

A STUDY ON EMPLOYEE RETENTION AT FINOLEX INDUSTRIES LTD PUNE

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Abstract

In today's 21st century organization, employee retention is critical issue for the long-term success of the business. Managers agree that retaining your best employees ensures customer satisfaction, product sales, satisfied co-workers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning employee retention matters. Organizational issues such as training time and investment; lost knowledge; mourning, insecure co-workers and a costly candidate search aside, failing to retain a key employee is costly. An effective Employee Retention program is a systematic endeavor to create and foster an environment that encourages employees to remain employed by having sound policies & practices in place that address their various needs. The researcher attempts to determine employee's retention at the Finolex Industries.Ltd. This study is designed to explore themain retention factors for Finolex Industries Ltd. employees. The researcher also made an attemptto understand about Employee's satisfaction at Finolex Industries Ltd.

Key words: *Organization, Employees Retention, Policy*

Objectives of the Study

- To study the retention policies and why employees are keen to stay at Finolex IndustriesLtd.
- To study how to implement the retention policies in industries.

Literature Review

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 beneficial for the organization as well as the employee.

The process of retention is not as easy as it seems. There are so many tactics & strategies used in retention of employees by the organization. The basic purpose of these strategies should be to increase employee satisfaction, boost employee morale hence achieve retention. But sometimes these strategies are not used properly or even worse, wrong strategies are used, because of which these strategies fail to achieve the desired results.

Employee turnover is one of the largest though widely unknown costs organization faces. While companies routinely keep various costs such as supplies & payroll few take into consideration how much employee cost them.

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Corporate is facing a lot of problem 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 person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he's 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.

DEFINITION

According to Get Les McKeon's employee retention is defined as "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 diver's needs. Also of concern are the costs of employee turnover (including hiring costs. productivity loss). Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover may include lost customers, 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 just to get back to where you started. "Employee retention is beneficial for the organization as well as the employee.

Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. A good employer should know how to attract and retain its employees.

THEORY OF RETENTION

Employee leaves a company to get a better job - and for other reasons as well. It has cost the business money to hire and to train them; over time they have become more and more useful; to replace them will cost money. It frequently happens that the most effective employees have that most enterprise and initiative and also hold the better jobs. They tend also to be among the first to look for greener pastures - and leave a greater hole behind. For these reasons retaining employees is an issue in every business. At the two poles human resource experts

emphasize benefits or meaning as ways to hold on to valued employee. The first approach sees success in rewards (better pay, fringes) the second in making jobs more valuable (training, advancement, interest). Most observers suggest a blend of approaches.

But retention also arises in the broader context of economic trends and affects elements of the workforce in different ways. Thus employee retention is not much discussed in time of economic downturn: employees tend to be hunkered down and glad they have a job at all. In times like that "retention" has a kind of inverted aspect. The question becomes: Whom will the company retain?" In most cases those with lower income tend to be favored. In expansive times companies are beating the bushes for people, and opportunities abound. At different times different skills are greatly in demand and turn-over in these skills is high as companies bid up the jobs. In the 1980s and into the 1990s computer programmers and analysts enjoyed a surge of attention until employers found ways to ease the pressure by outsourcing this type of work to India and elsewhere. Meanwhile, in good times as in bad, the most qualified and enterprising employees are always in demand and always mobile.

FOCUSING THE RETENTION EFFORT Employee retention is usually discussed in a too-narrow context and is therefore treated as an unalloyed good thing, like gold. This view arises because both the hiring and training processes are costly and employees increase in value, from the company's perspective, as they become ever more experienced. But employee turnover can also be a benefit. **AS Management Today Reported in 2006.**" At least one multinational distinguishes between what it rather elegantly calls 'regretted' and 'non-regretted' types of staff turnover. Bosses in that company worry if regretted turnover is too high - but also worry if non-regretted turnover is too low, suggesting that managers are not pushing the wrong 'ones out of the door fast enough. "In the view of most seasoned managers, it is rather a truism that the good ones leave and the not-so-good hang around forever. The unnamed multinational cited by **Management Today** had its finger on the pulse. Retention must not be isolated from good personnel management generally. In well-run organizations, personnel policies will be designed around the mission of the business - recognizing that turn-over is both unavoidable and sometimes necessary.

UNDERSTANDING WHY EMPLOYEE LEAVES

(Causes of employee retention)

The answer lies in one of the largest studies undertaken by the Gallup Organization. The study surveyed over a million employees and 80,000 managers and was published in a book called "First Break All the Rules". It came up with this surprising finding: If you are losing good people, look to their immediate boss. Immediate boss is the reason people stay and thrive in an organization, and he is the reason why people leave. When people leave they take knowledge, experience and contacts with them, straight to the competition.

"People leave managers not companies," write the authors Marcus Buckingham and Curt Coffman. Mostly manager drives people away? HR experts say that of all the abuses,

employees find humiliation the most intolerable. The first time, an employee may not leave, but a thought has been planted. The second time that thought gets strengthened. The third time, he looks for another job. When people cannot retort openly in anger, they do so by passive aggression. By omitting to give the boss crucial information Dev says: "If you work for a jerk, you basically want to get him into trouble. You don't have your heart and soul in the job." Different managers can stress out employees on different ways - by being too controlling, too suspicious, too pushy, too critical, but they forget that workers are not fixed assets, they are free agents. When this goes on too long, an employee will quit - often over a trivial issue.

Talented men leave. Dead wood doesn't.

Jack Welch of GE once said. A company's value lies "between the ears of its employees". Why employee leave often puzzles top management. Exit interviews are an ideal way of recording and analyzing the factors that have led employees to leave the organization. They allow an organization to understand the reasons for leaving and underlying issues. However employee never provides appropriate response to the asked question. So an impartial person should be appointed with whom the employees feel comfortable in expressing their opinions. With retention being such a high priority, why are people leaving organization? some literature suggests that people leave their jobs for a wide variety of reasons.

There could be many reasons for one to leave an organization. After all one has to work in every situation whether he works in this organization or in a new organization therefore it is imperative to have idea about why at all someone leaves an organization and joins the another one. Had the employee been not interested in the work the story would have been altogether different. But if this is not the case and the person concerned is still working; it means something was unusually difficult or terribly wrong in the previous organization. ACM Ubiquity, Volume 9, Issue 16 April 22 - 28, 2008

RESEARCH METHODOLOGY

The universe: The universe consists of **200** employees including existing staff and operators of Finolex Industries Ltd., Pune. **Sample size:** Total 50 employees consisting of managerial level are selected as the respondents for the personal interview. 50 respondents were selected for the final interview with the help of the structured questionnaire. The sampling process used was **Convenient Sampling**. The efforts were made to contact each and every sample worker to collect the information with the help of questionnaire. The questionnaires so received were processed for necessary tabulation and calculating averages, percentages etc.

DATA ANALYSIS & INTERPRETATION

Q1) How are the HR policies of this company?

PARTICULARS	RESPONDENTS	PERCENTAGE
AVERAGE	15	30
GOOD	24	48
EXCELLENT	8	16
POOR	3	6
TOTAL	50	100

Interpretation; - As 48% employees rated HR policies to be good as overall functioning of the policies take place in an effective manner & employees are satisfied with the managerial decisions. 30% employees rated it as average as they felt certain policies & procedures are too strict & not much lenient.

Q 2) Are you influenced with the working environment of the company?

PARTICULARS	RESPONDENTS	PERCENTAGE
SATISFIED	18	36
HIGHLY SATISFIED	24	48
DISSATISFIED	2	4
HIGHLY DISSATISFIED	6	12
TOTAL	50	100

Interpretation: -48% of employees are highly satisfied in working environment as overall company's culture, are healthy. Adjusting & cooperative nature is the key factor for good environment.

Q 3) Have you attended any training and development program conducted by your company?

PARTICULARS	RESPONDENTS	PERCENTAGE
YES	30	60
NO	2	4
SOMETIMES	6	12
OFTEN	12	24
TOTAL	50	100

Interpretation: - 60% employee's responded positive as they have attended training & development program which is given according to the employee job requirement. 4% employees responded poorly as they are unsatisfied from training programs not being provided to them.

Q 4) What types of Training Program does the Company Offers?

PARTICULARS	RESPONDENTS	PERCENTAGE
ON THE JOB	38	76
OFF THE JOB	8	16
BOTH	4	8
TOTAL	50	100

Interpretation: - 76% employees rated it as good because people have good prospective for growth& on the job training. Whereas small percent of people respondent that on the job training is not provided by them. As the company has satisfying policies for the employees, they are always readyfor doing work with such global organization.

Q 5) Does your company helps you in career development?

PARTICULARS	RESPONDENTS	PERCENTAGE
SATISFIED	11	22
HIGHLY SATISFIED	30	60
DISSATISFIED	4	8
HIGHLY DISSATISFIED	5	10
TOTAL	50	100

Interpretation: Yes, according to survey 60% employees are highly satisfied with such facilities,hence developing the employee's careers is an investment for both the individuals as well as thefuture of Finolex company. And less than 8% employees are dissatisfied with facilities. **Q 6) What are the additional benefits provided by the Finolex Company so as to retain them.**

PARTICULARS	RESPONDENTS	PERCENTAGE
AFTER RETIREMENT BENEFITS	8	16
GOOD REMUENERATION PACKAGE	11	22
HEALTHY ENVIRONMENT CULTURE	19	38
MEDICLAIM FACILITIES	12	24
TOTAL	50	100

Interpretation - According to survey 38% employee are satisfied with a unique and welcoming company healthy culture environment. 16% employees have responded that they get retirement benefits whereas majority of them are in favor of getting a good remuneration package Med claimfacility.

Q 7) What is the role of the company in providing safety to the employees?

PARTICULARS	RESPONDENTS	PERCENTAGE
DEFENITE WORK HOURS	15	30
TRANSPORTAION FACILITY	15	30
HEALTH & SAFETY COMMITTEE	12	24
MEDICAL FACILITIES	8	16
TOTAL	50	100

Interpretation: - According to survey 30% employees responded equally. Definite work hours and transportation facility ratio is same. Less than 16% employees have agreed towards getting medical facilities.

Q 8) What is that one factor that has influenced you to remain in this organization?

PARTICULARS	RESPONDENTS	PERCENTAGE
SALARY	12	24
WORKING CONDITIONS	7	14
RECOGNITION&REWARDS	0	0
JOB SECURITY	3	6
ALL OF THE ABOVE	28	56
TOTAL	50	100

Interpretation: - High majority of employees are satisfied with all above conditions of job and that has influenced them to remain in this organization for a longer period. None of the employees are satisfied with getting recognition & rewards.

Q 9) Is the performance appraisals system in your organization in practice?

PARTICULARS	RESPONDENTS	PERCENTAGE
AGREE	4	8
STRONGLY AGREE	6	12
DISAGREE	32	64
STRONGLY DISAGREE	8	16
TOTAL	50	100

Interpretation: -According to survey 12% employees strongly agreed with the performance appraisals system to be in practice & more than 64% employees disagreed with the performance appraisals system to be followed by the organization.

Q 10) How is the communication process in your company?

PARTICULARS	RESPONDENTS	PERCENTAGE
GOOD	6	12
AVERAGE	14	28
POOR	24	48
CAN'T SAY	6	12
TOTAL	50	100

Interpretation: -According to survey nearly 48% of the people stated that the communication process in company is very poor, whereas almost 28% of the respondents are satisfied with the communication process. Hence, Majority of the employees are not satisfied.

Q 11) Do you get awards or recognition for your timely and good work as and when provided by the manager?

PARTICULARS	RESPONDENTS	PERCENTAGE
AGREE	5	10
STRONGLY AGREE	4	8
DISAGREE	26	52
STRONGLY DISAGREE	15	30
TOTAL	50	100

Interpretation: - According to survey 52% employees are respondents are dis-satisfied or disagreed on getting awards or recognition for timely & good work from the manager. Less than 8% respondents are satisfied or have agreed getting awards or recognition.

Q 12) Are all the employees getting the fair treatment in the organization?

PARTICULARS	RESPONDENTS	PERCENTAGE
YES	15	30
NO	15	30
SOMETIMES	16	32
OFTEN	4	8
TOTAL	50	100

Interpretation: -According to survey 32% employees stated that sometimes they get the fair treatment in the organization. Whereas equal proportion of the employees have agreed and not agreed to the same statement & less than 8% employee's respondents stated that they often get the fair treatment in the organization.

Q 13) What is the degree of independency to execute a job in the company?

PARTICULARS	RESPONDENTS	PERCENTAGE
HIGH	10	20
LOW	12	24
MODERATE	28	56
TOTAL	50	100

Interpretation: - According to survey 56% employees are respondents is satisfied with the degree of independency to execute job & less than 20% employee's respondents said that they have highdegree of independency in this organization.

Q 14) Does your company supports work life balance?

PARTICULARS	RESPONDENTS	PERCENTAGE
YES	21	42
NO	3	6
SOMETIMES	17	34
OFTEN	9	18
TOTAL	50	100

Interpretation: - According to survey majority of the respondents are in favor of the situation thatsometimes or the other they get the support from the organization for maintaining their work lifebalance whereas a small population size have not agreed to this statement due to several reasons. **Q 15)** Does your management comes forward when you are facing any critical situation?

PARTICULARS	RESPONDENTS	PERCENTAGE
YES	10	20
NO	9	18
SOMETIMES	23	46
OFTEN	8	16
TOTAL	50	100

Interpretation: - According to survey, mostly all the respondents have responded in a positive manner. Large group of people have said that their management supports them in their critical situations whereas almost 18% of them responded negatively.

FINDINGS

According to survey conducted almost 50% of the employees are satisfied which the HR policiesfollowed in the organization and they are also influenced with the current working environment which helps them to sustain over these. Basically there are training programs conducted in the organization and more than 80% of the respondents have agreed with it that they are being providedon the job training. But the organization should also practice of

the job training which is compulsorily required in some situation for training the employees is more advanced way.

There are certain facilities as well for the employees for their better workplace and safety measure the company also focuses on carrier development & almost 85% of the respondents rated positively. With the help of the analysis it has been found that the communication process is very poor of the company which needs to be improved as nearly 50% of the employees responded negatively. And there are also against the statement that performance appraisal is being done after a certain period of time. Higher ratio (more than 75%) has and rated towards it. As per record 82% of the employee said that they don't get recognition or rewards for their good timely work but almost 60% of them said that all the employees get fair treatment in the organization. Nearly 50% of the employees agreed that they are independent to take their own decisions and almost 95% respondents told that the company supports them in all aspects in maintaining a balance in their work life. The finding & concludes that in every situation the company supports their employees which ultimately influence them to be the part of the organization for a longer period.

Conclusion

As they say, happiness can be contagious. So make sure the work place is a happy one, where every employee would love to spend time. Human resource department along with senior management must take steps to make sure of this. Effective human resource management must be practiced at both strategic and day-to-day levels. HR management practices must reflect company policy as to how it will manage and relate to its employees. The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively. Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behavior, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive. Any technology needs motivated employees to adopt it successfully.

In Finolex Industries Ltd it has been surveyed that Employees are rather satisfied with HR policies as they have proved to be excellent. The culture & working environment of the company is healthy. Employees & company's objectives are well directed & explained. There is no role conflict among employees everyone works with "-WE FEELING" in the company. As per the studies it is concluded in many aspects that only money is not the factor of employee performing better, whereas other factors also play an important role in keeping employee retained in the company, which are as follows: employee involvement, employee engagement, appreciation, overall growth of employees'. It is suggested Off the job training should be inculcated in the organization as all the sorts of training cannot be provided on the job due to lack of machinery equipment's or experts available in the organization. Provide an

environment of trust: communication is the most important & effective way to develop trust. On the spot appreciation should be given if employee's performing the task well.

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