

Effective Retention Factors Influencing Workers to Retain in Select Automobile Components Manufacturing Industries with reference to Coimbatore District



Management

KEYWORDS :

M. Usha

Lecturer, Department of Management (UG), Ph.D Research Scholar(Management), Karpagam University,Cbe

Dr. M. Nandhini

Assistant Professor, Department of Management (UG), Karpagam University, Cbe- 21.

Dr. P. Palanivelu

Professor, Department of Management Studies & Research, The Controller of Examination, Karpagam University, Cbe- 21

ABSTRACT

The Indian labour's development can be evolved in three phases, which help map the challenge of retention and how it has evolved in the last few decades. The first phase was pre-reform, where there was no labour shortage. It was a time where highly competent youth had to compromise on the quality of careers they wanted to pursue. The most prestigious jobs available were generally in the public sector. In the second phase or pre 2000 era, organizations experienced a talent shortage as new business models started to surface and off-shore businesses began to gain currency in India. In the current phase or post 2000 era, the significance of this topic is validated by the fact that a couple of hundred HR professionals have gathered around to explore retention challenges and solutions. Workforce in the pre-reform phase was tenured and expressed lifetime loyalty to their organization. Equity maintained by organizations in dealing with workers was the key retention driver. HR policies of Indian firms reflected the labour situation in the country. The challenges in Employee Retention, not only involve how to minimize the possibility of losing good workers but also how to identify workers, an organization needs and wants to keep.

INTRODUCTION ABOUT THE STUDY

The study is about the retention strategies in automobile spare manufacturing industries in Coimbatore district. This study examines with the perspective of presently working workers in the industries and it offers the development approach to the employer and the employee. In today's environment there are many challenges and opportunities involved in the successful operation of today's businesses, hiring knowledgeable people for the job is essential for an employer to face the challenges and to utilize the business opportunities properly. But retention is even more important than hiring. Corporate is facing a lot of problem in employee retention these days. If a person is not satisfied by the job he's doing, he may switch over to some other more suitable job. There is ennumber of choice around workers and there is no end of opportunities for skilled people. Money is not the primary motivator for workers; other than that, career opportunities, work-life balance, rewards, recognitions, which tent to be some of the most common factors expected by the workers.

According to Get Les Mckeown's employee retention is defined as "effective employee retention is a systematic effort by employers to create and foster an environment that encourages current workers to remain employed by having policies and practices in place that address their diverse 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". 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 workers save companies' money. 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.

Recruiting and hiring from 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 labour market while also preventing their own intellectual capital from winding up in the hands of competitors. The most obvious solution is to stop the problem before it begins. It is quite possible that you are doing nothing wrong – or

are even doing everything right. However, it's a good idea to take the time to look at your business from an outsider's perspective. Everyone in this world wants to improve their quality of life. An employee moves to a different job because he or she perceives certain benefits for them. In today's modern world, most workers consider it's natural to have several or many employment positions during their working career. Hence Employers should be flexible, understanding, and supportive of employee needs. The key to retaining workers lies on the industrial capability of supporting workers by understanding and answering to their intrinsic motivators. An industry culture plays an important role in motivating its workers to devote themselves to the firm. The term "strategy" refers to a more formalized and planned system of practices that are linked with an overall vision, a set of values and a mission. The more formalized retention plan, which has been done to make the work interesting, to provide good wage, to appraise the performance, to give job security, personal loyalty to workers, tactful discipline, and sympathetic with personal problems, promotes growth and development of the Industry. Adopting retention strategies according to the industrial sector, nature of the industry is also essential for attracting the talented workers, to get satisfied with the job and it also help workers to take them for a long period.

However, this study focuses on discretionary retention strategy practices in Automobile spare part manufacturing industries in Coimbatore. These industries a major source of livelihood, the two-wheeler and four wheeler component makers escaped relatively unscathed since that sector witnessed 'positive growth'. The producers went on a capacity expansion spree; many of them were working at 'sub-optimal levels'. With the Automobile spare part manufacturing industries trying to keep these valuable workers with their cutting edge knowledge and skills, the demand for spare parts manufacturing workers with skills has also increased substantially, as of this the study antecedents to know the workers economic status condition, morale, level of satisfaction, and also the factors which influence the workers more to remain in the industries.

Automobile and Automobile Spare manufacturing Industries in India: An Overview:

India is the second fastest growing automobile market in the world after China. It is emerging as a major production base for small cars, with an output which is expected to reach 3 million units by 2016. The country is building a reputation in designing and manufacturing low cost cars. Production of trucks and buses is increased by nearly 66 percent between April 2010

and Aug 2010. An expanding highway network and overall economic growth is pushing up the demand. India is again the second largest market for motorcycles worldwide. Output of over 4.5 million units was registered during April 2010 – Aug 2010, marking growth of over 27 percent. The auto parts industry is also scaling up, as global car manufacturers are increasing their component sourcing from India, due to cost and engineering competencies. Competition is intense as most global firms have entered the market.

The liberalization of the Indian industry saw significant growth in the Indian Automobile Industry. Today, the Indian Automobile Industry is a significant contributor to the Indian economy, contributing nearly 5 percent to the country's GDP and about 17-18 percent to the kitty of indirect taxes to the Government, while investment outlay stood over Rs. 83,500 crore in 2008-09. With its wide penetration and strong influence on the country's economic and industrial development, the auto sector is indeed one of the major drivers of our economy. The sector has moderate direct employment and significant indirect employment; it is estimated that the sector provides direct and indirect employment to over 13 million people. In 2007-08, about 80 percent of the sales of auto components were domestic. Thus the demand of the Auto Component segment is primarily linked to the growth of the Automobiles segment.

Automobile Spare manufacturing industries in Coimbatore district: An Overview

Coimbatore is the third largest city in Tamil Nadu, with a population of more than 15 lakhs. It is one among the industrially developed and commercially vibrant districts of Tamil Nadu. There are more than 25,000 small, medium, and large sale industries and textile mills in Coimbatore. Coimbatore is famous for major industries include textile machinery, automobile spares, motors, electronics, steel and aluminum foundries.

The city boasts some prominent auto component companies such as Pricol and L.G. Balakrishnan & Bros, which are listed on the stock exchanges. The city also has a number of tier-I, II and III suppliers catering to the needs of the entire gamut of the automobile industry, ranging from two-wheelers and four-wheelers to commercial vehicles and tractors. A large number of auto component industries are present around Coimbatore & Erode cities. Manufacturing of automotive components also adds up to Coimbatore's economy. Maruti Udyog and Tata Motors source up to 30% of their automotive components from Coimbatore. Coimbatore became a strong base for supply of auto-components for the whole of India. Due to sustained and the locally contagious competitive creation of wealth over the period of last 40 years, a number of ancillary and resultant businesses also evolved.

STATEMENT OF THE PROBLEM

There is a high demand for the workers in Automobile spare manufacturing industries, the supply of qualified workers is limited and turnover is high in number, hence good workforce planning is required. The industry should put up appropriate retention and capacity utilization or talent utilization tactics. The problem of worker retention has hit all category of workers equally. Workers retention is one of the major issues faced by any industry, this issue is still disturbing. Even though industries make efforts to control this issue, still it fails to a great extent.

OBJECTIVES OF THE STUDY

1. To examine the economic status of workers in the industries
2. To assess the satisfaction level of workers in the Industries
3. To determine the strategies adopted for retention of workers in select automobile components manufacturing industries

RESEARCH METHODOLOGY

RESEARCH DESIGN:

The type of research design undertaken is Descriptive Research.

AREA OF THE STUDY:

The study was carried out in Coimbatore district in Tamil Nadu

DETERMINATION OF SAMPLE SIZE AND ITS JUSTIFICATION:

SAMPLE DESIGN:

Sample Design is the method of selecting the samples. Stratified Random Sampling is used, by which, each and every member of the population or universe has an equal chance or probability of being included in the sample. Total, Small and medium automobile spare manufacturing industries registered with Codis-sia as on 31/12/2013 is 76 industries (manufacturing Engine & engine parts, Transmission & steering, suspension and braking parts).

SAMPLE SIZE:

The universe of the study comprises of the automobile components manufacturing industries in Coimbatore district; 76 industries over there in Coimbatore. Out of which 40 industries have beyond 10 years of service with in which 50% of the Industries have been taken for the study, totally 20 industries, and in each Industry, 35 members were chosen, who involved directly in production, and 1 member is also chosen from the corporate level, who takes decision regarding retention strategy in the industry. The data was collected from 700 workers and 20 with the corporate level members in the Industry. Hence the sample size is 700. *******(Annexure enclosed – For 20 Listed Industries)

DATA COLLECTION METHOD:

The main sources through which data is collected are:

A. Primary Data:

The instrument used to collect primary data is through questionnaire from the workers. It gives first hand information to the research work.

B. Secondary Data:

Secondary data marks the beginning of the research process. Information gathered from both internal and external sources. Secondary data is required to analyze the primary data. Secondary data is gathered through journals, books and websites.

STATISTICAL ANALYSIS AND INTERPRETATIONS:

The collected data was edited and consolidated by using simple Percentage Analysis Method and it is presented in the form of tabular columns and charts. After that it turns to the task of analyzing them using Correlation analysis and Z test.

REVIEW OF LITERATURE

Ganapathi (2010)¹ studies the factors influencing change and resistance to change by workers. It includes threat to job security, fear of losing job, fear of monetary loss, increase in work burden, bad precedents, fear of transfer, fear of various promotion opportunities, loss of social security benefits, and lack of collective bargaining. The study reveals that the management and trade unions should cooperate and make decisions keeping the fear of workers in mind and then the wages should be made.

Das, and Satya Prakash (2008)² argues does the worker class really understand their constraints and the means towards its elimination in the changed environs. The study explains the various ground work done by ILO to better the conditions of the workers and how the welfare of the worker and their working conditions got a strong foundation with the formation of ILO. The study reveals that the worker class should be given utmost care as they are the hands to build and sustain a vibrant economy in a nation.

Objective : 1:

To analyze and find the economic status of the workers Data were collected from the respondents of the automobile spare manufacturing industries. To enable analysis, data were classified on the basis of their opinion given on various aspects and percentage analysis was done.

Table: 4.1 Table showing the Educational Qualification

S.No.	Educational Qualification	No. of Respondent	Percentage
1.	Below SSLC	50	7
2.	SSLC	150	21
3.	H.Sc	140	20
4.	ITI/Other Technical	160	23
5.	Degree	200	29
	Total	700	100

It is inferred from the of the respondents are degree holders and 7 percentage of respondents are below SSLC above table, 29 percentage.

Table: 4.2 Table showing the Experience in the Job

S.No.	Experience	No.of Respondent	Percentage
1.	Below 5	250	36
2.	6-10	320	45
3.	11-15	90	12
4.	Above 15 Year	50	7
	Total	700	100

It is inferred from the table that, 45 percentage of them were with 6-10 years of experie and 7 percentage of them were having above 15 years of experience.

Table: 4.3 Table showing possession of productive assets

S.No.	Productive assets	No. of Respondent	Percentage
1.	House	149	21
2.	Land	222	32
3.	House hold articles	329	47
	Total	700	100

The table examines the possession of productive assets, 47 percentage of them owned house hold articles and 21 percentage of them owned house.

Table: 4.4 Table showing Annual Total family income

S.No.	Annual Family Income	No. of Respondent	Percentage
1.	Less than 1,00,000	63	9
2.	1,00,000-1,50,000	83	12

Objective : 2 : To assess the satisfaction level of workers in the Industry

Table: 4.7 Table showing the Level of Satisfaction of workers in the industry

S.No	Key Factor	HS	Percentage	S	Percentage	A	Percentage	DS	Percentage	HDS	Percentage	Total
1.	Working Hours	192	27	379	54	112	16	12	2	5	1	700
2.	Work allocation	178	25	299	43	202	29	10	1	11	2	700
3.	Cardinal relationship with superiors	188	27	292	41	212	30	4	1	4	1	700
4.	Freedom to work independently	240	34	338	48	92	13	20	3	10	2	700
5.	Conditions of work environment	240	34	338	48	92	13	20	3	10	2	700

3.	1,50,000-2,00,000	243	35
4.	2,00,000-2,50,000	168	24
5.	Above 2,50,000	143	20
	Total	700	100

The above table shows that, 35 percentage of their annual total family income is 1,50,000-2,00,000, 9 percentage of their annual family income were less than 1,00,000.

Table: 4.4 Table showing possession of productive assets

S.No.	Productive assets	No. of Respondent	Percentage
1.	House	149	21
2.	Land	222	32
3.	House hold articles	329	47
	Total	700	100

The table examines the possession of productive assets, 47 percentage of them owned house hold articles and 21 percentage of them owned house.

Table: 4.5 Table showing Liability aspect of the workers

S.No.	Liability	No.of Respondent	Percentage
1.	Indebtedness (Long term)	164	23
2.	Loan pending (Short term)	317	45
3.	Other liability	219	32
	Total	700	100

The table marks the liability aspect of the workers, 45 percentage of them having loan pending and 23 percentage of them are indebted.

Table: 4.6 Table showing how longer do the envisage work in their current organization

S.No.	Particulars	No. of Respondent	Percentage
1.	Less than 1 Year	96	13
2.	1-2 Years	200	29
3.	3-5 Years	250	36
4.	More than 5 Years	102	15
5.	Until I retire	52	7
	Total	700	100

It is examined from the above table; 36 percentage of the respondents represent the interest to work for 3-5 Years and 7 percentage of them represent their interest to work until their retirement.

6.	Incentive/bonus/ variable pay	225	32	350	50	98	14	19	3	08	1	700
7.	Welfare measures	300	43	312	45	78	11	6	1	4	0	700
8.	Infrastructure	292	42	297	42	102	15	6	1	3	0	700
9.	Recognition	312	45	300	43	78	11	6	1	4	0	700
10.	Career prospect	290	41	298	43	101	14	8	1	3	0	700

* HS = Highly Satisfied * S = Satisfied * A = Average * DS = Dissatisfied * HS = Highly dissatisfied

It is examined from the above table; that most of the workers are satisfied towards the strategy adopted to the workers.

Objective: 3:

To determine the strategies adopted for retention of workers in select automobile component manufacturing industries

Table 4.8 Table showing Strategies adopted for retention of workers at individual level

S.No	Key Factor	Statement	Yes	Percentage	Undecided	Percentage	No	Percentage	Total
1.	Basic Need: Food	Provided food provisions to workers	11	55	6	30	3	15	20
2.	Shelter	Rent free facility	10	50	5	25	5	25	20
3	Clothing	Annual allowance for uniform	20	100	-	-	-	-	20
4	Job security	Safety measures	20	100	-	-	-	-	20
5.	Social Needs	Responsibility to recognize	15	75	5	25	-	-	20
6.	Self esteem	Experience sharing opportunities	10	50	5	25	5	25	20

The above table reveals the strategies adopted for retention of workers at individual level, 55 percentage of the corporate respondents represent acceptance for providing food provision for the workers, 50 percentage of them represent rent free facility, 100 percentage of them represented for providing annual allowance for uniform and safety measures, and 50 percentage of the respondents represent experience sharing opportunities

Table 4.9 Table showing Strategies adopted for Interpersonal relationship at Unit level

S.No	Interpersonal relationship style	No. of respondent	Percentage
1.	Autocratic	5	25
2.	Democratic	15	75
3.	Free-rine	-	-
	Total	20	100

It is inferred for the table, 25 percentage of them represents autocratic style of relationship, the rest of the 75 percentage of the response represent democratic style of relationship in the industry.

Table 4.10 Table showing Strategies adopted for training at Unit level

S.No	Training	No. of respondent	Percentage
1.	On the job	18	90
2.	Off the job	2	10
	Total	20	100

It is clear from the table that 90 percentage of the corporate respondents represent on the job training for their workers, the rest of 10 percentage of them represent off the job training

Table 4.11 Table showing Strategies adopted at corporate level for attracting workers

S.No	Worker attraction	No. of respondent	Percentage
1.	Financial motivators	10	50
2.	Non-financial motivators	10	50
	Total	20	100

The above table states that, 50 percentage of the corporate respondents represent financial motivation and rest 50 percentage of them represents non-financial motivation.

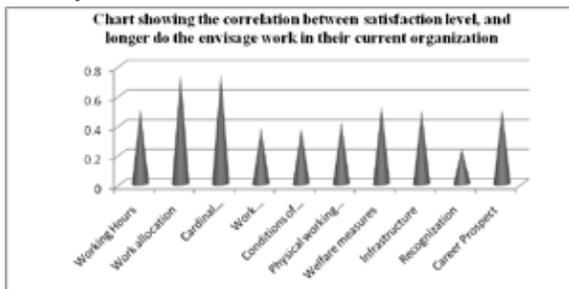
CORRELATION ANALYSIS:

Table: 4.12 Table showing the correlation between satisfaction level, and longer do the envisage work in their current organization

KEY FACTOR	CO-EFFICIENT OF CORRELATION VALUE
Working Hours	0.51
Work allocation	0.74
Cardinal relationship with superiors	0.75
Freedom to work independently	0.38
Conditions of work environment	0.38
Base Pay	0.42
Incentive/bonus/variable pay	0.53

Infrastructure	0.50
Recognition	0.24
Career Prospect	0.50

The correlation co-efficient in table 4.12 shows that cardinal relationship with superiors correlates significantly with intention to quit.



Z TEST:

Test of Hypotheses: The hypothesis of the study were formulated in the form of Null (H₀) and Alternative (H_A) hypothesis. The data got from the questionnaire instrument had responses supporting either H₀ and H_A hence we opted to use a test of proportions. We also decided to use Z test statistics in testing hypothesis because of large number of sample.

$$Z = \frac{x/n - p}{\sqrt{6p}}$$

The level of significance for the test is 95%. This makes the tabulated Z(i.e., Z α) to be ± 1.64. The acceptance region for the test becomes ± 1.64.

Formulation of hypothesis:

HYPOTHESIS : 1	Calculated Value	Accepted/ Rejected
H ₀ = Labour retention strategies does not increase the labour satisfaction level	-11.07	Rejected
HYPOTHESIS : 2	Calculated Value	Accepted/ Rejected
H ₀ = Labour retention strategies does not increase cost to the management	-11.17	Rejected
HYPOTHESIS : 3	Calculated Value	Accepted/ Rejected
H ₀ = The offer of challenging job and hope for future prospects will not guide against the labour to work in the existing industries.	0.17	Accepted

Hypothesis: 1 -

Inference: Since Z cal(-11.07) < Z a (-1.64). It falls outside the acceptance region . Hence the null hypothesis is rejected. Therefore labour retention strategies increase the labour satisfaction.

Hypothesis: 2 -

Inference: Since Z cal(-11.17) < Z a (-1.64). It falls outside the acceptance region. Hence the null hypothesis is rejected. Therefore labour retention strategies increase the cost to the management.

Hypothesis: 3 -

Inference: Since Z cal(0.17) < Z a (-1.64). It falls inside the acceptance region. Hence the null hypothesis is accepted. Therefore The offer of challenging job and hope for future prospects will guide against the labour to work in the existing industries.

FINDINGS

Employee level :

- Majority of the workers in automobile spare manufacturing industries were degree holders.
- 45 Percentage respondents have got 6-10 years of experience in the industry.
- 35 percentage of their annual total family income is 1,50,000-2,00,000
- The respondents possession of productive assets, 47 percentage of them owned house hold articles
- In liability aspect of the workers 45 percentage of them were having loans pending
- Most of the workers are satisfied towards the strategy adapted to the workers.

Corporate level:

- 55 percentage of the corporate respondents represent acceptance for providing food provision for the workers
- 50 percentage of them represent rent free facility
- 100 percentage of them represented for providing annual allowance for uniform and safety measures,
- 50 percentage of the respondents represent experience sharing opportunities
- 75 percentage of the respondents represent democratic style of relationship in the industry.
- 90 percentage of the corporate respondents represent on the job training for their workers
- 50 percentage of the corporate respondents represents financial motivation and rest of the 50 percentage of them represent non-financial motivation
- 100 percentage of corporate respondents represent, HR policy adopted to increase the productivity of the workers.

SUGGESTION

- Employers have to take time to get to know the new employee on his or her first day.
- By improving their workplace even more the existing of today, will ensure loyalty into the future.
- Flexibility is essential to being an effective manager.
- Even though the workers are satisfied with the nature of their job, it is identified in the study that many workers prefer to change their job due to lack of growth opportunities in their job. So the companies can look for some innovative technologies to decrease their turn over in the future.

CONCLUSION

The main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on workers and the ways to retain them for their long run. The employee retention strategy is an important aspect for helping Industries to retaining talent work force to meet the challenges and opportunities, top level employers find it easier to attract new workers and tend to have lower employee turnover. This study concludes that to reduce turnover in the future, the industries should create some opportunities for the growth of their workers within the organization by adopting new innovative technologies and effective training programs.

Annexure - I

S.NO.	NAME OF THE COMPANY AND ADDRESS
1	Promptech Engineering Syndicate Eachanari To Madukkarai Road, Madukkarai Post
2	Ramm Precision Products Pvt Ltd Peelamedu
3	Anamallais Engineering Pvt Ltd Coimbatore Road, Mahalingapuram Post
4	Madras Radiators And Pressings Ltd Malumachampatti
5	Ramesh Industries Udumalpet Road
6	Trident Pneumatics Pvt Ltd Peelamedu

7	Kala Auto-tex Chinnavedampatty, Ganapathy
8	Techno Tool Engineering Singanallur
9	Coimbatore Alkaline Batteries Ram Nagar
10	Jay Aar Industries Sanganur Main Road Rathinapuri
11	Uma Enterprises Ram Nagar
12	Sundar Enterprises Kurichi
13	Manikam Radiators Pvt Ltd Subramaniampalayam G.N. Mills Po
14	King Forgings and Engineering Pvt Ltd R.S.Puram
15	P.K.R. Engineering Works Singanallur
16	Es Es Auto Engineerings Narasimmanaickenpalayam post MTP Road
17	Textek Elektroniks Pvt Ltd Peelmedu
18	Babu Engineering Foundry Ramanathapuram
19	Premier Engineering Works Edayarpalayam Kuniamuthur
20	P.G.R. Forgings Kattoor

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