

Employee Retention: Issues of Sustainability in Automobile Sector

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ABSTRACT

Maintaining healthy employee relations in an organization is a pre-requisite for organizational success. Alternative way of maintaining good and healthy employee relations in an organisation is by attaching profitable benefits to every job and task carried out by every employee in that organisation. Employee retention is critical to the long-term health and success of your business. Managers readily agree that retaining your best employees ensures customer satisfaction, product sales, satisfied co-workers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. It is one of the primary measures of the health of your organization. The purpose of this paper is problems faced by the employees that become a challenge for HR and how to manage these problems with the help of motivating employees for not leaving the organization.

1. Introduction

Human Resource Management(HRM) is the strategic and coherent approach to the management of an organization's most valued assets – the people working there, who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "human resources" (HR) have largely replaced the term "personnel management" as a description of the processes involved in managing people in organizations. Human Resource Management is evolving rapidly. Human Resource Management is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce.

The Human Resources Management (HRM) function includes a variety of activities and key among them is deciding what staffing needs exist and whether to use independent contractors or hire employees to fulfil these needs; recruit and train the best employees, ensure they are high performers; dealing with performance issues; and ensuring the personnel and management practices conform to various regulations. Activities also include managing the approach to employee benefits and compensation, employee records and personnel policies. Usually, small businesses (for profit or non-profit) have to carry out these activities themselves because they cannot yet afford part or full-time help. However, they should always ensure that employees have and are aware of – personnel policies which conform to current regulations. These policies are often in the form of employee manuals which all employees must have.

2. Employee Retention

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, therefore, 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 the best employees ensures customer satisfaction, increased product sales, 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, 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 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 third best. Retention of key employees and treating attrition troubles has never been so important to companies.

In an intensely competitive environment where HR managers are poaching from each other, organizations can either hold on to their employees tight or lose them to competition. For gone are the days when employees would stick to an employer for years for want of a better choice.

In India, there are few sectors where the attrition level is much larger compared to other sectors, for example, Automobile sector and IT; *whereas, there are organizations like Air India, HAL, DRDO, BARC where the attrition is much lower nearly 5% or less than that.* Clearly, the only way out is to develop appropriate effective retention strategies.

Well, the answer is a definite no. It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached.

3. Review of Literature

Tripathi & Pareek (2015) suggested that employees can be retained directly or indirectly in the organization. Directly by signing a legal bond with the employee or indirectly by following some strategies. They categorized retention strategies at three levels- Low, Medium and High. At low level employee should be provided with good working conditions. At medium level training & development and at high level they are more interested in family holidays, entertainment tours by company and timely good appraisal.

Janani (2014) the author explored and identified two factors one is push factors and other is pull factors that affect employee turnover intentions. Push factors include benefits and facilities, size of organization, location of organization, nature and kind of organization, communication system in organization and pull factors are high salary, career advancement, new challenges and interesting job. There are some personal factors also that affect employee turnover intentions are age, marital status, health problems and family related issues.

Suhasini and Naresh Babu (2013) through his work suggested that employee leave the organization due to dissatisfaction with organizational culture, compensation, lack of motivation and challenging work environment but if the employees are provided with better career development opportunities, environment of openness and trust, effective utilization of employee's skills and management policies regarding rewards and recognition then employee retention can be encouraged.

Hassan et al (2013) the present study confined to explored different aspect of HRM & competency management in an organization but in the study training (a dimension of HRM) was studied in detail mentioned that job training plays very important role in employee retention. The type of training and duration of training is very important. Rewards and supervisory support is very important for retaining the employees.

Zachariah and Roopa (2012) examined the reasons for employees leaving the organization, staying back factors, their attitude towards work, work relationship. The outcome of the study is expected to help HR managers of these organizations in minimizing the attrition rate by developing effective retention strategies specific to their organization.

Zachariah and T.N (2012) indicated that there are personal reasons for leaving the organization; Organizational factors that influence employee to stay back in the current organization, personal factors that influence employees to stay back in the current organization, attitude of employees towards work and work relationship and expectation of IT professional from organization.

Shoaib M et al (2009) highlighted some important factors on employee retention which are career development opportunities, supervision support, working environment, rewards & work life policies on employee retention. The study also reveals the positive relationship of career development

opportunities, supervision support, working environment, rewards and work life policies with employee retention.

De Vos et al (2008) in his research identified HR manager's views and employees view on retention. Purpose of this paper is to explore HR manager's and employee's views on the factors affecting employee retention using the perspective of the psychological contract. According to HR managers factor that causes employee retention are career opportunities and financial rewards but for employees social atmosphere, job-content and work-life balance are the factors that cause employee retention.

Fitz-enz (1990) recognized that only one factor is not responsible in management of employee's retention, but there is several factors influenced in employee's retention which need to manage congruently i.e., compensation & awards, job security, training and development, supervisor support culture, work environment & organization justice etc. Many industries are afflicted with high demand for specialized employees and are also suffering high levels of turnover. We have moved into a knowledge-based society where human capital is considered a key resource and a competitive business advantage.

4. Research Methodology

Research Design

The step in which the project was carried out was by collecting both the primary and the secondary data. The secondary data was collected first. This collection of data was done by means of reading various materials such as books, journals, magazines, newspaper articles, etc., looking for similar content online (i.e., on the Internet).

The project work was, therefore, carried out on the basis of the data collected therefore.

Descriptive & Exploratory Research

The research design of present study is exploratory cum descriptive in nature. Exploratory because study is exploring various factors influencing retention of automobile professionals, retention strategies adopted by organization and impact of these retention strategies on the performance of organization. Descriptive as it describes the type of retention strategies adopted by selected organization and the impact of using those strategies on the continuity of jobs by employees.

Data Collection

Primary data: Primary data has been collected by the following methods:

1. Questionnaire

Secondary data: Secondary data has been collected by the following methods:

1. Websites
2. Books & Journals

Sampling

Sampling technique for the current study is convenience sampling.

Sample Size

Total 200 respondents (employees) taken for analysis and interpretation.

5. Objectives of the study

1. To study the factors affecting employee's retention in

6. Data Analysis and Interpretation

an organization.

2. To identify the retention strategies followed by automobile industry.
3. To find the relationship among various retention strategies in automobile industry.

Table: 1 Employee Retention Strategies

Statements	Mean	Std. Deviation	Skewness	Cronbach Alpha
Job Security	3.63	.953	-.607	.882
Promotion Opportunities	3.59	.920	-.581	.876
Working Environment	3.80	.967	-.735	.883
Welfare Measures	3.60	.930	-.637	.886
Rewards and Recognition	3.71	1.001	-.774	.879

Above table contains five Employee Retention Strategies which can be used to retain employees. It can be observed from table that Working Environment (Mean 3.80) the most important retention strategy from employee perspective which motivates them to keep working in the present organization.

On the other hand, Welfare Measures taken by organization is considered as less important by employees to retain them in same organization. Out of these five Retention Strategies, three Retention Strategies have been further studied separately.

Table: 2 Factors influencing employee retention in the organization

Various Factors	Mean	Std. Deviation	Skewness	Cronbach Alpha
Salary	3.60	1.042	-.754	.864
Working conditions	3.81	.958	-.960	.864
Recognition & Reward	3.67	1.038	-.830	.860
Job security	3.76	1.030	-.804	.859
Company image in the society	4.09	.952	-1.099	.889

Above table constitute 5 factors which are influencing the employee to retain in the organization. Employees considered that the company image in the society and working conditions

at work place are most important factor which are influencing the employees to retain in the organization.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.880
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	540.584
	10
	.000

The Bartlett's Test of Sphericity in the above table shows that the p-value (.001) which is less than assumed value (.005) indicates that it is valid to carry out factor analysis. Bartlett's Test of Sphericity is exercised in order to test whether variables are uncorrelated to each other or not. The above table also provides that KMO coefficient is 0.880 (greater than

0.5). Malhotra and Dash (2011) argued that the value of KMO measure of sampling adequacy should be greater than 0.5 to ensure the appropriateness of factor analysis. The values of KMO and Bartlett's test of sphericity justify that it is appropriate and significant to carry out factor analysis.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.489	69.770	69.770	3.489	69.770	69.770
2	.534	10.681	80.452			
3	.360	7.191	87.643			
4	.319	6.387	94.030			
5	.298	5.970	100.000			

Extraction Method: Principal Component Analysis.

**Correlations
Working Environment**

Statements		B2.1. Ventilation facilities are maintained well	B2.2. There is enough illumination at work place	B2.3. Fair treatment of employees	B2.4. Employees suggestions & grievances are considered	B2.5. Better coordination among workers
B2.1. Ventilation facilities are maintained well	Pearson Correlation Sig. (2-tailed) N	1 .656** 200	.656** .000 200	.602** .000 200	.598** .000 200	.471** .000 200
B2.2. There is enough illumination at work place	Pearson Correlation Sig. (2-tailed) N	.656** .000 200	1 .646** 200	.646** .000 200	.619** .000 200	.498** .000 200
B2.3. Fair treatment of employees	Pearson Correlation Sig. (2-tailed) N	.602** .000 200	.646** .000 200	1 .708** 200	.708** .000 200	.651** .000 200
B2.4. Employees suggestions & grievances are considered	Pearson Correlation Sig. (2-tailed) N	.598** .000 200	.619** .000 200	.708** .000 200	1 .644** 200	.644** .000 200
B2.5. Better coordination among workers	Pearson Correlation Sig. (2-tailed) N	.471** .000 200	.498** .000 200	.651** .000 200	.644** .000 200	1 200

** Correlation is significant at the 0.01 level (2-tailed).

Output of Karl Pearson’s correlation matrix shown in table explains the relationship and level of significance among various aspects of Working Environment. Above correlation matrix show that ventilation facilities are well maintained is positively correlated with enough illumination at work place, fair treatment of employees, employees suggestions and grievances are considered, better coordination among workers;

and correlation are significant at $p < .01$. Ventilation facilities are maintained well has positive correlation with Employees suggestions & grievances are considered; where correlation are significant at $p < .01$. Employees suggestions & grievances are considered has positive correlation with fair treatment of employees, better coordination among workers where correlation are significant at $p < .01$.

**Correlations
Welfare Measures**

Statements		B3.1. Pure drinking water facilities are provided at work place	B3.2. Toilets are maintained hygienically	B3.3. Firefighting methods followed by organization are good	B3.4. Rest room and canteen are maintained well	B3.5. Retirement benefits schemes provided such as pensions, provident fund and gratuity are appreciated
B3.1. Pure drinking water facilities are provided at work place	Pearson Correlation Sig. (2-tailed) N	1 .768** 200	.768** .000 200	.625** .000 200	.583** .000 200	.394** .000 200
B3.2. Toilets are maintained hygienically	Pearson Correlation Sig. (2-tailed) N	.768** .000 200	1 .684** 200	.684** .000 200	.568** .000 200	.497** .000 200
B3.3. Firefighting methods followed by organization are good	Pearson Correlation Sig. (2-tailed) N	.625** .000 200	.684** .000 200	1 .606** 200	.606** .000 200	.472** .000 200
B3.4. Rest room and canteen are maintained well	Pearson Correlation Sig. (2-tailed) N	.583** .000 200	.568** .000 200	.606** .000 200	1 .612** 200	.612** .000 200
B3.5. Retirement benefits schemes provided such as pensions, provident fund and gratuity are appreciated	Pearson Correlation Sig. (2-tailed) N	.394** .000 200	.497** .000 200	.472** .000 200	.612** .000 200	1 200

** Correlation is significant at the 0.01 level (2-tailed).

Output of Karl Pearson’s correlation matrix shown in table explains the relationship and level of significance among various aspects of Welfare Measures. Above correlation matrix show that pure drinking water facilities are provided at work place is positively correlated with toilets are maintained hygienically, firefighting methods followed by organization are

good, rest room and canteen are maintained well, retirement benefits schemes provided; and correlation are significant at $p < .01$. Toilets are maintained hygienically has positive correlation with pure drinking water facilities are provided at work place; where correlation are significant at $p < .01$. Rest room and canteen are maintained well has positive correlation

with pure drinking water facilities are provided at work place, where correlation are significant at $p < .01$.

Correlations
Rewards and Recognitions

Statements		B4.1. Overtime salary	B4.2. Yearly bonus scheme	B4.3. Performance appraisal system in practice	B4.4. Employees are allowed to utilize their innovative ideas for sales	B4.5. Employees get helpers and associates for their job as and when required
B4.1. Overtime salary	Pearson Correlation	1	.708**	.560**	.526**	.532**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	200	200	200	200	200
B4.2. Yearly bonus scheme	Pearson Correlation	.708**	1	.715**	.651**	.626**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	200	200	200	200	200
B4.3. Performance appraisal system in practice	Pearson Correlation	.560**	.715**	1	.717**	.697**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	200	200	200	200	200
B4.4. Employees are allowed to utilize their innovative ideas for sales	Pearson Correlation	.526**	.651**	.717**	1	.756**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	200	200	200	200	200
B4.5. Employees get helpers and associates for their job as and when required	Pearson Correlation	.532**	.626**	.697**	.756**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	200	200	200	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Output of Karl Pearson's correlation matrix shown in table explains the relationship and level of significance among various aspects of rewards and recognitions. Above correlation matrix show that overtime salary is positively correlated with yearly bonus scheme, performance appraisal system in practice, employees are allowed to utilize their innovative ideas for sales, employees get helpers and associates for their job as and when required; and correlation are significant at $p < .01$. Yearly bonus scheme has positive correlation with performance appraisal system; where correlation are significant at $p < .01$. Performance appraisal system has positive correlation with overtime salary, yearly bonus scheme where correlation are significant at $p < .01$.

7. Conclusion

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behaviour, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive.

Any technology needs motivated employees to adopt it successfully. Several approaches to Retention are available.

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