

An Effectual Employee Retention Strategy : A Rational Construct

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Abstract

In India the manufacturing industry is one of the fastest growing sectors contributing major share to our Gross Domestic Product. Factors such as economy of scale, cost advantage and superior competency have all led to the growth of the Manufacturing Industry in India. Employee retention matters as, organizational issues such as training time and investment, costly candidate search etc. are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Various estimates suggest that losing a middle manager in most organizations, translates to a loss of up to five times his salary. This might be worse for Manufacturing organization where fresh talent is intensively trained and inducted and then further groomed to the successive stages. In this scenario, the loss of a middle manager can often prove dear.

Employee retention is an important aspect in almost all cases; it does not make any sense to allow good people to leave the organization. When they leave, they take with them intellectual property, relationships, investments (in both time and money). Employee Retention Strategies help the organizations to provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. It also provides full support for the Marketing Communication Efforts to build customer loyalty by distinguishing and positioning the organization's unique products and services in the market.

Keywords - Employee, Retention, Strategy, Communication And Organization Issue.

Introduction

The Manufacturing Industry in India has gained a huge acknowledgement and has become a brand identity as a knowledge economy due to its manufacturing sector. Because of huge profits and lucrative market size, lot of small and big players have entered into this market and therefore a major chunk of youngsters are taking their careers into manufacturing sector. A manufacturing plant consists of *Processes* and *Systems* (and people of course) designed to transform a certain limited range of *materials* into products of increased value. The three building blocks - **Materials, Processes, and Systems** are the subjects of Modern Manufacturing. Manufacturing Capability includes:

1. Technological Processing Capability
2. Physical Product Limitations
3. Production Capacity

A lot of research has been done to identify the reasons of employees leaving the Industry. James M.J and Faisal U (2013) studied the causes of attrition in Karnataka and Kerala states of India and revealed in their study that employee attrition rate is high due the absence of good HRM practices. 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.

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 cost up to five times of his salary.

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Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; 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. Gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities are abound.

Objectives Of Study

1. To identify the factors of employee attrition in manufacturing industry.
2. To establish a relationship between the various personal factors and attrition.
3. To offer suggestions based on the study.

Research Methodology

The present study is based on the primary data collected through furnishing the questionnaire to the employees working in manufacturing organizations located in Jamshedpur. The Random sampling techniques is administered for the purpose of the study. The questionnaire is administered to the 100 employees working in manufacturing organizations located in Jamshedpur.

Concepts To Retain Employees

The concept of employee retention is universally applicable to all the category of employees. It cannot be one and the same technique for all. As different medication are required for the different diseases, similarly different techniques need to be formulated according to the category of employees and depending on their geographical diversification.

A retention strategy has become essential if the organization is to be productive over time and can become an important part of the hiring strategy by attracting the best candidates who know how to track record to care for employees. In fact, some companies do not have to recruit because they receive so many qualified unsolicited submissions due to their history of excellence in employee retention.

Importance Of Retaining Employees

- 1) High turnover often leaves customers and employees in the lurch; as the employees take a great deal of knowledge with them.
- 2) The cost of replacing an employee is estimated up to

twice the individual’s annual salary and this doesn’t even include the cost of lost knowledge.

- 3) Recruiting employees consumes a great deal of time and effort, much of it is futile.
- 4) Bringing employees up to speed takes even more time. And when you’re short-staffed, you often need to put in extra time to get the work done.

Three R’s Of Employee Retention

To keep employees and keep satisfaction high, you need to implement each of the three R’s of employee retention: Respect, Recognition, and Rewards. See in figure -1

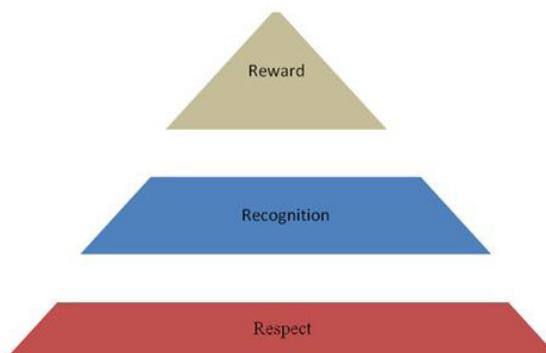


Figure-1: Three R’s of Employee Retention

Respect is esteem, special regard, or particular consideration given to people. As the pyramid shows, respect is the foundation of keeping your employees;

Recognition is defined as “special notice or attention”. Problems with retention occur because management is not paying attention to employees;

Rewards are the extra perks offered beyond the basics of respect and recognition that make it worth people while to work hard, to care, to go beyond the call of duty. The magic truly is in the mix of the three.

When we implement the “Three R’s” approach, labour turnover is reduced and enjoy the following:

- Increased Productivity.
- Reduced Absenteeism.
- A more pleasant work environment (for both employees and employers).
- Improved Profits.

A steadfast philosophy that sets Employee Retention Strategies apart:

- a) Uses only research-based, theory-supported approaches to improve employee engagement. Avoided are gimmicks such as employee of the month, suggestion boxes, prizes or other “carrots.” While commonly used, these short-term fixes fail to produce genuine employee loyalty.
- b) Employs an easy-to-understand systems approach to ensure the root causes of turnover which are addressed and the lasting change through which potential is unleashed.
- c) Customizes all activities to the organization’s unique history, current practices and strategic objectives.
- d) Also considered are challenges unique to your industry sector, competitive market place issues and talent shortages.
- e) Involves those responsible for implementing change in actually creating the change, ensuring input and improved shared understanding and support of all initiatives.
- f) Integrates hands-on, action-oriented approaches that enable organizations to move forward quickly and effectively.
- g) Recognizes the research-proven role of no-cost strategies in developing the “glue” that builds employee loyalty and commitment.

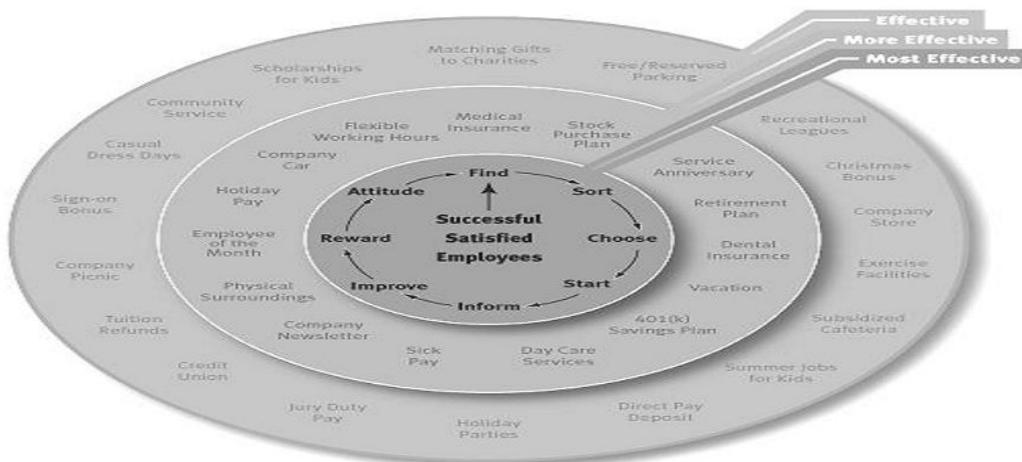
h) Brings to your organization leading - edge organization - development best practices to effectively and quickly build a retention-rich culture.

KEi’s Employee Retention Wheel

The first step to improve an employee’s retention is to understand why employees stay with their current employers. Many “experts” dwell on the reasons why employees leave, which is not as important or revealing as the reasons they say. Companies have tried many different programs and perks to hold onto good employees. Among the countless inducements offered, only those identified in the centre of **KEi’s Employee Retention Wheel** are truly what gives employees a consistent reason for saying “no thank you” when tempted with a “sweeter offer”.

After years of study and experience, KEi has determined and presented in the Retention Wheel, the factors which have the greatest impact on keeping employees. KEi has used this information to give employers the tools to meet the core needs that keep employees successful at their jobs, thus reducing the high costs associated with unwanted employee turnover. KEi’s concentration on the center of the Employee Retention Wheel provides employers with Internet-based tools that give employees systematic, ongoing support to be successful in their work and satisfied with their employment.

KEi’s Employee Retention Wheel™



“Controllable employee turnover” is caused by only two things: ‘Bad hiring’ and ‘Bad Treatment.’ Employers try numerous things to keep good employees. However, studies show that the programs in the outer two rings do not have as great an impact on retaining employees as the processes identified in the center of KEi’s Employee Retention Wheel. Employers need to focus on providing supervisors with the tools that implement the processes at the center of the wheel.

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Using the Wheel to Improve Employee Retention, KEi's Employee Retention Strategy is based upon two primary beliefs:

- a. It is difficult for employers to retain good employees if they don't have a process to hire the right people in the first place.
- b. Retention processes must directly support the reasons that successful, satisfied employees stay.

The Center Of KEi's Employee Retention Wheel: Eight Factors

The **Eight Central** processes of the Employee Retention Wheel are:

1. Values for employing are communicated to employees.
2. Communicate to job seekers and attract candidates who will fit in the job.
3. Employers seek if the attitude of job seekers will match their environment.
4. Employers check job seeker's ability and their skills before selection.
5. Make new employees to understand the reason for success of business and prepare them to work for further support.
6. Employers provide essential information to carry on work effectively.
7. Giving opportunity for employees to work together and measure their effectiveness through training.
8. Employees duly rewarded with extra incentive income.

Analysis & Interpretation

The data collected through questionnaire has been analyzed and interpreted using a tabulation method. The study found the factors that cause the employees leaving their present organizations. The following tables depict the various factors which cause attrition among the employees working in manufacturing industry:

Table 2 : Unfriendly Working Conditions

Sl. No	Opinion	No.	Percentage (%)
1	YES	52	52
2	NO	48	48
Total		100	100

When it is asked to the respondents that the unfriendly working conditions induce them to leave their place of work, 44 % of the respondents responded negatively 56 % respondents opined that the organizations are having friendly working conditions.

Table 3 : Lack Of Social Interaction At Work Place

Sl.No	Opinion	No.	Percentage (%)
1	Strongly Agree	60	60
2	Agree	20	20
3	Disagree	11	11
4	Strongly Disagree	9	9
Total		100	100

The above table reveal the respondent's opinion about the social interaction at work place. When asked, 60% of respondents responded are supported that strongly agree statement and 20 %, 11%, 9% respondents have supported the statements Agree, Disagree and Strongly Disagree consequently.

Table 3 : Lack Of Training And Developmental Opportunities

Sl.No	Opinion	No.	Percentage (%)
1	Strongly Agree	37	37
2	Agree	38	38
3	Disagree	10	10
4	Strongly Disagree	15	15
Total		100	100

The above table expresses the respondents' opinion about training and developmental opportunities provided by their organizations. Majority of the respondents in which 37 % Strongly Agree, 38 % of the respondents Agree, 10 % respondents Disagree and 15 % of respondents Strongly Disagree on the above said statement.

Table 5 : High Amount Of Work Stress

Sl.No	Opinion	No.	Percentage (%)
1	Strongly Agree	76	76
2	Agree	14	14
3	Disagree	06	06
4	Strongly Disagree	04	04
Total		100	100

The above table reveals the respondents opinion about quantum of stress involved in their work. 76 % of respondents Strongly Agreed with the statement, whereas 14%, 6%, 4% respondents stick themselves with opinions of Agree, Disagree and Strongly Disagree consequently.

Table 6 : Role Confusion

Sl.No	Opinion	No.	Percentage (%)
1	Strongly Agree	28	28
2	Agree	26	26
3	Disagree	42	42
4	Strongly Disagree	04	04
Total		100	100

The above table reveals the respondents' opinion about Role Confusion 28 % strongly agree and 26 % were Agree while 42 % and 4 % respondents were Disagree and Strongly Disagree respectively.

Table 7 : Ineffective Organizational Policies

Sl.No	Opinion	Opinion		Percentage (%)	
		Yes	No	Yes	No
1	Performance Appraisal and Feedback	67	23	67	23
2	Career Management	54	46	54	46
3	Compensation and Reward Management	38	62	38	62
4	Communication Policy	51	49	51	49
5	Leave Management	56	44	56	44
6	Motivational Policies	88	12	88	12
Total		100		100	

The above table reveals the respondents' opinion about some of the organizational policies responsible for increasing attrition rate. 67 % respondents said 'Yes' to the performance appraisal and feedback; and rest of the respondents said 'No' to the performance appraisal and feedback policy. 54 % respondents opined positively to the Career Management administered in their organization while the remained respondents admitted it is not the cause for increasing attrition rate. On asking the Compensation and Reward Management in their organization, 38 % respondents expressed 'Yes' and surprisingly 62 % respondents said 'No' to this statement. The respondents said their opinion about the leave management

and motivational policies of the organization- 56 % and 88 % respondents said 'Yes' while 44 % and 12 % said 'No' respectively.

Thus, the relationship between various personal factors and ever increasing attrition rate among the employees working in manufacturing industry was explored. The study identified demographic factors and focused on assessing the impact of these demographic factors impact. The relationship between demographic factors of respondents and attrition is discussed below.

Marriage And Attrition

The researchers attempted sincerely to identify reason to ever increasing rate of attrition due to the marriage. The data collected is presented in the following table.

Table 8 : Marriage Is The Reason For Attrition

Sl.No	Opinion	Men		Women		Percentage (%)			
		Married	Unmarried	Married	Unmarried	Men		Women	
						Married	Unmarried	Married	Unmarried
1	Strongly Agree	20	2	11	22	33	3	28	55
2	Agree	12	4	2	1	20	7	5	2.5
3	Disagree	8	6	1	1	13	10	2.5	2.5
4	Strongly Disagree	5	3	1	1	8	5	2.5	2.5
Total			60		40				

The above table reveals the respondents with different marital status and expressed their opinion about the marriage can cause attrition among employees. The study includes- Out of total 100 respondents 60 male respondents and 40 female respondents. From the above data, it is revealed that 33 % Married Men and 28 % Married Women and 2 % Unmarried Men and 55 % Unmarried Women strongly agreed with the said statement, while 20 % Married Men, 5 % Married Women and 7 % Unmarried Men and 2.5% Unmarried Women were strongly disagree and 13 % Married Men, 2.5 % Married Women and 10 % Unmarried Men and 2.5 % Unmarried Women were disagree and 8 % Married Men and 2.5 % Married Women and 2.5 % Unmarried Women strongly disagreed with the statement.

Domestic Responsibilities And Attrition

Table 9 : Higher Education Is The Reason For Attrition

Sl.No	Opinion	Percentage (%)			
		Men	Women	Men	Women
1	Strongly Agree	16	56	16	56
2	Agree	8	10	8	10
3	Disagree	2	3	2	3
4	Strongly Disagree	4	1	4	1
Total		100		100	

On asking the employees about it, the domestic responsibilities is the cause of attrition 16 % Men and 56 % Women respondents strongly agreed while 8% Men and 10 % Women, 2 % Men and 3% Women and 4 % Men and 1 % Women respondents Agreed, Disagreed and Strongly disagreed respectively.

Higher Education And Attrition

Table 10 : Higher Education Is The Reason For Attrition

Sl.No.	Opinion	No.	Percentage (%)
1	Strongly Agree	45	45
2	Agree	28	28
3	Disagree	15	15
4	Strongly Disagree	12	12
Total		100	100

On asking the employees about the higher education, it is the cause of attrition 45 % Strongly Agree while 28 % 15 % 12 % respondents Agree, Disagree and Strongly Disagree respectively.

Loss Of Interest And Attrition

Table 11 : Loss Of Interest Is The Reason For Attrition

Sl.No.	Opinion	No.	Percentage (%)
1	Strongly Agree	57	57
2	Agree	28	28
3	Disagree	8	8
4	Strongly Disagree	7	7
Total		100	100

When the respondents were asked about the loss of interest, the cause of attrition- 57 % Strongly Agree while 28 %, 8 %, 7 % respondents Agree, Disagree and Strongly Disagree respectively with the said statement.

Findings

1. Respondents report that there are plenty of opportunities available outside to them and that induces them to leave the present organization they are working with.
2. It is found that the job in the manufacturing industry demand high skill set and competencies and there is a mismatch between the training provided to the employees and suitable skill to perform the job.
3. It is found that most of the respondents have been experiencing the high amount of stress in their work that causes them to lower their performance level, productivity and health.
4. The respondents feel that organizations doesn't provide adequate leaves to the employees and it doesn't have any work life balance programs for the employees to maintain their work life and personal life
5. The research shows that most of the respondents are pursuing their higher education and join in this industry to support their immediate financial needs. The research also shows that most of the respondents view this sector as an immediate choice after their

education and once they get a suitable job to their specifications they left the organizations.

6. The women respondents working in the industry feel that getting married can cause them to leave the present organization attributing various societal reasons like seeking acceptance of husband and in-laws, moving to husband's place.
7. The study found that unusual shifts and odd shift timings discourage the employees to stay in this profession as their present organization is not having any suitable program.
8. There is no clear cut performance standards and measures to attain by the employees.
9. It is found that there is less transparency in the performance appraisal system and the performance feedback is also not communicated to the employees to know the gap in their performance.
10. Respondents feel that the salary packages one receives is not the main factor for the increasing rate of attrition, as most of the respondents have been paying better salaries by their respective organizations.
11. Most of the female respondents feel that the domestic responsibilities like taking care of parents, in laws and children causes them to leave the profession and join some other profession.

Suggestions

- Undertake review of existing policies and improve current practices on flexible work arrangements.
- Provide possible work breaks and interval to the employees to get relief from their work.
- Open Communication always helps the organization, the employees' doubts with regard to performance standards and performance expectations must be communicated prior.
- Try to make the job more enriched so that employees can feel a sense of satisfaction and pride in their work.
- Loyalty can't be bought, companies can introduce loyalty

programs to motivate their employees to stay back with their organizations.

- Build learning relationships in all directions and hold all participants responsible for their success.
- Select the candidates who fit into the role and train them accordingly and make it as a continuous practice in the organizations, so that the employees never feel inferior to perform their role.
- Strengthen Career Development and Career Progression Programs in return it help the organization to retain their employees.
- Provide whole job experience to the employees to maintain their interest in their work and it motivates the employees to stay back with the organization.
- Recognize the employees. Appreciating the skill and performance acts as the energy booster to the employees and induces them to achieve higher performance standards.
- Retention must be intertwined and blended in the organizational strategy formulation. Organizations must maintain a rewarding, encouraging a participative culture in the organization. This definitely pays off to the organizations with having loyal workforce who are skilled, trained and motivated workforce.

Conclusion

The study was conducted to identify the various factors that cause to increase attrition among the employees working in manufacturing industry. The manufacturing industry becomes the continuously growing and ever changing industry and contributing major chunk to India's GDP. In this sector, the rate of recruitment is high as rate of attritions is also compounding due to various factors. This definitely attracts the attention to identify the root causes of this problem. It is been significant to address all the factors identified and must addressed by the HR Professionals to reduce the impact of attrition on the organization. Organizations spent huge amount of money to provide training and skill development program to their employees, it costs the double of the salaries they have been paid to their employees. It is also important to deal with the factors of attrition, to reduce the organization cost, to enhance the performance and productivity of the organization and to develop suitable ways to reduce the way of attrition.

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