



A Study on Employee Retention Practices: w.r.t. Godavari Mega Aqua Food Park Pvt Ltd (GMAFP), Bhimavaram.

J. Veena Dhuri,

Assistant Professor, Department of MBA

Swarnandhra College of Engineering and Technology, Narsapur.

ABSTRACT: Employee retention is a business-management term referring to efforts by employers to retain current employees in their workforce. Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Also of concern are the costs of employee turnover (including hiring costs, training costs and productivity loss). Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover may include lost customers and business and damaged morale. In addition there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring and training the new employee.

Key Words: *Employee Retention, HR Practices, Strategies, Employee Attrition.*

I. INTRODUCTION:

Employee retention 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 problems that plague companies in the competitive marketplace. Not too long ago, companies accepted the “revolving door policy” as part of doing. 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 they have less of a desire to leave in the future.

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Corporate are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. There is no dearth of opportunities for talented persons. There are many organizations which are looking for such employees. If a person is not satisfied by the job he is doing, he may switch over to some other more suitable job. In today’s environment it becomes very important for organizations to retain their employees.

BENEFITS OF EMPLOYEE RETENTION:

Every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves the company's money. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting and training the best employees represent a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out.”

When an employee leaves a company for a direct competitor, there is always a chance that they will take important business strategies and secrets with them to be explained by the competition. This is yet another reason why the retention of employees is so crucial to some businesses. While this practice seems a bit unscrupulous, it still happens quite frequently. Recruiting and hiring from your competitors is probably as old as business itself. But what is new – and a buzzing topic among employers – is how to attract and retain qualified candidates in a highly competitive labour market while also preventing their own intellectual capital from winding up in the hands of competitors.

One way for a company to prevent employees from giving valuable information to competitors is to make it a policy to enforce strict non-competition and confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employee because they might not want to risk possible legal entanglements with the other company. Of course, all this could possibly lead to animosity with the employee who could feel that his or her options are being limited. Many employees do not always remember signing such a document, so a copy of it should always be kept on file for the employee to refer to. This area could prove to be a highly sensitive one between employer and employee, so extreme caution is suggested in all instances.

The process of employee retention will benefit an organization in the following ways:

- **The Cost of Turnover:** The cost of employee turnover adds hundreds of thousands of rupees to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity losses), industry experts often quote 25% of the average employee salary as a conservative estimate.
- **Loss of Company Knowledge:** When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized.
- **Interruption of Customer Service:** Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.
- **Turnover leads to more turnovers:** When an employee's services are terminated, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.
- **Goodwill of the company:** The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.
- **Regaining efficiency:** If an employee resigns, a good amount of time is lost in hiring a new employee and then training him/her and this in turn leads to company losses, which many a time go unnoticed. And even after this the company cannot be assured of the same efficiency from the new employee.

II. OBJECTIVES OF THE STUDY:

- 1) To study about the employee retention in the organization.
- 2) To ascertain the problems of the employees in the organization.
- 3) To identify how retention strategy reduces employee turnover.

III. Significance of the Study:

The study focuses on retention strategies. This study is undertaken to assess the employee retention strategies. Employee turnover has been identified as a potential obstacle, in implementing strategies. Any practice/system that relies greatly on the active involvement of the employees who are naturally a critical factor in the successful implementation and sustainability of continuous improvement of systems and practices. This is one of the uncertainties the companies face in internal processes. This might significantly associated efficiency, development, involvement and training of the employees. The high turnover rate has negative effect on the Organizational strategies.

3.1.SCOPE OF THE STUDY

The scope of this study is confined to manufacturing industries in small scale industries category located industrial parks of West Godavari District, Andhra Pradesh only. The study throws light through valuable suggestion to decrease attrition level in the organization. This study can help the management to find the weaker parts of the employee feelings towards the organization and also helps in converting those weaker parts in to stronger by providing the optimum suggestions or solutions. This study has a wider for scope in any kind of organization since “attrition” is general one and makes the employees to put forth their practical difficulties and need factors in the organization. This study can help the management to know for which the reason employees tend to change their job, through dissatisfaction factors faced in the organization and also helps to recover by providing the optimum suggestions or solutions.

3.2 Theoretical Background:

Retention is the process of developing and implementing practices that reward and support employees. Retention of the key employees is critical to the long term health and success of any organization. It ensures better customer satisfaction, increased product sales, effective succession planning and deeply imbedded organizational knowledge and learning.

Three R's of Retention:

- **Respect** is esteem, special regard, or particular consideration given to people. As the pyramid shows, respect is the foundation of keeping your employees. Recognition and rewards will have little effect if you don't respect employees.
- **Recognition** is defined as “special notice or attention” and “the act of perceiving clearly.” Many problems with retention and morale occur because management is not paying attention to people's needs and reactions.
- **Rewards** are the extra perks you offer beyond the basics of respect and recognition that make it worth people's while to work hard, to care, to go beyond the call of duty. While rewards represent the smallest portion of the retention equation, they are still an important one.

Employee Retention Strategies:

- a) The basic practices which should be kept in mind in the employee retention strategies are:
- b) Hire the right people in the first place.
- c) Empower the employees. Give the employees the authority to get things done.
- d) Make employees realize that they are the most valuable asset of the organization.
- e) Have faith in them, trust and respect them.
- f) Provide them information and knowledge.
- g) Keep providing them feedback on their performance.
- h) Recognize and appreciate their achievements.

People want to enjoy their work so make work fun and enjoyable. Understand that employees need to balance life and work so offer flexible starting times and core hours. Provide 360 feedback surveys and other questionnaires to foster open communication. Consider allowing anonymous surveys occasionally so employees will be more honest and candid with their opinions. Provide opportunities within the company for career progression and cross-training. Offer attractive, competitive benefits.

Reasons for employee turnover:

The following are the reasons for employee turnover:

- No growth opportunity/lack of promotion
- For higher Salary
- For Higher education
- Misguidance by the company
- Policies and procedures are not conducive
- No personal life
- Physical strains
- Uneasy relationship with peers or managers

Retention - A Big Challenge

Fundamental changes are taking place in the workforce and the workplace that promise to radically alter the way companies relate to their employees. Hiring and retaining good employees have become the chief concerns of nearly every company in every industry. Companies that understand what their employees want and need in the workplace and make a strategic decision to proactively fulfil those needs will become the dominant players in their respective markets.

The fierce competition for qualified workers results from a number of workplace trends, including:

- A robust economy
- Shift in how people view their careers
- Changes in the unspoken "contract" between employer and employee
- A new generation of workers
- Changes in social mores
- Life balance

IV. RESEARCH METHODOLOGY:

This study is based on Descriptive Research Design and involved in administering questionnaire as a tool for research work. In order to fulfil the objectives of the study, the data have been collected from both the primary and secondary sources. Data have been collected from the employees of the company. For the present study random Sampling Method was used. So the desired sample size was 100 employees. The questionnaire used in this study was constructed on 5 point scale, strongly disagree to strongly agree. To analyze the data percentage method was used.

V. RESULTS AND DISCUSSION:

Table 5.1 Opinion of the Employees on Salary

ATTRIBUTES	VERY HIGH	HIGH	MEDIUM	LOW	VERY LOW	Total
My Salary when compared with Competitor company	13	45	28	14	0	100
Performance Bonus given to me by the company	49	18	24	09	0	100
Standard of Increment in the company	29	26	23	19	3	100
Satisfaction level in Salary & Increment	40	26	10	24	0	100

Graphical Presentation of Data:

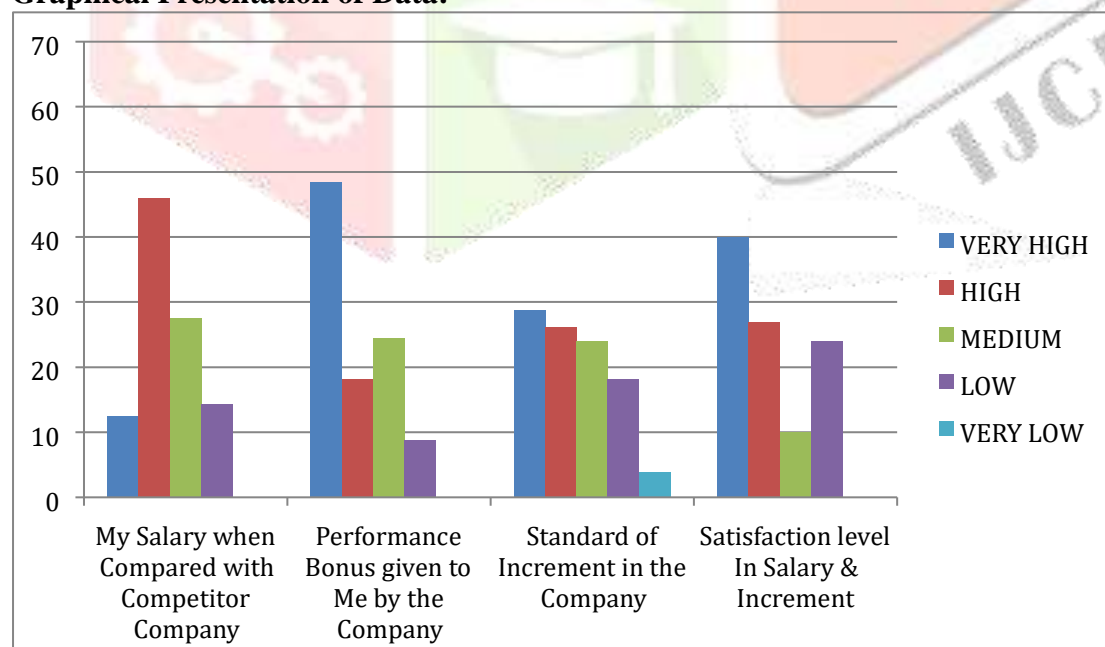
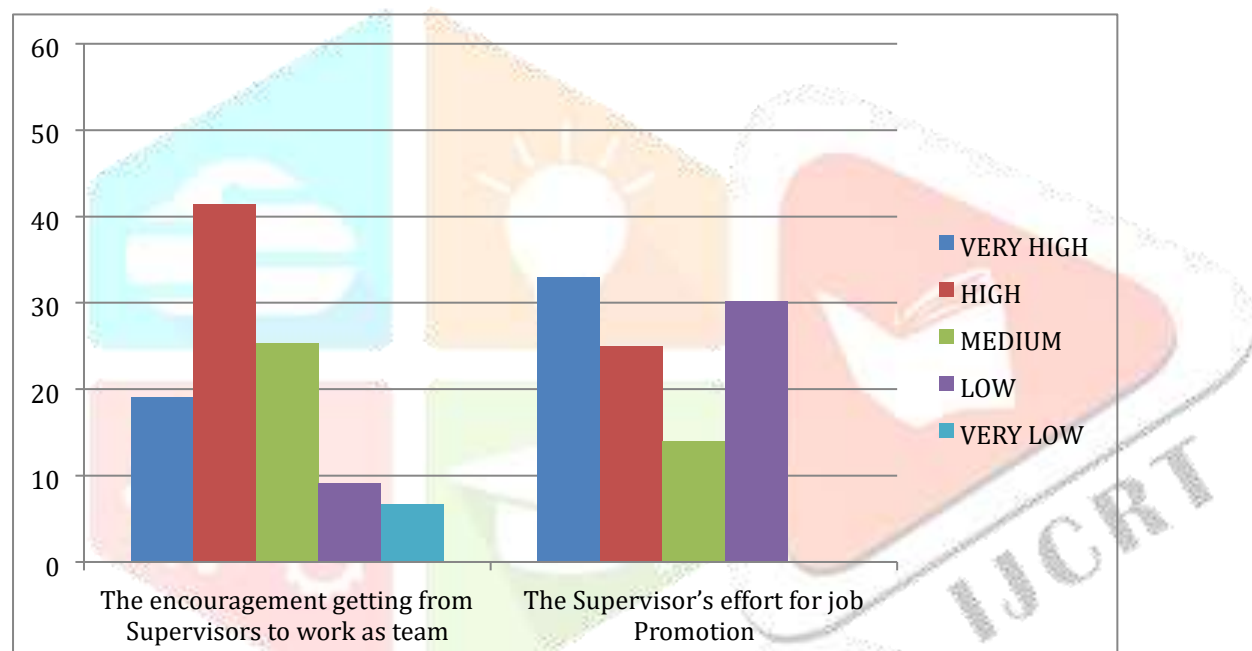


Table.5. 2 Employee's opinion about Superior – Subordinate Relationship

ATTRIBUTES	VERY HIGH	HIGH	MEDIUM	LOW	VERY LOW	Total
The encouragement getting from supervisors to work as team	19	41	25	09	6	100
The Supervisor's effort for job promotion	32	25	13	30	0	100

Graphical Presentation of Data:**Table.5.3 Employee's opinion about Growth Opportunities**

	VERY HIGH	HIGH	MEDIUM	LOW	VERY LOW	Total
Opportunities provided by the company	45	21	15	13	6	100
Chances of getting promotion	30	32	15	20	3	100

Graphical Presentation of Data:

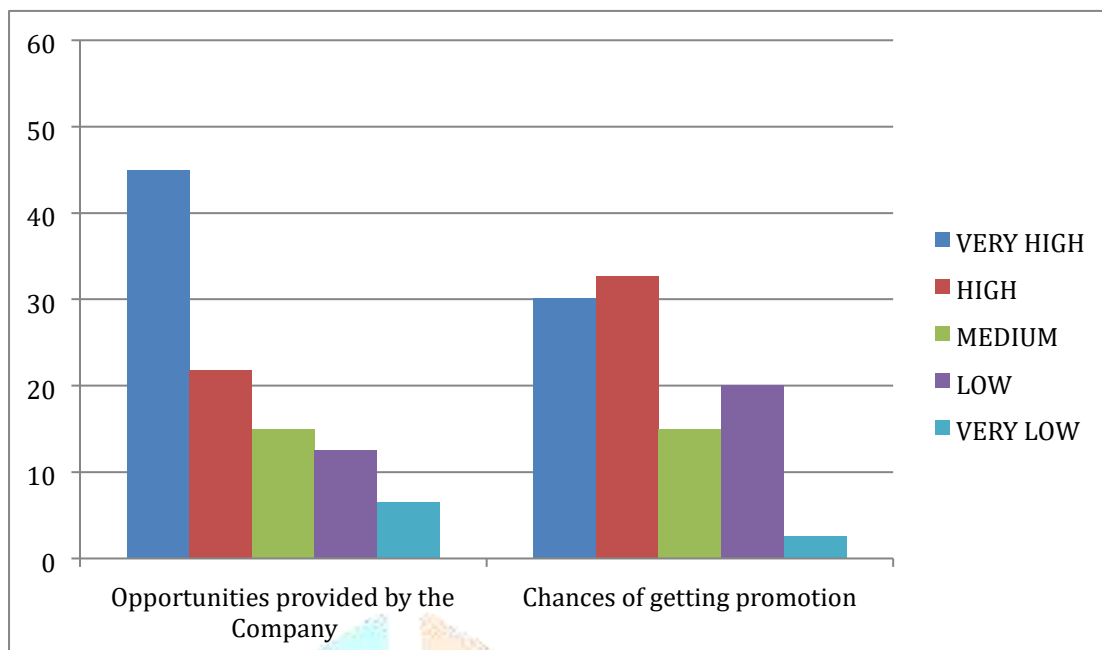
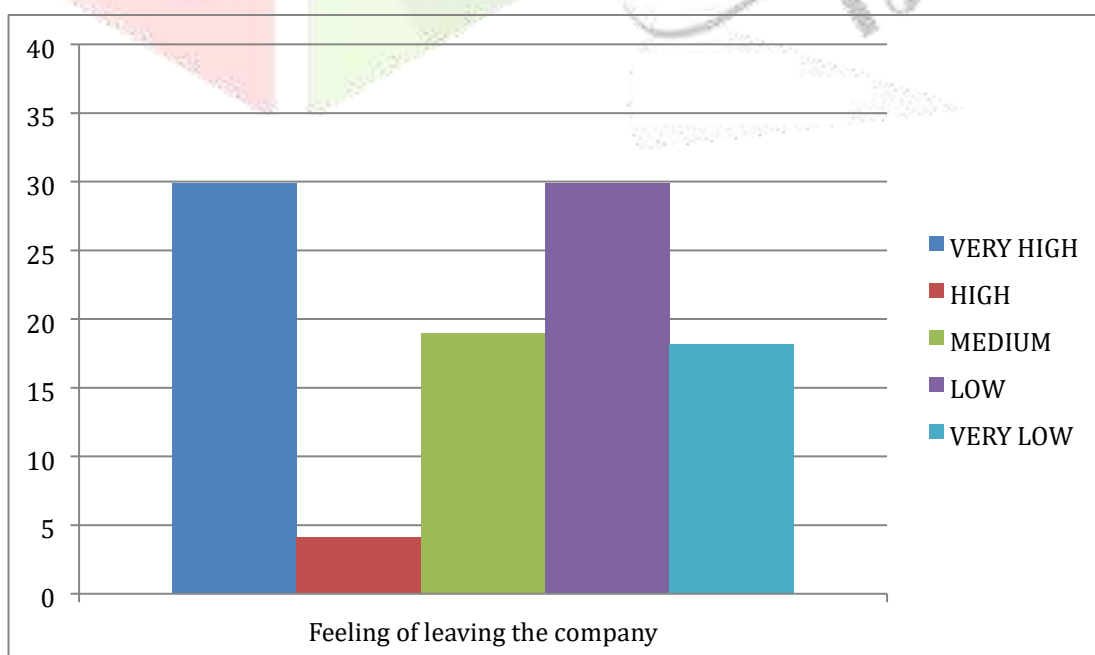


Table 5.4 Attrition level due to above mentioned facts

ATTRIBUTES	VERY HIGH	HIGH	MEDIUM	LOW	VERY LOW	Total
Feeling of leaving the company	30	4	19	30	17	100

Graphical Presentation of Data:



Findings:

- The study shows that 13 employees out of 100, have the opinion that their salary compared with the competitor company as high, 28 percent said it is medium, 14 percent said it is low. And 49 employees have an opinion that the performance bonus they getting is very high, 24 said as medium and 18 percent as high. And 29 employees has an opinion that the standard of increment in the company is very high, 19 said it is low. And 40 employees has an opinion that they are satisfied with the level of salary & increment, 24 said it is low.
- It leads to conclusion that 58 employees have the opinion that their salary compared with the competitor company as high, 67 employees has an opinion that the performance bonus they getting is very high, 55 employees has an opinion that the standard of increment in the company is very high and 66 employees has an opinion that they are satisfied with the level of salary & increment.
- From the above table it was inferred that 41 employees have the opinion that their encouragement from superior is high, 25 said it is medium and 09 said it is very low. And 25 employees has an opinion that the superior's effort to help for job promotion is very high, 13 said it is medium and 30 said it is low.
- It leads to conclusion that 60 employees have the opinion that their encouragement from superior is high and 57 employees have an opinion that the superior's effort to help for job promotion is very high.
- From the above study it was inferred that 45 employees have the opinion that their opportunities provided by the company is very high, 15 said it is medium and 6 said it is very low. And 30 employees have an opinion that the chances of promotion are very high and 15 said it is medium and 3 said it is very low.
- It leads to conclude that 66 employees have the opinion that their opportunities provided by the company are very high and 62 employees have an opinion that the chances of promotion are very high .
- From the above table it was inferred that 30 employees having the opinion of leaving the company is very high as well as low, 19 said it is medium , 4 said it is high and 17 said it is very low. It leads to conclusion that 30 employees having the opinion of leaving the company is very high.
- Many employees have suggested improvement in working environment and employee motivation in the study. So the companies should give attention to the factors which it can improve itself internally.
- Even though the employees are satisfied with their nature of job, it is identified in the study that many employees prefer to change their job due to lack of growth opportunities in their job. So the companies can look for some innovative technologies to decrease their attrition level by providing growth opportunities.

CONCLUSION:

The main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities and salary are the major factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs. The company should also think of recruiting people who are in the vicinity of the industry, so that the family related problems will not lead to attrition.

VI. ACKNOWLEDGEMENT:

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