

A study on Employee’s Retention and impact on organization development

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Abstract

Today’s growing “War for talent” is making it more and more difficult for organizations to keep current employees and to find qualified replacements. Retention of the employees is tough due to a lot of opportunities. Companies doing a lot of Retention exercise to control attrition. Every organization is facing the problem of attrition to retain the talents and developing the own strategies in this competitive world. Employees leave the companies for silly reasons or without reasons. They may move from one company to another company. They may praise the new company or identify the problems with the new company also. This observation made to study the attrition as well as retention and its contribution to the organization development.

It is the essential for the organizations to study the reasons for attrition so as to control and retaining the key persons in the organizations. Talent employees play a vital role in the growth of any organization. One can not hold the talent like labor works. To get the talent or hidden or tacit knowledge from the employees, the employer has to understand the needs and wants of the talents like their working styles, flexible timings of works, perks and facilities.

This study examines the challenges that organizations face with employee retention in an increasingly competitive labor market. As companies face staffing problems and an increased danger of losing their high performers, what can HR professionals do to meet this challenge and retain the talent their companies need to compete effectively?

Keywords: Employee Retention, war of talent, organization challenges, employee turnover.

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1. Introduction & Review of the Literature

In the best of worlds, employees would love their jobs, like co-workers, work hard for their employees, get paid well for their work, have ample chance for advancement, and flexible schedules so they could attend to personal or family needs when necessary and never leave. But then there’s the real world. And in the real world, employees do leave, either because they want more money, hate the working conditions, hate their co-workers, want a change, or because their spouse gets a dream job in another state. So, what does that entire turnover cost? And what employees are likely to have the highest turnover? Who is likely to stay the longest?

The process of review of literature covers the conceptual analysis of attrition, retention and organizational development of pharmaceutical industries. These industries are located in and around the Bangalore urban district.

A report released last year by the Bureau of National Affairs in the US showed that turnover rates (which exclude layoffs) have soared to their highest levels of the decade, increasing for companies in both the service and manufacturing sectors. Employers in all

parts of the country now face higher levels of turnover and, as a result, higher replacement costs.

Though the direct costs associated with losing an employee are well documented ranging anywhere from one to three times the employee's salary-these calculations often fail to factor in the hidden costs of turnover. These include lost productivity and missed revenues, as well as intangible repercussions such as reduced morale and diminished company reputation. If the lost employees are high performers, turnover costs could rise dramatically.

Gurupreet Randhawa has written one more valuable book entitled as “Human Resource Management.” In this work he has analyzed the various aspects such as meaning, nature and process of Management, Job Analysis, Job Design, Recruitment, Selection, Psychological Tests and Interviews, Placement and Induction, Training and Development, Performance Appraisal, Career Planning and Development, Promotions, Transfers, Demotions and Separations, Job Evaluation, etc. In his work he mainly focuses on Training and Development. As he said, “Training focuses on providing employees with specific skills or helping them correct deficiencies in their performance. In other words, training is used to correct the skill deficit.”⁴

Nick Gould and Mark Baldwin have written “Social Work, Critical Reflection and the Learning Organization.” In this work they explained the supervision, learning and transformative practices, Social work supervision- its contribution to innovative knowledge, Critical reflection and organizational learning and change, Evaluation for a Learning Organization, etc. In this work they said that “the literature on the learning organization is relatively recent, it builds on a longer sociological tradition of theorization of the relationship between organizational structure and behavior. In Weber’s classic theory of bureaucracy, learning is strongly associated with traditional notions of professionalization, where stratification separates the educated and qualified ‘thinkers’ from the ‘doers’. The implications of this are that, primarily, learning for the job has taken place through qualifying education and any ‘topping up’ is focused on managerial levels of the organization. In later scientific views of organizations, associated with Fordism and Taylorism, the emphasis was on the acquisition of technical skills for task efficiency. Individuals were trained to perform a segment of the production process within a highly standardized system.”⁵

In ‘Ideologies and Social Work,’ Murli Desai explained how and what the ideologies are working behind the social work practice in contemporary society. He says, “In modernism, social work found a belief that if we could be ‘scientific’ enough, we could locate the causes of our clients’ miseries, with a high level of certainty and intervene appropriately to eliminate the problem.”⁶ This work and ideology is helpful to elaborate the ideology of attrition and retention of the employees of pharmaceutical industries.

P.D. Misra and Mrs. Bina Misra (Book: Social Group Work-Theory and Practice) said that “The social worker must know the general contributions, group experience and also individual’s experiences. The social worker will also need to know the ways in which the particular group with which he is going to work is similar to other groups and he is also need to know that in what ways this group is different from other group. The social group worker must individualize the group and approach it in a spirit of study and analyse so that his knowledge about the group will be more sound.”⁷ As an HR specialist, the social worker needs to understand the group experiences and individual opinions on attrition and retention attitudes.

2. Objectives of the study

- 1) To study the pharmaceutical employees intention in attrition
- 2) To examine the causes of attrition in pharmaceutical organization
- 3) To examine the challenges faced by the HR professionals to retain talents
- 4) To analyze the role of social work professional in retaining talent workers.

3. Hypotheses of the study

Hypothesis, the word is made up of Hypo and Thesis. It means a small thesis. It may be a viewpoint but it is more or less rational viewpoint. It is to be tested and validated. It is “to be reasoned and tested. Thus a theory which is formulated for the study of the facts is to examine the validity of the theory. Thus a hypothesis involves observation, reflection, deduction and verification. It has been defined as any supposition which we make in order to endeavour to deduce conclusions in accordance with facts which are known to be real, under the idea that if the conclusions to which hypothesis leaps are known truths, the hypothesis either must be or at least likely to be, true.”² The following are the Hypotheses of the present study.

1. Industries are implementing innovative retention strategies
2. Attractive salary is the most important strategy for retaining talent
3. Retention has impact on organizational development
4. Pharmaceutical industries work with employees who experienced the attrition.
5. People leave their job due to their bad work environment

4. Research Methodology

Here it is selected the ‘Exploratory Research design’ for this current study. Exploratory research design is a preliminary study of an unfamiliar problem which will explore new findings. Exploratory Research is a study of an abstract aspect meticulously and finds fact¹⁰

Along with the Exploratory Research Design it is inevitably used Descriptive Method also. Descriptive Research is fact – finding investigation with adequate interpretation. It is more specific than on exploratory study, as it is focused on particular aspects or dimensions of the problem studied. These are the important research methods which currently used and these definitely help to find fact in present research.

Geographical area of research

The present study is confined to the pharmaceutical industries of bangalore urban district of karnataka. Along with agriculture “crafts and industries also flourished in the state of karnataka.”¹¹ bangalore urban district is one of the important districts of karnataka state. Moreover this district is having the capital city of karnataka. There are four taluks in this district. They are anekal, bangalore north, bangalore south and bangalore east. In all these taluks, there are 88 large, 154 medium and 129 small pharmaceutical industries functioning. Totally there are 371 pharmaceutical industries running in these taluks. Fifteen (15) industries are selected among these industries. Industries mainly have been taken from jigani, bommanahally, peenya-nelamangala and whitefield areas.

Primary Source:

The primary data required to the present study has obtained from the Employees who are working in the organizations in a middle and top level. The primary data is collected from 50 HR Managers and 300 other employees of 15 selected industries of four taluks of Bangalore Urban District.

Secondary Source

The data required to the study will be obtained from the previous research reports, surveys and information’s published in various books, newspapers HR magazines and websites.

Tools of data collection

There are different tools of data collection mainly, Interview, Questionnaire, Interview schedule, Survey, etc. An “Interview Schedule” which is in the ‘Closed Form’ is used as a tool for data collection concerning different aspects of the subject of the study. This method is helped to reach the respondents of the study. 300 employees (Respondents) of Pharmaceutical industries are being questioned with the help of Interview Schedule. 50 HR Managers are being interrogated with the help of ‘Unstructured Interview.’

Job security is less important to today's worker. In fact, many see job hopping as an opportunity for advancement. As times change, workers change. ***"People don't leave their jobs, they leave their managers."*** This is a proverb in the field of management. People leave the job not only the cause of money but also some other factors such as reputation, career development, etc. Research indicates that bad management practices are the real reasons employees leave. Management controls the majority of the reasons people leave. Overwhelmingly, it is the day-to-day interaction between management and their employees that create what are often called "dissatisfiers." Among the most common dissatisfiers cited by employees in exit interviews are: Lack of recognition and rewards, Lack of advancement opportunities, Family obligations, Lack of feedback/communication from management, Not being made to feel like a valued part of the company, Lack of training/education, noncompetitive compensation packages, Lack of responsibility/challenging work .

5. Data Analysis & Interpretation:

The source of the sample that is 15 industries is taken from the different talukas of Bangalore urban district of Karnataka and the study is confined to Bangalore urban district only. There are four talukas in this district. They are Anekal, Bangalore North, Bangalore South and Bangalore east. Sample fifteen industries are selected from these four taluks. Proper representation is given to all the four taluks at the time of selecting small, medium as well as large industries.

Jigani and Bommanahalli, Nelamangala and Whitefield industrial areas have many of the bulk drug industries and Pharma industries or companies specially API's (Active Pharma ingredients) putting very much work pressure on employees due to uncertainty of manufacturing process and this pressure make people to think twice about their job .

All industrial areas in Bangalore Urban District have around 370 large, medium and small scale industries. Chemical and pharmaceutical industries are namely Hikal Ltd, Micro Labs Ltd., Strides Ltd., Kumar Organics, Cipla Pvt Ltd., Micro Pack, Bal Pharma, Biocon, BPRRL Pvt Ltd, etc.

The following table shows that the number of large, medium and small industries in each taluk of Bangalore urban district. Totally there are 88 large, 154 medium and 129 small pharmaceutical and chemical industries existed.

Table: 1
PHARMACEUTICAL INDUSTRIES
IN BANGALORE URBAN DISTRICT⁸

Taluks	Existed Industries			Total
	Large	Medium	Small	
Anekal	20	51	40	91
Bangalore North	48	77	18	143
Bangalore South	15	07	67	89
Bangalore East	05	19	04	28
Total	088	154	129	371

Among the 370 industries, it is determined to study the fifteen industries only. The available time limit and maximum ability is restricted choose 15 industries to the present study. The following table shows that how many sample industries have been selected in the present study along with the names.

Table: 2- Name and numbers of the Sample Pharmaceutical Industries of Research

Sample Industries in Bangalore District				Total
Taluk	Large	Medium	Small	
Anekal	(1) * Strides Archo Lab	(02) *Hikal Ltd *Bal Pharma	(01) *Geltec	04
Bangalore North	(02) *Astrezenica *R.L. Fine Chemicals	(03) *Anugraha Chemicals *Avani Pharma *Kembell	(01) *Lotus pharma	06
Bangalore South	(01) *Biocon	(00)	(03) *Apotex Pharma *Kumar Organics *Stellence Pharma.	04
Bangalore East	(00)	(01) *Avesthagen	(00)	01
Total	04	06	05	15

Table: 3- Research Sample Size of Respondents

Taluku	Number of Respondents			Total
	Large	Medium	Small	
Anekal	(1) 30	(2) 50	(1) 06	86
Bangalore North	(2) 60	(3) 75	(1) 06	141
Bangalore South	(1)30	00	(3) 18	48
Bangalore East	00	(1) 25	00	25
Total	120	150	30	300

Along with the above 300 respondents, it is incorporated 50 HR Managers to study. These HR Managers are in a position to give their opinions and ideas about the managerial problems and tactics. There should be a good relationship between employees and HR Managers along with the top management or board of directors.

Table: 4- Research Sample Size of H R Managers

Taluk	Sample of H R Managers			Total
	Large	Medium	Small	
Anekal	05	06	02	13
Bangalore North	12	09	02	23
Bangalore South	05	00	06	11

Bangalore East	00	03	00	03
Total	22	18	10	50

The above table shows that 22 HR Managers have been taken from large industries while 18 HR Managers have been taken from medium industries and 10 HR Managers from small industries.

In the field study of the respondents of the pharmaceutical industry, it is found that there were varieties of employees working in the industry. There are different wings in each and every industry or company. 40.7% employees are production personnel. 16% respondents are in the wing of quality assurance. 19% are in quality control. 12% are in engineering and maintenance. 03% are in supply chain management. And only 9.3% are working in other type of works. The field respondents are distributed in such a way. The following table shows that clearly.

Table-5

NATURE OF JOB OF RESPONDENTS

	Frequency	Percent
Production personnel	122	40.7
Quality assurance	48	16.0
Quality control	57	19.0
Engineering & maintenance	36	12.0
Supply chain management	9	3.0
Others	28	9.3
Total	300	100.0

Each and every employee in the industries of the cities are cautious about their carrier growth. Here the study is confined to the employees who are experienced the attrition and working in new company. These people are educated, qualified, working continually and having the dreams of prosperity in their career. The below table shows the opinions of respondents about the previous company. Only 21% of respondents said that there is a carrier growth opportunity in the previous company. And majority of the 79% respondents said that there was no carrier growth opportunity in the previous company. Table no.6 shows the details.

Table-6

Carrier growth opportunities in the previous company

	Frequency	Percent
Yes	63	21.0
No	237	79.0
Total	300	100.0

The field respondents said that there is no career plan in the companies. The professional up-liftmen, what they have seen are absent. The career plan is not defined in most of the industries.

The below table shows what the respondents say career plan.

Table-7

Defined career plan in your company

	Frequency	Percent
Yes	42	14.0
Partially yes	96	32.0
No	162	54.0
Total	300	100.0

54% of the field respondents said that there is no clear career plan. Therefore they face the problems of promotion, up-liftmen, salary stagnation problems, etc. Therefore they want to leave the companies after some experience. It is really expensive to lose good people. It may not always be possible to put an exact price tag on the loss of an employee, but there are four internal sources to consider. They include the costs of termination, the cost of hiring and training a replacement, the vacancy cost until the job is filled. Sudipta Dev finds out the difference between desirable and undesirable employee turnover. Some attrition is desirable and necessary for organizational growth and development. The term “**healthy attrition**” is used to signify the importance of less productive employees voluntarily leaving the organization. Such attrition has the direct impact and indirect impact on organization.

The attrition leads to loose some costs in an organization. They are Turnover cost, Recruitment cost, Re-location costs, and Administration costs.

Therefore the **retention** and improving the employee retention is needed. The importance of retaining top organizational talent cannot be understated. Most firms and managers understand the importance of employee retention, but are unsure of how to implement an effective employee retention program. The following results help to increase the retention levels of employees. 12% of respondents say, the salary is the most important in the job. 20% of the respondents said that the infrastructure is most liking aspects of the job. 30% respondents want vehicle facility and a majority of 38% respondents want ‘no bossism’ in the company. The below table clears the idea with frequency ranges also.

Table-8

Like most about job

	Frequency	Percent
Salary	36	12.0
Infrastructure	60	20.0
Vehicle facility	90	30.0
No bossism	114	38.0
Total	300	100.0

Get the right people on the bus - in his book, Good to Great, Jim Collins talks about the importance of having the right talent on the organizational bus. Hiring individuals who are truly fit to succeed in the position to hire will dramatically increase the chances of that employee being satisfied with his or her work and remaining with the company for an extended period of time.

Family is incredibly important to team members. When work begins to put a significant strain on one's family no amount of money will keep an employee around. Stress the importance of balancing work and one's personal life. Another thing is communication.

Communication has become so heavily stressed in the workplace that it almost seems cliché. However communication couldn't be more important in the effort to retain employees. Be sure that team members know their roles, job description, and responsibilities within the organization.

The field respondents who left the job in old company and settled in new companies generally have found some good qualities which suits to their personality. 75 (25%) respondents found higher salary as an aspect; 66(22%) respondents found promotion opportunities; 33(11%) respondents found better performance and rating; 117(39%) respondents found good career growth and 9(3%) respondents found a good and close relations with the bosses. The below table-9 is much clear about it.

Table-9

An important aspects about your new company?

	Frequency	Percent
Higher salary	75	25.0
Promotional oppurtunities	66	22.0
Better performance & rating	33	11.0
Good career growth	117	39.0
Any other	9	3.0
Total	300	100.0

There is no sure-fire solution to control attrition. The only way out is to manage it well. This can be done by having cautious hiring with proper systems and processes in place to ensure that only the right talent are inducted into the company. The right people are needed to work in the companies or industries. They can contribute more to the progress of the industry.

Table-10

Measure by company to raise retention

		TALUK				Total
		ANEKAL	B'LORE EAST	B'LORE NORTH	B'LORE SOUTH	
Raising the salary	Count	46	2	70	22	140
	%	53.5%	8.0%	49.6%	45.8%	46.7%
Quick promotion	Count	26	4	33	9	72
	%	30.2%	16.0%	23.4%	18.8%	24.0%
Tour	Count	12	0	0	0	12
	%	14.0%	.0%	.0%	.0%	4.0%
Less Bossism	Count	2	19	38	17	76
	%	2.3%	76.0%	27.0%	35.4%	25.3%
Total	Count	86	25	141	48	300
	%	100.0%	100.0%	100.0%	100.0%	100.0%

Retention measures have been taken place in new companies. Retaining the employees is always useful to strengthen the company. 46.7% respondents said that 'raising salary' is the first measure, 24% respondents said that it should be 'quick promotion,' that the third one is organizing the tour occasionally is suggested by 04% of respondents and 25.3% respondents said that 'minimizing the bossism' would be another important measure to lift the retention.

Productivity and profitability are both impacted, either negatively and positively, according to the type of attrition. Retaining employees is now more important than attracting top talent. The benefit of a strong retention program positions employees as valued contributors (i.e. "capital assets") rather than as merely corporate overhead.

6. Findings

1. Total respondents are 300. 40% of the respondents comes from large industries. 50% have come from medium industries and another 10% have come from small industries.
2. Among the respondents 9.3% are Diploma holders, 22.7% are B.Sc., 26.3% are B.Pharma, 18.7% are M.Sc., 12.3% are M.Pharma, and 10.7% are B.E.(Chemical)
3. 7% say yes, 20.3% say partially yes & 72.7% say no about job satisfaction in old company.
4. Career growth opportunity is only 21% in previous companies. And 79% do not have a career growth opportunity.
5. Causes of Attrition are found in the study. 3% want to move out of the (company) area; 01% leave the company because of further studies; 17% leave because of marriage and family challenges; 43% leave because of improving in salary; 07% found the job is not matching to their qualification; 19% seen depression and lack of opportunity; and nearly 04% say the earlier job is not challenging one.
6. 63% respondents feel high work pressure, 28% respondents feel moderate work pressure and only 9% feel low work pressure in previous companies.
7. All the respondents who move from the earlier company are working on a new one and 70.3% of them said their job is satisfactory; 25% are partially yes and 4.7% say no.
8. 60% of the respondents are found career growth in new jobs.
9. Employees appreciate the new company's reward system. 28% say the reward system is fair; 68% say it is partially fair and 04% said that the reward system is not fair. It shows a majority of the respondents are working happily in the new companies.
10. Retaining the employees is very important to improve the company. The retention criteria are as below as opined by the respondents. Good Work- 1%; Good Pay- 36.3%; Incentives-12%; Job Roration-3%; Need based Training 16%; Challenging work 1%; Flexibility in work-2.7%; Honoring Talent-24%; Supporting to improve qualification-4%.

7. Conclusion:

The present study is focused on attrition and retention of pharmaceutical companies and their organizational development. Attrition used to take place in all the companies. The healthy organization supposes to stop the attrition and improve the retention. The respondents in the field study are here really experienced attrition once and they give all the feedback towards retention. On the other side attrition is accepted by the employees after they serve the previous company for few years. Retention is still a challenge to the industrial organizations or companies.

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