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A STUDY ON EMPLOYEE RETENTION IN AUTOMOBILE SECTOR

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ABSTRACT

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. 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. Is the responsibility of the employer to retain their best employees? If they don't, they would be left with no-good employees. A good employer should know how to attract and retain its employees. Most employees feel that they are worth more than they are actually paid. There is natural disparity between what people think they should be paid and what organizations spend in compensation. When the difference becomes too great and another opportunity occurs, turnover can result. Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization. Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth.

1. Introduction

The history of the automobile industry in India actually began about 4,000 years ago when the first wheel was used for transportation. In the early 15th

century, the Portuguese arrived in China and the interaction of the two cultures led to a variety of new technologies, including the creation of a wheel that turned under its own power. By the 1600s, small steam-powered engine models were developed, but it was another century before a full-sized engine-powered automobile was created. The dream a carriage that moved on its own was realized only in the 18th century when the first car rolled on the streets. Steam, petroleum gas, electricity and petrol started to be used in these cars.

The automobile, as it progressed, was a product of many hands, of revolutionary concepts, and of simple, almost unnoticed upgrading. India's transport network is developing at a fast pace and the automobile industry is growing too. The automobile industry also provides employment to a large section of the population. Thus the role of automobile industry cannot be overlooked in Indian Economy. All kinds of vehicles are produced by the automobile industry. It includes the manufacture of trucks, buses, passenger cars, defence vehicles, two-wheelers, etc. The industry can be broadly divided into the car manufacturing, two-wheeler manufacturing and heavy vehicle-manufacturing units.

The major car manufacturers in India are Hindustan Motors, Maruti Udyog, Fiat India Private Ltd., Ford India Ltd., General Motors India Pvt. Ltd., Honda SIEL Cars India Ltd., Hyundai Motors India Ltd., Skoda India Private Ltd., Toyota Kirloskar Motor Ltd., to name just a few. The two-wheeler manufacturing is dominated by companies like TVS, Honda Motorcycle & Scooter India (Pvt.) Ltd., Hero Honda, Yamaha, Bajaj, etc. The heavy motors like buses, trucks, defence vehicles, auto rickshaws and other multi-utility vehicles are manufactured by Tata-Telco, Ashok Leyland, Eicher Motors, Bajaj, Mahindra and Mahindra, etc.

The Indian automobile industry is now striding inroads into the rural middle class after its inroads into the urban markets and rural rich. It is trying to bring in varying products to suit requirements of different class segments of customers.

2. Overview of Indian Market

FORD INDIA

IN ORDER to measure employee satisfaction levels and frame HR policies, Ford India conducts a 'pulse survey' every year. In 2009, employees were more satisfied than last year despite operating in a shaky economic environment, which is a good commentary on Ford's HR practices.

The survey itself is a week-long affair, during which employees open up on their work experiences. All facets of an employee's life are touched upon, including work-life balance and mental and physical well-being. Health camps, yoga sessions and games are organized. There is space to showcase dormant talents too.

Career development is a stated objective at Ford India. Right from the level of technicians, there are programmes and clear-cut growth paths for everyone. Employees discuss their career development issues with a senior manager, and together they chalk out a programme to achieve stated goals. Employees have access to online subscription-based resources and learning materials, as well as the in-house library. It also has people development programmes at different levels with committees specially constituted to focus on the career development of employees.

INDIAN OIL CORP.

IT IS fairly common for top-ranking officials at IOC, India's largest company, to leave and join other companies—and earn a far greater salary. But the funny thing is that all of them do so only after retiring, almost never when they are with IOC. It boasts of an attrition of less than 1%. The reason, says VC Agrawal, Director, Human Resources, is that IOC offers the best job content in the industry, though not the best pay.

WHIRLPOOL OF INDIA

A FEW years back, things were looking down for Whirlpool. The company's product pipeline was drying up, it was losing market share—and losing people, including its leadership team. The HR team lost focus completely.

This realization led Whirlpool to make some radical changes in its HR management strategies. When it needed leadership talent, instead of look-given opportunities and training, promising existing employees could take on bigger roles. Whirlpool worked with leading business schools and its own employees to create executive training programmers. It was a rather expensive exercise in a cost-conscious industry, but it is paying off. Attrition is down from 17% in 2007 to 14% in 2008.

LG ELECTRONICS

THE PREMISE for HR at LG is if the company takes care of its employees, its performance will improve. Yet, just five years ago, LG India was losing 35% of fresher within a year of them joining the company. That number is now down to 5% and not one employee earmarked as core talent or in the successor group has left in the last one year.

Behind this turnaround is a change in the basis of expectations from employees and the way they engage with the company. Activities were introduced and processes were reoriented towards increasing inter- and intra-departmental interaction, promoting fun at work, providing instant recognition and improving work-life balance. LG was considered a tough place to work, especially at the branch level. People were slogging even on Sundays to meet

targets. This work holism ended when the HR imposed a blanket ban on employees working on Sundays. Initially, workers accustomed to chasing targets at the expense of personal lives still flouted the diktat, but HR followed through—they called up employee homes on Sundays and holidays to confirm that employees were not working.

Taj Hotels Resorts and Palaces

WHEN TERRORISTS ATTACKED MUMBAI'S TAJ MAHAL HOTEL ON November 26, last year, hotel employees immediately swung into action trying to save the lives of the guests trapped inside. The heroic manner in which they saved the lives of hundreds, at great personal cost, is well known. When the ordeal was over, the Taj Group not only had to undertake the huge task of restoring the 106-year-old structure to its erstwhile glory, but also to renew the confidence of its traumatized employees.

While some were scared of getting back to work, others were wondering if they had a job to go back to. The day after the attack was snuffed out, the company set up a trauma centre, and with the help of 15 counselors and psychiatrists from the Tata Institute of Social Services, got each employee and his/her family counseled. "We convinced them that the Taj was safe and so were their jobs," reminisces an emotional HN Shrinivas, Senior Vice- President, Human Resources, Taj Hotels. "Each one of them had their share of anxieties, but in the end, they all pledged to work together to once again make the Taj Mahal the best hotel in Mumbai."

Employee Retention

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 problem that plague companies in the competitive marketplace. Not too long ago, companies accepted the "revolving door policy" as part of doing business and were quick to fill a vacant job with another eager candidate.

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.

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 companies money. As Beverly Kaye and Sharon Jordan- Evan stated in Training and Development: " Studies have found that the cost of replacing lost talent is 70 o 200 percent of that employee's annual salary. 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 represents 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 skills happens quite frequently. As Bill Leonard stated in HR Magazine: " Because employers know that the best-qualified applicants will come directly from competitors, recruiting and hiring employees away from mother of inventive and sometimes controversial business practices. Recruiting and hiring from your competitors is probably as old as business itself. But what is new—and a hot topic among employers – is how to attract and retain qualified candidates in a highly competitive labor 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 noncompeting and confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employ 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 don't 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.

3. Literature Review

Work-life balance is progressively significant for commitment and influences maintenance. (Hyman, 2004) in their observational research in the UK found that intercessions of work requests into the individual life (for example working during the end of the week) came about into elevated pressure and passionate fatigue among the representatives. In an examination directed by the Australian Telecommuting Warning Council (2006) it was discovered that 70% of organizations that consolidated telecommuting alternatives announced various positive advantages, for example, expanded business efficiency and decreased costs, improved representative adaptability and work life balance, and expanded workforce cooperation.

(Messmer, 2000) found that one of the significant factors in representative maintenance is an interest in worker preparing and vocation improvement. The Association is constantly put resources into the type of preparing and

improvement of those laborers from whom they hope to profit and give yield for its venture. Some more author clarified that in the present serious condition input is fundamental for associations from representatives and the more information the worker learn, the more the person will perform and address the worldwide difficulties of the commercial center. Convenient (2008) has referenced that appropriate development, and digestion of new information is fundamental for endurance in any workplace. This information is the most costly resource of any firm. Administration and Worker Maintenance.

Eisenberger and partners (1990), recommended that worker's observation in regards to an association is firmly affected by their relationship with the administrator. McNeese-Smith (1995), referenced in his investigation on Authority conduct of emergency clinic chiefs found that there is altogether positive connection between efficiency, laborer fulfillment and authoritative responsibility of staff. Brunetto and Farr-Wharton (2002) were of the view that oversight of the quick chief builds the degree of occupation fulfillment in the open segment workers.

One more author in 1958 discovered during the investigation of Japanese laborers that work highlights like lifetime business and rank framework, employer stability lead to higher responsibility, work fulfillment just as maintenance of representatives in an association. Scientists, for example, Ashford et al., (1989); Davy et al., (1991) led concentrates on professional stability and occupation fulfillment and secured that that position disappointment is the result of instability among workers. Rosenblatt and Ruvio, (1996) led an exploration hands on weakness and secured that position execution and hierarchical duty are contrarily associated with work uncertainty. A significant test looked by the representative's today holds the recruited workers in its association. In the time of ferocious rivalry each association attempts its level best to give the best offices to its representatives. Fulfilling the human sources is perhaps the hardest assignment which lion's share of the associations faces today. Understanding and realizing what is happening in the human brain is extremely hard to comprehend

As indicated by Mill operator, Erickson and Yust (2001) representatives get profited by workplace that give a feeling of having a place. Wells and Thelen (2002) have expressed in their examination that associations which have liberal human asset arrangements, have an excellent opportunity to fulfill and hold representatives by giving them a fitting degree of protection and sound control on workplace which improves the inspiration levels to submit with the association as long as possible (Maseleno et al., 2019). Ramlall (2003) focused on the requirement for perceiving the individual needs of a worker in an association as it will empower responsibility and give an appropriate workplace.

4. Research Methodology

The Objective of research on “A study on Employee Retention in automobile sector” conducted to gather information To check whether Attrition Rate and organization efforts for retention are independent of each other or not.

Research Design: Descriptive

Data Collection Design: Primary

Sampling Design

- Population: All the employees of automobile sector in Rajkot
- Sampling Method – Convenience Non random technique
- Sample Size:100

Data Analysis Design

- Analysis of Primary Data
 - Descriptive Statistics – Charts and Graphs.
 - Inferential Statistics – Chi square test for independence of attributes.

5. Analysis

To check whether Attrition Rate and organization efforts for retention are independent of each other or not?

Step : 1: Hypothesis

Ho: Attrition Rate and organization efforts for retention are independent of each other

H1: Attrition Rate and organization efforts for retention are dependent of each other

Step : 2: Test

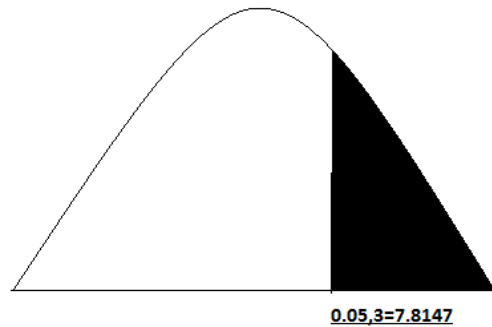
I will use chi square goodness of fit test to test the hypothesis.

Step : 3 :

The appropriate type-1 error rate $\alpha = 0.05$

Step : 4 :

$$\begin{aligned} Df &= (r-1) (c-1) \\ &= (4-1) (2-1) \\ &= 3 \end{aligned}$$



Step : 5: gather the data

Attrition rate	Yes	No	Total
2-4%	54	5	59
4-6%	5	6	11
6-8%	7	8	15
More than 8%	6	9	15
Total	72	28	100

$$F11 = 59 \times 72 / 100 = 42.48$$

$$F12 = 59 \times 28 / 100 = 16.52$$

$$F21 = 11 \times 72 / 100 = 7.92$$

$$F22 = 11 \times 28 / 100 = 3.08$$

$$F31 = 15 \times 72 / 100 = 10.8$$

$$F32 = 15 \times 28 / 100 = 11.7$$

$$F41 = 15 \times 72 / 100 = 10.8$$

$$F42 = 15 \times 28 / 100 = 11.7$$

Step:6

$$\chi^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Attrition rate	Yes	No
2-4%	42.48	16.52
4-6%	7.92	3.08
6-8%	10.8	11.7
More than 8%	10.8	11.7

$$F11 = (54 - 42.48)^2 / 42.48 = 3.12$$

$$F12 = (5 - 16.52)^2 / 16.52 = 8.03$$

$$F21 = (5 - 7.92)^2 / 7.92 = 1.08$$

$$F22 = (6 - 3.08)^2 / 3.08 = 2.77$$

$$F31 = (7 - 10.8)^2 / 10.8 = 1.34$$

$$F32 = (8 - 11.7)^2 / 11.7 = 1.17$$

$$F41 = (6 - 10.8)^2 / 10.8 = 2.13$$

$$F42 = (9 - 11.7)^2 / 11.7 = \underline{0.62}$$

Calculated value = 20.26

Step : 7 Action

Since the calculated value Of Chi-square test (20.26) is greater than table value(7.8147) so null hypothesis is rejected.

Step : 8 : Business application

Since the researcher have enough evidence to accept alternative hypothesis. Attrition Rate and organization efforts for retention are dependent of each other.

6. Conclusion

Employee Retention must start at the top and it must be implemented from within all levels of a company. The biggest burden to retain employees is in the hands of management. They must gain the respect of their employees while keeping them happy and motivated to complete their multitude of tasks.

It is evident that most companies today are not placing enough importance on employee retention. They are focused on the bottom line ignoring the fact that good performance starts with employees. Companies must pay more attention to every aspect of employee satisfaction to retain the best employees. Companies may not care as much about losing the bottom 10%, but they should care about losing the top 50%. Losing key employees could cause a cascade of events leading to the loss of huge projects, costing companies millions of dollars. Automobile sector needs to focus on management first, holding managers accountable for employee retention. Once managers are held accountable, they will work harder to build positive relationships with their employees.

Managers need to consider employees the internal customer and pay them as much attention as the product their selling. Managers must structure ways for employees to grow and give them ways to challenge themselves. Managers who help their employees achieve their goals are the managers that retain their employees with the most success.

Automobile sector needs to create strong long lasting mentoring programs that develop employees from the beginning. Mentoring is a good way to transfer crucial skills and knowledge as well as also to it inspires loyalty in new employees and emerging leaders. Studies have shown that people with mentors are twice as likely to stay. Mentoring should be directing the new employee both professionally as well as socially within your company building strong relationships with the employee.

Companies that step up their mentoring programs will be more successful in employee retention. Automobile sector also must focus on all the growth opportunities that exist within their companies. With the baby boomer generation approaching retirement there are so many opportunities for all employees within all companies.

They should promote education programs that they have as well as help the employees reach their goals and aspirations. Companies must support education and training of these new employees building the innovators and leaders of tomorrow. The important thing to remember about employee retention is that pay and benefits are only part of the reason that employees stay with companies. There are many other factors that automobile sector must pay attention to, to make employees happy.

They need to build trust, create hope, show the employee is very valuable, and that they are very competent. Doing whatever is required to fulfill these most basic needs will lead to improved employee retention as well as improved productivity from all employees.

- In automobile sector, Majority of the sector employee's attrition rate is 2-4% that will good for the organization for their retention policy.
- In mostly automobile industry make many efforts for the employee retention and maintain their policy.
- In that industry majority of the respondent believed that manager can play important role in their firm's retention rate.
- In automobile industry, majority of the respondent believed that employee's family and personal lives are just as important as their work.
- In automobile sector, more than 50% employers are believed that most employees don't consider compensation the most important aspect of their work.

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