

AN EMPIRICAL STUDY ON EMPLOYEE RETENTION MANAGEMENT

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Abstract: Human resources are the panacea for all problems in an organization. Nowadays even technology – driven organizations require human resources to operate the technology. They are considered to be the most dynamic and crucial resources of any organization. Overall development in economy has created highly competitive markets. Human resources possess ample amount of opportunities due to this development and competition. Managing and retaining these human resources is the greatest challenge faced by organizations in the current dynamic and competitive world. Retaining talented employees in an organization plays a critical role for the development of any type of organization because employees abilities, skills and knowledge helps the organization to be economically competitive. Keeping employees satisfied is another major issue faced by today's employers. With respect to the sensitivity and importance associated with the retention issue, this project tries to understand employees preferences and expectations on the retention management from West Pharmaceutical Packaging India (P) Ltd. From the analysis it could be inferred that the employees have ranked working condition, job security, salary, career development and supervision as the important factors responsible for retention.

Index Terms – Human Resources, Employee Retention Management, Human Capital

1. INTRODUCTION

Any organizations long-term success and survival hinges on the retention of skilled and talented employees. Customer satisfaction and organizational performance i.e. effective succession planning, satisfied reporting staff and colleagues and increased sales is found to be dependent on the retaining ability of the talented employees in an organization. In simple terms employee retention can be stated as the means to encourage efficient employees to stay in an organization for a longer time period. It is found to be a process where employees are persuaded by the management to stay in the organization for maximum time period. Thus “the organization's ability for retaining its employees” is termed as employee retention. Maertz & Campion (1998) states that very limited research has been conducted on the ways which satisfies an employee to stay with an organization and the relationship between the quitting process and retention process. In the words of Zineldin, (2000) retention is nothing but an obligation to exchange with another organization or continuation of business on a regular basis. According to Denton (2000) satisfied and happy employees tend to exhibit more dedication towards their job and try to improve customer satisfaction. Stauss et al., (2001) has suggested two aspects of retention. They are emotional-cognitive (trust, customer liking, commitment and identification) and behavioural retention (repurchase intention and readiness to recommend). Today's organizations are taking great care towards retaining their talented employees as it has become difficult to get talented employees (Panoch, 2001). In order to achieve competitive advantage it is mandatory for the organizations to manage and retain their promising employees (Walker, 2001). According to Cutler (2001) the major demand faced by today's organizations is to keep the most dynamic and vital human resources dedicated and motivated. Recruitment and retention must go hand in hand. It is also found that the reasons for staying in an organization doesn't hold good for the reasons to leave the organization (Steel et al, 2002). Many researchers concluded that if proper employee retention management is adopted in an organization then the employees will work towards successfully achieving the organization's goals (Gberevbie, 2008; Amadasu, 2003 & Taplin et al, 2003). An organization's HR department plays a vital role in employee retention (Acton et al, 2003). The HR department is responsible for formulating policies regarding the betterment of employees which will transform the employees into satisfied employees and make them stay within the organization for longer

period of time. This depicts the fact that retention must not only happen with respect to employees but also with respect to valued skills. According to many researchers the major challenge faced by today's organizations is the inability to recruit and retain competent employees in order to excel in organizational performance (Gberevbie, 2008; Cascio, 2003 and Heneman & Judge, 2003). Wisconsin State Government (2005) has defined employee retention as , "a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs." Securing and managing competent human resources is mandatory for the efficient and effective delivery of goods and services for any type of organization (Olowu & Adamolekun, 2005). Therefore, the factors of employee retention i.e Working condition, Job Security, Salary, Career Development, Supervision, Reward and Recognition, Loyalty towards company, Retirement benefits, Company image and Recreation program are the sine-qua-non for any organization to accomplish its goals. In spite of all these factors enhancing employee retention, the employees might still think of leaving the organization due to bad management. The organization's ability towards employee retention is entirely dependent on its managerial ability. There exists a four step interlinked process (motivational, interaction, visioning and learning process) which can be utilized for the effective and efficient management of human resources in an organization (Kaliprasad, 2006). According to Baker, 2006, stress must be given on retaining the star performers in any organization as hiring new employees is a costlier process.

II.NEED FOR THE STUDY

In today's scenario employee retention is a major problem faced by corporates. Well trained employees tend to move from one organization to another when acquainted with better opportunities. Flexible timings, better ambience, growth prospects and lucrative salary are found to be few factors which encourages an employee to implement change. When a skilled employee states his willingness to quit his job, the HR team and the management must intervene without causing any delay in order to find the reasons for his decision. Employee retention management is found to be the panacea for retaining skilled employees, thus there exists a need to study how to retain employees in an organization.

III.OBJECTIVES OF THE STUDY

- To analyze the impact of demographic variables on factors of Employee Retention .
- To find out the most important factors of employee retention.

IV.RESEARCH METHODOLOGY

This study adopts descriptive research design and simple random sampling. The data was collected using questionnaire and so primary data was found to be used in this research. The samples were the employees in the organization. 100 questionnaires were distributed and 70 were found to be feasible for the study. The data was then analysed using SPSS and the following tests were employed: 1) T – Test, 2) ANOVA and 3) Weighted Average Method.

V.DATA ANALYSIS AND INTERPRENTATION

5.1.T – TEST

5.1.1.T-TEST OF FACTORS OF EMPLOYEE RETENTION WITH RESPECT TO MARITAL STATUS

H₀: There is no significant difference between factors of Employee Retention and Marital Status.

H₁: There is significant difference between factors of Employee Retention and Marital Status.

Table 1: T-Test of Factors of Employee Retention with respect to Marital Status

	Married	Unmarried	T value	Sig. (2-tailed)
	MEAN (S.D.)	MEAN (S.D.)		
Career Development	3.23 (1.01)	3.29 (0.92)	-2.45	0.81
Job Rotation & New Assignments	3.36 (0.98)	3.00 (1.12)	1.18	0.25
Job Security	3.45 (0.97)	3.41 (1.06)	0.14	0.90

Local Transfer Opportunities with Promotion	2.45 (0.93)	2.41 (1.18)	0.13	0.90
Promotion Opportunities	2.98 (1.04)	2.59 (0.94)	1.38	0.17
Recreation Program	3.98 (0.87)	3.41 (1.06)	2.00	0.06
Rewards & Recognition	4.32 (0.78)	4.18 (0.39)	0.73	0.47
Management support for higher education	2.68 (1.14)	2.35 (1.32)	0.92	0.37
Training & Development	3.79 (0.97)	3.94 (0.90)	-0.56	0.58
Working Environment	3.62 (0.90)	3.76 (0.75)	-0.59	0.56
Welfare Measures	3.32 (1.16)	3.47 (1.12)	-0.47	-0.15
Workers Participation in Management Decisions	3.38 (1.06)	2.94 (0.97)	1.51	0.14

Since all the significance values are greater than 0.05 there is found to be no significant difference between the employee retention factors and marital status. Hence H_0 is accepted.

5.1.2.T-TEST OF EMPLOYEE RETENTION FACTORS WITH RESPECT TO GENDER

H₀: There is no significant difference between Employee Retention Factors and Gender.

H₁: There is significant difference between Employee Retention Factors and Gender.

Table 2: T-Test of Employee Retention Factors with respect to Gender

	Male MEAN (S.D.)	Female MEAN (S.D.)	T value	Sig. (2- tailed)
Career Development	3.14 (1.01)	3.82 (0.60)	-2.17	0.03
Job Rotation & New Assignments	3.24 (1.02)	3.45 (1.04)	-0.64	0.53
Job Security	3.39 (1.02)	3.73 (0.79)	-1.04	0.30
Local Transfer Opportunities with Promotion	2.44 (0.99)	2.45 (1.04)	-0.04	0.97
Promotion Opportunities	2.81 (1.01)	3.27 (1.10)	-1.28	0.22
Recreation Program	3.80 (0.96)	4.09 (0.83)	-0.95	0.34
Rewards & Recognition	4.32 (0.71)	4.09 (0.70)	1.00	0.33
Management support for higher education	2.37 (1.13)	3.82 (0.60)	-6.18	0.00
Training & Development	3.80 (1.00)	4.00 (0.63)	-0.65	0.52
Working Environment	3.66 (0.82)	3.64 (1.12)	0.07	0.95
Welfare Measures	3.24 (1.19)	4.00 (0.45)	-2.08	0.04

Workers Participation in Management Decisions	3.24 (1.10)	3.45 (0.69)	-0.63	0.53
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Since all the significance values other than Career Development, Management support for higher education and welfare measures are greater than 0.05 there is found to be a significant difference between career development, management support for higher education, welfare measures and gender.

5.2.ANOVA

5.2.1.ANOVA OF EMPLOYEE RETENTION FACTORS WITH RESPECT TO AGE

H₀: There is no significant difference between Age and Employee Retention.

H₁: There is significant difference between Age and Employee Retention.

Table 3: ANOVA of Employee Retention Factors With Respect To Age

	<30	30-40	>40	Total	F	Sig.
	MEAN (S.D.)	MEAN (S.D.)	MEAN (S.D.)	MEAN (S.D.)	Value	
Career Development	3.18 (1.01)	3.15 (0.97)	3.88 (0.83)	3.24 (0.98)	1.92	0.15
Job Rotation & New Assignments	3.18 (1.14)	3.25 (1.01)	3.63 (0.74)	3.27 (1.02)	0.57	0.57
Job Security	3.55 (0.96)	3.35 (1.00)	3.63 (1.06)	3.44 (0.99)	0.42	0.66
Training & Development	3.95 (0.90)	3.80 (0.97)	3.63 (1.06)	3.83 (0.95)	0.39	0.68
Work Environment	3.86 (0.77)	3.45 (0.93)	4.13 (0.35)	3.66 (0.87)	3.12	0.05
Welfare Measures	3.55 (1.06)	3.18 (1.22)	3.75 (0.87)	3.36 (1.14)	1.29	0.28
Workers Participation in Management Decisions	2.86 (0.89)	3.35 (1.07)	4.00 (0.93)	3.27 (1.05)	4.03	0.02
Management support for higher education	2.64 (1.33)	2.45 (1.08)	3.25 (1.16)	2.60 (1.18)	1.56	0.22
Rewards & Recognition	4.05 (0.37)	4.38 (0.81)	4.50 (0.76)	4.29 (0.71)	2.03	0.14
Local Transfer opportunities with Promotion	2.50 (1.01)	2.38 (1.00)	2.63 (0.92)	2.44 (0.99)	0.26	0.77
Promotion Opportunities	2.68 (0.99)	2.93 (1.05)	3.25 (1.03)	2.89 (1.03)	0.96	0.39

Since all the values other than workers participation in management decisions are greater than 0.05, there is found to be a significant difference between worker's age and their participation in management decisions.

5.2.2.ANOVA OF EMPLOYEE RETENTION WITH RESPECT TO HIERARCHY

H₀: There is no significant difference between Hierarchy Level and Employee Retention.

H₁: There is significant difference between Hierarchy Level and Employee Retention.

Table 4: ANOVA of Employee Retention with respect to Hierarchy

	SHOP FLOOR	MIDDLE LEVEL	TOP LEVEL	Total	F Value	Sig.
	MEAN (S.D.)	MEAN (S.D.)	MEAN (S.D.)	MEAN (S.D.)		
Career Development	2.93 (0.96)	3.17 (0.98)	3.60 (0.94)	3.24 (0.98)	2.23	0.12
Job Rotation & New Assignments	3.40 (0.91)	3.00 (1.14)	3.65 (0.74)	3.27 (1.02)	2.88	0.06
Job Security	3.67 (0.62)	3.26 (1.09)	3.60 (0.99)	3.44 (0.99)	1.27	0.29
Training & Development	4.27 (0.70)	3.66 (0.94)	3.80 (1.06)	3.83 (0.95)	2.26	0.11
Work Environment	3.20 (0.77)	3.71 (0.93)	3.90 (0.72)	3.66 (0.87)	3.13	0.05
Welfare Measures	3.40 (0.91)	3.20 (1.28)	3.60 (1.05)	3.36 (1.14)	0.79	0.46
Workers Participation in Management Decisions	2.47 (0.83)	3.20 (0.99)	4.00 (0.79)	3.27 (1.05)	12.42	0.00
Management support for higher education	1.13 (0.35)	2.89 (0.99)	3.20 (1.00)	2.60 (1.18)	26.03	0.00
Rewards & Recognition	4.60 (0.51)	4.17 (0.71)	4.25 (0.79)	4.29 (0.70)	2.04	0.14
Local Transfer opportunities with Promotion	2.73 (0.88)	2.29 (0.96)	2.50 (1.10)	2.44 (0.99)	1.13	0.33
Promotion Opportunities	2.93 (0.88)	2.86 (1.09)	2.90 (1.07)	2.89 (1.03)	0.03	0.97

Since all the values other than workers participation in management decisions and management support for higher education are greater than 0.05, there is found to be a significant difference between worker's age and their participation in management decisions and also between worker's age and management support for higher education.

5.2.3.WEIGHTED AVERAGE ANALYSIS OF EMPLOYEE RETENTION FACTORS

Table 5: Weighted Average of Retention Factors

Sl. No	Retention Factors	Weighted Average
1	Working condition	8.2
2	Job Security	8.2
3	Salary	7.3
4	Career Development	7.3
5	Supervision	6.0

6	Reward and Recognition	4.9
7	Loyalty Towards company	4.8
8	Retirement Benefits	2.3
9	Company Image	2.1
10	Recreation Program	2.0

- From the weighted average analysis of Retention factors, it is found that most of the people are being influenced by the Working Condition and Job Security system of the company and Second preference is being given to Salary and Career Development for continuing their work life.
- Supervision, Reward and Recognition and Loyalty Towards company are also ranked by the people in the midscale range.
- Retirement Benefit, Company Image and Recreation Program are the least preferred factors by the employees for staying in the company.

VI.SUGGESTIONS

- Many employees in the company are not happy with the career development practices, hence the management can formulate and implement necessary action plans to resolve this.
- Few employees in the company are highly dissatisfied with Job rotation and New assignments, hence steps must be taken to implement Multi-tasking opportunity.
- Few employees lack job security in the company, hence company can improve its moral value.
- Wide range of employees are feeling that it is very difficult to get transfer with promotion opportunities, hence company can look into the opportunities to facilitate location transfers.
- Employees are often feeling that they are not promoted to next level though they perform well. Management can implement better promotion criteria to satisfy the highly performing employees.
- Many employees of the company feel that recreation programs could be conducted effectively. Hence, management can take suggestion from the employees to plan suitable recreation programs.
- Most of the employees are not getting management support to carryout higher education, it can be resolved through better career development programs.
- Lot of employees are not fine with the current welfare practices, management can meet their employees expectation if they take proper suggestion from them.
- Employees have giving average priority to Rewards and Recognition in retention management even though the company has very good system in practice, hence management can bring awareness among the people to understand the importance of company's best rewards and recognition system and the criteria for nomination.
- Many of the employees feel that there is significant difference between Gender and support for higher education, hence management can bring the action plan to remove the difference between these two group of employees in terms of support for higher education.
- Majority of the employees feel that they are not given importance or not being considered in management decisions with respect to employee welfare measures. Hence steps could be taken to give importance for worker's suggestions in management decisions.
- Female employees give more importance to help in career development, management support for higher education and welfare measures for staying in the organization than male employees. So management must take appropriate measures to satisfy the male employees with respect to retention strategies.
- The above 40 age group is found to be more satisfied with the workers participation in management decisions whereas the age group below 30 years is found to be less satisfied. The age group between

30 to 40 years is found to be moderately satisfied. Thus management must implement measures to increase the satisfaction level of the employees in the less than 30 years age group and 30 to 40 years age group with respect to workers participation in management decisions.

- Top level managers are more satisfied with workers participation in management decisions and management support for higher education whereas middle level managers are moderately satisfied and shop floor employees are less satisfied. Hence management must pay attention towards increasing the satisfaction level of middle level managers and shop floor employees with respect to workers participation in management decisions and management support for higher education which acts as employee retention strategies.
- Many employees in the company feel that their superior is task specific and fails to maintain friendly relationship with employees and he is not considering the personal problems of the employees which leads to misunderstanding between boss and his team members, hence management can look into this issue and try to fulfil the expectations of employees.

VII.CONCLUSION

An attempt is made in determining the causes of employee retention in MNCs and explore the employees state of mind in terms of organization's retention management system to identify the expectations of people and convey valid suggestions to meet their expectations. The organization in which sample was collected has high level of employee retention.

Human capital is found to be the most crucial asset in any organization. Generally employees leave an organization when their potential is not used completely. They also leave the organization when they are stressed and frustrated at the work place. Transparent work place is where the employees get a sense of belongingness and achievement which facilitates the process of employee retention. This type of work environment helps them in realizing their skills and unleashing their potential. Thus the employees enjoy being a part of an organization which offers transparent work environment and friendly culture, through which the organization is also found to benefit from reliable and strong human capital leading to its growth.

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