CHAPTER 2
RESEARCH
METHODOLOGY
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RESEARCH METHODOLOGY

This chapter starts with a discussion on the problem of the study, purpose of the study, Scope of the study and the objectives of the study. This is followed by the discussion on research design and the methodology followed. Next, it presents the sampling techniques used in the study and variables included in the topic and the study. The research hypotheses considered for the study are mentioned. The chapter concludes with a brief overview of the method of analysis, Tools of data collection as well as the limitations of the study.

STATEMENT OF THE PROBLEM

In today's world, employers face challenges in retaining efficient employees in wake of rapid increase in the volume of work. Employers are struggling to find and retain good people at all levels to keep pace with the volume of work and this means new pressures on salaries and compensation for employees. Furthermore, employers caution about pay levels and compensation despite a strengthening market has led to increasing employee frustration. The market economy also motivates the employment situations to change constantly and the person who works his or her entire career for the same business is less and less common. If employees are staying with the organization from two to five years, then the employer probably has done what is realistically and necessary to retain employees.

For making an organization successful employers should take into consideration as many options as possible when its related to employee retention so that they can create such an environment where it leads to building up of loyalty and trust which would be reflected in less intention of employees to leave the organization in near future. Getting the best talent is very important but retaining this talent is inevitable for any employer as there are competitors who are constantly striving to hire such talent as a result company should look into aspects that can help them retain key talents and factors that may hinder in retaining such key employees whether is it related to pay, work environment or job dissatisfaction. Losing key talents is very expensive as it leads to loss of customers, image and goodwill in the market. So in current competitive market it is rather inevitable to retain such key talents.
PURPOSE AND SCOPE OF THE STUDY:

The main purpose of this study was to gauge the extent to which Job Satisfaction, Work Environment and Employee Compensation affects the employees' intention to stay in the organization. The share of manufacturing sector in the GDP of Gujarat is nearly 40 percent, compared to 42 percent coming of the services sector. This is substantially different from the trend witnessed at an all India level, where the industry constitutes not more than 30 percent and the services sector contributes nearly 56 percent of the GDP. Over a period of time, Gujarat has successfully diversified its industrial base as a result of which there has been increase in employment opportunities in Gujarat. The employees as a result of industrial development have started switching over to other industries for money, better growth opportunities or favorable work environment. But these has placed a great pressure on organizations that are struggling to find and retain good people at all levels to keep pace with the volume of work and this means new pressures on salaries and compensation for employees. Furthermore, employers caution about pay levels and compensation despite a strengthening market has led to increasing employee frustration.

Therefore, this study aims at providing a clear understanding of the relationship between Compensation System, Job Satisfaction, Working Environment and employees' intention to stay in the organization. The information and the results of this study would be crucial to the employers of manufacturing sector of Gujarat in designing a competitive compensation system for the employees, with the objectives to retain good employees this study looked into the employees' intention to stay in the organization. A number of private sector employees would be selected from the Manufacturing sector of Gujarat region; Employees from manufacturing sector are mainly selected because this sector in Gujarat is well-known for its turnover or mobility. This high turnover phenomenon is also prevalent in India. In addition, this study is mainly focused on private sector employees because they have the tendency to move from one organization to another organization as compared to employees from the government sector. Therefore, their selection as respondents is more appropriate. With regards to level of position in the organization, the questionnaires were distributed to private sector employees in Gujarat region at middle level. This is to ensure that the collection of data is easily monitored and controlled as well as consistent.
OBJECTIVES OF THE STUDY:

The major purpose of this study is to achieve the following objectives

- To study the level of job satisfaction, working environment, employee compensation and employee retention in manufacturing industries of Gujarat.

- To study the relationship and association between demographic variables that is Age, Sex, Education and experience and key variables that is Job Satisfaction, Working Environment, Employee Compensation and Employee Retention.

- To study the Relationship and association between key variables such as Job Satisfaction, Working Environment, Employee Compensation and Employee Retention.

HYPOTHESIS:

- There is non-significant association between demographic variables that is Age, Sex, Education and experience and key variables that is Job Satisfaction, Working Environment, Employee Compensation and Employee Retention.

- There is non-significant association between key variables such as Job Satisfaction, Working Environment, Employee Compensation and Employee Retention.

- There is non-significant relationship between key variables such as Job Satisfaction, Working Environment, Employee Compensation and Employee Retention.

STUDY DESIGN:

Research design: The design for the present study is descriptive in nature.

Universe: The universe comprised of 250 Middle Level Employees of Selected Private Manufacturing Industries of Gujarat which was selected on the basis of Gujarat Industrial Directory 2015 and profit margin of the companies for the last three years.
**Sample and sampling** : Method of sampling for the study was stratified systematic sampling as the sample were divided into strata on the basis of age and experience.

Out of total 250 respondents 152 respondents were taken as sample on the basis of Krejice and Morgan table in order to minimize sampling error if any.

**RESEARCH SETTING**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esquire Machines</td>
<td>28 employees were taken as sample.</td>
</tr>
<tr>
<td>Sumul</td>
<td>24 employees were taken as sample.</td>
</tr>
<tr>
<td>Wockhardt</td>
<td>36 employees were taken as sample.</td>
</tr>
<tr>
<td>Asian Paints</td>
<td>36 employees were taken as sample.</td>
</tr>
<tr>
<td>Glenmark</td>
<td>28 employees were taken as Sample</td>
</tr>
</tbody>
</table>

**VARIABLES**

**Topic**

**Independent**: Job Satisfaction, Employee Compensation and Working Environment

**Dependent**: Employee Retention.

**IN STUDY**

**Independent**: Age, Sex, Experience and Education

**Dependent**: Job Satisfaction, Employee Compensation Working Environment and Employee Retention

**Source of data collection**

**Primary**:

Primary tool of data collection was questionnaire.
To analyze the Influence of Compensation System, Job Satisfaction and Work Environment on Employee Retention, structure questionnaire was used which was broadly divided into four parts. They were:

1. Job Satisfaction
2. Compensation System
3. Work Environment
4. Employee Retention

The spectrum of different variables influencing each of the above mentioned categories were identified and statements for measuring response on each of the variables are developed. The opinion of respondent is measured on 5 Point Likert Scale.

Each of the above parts consists of several variables of the questionnaire were tested on its reliability using Chronbach’s alpha. The results are as follow:

<table>
<thead>
<tr>
<th>Factor of study</th>
<th>Value of Chronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>0.926</td>
</tr>
<tr>
<td>Work Environment</td>
<td>0.944</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>0.939</td>
</tr>
<tr>
<td>Employee Compensation</td>
<td>0.910</td>
</tr>
</tbody>
</table>

It is observed from above table that the value of Chronbach’s alpha is above 0.9. Therefore, very high level of reliability is established for each of the category mentioned above.

Reference period: October 2014 to March 2015

Secondary Data: Secondary data was collected from different sources like, Websites and search engines on the Internet, Books, Magazines, Reports and publications of the organizations, Newspapers, Journals (International & National) with ISSN/ISBN numbers, Articles Published/unpublished, Master and Ph.D theses in the related area, Industrial Directory- Chamber of Commerce and Other sources of published information as per requirement.
Data Operation and Management: The data collected was coded, tabulated, analyzed & interpreted with the help of necessary univariate, bi-variate, multi-variate tables and with appropriate statistical tests such as Chi-Square, Correlation, Regression and simple percentage analysis.

Operational Definitions:

For the purpose of this study, the following terms may need to be further clarified to avoid confusion on what is meant in the context of this study.

<table>
<thead>
<tr>
<th>Compensation System</th>
<th>An organization's compensation system usually consists of three separate components. The first and largest component is the base compensation or salary system. The second is the incentive system, where employees receive additional compensation based on individual, divisional and/or organization-wide performance. Third is the indirect compensation system, where employees are provided with certain benefits, some of which are legally required and others are provided at the discretion of the employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>Retention is defined as possession or use of something or action of holding something in position or containing it. In this context of study, retaining employees is defined as one's desire to stay with the organization</td>
</tr>
<tr>
<td>Work Environment</td>
<td>Location where a task is completed. When pertaining to a place of employment, the work environment involves the physical geographical location as well as the immediate surroundings of the workplace, such as a construction site or office building</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Job satisfaction is how content an individual is with his or her job, in other words whether or not they like the job or individual aspects or facets of jobs, such as nature of work, Compensation, or supervision.</td>
</tr>
</tbody>
</table>
LIMITATIONS OF THE STUDY:

There are some limitations for research which are as follows:-

a) As it was not possible to visit each department the true picture of working condition could not be judged.

b) The employees were busy with their work therefore they could not give enough time for the interview.

c) The personal biases of the respondents might have entered into their response.

d) Respondents were reluctant to disclose complete and correct information.

CHAPTERIZATION:

The presentation of the report is divided into following categories:

Introduction: It is explanatory of the topic which is selected by the researcher brief idea about the Topic

Review of Literature: Researcher has given an outlook on the previous studies done on the field of Employee Retention

Research Methodology: Over here researcher explain about the significance scope objectives sample and sampling study design universe, Variables and treatment of data being covered in this chapter.

Data Analysis & Interpretation: It is the analysis of data table and its interpretation.

Findings Conclusions Recommendations: This chapter includes findings and conclusions recommendations based on the data analysis and interpretation. The recommendations are given to improve the situation which researcher felt about.