

EMPLOYEE RETENTION STRATEGIES: A COMPARATIVE STUDY OF MANUFACTURING AND IT SECTOR**NIRMALA.N*; DR.C.SUMANGALA****

*Research scholar, BIMS, Manasagangotri, University of Mysore, India.

**Assistant Professor & HOD, Dept. of Management Science, Yuvaraja's College (Autonomous), University of Mysore, Mysore - 570006, India.

ABSTRACT

The study attempts to compare Employee Retention Strategies adopted by select Manufacturing and IT Sectors) of Mysore region. A total of 610 respondents, 300 from Manufacturing Sector (50 Managers & 250 Non managers) and 310 from IT Sector (50 Managers & 260 Non managers) were selected through random sampling technique. A structured questionnaire was developed by the first author to measure Employee Retention Strategies adopted by the manufacturing and IT Sectors. Two way ANOVA technique was employed to find out the differences between sectors and groups of the respondents including interaction effects. The results revealed that among Managers and Non managers; on most of the strategies a significant difference was observed except for 'compensation and employer employee relationship'. The respondents from Manufacturing and IT sector were found to have a similar view about Employee Retention Strategies as there was a non-significant difference observed between them. Further the interaction among group, sector and strategies were also found to be non significant.

KEYWORDS: *Employee Retention Strategies, Manufacturing sector and IT sector.*

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 who have already been hired. Employee retention is beneficial for the organization as well as for the employee. Employees today are different; they have plenty of good opportunities that are available for them to leave the organizations. 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 their employees. If they don't they would be left with no good employees. A good employer should know how to attract and retain the employees (Raju 2012).

Employee retention also refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problem that plague companies in the competitive marketplace. Not too long ago, companies accepted the "revolving door policy" as part of doing business and were quick to fill a vacant job with another eager candidate. Nowadays, businesses often find that they spend considerable time, effort, and money to train an employee only to have them develop into a valuable commodity and leave the company for greener pastures. In order to create a successful company, employers should consider as many options as possible when it comes to retaining employees, while at the same time securing their trust and loyalty so that they have less of a desire to leave in the future. Employees need to be retained because trained and hard working employees are required to run businesses. They would have acquired good product knowledge over the long run and a trained employee can handle customers better and also solve problems of peers who are new to the organization. When an employee leaves he takes away with him all company information such as ongoing projects, etc. Goodwill of the company gets hampered due to more employee turnover rate and the competitors start poking their nose to recruit best talents from them. Efficiency of work is hampered to a large extent. For example, if an employee leaves in the middle of an ongoing project it is very difficult to fill that Vacuum and a new employee can never replace an old and talented employee so this leads to delayed completion of projects and less work satisfaction among other team members.

Ramlall (2003) carried out a study on "Managing Employee Retention as a Strategy for Increasing Organizational Competitiveness". The author concluded that organizations should identify their critical

employees; understand their needs with regards to career, family, education, and community; and be able to continuously meet the expectations and needs of these employees. It is through proactive efforts that the organization can reduce the likelihood of losing the critical employees.

Manu (2012) carried out a study on “Innovative strategies for employee retention in small and medium enterprises”. The author is of the opinion that innovative strategies would make employers to retain employees for longer duration like giving assignments based on the individuals’ skills and abilities, which would lead to employee job satisfaction and retention.

Priyanka (2011) in a study on, “Employee Retention-An art of keeping the people who keep you in business”, concludes that if an organization succeeds in managing its people well, employee retention will take care of itself. A focus on managing the work environment so as to effectively utilize the available human assets is the need of the hour.

Gupta et.al (2011) carried out a study on “Employee Retention: A Comparative Study of Indian BPO Companies”. The authors concluded that the best retention intervention is not a single point resolution and organizations in this sector should understand that employees don’t leave companies; rather the companies enforce them to leave. So it is the duty of the policy makers to adopt best retention strategies to retain their best brains.

Masaiti et.al (2011) carried out a study on “Strategies to Retain and Motivate Employees in Africa: Examining the Case of the Ministry of Education in Zambia”. Authors conclude that employee’s should be recognized and rewarded, which indicates their satisfaction level and also work accompanied with incentives is an important tool to stay in the organization.

Compensation management, Performance Management System, Career Development, Employee Engagement, Motivation, Morale, Team Building, Job Satisfaction, Training and Development, Employer-Employee Relationships were some of the retention strategies that were studied to find out which strategy is important to retain employees.

OBJECTIVES

- To compare various Employee Retention Strategies adopted in Manufacturing and IT sectors
- To assess the differences among managers and non managers on adoption of Employee Retention Strategies

HYPOTHESES

- Manufacturing and IT sectors differ significantly in their adoption of Employee Retention Strategies.
- Managers and Non managers differ in their perception on Employee Retention Strategies.

SAMPLE

A sample of 600 respondents; 10 from manufacturing sector and 10 from IT sector in and around Mysore region were chosen for the present study. They were further stratified on the following lines. Among them 50 were Managers and 256 were Non Managers from the manufacturing sector and 50 Managers and 254 Non managers from IT sector. Further out of 50 managers from manufacturing sector 37 male and 13 female managers were chosen, and out of 50 managers from IT sector 33 male and 17 female managers were chosen. Out of 256 non-managers, 197 were male and 59 female non-managers from Manufacturing and 140 male and 114 female non-managers from IT sector were chosen for the study.

INSTRUMENT

1. An interview schedule was prepared to gather the general information about employees of manufacturing and IT sectors.
2. A structured questionnaire was developed by the first author for Managers and Non managers separately.

The questionnaire contained several statements (questions) relating to different strategies as shown in the table 1:

Components of Employee retention strategies		Question Numbers	No of statements
S1	Performance management system	1-8,	8
S2	Motivation	9-16	8
S3	Training and development	16-24	8
S4	Morale	24-32	8
S5	Job satisfaction	32-40	8
S6	Employee engagement	40-48	8
S7	Career development	48-56	8
S8	Compensation	56-64	8
S9	Team building	64-72	8
S10	Employer-employee relationship	72-80	8
		Total	80

The questionnaire contained several strategies for which about 8-10 statements/questions were framed. The respondents were expected to respond to the statements on a 5 point Likert's scale ranging between strongly disagree to agree. The answering pattern would be 1-Strongly disagree, 2-disagree, 3-Neutral, 4-Agree, and 5-Strongly agree, for positive questions and the reverse scores for negative questions. The above questionnaires were validated by the researcher and experts in the field using face and content validity. Later reliabilities for the questionnaires were established through cronbach alpha technique and they were varied from 0.885 to 0.912 in different dimensions shown as below.

Table 2 represents the reliability test results for various components

Sl.No	Strategy type	Reliability coefficient- Cronbach alpha
1.	Performance management system	.885
2	Motivation strategies	.885
3	Training and development strategies	.893
4	Morale strategies	.873
5	Job satisfaction strategies	.874
6	Employee engagement strategies	.882
7	Career development strategies	.912
8	Compensation strategies	.888
9	Team building strategies	.906
10	Employer-employee strategies	.906

METHODOLOGY

Data collection for the main study was carried out in three phases. In the first phase, the permission from the concerned authorities of organisations was obtained by the researcher. In the second phase the participants were informed about the purpose of the study and their oral consent was obtained. In the third phase questionnaire on Employee Retention Strategies was administered. An attempt was also made to maintain interest and cooperation throughout the testing session. The participants were given assurance about the confidentiality of obtained information. They were informed to cooperate throughout the study and if at all they felt discomfort during the session or in answering questions they had option to opt out from the investigation.

SCORING AND ANALYSIS

A sector-wise difference in each component and total Employee Retention Strategies scores has been done through Two Way ANOVA using SPSS for Windows Software (version 16.0).

RESULTS

Table: 3 Mean scores of Managers and Non-managers from Manufacturing and IT sector on various components of Employee Retention Strategies and total scores and results of Two way ANOVA

Group	Org	Strategies									
		Performance management		Motivation		Training and Development		Morale		Job satisfaction	
		Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D
Managers	MFG	33.04	5.20	32.10	5.30	32.06	4.99	31.52	5.32	32.50	4.66
	IT	32.64	4.45	31.42	5.20	32.48	4.55	32.00	4.63	32.18	4.63
	Total	32.84	4.82	31.76	5.24	32.27	4.76	31.76	4.97	32.34	4.62
Non-Managers	MFG	29.84	5.59	29.86	5.70	30.36	5.61	30.49	5.12	30.79	4.91
	IT	30.93	4.77	29.80	5.10	30.65	5.10	30.19	4.84	30.56	4.76
	Total	30.38	5.22	29.83	5.40	30.51	5.36	30.34	4.98	30.67	4.83
Total	MFG	30.36	5.65	30.23	5.69	30.64	5.54	30.66	5.16	31.07	4.90
	IT	31.21	4.76	30.07	5.14	30.95	5.05	30.49	4.84	30.83	4.77
	Total	30.79	5.24	30.15	5.42	30.80	5.30	30.58	5.00	30.95	4.83
F (Group)		F=19.047; P=.000		F=10.728; P=.001		F=9.363; P=.002		F=6.763; P=.010		F=10.056; P=.002	
F (Org)		F=.384; P=.536		F=.399; P=.528		F=.375; P=.540		F=.027; P=.868		F=.266; P=.606	
F (interaction)		F=1.770; P=.184		F=.273; P=.601		F=.013; P=.908		F=.511; P=.475		F=.009; P=.926	

Table: 3 continued Mean scores of Managers and Non-managers in Manufacturing and IT sector on various components of Employee Retention Strategies and total scores and results of Two way ANOVA

Group	Org	Strategies									
		Employee engagement		Career Development		Compensation		Team building		Employer-employee relationship	
		Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D
Managers	MFG	31.48	4.71	31.50	5.20	29.86	4.58	32.08	4.35	31.72	4.53
	IT	31.32	5.72	30.74	5.29	30.64	4.95	31.42	4.32	31.24	4.82
	Total	31.40	5.22	31.12	5.23	30.25	4.76	31.75	4.32	31.48	4.66
Non-Managers	MFG	30.23	5.45	28.97	6.53	29.10	6.05	30.02	5.93	30.51	5.62
	IT	30.03	5.11	29.79	5.05	30.10	5.25	30.70	4.98	30.26	5.63
	Total	30.13	5.28	29.38	5.85	29.60	5.68	30.36	5.49	30.39	5.62
Total	MFG	30.43	5.35	29.39	6.40	29.22	5.84	30.36	5.75	30.71	5.46
	IT	30.24	5.23	29.94	5.09	30.19	5.20	30.82	4.88	30.42	5.51
	Total	30.34	5.28	29.66	5.78	29.70	5.55	30.59	5.34	30.57	5.48
F (Group)		F=4.852; p=.028		F=7.659; P=.006		F=1.161; P=.282		F=5.739; P=.017		F=3.321; P=.069	
F (Org)		F=.099; p=.753		F=.002; P=.965		F=2.166; P=.142		F=.000; P=.988		F=.369; P=.544	
F (interaction)		F=.001; p=.970		F=1.568; P=.211		F=.033; P=.855		F=.1325; P=.250		F=.037; P=.847	

Groups and Strategies: A significant difference was observed among managers and non managers on the mean '*performance management strategy*' scores ($F=19.047$; $P=.000$) in which the managers had higher mean scores (32.84) as compared to non managers (30.38). The managers and non managers were found to be significantly different in their perception on '*motivation strategy*' ($F=10.728$; $P=.001$) and their mean scores were 31.76 and 29.83 respectively, clearly indicating that managers has higher mean scores. On '*Training and development strategy*' also a significant difference was observed ($F=9.363$; $P=.002$) where the mean scores was high among managers (32.27) than non managers (30.51). A significant difference was observed among managers and non managers on the strategy '*morale*' ($F=6.763$; $P=.010$) where mean scores among managers and the non managers were 31.76 and 30.34 respectively in which managers had higher scores. On '*Job satisfaction strategy*' a significant difference was observed ($F=10.056$; $P=.002$) where the mean scores was high among managers (32.34) than non managers (30.67). The managers and non managers were found to be significantly different in their perception on '*employee engagement strategy*' ($F=4.852$; $P=.028$) having mean scores of 31.40 and 30.13 respectively, clearly indicating that managers had higher mean scores. A significant difference was

observed among managers and non managers on the mean '*career development strategy*' scores (F=7.659; P=.006) in which managers had high mean scores 31.12 as compared to non managers 29.38. The managers and non managers were found to be significantly different in their perception on '*team building strategy*' (F=5.739; P=.017) and their mean scores were 31.75 and 30.63 respectively, clearly indicating that managers has higher mean scores. However '*Compensation strategy*' observed a non significant difference (F=1.161; P=.282) and so also '*Employer-employee relationship strategy*' observed a non significant difference (F=3.321; P=.069).

Organizations and Strategies: There was a non significant difference observed between Manufacturing and IT sectors on various retention strategies; '*Performance Management*' (F=.384;P=.536), '*Motivation*' (F=.399;P=.528), '*Training and Development*' (F=.375;P=.540), '*Morale*' (F=.027;P=.868), '*Job Satisfaction*' (F=.266; P=.606), '*Employee Engagement*' (F=.099;P=.753), '*Career Development*' (F=.002;P=.965), '*Compensation*' (F=2.166;P=.142), '*Team building*' (F=.000;P=.988) and '*Employer Employee Relationship*' (F=.369;P=.544)

Group, organisations and Strategies: The interaction effects between groups, organisations and strategies observed a non significant difference; '*Performance management*' (F=.1.770;P=.184), '*Motivation*' (F=.273;P=.601), '*Training and Development*' (F=.013;P=.908), '*Morale*' (F=.511;P=.475), '*Job Satisfaction*' (F=.009; P=.926), '*Employee Engagement*' (F=.001;P=.970), '*Career Development*' (F=.1.568;P=.211), '*Compensation*' (F=.033;P=.855), '*Team Building*' (F=1.325;P=.250) and '*Employer Employee Relationship*' (F=.037;P=.250) indicating that the pattern of response from respondents in Manufacturing and IT sectors was statistically same irrespective of their sectors.

DISCUSSIONS

The main findings of the study were:

- There was a significant difference observed among managers and non managers on various Employee Retention Strategies; performance management, motivation, training and development strategy, morale strategy, job satisfaction strategy, employee engagement strategy, and team building strategy except for compensation and employer employee relationship.
- There was no significant difference observed Manufacturing and IT sectors.

- Further the interaction of group/organization and strategies was also found to be non significant.

VERIFICATION OF HYPOTHESES

Hypothesis 1: Manufacturing and IT sectors differ significantly in their adoption of Employee Retention Strategies.

Hypothesis 1 has been *rejected* as there was no significant difference observed between Manufacturing and IT sector in their adoption of Employee Retention Strategies.

The present study clearly reveals that the Employee Retention Strategies adopted by the Manufacturing and IT sector is more or less similar and hence no difference was observed among them.

Minu et. al (2012) carried out a study on “A study on employee retention factors influencing IT professions of Indian IT companies and Multinational companies in India”. The authors have found out in their study that there was no significant difference in response among IT Professionals of Indian IT and Multinational Companies in India with respect to most of the items considered in the survey. And therefore conclude that the Indian IT Companies are in par with Multinational Companies in various aspects.

The above study, on Employee retention which is a comparative study of IT companies and Multinational companies has been able to give a similar view that both the companies have adopted more or less the similar strategies in retaining employees. In our study the Manufacturing and IT sectors have adopted similar strategies and hence observed no difference.

Hypothesis 2: Managers and Non managers differ in their perception on Employee Retention Strategies.

Hypothesis 2 has been *accepted* as there has been a significant difference between managers and non managers on various Employee Retention Strategies; performance management, motivation, training and development strategy, morale strategy, job satisfaction strategy, employee engagement strategy, and team building strategy except for compensation and employer employee relationship. Overall on most of the Employee Retention Strategies managers were found to have higher scores, which is a clear

indication that the managers have a positive view about the Employee Retention Strategies adopted by their companies. Further during investigation of the managers and non managers the non managers were found to have a view that the strategies that were designed were not properly implemented.

Sandhya et.al (2011) carried out a study on “Employee retention by motivation”. The authors are of the opinion that employee retention can be practiced better by motivating the employees in the following aspects: Open communication, Employee reward program, Career development program, Performance based bonus, Recreation facilities, Gifts at some occasions.

Anis et.al (2011) carried out a study on “Impact of organizational commitment on job satisfaction and employee retention in pharmaceutical industry”. The authors are of the opinion that employee retention and job satisfaction of employees can be enhanced if employees have strong organizational commitment. If employees are committed with their organization they are reluctant to stay and increased commitment will also increase their efficiency.

The above two studies, one on Employee retention through Motivation and the other Employee Retention through Job Satisfaction has been able to give a view that both job satisfaction and motivation has been quite effective in retaining employees. In our study the managers had a positive opinion of the various retention strategies of which job satisfaction and motivation were also considered as the strategies that are most essential for retaining employees.

CONCLUSION

This study has concludes that most of the factors do affect employee retention. It has been found that among ten factors eight factors have impact on employee retention. Though there was a significant difference observed among Managers and Non Managers in both the sectors, there was no difference observed between the sectors, which mean that the two sectors have adopted almost similar strategies to retain employees. Hence employers have responsibility to ensure that staff turnover exhibits a downward trend; improvement of certain organisational factors is more beneficial than a big salary increase. Organisations should create an environment that fosters ample growth opportunities, appreciate for the work and friendly co-operative atmosphere that makes an employee feel connected to every aspect of the organization, More efforts have to be made by the employer to retain the required talent and 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. Hence, to conclude, retaining employees lies in the hands of the organisations and requires a perfect blend of all the above mentioned factors for retaining employees.

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