

# A study on the Issues and Challenges of Employee Retention in Leather Industries (with Special Reference to Vellore District)

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**ABSTRACT:** *Employee retention is most critical issue facing organization of shortage of labour, economic growth and employee turnover. Retaining employee involves understanding intrinsic motivators of them which many organizations unable to identify. The biggest challenge that organizations are facing today is not only managing human resources but also retaining them. The reason is "Individuals differ greatly in this regard. A Company should exert some effort and undertake some analyses to determine the nonmonetary interests and preferences of its key employees, and then attempt to meet these preferences in action." In this context organizations need to dig novel approaches to retain the most effective manpower.*

**Keywords:** *Employee Retention, Human Resource, Non-Monetary*

## INTRODUCTION:

Employee retention refers to the various policies, procedures and practices which let the employees stick to an organization for a longer period of time. Employee retention is beneficial for the organization as well as the employees. Now -a - days in most of the organization retention has become an important strategic aspect.

## WHY DO EMPLOYEES LEAVE?

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. The employee's decision to leave begins with a sense of low job satisfaction. 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. Retention involves five major things: Compensation, Support, Relationship, Environment, Growth etc.

## REVIEW OF LITERATURE:

Employee retention has become a critical issue for the employers to face shortage in labour, economic growth and employee turnover. Strategies for knowledge workforce are improvised for achieving competitive advantages. So that retention can be avoided in huge level. Great workplace is the key to make the employee feel comfortable. Intelligent employers always realize the important of retaining the best talent. Retaining the talent has become an important role in the Indian business market. Employee retention leads an organization to face issues because of the investments made to the individual in the form of training time and other business secrets shared. Successful strategy starts with the organization, implementing process sincerely that the top management is fully involved and their enthusiasm is of critical importance. (Dr.k. Aparna Rao, 2011)

Employees today are different. They are not those who do not have options in hand. Because, once they are stressed with the current company immediately they go to new company that meets their requirement. So, it's important to take care of an employee and an employer should be enough talented to retain their workers. Once skilled employees move out of company then the given training will be mere waste and huge loss in time and productivity as well. Compensation, Support, Relationship, Environment, Growth etc are the five components of retention. ( Dr.R.Akila, 2012)

Employee retention has gained importance in recent years. Employee retention is more than to keep the person in the job. It's all about sustaining employees, primarily by enhancing their job satisfaction. among retention strategies that were particularly successful in maintaining a low turnover rate, one of the solutions suggested was an increase in salary. Many studies had been done to retain their current manpower. Three 'R' is observed that the implementation of increased retention. The Three 'R' represent Respect, Recognition and Rewards. And it's concluded that the steps must be taken to lessen the workload and increase motivation and it's concluded that the steps must be taken to lessen the workload and increase motivation and incentives to the fellow employees. (Minu Zachariah; Dr.Roopa T.N, 2012)

N.R.Narayana Murthy, one of the most successful industry leader, holds a firm belief that people are the most important asset of an organization. He says, "When our key assets, i.e., employees walk out every evening, our net worth is reduced to zero. Our challenge is to ensure that they come back next day rejuvenated, refreshed and energized" (Chary, 2002: 77)

## Need and Importance of employee retention:

- Hiring is not an easy process.

- An organization invests time and money in grooming an individual.
- When an individual leaves the present organization, it is more likely to join the competitors.
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus adjust better.
- Individual are sticking to an organization for a longer span are more loyal towards the management and the organization.

#### **Challenges in employee retention:**

- Monetary dissatisfaction is one of the major reasons for an employee to look for a change.
- In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge.
- Individuals speak lies during interviews to get a job.
- Some individuals have a tendency to get bored in a short span of times.
- Unrealistic expectations from the job also lead to employees looking for a change.

#### **HR practices to improve Employee retention:**

##### **a) Compensation:**

Compensation plays a significant role in attracting and retaining good employees, especially those employees who gives outstanding performance. Better compensation packages being offered by other companies may attract employees towards themselves. Compensation is considered the most important factor for attracting and retaining the talent.

##### **b) Offer Financial Rewards:**

Offering financial rewards for employees who meet performance goals and stay for a predetermined time period. It is something that offered by the organization to the workers in response of their performance and contributions which are expected by the workers.

##### **c) Communication:**

Create an open communication between employees and management. Hold regular meetings in which employees can offer ideas and ask questions. Have an open door policy that encourages employees to speak frankly with their managers without fear of repercussion. Good communication can avoid grievance.

##### **d) Career Development Opportunities:**

Offer opportunities for team members to acquire new skills and knowledge useful to the organization. If an employee appears to be bored or burned out in a current position, offer to train this individual in another facet of the organization. There should not be any stagnation in the career.

##### **e) Include Employees In Decision-Making:**

The employees should be included in decision making process, they should be given equal rights to disclose their views. This can help create a sense of involvement and will generate new ideas and perspectives that top management might never have thought of.

##### **f) Foster Employee Development:**

This could be training to learn a new job skill or tuition reimbursement to help further employees education. Encourage the employees to develop their skills.

##### **g) Communicate Business Mission:**

Feeling connected to the organization's goals is one way to keep employees mentally and emotionally tied to the company.

##### **h) Good Working Environment:**

A good, healthy and safe working environment always enables employees to work comfortably and hence they get an incentive to perform better.

##### **i) Right Selection:**

Hiring individuals who are truly fit to succeed in the position for hire will dramatically increase the chances of that employee being satisfied with his or her work and remaining with the company for an extended period of time. By far, this is to be the biggest predictor of future employee retention.

#### **SUGGESTIONS:**

1. Organizations must conduct "stay" and "exit" interviews to understand as to why employees chose to leave the organization. This information will help in understanding the reasons why employees leave the organization. Based on this organizations must strengthen their employee-retention strategies.
2. Employers must try and encourage and ask their managers to be more involved in the communication process. Managers should spend considerable time in training employees, motivate good performers move to new positions up the hierarchical ladder and motivate poor performers to work better.
3. Organizations can conduct contests to keep employees motivated. If done in proper manner such programs can keep employees determined and enthusiastic about their jobs.

4. Employers must do smart hiring. They must hire selectively from the beginning by keeping in mind things like diligence, attitude, integrity, academic qualification, skills and experience.
5. Organizations must encourage employees to be part of the company's corporate social responsibility initiatives so that they feel they are not only working for the organization but also they are doing something good for the society.
6. Employers must try and recognize the need for employee's personal time off. Giving employee the time to keep his/her

**CONCLUSION:**

It is always important to keep in mind that an employee is said to be the asset to a company. So more than employing skilled and knowledgeable candidate, it's a must that the firm should ensure the retention of the same. HR practice play a key role, as they only help to foster employee and retention as well. Due to increasing competition among organization, it has been a must to pay attention to the workforce to give the productivity. Therefore it is not only important to recruit a suitable candidate but should make sure that he has to retain.

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