A Study on Impact of Employee Retention in Private Sector Sugar Mill

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Abstract:

Employee Turnover is a major challenge faced by the Sugar industry in India. Employee Turnover is predominant not only in sugar mills, but in other sectors as well. This study has focused in Private sector sugar mills. Employees are the assets of any organization. Organizations are striving to retain their talents by implementing effective retention strategies. High Employee Turnover would subsequently have an impact on productivity and sustainability of the organization. There are two types of Employee Turnover – functional and dysfunctional. When productive employees leave the organization, it is said to be dysfunctional turnover and when the poor performers leave, it is called functional turnover. The focus of this study was dysfunctional turnover. Dysfunctional turnover is the concern of HR managers. When an employee leaves, it takes approximately eight weeks for this position to be replaced and in the meantime, productivity suffers. Causes and consequences of the Employee Turnover are mentioned in detail in this study. This study is an attempt to understand the impact of Retention Strategies on Employee Turnover in sugar industry in India. Uttar Pradesh, being the sugar hub of India, therefore I choose Dhampur sugar mill in my study. Results of the study showed that Retention Strategies has an impact on Employee Turnover. Other variables such as Welfare Benefits, Personal Satisfaction and Organization Culture, which are said to be associated with the Employee Turnover, were also investigated as a part of this study.

Keywords: Employee retention policy, Employee Turnover – functional and dysfunctional.

I. Introduction

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome. Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joiner, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time. My study is based on retention policy in private sector sugar mill. On this content I choose Dhampur sugar mill & discuss this matter to their management. Dhampur Sugar Mills Limited (Dhampur) is a focused Company having core competencies of being one of the largest integrated sugar companies in India. This has been built on a record of accomplishment of continuous value additions, process optimizations and innovations. The allied businesses of the Company comprise distillery operations, cogeneration of power and manufacturing of bio-compost. The Company has four sugar factories located in Central & Western Uttar Pradesh (India) having an aggregate sugarcane crushing capacity of 39,500 TCD, distillery and Co-generation operations of 270 KLPD and 145 MW (80 MW Saleable) respectively. Over the years, Dhampur has grown become the most integrated company & there are more than one thousand employee are working there. My analysis regarding the sugar mill is as below.

Objectives: The basic objective in the present study is to find out how far employee retention is important for the sugar mill and what are the various strategies adopted by the sugar mill to retain their employees.

II. Employee Turnover

Employee turnover is the rate at which employees are leaving an organization on an annual basis. It can be expressed as a percentage, by dividing the number of employees who have left over the year by the total number of
employees who were with the organization at the beginning of the year. For example, if an organization has 100 employees at the beginning of the year and it loses 12 employees, it has a turnover rate of 12 percent.

III. Functional Turnover

Functional turnover occurs when people leaving the firm are underperformers. This is common in large consulting, accounting and law firms that employ an "up or out" philosophy. Employees in such a company must develop and improve to move up in the ranks. Those who are unable to progress are let go. Consequently, these firms have high turnover, but the employees who remain are the best and brightest.

IV. Dysfunctional Turnover

Dysfunctional turnover is the exact opposite of functional turnover, as the best employees leave. This can happen for a variety of reasons, but a common cause is low potential to advance. If, for example, a company fills its management positions with external candidates and does not offer them to internal employees, employees are likely to seek external opportunities for advancement.

V. Why do Employees Leave?

Employees leave a Sugar Industry out of frustration and constant friction with their superiors or other team members. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors. It is the responsibility of the line managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day.

Job is not what the employee expected to be: Sometimes the job responsibilities don’t come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.

Job and person mismatch: A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won’t be able to perform it well and will try to find out reasons to leave the job.

No growth opportunities: No or less learning and growth opportunities in the current job will make candidate’s job and career stagnant.

Lack of appreciation: If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in job.

Lack of trust and support in co-workers, seniors and management: Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in.

Stress from overwork and work life imbalance: Job stress can lead to work life imbalance which ultimately many times lead to employee leaving the organization.

Compensation: Better compensation packages being offered by other companies may attract employees towards themselves.

New job offer: An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

VI. How to Retain Employees

Offer a competitive benefits package that fits your employees’ needs. Providing health insurance, life insurance and a retirement-savings plan is essential in retaining employees. But other perks, such as flextime and the option of telecommuting, go a long way to show employees you are willing to accommodate their outside lives. Promote from within whenever possible. And give employees a clear path of advancement. Employees will become frustrated and may stop trying if they see no clear future for themselves at your company.

Foster employee development. This could be training to learn a new job skill or tuition reimbursement to help further your employee’s education.

Create open communication between employees and management. Hold regular meetings in which employees can offer ideas and ask questions. Have an open-door policy that encourages employees to speak frankly with their managers without fear of repercussion.
Get managers involved. Require your managers to spend time coaching employees, helping good performers move to new positions and minimizing poor performance.

Communicate your organization’s policy. Feeling connected to the organization’s goals is one way to keep employees mentally and emotionally tied to your company.

Offer financial rewards. Offering financial awards for employees who meet performance goals and stay for a predetermined time period, say, three or five years. Also, provide meaningful annual raises. Nothing dashes employee enthusiasm more than a paltry raise. If you can afford it, give more to your top performers. Or, if you don’t want to be stuck with large permanent increases, create a bonus structure where employees can earn an annual bonus if they meet pre specified performance goals.

Make sure employees know what you expect of them. It may seem basic, but often in small companies, employees have a wide breadth of responsibilities. If they don’t know exactly what their jobs entail and what you need from them, they can’t perform up to standard, and morale can begin to dip.

VII. Suggestion & Recommendations

Finally it can be suggested that:
1. The organization should be paying a fair salary and other monetary benefits to the employees according to their ability and talent. Before determination of the salary, the management should also consider the inflation rate and the areas where an employee has to survive.
2. Employees should be free to their work at workplace according to their own mind. There should be no interruption again and again through their supervisor or any other authority.
3. There should a fair performance appraisal programme and no space for any type biasness. All the rewards and facilities have been provided on the basis of performance of the employees.
4. An organization should organize training and development programme according to the need of the employees.
5. The proper feedback should be taken from the employees on the different employees and organization related issues.
6. There should be adequate communication between the employees and the supervisor. It is helpful to create belongingness behavior within the employees towards the organization.
7. The competitive rewards should be provided to the employees according to their performance. It motivates the employees for better work and devotion towards the company.

VIII. Conclusion

From the above review it can be concluded that Employee retention is a very important for the organization. It helps the organization in reducing the cost of turnover, loss of company knowledge, interruption of work, regaining the efficiency and increases the productivity of the organization...The important reason for leaving the organization by the employees is money & their working environment. It means the employees are not satisfied with their salary and other monetary benefits which are provide by the organization to them. It is very important for organization to make an effective compensation policy which is able to satisfy the employees. By using different HR practices like performance appraisal, training and development programme, feedback and assigning competitive work the condition of employee retention has been increased.

References

Other Readings