

# **A Study on Factors Influencing Employee Retention at Automotive Companies in India**

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**ABSTRACT:** *Retention of employees has become a major challenging task faced by all the companies globally. The key performance employees are the important assets of any organization and the companies cannot afford to lose the employees. Many organizations have realized that it would be productive to retain the existing employees rather finding the new employees and spending higher amount on training and development part to equip them to meet the requirement of the organization. The organizations are striving and investing to retain the talented employees by designing and implementing effective retention strategies .This study examines the relationship between employee retention practices and factors that influence the employee to remain in the Automotive Industries in India. Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs.*

**KEY WORD:** *Retention, retention strategies, retention practices, factors, employees.*

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## **I. INTRODUCTION AND LITERATURE REVIEW**

Employee retention is an organization's ability to retain its employees through specific policies and strategies that encourage an employee to stay with the organization for a longer period of time and create a relationship of loyalty. Successful businesses understand the importance of retaining their employees as they don't have to spend money and resources to constantly replace employees, and in doing so have a happy and loyal staff that want to remain with the organization for the long term. Employee retention is top of mind for many organizations as high turnover, across all industries, continues to disrupt the workplace. Employee turnover rates have increased by 8.7% since 2019 With trends like 'The Great Resignation' and 'Quiet Quitting' still making headlines, employee turnover rates are continuing to rise around the world. Similarly, the rise in remote and globally distributed work means that employees have more options to seek new roles for employers.

### **EMPLOYEE RETENTION**

Employee retention is the process of keeping employees with a company for a long period of time. Employee retention promotes the health and success of your organisation. The time, stress, and cost of hiring and training new employees are significant, and turnover can have a negative impact on business outcomes. There are many strategies that companies can use to improve employee retention. One common strategy is to offer competitive salaries and benefits packages. This helps to attract and retain top talent. Another strategy is to provide employees with opportunities for career growth. This can include offering training and development programs, as well as opportunities for promotion.

### **FACTORS OF EMPLOYEE RETENTION STRATEGIES**

Most of the management adopted numerous retention techniques to possess employees from leaving or moving out of the organization by way of various means. Similarly, McNee et al., (1998) and Dockel (2003) recognized six important aspects helps in retaining high technology employees in the organization. .This study highlighted some of the factors influencing **employee retention strategies. They are**

### **COMPENSATION**

Davies, et al., (2001) highlighted "Salary and benefits policies are not being used strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment." Compensation act as a critical factor for increasing employee commitment and in reducing managerial turnover (Moncarz, et al., 2009).

#### TRAINING AND DEVELOPMENT

In most of the cases, the organization always invests on its employees in the form of training and development, from whom they expect to return and give output on its investment. It is one of the vital retention techniques incorporated to keep their employees

#### REWARDS/RECOGNITION

The reward provides an opinion that employees are valued within the organization, (Silbert, 2005). Also, recognition is vital for each worker/employee, wherein they experience that they are valued, recognized and appreciated in the workplace. Walker (2001) in his study highlighted that “recognition from bosses, team members, co-workers and customer enhance loyalty.”

#### WORK-LIFE BALANCE

Work-life balance is one amongst the necessary factor tends to influence employees’ decision to remain within the organization. Furthermore, Karatepe, (2013) determined that imparting emotional support to employees through work-life balance lessen their intention to quit the organization. Thus, organizations have to improve “harmonious” stability between work and life to enhance retention (Leners, et al., 2006).

#### WORK ENVIRONMENT

Ramlall (2003) highlighted the prerequisite for recognizing the individual needs of an employee within the organization. This encourages commitment and provides an acceptable work environment of the organization. Spence et al., (2009) found strong evidence that a favourable working environment contributes to employee retention.

#### JOB SATISFACTION

Murray (1999) found job satisfaction encompasses provides a substantial effect on the level of absenteeism, productivity, commitment and performance. Furthermore, job satisfaction not only enhances the retention of personnel’s; however, but it also reduces the cost of hiring new employees.

Dr Swaty Wadhwa and Silky Madan (2017), *Employee Retention: A Much-Needed Strategy in Global Work Environment*, discusses the importance and strategies of employee retention such as creating an organizational culture of teamwork, trust, support, cooperation, friendliness, positive leadership and maintaining a safe and comfortable work environment. The researcher concluded that companies find it challenging to retain employees and importance needs to be given to those who are loyal and committed as they never even think of leaving the organization.

M.S.Kamalaveni, S.Ramesh and T.Vetrivel (2019), *A Review of Literature on Employee Retention*, understands the factors determining employee retention such as recruitment matching the competency of an employee as per the job requirement, development opportunities in the current company, pay scale as per the company’s standards, encouraging work environment, leadership, training, job satisfaction, systematic and regular performance appraisal cycle, needs to balance between his official work and personal life, an employee committed to work for the organizational development, employee engagement with his colleagues. The researcher stated the suggestions to enable employee retention such as companies needs to provide appropriate compensation benefits to their employees, to value the employees and recognize their talents and efforts they had made for the development of the organization.

Han (2020) identified background of worker turnover in industry of medical to present a broader range of turnover factors along with perceptible of factors that motivate employees in their work decision. The experiences at managerial levels were regularly considered and initiated to be well-built forecasting to member of staff turnover in medical industry. The panel and managerial elements both persuade worker turnover, however the elements at the group level does not have a important straight consequence but relatively have an indirect effect in the course of the organizational or employee rank. The basic causes of the turnover were not described by variable related to individual.

Monica & Kamoche, (2021) investigated the factors that affected the turnover rate of main workforce those employed in Hong Kong travel agency and compared these factors between managers and frontline staff. The data were collected from 32 respondents with 16 managers through semi structure interview; an integrated model was developed and found the four categories of stabilizing and destabilizing factors i.e. the type of job, nature of industry, management, and individual specific reasons. The factors that influenced exit/induction of workers included more exposure to customers, odd time of work that affect societal relations of workers, working environment, place of office, relations with colleagues and seniors, salary and scope for growth in career

### 1.2 Research Objectives

- To analyse the factor influencing employee retention.
- To study the employee attrition and retention strategies adopted in the organization .
- To analyse the initiatives taken by the organization towards the retention of employees.
- To offer possible suggestions to improve the effectiveness of Employee Retention Strategies.

### 1.3 Research Methodology and Data Analysis

#### RESEARCH DESIGN:

Description research

#### RESEARCH SAMPLE:

The questionnaires were responded by 95 respondents.

#### HYPOTHESIS 1:

H0=There is no significant association between employee retention and work life balance.

H1=There is significant association between employee retention and work life balance.

#### HYPOTHESIS 2:

H0=There is no significant association between working experience and employee retention strategy.

H0a=There is no significant association between working experience and job securities.

H0b=There is no significant association between working experience and career development.

H0c=There is no significant association between working experience and reward & recognition

H0d=There is no significant association between working experience and Career growth

H1=There is significant association between working experience and employee retention strategy.

H1a= There is significant association between working experience and job securities.

H1b= There is significant association between working experience and career development

H1c= There is significant association between working experience and reward & recognition.

H1d=. There is significant association between working experience and career growth.

## II. DATA ANALYSIS:

### CORRELATION

Hypothesis

H0=There is no significant association between employee retention and work life balance.

H1=There is significant association between employee retention and work life balance.

**Correlations**

Correlation analysis for the employee retention and work life balance			
Correlation			
		Employee retention	Work life balance
Employee retention	Pearson Correlation	1	.380**
	Sig. (2-tailed)		<.001
	N	95	95
Work life balance	Pearson Correlation	.380**	1
	Sig. (2-tailed)	<.001	
	N	95	95

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Interpretation

From the table it is noted that the P value is less than 0.05 ,hence the alternate hypothesis (H1) is accepted. Therefore there is significant difference between employee retention and work life balance.

### CHI – SQUARE TEST:

#### Hypothesis

H0=There is no significant association between working experience and employee retention strategy.

H0a=There is no significant association between working experience and job securities.

H0b=There is no significant association between working experience and career development.

H0c=There is no significant association between working experience and reward & recognition

H0d=There is no significant association between working experience and career growth

H1=There is significant association between working experience and employee retention strategy.

H1a= There is significant association between working experience and job securities.

H1b= There is significant association between working experience and career development

H1c= There is significant association between working experience and reward & recognition.

H1d=. There is significant association between working experience and career growth.

**Working Experience in current company \* Employee retention strategies [Job Securities ]**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.159a	9	.265
Likelihood Ratio	12.941	9	.165
Linear-by-Linear Association	8.397	1	.004
N of Valid Cases	95		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .21.

**Interpretation**

From the table it is noted that the P value is above than 0.05 ,hence the null hypothesis (H0a) is accepted. Therefore there is no significant difference between working experience and job securities.

**Working Experience in current company \* Employee retention strategies [Helps in career development]**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.959a	9	.838
Likelihood Ratio	4.947	9	.839
Linear-by-Linear Association	.316	1	.574
N of Valid Cases	95		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .08.

**Interpretation**

From the table it is noted that the P value is above than 0.05 ,hence the null hypothesis (H0a) is accepted. Therefore there is no significant difference between working experience and career development.

**Working Experience in current company \* Employee retention strategies [Rewards and recognition]**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.060a	9	.829
Likelihood Ratio	6.247	9	.715
Linear-by-Linear Association	.220	1	.639
N of Valid Cases	95		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .21.

**Interpretation**

From the table it is noted that the P value is above than 0.05 ,hence the null hypothesis (H0a) is accepted. Therefore there is no significant difference between working experience and reward & recognition.

**Working Experience in current company \* Employee retention strategies [Career Growth]**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.956a	12	.193
Likelihood Ratio	14.579	12	.265
Linear-by-Linear Association	.586	1	.444
N of Valid Cases	95		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .04.

**Interpretation**

From the table it is noted that the P value is above than 0.05 ,hence the null hypothesis (Ho) is accepted. Therefore there is no significant difference between working experience and career growth.

**1.3 Findings and suggestion & conclusion**

1. There is significant difference between employee retention and work life balance.
2. There is no significant difference between working experience and reward & recognition.
3. There is no significant difference between working experience and career development.
4. There is no significant difference between working experience and career growth.

**III. SUGGESTIONS:**

- The company can create platforms and surveys for employees to share feedback and voice their thoughts.
- The company also add mental health to its sick leave policy and renamed it Sick & Mental Health Leave. The policy allows employees to take time off for themselves or for a family member for mental wellness.
- They also introduced free medical tele-consultation, not only for our people but also their families.

**IV. CONCLUSION:**

This study investigated the relationship between various factors like job satisfaction, attributes influencing to remain in present organisation, work environment, organisational culture, rewards and recognition with employee retention The information obtained through this study will help the employees to address their needs to the management so that they can implement their requirements and can retain their best talents. As employees are the bases for organisation, retention of employees is a major focus for HR department. The management should identify the important factors that affect retention and should take necessary measures to improve these. Also, the management should take appropriate measure to identify the reasons of employees voluntarily leave.

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