study revealed money (base salary plus bonus and stock options); the chance to learn new skills (i.e. those that the market values); the reputation of the organization in technology; and working conditions (e.g. physical, colleagues & boss, casual dress) as some of the important factors. Among retention strategies that were particularly successful in maintaining a low turnover rate, one of the solutions suggested was an increase in salary.

According to Samuel and Chipunza (2009), the main purpose of retention is to prevent the loss of competent employees from leaving the organisation as this could have adverse effect on productivity and profitability. However, retention practices have become a daunting and highly challenging task for managers and Human Resources (HR) practitioners in a hostile economic environment. One of the traditional ways of managing employee retention and turnover is through organizational reward system.

William and Werther (1996) explain reward as what employees receive in exchange for their contributions to the organisation. This reward could come in form of salary, promotion, bonuses and other incentives. When the reward system is effectively managed, it helps in achieving organizations corporate objectives, and maintains and retains a productive workforce. If employees perceive that they are inadequately rewarded, it is often likely that they will leave and replacement can be costly and in most cases not readily available. A number of factors have been articulated in order to explain the reason employees leave one organisation for another, or in some cases, leave the country.

Empirical studies by Kinnear and Sutherland, (2001) and by Meudell and Rodham, (1998) and also studies by Maertz and Griffeth (2004) have, revealed that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were cited by employees as key motivational variables that influenced their retention in the organisations. The implication of this therefore is that management should not rely only on intrinsic variables to influence employee retention; rather, a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy.

Staussetal (2001) have suggested a more detailed and recent definition for the concept of retention which is customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions.

A study done by Fitzenz (1990) has indicated that retention is driven by following key factors, which ought to be managed congruently: organizational culture strategy, pay and benefits philosophy, and career development systems.

According to Morgan and Hunt (1994), organizations often look beyond the concept of satisfaction to developing trust and ensure long term relationships with their employees. Further, this suggestion is based on the principle that once trust is built into a relationship, the probability of either party ending the relationship decreases because of high termination costs.

Fitz stated that the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organization. Combined with direct and indirect costs, the total cost of an exempt employee turnover is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits. There is significant economic impact with an organization losing any of its critical employees, especially given the knowledge that is lost with the employee's departure.

Dahlgaard and Eskildsen studies showed that employees who are satisfied with their jobs are more productive, creative and are more likely to be retained by the company.

Griffethetal examined that pay and pay related variables have a modest effect on turnover. Their analysis also included studies that examined the relationship between pay and a person's performance and turnover. They concluded that when high performers are insufficiently rewarded, they leave.

Hammer (2000); Marini (2000); Denton (2000) Eminent personalities examined that employees who are satisfied with their jobs are more dedicated to doing a good job and taking care of customers that sustain the operation. Hence the job satisfaction is something that working people seek and a key element of employee retention.

Nussler and Eskildsen suggested that employers are fighting to get talented employees in order to maintain a prosperous business.

Johnson et al (2000) Employee engagement, the organization's capacity to engage, retain, and optimize the value of its employees hinges on how well jobs are designed, how employees' time is used, and the commitment and support that is shown to employees by the management would motivate employees to stay in organization's Eskildsen 2000, Hammer (2000) Employers have a need to keep employees from leaving and going to work for other companies. This is true because of the great costs associated with hiring and retraining new employees. The best way to retain employees is by providing them with job satisfaction and opportunities for advancement in their careers.

HYPOTHESES FOR THE STUDY:

HYPOTHESES 1:

H1 : There is a significant relationship between age of the employee and their satisfaction towards Scale of pay.

HYPOTHESES 2:

H2 : There is a significant relationship between job status and relationship with superior of the organization.

RESEARCH DESIGN:

Descriptive research includes surveys and fact finding enquiries of different kinds. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. The major purpose of descriptive research is description of the state of affairs, as it exists at present. The main characteristic of this method is that the researcher has no control over the variables; research can only report what has happened or what is happening. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection.

Sampling Design and Data Collection:

Sampling design is a design, or a working plan, that specifies the population frame, sample size, sample selection, and estimation method in detail. Objective of the sampling design is to know the characteristic of the population. The researcher used stratified random sampling as the population of the study and objectives are well defined.

The primary data will be collected with the sample size of 50 employees working in manufacturing industries

across Tamilnadu. The questionnaires will be left with the respondents and given sufficient time to fill up. Well-structured questionnaire will be used to collect response from the respondents. Both demographic and functional variables were presented in the questionnaire. Secondary data will be collected for the purpose of constructing research problem, measurement of variables using various techniques, literature reviews and framing methodology. Secondary data will be collected from websites, journals, and some published sources.

METHOD OF ANALYSIS:

Analysis techniques are used to obtain finding and arrange information in a logical sequence from the raw data collected. After the tabulation of data the tools provide a scientific and mathematical solution to a complex problem.

Percentage Analysis:

Percentage analysis shows the entire population in terms of percentages. It reveals the number of belonging is a particular category or the number of people preferring a particular thing, etc., in terms of percentage. In this study, the number of people who responded in a particular manner is interpreted in the form of percentages. Each table has been calculated on the basis of percentage.

$$\text{Percentage} = \frac{\text{Number of Respondents}}{\text{Total Respondents}} \times 100$$

Chi – Square Test Analysis:

The chi-square test is a fairly, simple and definitely the most popular of all the other tools, the chi-square test is most widely used non-parametric tests in statistical work. It makes no assumption about being sampled. The quantity chi-square describes the magnitude of discrepancy between theory and observation.

$$\chi^2 = \sum_{i=1}^n \frac{[(O_i - E_i)^2]}{E_i}$$

Pretesting:

Researcher has verified the questionnaire by conducting the pretest. Pretest was made with few respondents.

SUMMARY OF FINDINGS:

From the data analysis,

- It is found that maximum of the respondents belong to the age group of 30-40 years.
- It is revealed from the analysis that 13 percent of the respondents are female and 87 percent of the respondents are male.
- Majority 67 percent of the respondents are Post Graduation.
- Majority 79 percent are satisfied that the organization provide job security.
- Majority 44 percent are satisfied with the Appreciation for Good work.
- Majority 58 percent are highly satisfied with the Personal Policies and Procedure force.
- Majority 56 percent are satisfied with the relationship Co-worker from the organization.
- Majority 54 percent are neutral with the promotional policy in practice. .
- Majority 48 percent are neutral with the Transfer policy in practice.
- Majority 60 percent of employees are satisfied with the hours of work in the organization.
- Majority 58 percent of employees are satisfied with the work place atmosphere.
- Majority 42 percent of employees are satisfied with the maintenance of rest rooms in the organization.
- Majority 75 percent of employees are satisfied with the scale of pay in the organization.
- Majority 65 percent of employees are satisfied with the Pay revision period in the organization.
- Majority 65 percent of employees are satisfied with the Awards for additional Qualifications.

SUGGESTIONS:

The present study aimed to measure employee retention activities and the organization's commitment in retaining the employee talent. In this summary, it is understood that, the employees are expecting more from the organization, so the organization has tried to fulfill almost all needs.

- As 48% of employees have neutral opinion to the Transfer policy in Practice, the organization should provide the satisfactory transfer policy to the employees.
- As 54% of employees have neutral opinion to the Promotion policy in Practice, the organization should provide the highly satisfactory Promotional policy to the employees according to their work.
- Hire the best candidate and welcome the new employees, customize your induction programme for new employees according to their requirement.
- Provide proper job rotation to motivate the employees.
- Provide personal loans for emergencies.
- Provide performance based rewards.
- Provide recreation facility.
- Provide gifts at some occasion
- Arrange family tour to refresh the mind and body.
- 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:

- The study attempted to know employee retention measures taken up by the organization. The result concluded that employee's expectations are more. From this study it was found that the manufacturing industries has an efficient retention program that encourages employees to remain in the organization.
- Promotion should be part of the organization's culture because it contributes to both employee satisfaction and retention. Organizations can avoid employee turnover by Promoting top performers. Promotion are one of the keys to avoiding turnover, especially if they are immediate, appropriate, and personal. Organizations can avoid the disruption caused by employee turnover by avoiding hiring mistakes and selecting and retaining top performers. Employees are always concerned about their future career. If an employee sees that his current job offers a path towards their future career aspirations, then they are likely to stay longer in the company. Everyone wants to be successful in his or her current job. Therefore, one of the key responsibilities will be providing coaching that is intended to improve the performance of employees. However, coaching is followed by monitoring performance and providing feedback on the same. Team leaders who create motivating environments are likely to keep their team members together for a longer period of time.
- If the company follows the suggestion given by the researcher the company may face the strategic change in retaining the employees.

REFERENCES:

Bates, S. (2006). Many employees itching to leave, new survey reveals. Retrieved from *Society for Human Resource Management*.

Bernardin, J., (2004). Human Resource Management, *TMH*, p. 116.

Branham, L. (2005). *The seven hidden reasons employees leave*. New York: American Management Association.

Buckingham M. and Coffman, C. (1999). *First, break all the rules*. New York: Simon and Schuster.

Carsen A.J., HR (2005). *How To: Employee Retention*, CCH Knowledge point publication, Pg no.10-12, 17

Cooper, D.R. & Emory, C.W., (1995). *Business Research Methods*, Fifth Edition, Chicago: Irwin.

David A. Decenzo, D. A., & Robbins, S.P., (1989). *Personnel / Human Resource Management*, Third Edition, PHI, New Delhi, p. 121, 123

Davies, K. R. (2006). *Cater to Your Competent Retain good employees with these Motivational tips*. Dealer news, 42(7), 32. Retrieved from EBSCO host.

Deckop, J., Konrad, A., Perlmutter, D., & Freely, J., (2006). The Effect of Human Resource Management Practices on the Job Retention. *Human Resource Management*, 45(4), 539-559.

Dessler, G., (1988). *Personnel Management*, Fourth Edition, Prentice-Hall International, p. 122

Dibble S, (1999). *Keeping Your Valuable Employees- Retention Strategies for your Organization's most Important Resources*, John Wiley & Sons Publications.

Grill Jr., N. G. (2009). Retaining Your Best People in A Down Economy. *Westchester County Business Journal*, 48(38), 39. Retrieved from EBSCOhost.

Harris, J. L. (2004). *Creativity, Communication Help Employee Retention*, 219(21), 4-42. Retrieved from EBSCOhost.

Heneman, H.G., (1986). *Personnel / Human Resource Management*, Third Edition, Irwin, p. 224, 230, 240.

Jyothi, p., Venkatesh, D. N., (2011). *Human Resource Management*, Oxford University Press, p. 94.

Kothari C.R, (2008). *Research Methodology Methods and Techniques*, Second Edition, New Age International Publishers, Pg no. 37 – 39.

Kyndt, E., Dochy, F., Michielsen, M., & Moeyaert, B., (2009). Employee Retention: Organisational and personal perspectives. 2(3), 195-

Larson, S. A., & Hewitt, A.S.(2005). *Staff recruitment, retention & training strategies for community human service organizations*. Baltimore: Paul H. Brooks's publishing company.

Mamoria C. B., Gankar S. V., (2001). *Personnel Management*, Himalaya Publishing House, p. 186.

Martins, J.H., Loubser, M. & Van Wyk, H.J., (1996). *Marketing Research, a South African Approach*, Pretoria: UNISA Press.

McCooey D et al, (2009). *Keeping Good Employees on Board- Employee Retention Strategies to navigate any Economic Storm*, Wordclay Publications.

McKeown, L., (2002). *Retaining Top Employees*, McGraw-Hill.

Michel man, P. (2003). *Why Retention Should Become a Core Strategy Now*. Harvard Management Update, 8(10), 3. Retrieved from EBSCOhost.

Moncarz, E., Zhao, J., & Kay, C., (2009). An Exploratory Study of US Lodging Properties' Organizational Practices on Employee Turnover and Retention. *International Journal of Contemporary Management*, 21(4), 437

Philips J. J, Connell A.O. (2003). *Managing Employee Retention- A Strategic Accountability Approach*, Elsevier Butterworth Hethemann Publications.

Phillips J. J, Edward Lisa (2008). *Managing Talent Retention*, John Willey & Sons Publications.

Phillips J.J., Connell A.O, (2003). *Managing employee retention: a strategic accountability approach*, Elsevier Butterworth Heinemann Publication, Pg no.232.

Taylor Stephen (2002). *The Employee Retention Handbook*, the Cromwell Press.
