CHAPTER-I
INTRODUCTION

1.1 INTRODUCTION TO RETENTION
1.2 NEED FOR THE STUDY
1.3 STATEMENT OF THE PROBLEM
1.4 SIGNIFICANCE OF THE STUDY
1.5 REVIEW OF LITERATURE
1.6 OBJECTIVES OF THE STUDY
1.7 HYPOTHESES
1.8 RETENTION STRATEGIES EXAMINED IN THIS STUDY
1.9 RESEARCH METHODOLOGY
1.10 SCOPE OF THE STUDY
1.11 CHAPTERIZATION
1.12 CHAPTER SUMMARY
CHAPTER – I
INTRODUCTION

1.1 INTRODUCTION TO RETENTION

Most of us would agree that to-day’s environment is considerably more complex than that which existed in 1980s and 1990s. To cope up with the changes the organizations must face challenges and competition encountered from the environment. Today the need of any business organization is not just survival and security but something more than that like respect, recognition, achievement and lifelong learning. These are the workplace motivators and satisfiers for the employees. This has led to change in job demand and employee skills. Thus, human skills and talents are in great demand than that of other resources. Some organizations are on top because they know how to keep their employees glued and value them. Whether the reason is professional or personal the employer should take care of it. If they aren’t they could be left without no good employees. The employer must be prepared to be, supportive collaborative and nurture their employees. Organizations started offering attractive and competitive pay packages to lure the employees. This, in turn led to increase in external mobility. Due to the scarcity of skills and talents the organizations started adopting strategies for retaining employees.

Employment relations, irrespective of the industry, time, place, people engaged, and culture, is mutual, reciprocal, and interdependent. An important aspect of all employment relations is continuity. But neither the employer nor the employees are assured of that continuity. If employment continuity remains to be stable, it promotes a sense of commitment and loyalty towards the organization and the job. But in a volatile environment or in an atmosphere of rapid industrialization the conditions change. The growth and development of new industries have posed many challenges to employers and employees along with the creating new avenues. However, these new industries always face the scarcity of right kind of manpower. This would become a biggest challenge for all the employers.

In the course of industrialization retaining ‘performing employees’ is not just a critical issue but has been a biggest challenge for all new and old industries.
Employers have given lot of importance to this issue. For resolving this issue new and newer strategies have been designed and developed by the employers. They have also involved the experts to study the problem of employee attrition in their organizations and asked them to recommend effective retention strategies. Consequently, “employee retention” has become a specialist function in Human Resource Management and the “retention strategist” a specialist. Especially in the US, industries which are always concerned of hiring the right people and retaining them for longer time. This policy in considered specially to reduce the cost of replacements. Industries often spent lot of time in studying the challenge of engaging the specialists. The first study was conducted two decades ago by Roger (1991), -who is regarded as the father of employee retention. This study was published in 1991 and is titled as “Keeping Good People: Strategies for the solving the Dilemma of the Decade”. The second one was by Gregory (2007), based on his extensive work has published in 2007 a book under the title “401 Proven ways to Retain your Best Employees”.

Why Retention?

Today the most challenging issue faced by all organizations is to retain their employees, with the increasing attrition in almost all industries; companies are finding it difficult to understand what their employees want. Thus, company is failing to prevent the employees from leaving. Organizations started designing and implementing retention strategies to keep the valued employees. Employee Retention is all about taking measures to encourage workforce to remain in the organization for a maximum period (Priyanka, 2009).

Most of the organizations prefer retaining the existing employees rather than hiring a new employee for the following reasons: -

- The first and foremost reason is that the present employee skills, aptitude, talent, values, their commitment and contribution is already known by the employer based on their employee performance.
- Sometimes the potential of a new employee may be a myth
- Present employees have already been tested and they fit in to the existing culture
- Aspirations and expectations are clear in case of the existing employees
- The family members have already adjusted to the organizations present environment
- These existing employees have already completed their adjustment stage and they would be in performance stage.
- These employees are familiar with the company climate and environment, further there will be no cost of hiring a new person, relocation and training.

**How to Retain the Employees?**

HR managers should analyze the cause of mobility before suggesting measures to reduce it. The data and information about external mobility can be collected through survey, exit interviews and questionnaires. The data and information so collected, should include the reasons for voluntary quits like better job elsewhere, problems in the present job and organization like transportation, working conditions, shifts, unsound relations with superiors, lack of opportunities, no facilities etc. This data should also cover, working environment, relationships, pay, job itself, department, regions and where also where voluntary separations occur along with service, gender, hierarchical grade. Further data related to lay-off and discharge can also be collected. Finally, the HR manager must carefully analyze the data collected and suggest suitable measures to control external mobility.

The suitable measures that can be taken to curb the problem of excessive mobility includes improvement in pay structure, opportunities for self-development, creating avenues for promotion, cordial human and industrial relations, effective techniques for hiring, selection and placing individuals, providing conducive work environment, proper facilities and safety environment so that the employees are satisfied (Subbarao, 2008).

Employees leaving organization cannot be stopped unless a certain strategy is there to make them stay. The biggest challenge the employers face in new industries is the high rate of attrition caused by the scarcity of human resource coupled with continuously increasing demand for human resource. Employer’s responsibility is just not restricted to reduce the attrition rate but the challenge is in retaining the performing employees in their jobs and with the organization for a relatively longer
period. The employer must deploy all his skills and intelligence in employee retention and keeping the attrition rate low.

This is the situation of all the employers in all the organizations in India. When a global opportunity comes, the young aspiring employee is keen to grab the opportunity and move away from the familiar environment. An employer cannot prevent employees seeking new opportunities and the specialist always tries to understand the pulse of the employees and regularly tap different sources of manpower supply.

So, Employee retention would be the best technique which refers to the ability of an organization to retain its employees for a longer duration. Employee retention can be understood by a simple logic (for example, 80% of retention rate indicates that the organization has retained 80% of its employees in a given period). However, many consider employee retention has related efforts of an employer attempting to retain employees in their workforce. Thus, retention becomes the strategies rather than the outcome (Ahuja and Shukla 2008).

Retention of the performing employees, is not just critical to only few industries but for all the industries. Retaining performing employees has been a challenge during industrialization. Employers have given lot of significance to this issue in employment relations. Very New strategies have been designed and developed by them. Experts are also engaged to study the problem of attrition and they have recommended very effective retention strategies.

Business Today and People, jointly conducted a study on Indian Attrition rates, during 2008”, The time duration taken to complete the study was October 2008 and March 2009. Strong, young employees change jobs frequently for fast hike in remuneration, whereas middle-level and senior managers look at career growth. In the IT industry, within twelve months 23% of people leave the organization and in ITES the percentage is 40%, because these industries have the maximum percentage of young employees who keep changing jobs for higher salary. On the contrary, both FMCG and Manufacturing companies have only 17% of employee leaving early. BPO special Sector Survey 2008, compensation and benefits database, Pay Net, showed
that the BPO industry, that has mostly young people, has an employee turnover rate of 23.5%, followed by Communications (22%) and Retail (18%), compared to the average rate of 15.7% in India. Apart from salary, odd working hours in BPO’s and the stressed job environment are the other two key drivers of such high rate of attrition. (Abhishek, 2009)

1.1.1 Concept of Employee Retention

Employee retention refers to the policies and practices companies use to prevent valuable employees from leaving their jobs. Retaining the most valuable employees in this competitive marketplace is one of the biggest problems that plague companies. Employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by setting policies and practices that addresses their diverse needs. Thus, measures taken to encourage employees to remain in the organization for longer period is known as employee retention.

Previously many companies as a part of doing business accepted the “revolving door policy” to fill in the vacant job with another candidate, who is eagerly waiting for the job. Nowadays business firms are spending their time, money and effort on employees to train them, so that they can develop employees to a valuable commodity. A successful company can be created only when the employers consider as many strategies as possible to retain employees, at the same time gaining their loyalty and trust so that they have less desire to leave in the future. Unfortunately, today in the corporate world many companies are facing problems in retaining employees. Recruiting skilled people is very essential for an employer, but retaining them is even more important. When an employee is not satisfied with the job he is doing, he may suddenly look for greener pastures and walk out. Usually replacement costs are 2.5 times more than the salary earned by an individual. The costs which are associated with employee turnover are completely damaged. In addition to this investment made on hiring a new employee, include screening, interviewing, training and compensating.

The techniques employed by the management makes an employee stay with the organization for a longer period. Hence these retention strategies motivate the employees so that they remain with the organization for the maximum period and
contribute to the maximum level. Efforts should be made to ensure growth of the organization along with employees learning in their current assignments and to enjoy the work which they do.

Today Employee retention is a major concern for all corporate sectors. Well trained individuals tend to jump to other organizations for better prospects and emoluments. High salary, comfort in timings, better ambience, and growth prospective are some of the reasons which forces an employee to look for a new environment. Whenever an employee expresses his idea to move, it is the responsibility of the top management of the company and the HR team to attend to it immediately and find out the root cause leading to the decision.

1.1.2 Why is Retention so important to organizations?

Retaining performing and talented employees from getting poached and reducing the turnover costs are the key areas that need to be given some serious thought. Huge amounts are being spent on hiring and training the new people, this costs are directly added to the company’s expenses therein increasing the employee turnover cost also. Employees who leave the industries carry valuable information regarding the company, its customers, current projects and other confidential data along with them. Employees who leave so would have built good relationships with customers and clients and this would have benefited the business organization to grow. But once they leave, such relationships are hampered and can cause severe loss to the company and losses its potential customer also. Once an employee is terminated the unspoken negativity is automatically created and can cause more turnovers. If the attrition rates are low of any company means, it is assumed that the goodwill of the company is maintained. Thereby motivating more and more potential employees to join the company. Time plays a crucial role for all businesses to succeed and if no strategies are framed a huge amount of it goes in hiring and training a new employee, involving large amount of money which is a direct loss to the company, if the employees leave the organization (Priyanka, 2011).

It is not just to reduce the cost of turnover but it is also the cost the company has incurred in retaining employees from getting poached. The employee retention will benefit an organization in the following ways.
**The turnover cost:** Hundreds and thousands of rupees incurred on employee turnover cost is added to company’s expenses. And it is difficult to calculate the turnover cost which includes hiring cost, training costs and productivity costs. The experts of industries quote that, an employee’s 25% of average salary is treated as conservative estimate.

**Company knowledge is lost:** When an employee quits he takes along with him the company secrets, current projects, and the past records to his new employer. The time and money invested on an employee in expectation of future returns is not at all realized.

**Customer service is interrupted:** When an employee leaves the firm, the relationship that was built with customers and clients is hampered, which is a potential loss to the company.

**One turnover leads to many more turnovers:** When an employee moves off from the present organization the employment relation is also terminated and the effect is on the entire organization. The slack should be picked up by the co-workers and the remaining staff intensifies the unspoken negativity.

**Company Goodwill:** The goodwill of the company will be high, when a company manages to keep its attrition rates low. Any company which portrays lower rates of retention, there is a chance that motivated potential employees can join the organizations.

**Efficiency is regained:** Usually when an employee resigns, the company has to invest time and money in hiring and training a new employee which is a direct loss to the company. And most of the time it goes unnoticed. Even after hiring a new employee there is no guarantee that the same efficiency can be regained.

**Why Do People leave organizations?**

It is quite surprising that the reasons people quote for their resignation are not always true or sometimes they are partially true. Most of the time the individual are
reluctant to raise voice against criticism from their managers, colleagues, peer group or organization in general, and preferably give less contentious reasons for departures.

The major reason for employee turnover in most of the industries is that the employees are being dismissed and resigning in the earlier months of their employment. Even if people decide to stay for a year or more the employee would have taken the decision to leave during the first week of his employment. Poor recruitment, wrong selection, poorly designed induction programme are usually to be blamed. Fact is that selecting a right candidate and well-designed induction programme are the good practices on part of the employers so that they can retain employees in the organization.

Usually employee comes with high expectations for recruitment, when expectations are not met leading to just accept the jobs for which the truth is unsuited. The error is from the organization also because to fill the vacancies with sufficient number, they select people without going through the proper selection process as quickly as possible. However, in the long run the company must pay back as it leads to high cost, unavoidable turnover and developing a poor image in the labour market.

There are different reasons for employees leaving the organizations-

- Low salary
- Poor working condition
- Low morale
- De-motivation
- Dissatisfaction towards job
- Poor performance management system
- No growth opportunities
- Disengagement
- Low team spirit
- Poor employer-employee relationship

Nearly 90% of the bosses think their employees quit to make more money, but 90% of the bosses are wrong. Ask HR people about their top issue these days, and it’s likely to be retention. That’s no surprise. Replacing a trained employee is a disruption.
What is surprising is how many employers misunderstand why their people leave (Janaki, 2009).

1.1.3 Employee Retention Strategies

In all modern industries, employee retention is the most critical problem. It not only results in the loss of ‘good’ and ‘performing employees’ but also results in loss of production, loss of market and consumers, and loss of company image. The management may be able to get to recruit people to replace those who leave. But hiring new employees in place of those who leave is not an important issue. For any organization suffering from high rates of employee attrition the question of retaining employees is quite important.

What is a strategy? The term strategy means a large-scale future oriented plan of management for interacting with the competitive world, so that company can achieve its objectives. A strategy is a company’s game plan. Although that plan does not precisely detail all future developments, it does provide a frame work for managerial decisions. It is an overall plan of how to proceed in the task of achieving the objectives of the organizations. It is concerned with mapping out the basic policies to be followed in the process of achieving the objectives. To address the employee grievances employee retention strategies would necessarily create plans and ways to redress those problems. This would mean that employees are now enabled to take their issues regarding pay, their work, their role etc., to the HR manager and expect to get a fair hearing in the process. There should be a plan where the HR manager in connection with the other manager along with the employee who has raised the issue works towards resolving the issues (Sudheendra, 2011).

1.2 NEED FOR THE STUDY

Research on retention strategies is of great importance to the organizations as it provides a new dimension in understanding and dealing attrition. The problem of attrition has widened the scope of Employee Retention and its implications on organizational effectiveness. It is very important to retain those employees who work hard for the organization and who is indispensable for the system. Since there has been increased amount of attrition taking place in both Manufacturing and IT firms,
retaining such employees is a challenge to the Employer. Attrition may be due to several reasons like new opportunities available elsewhere and lack of support in the present organization. The major problem in retaining the performing employees in their jobs and with the organizations for relatively longer period is a testing time for the employers. They need to use all skills and intelligence in keeping the attrition rate low. Review of literature clearly showed that sector wise studies had been done, but comparative study between sectors were few. Hence it was found necessary to carry out this study entitled “Employee Retention Strategies: A Comparative Study of Select Manufacturing and IT Firms”.

1.3 STATEMENT OF THE PROBLEM

An employee who leaves the organization loses its most valuable asset, and the employee carries all the secrets to the new organization. The company would have invested on each employee which includes hiring cost, training cost and compensating him. But when the employee resigns the total cost invested on him adds up to company expenses. For example, an average salary of an employee per month is Rs. 20,000 and then the cost of hiring a new employee and other expenses come around Rs. 7000. If you have two employees resigning per month, the cost comes to Rs. 14,000 and taking the same for 12 months to around Rs.1,68,000 which is a direct loss from the turnover of the company. And after all this, there is a risk of getting a right employee for the right position with a right attitude (Janaki, 2009).

So, the purpose of this research would be to explore the factors influencing Employee Retention Strategies among Manufacturing and IT firms. Further the study intends to analyze those strategies that are important in retaining employees. Several studies have been carried out among Manufacturing and IT firms. However comparative studies among Manufacturing and IT were found to be very few in number. The researcher thus carried out a study on Employee Retention strategies and tried to give a comparative view between Manufacturing and IT sectors.
1.4 SIGNIFICANCE OF THE STUDY

The research on retention strategy finds great importance as it would be able to contribute significantly to understand how to hold and retain the experienced employees so that his expertise and knowledge, wisdom and learning is not migrated out of organization, to its competitors. Organizations spend quite a lot of money in the process of recruiting and employing right individuals. The level of attrition rate these firms indicate the relevance in finding new models in retention strategy. Attrition is a much-spoken problem in the organizations and the employee is migrated to an outside world along with his experience, skill, he/she has earned in his long years of service, his knowledge, and his loyalty. The company secrets and formulas are poached by the competitors. The study of retention is also useful for the policy making top-level CEO’s and HR managers, executives and assistants for redesigning their HR policies and systems related to retention strategy. Since the problem of attrition is universal in nature any number of studies in this area would gain lot of significance in the current day context. Since there were several instances of employee attrition reported in several newspapers and magazines, this study proposed to be carried out in Mysore has gained lot of significance.

1.5 REVIEW OF LITERATURE:
1.5.1 Studies carried out in manufacturing firms:

Umamaheshwari and Jayashri, (2015) carried out a study titled “Retention Factors and Their Relative Significance in Ceramic Manufacturing Industries in India”. The authors aimed at assessing how certain factors could influence employee retention. And the results revealed that balance of work life, supervisory support and organization commitment correlated to employee retention. Research analysis indicated that employee’s continuation in the organization is related to the relationship that exists between the supervisor and subordinate. This supervisor subordinate relationship had highest significance on employee retention. Thus, showing evidence that all three factors have significant relationship with employee retention in ceramic manufacturing industries in India.

Bidyut and Mukulesh, (2015) in their study entitled “Factors Affecting Employee’s Retention in Automobile Service Workshops of Assam: An Empirical
Study” wanted to find out the relationships between Job security, job satisfaction, work life balance, compensation and employee retention in the Automobile service workshops. The authors concluded that the factors do affect employee retention. It has been found that among sixteen factors, Job security was the most important factor in retaining employees. Organizations should also do fair and unbiased performance appraisal to keep their employees for a long-period with them. It is found in many workshops that promotions are given only on the basis of seniority but not on both performance and seniority basis. So, it de-motivates young performers who are competent than the senior employees and deserve promotions. Automatically their retention intention goes down. Since Autonomy is found as the third most important factor for employee retention at managerial level. Employers should be given autonomy to retain them in organizations. It is found in the study that employees at the level of technician need healthy supervisor support than autonomy for their retention. A healthy supervisor employee relationship is also very important for retaining the executive level of employees. Salary again proved as one of the important factors for retention employees working in automobile service workshops of Assam.

Suniti, (2012) carried out a study titled “Employee Retention in Indian Textile Industry: A Study on Grasim Bhiwani Textile Limited” Author has concluded that the leading reasons for retention are culture, recognition, environment, policies of the organization and the relationship with co-workers and company. So, the organizations that are struggling to retain employees must understand the requirements of the employees and the factors discussed above. This could help them in retaining their best talent in the long run. Thus, compensation, career path and working environment are the factors affecting retention of the employees, and among them career path is most valuable factor that employees look for, to work in the organization.

1.5.2 Studies carried out among IT firms:

Vijayalatha and Brindha (2013) carried out a study entitled “A study on Employee Retention among Software Industry in Chennai” The authors were of the opinion that organization’s major goal is to earn profit. And attain profit, the organization should concentrate on employees and different ways to retain them for their long run. Results of the study revealed that the forces which made employees
change their jobs were salary, lack of growth prospects and stress. Finally, the authors concluded that to reduce attrition industries should create growth opportunities for their employees from within the organization by implementing recent technologies and impart training programs to retain the talent.

Ashish and Kavita (2015) carried out a study entitled “Retention practices adopted in Indian IT companies for employee retention and its impact on attrition level of the companies”. The focus was on strategies adopted at different levels and benefits viewed from the point of view of employees as well as employer. During the study, they have realized that different strategies are required at different level. And the results revealed that how retention is a major concern for corporates. Every company would not like lose their talented employees for any reason, but individuals once trained tend to move to other organizations for better prospects. Some competitive benefits like lucrative salary, comfortable timings, better ambience, growth prospects stimulate them to look out for a change. Finally, authors suggest that whenever an employee expresses his willingness to pass on the responsibility of the management, the human resource team should intervene immediately and find out the reasons which lead to such decisions. Retention can be practiced better by choosing a right strategy at proper level. The organization must understand that employee retention is providing benefits not only to employer but to employees as well.

Xavier and Gopinath (2016), in a study involving 400 employees from different BPO companies found that the major reasons for employees to leave the BPO sector is due to job stress. Majority of the respondents agreed that there was an opportunity for promotion and employer-employee relationship was good. Many of them also agreed that they had a good working environment. But there was no significant relationship between gender, age and the level of job satisfaction. However, a significant relationship was observed between education, monthly earning and satisfaction level.
1.6 OBJECTIVES OF THE STUDY

1. To identify and compare the perception of employers and employees of Manufacturing and IT firms on the ‘reasons for employees leaving the firms’.
2. To examine the difference in the perception of employers and employees towards various Employee Retention Strategies.
3. To compare various retention strategies adopted by Manufacturing and IT firms
4. To compare the difference in the opinion of respondents of Manufacturing and IT firms on the ‘strategies that are important for retaining employees’
5. To compare the difference in the opinion of respondents of Manufacturing and IT firms on the ‘availability of Employee Retention Strategies’.
6. To measure the relative strength of each retention strategy.
7. To assess the influence of select secondary variables; gender, experience on retention strategies.

1.7 HYPOTHESES

H01 : Employers and employees of manufacturing and IT firms do not differ in their perception on the “reasons for employees leaving the firms”
H1 : Employers and employees of manufacturing and IT firms differ in their perception on “the reasons for employees leaving the firms”.
H02 : Employers and employees do not differ in their perception towards retention strategies
H2 : Employers and employees differ in their perception towards retention strategies.
H03 : Manufacturing and IT firms do not differ in adoption of employee retention strategies.
H3 : Manufacturing and IT firms differ in adoption of employee retention strategies.
H04 : Respondents of Manufacturing and IT firms do not differ in their opinion on the ‘strategies that are important for retaining employees’.
H4 : Respondents of Manufacturing and IT firms differ in their opinion on the ‘strategies that are important for retaining employees.'
H05 : Respondents of Manufacturing and IT firms do not differ in their opinion on the ‘availability of Employee Retention Strategies’.

H5 : Respondents of Manufacturing and IT firms differ in their opinion on the ‘availability of Employee Retention Strategies’.

H06 : Each employee retention strategy (compensation, performance appraisal system, team building, job satisfaction, employee engagement, employer and employee relations, training and development, motivation, career development and morale) does not have its own relative strength in retaining employees.

H6 : Each employee retention strategy (compensation, performance appraisal system, team building, job satisfaction, employee engagement, employer and employee relations, training and development, motivation, career development and morale) has its own relative strength in retaining employees.

H07 : Secondary variables (gender, experience) do not influence the perception towards employee retention strategies.

H7 : Secondary variables (gender, experience) influence the perception towards employee retention strategies.

1.8 RETENTION STRATEGIES EXAMINED IN THIS STUDY

1.8.1: Compensation: Compensation is one of the major determinants for satisfying an employee in organizations. Employees view the compensation policy framed by the organizations as an indicator of the management attitude and concern towards them. A good compensation system should be flexible, attractive and should retain employees. It should keep the organization competitive in the wage market and motivate its employees to perform to the fullest.

1.8.2: Performance appraisal System: The main objective of any workable performance appraisal system is that it allows evaluation of each individual performance. Appraisal systems should give an opportunity providing constructive and valuable feedback. It should act as a two-way communication between employee and the supervisor thereby allowing employees to predict their future success on the job (Cook, 1992). To retain its employee a company must have a performance
dialogue. Performance appraisal system is essential for an organization to make decisions about future leadership and its success.

1.8.3: Motivation: The Managers’ most challenging job is to motivate their employees. It has been practically and theoretically proved that employees can only be motivated by satisfying their needs. The needs are not stable or consistent for the employees; they keep on changing according to the human requirements and business requirements. Hence motivation completely depends on the efforts of the employers in identifying employee needs and fulfilling them to the best possible extent (Christopher, 2011).

1.8.4: Training and Development: An important tool for increasing the overall productivity of an organization is Training. The new emerging sectors where human elements play a pivotal role has increased the need for training. Most of the organizations in spite of setting the best standards to plan and execute the training plans often faces a problem that these plans are not bringing the required number of deliverables, be it employee performance or productivity. By training employees, efficiency can be regained and employees become more confident while performing. When an employee’s confidence increases, their loyalty can also be increased towards the organization. (Manishankar, 2009)

1.8.5: Morale: Morale is related to overall job satisfaction. If morale is high, employees are less likely to complain, cause any problem to the organization or quit. (Shashi and Roshi, 2010). (Ngambi, 2011) carried out a study to explore the relationship between leadership styles and employee morale and the intentions to leave. The results revealed that the initiatives introduced by the new leadership styles was influencing morale of employees and this in turn reduced the intentions of employees to leave the college and to have relatively high job commitment

1.8.6: Career Development: A system in which organized and formalized planned effort towards achieving a balance between the individual career needs and organizations workforce requirements is called as career development. Career development opportunities are considered as one of the most important factor affecting employee retention. Shoaib, et al (2009), has made an in-depth study to
determine the factors of employee retention in telecom sector, Pakistan. A total of 130 respondents were involved in this study to examine the impact of factors like career development opportunities, supervisor’s support, working environment, rewards and work life policies and their influence on retention of employees. And the study results revealed all factors had positive and significant relationship with retention.

1.8.7: Job Satisfaction: Job satisfaction is very crucial and important aspect because most of the people spend major portion of their life at work place. Moreover, job satisfaction has an impact on the general life of the employees because a satisfied employee is a contented and happy human being (Shashi and Roshi, 2010). According to a study carried out by Sharon and Hlanganipai (2014), was to explore the impact of training on job satisfaction and retaining employees at selected tertiary institutions. For the study 120 respondents were randomly selected. Finally, results revealed that there was no relationship between retention of employee and training. However, a significance relationship existed between job satisfaction and employee retention. As the satisfaction level increased, employees would tend to remain in the organization for longer duration.

1.8.8: Team Building: Sayma, (2011) in a cross sectional study carried on 387 respondents from different sectors like service, textile, gas, blue chip, pharmaceutical and oil (Pakistan) to understand the effect of organizational team building on employee morale and retention. Found that employee morale and employee retention has a long term positive association with team building. It suggests that organizational team building efforts are obligatory for retaining employees and to boost the morale of employees. Team building itself is a vast term which has so many sub dimensions. Among those sub dimensions’ team performance, individual contribution, team coordination, team evaluation was used for evaluation. The results proved that these factors play a pivotal role in enhancing employee morale and employee retention.

1.8.9: Employee Engagement: A state where an individual in intellectually committed and has emotional attachment with his/her job that goes beyond the actual duty to further the interest of the company is engagement. Engaged employees not only contribute to the success of the business but also act as the company advocates and are the promoters of the company’s products and services. Such employees are
more likely to stay in the organizations for a longer period when compared to the non-engaged employees. (Priyanka, 2009)

1.8.10: Employer-employee relationship: Sometimes the link between management and the peers becomes the reason for an employee to leave the organization. The management is usually not able to provide an employee a supportive work culture and environment in terms of professional or personal relationships. There will be situations when employees are disinterested and demotivated, and at times he feels bitter towards his peer. If the management creates a supportive work culture, it helps him grow professionally and satisfies employees, thereby increasing the retention rate. The relationship between worker and supervisor in employee retention plays pivotal role. The organization’s “human face” is supervisors. Leaders are the human face of the firm. Eisenberger et al (1990), suggested that a employees view regarding organizations are strongly related to their supervisor relationship. If there is support from the supervisor, open communication and a good employee relationship, the intention of employee’s turnover is likely to be less and more engaged within the organization (Greenhaus, 1994).
1.9 RESEARCH METHODOLOGY

1.9.1 Research design:

Exploratory and Descriptive research methods were used to realize the objectives of the research. The key objectives of the research were to examine the major factors influencing employee retention in both Manufacturing and IT firms, which ultimately drives them towards organizational effectiveness.

The present research is exploratory in nature. The variables of employee retention such as Compensation, Performance appraisal system, Employee Engagement, Career Development, Motivation, Morale, Job satisfaction, Team Building, Employer-Employee Relationship and Training and Development has been studied in relation to retaining an employee among select Manufacturing and IT firms.

1.9.2 Sample:

The sample for the present study has been drawn from Manufacturing and IT firms. Total of 610 respondents had been taken up for the research, selected from
various organizations. Stratified random sampling technique was employed in the selection of the sample. Out of the total 610 respondents 306 were from Manufacturing of which 50 were employers and 256 were employees, and 304 were from IT firms of which 50 were employers and 254 were employees. Further the sample was stratified on the basis of gender and experience.

*Table 1.1: Showing distribution of the sample for Manufacturing and IT firms*

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>IT firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Units</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Employers</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Employees</td>
<td>256</td>
<td>254</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>304</strong></td>
</tr>
</tbody>
</table>

1.9.3 Tools Used for Data Collection

**Tools used:**

- Personal datasheet
- Structured questionnaire

**Personal datasheet**

For the present research socio, demographic information was elicited using personal data sheet. The detailed personal data sheet consisted the provision to collect data on age, gender, education, experience and designation.

**Structured questionnaire**

Two separate questionnaires were drafted for employers and employees. It included 10 variables i.e., Compensation, Performance Appraisal System, Morale, Motivation, Training and Development, Employee Engagement, Team Building, Career Development, Job Satisfaction, Employer-Employee Relationship and in each variable eight statements were included.
1.9.4 Procedure
The entire study was done in two phases 1. Pilot study 2. Main study

1.9.4.1 Pilot Study
A pilot study was conducted initially. A total of 200 respondents of which 150 employees and 50 employers were randomly selected and the questionnaires were administered on them

- Managerial level questionnaire
- Non-managerial level questionnaire

The employees were first briefed about the importance of the research study and then the set of questionnaire were distributed to them. Further the respondents were reassured of the information so given would be kept confidential. After developing a rapport with employees, instructions were given to “select any one the responses by making a “✓” mark in the appropriate column.

1.9.4.2 Main Study
After incorporating the necessary changes the main study was carried out. The suggestions and recommendations given by the experts and respondents of the pilot study were incorporated logically. The researcher started the study seeking the permission from the concerned authorities of organizations in advance and briefed them about the need for the study and explained about the Employee Retention Strategies Questionnaire. Few respondents readily obliged to the researcher’s request and many respondents were found to be dis-interested to participate in the research. The survey questions were structured using the Likert’s scale whereby respondents were asked to rate each statement using five-point Likert scale. The respondents were asked to fill entire questionnaires without any omissions, and were asked to respond to the questions and statements in an honest manner. Respondents were encouraged to seek clarifications if any, from the researcher at any point of time. The topic chosen by the researcher was bit sensitive and few of the respondents were hesitant to give the details. So, assurance was given to the respondents about the confidentiality of data and the identity of the respondents and assured that this data will be used for the research purpose only. Ample time was given to the respondents to fill the questionnaire. Finally, the incomplete questionnaires were discarded.
1.9.5 **Tools Used for Analysis**

The aim of the present investigation was to assess and compare the retention strategies among several Manufacturing and IT firms. The data obtained from 610 respondents were subjected to test with relevant statistical techniques and the hypotheses were formulated for the study.

Following statistical methods were employed in the present study

a. Descriptive statistics
b. Contingency coefficient analysis
c. Two-way ANOVA
d. Independent sample T-test

**1.10 SCOPE OF THE STUDY:**

The proposed study “Employee Retention Strategies: A Comparative Study of select Manufacturing and IT firms” is carried out in Mysore district. This district comprises of Nanjangud and Thandya industrial area and six other industrial areas like Belgola, Hebbal, Belvadi, Hootgally, Pura Angarahally, and Koorgally. The study concentrated on collecting data from employers and employees in Manufacturing and IT firms located in these industrial areas.

**1.11 CHAPTERIZATION:**

**Chapter 1: Introduction**

This chapter contains introduction, need for the study, statement of the problem, review of literature, objectives of the study, hypotheses for the study, research frame work and research methodology.

**Chapter II: Literature Review**

This chapter focuses on the literature works relating to various strategies adopted in retaining employees

**Chapter III: Research Methodology**

This chapter deals with the research methodology.
Chapter IV: Data Analysis and Interpretation

This chapter contains the data analysis and interpretation through appropriate statistical tool.

Chapter V: Discussions and Conclusion

This chapter focuses on major findings, verification of hypotheses and suggestions for future research.

1.12 CHAPTER SUMMARY

This chapter covers the introduction Employee retention, retention strategies, literature reviews on retention strategies adopted in Manufacturing and IT firms, significance of the study, need for the study, objectives of the study, hypothesis, strategies examined for the present research, research methodology, scope of the study followed by Chapterization.