



EMPLOYEE RETENTION PRACTICES: HOSIERY SECTOR IN LUDHIANA.

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Abstract

The employees are the main assets of an organization. A good human force forms a strong backbone of the organization, thus it is very important to retain them. The organizations cannot afford to lose good employees. The cost of letting go of the good employees is very high. The Economy is developing very fast and so are the organizations. Thus human resources have many opportunities to avail. The biggest challenges for the organization these days is to not only manage their workforce, but also to retain them. The knowledge and skills of the employees help the organization to be competitive and provide better product and services. This study tries to determine the various practices, that are encouraged in the hosiery industry to retain talent.

INTRODUCTION

The origin of Knitwear industry in Ludhiana may be traced back to 1902. The first hosiery unit with imported hand operated machines was set up in 1903. Requirement of hosiery products especially from Defense forces during World War II gave boost to hosiery products. The hosiery industry of Ludhiana did not expand much during pre-independence period. It multiplied during 1950-1980 and real diversification took place during and after the decade of 1980's. The Ludhiana city contributes to 95% of Country's hosiery products.

Total installed output of Ludhiana hosiery products is estimated to be 5000 crores. In 2005-2006 Ludhiana produced products worth Rs 3,100 crores, out of which 1000 crores worth hosiery products were exported. The nearly 100 year old hosiery units have grown huge with approximately 12,000 units. It gives employment to nearly 40,000 people.

The year 2012-2013 witnessed growth of nearly 20%. Although there is a slowdown in the market, still hosiery industry is thriving and is diversifying into new products such as bed sheets, pillows, bed covers etc. made of hosiery. Nearly 400-500 hosiery machines on an average are imported from China every month, which helps local hosiery manufacturers to introduce new and innovative designs and upgrade technology.

Market for Ludhiana hosiery products is comprised basically of three segments as under:-

1. Domestic market.
2. Defense forces and Government purchases.
3. Global market of Exports.

The most important destination for exports from Ludhiana is USSR and other CIS countries, Middle East, followed by European countries and then USA. The states within India, which act as market for hosiery products are Haryana, Delhi, Himachal Pradesh and Uttar Pradesh.

EMPLOYEE RETENTION

Employee retention can be defined as encouraging employees to remain in the organization for a long period of time. Strauss et al. (2001) has defined retention as "Customer liking, identification, commitment, trust, readiness to recommend and repurchase intentions with the first four being emotional-cognitive retention constructs and the last two being behavioral intentions. Cutler (2001) stated that one of the most important demands of management is to keep the most dynamic human resources motivated. Fegley (2006) stated that finding skilled employees and then retaining them is most important task for organizations. Brewster et al. (2005) stated that in order to attract and retain the best talent anywhere in the world, an organization must have a strong and positive employer brand.

Employee retention is gaining top priority among the organizations. The Employee turnover adds to company's expenses. These cost include hiring costs, training new employees costs, loss of valuable customers (that were brought by the older employees), loss of specialized skills etc. Customers and clients do business with a company through their employees. and this is generally based on the relation they share with company's employees. Such relations are built over time and when an employee leaves the company, the customer/client might lose faith in company and thus there is a loss of clients. The employees leaving a company generally de-motivate other employees, who stay behind. They also start losing faith in the company and as a result, they grab the first opportunity they get and also leave the organization. Employees may leave an organization due to different reasons. The management must understand these reasons to retain employees.

REVIEW OF LITERATURE

The major desired practice in developed and developing countries, these days is employee attraction as well employee retention. Its not easy to get the best talent and retaining them is even more difficult. There are sea's of opportunities available to the best talent, not only in their own country, but also abroad. Lawler III (2005) states that organizations, these days are competing for talent, rather than counting employee loyalty. They are focusing on attracting and retaining the right talent. Gentry et al. (2007) stated that employees feel connected with the organization, if they get support from their seniors and thus they stay within the organization. Hansen (2002) said that the organizations should pay more to the employees in order to achieve better financial position and retain best employees. Engaged employees are more dynamic and loyal to the organization. Satyawadi et al. (2011) states that there are many reasons which keep the employees in the same firm - training and development, employee engagement activities, positive work environment and good working conditions. Some findings show that there is high level of employee engagement leading to retention of employees but only for a limited time period. Thus it shows that there should be better employee engagement practices in the organizations (Bhatnagar, 2007).

Vos and Meganck (2009), indicated that career development plan for the employees play an important role in the retention of employees. Chapman (2009) states that it is the responsibility of senior employees to help new employees to familiarize and socialize with the environment of the organisation and make them best fit in the organization. Cascio(2003) and Heneman and Judge (2003) have agreed that an organization's inability to formulate and implement strategies capable of recruiting competent employees and retaining them, is the major reason for organisation's under performance. Hozler and Wissoker (2001), state that turnover appears to reflect significant work place problems, rather than opportunities for advancement into better jobs. Cappelli (2000) states that career opportunities, work environment, work life balance, organizational justice, leave policy and organization image are the factors which have direct impact on retention.

Hytter (2007) found that the personal premises of loyalty, trust, commitment and identification and attachment with the organization have direct influence on employee retention. Certain factors such as rewards, leadership styles, training and development skills, physical working conditions have an indirect influence. Researchers such as Taplin et al. (2003), Amadasu (2003) and Gberevbie (2008) have stated, that if appropriate employee retention strategies are adopted and implemented by organizations, employees will surely remain and work for the successful achievement of the organization goals.

RESEARCH METHODOLOGY

The data for this study was collected from hosiery industry of Ludhiana region. A total of five hosiery manufactures were chosen. The Questionnaire was distributed to 150 employees, out of which 17 failed to return and 3 returned half filled. Thus a sample size of 130 was taken. The questionnaire was distributed to both managers and their subordinates to know the view points of both the parties on the employee retention.

a) Questionnaire

The questionnaire was framed after extensive review of literature, keeping in mind the objectives of research. The view points of people concerned with the study were also taken into consideration. The Questionnaire has two parts.

Part one: Demographic data. Part Two: The factors that affect employee retention. The factors included were employee salary and compensation, employee communication. Career development opportunities, employee recognition and rewards, manager/ supervisor support, flexi time, organisational justice, employee work environment. These factors were selected after proper study of literature, available on employee retention practices.

FINDINGS :

The demographic profile of the data is as given :-

(i) Gender Distribution

Gender	No	% age
Male	121	93%
Female	09	7%

(ii) Age Distribution of Employees

Age (year)	No	% age
<30	16	12%
30-40	46	35.5%
40-50	53	41%
>50	15	11.5%

(iii) Education of Employees

Education	No	% age
B.A/B.com/B.Tech	61	47%
Post Graduation	21	16%
Other (Diploma) etc.	48	37%

The major factor that most respondents agreed to, that would help them to continue working in the present organization was compensation.

83% of the respondent regarded compensation to be the major contributor for them to stick to their present organization.

The second most important factor that respondents considered was career development opportunities. 71% regarded career development as second major factor for them to stick to the company. The career development included timely promotions, better and higher positions etc.

The third most important factor with a percentage of 56.2% was rewards and recognition. These rewards include monetary benefits, increments, travel opportunities and recognition by seniors. The next factor was work environment with a percentage of 51.8%.

This included cooperative peers and understanding seniors. Respondents noted that a good work environment was essential for their overall well being and for them to work peacefully and to all their abilities. Negativity of the work environment led to mental disturbance which in turn affected their work as well as health.

Organizational justice i.e. impersonal treatment of employees and fair distribution of reward etc. came quiet close. Almost 49.3% agreed that they viewed organisational justice as the next important factor.

Managers and seniors play a very important role in shaping the career as well as overall outlook of the employees. Thus supervisor support came next. 34.9% agreed to supervisor/ manager support as next most important factor. Not much behind was communication. 29.6% agreed to communication as being the next factor. This included communication with seniors and that they could express their ideas and voice their opinions specially in the decisions affecting them. Last came flexi time. A percentage of 19.9% agreed to flexi time as an important factor. Also it was noted that flexi time was not practiced much in the industry. The employees had to come at fixed time and there was not much flexibility.

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