A Study on Employee Retention Practices of Automobile Industries in India

K.Balanaga Gurunathan[1] and V.Vijayalakshmi[2]

[1]Department of Management Studies, K.S.R.College of Technology, Trichengode, Tamil Nadu, India.

[2]Anna University of Technology, Coimbatore, Tamil Nadu, India

ABSTRACT

This paper mainly focuses on Managing employee retention and the tools used for retention. Specifically this paper pictures about the general practices adopted like talent management, Organizational Development, Training, Rewards and Recognition and hiring process. Philosophically, employee retention is important; in almost all cases, it is senseless to allow good people to leave your organization. The success of an organization mainly relies on the efficiency & stability of its employees. During the past decade the automobile industry has been facing a drastic problem in retaining the top talents. The key to success relies on good leadership, good management, and potential team with, knowledge, skills, attitudes and aptitudes. The technical know-how of a company to retain its employee depends on the constant growth rate of it. In business market good refers to valuable and talented employees. This article presents about the research paper on employee retention in automobile industry.

Introduction

In today's competitive world where there is significant change in technology, trade agreements and increase in cost of living, maintaining a good employer employee relationship is a challenge for any business organizations. This research attempts to explore the major factors that contribute for retaining existing employees in automobile industry. The talented employees may leave an organization because they become dissatisfied when under paid or under motivated (coff 1996), and while the organizations tries to retain its employees they may present other challenges namely overtime salary which do not comply with organizational plans and policies.

Employee retention is the ability of a business to convince its employees to remain with the business. It is important to remember that all business lose employees for varied reasons like unsuitability, changes in strategy, strikes, layoffs , retirement, long term illness etc,. the voluntary turnover. Staff turnover may vary between industries and also from region to region. However poor employee retention may lead an organization to face the following problems. Such as increase in cost of recruitment, poor morale among work force which will lead to low productivity.

Literature Study

Michael D. Jackson March (1999) conduced a research on employee retention of range complex fire Department (RCFD) with an main objective to identify what were the reasons for an employee to quit an organization and to provide suggestions to improve employee retention the author formulated descriptive and evaluation research methods to carry out research and the researcher found out the reasons such as long work week, job dissatisfaction and lack of promotional opportunities. Finally the researcher provided suggestions to the top management to concentrate on 6 keys to identify retention such as recruiting training communication job satisfaction pay and benefits.

John E. Sheridan (1992) conducted a study to investigate the retention rates of 904 college graduates hired in six public accounting firms over a six year period. The author has taken organizational culture as a dependent variable and to analyze its effects on employee retention. The organizational culture values on voluntary retention was examined through survival analysis and the statistical analysis used were descriptive statistics and correlations for organizational cultural variables and MANOVA for organizational culture profiles. The author concluded the study by emphasizing that organizational culture has a dominant theme in retention of employees.

Ananthan BR Sudheendra Raa LN (2011) the author highlighted the multi-tier view of employee retention strategies in Indian and global companies. The study was a descriptive – analysis design using survey method. The study was conducted at bengalure with leading Indian and MNCS employing a minimum of 500 employees stratified random sampling was used and the sample size was 550 of which 215 from top management and 335 were employees. The research finally suggested that orientation and training development strategies obtained maximum points. Rewards recognition strategies employed least and finally employee fringe benefits have been moderately employed.

Liewchai Hong and sharan kaur (2008) made a study to identify the relationship between organizational climate, employee personality and retention with to the organizations at Malaysia. The author employed a descriptive design to ascertain the characteristic of groups of employees non probability sampling method was adopted and hierarchical multiple and correlation techniques were used to analyze data. The study brought out a positive result that all these factors paves way for retention of an employee.

Objectives of the Study

The present study were designed to analyze the factors influencing employee retention among the Automobile Industries in India with the following objectives

1. To study about employee retention practices with specific reference to automobile industry.

Tele:
E-mail addresses: viji_v2@hotmail.com

2. To find employees overall satisfaction in the organization with relation to work environment culture.

3. To examine the Training and Development activities provided and to identify whether it leads to improved coordination among employees in their work.

4. To analyze the reward and compensation factors.

5. To make suggestions to the organization to improve its employees retention strategies.

Research Methodology

This study utilized the descriptive method of research. As widely accepted, the descriptive method of research is a fact-finding study that involves adequate and accurate interpretation of findings. Descriptive research describes a certain present condition. Relatively, the method is appropriate to this study since it aims to describe the present retention practices followed in the Automobile Industry. The technique that was used under descriptive method is the normative survey approach and evaluation, which is commonly used to explore opinions according to respondents that can represent a whole population. Specifically, two types of direct-data survey are included in this study. These are questionnaire survey and interviews. The direct-data type of survey is a reliable source of first-hand information because the researcher directly interacts with the participants.

The purpose of employing the descriptive method is to describe the nature of a condition, as it takes place during the time of the study and to explore the cause or causes of a particular condition. The researcher opted to use this kind of research considering the desire to acquire first hand data from the respondents so as to formulate rational and sound conclusions and recommendations for the study.

Sampling Plan

In convince approach, the researcher selected five automobile Companies based on their product classification and distributed the Questionnaire for survey commencing at 8.00 am, 10 am and 1 pm on Weekdays between Monday and Friday. In convenience method, employees who were at their work in the sampling location during the chosen time intervals were selected.

Data Collection Instrument
Questionnaire

Because the questionnaire was based on actual strategy rather than retention theory, design issues were to some extent demanding. The design had to be formulated from scratch using a combination of factors identified from the literature study. The questionnaire was, however, designed with simplicity in mind. Much effort was put in ensuring that there is balance between simplicity in design and focusing on answering the research problem

The design was divided into two sections,

Section one – Demographic profiling

Section two – ten sub-sections detailing the factors that impact on employee retention Working Environment, Welfare Measures ,Rewards and Recognition Superior Subordinate Relationship ,Organizational Culture and Job Satisfaction

Tools Used

The responses obtained were analyzed using SPSS V.17. To ascertain which of the employee's retention factor criteria are perceived as more or less important, the data were analyzed using descriptive statistics and cross tabulation and regression analysis. These techniques were deemed to be appropriate for

this particular analysis because the main purpose of this thesis is to explore the main determinate of employee retention.

Data Analysis and Interpretation
Factors influencing employees to remain in the present organization

Attributes	Gender					
	Male		Female		Total	
	Mean	Mode	Mean	Mode	Mean	Mode
Salary	1.91	1	1.95	1	1.92	1
Retirement benefit	6.79	10	7.27	8	6.86	10
Career Development	3.78	2	3.71	2	3.77	2
Working conditions	6.05	5	6.00	7	6.04	5
Supervision/Management	6.33	8	6.59	7	6.37	8
Fringe benefits	6.68	7	7.11	7	6.74	7
Recognition and reward	6.55	8	6.62	4	6.56	8
Job security	3.61	2	3.59	3	3.60	3
Loyalty towards the company	6.92	9	6.35	9	6.84	9
Company Image in the society	6.41	10	6.27	10	6.39	10

Interpretation

From the above table it has been inferred that most of the employees ranked salary as the main reason to stay in the company. Job Security is the second highest ranked factor for retention of employees in their present organization. Retirement benefit is the least preferred factor by the employees. This indicates that employees are more focused towards their monetary benefits and career development as the key factor so the organization has chosen the best retention tactics to retain its employees.


Attributes Influencing Employee to remain the organization with reference to gender
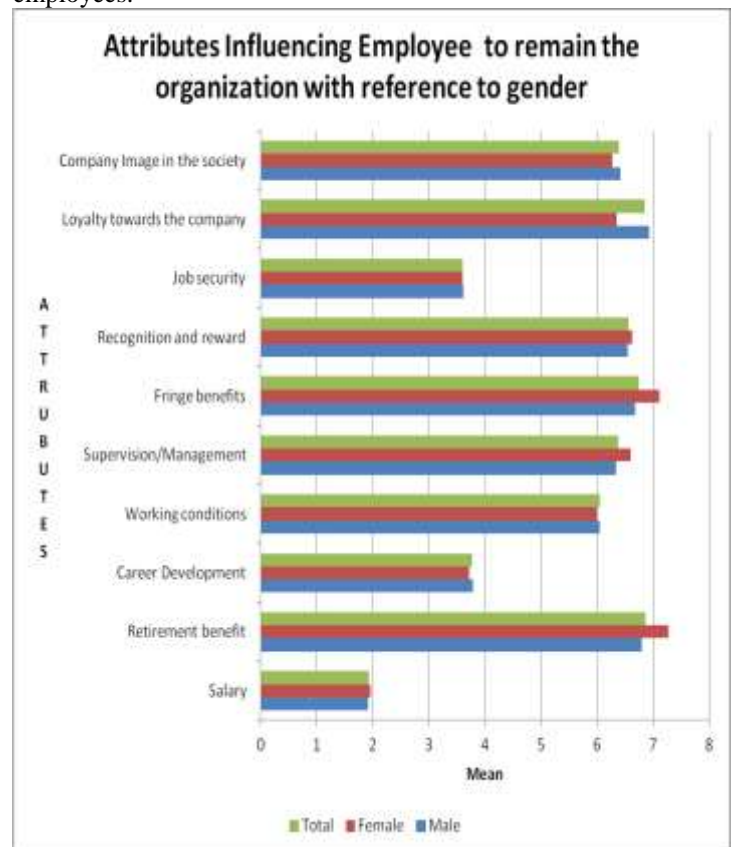
Factors influencing employees to remain in organization based on age-group

Attributes	18-25	26-35	36-45	45-55	Above 55	Total
	Mean	Mean	Mean	Mean	Mean	Mean
Salary	1.76	2.22	2.03	1.90	2.50	1.92
Retirement benefit	6.86	6.99	6.75	6.50	5.70	6.86
Career Development	3.69	3.84	3.75	4.60	4.20	3.77
Working conditions	6.18	5.67	6.06	5.80	6.60	6.04
Supervision/Management	6.49	6.23	6.06	6.40	5.40	6.37
Fringe benefits	6.66	6.90	6.53	7.50	7.10	6.74
Recognition and reward	6.60	6.40	6.61	7.30	6.30	6.56
Job security	3.52	3.63	3.94	3.40	4.60	3.60
Loyalty towards the company	6.99	6.67	6.50	6.00	6.60	6.84
Company Image in the society	6.41	6.25	7.06	5.60	6.00	6.39

Interpretation:

From the above table it has been inferred that from 18-45 of age group salary has been ranked as first criteria which makes them to remain the organization and from 46- 55 job security plays an important role as employees have their own family commitments. Career development and job security has been ranked in second position irrespective of the age group. Retirement benefit has been given least importance between 18-45 and it has impact in the age group of 46-55. This clearly shows that the company has maintained good attributes to make its employees remain in the present organization. From this we can infer that the employee retention rate is high.
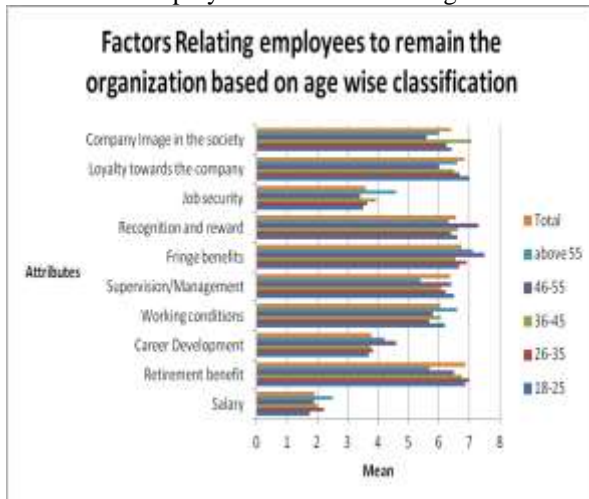
Discussions & Conclusion

Both the variables Working Environment and Organization Culture are highly significant in determining job satisfaction. Health & Safety Measures is the main influencing variable and Rewards & Recognition is the next influencing variable. Organization Culture is the main influencing variable and Working Environment is the next influencing variable. There is no association between gender and Length of service in the present organization. There is significant association between organizational hierarchy and length of service. Thus the organizations have adopted best employee retention practices so that is able to retain its employees. Few suggestions have been provided for the organization to make retention more effective.

References

Journals Ananthan BR Sudheendra Raa LN (2011) Multi-Tier view of employee retention strategies in Indian and global companies a critical appraisal International Journal of research in commerce & management Volume No. 2 (2011) Issue No 9 (September)

Christopher kummer, (2008) motivation and retention of key people is mergers and acquisitions, strategic HR Review, Volume.7 Issue. 6 PP.5 – 10

Clayton Gler (2006), key skills retention and motivation the way for talent still rags and retention is the high ground, industrial and commercial training, volume 38 Issue.1 pp.37 – 45

Daniel Eseme Gberevbie (2010) organizational retention strategies and employee performance of zenith bank in Nigeria, African Journal of Economic and Management studies Volume 1 Issue 1 PP 61 – 74

Books and Magazines

Collis, L., Hussey, R. 2003. Business Research: A Practical Guide for Undergraduate and Postgraduate Students. (2ndEdition). New York: Palgrave Macmillan.

De Villiers, J. 2007. South Africa's Leading Managers. Business Report. (4thEd). South Africa. CRF South Africa

Erik Monsen R. Wayne boss (2009) The Impact of strategic entrepreneurship inside the organization job and employee retention.

Gill, J., Johnson, P. 2002. Research Methods for Managers. (3rdEd). London: Sage Publications.

Greenberg, J. 2004. Managing Behaviour in Organisations. Prentice

Greenhaus, J.L., Callanan, G.A., Godshalh, V.M. 2000. Career Management. Harcourt College.