

A STUDY ON THE FACTORS AFFECTING EMPLOYEE RETENTION IN A TEXTILE INDUSTRY

¹SHIVARAJ PATGAR, ²N VIJAYAKUMAR

^{1,2}BVB College of Engineering, Department Of Industrial and Production Engineering, Hubli, India

Abstract: Today, employee retention has become a serious and perplexing problem for all types of organization. The study explores to identify the main factors of retention management strategies in organizations. The data was collected from 100 employees in the organizations. The questionnaire forms the basic source of primary data, while secondary data was collected through books and through online journals, magazines, project report. The data collected was analyzed using ANOVA, Rank correlation, Weighted Average Method, Regression, Chi square and Percentage Analysis to establish relationship between different variables.

Keywords: Retention Strategies, Employee Retention, Retention Management, Regression Analysis.

1. INTRODUCTION

Employee retention is a 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 employee. For any organization employees are very important and they are treated as the asset of the organization. I selected the topic employees' retention strategies to study how the organizations retain their valuable employees. To know what type of strategies are used by the management to increase the productivity or sales of the organization. These retention strategies help us to know in what way the management satisfies the employees in all the aspects to achieve the organization as well as individual goals. It helps the management to know the needs of the employees and how to respond to those needs. And to know how to motivate and increase the morale of the employees.

2. LITERATURE REVIEW

Crispen Chipunza et al., "An examination of employee retention strategy in a private organization in Zimbabwe", African Journal of Business Management, Vol. 4(10), pp. 2103-2109.

Retention is a voluntary move by an organization to create an environment which engages employees for a long term (Chaminade, 2007).

According to Samuel and Chipunza (2009), the main purpose of retention is to prevent the loss of competent employees from leaving the organization as this could have adverse effect on productivity and profitability. A number of factors have been articulated in order to explain the reason employees leave one organization for another, or in some cases, leave the country.

Stovel et al., "Employee retention and turnover", African Journal of Business Management, Vol. 3(8), pp. 410-415.

While functional turnover (that is, bad performers leave, good performers stay) can help reduce suboptimal organizational performance (Stovel and Bontis, 2002), high turnover can be detrimental to the organization's productivity. This can result in the loss of business patronage (regular customer) and relationships, and can even jeopardize (threat) the realization of organizational goals.

3. IMPORTANCE OF STUDY

When an organization has hired good people, trained them, built them into high-performing teams, it does not want to lose them. The importances of Employee Retention are:

- Hiring is not an easy process.
- An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture.
- When an individual resigns from his present organization, it is more likely that he would join the competitors.
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better.
- Every individual needs time to adjust with others.
- It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization.
- It is essential for the organization to retain the valuable employees showing potential.

4. METHODOLOGY

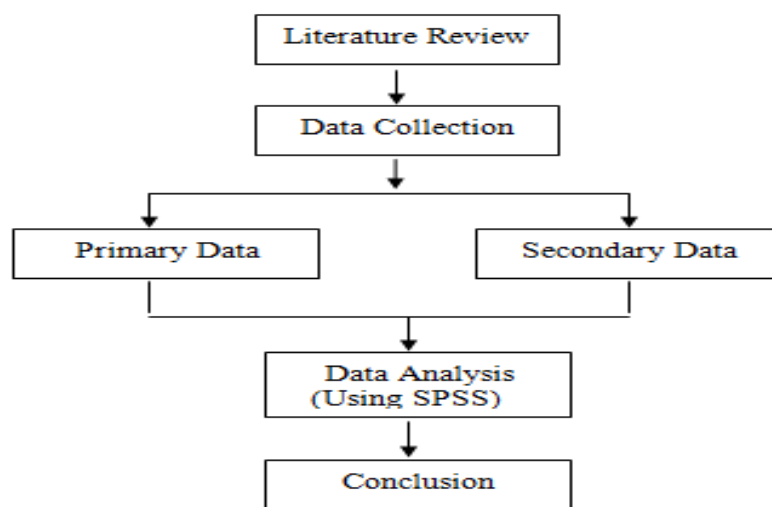


Fig. 1: Methodology (Flowchart)

- **Primary Data:** Structured Questionnaire Survey
- **Secondary Data:** Internet, Books, etc

Tools and Techniques of Data Collection: Primary data is collected through questionnaire survey. The data collected is tabulated in Statistical Package for the Social Sciences (SPSS v19). Analysis of the data collected is carried out by using Cross Table/Frequency table and based on the analysis the final recommendations are suggested.

Scope Of Study

It includes detail study of employee attitude, working conditions, safety measures, welfare measures, administration and management at ABC, Gadag.

5. ANALYSIS OF CORRELATION AND REGRESSION BETWEEN THE PARAMETERS

RELIABILITY ANALYSIS

Cronbach's alpha is the coefficient of reliability to check the internal consistency of variables. The scale was tested for reliability by using Cronbach's Alpha.

Variables	No. of items	Cronbach's alpha
Independent	35	0.772
Dependent	3	0.720

By referring table it is clear that the overall values of Cronbach's alpha for independent variables and dependent variables is above the suggested cutoff value of 0.7 or higher (Nunn ally and Bernstein, 1994) which means that the individual constructs were reliable to measure the parameters of growth.

CORRELATION ANALYSIS

Correlation provides answers to three basic questions about two variables or two sets of data in a search. First it tells whether there is any relationship between two variables and if so, what are the direction of a relationship and subsequently, the magnitude of the relationship.

Karl Pearson's Correlation Analysis

	ATJ	ATC	SC	WC	WM	WAS	TU	WPM	ERI	AGE
ATJ	1	*	*	*	*	*	*	*	*	*
ATC	.198*	1	*	*	*	*	*	*	*	*
SC	.198*	.319**	1	*	*	*	*	*	*	*
WC	.118	.409**	.289**	1	*	*	*	*	*	*
WM	.100	.226*	.283**	.270**	1	*	*	*	*	*
WAS	.193	-.011	.007*	-.021	.167	1	*	*	*	*
TU	.159	.400**	.290**	.439**	.300**	.000	1	*	*	*
WPM	.298**	.318**	.169	.215*	.225*	.140	.351**	1	*	*
ERI	.118	.203*	.038	.206*	.085	.133	.280**	.628**	1	*
AGE	.026	.027	.003	.112	.123	-.012	-.188	-.062	-.033	1

Note: ** Correlation is significant at the 0.01 level, *. Correlation is significant at the 0.05 level

[ATJ-Attitude towards job, ATC-Attitude towards company, SC-Service conditions, WC-Working conditions, WM-Welfare measures, WAS-Wage and salary administration, TR-Trade union, WPM-Worker's participation in management, ERI-Employee retention importance].

Referring to the Table it is clearly seen that the value of the correlation coefficient 'r' of dependent variable i.e. Employee Retention Importance (ERI) with independent variable Worker's Participation in Management(WPM) is 0.628 which means both the variables have strong positive correlation. In the same manner strong positive correlation is seen between Trade Union (TU) with Employee Retention Importance (ERI), whose values are 0.280. Similarly moderate positive correlation is seen in between Attitude Towards Job (ATJ), Attitude Towards Company (ATC), Service Conditions (SC), working conditions (WC), Welfare Measures (WM), Wage and Salary administration (WAS) respectively, whose values are .118, .203, .038,.206,.085,.133 with Employee Retention Importance (ERI).

REGRESSION ANALYSIS

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.652 ^a	.425	.375	.73779

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	36.632	8	4.579	8.412	.000 ^b
	Residual	49.535	91	.544		
	Total	86.167	99			

ANOVA Dependent Variable: ERI

Predictors:(Constant),WPM,WAS,SC,WC,ATJ,

WM, ATCTU.

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.520	.847		.614	.541
	ATJ	-.147	.153	-.083	-.966	.336
	ATC	-.011	.143	-.007	-.076	.940
	SC	-.118	.137	-.076	-.861	.392
	WC	.154	.151	.096	1.020	.310
	WM	-.141	.141	-.088	-1.000	.320
	WAS	.126	.134	.078	.944	.348
	TU	.104	.122	.082	.849	.398
	WPM	.804	.116	.627	6.947	.000

a. Dependent Variable: ERI

As regression analysis indicates using eight independent variables (Q1, Q2, Q3, Q4, Q5, Q6, Q7 and Q8) and one dependent variable (Q9) is shown in above table of regression. The r square of 0.425 indicates 42.5% of the variance in the dependent variable is explained by eight independent variables (Q1, Q2, Q3, Q4, Q5, Q6, Q7 and Q8).

As the P value in the ANOVA table is less than 0.01, it can be concluded at 99% confidence level the regression model is valid and adequate.

The regression model is given by

$$0.520 - 0.147Q1 - 0.011Q2 - 0.118Q3 + 0.154Q4 - 0.141Q5 + 0.126Q6 + 0.104Q7 + 0.804Q8$$

6. RECOMMENDATIONS

- Greater efforts need to be made by industry to track the number of employees being turned over and the reasons why it is happening.
- Exit interviews need to be conducted and they need to be reviewed by upper management to ensure that supervisors are not the reason why this is happening.
- Reward employees by offering discount or free tickets for movies, bowling, pizza etc. for the employees and their family on their extra ordinary performances. Midterm salary revisions and extraordinary pay-raises are among ways the industry should attempt to retain efficient employees.
- Working conditions is one of the causes of turnover and top management is responsible for making changes in working conditions. Management should be flexible with the working hours so that it suits the domestic needs of the employees.
- It is not only important for management to understand their role in retaining employees, but also they must pass this knowledge on to their supervisors so they too can understand how to motivate and treat people with respect.
- Industry turnover may be reduced through the implementation of realistic job previews. Strategically, companies can use the positive and the challenging features of work as part of a realistic job preview when recruiting employees.
- Implementing retention in industry requires active role of HR department to develop career progression programs and knowledge retention strategies, commitment from management in order to instill employees for behavioral shift, and cultural improvements through motivation and appreciations. This will leads to enhanced service quality, employee satisfaction, retention of knowledge and organizational productivity in terms of profits and performance.
- Industry can offer to its employees various training programs, a gym, special relaxation rooms and a crèche inside the premises. These additional benefits are very attractive for people.

7. CONCLUSION

The study supports the literature that employee turnover is a common and major challenge facing the industry. The practical implication of this study lies in the fact that it draws attention to the issue of employee turnover in the industry

and then need for managers in the industry to institute strategies that will retain employees for enhanced performance of the industry.

Given the growing needs for organizations to retain its best employees in the face of competition, the findings of the study suggest that certain variables are crucial in influencing employees' decision to either leave or remain in industry. Such variables include a competitive salary package, convenient and flexible work hours, recognition and rewards for good performance, career growth and promotion opportunities, job security and training and development programs. Nonetheless, the importance of other variables should not be under-estimated when formulating a retention policy. It is only a comprehensive blend of intrinsic and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in industry.

In the global competition for talent, successful retention requires organizations to shift from a mindset of keeping their employees from leaving the company, to one of continuously attracting them. The approach of creating trust and supporting life long careers causes talented people to stay. People are more inclined to stay when they perceive that the opportunities and experiences they have with their current employers expand their career options. Despite their increased value and employability in the external labor market, employees will be inclined to keep their beneficial relationships with their current employers. Ironically, the more a company prepares their staff to leave, the longer they are likely to stay.

REFERENCES

- [1] Aaisha Arbab Khan (2011), "A Empirical Study of Retention Issues in Industry", European Journal of Economics, Finance and Administrative Sciences, Vol. 29, pp. 1450-2275.
- [2] Malvern W. CHiboiwa, Michael O. Samuel, Crispen Chipunza (2010), "An examination of employee retention strategy in a private organization in Zimbabwe", African Journal of Business Management, Vol. 4(10), pp. 2103-2109.
- [3] Michael O. Samuel, Crispen Chipunza (2009), "Employee retention and turnover: Using motivation variables as a panacea", African Journal of Business Management, Vol. 3(8), pp. 410-415.
- [4] Chen, Ying-Chang, Ching Kuo, Wang, Wen Cheng, Chu, Ying Chien (2000), "Structural Investigation of the Relationship between Working Satisfaction and Employee Turnover", The Journal of Human Resource and Adult Learning, Vol. 6(1).
- [5] Ben Quarshie Honyenuga, Paulina Nillie Adzoyi (2012), "The Influence of Retention Strategies on Labour Turnover in the Hospitality Industry", International Journal of Multidisciplinary Research, Vol. 2(3), pp. 2231-5780.
- [6] Sunil Panwar, Jagbir Singh Dalal, Arun Kr. Kaushik (2012), "High Staff Turn Over In Industry, Due To Low Remunerations And Extended Working Hours", VSRD International Journal of Business & Management Research, Vol. 2 (3), pp. 81-89.
- [7] G. Kameswari. "Retention Tools and Techniques", Knoah Solutions:
- [8] Ruth Wambui Wainaina, Tom Okioma Erick, Nyakundi Onsongo , "Investigation of The influence of Human Resource Policies on Employee Retention in The Petroleum Industry", A Case Study of Hass Petroleum, Nairobi, Kenya.
- [9] Gagan Deep Sharma, Mandeep Mahendru, Sanjeet Singh (2008), "A Study of Employee Retention in ITeS Industry". Retrieved from Web site: <http://ssrn.com/abstract-1827482>.