

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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21 **Index terms**— employee, human resource, organization, retaining, satisfaction.

1 Introduction

22 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.

23 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. 24 Various estimates suggest that losing a middle manager in most organizations' costs up to five times of his salary.

3 LITERATURE REVIEW

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

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

53 Employee retention matters, as, organizational issues such as training time and investment, costly candidate
54 search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organization.
55 Various estimates suggest that losing a middle manager in most organizations, translates to a loss of up to five
56 times his salary. Employee retention strategies help organizations provide effective employee communication to
57 improve commitment and enhance workforce support for key corporate initiatives. The research paper is entitled
58 on An Empirical Analysis of Employee Retention Strategies at Yacoo Pharma, which is located in Puducherry
59 State. This paper helps to furnish supportive relationship between employees and management. And also the
60 study helps to understand the level of motivation at Yacoo Pharma. The paper is absolutely denoted that what
61 are the various factors influencing the employee for retaining them.

62 2 II. The Three r's of Employee Retention

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

71 3 Literature Review

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

78 According to Miller, Erickson & Yust (2001) employees get benefited by work environment that provide a sense
79 of belonging. Wells & Thelen (2002) have stated in their study that organizations which have generous human
80 resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate
81 level of privacy and sound control on work environment which enhances the motivation levels to commit with
82 the organization for the long term. Ramlall (2003) stressed the need for recognizing the individual needs of an
83 employee in an organization as it will encourage commitment and provide a suitable work environment. Messmer
84 (2000) found that one of the important factors in employee retention is an investment in employee training and
85 career development. The Organization is always invested in the form of training and development of those workers
86 from whom they expect to return and give output on its investment. ??omlinson (2002) forwarded the view that
87 organizations can keep the leading edge in this competitive world by having their employees well trained in the
88 latest technologies. ??arg & Rastogi (2006), explained that in today's competitive environment feedback is very
89 essential for organizations from employees and the more knowledge the employee learn, the more he or she will
90 perform and meet the global challenges of the market place. Handy (2008) has mentioned that proper innovation,
91 and assimilation of new knowledge is essential for survival in any work environment. This knowledge is the most
92 expensive asset of any firm. Leadership and Employee Retention.

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

101 Abegglen (1958) found during the study of Japanese workers that employment features like lifetime employment
102 and seniority system, job security lead to higher commitment, job satisfaction as well as retention of employees in
103 an organization. Researchers such as Ashford et al., (1989); Davy et al., (1991) conducted studies on job security

104 and job satisfaction and found that that job dissatisfaction is the outcome of insecurity among employees.
105 Rosenblatt and Ruvio, (1996) conducted a research on the job insecurity and found that job performance
106 and organizational commitment are negatively correlated with job insecurity. A major challenge faced by the
107 employees today retains the hired employees in its organization. In the age of cut throat competition every
108 organization tries its level best to give the best facilities to its employees. Satisfying the human sources is one
109 of the toughest tasks which majority of the organizations faces today. Understanding and knowing what is going
110 on in the human mind is very difficult to understand. Besides, there are so many opportunities available for the
111 skilled as well as talented human resources that it is becoming very tough as well as difficult for the employers to
112 satisfy and retain them. There is no single strategy or retention plan which may satisfy each and every employee
113 in an organization. As we have different personalities as such we have different demands and expectations of the
114 organization. Many researchers such as Arnold and Feldman, (1982).

115 IV.

116 **4 Objectives of the Study**

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

121 V.

122 **5 Scope of the Study**

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

127 **6 VI.**

128 **7 Research Methodology**

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

139 **8 VII.**

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

145 **9 b) Chi-Square Analysis**

146 Hypotheses were formulated keeping the content and coverage of the framed objectives. The formulated
147 hypotheses are tested by employing appropriate statistical tools. H 0 There is no association between Age and
148 Feel Comfortable with the workload of employees. H 1 There is association between Age and Feel Comfortable
149 with the workload of employees. From the above weighted average calculation, it has been inferred that most of
150 the respondents are preferred Flexible working hours in the organization, then the second preferences is a high
151 level of job security. The respondents are given a third rank for team relationship, and then the fourth rank is
152 the nature of the work. And the last rank is held by remuneration. Where the employees are respondents' low
153 level satisfaction by remuneration VIII.

154 **10 Limitation of the Study**

155 The study is limited to Pondicherry YACOO PHARMA by the findings of the study can't be generalized to
156 other organization. The study was carried out in Pondicherry state thus its findings can't be generalized to
157 other areas due to geographical variation. Some of the respondents are hesitating to give whole hearted opinion.

14 MOTIVATIONAL FACTORS

158 Respondent's opinion may change from time to time and the response is respected to variation depending upon
159 the situation and the attitude of the respondents at the time of the survey.

160 11 IX. Suggestions and Recommendations

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

167 12 X.

168 13 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.

176 14 Motivational Factors

177 Rank

71

										Year
										Volume XVII Issue I Version I ()
Particulars	Recognition or Received Praise for doing Good Work	Highly satisfied	Highly Dissatisfied	Performance Appraisal System	Highly Satisfied	Neutral	Dis- satisfied	Total	Global of Management and Business Research	
		5	7	0	1	3	3	26	27	and Business Research
		0	1	3	12	2	9	5	14	Global of Management and Business Research
		0	1	3	0	2	1	0	100	Global of Management and Business Research
Total					1	0	52	22	10	0 3

Figure 1: Table 7.1:

72

Figure 2: Table 7 . 2 :

73

Figure 3: Table 7 . 3 :

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Particulars

		Pearson Correlation		
		Received recognition or praise for doing good work	Sig. (2-tailed)	
			N	
		Pearson Correlation		
		The performance appraisal system	Sig. (2-tailed)	
			N	
Year				
20				
Volume	Particulars	Highly satisfied		Age Below 25 Years 26-35 years 36-45 years Above 45 years
XVII				
Issue	I			
Version	I			
()				
Global	Feel Comfortable with the work load	Total Pearson Chi-Square	Satisfied Neutral Dissatisfied	High
Journal				
of Management				
and				
Business				
Research				

Figure 4: Table 7 . 4 :

Figure 5: Table 7 .

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