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Employee Retention Strategies - An Empirical Research

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Abstract- Human resources are the livelihood of all types of an organization. Even though all types of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Securing and retaining skilled employees plays an important role in any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to review the various available literature and research work on employee retention and the factors affecting employee retention and job satisfaction among the employees.

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Employee Retention Strategies – An Empirical Research

Dr. K. Balaji Mathimaran [α] & Prof. Dr. A. Ananda Kumar [σ]

Abstract- Human resources are the livelihood of all types of an organization. Even though all types of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Securing and retaining skilled employees plays an important role in any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to review the various available literature and research work on employee retention and the factors affecting employee retention and job satisfaction among the employees.

Keywords: employee, human resource, organization, retaining, satisfaction.

I. Introduction

Strategies on how to minimize employee attrition, confronted with problems of employee attrition, management has several policy options viz. changing (or improving existing) policies towards recruitment, selection, induction, training, job design and wage payment. Policy choice, however, must be appropriate for the precise diagnosis of the problem. Employee attrition attributable to poor selection procedures, for example, is unlikely to improve where the policy modification to focus exclusively on the induction process. Equally, employee attrition attributable to wage rates, which produce earnings that are not competitive with other firms in the local labor market is unlikely to decrease where the policy adjustment merely to enhance the organization's provision of on-the job training opportunities. Given that there is increase in and indirect costs of labour attrition, therefore, management is frequently exhorted to identify the reasons why people leave organization's so that appropriate action is taken by the management. Extensive research has shown that the following categories of human capital management factors provide a core set of measures that senior management can use to increase the effectiveness of their investment in people and improve overall corporate performance of business.

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes a powerful recruitment tool. Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence, failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations' costs up to five times of his salary.

Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.

It is a fact that, retention of key employees is critical to the long-term health and success of any organization. The performance of employees is often linked directly to quality work, customer satisfaction, and increased product sales and even to the image of a company. Whereas the same is often indirectly linked to, satisfied colleagues and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning.

Employee retention matters, as, organizational issues such as training time and investment, costly candidate search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Various estimates suggest that losing a middle manager in most organizations, translates to a

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loss of up to five times his salary. Employee retention strategies help organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. The research paper is entitled on An Empirical Analysis of Employee Retention Strategies at Yacoo Pharma, which is located in Puducherry State. This paper helps to furnish supportive relationship between employees and management. And also the study helps to understand the level of motivation at Yacoo Pharma. The paper is absolutely denoted that what are the various factors influencing the employee for retaining them.

II. The Three r's of Employee Retention

To keep employees and keep satisfaction high, you need to implement each of the Three of employee retention: respect, recognition, and rewards. RESPECT is esteem, special regard, or particular consideration given to people. As the pyramid shows, respect is the foundation of keeping your employees. RECOGNITION and REWARDS will have little effect if you don't respect employees. Recognition is defined as "special notice or attention" and "the act of perceiving clearly." Many problems with retention and morale occur because management is not paying attention to people's needs and reactions. Rewards are the extra perks you offer beyond the basics of respect and Recognition that make it worth people's while to work hard, to care, to go beyond

III. Literature Review

Work-life balance is increasingly important for engagement and affects retention. Hyman et al., (2003) in their empirical research in the UK found that interventions of work demands into the personal life (e.g. working during the weekend) resulted into heightened stress and emotional exhaustion among the employees. In a study conducted by the Australian Telework Advisory Committee (2006) it was found that 70% of businesses that incorporated telework options reported a number of positive benefits, such as increased business productivity and reduced costs, improved employee flexibility and work life balance, and increased workforce participation.

According to Miller, Erickson & Yust (2001) employees get benefited by work environment that provide a sense of belonging. Wells & Thelen (2002) have stated in their study that organizations which have generous human resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate level of privacy and sound control on work environment which enhances the motivation levels to commit with the organization for the long term. Ramlall (2003) stressed the need for recognizing the individual needs of an employee in an organization as it will encourage commitment and provide a suitable work environment.

Messmer (2000) found that one of the important factors in employee retention is an investment in employee training and career development. The Organization is always invested in the form of training and development of those workers from whom they expect to return and give output on its investment. Tomlinson (2002) forwarded the view that organizations can keep the leading edge in this competitive world by having their employees well trained in the latest technologies. Garg & Rastogi (2006), explained that in today's competitive environment feedback is very essential for organizations from employees and the more knowledge the employee learn, the more he or she will perform and meet the global challenges of the market place. Handy (2008) has mentioned that proper innovation, and assimilation of new knowledge is essential for survival in any work environment. This knowledge is the most expensive asset of any firm. Leadership and Employee Retention.

Eisenberger and associates (1990), suggested that employee's perception regarding an organization is strongly influenced by their relationship with the supervisor. McNeese-Smith (1995), mentioned in his study on Leadership behavior of hospital directors found that there is significantly positive relation between productivity, worker satisfaction and organizational commitment of staff. Brunetto and Farr-Wharton (2002) were of the view that supervision of the immediate manager increases the level of job satisfaction in the public sector employees. Chung-Hsiung Fang, Sue-Ting Chang, Guan-Li Chen (2009) has found that leadership style can affect organizational commitment and work satisfaction positively and work satisfaction can affect organizational commitment and work performance positively.

Abegglen (1958) found during the study of Japanese workers that employment features like lifetime employment and seniority system, job security lead to higher commitment, job satisfaction as well as retention of employees in an organization. Researchers such as Ashford et al., (1989); Davy et al., (1991) conducted studies on job security and job satisfaction and found that that job dissatisfaction is the outcome of insecurity among employees. Rosenblatt and Ruvio, (1996) conducted a research on the job insecurity and found that job performance and organizational commitment are negatively correlated with job insecurity. A major challenge faced by the employees today retains the hired employees in its organization. In the age of cut throat competition every organization tries its level best to give the best facilities to its employees. Satisfying the human sources is one of the toughest tasks which majority of the organizations faces today. Understanding and knowing what is going on in the human mind is very difficult to understand. Besides, there are so many

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opportunities available for the skilled as well as talented human resources that it is becoming very tough as well as difficult for the employers to satisfy and retain them. There is no single strategy or retention plan which may satisfy each and every employee in an organization. As we have different personalities as such we have different demands and expectations of the organization. Many researchers such as Arnold and Feldman, (1982).

IV. Objectives of the Study

- To analyze the supportive relationship between employees and management.
- To examine the level of motivation in the organization.
- To determine the stress level of employees in the organization.
- To understand the various factors influencing the employee for retaining them.
- To suggest and recommend some measures to improve employee retention strategies.

V. Scope of the Study

This will be helpful for the management to know their employees' mind set towards their job. The recommendation and suggestion of the study can also be applied to similar project. It will be helpful for the management to identify the needs of employees in order to retain them in the organization. This project can be used for the students who doing the project in the related area and to the organization to have best retention strategies.

VI. Research Methodology

Research Methodology is a way to systematically solve the research problem. Research is an art of scientific investigation. The advanced learner's dictionaries of current English lay are down the meaning of research as, "a careful investigation (or) inquiry, especially through the search for new facts in any branch of knowledge". For this project in the research initially the researcher used descriptive research to report the factor as such happen. Later on he used exploratory research to find the cause and effect. The primary data are those which are collected a fresh and for the first time and thus happen to be in original character. For this project, Primary data were collected with the help of a questionnaire and informal interview was also conducted to get the direct responses of the employees regarding critical factors. Secondary data are those data available already in the books of records. Secondary data was collected from company records and annual reports. The statistical tools used for analyzing the data collected Percentage method, Mean and standard deviation, Correlation, Chi-square, Weighted average.

VII. Analysis & Discussion

a) Analysis of Correlation

Table 7.1: Satisfaction Level Towards of Two Variables

Received recognition or praise for doing good work * the performance appraisal system Cross tabulation							
Particulars		Performance Appraisal System					Total
		Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Received Recognition or Praise for doing Good Work	Highly satisfied	1	3	3	0	0	7
	Satisfied	5	26	12	2	2	47
	Neutral	7	9	5	5	1	27
	Dissatisfied	0	14	1	3	0	18
	Highly Dissatisfied	0	0	1	0	0	1
Total		13	52	22	10	3	100

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Table 7.2: Analysis of Pearson Correlation

Particulars		Received recognition or praise for doing good work	The performance appraisal system
Received recognition or praise for doing good work	Pearson Correlation	1	.043
	Sig. (2-tailed)		.673
	N	100	100
The performance appraisal system	Pearson Correlation	.043	1
	Sig. (2-tailed)	.673	
	N	**100**	**100**

It is to analysis of correlation between received recognition or praise for doing good work and the performance appraisal system. From the Table 7.2, it is clear that the employee retention of the organization is highly correlated with a correlation coefficient of 0.673 and there is positively correlated. From the correlation analysis, it is inferred that the organization is actively using the employee retention strategy.

b) Chi-Square Analysis

Hypotheses were formulated keeping the content and coverage of the framed objectives. The formulated hypotheses are tested by employing appropriate statistical tools.

H_0 There is no association between Age and Feel Comfortable with the workload of employees.

H_1 There is association between Age and Feel Comfortable with the workload of employees.

Table 7.3: Cross Tabulation between Feel Comfortable with the Workload and Age

Particulars		Age				Total
		Below 25 Years	26-35 years	36-45 years	Above 45 years	
Feel Comfortable with the work load	Highly satisfied	1	4	1	0	6
	Satisfied	7	18	14	10	49
	Neutral	9	7	5	4	25
	Dissatisfied	2	4	4	3	13
	Highly Dissatisfied	2	2	1	2	7
Total		21	35	25	19	100

Table 7.4: Tabulation of Pearson Chi-Square Tests

Particulars	Value	Df.	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.353[a]	12	.673
Likelihood Ratio	9.855	12	.629
Linear-by-Linear Association	.015	1	.902
N of Valid Cases	100		

The level of significance is 0.673, since the calculated value is greater than the tabulated value, the Null Hypothesis (H0) is rejected and the Alternative Hypothesis (H1) is accepted. Hence, it has been inferred that there is an association between Age and Feel Comfortable with the workload of employees.

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c) *Analysis Weighted Average Method*

Table 7.5: Rank Orders of Different Variables by Respondents

Motivational Factors											
Rank		Nature of work		Remuneration		Flexible working hour		Team relationship		Job security	
X	w	x1	wx1	x2	wx2	x3	wx3	x4	wx4	x5	wx5
1	5	42	210	17	85	49	245	41	205	30	150
2	4	11	44	2	8	21	84	8	32	13	52
3	3	5	15	1	3	5	15	12	336	48	144
4	2	2	4	53	106	4	28	34	68	4	8
5	1	40	40	27	27	11	11	5	5	5	5
TOTAL		100	313	100	229	100	383	100	346	100	359
CW		3.13		2.29		3.83		3.46		3.59	
RANK		4		5		1		3		2	

From the above weighted average calculation, it has been inferred that most of the respondents are preferred Flexible working hours in the organization, then the second preferences is a high level of job security. The respondents are given a third rank for team relationship, and then the fourth rank is the nature of the work. And the last rank is held by remuneration. Where the employees are respondents' low level satisfaction by remuneration

VIII. Limitation of the Study

The study is limited to Pondicherry YACOO PHARMA by the findings of the study can't be generalized to other organization. The study was carried out in Pondicherry state thus its findings can't be generalized to other areas due to geographical variation. Some of the respondents are hesitating to give whole hearted opinion. Respondent's opinion may change from time to time and the response is respected to variation depending upon the situation and the attitude of the respondents at the time of the survey.

IX. Suggestions and Recommendations

Based on the study the following suggestions are made the employees are not satisfied with recognition and performance appraisal provided by the organization. So, they should give some importance towards it. The organization must give proper remuneration to the employees in order to retain them for a long period of time. The employees are feeling over burden towards the workload. Thus, the organization should focus on their smooth workload to reduce the stress on the employees. The relationship between employees and management has to improve.

X. Conclusion

Given the growing needs for organizations to retain its best employees in the face of competition, the findings of the study suggest that certain variables are crucial in influencing the employees' decision to either leave or remain in an organization. Such variables include training and Development, recognition/reward for good performance, a competitive salary package and job security. Nonetheless, the importance of other variables should not be Under- estimated when formulating a retention policy. It is only a comprehensive blend of intrinsic and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in our various organizations.

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