

## **AN EMPIRICAL STUDY ON EMPLOYEE RETENTION.**

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### **ABSTRACT**

*In the present-day scenario Retention of employees is a challenging job for HR. Attrition is a buzz word in the industry today. A strong retention strategy is an essential for retaining the employees and it leads to help with the survival of the organization in the long run. The authors in this article throw a light on how to retain employees and also studied an automobile organization as a case study.*

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### **Introduction**

Effective employee retention is a systematic effort by employers to create and foster needs in an environment that encourages current employees to remain employed. The components of strong retention are motivating employee by awards and rewards, perks, career advancement schemes, training programs and also conducts exit interviews (take corrective action on any dissatisfaction expressed by the past employee). Retaining 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 involves taking measures to encourage employees to remain in the organization for the maximum period of time. It is an effective 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. Employee retention is beneficial for the organization as well as the employer.

Retention of key employees is crucial and it is the long-term perspective to an organization. Employee retention matters, as organizational issues such as training time and investment, lost knowledge, insecure employees, and a costly candidate search is involved. Hence, failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in organizations' costs up to five times his salary. Corporations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer, but retention is even tougher and crucial than hiring.

Various estimates suggest that losing a middle manager in most organizations' costs up to five times of 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. There is no dearth of opportunities for a talented person. That is the top organizations are at the top because they value their employees and they know how to keep them glued to the organization. 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. Every organization invests time and money to groom a new employee, make him a corporate ready material and bring him on par with the existing employees. The organization is completely at a loss when the employees leave the job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stay in an organization for the maximum.

### Review of Literature

- Dr. Mita Mehta, Aarti Kurbett, Ravneeta Dhankhar (2014) in their article titled "Study on Employee Retention and Commitment" explained that Today employee commitment and retention has become an important strategic aspect of the organization. The objective was to identify the best practices and methods adopted by the various business across industries to help enhancement and commitment in employee retention. They found that no significant and relevant policies which keep employees committed to the organization, because employers lay different emphasis on different variables that suit their organizations than employee benefits and the real task was to retain the committed workforce. They also found that few of them were building strategies by keeping the employee perspective in and suggested to pay attention on career advancement and development path, performance appraisal perk and flexitime, leadership, work-life balance and compensation and induction program to retain the employees.
- Md. Sajjad Hosain (2016) in his article titled "Impact of Best HRM Practices on Retaining the Best Employees: A Study on Selected Bangladeshi Firms, he tried to study the influences of various HR practices in retaining the employees. The objective of the study was to identify the sources of job satisfaction and their influence on employee retention. A Judgmental sample of 314 was considered for the study at various levels of organizations both in private and public corporate. The study showed a positive result, but an insignificant relationship between employee retention and factors like job analysis, adequacy of information, management-employee relationship and participation in decision making. He identified that job training, compensation, benefits and supervisory treatment have a strong negative relationship with employee retention, where as other factors of Rto R are play neutral role in retaining employees.
- Muhammad Saleem, Hina Affandi (2014) in their article titled "HR Practices and Employees Retention, an empirical analysis of the Pharmaceutical sector of Pakistan" studied the impact of Human Resources practices on Employee Retention, considering Perceived Organizational Support as a mediating variable. The researchers used Convenience sampling of 100 sizes and used most of the secondary sources to gather the information. The results showed that growth opportunities were significantly associated with perceived organizational support. The researchers found that Growth and Fairness of rewards were negatively associated with employee turnover and Perceived organizational support was positively and significantly related to the Fairness of rewards and growth opportunities, as well as with employee retention. So, the authors concluded that to retain skillful employees there must be opportunities for growth and fairness in reward system.
- Janet Kaari Mutiria, Dr. Simon Rukangu, Dr. Thiaine Kubaison (2015) in their article "Factors Influencing Employee Retention" in the field of education sector at Meru University of Science and Technology studied the various factors that influence the employee's retention at Meru University. The objectives of the study relate to training and development, performance appraisal, welfare benefits and career advancement programs will influence employee retention. They have taken a sample size 104 member and applied stratified random sampling technique. They analyzed the date by applying SPSS found that welfare benefits had the greatest impact on the employee retention, followed by career growth, than the training and development while performance appraisal had the least impact in the employee retention which is a must.

- Minu Zachariah and Rupa T.N (2012) in their article titled “A Study on Employee Retention Factors influencing IT Indian companies & Multinational Companies in India”. The Objective of their study was to examine the factors that influencing the retention of IT professionals of Indian and Multinational Companies. Purposive sampling technique was adopted to conduct the study with 30 IT national and Multination Organizations. The study showed that there was no significant difference in response among IT Professionals of Indian IT companies and Multinational Companies in India. Therefore, they conclude that the Indian IT Companies were on par with Multinational Companies in various aspects, along with a retention strategy would help Organizations in attracting and retaining top talent.
- Bidyut Bijoya Neog and Dr. Mukulesh Barua (2015) in their article titled “Factors Affecting Employee’s Retention” in Automobile Service Workshops of Assam An Empirical Study, studied the various factors affecting the employee retention. The objective of the study is to know which factor the respondents consider their long tenure in the organization. Those are Job security, Job satisfaction, work life balance, Compensation and they studied the inter relationships an above listed factors. A sample size of 100 respondents from various departments was surveyed and applied Pearson correlation, ANOVAs Test, HSD. The study revealed that employee retention in a job is based on job security and employee retention was above average in selected organization.
- Michael O. Samuel and Crispin Chipunza (2009) in their article titled “Employee retention and turnover Using motivational variables as a panacea” have studied the various motivational variables for retention of employees at both private and public-sector organizations in South Africa. The objective of the study was to determine the extent to which the identified intrinsic and extrinsic motivational variables are influencing employee retention and employee turnover in the selected organizations. The cross-sectional survey study design and tested through chi square test with a sample size of 1800 respondents They found that employees of select organizations to a large extent are influenced by intrinsic and extrinsic

motivational factors and resorted to have significantly influenced employee retention through training and development, challenging/interesting work, freedom for innovative thinking, and job security.

- Yasmin Janjhua, Rashmi Chaudhary & Ruma Sharma entitled “An Empirical Study Of Antecedents Of Employee Retention and Turnover Intentions Of Employees” they studied the relationship between employee retention and turnover intentions of employees further their study aimed at, to assess the response of employees on organization and management policies and practices. A sample size of 95 respondents was considered for study. The questionnaire consists of dimensions like HR practices, leadership, organizational culture and work performance. It was concluded that the majority of the respondents gave equal priority to the components of employee retention, but HR practices have been emerged to be the most important determinant.

#### **Objective of the study**

1. To know various studies in the area of HR in particular Employee Retention.
2. To find out the reasons for employees leaving the organization.
3. To Evaluate factors leading to continue with present organization.
4. To offer suggestions for effective retention of employees.

#### **Methodology:**

1. Sample Size: 80 Employees of select organizations.
2. Sample Technique: Convenience Sampling.
3. Sample frame: Select organization only.
4. Statistical Techniques used: Tabulation, Percentages and simple percentage

#### **Analysis and Interpretation:**

As mentioned in methodology A sample of 80 employees perceptions are considered for the study and the results are tabulated.



**(Table 1)**  
(Respondents responses to questionnaire)

Gender of the respondent						
Male		Female		Total		
46		34		80		
Classification based on the age of the respondents						
Age	<=25	25-35	35-45	45-55	55	Total
No. of Respondents	11	23	18	28	-	80
Classification based on the educational qualification of the respondents						
Education	10th	12	Diploma	UG	PG	Total
5. No. of Respondents	6	10	20	29	15	80
Total Experience in present Company						
Income	0-2 years	3-5 years	6-8 years	8-10 years	>10 years	Total
6. No. of Respondents	9	21	28	22	-	80
Job Clarity of Employees						
Objectives		NO		YES		
No. of Respondents		14		66		
Encouragement to improve skills and competency						
Response	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
No. of Respondents	20	-	-	-	60	80
Whether the recognition provided is according to the employee's performance or not:						
Yes		No		Total		
16		64		80		
Opinion of the employees regarding the work load:						
Response	Very Low	Low	Average	High	Very High	Total
No. of Respondents	-	-	59	21	-	80

Employees are happy with your working conditions						
Objectives		Yes		No		Total
No. of Employees		20		60		80
Work-life balance is supported by this organization						
Response	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
No. of Respondents			20	53	07	80
Communication about implementations of new policies to the employees						
Objectives		Yes		No		Total
No of Employees		22		58		80
7. Existence of channels of communication while communicating with superior:						
Response	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
No. of Respondents		9	15	56		80
Whether the employees were rewarded periodically for their performance						
Response	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
No. of Respondents		6	21	53		80
Perception of the employees regarding the advantages of new employee orientation program						
Objectives		Yes		No		Total
No. of Employees		20		60		80
Satisfaction of the employees towards Performance appraisal						
Response	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly satisfied	Total
No. of Respondents	0	5	16	59	0	80
Basic needs of the employees fulfilled by the management:						



Response	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	Total
No. of Respondents	0	10	16	59	0	80
<b>8. Job Satisfaction levels of the employees:</b>						
Response	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	Total
No. of Respondents	0	10	29	51	0	80
The employees feel free to discuss their problems with superior						
Objectives	Yes		No		Total	
Response	62		18		80	
Previous work experience of the employees:						
Objectives	Yes		No		Total	
Response	67		13		80	
Showing the response of employees towards Employee Retention Strategies at Toyota						
Response	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	Total
No. of Respondents		16		64		80
Distribution of Respondents according to Total Work Experience in the company and Working Conditions						
S.no	0-2 years	3-5 years	6-8 years	8-10 years	>10 years	Total
Good	3	17	22	19	1	60
Bad	4	5	6	5	0	20

From Table 1 we can summarise the following findings.

1. It was observed that about 58% of the respondents are male and 42 % of the respondents are female.
2. It was noted that the employees who fall under the age group 25-35 account for 43%, while 14% of the employees fall under the age group <=25 and the majority of employees fall under the age group of 45 years and above who enjoy more experiences with regard to their responsibility.

It was observed that the majority of the respondents (i.e. 81%) are just graduating whereas 19% of the employees are post-graduates and only 20% of the respondents are below the qualification of degree.

Further, it was identified during the study that about 60% of the employees in Toyota Motors are long standing employees with an experience over 6 years and only 11% of the respondents are inexperienced or very less experienced while 37% have an experience of 3-5 yrs.

It also observed that 17% of the respondents stated that they are not very clear with their job and majority of them had a clarity regarding their job roles.

Further, we found that 75% of the employees were satisfied with encouragement provided to participate in the training programs which in turn keeps them improving their knowledge, skills and competencies. This accounts to 3/4th of the workforce who strongly agrees with the fact followed by 1/4th who disagrees with the same.

It was observed that, 80% of the employees were found to be satisfied with the recognition given by the organization and were supported by the organization for career advancements. Followed by 20% of the employees agreed that they were rewarded fairly according to their performance and 80% of employees were neutral regarding the reward followed nil disagreed.

It was found that 74% of the employees agree that they have an average workload followed by 26% stated that they experienced a greater workload.

It was also seen that more than 3/4ths of the respondents feel free to discuss their problems with their superiors. And the rest (i.e. 23%) are not very comfortable discussing their problems with their superiors. This shows that all the employees' grievances are handled and sorted swiftly by the organization. This will increase sense of loyalty in the employee towards the organization.

It was found that 80% of the employees were satisfied with the welfare measures provided by the company, which states that the organizations value the employees as an integral part.

It was found that 37.5% are less than five years and 62.5% are more than five years. It shows the organization is having a good retention strategy.

It was found that 81% were satisfied with the retention strategies followed by organization and the remaining 19% were dissatisfied

It has been found that majority of the respondents (i.e. 77%) are happy with the present working conditions in the organization. Only 23% of the respondents are not happy with the same.

It was found that the majority of the respondents agree that their work-life balance is supported by this organization. 53% agree and 20% disagree and 7% strongly agree.

It was found that 80% of the respondents are satisfied with the employee retention strategies of Toyota Motors whereas the rest 20% are dissatisfied with the same.

From the study, it is understood that the company has a bright future and it is found that the performance of the company has been good. Training at Radha Krishna Toyota is proactive, planned and continuous process as an integral part of the organization development. Training program helps to impart knowledge, improve skills and re-orient attitudes for individual growth and organizational effectiveness. The company has also made efforts to get regular feedback from its employees. Such feedback will help the organization to identify the areas that require improvement. It is a welcome change to see that changes have been made on the basis of feedback given by the employee and training program is made more applicable. According to results obtained from different respondents about the training, performance appraisal, rewards and recognition, channels of communication, career advancements, the employees are satisfied with all the above aspects of the retention strategy of the organization.

#### **Suggestions:**

The following things have been recommended to the organization so that attrition rate may come down.

- Spend more time at the time of interview to know the degree of commitment towards the job and their attitude.
- Choose the right people at the right place and offer them best pay pack in the industry.
- Sufficient training can boost up the morale of employees.
- Set the standards in such way that an average employee should feel if he put 30 to 40 Percent extra effort he can achieve.
- Managers should be held accountable for retention efforts such as employee Engagement, giving feedback on employee performance on a regular basis and suitable reward may Boost Employees Self-esteem and give them a sense of ownership,

- Delegation of authority, assigning key jobs and job enrichment may eliminate boredom at work.
- Parties, Picnics and competitions among employee's time to time may keep the stress away from them.

#### **CONCLUSION**

In modern days Retention of employees is imperative to the long-term survival and success of any organization. Most of the companies face problems in retaining their employees. We know that experienced employee is more productive for the organization. So, all HR managers have understood the relative importance of the employee retention and its impact on the overall organization. The practices at select organization is outstanding in retaining employees.

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