

## EMPLOYEE RETENTION STRATEGIES

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### Abstract

*“Start with good people, lay out the rules, communicate with your employees, motivate them and reward them. If you do all those things effectively, you can't miss.”*

*Employee retention has become a major concern for organizations of any nature. Employee attrition is a costly dilemma for all organizations. In one of the survey it was found that 90% of those firms surveyed said it was more difficult to retain talented individuals than it was several years before. Therefore, it is imperative that organizations and managers recognize that retention must be a continuing HR emphasis and a significant responsibility for all supervisors and managers.*

*Employee retention involves taking measures to encourage employees to remain in the organization for a longer tenure. The corporate world today is facing a lot of problems in retaining competent and able employees in the organization. It is very essential to recruit knowledgeable people in the organization and it is still more important to retain them.*

*Job mobility is increasing at a rapid pace and so recruiting competent people is also becoming difficult, especially in India. Organizations these days create an enabling culture to help employees retain in the organization and also to protect the existing skilled manpower, since there is no dearth of opportunities for a talented person.*

*The main objective of this paper was to find the reasons of employee turnover in the organizations and another objective of the research was to study the strategies to be employed, which should be adopted by the organizations to retain their employees.*

**Key Words:** *Employee, Retention, Organizations.*

## 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 keeping the employees that have already been hired. Employee retention is beneficial for the organization as well as the employee. Employees today are different; they are not ones who don't have good opportunity in hand. As soon as they feel dissatisfied with the current job, they switch over to the new job. It is the responsibility of the employer to retain the employees.

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If they don't they would be left with no good employees. A good employer should know how to attract and retain the employees. And it **involves five following major things**

- ❖ Compensation
- ❖ Environment
- ❖ Growth
- ❖ Relationship
- ❖ Support

### **Developing Retentions Strategy**

In every organization it is desirable to plan employee retention strategy. This should cover following aspects:

- ❖ Identify and prioritize key employees that present a current or future retention risk.
- ❖ It is also classify reasons for wanting to retain each key retention group.
- ❖ Make the interviews employee independently and keep them confidential for best results.
- ❖ Use such kind of information that is collected to establish clear, quantifiable retention goals for each group employees.

The basic practices which should be kept in mind in employee retention strategies are:-

- ❖ Hire the right people in the right place.
- ❖ Empower the employees give the employment the authority to get the things done.
- ❖ Make the employees realize that they are the most valuable asset in the organization.
- ❖ Have faith in them, trust them and respect them.
- ❖ Provide them information and knowledge.
- ❖ Keep providing them feedback on their performance
- ❖ Recognize and appreciate there achievements.
- ❖ Keep their morale high.

### **Reasons for Employees Quitting**

- ❖ Poor salaries and wages
- ❖ Poor job requirement
- ❖ Poor working conditions
- ❖ Poor infrastructure with-in workplace
- ❖ Unsatisfactory hygiene and sanitation conditions
- ❖ Lack of medical facilities within the campus
- ❖ Poor sense of belongingness
- ❖ Less growth opportunities
- ❖ Low wages and salaries
- ❖ Rigid working hours
- ❖ Poor inter-personal relationship
- ❖ Lack of educational facilities
- ❖ Other poor perks and privileges

### **Some Facts related to employee retention**

- ❖ The cost of employee turnover can range between ½ to 4 times an employee's annual wages and benefits.
- ❖ 80% of turnover can be attributed to mistakes during hiring process.
- ❖ Employee retention has as much to do with whom you hire as what you do after he / she is hired.
- ❖ Traditional methods of hiring employees only provide a 14% likelihood of a successful job hire.

### **How we can help improve the current employee retention.**

- ❖ Identify top performing team members and develop strategies to ensure that they stay with your organization.
- ❖ To identify the reasons why an employee will leave before they are ever hired.
- ❖ Try to improve communication and morale to key elements that affect employee retention.

<b>Company Profile</b>	:	<b>AmritVanaspati Company Ltd.</b>
<b>Established Year</b>	:	<b>1940</b>
<b>Nature of business</b>	:	<b>Manufacturer, export / import</b>

The AmritVanaspati Company Ltd. is one of the leading Manufacturing Vegetable Oils and Fats Company. The company is located at Rajpura-Chandigarh road in area of 36 acres and it is ISO 9001-2001 certified company. This company made a humble beginning in 1960 with inauguration of stone laying ceremony by Dr.D.C.Pavette, Governor of Punjab, on 6 March 1969. Its production started with the capacity 100 MT per day of Vanaspati. Later in the year 1982-86 a separate facility to produce refined oil was set up, with a capacity of 3,000 tones. In the span of time plant has come to be recognized as a major venture and after has grown from strength to strength at a rapid pace adopting new technologies, marketing strategies of business values and ethos.

### **Steps taken by HR Department for retention in AVC Ltd**

An employer has to introduce suitable measure step for reducing turnover to the good employee which is best for the company though it is not possible to remove it completely. Such step should be related to the important causes responsible for the high rate of turnover. The possible steps which company adopt are as follows:-

1. **Proper selection:** - Right types of the people are employed for various jobs. While assigning work to the employees, their aptitude and interests are duly considered. This make them feel interested in their jobs.
2. **Proper Orientation:** - The new employees are inducted in such a way that their critical attitude is reduced to avoid turnover from this source.

3. **Better Working Condition:**-The main cause of the employees quit is due to hard nature of jobs and bad working conditions. In AVC proper working condition are provided so that workers may not have industrial fatigue. Similarly, it is possible to make hard job a little lighter by introducing suitable measures.
4. **Provision of Transport and Housing Facilities:** - The main problem of employees quit due to housing, transport and other difficulties. It is possible for the employer to provide free or concessional transport facility to workers from residence to factory. This will ensure regularity of worker
5. **Incentives & Bonus to regular employees:**-Cash prizes are given to those who are regular throughout the year. Workers who are regular may be given special bonus for their regularity. Regularity in attendance is given consideration while promotion. Such positive measures encourage workers to be regular in their jobs.
6. **Prevention of accidents:**-Industrial accidents may increase absenteeism. The management takes adequate safety measures to minimize industrial accidents in workshops.
7. **Working environment:**-The workers are provided congenial atmosphere to perform their duties. The place is properly well ventilated. The lightning system is provided, proper fans have been provided wherever required.
8. **Canteen facilities:**-The Company has provided canteen for both staff & workers. The meals & tea is provided to all workers at nominal rates.
9. **Medical, health & hygiene:**-The Company has a dispensary room to provide first aid facility to the employees in accidents cases. A well-qualified doctor also visits the company 3 times in a week. The company also provided clean washrooms, changing rooms & pure drinking facilities to the employees.

### Review of literature

**SannaPaulsson&Linda Lindgren(2008)**examined that regarding leadership the respondents prefer leadership based on relations were they feel appreciation. Both appreciations from the closest manager as well as the company management influences employee job satisfaction in a positive way. More money was the most common reason for wanting to change jobs, and when asking how the remuneration system should be designed, base pay with additional bonus and benefits were preferred.

**Ans De Vos, AnneliesMeganck (2003)** examined that the two most frequently cited reasons for voluntary turnover are financial rewards, and a lack of career opportunities. The most frequently cited reasons to stay were social atmosphere and a good relationship with colleagues, job content, financial rewards, and career opportunities.

**Taplin et al (2003)** conducted a large-scale turnover study in the British clothing industry. Two factors emerged as the most significant reasons for employees leaving the industry. One was the low level of wage rates in the clothing industry relative to other manufacturing sectors. The other reason referred to industry image with staff leaving because of fears relating to the long-term future of clothing manufacture in the UK. In this study, turnover rates were highest among the most skilled workers.

**Ing-Chung Huang et al (2002)** that marriage, gender, honored employee status have impact on the turnover of employees. Relative pay (both inter-firm and intra-firm wages), speed of promotion, and economic cycles also have a significant impact on how long the employees retained their jobs, but education level and individual performance did not. Firm-specific human capital, wages, and signaling effects were proved to affect job retention.

**Gwen E. Lock, Kanter (2001)** examined the various workplace factors, such as challenging work, reward and information are key components in attracting and retaining information technology (IT) workers. Leadership lessons, such as providing mentoring advice and “being there to listen to me,” have proven to be effective methods in retaining staff and attracting new talent to public and private sector organizations.

**Hokey Min et al (2001)** examined that lack of monetary incentives was not the primary cause of employee turnover. Instead, job security turned out to be the most effective motivator for recruiting and retaining warehouse employees. In addition to job security, warehouse employees seem to favor family-friendly working environments that are conducive to building good rapport with their co-workers and bosses. Second, the larger the warehouse, the higher the employee turnover.

**Lloyd J. Taylor III, Ilene Poyner (2001)** examined that for any company to retain the employees that were trained by their trainer, their culture needs to be responsive and sensitive to the employees' needs and aspirations. The same business principles used to retain customers must also be used to retain employees. In order to retain these employees, the company must be competitive in their wages and benefits, deliver on what was promised when they were hired, serve their specific needs, establish a relationship with them and treat them as they would treat a good customer.

### **Research Methodology**

#### **Data Collection**

There are two types of data sources-

- ❖ **Primary data:** - These are those, which are collected for the first time and thus happen to be original in character. It is the backbone of a study. It is obtained from respondent with the help of used method of survey and through well-structured questionnaire.

- ❖ **Secondary data:** - They are those which have already been passed through the statistical process. In this case one is not confronted with the problems that are usually associated with the collection of original data. Secondary data can be collected from journals, magazines, websites, and annual publication of the company. Secondary data for this report has been collected from websites and from journals.

**Population:** - In statically usage the term population is applied to any finite or infinite collection of the individuals. Here in the population we consider the population of AVC LTD.

- ❖ **Sampling Size:** - Here the **sample size of 50 employees** is taken.
- ❖ **Sample Unit:** - It indicates who is to be surveyed. The target of population that will be sampled. In this project sampling unit will be **workers of AVC LTD**. Randomly convenient sampling has been done.

**Data Collection Tool:** - Structured questionnaire

### OBJECTIVE OF THE STUDY

To high light the necessity of retention in prevailing business environment.

- ❖ To identify the weakness in the system.
- ❖ To suggest/recommend appropriate strategies changes in existing system.
- ❖ To find the gap in management and employees views.

### LIMITATION OF THE STUDY

- ❖ Qualification requirement used in the project may differ from person to person.
- ❖ The data taken during the project study may not represent the realistic picture. Hence there may be margin of error.
- ❖ Small sample size taken at convenience might have affected the result of the study.
- ❖ Existence of biases in the respondent mind.

### Data Analysis & Interpretation

#### Employees

#### Q1. From how many years are you in this company?

Particulars	No. of respondents	%	<p><b>Years</b></p> <ul style="list-style-type: none"> <li>less than 5 years: 30%</li> <li>5-10 years: 42%</li> <li>greater than 10 years: 28%</li> </ul>	<p><b>Interpretation:-</b>In AVC Ltd 42% employees stay for 5-10 years. Only 28% employees stay there for greater than 10 years. 30% employees stay there for less than 5 years. Overall employees stay for 5-10 years approximately.</p>
< 5 years	11	30		
5-10 years	19	42		
> 10 years	10	28		
<b>Total</b>	<b>40</b>	<b>100</b>		

**Q2. What are the reasons you stay at your present job?**

Particulars	No. of Respondents	%
Job Security	14	35
Working environment	10	25
Career opportunities	8	20
Salary	8	20

**Interpretation:** - This shows that 35% employees stay because of job security, 25% stay for good working environment. Very less employees stay because of career opportunities and salary point of view. Overall result is that most of the employees are staying there because of job security.

**Q3. To what extent the company thinks about employees' interest?**

Particulars	No. of respondents	%
Greater	10	22
To some extent	19	47
To lesser extent	11	31

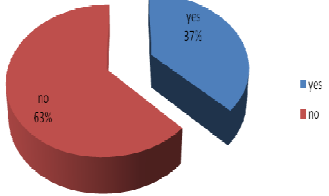
**Interpretation:-**This shows that company does not take care of employees' interest to a greater extent. 47% employees said it thinks to some extent. It means company does not consider employees' interests.

**Q4. How important is feeling appreciated for your work by your co-workers and supervisors?**

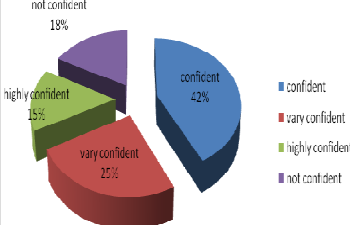
Particulars	No. of respondents	%
Very important	6	33
Highly important	12	17
Important	12	33
Not important	6	17

**Interpretation:-**Everyone wants that there work should be appreciated. In the same way employees also want that their work should be appreciated. 33% employees said appreciation is important. It is important to encourage and motivate them. Only 17% said that it is not important. They think they have to do work whether it is appreciated or not.

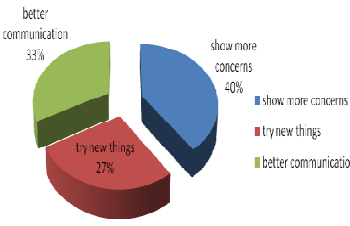
**Q5. Are you presently considering leaving your job for another?**

Particulars	No. of respondents	%	<p style="text-align: center;">Considering about leaving job</p> 	<p><b>Interpretation:-</b> In AVC Ltd. 63% of the employees are satisfied with their job. In spite of the good working environment &amp; other facilities being provided about 37% of the employees want to leave their present job.</p>
Yes	15	37		
No	25	63		

**Q6. How confident are you that you can find a better job somewhere else?**

Particulars	No. of respondents	%	<p style="text-align: center;">Confidence to find better job</p> 	<p><b>Interpretation</b> After leaving job 42% are confident that they can find a better job. 25% are very confident about this. They said they have got good experience so it will help them to find a better job. Overall, employees are very much confident about finding a good job.</p>
Highly confident	6	15		
Very confident	10	25		
Confident	17	42		
Not confident	7	18		

**Q7. To improve your workplace environment what would you like to see your executives or managers do for you?**

Particulars	No. of respondents	%	<p style="text-align: center;">To improve workplace environment</p> 	<p><b>Interpretation:-</b> To improve workplace environment 40% employees said that supervisors should show more concern towards their employees, 33% said there should be better communication.</p>
Show more concern	16	40		
Try new things	11	27		
Better communication	13	33		



**Q8. What causes you the greatest dissatisfaction at work?**

Particulars	No. of respondents	%	<p><b>Dissatisfaction</b></p> <ul style="list-style-type: none"> <li>lack of appreciation 40%</li> <li>problem with supervisors 32%</li> <li>lack of opportunities 28%</li> </ul>	<p><b>Interpretation:-</b>                      Employees are dissatisfied in the company because of lack of appreciation. 40% employees said there is lack of appreciation. Employees also have problems with supervisors.</p>
Problems with supervisors	13	32		
Lack of opportunities	11	28		
Lack of appreciation	16	40		

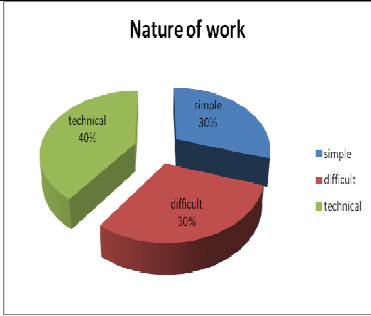
**Q9. What could be done to improve retention?**

Particulars	No. of respondents	%	<p><b>Improve retention</b></p> <ul style="list-style-type: none"> <li>listen more to employees' grievances 40%</li> <li>increase in salary 30%</li> <li>better benefits 30%</li> </ul>	<p><b>Interpretation</b>                      40% employees said to improve retention employees' grievances should be handled properly. There should be proper procedure to solve the grievances. It means employees leave the company because their grievances are not solved out. Some employees also want to increase in benefits &amp; salary.</p>
Better benefits	12	30		
Increase in salary	12	30		
Listen more to employees' grievances	16	40		

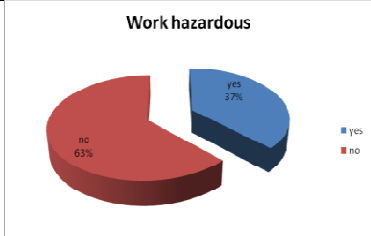
**Q10. In how many years do you get promotion?**

Particulars	No. of respondents	%	<p><b>Promotion</b></p> <ul style="list-style-type: none"> <li>less than 5 years 100%</li> <li>5-10 years 0%</li> <li>&gt; 10 years 0%</li> </ul>	<p><b>Interpretation:-</b>                      It shows that employees are promoted in less than 5 years.</p>
< 5 years	40	100		
5 – 10 years	0	0		
> 10 years	0	0		

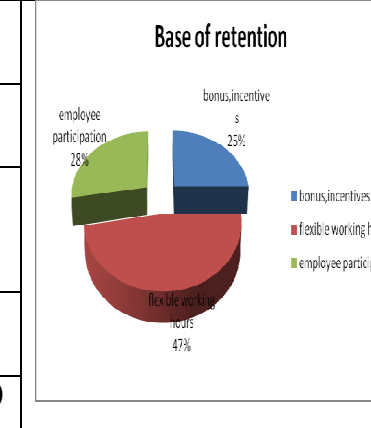
**Q11. What is the nature of your work?**

Particulars	No. of respondents	%		<b>Interpretation</b> Work of 40% employees is technical, 30% is simple, and 30% is difficult.
Simple	12	30		
Difficult	12	30		
Technical	16	40		

**Q12. Is your work hazardous?**

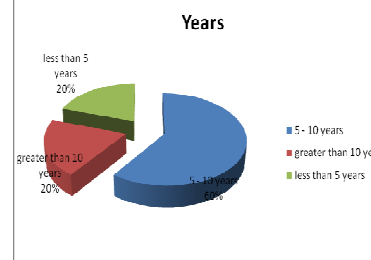
Particulars	No. of respondents	%		<b>Interpretation</b> : Work of 37% employees is hazardous. But company provides safety for that. Most of the employees feel that the work in AVC Ltd. is not hazardous.
Yes	15	37		
No	25	63		

**Q13. What according to you is the main base for retaining the existing employees?**

Particulars	No. of respondents	%		<b>Interpretation:</b> Employees feel that main base to retain the people in the company is that there should be flexibility in working hours of the employees. Some feel that there should be involvement of employees in decision making. For some bonus & incentives are valuable.
Bonus, incentives	10	25		
Flexible working hours	19	47		
Employee participation	11	28		
Total	40	100		

**Management**

**Q1. For how many years employees remain in your company?**

Particulars	No. of respondents	%		<b>Interpretation</b> Like workers management employees also stay there for 5-10 years.
< 5 years	2	20		
5 – 10 years	6	60		
>10 years	2	20		

**Q2. What are the reasons that employees stay at your company?**

Particulars	No. of respondents	%	<p><b>Reasons to stay</b></p> <ul style="list-style-type: none"> <li>working environment 30%</li> <li>career opportunities 30%</li> <li>job security 40%</li> </ul>	<p><b>Interpretation</b> From management point of view, employees stay in their company because of job security. About 30% of the employees stay because of career opportunities and working environment.</p>
Job security	3	30		
Working environment	3	30		
Career opportunities	2	20		
Salary	2	20		

**Q3. To what extent the company thinks about employees' interest?**

Particulars	No. of employees	%	<p><b>Employees interest</b></p> <ul style="list-style-type: none"> <li>To greater extent 40%</li> <li>To some extent 40%</li> <li>To lesser extent 20%</li> </ul>	<p><b>Interpretation</b> According to management, company takes care of employees' interest to greater extent.</p>
To greater extent	4	40		
To some extent	4	40		
To lesser extent	2	20		

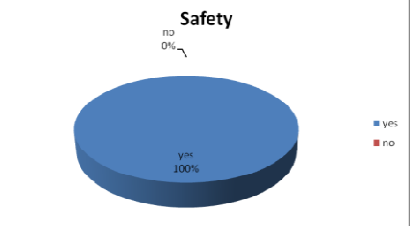
**Q4. What criteria do you adopt for promotion?**

Particulars	No. of respondents	%	<p><b>Criteria for promotion</b></p> <ul style="list-style-type: none"> <li>timely 100%</li> <li>Qualification based 0%</li> <li>Seniority based 0%</li> </ul>	<p><b>Interpretation</b> Company adopts timely criteria for promotion.</p>
Qualification based	0	0		
Seniority based	0	0		
Timely	10	100		

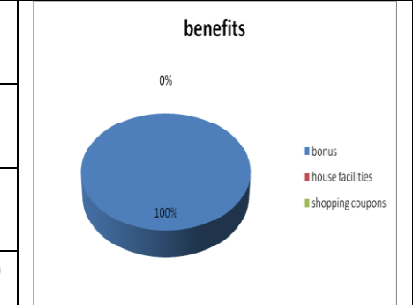
**Q5. If timely, in how many years the employees are promoted?**

Particulars	No. of respondents	%	<p><b>Time for promotion</b></p> <ul style="list-style-type: none"> <li>3-5 years 100%</li> <li>less than 3 years 0%</li> <li>more than 5 years 0%</li> </ul>	<p><b>Interpretation</b> Employees are promoted within 3-5 years.</p>
< 3 years	0	0		
3 – 5 years	10	100		
> 5 years	0	0		

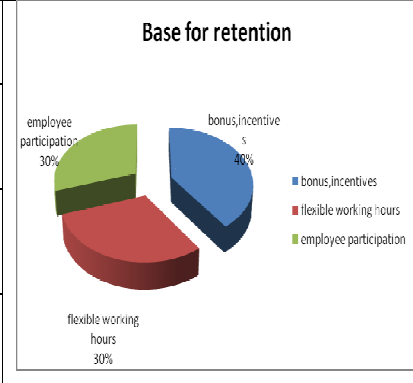
**Q6. Do you provide safety to your workers at workplace?**

Particulars	No. of respondents	%		<b>Interpretation</b> According to management company provides safety to its employees.
Yes	10	100		
No	0	0		

**Q7. What benefits do you give to your employees?**

Particulars	No. of respondents	%		<b>Interpretation</b> Company provides benefits to the employees. It provides in terms of bonus only.
House facilities	0	0		
Shopping coupons	0	0		
Bonus	10	100		


**Q8. What according to you is the main base for retaining the existing employees?**

Particulars	No. of respondents	%		<b>Interpretation</b> Management thinks base to retain the existing employees is bonus and incentives.
Bonus, incentives	4	40		
Flexible working hours	3	30		
Employee participation	3	30		

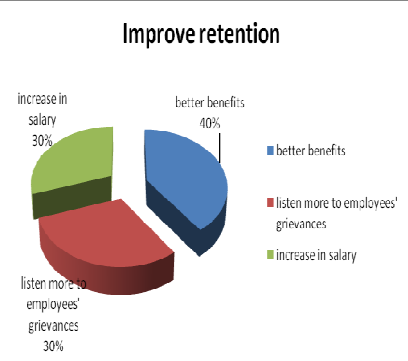
**Q9. Do you give rewards to your employees for their performance?**

Particulars	No. of respondents	%		<b>Interpretation</b> Company gives rewards to its employees for their performance.
Yes	10	100		
No	0	0		

**Q10. If provide, which type of rewards?**

Particulars	No. of respondents	%		<b>Interpretation</b> Monetary rewards are given to employees i.e. in terms of bonus.
Monetary	10	100		
Non-monetary	0	0		

**Q11. What could be done to improve retention?**

Particulars	No. of employees	%		<b>Interpretation:-</b> According to management better benefits should be provided to employees for improvement in retention.
Better benefits	4	40		
Increase in salary	3	30		
Listen more to employees' grievances	3	30		

**Findings**

- Employees stay in AVC Ltd. for job security.
- Company provides monetary rewards to the employees.
- In AVC Ltd. criteria for promotion is time based. Employees are promoted in 3-5 years.
- There is the gap between management's and workers' thinking. Workers want the flexible hours and company gives bonus to retain the employees.
- Company provides safety to the employees at workplace.
- There is lack of appreciation for good performance.

**Suggestions & Recommendations**

- ❖ Company should give some extra benefits also like shopping coupons, transportation etc. It should arrange trips for employees once in a month or in two months.
- ❖ Performance of workers should be recognized properly. They should be appreciated for their work.
- ❖ There should be feedback forms for supervisors as well as workers so that all come to know about the feelings that everyone has for each another.
- ❖ There should be performance appraisal quarterly. Performance of employees should be evaluated and best employee should be chosen. And he should be given award either monetary or non-monetary.

- ❖ New methods to find out talent / job seekers through internet etc. should be adopted. Personal data bank of AVC Ltd. should be created so that whenever there is an urgent need of talented employee he / she can be contacted immediately.
- ❖ Employees should be given the facility of flexible working hours.
- ❖ Company image should be enhanced. Regular events should be organized and other social responsibilities of business should be performed by company from time to time.
- ❖ Management should understand what the employees want. They cannot be retained only by giving them monetary benefits. Management should interview the employees time to time.
- ❖ Company should show more concern towards employees.

### **Conclusion**

The retention of required talent is an important aspect to ensure overall development of the organization. Such employees remain satisfied and committed to their job which enhances the productivity and overall working environment providing an edge in the competitive market. At last we can say that providing the proper facilities to the employee the problem in the organization can be solved and then they definitely stay in their jobs and remain regular in their work. The organization should also provide proper working condition to the workers. When the organization provides such facilities to the employees then the problem of attrition is checked at a large scale. Employees stay in AVC Co. Ltd for 5-10 years almost. They stay because of job security. Management said that employees stay in their company for job security. Employees are not satisfied with career opportunities in the company. 28% stay because of working environment. Company provides bonus and incentives to the employees. In spite of this, 37% of employees want to leave the company. Employees said that company should show more concern towards them. The employees think that there is less communication between workers and supervisors. They feel that they are only employees but not a part of the company. So there should be better communication in the company. There is lack of appreciation of workers for their performance which demotivates them. They want that their salary should be paid according to work and their work should be appreciated/recognized. According to employees, base of retention is the flexible working hours. So that workers feel convenient in doing work that they are not rigid to time. But according to management base of retention is bonus and incentives. They think that employees can be retained by giving them bonus. In same way, they also said that to improve retention better benefits should be provided to employees. This is the gap between management's and workers' thinking. Workers want the flexible hours and company gives bonus to retain the employees.

However there are two sides of every coin, in the same way if the workers are less satisfied that doesn't mean they are very much willing to leave the job. There are very few employees who want to leave the job. Employees are happy with the benefits, provided to them.

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