

A Study on Employee Retention-Why Do Employees Stay with a Company with Special Reference to “Manufacturing Industry”

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Abstract— Employee retention is essential to face the dynamic and ever-changing challenges of maintaining productivity of the manufacturing industry by keeping their workforce constantly engaged and motivated. Environmental pressures, rising health costs and various needs of the workforce also pose a challenge for the management. This could be overcome by creating a work environment that maintains employee satisfaction as well as motivates people towards exceptional performance at the workplace achieving work-life balance. This study explains the importance of employee retention and the possible ways to enhance their performance on a sustainable basis in the manufacturing industry. Today employees no longer are eager to join any new organization where their knowledge and skills do not get upgraded. Providing opportunities for learning is being used as a retention tool by large number of organization. Providing proper training have become the strategies of the best companies to magnetize, retain and get highest quality output from the employees. Employees are a valuable asset to any organization. It is essential to protect this vital resource as talented and motivated employees play a crucial role in overall growth and success of the organization. Focusing on employee retention techniques can positively impact the organization as it increases employee productivity, performance, quality of work, profits, and reduces turnover and absenteeism. This paper puts forward the various initiatives taken by the business for retaining their talented employees and also discusses the benefits of these perks both from the viewpoint of employee as well as employer.

Index Terms— Employee retention, manufacturing industry, organization, business, work environment.

I. INTRODUCTION

Employees are a valuable asset to any organization. It is essential to protect this vital resource as talented and motivated employees play a crucial role in overall growth and success of the organization. Retention of key employees is critical to the long-term health and success of any organization Focusing on employee retention techniques can positively impact the organization as it increases employee productivity, performance, quality of work, profits, and reduces turnover and absenteeism. 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. Effectively creating an engaging environment, recognizing good performance, giving benefits and rewards, promoting mutual respect are some of the ways for effective employee retention.

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Employee retention is beneficial for the organization as well as the employee. 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. 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.

From an employee perspective, consultants feel that people are looking for breadth of role more than monetary benefits and promotions. “Promotions and financial perks do have their attraction, but to an extent, these are knee jerk reactions from companies, and may not be sustainable in the long term. What employees truly want is to have greater depth and breadth in their job roles and functions.

Employee Retention: It refers to the various policies and practices which let the employees stick to an organization for a longer period of time . It refers to the ability of an organization to retain its employees.

HRM Practices: A company to ground itself successfully in the chosen field of activity should adhere to sound human resource management practices, as it is firmly believed that human resource is an asset and investment in human capital paves way for comprehensive development. Many firms fail, in spite of being resourceful in terms of capital, infrastructure and technology. The reason shall be attributed to ineffective handling of human skills or misappropriation of human potential. Human resource management involves not only in recruiting and selecting the right people but also empowering them by suitable training to enhance their technical skills and expertise to perform tasks.



Fig. 1: Diagram of Principle Employee Retention

The Purpose of Training: Training ultimately aims at converting theorists to performers and orients itself towards accomplishing the enterprise objectives. Big corporate companies concentrate on talent acquisition from the pool of fresh graduates and experienced hands in the IT industry as well. They create a lively corporate atmosphere with “an intelligence network” contributing to the success of the organization.

Recruitment and Selection: If you have a feeling that, recruitment and selection are mere procedures to be followed for the sake of selection of human resource, kindly change that notion. These are the crucial steps which determine the fate of your organization. People from different disciplines form a team to achieve the goals and objectives of your organization. Leading a group with such diversity is a feat in itself. Selecting knowledge workers whom you believe will achieve your corporate mission and devising the human resource practices in accordance with their work-life balance will yield great results.

Training Programmes: Training programs are developed for different spheres of activity by experienced trainers under the guidance of the top management. Proper training to the trainees ensures maximum work done in minimum time. Training not only makes individuals more informative and knowledgeable but also action buffs. Learning is a key process in training that brings about the desired change in behavior.

Corporate companies are also concerned about the career prospects of employees working for them, as they are very well aware of the fact that providing lateral and vertical growth prospects for their workers is the only possible way to retain them. Another way for employee retention is to offer compensation on par or higher than industry standards and periodic review of their pay or compensation in accordance with the performance standards. This method of evaluation is suitable only for companies where workers are highly self motivated and have the capability to understand what it takes to reach the next level in their career ladder.

Flexi-Timings: Flexibility is introduced in work life by some of the big corporates who try to visualize the practical problems faced by their employees, particularly women, who come to work. They offer “flexi-timings” in work and support by running “crèche” to nurture new borns. It has been proved that a small siesta after lunch improves the brain activity. The HR policies formulated by the management must encompass all the elements needed for a holistic vision, mission and business growth. This can be made possible by maximizing the efficiency of human capital that adds value to the organization.

II. FACTORS WHICH MAKE EMPLOYEE LEAVE

1. No growth opportunities
2. Lack of appreciation
3. Lack of trust and support.
4. Stress from overwork.
5. Compensation
6. New Job offers
7. Job is not what employee expected

III. EMPLOYEE RETENTION STRATEGIES

Employee Retention involves five major things:

1. Compensation
2. Environment
3. Growth
4. Relationship
5. Support

IV. NEW TRENDS IN EMPLOYEE RETENTION STRATEGIES

More and more businesses are using innovative “perks” that go beyond the traditional financial benefits characteristic of the past. Improved vacation allowances, gym memberships, pro-bono opportunities and family friendly policies are just some of the changes that are becoming vital in an increasingly competitive and dynamic market of recruiting and retaining legal talent. In fact, many companies are now offering employees health, wellness and green Incentives. This has proven beneficial to both the employee and employer.

V. INCREASE EMPLOYEE ENGAGEMENT

Effectively implementing employee retention program by increasing employee engagement ensures that the employees are satisfied with their work, take pride in their work, report to duty on time, feel responsible for their job, feel valued for their contributions, and have high job satisfaction. As employees actively focus on their work, it increases the productivity levels in the organization and leads to improvement in several associated areas. Employee engagement ensures that the employees have a understanding of their roles and responsibilities in the organization. Increasing employee engagement helps to develop emotional connection, enthusiasm among the employees that promotes teamwork and healthy environment at the workplace.

VI. H R DEPARTMENT ROLE IN RETENTION

1. Gives infrastructure facilities to ensure that employees give their best.
2. They can make employees friendly policies, processes and procedures to ensure that employees grow in organization.
3. They can appreciate employees work.
4. They can ensure proper communication process takes place and make sure that employees are heard.
5. They can give regular feedback and recognition.
6. They can give training to boss, if his management style is not good.

VII. RESEARCH METHODOLOGY

This study employs both analytical and descriptive type of methodology. The survey was conducted in manufacturing industry on employees that is the shop floor worker. The research design consists of primary on as well as secondary data. The sampling is done with 120 samples collected from the employees of the manufacturing industry. The sampling method is simple random sampling method. The secondary

sources include the information provided by company, journal and official website, etc.

❖ **STATISTICAL TOOLS :-** All data were entered into the excel sheet (Ms excel). The data presented in the form of tables and charts, we find the weighted average to know the results for each item are based upon the number of cases which had valid data for that item. Descriptive statistics was aimed at identifying the pattern of the data and consistency of the responses in each of the identified factors influencing the employee satisfaction of the manufacturing industry. Results was then presented in tables, pie-charts. In this research report we are using “Chi-Test” to find out the significance difference between all the factors of employee satisfaction.

❖ **OBJECTIVES**

- ❖ To study retention strategies implemented in nbc
- ❖ To analyze employee perception on retention techniques
- ❖ To study factors which helps in employee retention
- ❖ To develop new strategies
- ❖ To study the attitude of the employees towards their:-
 - ❖ Working conditions
 - ❖ Compensation & Welfare
 - ❖ Motivation
 - ❖ Career Development
 - ❖ Work Safety
 - ❖ Training & Development

LIMITATIONS:-

There are many other factors which may affect the level of employee retention but due to time constraint others are not taken for research. More over the sample was also limited as the only focus was on the Middle and lower level of employees. The accuracy of the results may be 2 influenced by biases. The response from participants may be lower than expected, which may interfere with their willingness to participate.

VIII. DATA ANALYSIS

TABLE 1.OF WORKING YEARS OF EMPLOYEES IN NBC

Table No. 1		
	Working yrs.	Frequency
a	0 - 5 yrs	8
b	5 - 10 yrs	16
c	10 - 15 yrs	16
d	15 - 20 yrs	36
e	20 & above	44
	Total	120

INTERPRETATION:-

This table shows that employee retention is very less in manufacturing industry. because most of the employees are working in the organization since last 20 years and above. 8

employees out of 120 are having the experience of 0-5 years in the organization as they are fresher.

TABLE 2.OF RELATIONSHIP WITH THE SUPREVISORS

Table no. 2		
	relationship	Frequency
a	Excellent	68
b	Very good	24
c	Good	28
d	Poor	0
e	Worst	0
	Total	120

INTERPRETATION:-

Almost all the employees think that their relationship with the supervisors is excellent. There is a good co-ordination between employees & their superiors of manufacturing industry.

TABLE 3.OF WORK ENJOYMENT

Table no.3		
	work enjoyment	f
a	yes	112
b	No	8
	Total	120

INTERPRETATION:-

The above table shows that all the employees are enjoying their work.

TABLE 4.OF AWARD & REWARD POLICY

Table no.4		
	Reward policy	F
a	Yes	32
b	No	88
	Total	120

INTERPRETATION:- As such there is no award & reward policy in the industry but in machine building for quality life cycle employees get the reward and recognition.

TABLE 5.OF HOW EMPLOYEE FREQUENTLY GET AWARD & REWARD

Table no. 5		
	Frequently rewards	F
a	Annually	4
b	Occasionally	8
c	on specific task	28
d	No	80
	Total	120

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INTERPRETATION:-

There is no award & reward given to the employees but in some departments according to their efficiency and task they will get the reward.

TABLE 6. APPRECIATION BY COWORKERS & SUPERVISORS

Table no. 6		
	appreciation	f
a	yes	104
b	no	16
	Total	120

INTERPRETATION:-

Yes, the appreciation by coworkers & supervisors plays an important role in the work performed by themselves.

TABLE 7. QUALITY OF MACHINERY & EQUIPMENTS

Table no.7		
	quality of machinery	f
a	Excellent	50
b	Very good	26
c	Good	40
d	Poor	4
e	Worst	0
	Total	120

INTERPRETATION:-

Approx 97% of the employees said that machinery & equipments provided to them are of good quality. The quality of machines helps to increase the effectivity & efficiency in production.

TABLE 8. RECREATION FACILITY

Table no.8		
	recreation facility	f
a	yes	74
b	no	46
	Total	120

INTERPRETATION:-

As such there is no recreation facility provided by the industry to the employees but at some special occasions industry provides recreation facility like cricket, football etc.

TABLE 9. IMPACT OF RECREATION

Table no.9		
	recreation motivation	F
a	yes	100
b	no	20
	Total	120

INTERPRETATION:-

Obviously recreation facility at work place increases the level of motivation of employees. 100 out of 120 employees agree with this statement.

TABLE 10.OPPORTUNITY TO SHARE SUGGESTIONS

Table no.10		
	share ideas	f
a	yes	120
b	no	0
	Total	120

INTERPRETATION:-

100% employees agree that they get satisfactory opportunity to give suggestions/ideas.

TABLE 11.TRAINING PROGRAMS CONDUCTED

Table no.11		
	Training programs	f
a	yes	120
b	no	0
	Total	120

INTERPRETATION:-

The total employees agree that training programs are conducted in the organization timely.

TABLE 12.OPPORTUNITY FOR GROWTH & DEVELOPMENT

Table no. 12		
	growth & development	F
a	Yes	112
b	No	8
	Total	120

INTERPRETATION:-

94% of the employees agree that the company provides opportunities for growth and development.

TABLE 13. COMPANY POLICY MAKES JOB EASIER

Table no. 13		
	job easier	F
a	yes	106
b	no	14
	Total	120

INTERPRETATION:-

106 employees out of 120 agree the statement that company policies make their job easier, whereas 14 are against it.

TABLE 14.LEAVE POLICY

Table no. 14		
	leave policy	f
a	Yes	96
b	No	24
	Total	120

INTERPRETATION:-

96 employees are in the favor that they are aware of leave policy.24 employees are against it.

TABLE15.EMPLOYEES GET PROPER LEAVES

Table no.15		
	proper leaves	F
a	Mostly	80
b	Rarely	36
c	Frequently	4
d	not at all	0
	Total	120

INTERPRETATION:-

Most of the employees get proper leaves.

TABLE 16. RETIREMENT PLANS & POLICIES

Table no 16		
	retirement plans	F
a	Yes	72
b	No	48
	Total	120

INTERPRETATION:-

72 employees are aware about the retirement plans & policies.

TABLE 17. MEDICAL & HEALTH POLICY

Table no. 17		
	medical policy	f
a	Yes	74
b	No	46
	Total	120

INTERPRETATION:-

Very few of the employees are not aware about the medical & health policy.

TABLE 18. FACILITIES PROVIDED BY THE MANUFACTURING INDUSTRY.

Table no.18(i)		
	Cafeteria	f
a	Excellent	0
b	Good	10
c	Fair	28
d	Poor	82
	Total	120
Table no.18(ii)		
	Transportation	F
a	Excellent	0
b	Good	40
c	Fair	36
d	Poor	44
	Total	120

Table no.18(iii)		
	working conditions	F
a	Excellent	12
b	Good	62
c	Fair	34
d	Poor	12
	Total	120

Table no.18(iv)		
	Shift	f
a	Excellent	32
b	Good	62
c	Fair	18
d	Poor	8
	Total	120

Table no.18(v)		
	training & support	f
a	Excellent	38
b	Good	50
c	Fair	14
d	Poor	18
	Total	120

Table no.18(vi)		
	medical facility	f
a	Excellent	10
b	Good	20
c	Fair	38
d	Poor	52
	Total	120

Table no.18(vii)		
	welfare policy	f
a	Excellent	0
b	Good	16
c	Fair	44
d	Poor	60
	Total	120

Table no.18(viii)		
	work safety	f
a	Excellent	10
b	Good	38
c	Fair	30
d	Poor	42
	Total	120

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TABLE 19. QUIT THE INDUSTRY

Table no.19		
	quit organization	f
a	Yes	32
b	No	88
Total		120

INTERPRETATION:-

In manufacturing industry. most of the employees don't leave the organization. Because they feel their work & job is safe. On the other hand 32 employees out of 120 wants to leave the job.

TABLE 20. REASON TO QUIT

Table no.20		
	Reason for quit	f
a	Marriage	0
b	Team fitment	0
c	career opportunity	26
d	Payment	6
Total		32

INTERPRETATION:-

The main reason to quit the job is better career opportunity & low salary.

IX. SUGGESTIONS

- The Manufacturing Industry should develop clear compensation and promotion policies for it employees. The employees should be, if it's not against the industry way of operations, enlighten the employees on how their salaries are determined. The benefits given to employees should commensurate their dedication to their respective work. And give appraisal on their performance by giving award & reward.
- The industry should develop clear guidelines on determining/ selecting prospective employees for various training and development opportunities and it may increase their productivity. Enhance employee morale & motivate them.
- The industry should provide good facility, safety to avoid accidents.

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