

EMPLOYEE RETENTION STRATEGIES AS A TOOL FOR ORGANISATIONAL EFFECTIVENESS IN SPECIFIC REFERENCE TO MANUFACTURING INDUSTRIES IN CHENNAI

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ABSTRACT

The objective of the research is to study the Employee Retention Strategies as a tool for Organisational Effectiveness in specific reference to Manufacturing Industries in Chennai. This article discusses various employee retention strategies that organizations can implement to reduce turnover rates and retain their valuable talent. Additionally, the abstract discusses the benefits of employee retention, including increased productivity, improved morale, and reduced recruitment and training costs. By implementing effective employee retention strategies, businesses can build a loyal and motivated workforce that drives success and growth. The study has been carried out with a descriptive research design. Primary data collection was done by the researcher from 126 employees at working in manufacturing industries across Padi Industrial Estate in Chennai. The data for the project has been collected through a well-structured questionnaire prepared and circulated. The data collected has been properly cleansed, coded and analyzed using SPSS Software.

Keywords: Human Resource Management, Employee Retention, Organisational Effectiveness.

1. INTRODUCTION

Human sources are those who make the group of workers of a company. It's also recognized via manpower, skills, labour, employees etc. Human Resource department of a business enterprise performs human useful resource control. It entails various elements of the employment consisting of compliance with labour regulation and employment standards, management of worker benefits, and various other sports related to recruitment and choice of the employee. Worker retention is regarding the efforts with the aid of which employers try and retain the personnel in their team of workers. Retention turns into the strategies in place of the final results. Preserving the worker for long duration of time is known as retention. Retention strategies of the organization need to have the capacity to attract and hold their staff. Organizational effectiveness refers to a company's ability to achieve the goals it sets out to achieve.

This article discusses various employee retention strategies that organizations can implement to reduce turnover rates and retain their valuable talent. Additionally, the abstract discusses the benefits of employee retention, including increased productivity, improved morale, and reduced recruitment and training costs. By implementing effective employee retention strategies, businesses can build a loyal and motivated workforce that drives success and growth.

The paper begins by discussing the importance of employee retention, and the costs associated with employee turnover. It then goes on to explore different employee retention strategies, such as creating a positive company culture, offering competitive compensation and benefits, providing opportunities for career development and growth, and fostering open communication and feedback. The paper also examines the role of leadership in employee retention and the importance of recognizing and rewarding employee contributions.

Ultimately, the article provides insights and recommendations for organizations looking to improve their employee retention rates and build a strong, dedicated workforce. The benefits and drawbacks of each strategy will be discussed, and recommendations will be made for implementing effective retention strategies in the workplace.

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.

Effective employee retention strategies are essential for organizations to create a positive work environment and retain top talent. Retention strategies can include competitive compensation and benefits packages, professional development opportunities, work-life balance initiatives, employee recognition programs, and a supportive company culture.

The benefits of effective employee retention strategies include increased productivity, improved employee morale, reduced recruitment and training costs, and a better organizational reputation. However, retention strategies must be tailored to the specific needs and preferences of employees, as different factors may influence their decision to stay or leave the organization.

This study will explore various employee retention strategies, including their benefits and drawbacks, and provide recommendations for implementing effective retention strategies in the workplace. The study will also identify the factors that contribute to employee turnover and evaluate the effectiveness of various retention strategies in addressing these factors. The findings of this study will be valuable for organizations in various industries seeking to retain their top talent and create a positive work environment for their employees.

2. LITERATURE REVIEW

The success of a company is determined on the competence of its employees; if employees are retained for a long time, the company's goodwill will increase [9]. However, it is a high-quality endeavour to maintain all of the employees in a happy stage. During their investigation, the researchers discovered that the current working environment may be the most important factor in retaining their employees. If the working atmosphere is pleasant, employees are more likely to contribute to the success of their company. Employee retention is a well-known fact that goes hand in hand with work happiness. Alternative features such as flexible work, a fun and enjoyable work environment, career opportunities, recognition, and so on are important factors in retaining employees. They investigated workers' perceptions of the current system in the beverage business by taking 329 samples (Ramakrishnan S and Maran K. 2016). Organizational way of life and employee assurance is the gauging tool for employee retaining. Authors performed by taking 200 trials from Coimbatore industry and automobile spare parts. They found that if the business culture is very good then, the employees will be motivated and loyal towards the company. The firm's way of life is very important in Indian context and the it will bring their personnel more committed. If obligations get doubled then, performance also reaches too high. The employees could be influenced more of their self-esteem, respect, job design and other retention factors (Anita J and Farida Begum N. 2016). Authors say that employee retention has a good association between remuneration aspects and corporate culture. They discovered that compensation coverage and organisational culture are the most powerful determinants of employee retention. They also mentioned that, there is a positive relation between these two factors in retaining the people in the workplace. It is a big challenge for an organization to preserve key abilities. Employees wage negotiations and rewards allows to preserve all range of employees. (Maqsood Haider et al. 2015).

The principal factors that have an effect on the employee retention in medical area in India, authors collected around 150 datasets from three unique companies in Chennai. It is observed that the companies must create a good atmosphere to make people stay with them. HR must plan the future career path of their own working people by promotions and other facilities. HR should look at future retain dedicated people by improving job satisfaction and help continuous and constant help to encourage personal (Latha Suresh & R. Krisahnaraj 2015). The authors conducted research with 10 MNCs with 10 samples from each. By random sampling method they picked the respondents. They inspected the effect of three R's (Respect, Recognition and Rewards) by grading the satisfaction of the respondents. The employees were happy with the implementation of 3 R's and are secure closer to the policy implantation. Some activities like yoga and other leisure activities initiated by the management to refreshen them (Sultana Nazia and Bushra Begum 2013). The employees' emotional perception of employees was analyzed. Retention is not possible in a single plan but it should constant best plan for natural requirement. They said that employee retention is supportive for best performance and growth in production of the product. Trusted employees contribute a lot and involve in major decision-making process with their abilities. To solve these issues, mentally employees should be happy and it helps corporates to retain them for long. (Memoona et al. 2013). A study carried out on co-relation with employee involvement as an independent variable and effectiveness as a dependent variable.

Involvement changed into scaled by means of empowerment, team orientation and capability development. Organisational effectiveness became measured by profitability, productiveness and market share. Outcomes showed that employee involvement definitely stimulated organisational effectiveness. An extensive evaluation of literature indicates that employee empowerment as a device has not been sufficiently studied in terms of organisational effectiveness. Even though the concept isn't new in India, it's far but to advantage maturity in comparison to that of the foreign research. Most of the research in India has focused on applications and practices instead of on its intrinsic value to the organisation. The studies have constrained to the level of job commitment and employee's job satisfaction (Das Simanchala, Tapas Ranjan 2017). Another study on sought to examine the relationship among knowledge sharing, organisational mastering and organisational effectiveness. Organisational effectiveness was defined as the outcome of managerial effectiveness and operational overall performance. It was hypothesized that organisational learning and knowledge sharing, positively affect organizational effectiveness. (Yang 2007). To attain the organisational goal with a purpose to bring about organisational effectiveness, it is very important to have a good mind set, feeling of willingness to work with dedication. This is a crucial tool for evaluating people involvement. If the employees are more involved and interested, it leads them to empower in the work place. Many works proved that, where employee involvement is more effective, they were given significance for their works. This shows that management must give some power to its employees in making decision and apply whenever required. This can improve their participation level and they would turn out to be actively engaged resulting employee retentions (Eileen M. Traut 2012). To find the relationship between the employee retention and other various factors, the data collected and the data has categorical variables that can be summarized as a series of counts and usually listed in a tabular format known as a contingency table. To find out the association between the rows and columns, chi-square test will be utilized. It is realized from the above survey that a statistical tool helps to determine the differences between the training collections in the proportions of the risk factor of interest. Chi-square test and the logic of hypothesis testing were utilized.

3. OBJECTIVE OF THE STUDY

The primary objective of the research is to study the effectiveness of the Employee Retention Strategies as a tool for Organisational Effectiveness across manufacturing industries in Padi Industrial Estate in Chennai. The secondary objectives of the study included to ascertain the factors contributing towards employee turnover, to explore and analyse on the various retention strategies used by organisations and to evaluate the effectiveness of such retention strategies to be used as a tool for Organisational Effectiveness and the suggest means and measure to improve the effectiveness of employee retention across organisations.

4. RESEARCH METHODOLOGY

Research Design:

The descriptive research design was adopted for this study. It describes data and characteristics about the phenomenon being studied. Descriptive research answers the questions who, what, where, when and how. It is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Since there has been various research conducted on rewards and recognitions by various researchers the descriptive design was adopted as the researcher intended only to project the scenario and describe the phenomenon.

Population, Sample Size and Sample Design:

The study was limited to employees working in manufacturing industries in Padi Industrial Estate in Chennai region, however the population size was very huge and due to the limitations of the study and the time period available to complete the study the sample size was limited to 120. A well-structured questionnaire was prepared to collect the primary data from the employees working the manufacturing industries and the sample was taken by using 'convenience sampling' design on the base of ease of access which was comfortable. Questionnaire was distributed among the workers for collecting necessary data for the study. Out of the 120 Questionnaires circulated only 104 were received and upon initial scrutiny it was found 4 questionnaires were incomplete and hence the final sample included for the study was 100 questionnaires.

Hypothesis of the Study:

Hypothesis - 1: The primary objective of the study is to determine whether Employee Retention Strategies (ERS) are used as effective tool for increasing Organisational Effectiveness (OE). Hence the Hypothesis was framed to study the association between ERS and OE. The below given hypothesis would support the study.

H_0 – No substantial association among organisational effectiveness by employee retention and increase in productivity by employee retention.

H1 - There is a significant relationship between organisational effectiveness by employee retention to improve employee retention.

		Employee Retention Strategies improves the Organisational Effectiveness	Employee Retention increases the Productivity
Employee Retention Strategies improves the Organisational Effectiveness	Pearson Correlation (PC)	1	.764*
	Sig. (2-tailed)		.000
	N	100	100
Employee Retention increases the Productivity	Pearson Correlation (PC)	.764*	1
	Sig. (2-tailed)	.000	
	N	100	100

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

From the analysis, the Pearson Correlation Coefficient (PCC) got is 0.764. It is between 0 and 1. After the analysis if we got a value which is between 0 and 1; it indicates that the variables are positively correlated. In this analysis the coefficient is 0.764 which indicates that the variables are correlated positively. If the variables are positively correlated then, relationships exist and improved production among organizational effectiveness and employee retention. So, it has been proved that the employee retention is a tool for improving organisational effectiveness.

Hypothesis – 2: The next hypothesis to study the correlation between employee retention and the benefits provided by the organisations.

H₀ - No substantial association among employee retention and the benefits provided to employees.

H₁ – There is substantial association among employee retention and the benefits provided to employees.

		Employee Retention	Employee Benefits
Employee Retention	Pearson Correlation (PC)	1	.277*
	Sig. (2-tailed)		.000
	N	100	100
Employee Benefits	Pearson Correlation (PC)	.577*	1
	Sig. (2-tailed)	.000	
	N	100	100

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

From the analysis, the Pearson Correlation Coefficient got is 0.577. It is in between 0 and 1. After the analysis if we got a value which is between 0 and 1, it indicates that the variables are positively correlated. If the coefficient is of negative then the two variables are negatively correlated. Positive correlation means if one variable is increasing then the other also will increase and negative correlation means one variable will get increase while the other variable will get decrease. In this analysis the coefficient is 0.577; it indicates that the variables are positively correlated and there is relationship between the variables under study. Here employee retention and employee benefit have a significant relationship between each other as the coefficient is positively correlated.

5. FINDINGS AND DISCUSSIONS

For the purpose of research and data collection a structured questionnaire was prepared and used for survey. The initial analysis of the demographics of the respondents has been given in the below table.

Demographic Profile of the Respondents		
Gender	Frequency	Percent
Male	82	82.80%
Female	17	17.20%
TOTAL	100	100%
Age Group	Frequency	Percent

20-25 years	12	12%
26-30 years	17	17%
31-35 years	28	28%
36-40 years	22	22%
Above 40 years	21	21%
TOTAL	100	100%

From the table its can be understood that majority of the respondents 82.80 % are male and 17.20 % of the respondents are female. Among the respondent's majority of them 28 % respondents are in the age group 31 – 35-year-old, and 22 % of the respondents are in the age group 36 - 40 years of age and 17 % of the respondents are in the age group 26 - 30, and 12 % of the respondents are in the age group 20 – 25 years and 21 % of the respondents are in the age group above 40 years.

Experience	Frequency	Percentage
Below 1	5	5%
01-05 years	33	33%
06-10 years	22	22%
11- 15 years	11	11%
Above 15	29	29%
TOTAL	100	100%

The above table represents the experience level of the employees with their existing organisation and the analysis states that majority of the employees 33% are having more than 1 - 5 years of experience with their existing organisation, followed by 29 % of the respondents having experience above 15 years and 22% of the respondents having experience 6-10 years and 11% of the respondents having 11-15 years of experience and 5% of the respondents having less than 1 year of experience with their existing organisation.

The below states the factors rated by employees as the most influential to decide about leaving the organisation and majority of the respondents 33% have stated the absence of rewards and recognition as the most influential reason to leave the organisation followed by Target Completion Pressure at 22 % and Bad Working conditions at 18 %, Less Salary at 17 % and Other factors at 9 % respectively.

Table shows the factors that influence an employee to leave the organisation.		
FACTORS	FREQUENCY	PERCENTAGE%
Less salary	17	17%
No recognition and rewards	34	34%
Bad working conditions	18	18%
Target completion pressure	22	22%
Others	9	9%
TOTAL	100	100%

Table showing the satisfaction level of working in the organisation.

LEVEL OF SATISFACTION	FREQUENCY	PERCENTAGE (%)
Fully satisfied	9	9%
Satisfied	43	43%
Neither satisfied nor dissatisfied	20	20%
Dissatisfied	21	21%
Fully dissatisfied	7	7%
TOTAL	100	100%

The above table shows the employees satisfaction level working in their present organisation. The study reveals that 43 % of the respondents are satisfied with their existing organisation and 21 % are dissatisfied and 20% of the respondents are neither satisfied nor dissatisfied and 9% of the respondents are fully satisfied and 7 % of the respondents are fully dissatisfied with their existing organisation.

The other major findings of the study are as below:

- Majority of the respondent's satisfaction on working with team and work culture fall under dissatisfied which is 30%
- Majority of the respondent's recognition of the employee's good work and rewards fall under neutral which is 31%.
- Majority of the respondents given the rating for the organisation which is at 3 rating which is 36%.
- Majority of respondents are agreeing with the necessary resources and training to perform well which is No at 43%.
- Majority of respondents rate at the organisation takes immediate action on employee's grievances which is Yes at 38%.
- Majority of respondents show the trustworthy of the organisation environment which is Maybe at 56%.
- Majority of respondents shows the employees receives compensation for their overtime work which is Rarely at 32%.
- Majority of respondents which shows the factor that influences the employee to remain in the organization which is working condition at 37%

6. CONCLUSION

In conclusion, employee retention strategies are crucial for organizations that want to create a stable and committed workforce and improve their bottom line. Through data analysis, organizations can identify potential problem areas and develop targeted retention strategies that address the specific needs and concerns of their employees. These strategies can include improving employee engagement, offering competitive compensation and benefits, providing career development opportunities, implementing flexible work arrangements, enhancing management training and coaching, fostering a positive company culture, and offering employee assistance programs. By prioritizing employee retention, organizations can reduce the costs associated with turnover, improve productivity and profitability, and build a positive reputation as an employer of choice. Ultimately, the success of any organization depends on the quality of its employees, and by investing in employee retention strategies, organizations can build a stronger, more engaged, and more successful workforce for the future.

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