

STUDY OF THE FACTORS INFLUENCING EMPLOYEE RETENTION

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INTRODUCTION

Human beings are evolved as social animals who cannot afford to live and work in isolation which results in a complex and dynamic social structure to formulate the rule for proper growth and development of human beings. Humans form social relations, develop understandings and manage relations either intentionally or unintentionally. The social relations are the result of their actions and also dependent upon the ability to manage their course of action and understanding. They start learning about social system since childhood and every individual acquires a different level of knowledge and experience on understanding others. They carry forward this learning to understand the core issues of social dynamics in managing and carrying relations at workplace or/and in family. Managing human relations at workplace is the whole idea for the development of Human Resource Management (HRM). HRM is developing as a relatively new subject in management in which focus is upon understanding and managing relations in an organisation. Different scholars who are advocates of HRM have considered it to be of utmost importance whether in private or public sector, profitable or non profitable organisations. Private sector which is highly competitive have to understand the concept of HRM, inability in managing human resource will lead to depression in competitiveness and ultimately result in failure. The public sector organisations are critically dependent upon developing new skills and HRM has to be at the heart of this process to ensure key people management issues are addressed. HRM acts as a managerial function in which managers try to equate an organisation's needs with the skilfulness and other abilities of its employees. The core personnel functions include recruitment, selection, appointment, induction, training etc. However successful HR managers and departments have a significant strategic impact on the organisations as their job is to invariably attract and retain most productive employees in the organisation.

REVIEW OF LITERATURE

Moncarz E. and Zhao J. (2009) worked on 'An exploratory study of US lodging properties' organizational practices on employee turnover and retention.' The purpose of this paper is to investigate US lodging properties' organizational employee-retention initiatives and practices, and to examine the impact of those initiatives on employee turnover and retention. Using the Directory of Hotel & Lodging Companies, a convenient sample group of 24 management companies are selected. A self-administered mail survey instrument is developed to measure and test organizational initiatives and practices on employee turnover and retention. Using SPSS 16.0, two statistical tests are employed to test study hypotheses. Correlation analysis is used to identify the relationships between predictor and response variables. Likewise, regression analysis is used to

examine the relationships between predictor and response variables hypothesizing that the effectiveness of practicing the human resource management organizational initiatives on management and non-management retention and turnover will differ. The findings reveal that Corporate Culture, Hiring and Promotions and Training practices influence non-management employee retention. At the same time, Hiring and Promotion practices impact management retention, as well. Moreover, Organizational Mission, Goals and Direction, and Employee Recognition, Rewards and Compensation were found to positively reduce non-management employee turnover. Owing to the study methodology and the relatively low response rate, generalization of the study findings is limited. Future replication studies are recommended. The findings will equip lodging organizations and industry professionals with the contemporary tools to proactively reduce employee turnover and for maintaining employee retention. This should have a positive impact on workforce productivity. This study makes a major contribution to the relative influence of the practice of eight study-defined organizational initiatives on turnover in lodging businesses.

Hinschen C., Gow K., Warren C., and Anthony D. (2008) worked on 'Retention and intentions to quit among Australian male apprentices'. In response to both the increasing concern of the declining rates of apprentices and the limited research in this area, the purpose of this paper is to investigate the individual processes involved in apprentices' decisions to remain in their apprenticeship. Specifically, five individual domains were investigated: motivation style (intrinsic and extrinsic motivation); coping style (emotion-focused and problem-focused); apprentice experiences (satisfaction, work conditions, expectations, formal training and recognition); financial responsibility; and demographic factors (age, geographic location, education/training and organisational tenure). Three measures were used to assess these five domains: the work preference inventory, the brief cope and the apprentice experience questionnaire. A total of 326 male participants were recruited from Victoria and Queensland. Logistic regression was performed to determine if motivation style, coping style, apprentice experiences and demographic factors could predict thoughts towards remaining in an apprenticeship. A Chi-square test was conducted to determine if financial responsibility had an impact on thoughts towards remaining in a trade.

Straker, Cabrera and Dalby (2009) conducted a research about the Nine dimensions of human resource wastage. He suggested that employees should be promoted on their future potential rather than considering their past performance. In addition to this Best buy's ROWE (Results only work environment) and Deloitte's MCC (Mass career customization) models were illustrated which can provide solution to retain the best employees of the organisation. It was also recommended in the research that flexible working practices are the need of the hour. It was also emphasized that focus on intrinsic motivation is more desirable as compared to the extrinsic motivation. The researcher further explained in her research about kaleidoscope career model (KCM) referring to the differences between career trajectories of male and female employees. Elizabeth Cabrera focused on the career needs of highly educated businesswomen. In her empirical research, she interviewed women who had taken career breaks due to family responsibilities. This provided some valuable insights about women's career trajectories and their needs when returning to work after a career break. There was an interesting description of an initiative taken by a specialist library to introduce

student internships in order to reduce the amount of routine administrative tasks undertaken by the library staff.

Gozie E. (2012) conducted a study on 'How to hold on to your key information-technology specialists' in the IT industry in UK. According to a survey by PWC the IT industry in UK incurs on staff turnover around £42 billion a year. The IT recruitment industry is in a healthy stage. However mobility in the IT job market is also increasing as corporate hiring - offering higher pay and more opportunity for career development - is on the rise, encouraging workers to consider moving companies. In addition, the trend for younger IT workers to move on after two or three years seems to be growing.

English W. et al (1996) conducted a longitudinal study on restaurant attrition in El Paso, Texas, utilizing business listings provided by the Southwestern Bell telephone company. This study had two main goals: to track initial investment so that the relationship between investment and promotional activities can be determined; and to attempt to distinguish between business cessation due to failure, versus business cessation due to other causes. As hypothesized, independent restaurant operators had markedly lower expenditures on both initial investment and promotion. Franchise and corporate chains were characterized by high investment and a correspondingly high success rate.

JUSTIFICATION OF THE PROBLEM

Each research investigation is expected to make a definitive contribution to the existing literature. The contribution of this study would be providing some gap- filling information in the field of employee attrition and employees retention in service industry in general and banking and insurance sector in particular. Satisfaction of employees is a major problem and due to the reason that service sector have high switching level of jobs. Though, companies are investing a lot on the HR practices to improve attrition rate, but it is required to think from the point employees point of view as well. Retaining valuable employees is one of the biggest problem that plagues organisations in the competitive marketplace. Employee retention has become the latest buzzword of the corporate world. Each and every department of the organization worldwide faces unabated levels of Attrition. This research will provide suggestions, which will improve the attrition rate of the employees of the banking and insurance sector. The information of this research will be useful to service industry in their HR practices and add new information to literature. It will help the management of the banks and insurance companies to develop their new strategies of retention.

NEED AND RELEVANCE OF THE STUDY

Service industry has been increasingly gaining importance in Indian economy. In the prevailing stiff competition, the managers are searching for any strategy that can provide them with success. Managing attrition rate is one of these strategies that can lead to greater competitiveness. This business strategy has been practiced for years. What makes this strategy so viable is the fact that there is a dramatic change in the way companies are competing with each other now-a-days. The primary motivations are cost savings and the desire to avoid high capital investments in recruiting and training new employees. More importantly, an organization focuses on the strategic purpose

of retaining employees which is an integral part of corporate strategy. Overall, the faster way to improve a company's ability to compete in today's fast- changing environment is to generate effective retaining strategies.

SAMPLE DESIGN AND SAMPLE SIZE

To study the dimensions of attrition and retention in selected banking and insurance companies of Haryana, top four private banks namely Axis Bank, ICICI, HDFC and Kotak Mahendra Bank and top four insurance companies namely ICICI Prudential, HDFC Standard, Bajaj Allianz and Max Life are selected from Haryana.

Primary data is collected from the employees of banking and insurance companies under study. Stratified sampling is used to select approximately equal number of respondents from selected companies under study. The sampling is made taking into consideration of employees working in the companies in Haryana under study. Data is collected using the 'personal contact' after approaching the respondents personally and explaining in detail about the survey objectives and purpose of the study. A total of 300 employees each from banking and insurance companies are approached, out of which 268 banking and 276 insurance respondents' questionnaires are found to be fit for study.

Table No. 1: No. of Branches of Sampled Banks in Haryana

DISTRICTS	ICICI BANK	HDFC Bank	Axis Bank	Mahindra Bank
Ambala	11	15	24	01
Bhiwani	02	09	05	-
Faridabad	12	17	09	-
Fatehabad	05	07	07	01
Gurgaon	35	63	58	13
Hisar	10	10	07	02
Jhajjar	04	07	07	-
Jind	02	07	10	-
Kaithal	02	12	07	01
Karnal	08	17	12	01
Kurukshetra	10	18	10	-
Mahendragarh	02	03	02	01
Panchkula	08	13	10	01
Panipat	12	16	09	01
Rewari	04	07	02	-
Rohtak	04	08	06	01

Sirsa	O3	11	O6	O1
Sonepat	5	13	10	O1
Yamunanagar	3	19	O3	-
Total	142	272	204	25

MAJOR FINDINGS

Factors Responsible for the shift/probable shift of job in Banking Sector :

There are two hundred sixty eight respondents from the banking sector in Haryana. The data is collected on different independent variables like gender, marital status, educational qualification, salary, tenure, age and designation. Continuous series is used to measure the variables like education qualification, salary, tenure, age and designation. The missing frequency is zero in all the cases.

RECOMMENDATIONS

1. The top management must have to concentrate on framing retention strategies in the area of 'External Motivational Factors'. For this purpose the organisations will have to provide good working conditions, to emphasise on job security and there is a dire need to provide adequate compensation to the employees as and when need arises.
2. The top management of insurance companies will have to concentrate on framing retention strategies in the area of 'Intrinsic Motivational Factors'. For this purpose, the management must concentrate on personal growth and development of employees, to develop competent supervisors, create learning environment and provide opportunities for self-development of employees.
3. The policy makers may have to design retention strategies in the area of 'Hygiene Factors'. For this purpose, the organisation needs to motivate the employees to feel sense of accountability and provide facilities and amenities for effective work and stress on the involvement of employees.

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