

## A STUDY OF EMPLOYEE RETENTION PRACTICES IN MANUFACTURING INDUSTRY WITH SPECIFIC REFERENCE TO SELECT PHARMACEUTICAL INDUSTRIES IN MAHARASHTRA: A PILOT STUDY

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### ABSTRACT

*Employee Retention is defined as an organization's capability to retain its employees. It can also be termed as a procedure, in which the resources are inspired and reinvigorated to stay in an organization for a lengthier period of time. Employee retention is essential and helpful for the organization as well as for the employees. It is impossible for an organization to endure if its top employees resign. It is vital for the management to retain its treasured employees who think in benefit of the organization and subsidize their level best. An organization requires employees who are faithful and work hard with complete commitment to attain the organization's aim. This paper presents results of a pilot study that was conducted on a sample of 40 employees from Pharmaceutical companies in Maharashtra.*

**Keywords:** Employee retention, Pharmaceutical companies, Pilot study

### 1. Introduction

A research entitled "A Study of Employee Retention Practices in Manufacturing Industry with specific reference to select Pharmaceutical Industries in Maharashtra" was undertaken with the following objectives:

- i. To study the employee retention practices of the manufacturing Industry with specific reference to select Pharmaceutical Industries in Maharashtra
- ii. To assess the problems faced while implementing the employee retention initiatives
- iii. To assess the prospects while implementing the employee retention initiatives
- iv. To find out the impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies
- v. To suggest a model to improve the employee retention practices in the Indian Pharmaceutical companies

The study was based on a sample of 400 employees working in pharmaceutical companies in Maharashtra. Before the full-fledged study was undertaken a pilot study was carried with the following aims:

- a. To get a feel of issues to be encountered in data collection
- b. To test the usage of the questionnaire

- c. To test the hypotheses as per research methodology
- d. To test validity and reliability of questionnaire prepared for primary data collection

### 2. Literature review

Frye et al. (2020), have posited that, people from Generation Y are entering into the hospitality job market, but less is known about their aim to continue in the hospitality profession. The aim of the study was to assess what features have impact on a Generation Y employee's aim to continue with a hospitality company with regards to internal marketing strategies.

According to Park and Park (2019), the study examined issues affecting the achievement and retention of employment among people with intellectual disabilities (ID). These features were assessed according to job type and were categorized into general characteristics, family-related features, psychological aspects, and capabilities.

Sawaneh and Kamara (2019), have posited that, numerous organizations in developing nations ignored the most important elements determining employee retention as a tactic in attaining organizational outputs, making them to become victims of industry competition locally and globally.

According to Choy and Kamoche (2020), in Hong Kong travel organizations, examining

and equating the congruent and incongruent insights of executives and frontline staff towards employee retention is the chief goal of the study.

Gupta (2019), has argued that, the aim of the study is to determine the causal relationship among talent management scopes such as Human Capital Index and perceived organizational support (POS) and the effect thence on the revenue aims of Generation-Y employees.

Narayanan et al. (2019), have opined that, the gap value generated by expert employees and their involvement in companies in the hypercompetitive and multifaceted global economy has transformed talent management a tactical priority for organizations.

According to Laing (2019), the non-profit segment is experiencing the business issue of low employee retention rates. Low employee retention rate offers several business challenges, which comprises the incapability to provide community members much required social service programs as well as offering a competitive reimbursement package to their employees.

Silva et al. (2019), have posited that, one of the major challenges experienced by companies is the retention of employees. Studies led in the area specify that the high-income rate, particularly categorized by voluntary release, is inspired by non-alignment of employees' benefits with company aims.

### 3. Methodology

*Sample*—The sample size for the main study was rounded off to 400 employees of Pharma companies. For the pilot study, 10% of 400 employees or 40 employees were selected as sample.

*Instrument for survey* – A questionnaire was designed for the study. It was modified as per suggestions given by the guide. The questionnaire for employees had four sections. Each section had ten statements and responses were sought on a 5-point Likert scale. The questionnaire was tested for validity and reliability as under –

*Test of validity* –The hypotheses, hypotheses testing method, questionnaire etc. were validated by the Guide and other experts in the

field so as to ensure that the measurement was adequate and accurate in terms of the desired direction.

A check-list as prescribed by Brown et al. (2015) was applied for validation. The questionnaire was tested for reliability and the Cronbach's alpha score was found to be 0.798. As the Cronbach's alpha score was more than 0.70, the questionnaire was considered as reliable.

#### *Hypotheses formulation-*

The hypotheses formulation is presented below

Ho1: There are significant employee retention practices of the Pharmaceutical Industries in Maharashtra

Ha1: There are no significant employee retention practices of the Pharmaceutical Industries in Maharashtra

Ho2: There are no significant problems faced while implementing the employee retention initiatives

Ha2: There are significant problems faced while implementing the employee retention initiatives

Ho3: There are no significant prospects while implementing the employee retention initiatives

Ha3: There are significant prospects while implementing the employee retention initiatives

Ho4: There is no impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies

Ha4: There is an impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies

Ho5: Suggested model components would not be effective

Ha5: Suggested model components would be effective

#### *Scheme formed for testing of hypotheses*

- A survey questionnaire was designed to collect primary data in order to test the hypothesis as stated earlier.
- In line with the hypothesis the questionnaire was divided into following parts / sections:

- Employee Retention Practices
  - Problems faced while implementing the employee retention initiatives
  - Prospects while implementing the employee retention initiatives
  - Suggested model components
- Each section had ten questions/statements
  - Responses to these questions were taken on 5-point Likert scale
  - For each of the sections, agreement/disagreement score was calculated.
  - Weights of 2 were used to value extreme responses (strongly agree/disagree) and distinguish them from moderate (somewhat) responses.
  - Average agreement/disagreement score for each of the sections was calculated for all the 10 sub-responses under each of them for the 40 respondents.
  - For the t-tests, this overall average score (for the ten sub-responses) was compared with hypothesized population mean of 50% connoting an event by chance.
  - Values were used for each of the four sections were 0 for no response, 1 for somewhat agree, 2 for strongly agree, -1 for somewhat disagree, and -2 for strongly disagree.
  - H1, H2, H3, and H5 were tested using a t-test while H4 was tested using regression analysis.
  - P-values along with R<sup>2</sup> values were calculated and the null hypotheses were checked for rejection or non-rejection.

#### 4. Data analysis

##### a. Descriptive analysis– employees

16 out of the 40 respondents were male whereas 24 were female. 8 belonged to <30 years of age-group, 12 to the 30-40 years, 10 to the 40-50 years, and 10 belonged to >50 years age-group. 22 respondents were graduates, 15 were post-graduates, while 3 had other educational qualifications. 8 has work experience of <5 years, 4 had a work experience of 5-10 years, 13 had a work experience of 10-15 years and 15 had work experience of >15 years. 9 respondents had tenure of <5 years in their current job, 10 had tenure of 5-10 years, 15 had of 10-15 years, and 6 had a tenure of >15 years in their current job. 30 respondents had employment of <3 jobs prior to their current job, 10 had employment of 3-5 jobs. 26 respondents were officers, while 14 were managers. 14 respondents production department, 20 represented marketing, 3 represented HR, and 3 represented other departments.

##### b. Inferential analysis (Testing of hypotheses)

1) Hypothesis 1:

Ho1: There are significant employee retention practices of the Pharmaceutical Industries in Maharashtra

Ha1: There are no significant employee retention practices of the Pharmaceutical Industries in Maharashtra

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

**Table 1: Average dis-agreement ratings for Employee Retention Practices**

Statements	1	2	3	4	5	6	7	8	9	10	Total
Average Disagreement %	86%	83%	86%	79%	82%	80%	82%	84%	86%	83%	83%

**Table 2: Hypothesis testing – H1**

Parameter	H1
Sample Mean ( $\bar{x}$ )	83%
Hypo. population mean ( $\mu$ )	50%
SD of sample	1.10
N	40
t-value	1.89
p-value	0.032
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, that there are no significant employee retention practices of the Pharmaceutical Industries in Maharashtra.

## 2) Hypothesis 2:

Ho2: There are no significant problems faced while implementing the employee retention initiatives

Ha2: There are significant problems faced while implementing the employee retention initiatives

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

**Table 3: Average agreement ratings for problems faced**

Statements	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	85%	84%	85%	89%	87%	88%	86%	90%	90%	88%	87%

**Table 4: Hypothesis testing – H2**

Parameter	H2
Sample Mean ( $\bar{x}$ )	87%
Hypo. population mean ( $\mu$ )	50%
SD of sample	0.88
N	40
t-value	2.69
p-value	0.005
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, that there are significant problems faced while implementing the employee retention initiatives.

## 3) Hypothesis 3:

Ho3: There are no significant prospects while implementing the employee retention initiatives

Ha3: There are significant prospects while implementing the employee retention initiatives

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

**Table 5: Average agreement ratings for Prospects**

Statements	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	80%	82%	82%	85%	78%	82%	83%	83%	85%	81%	82%

**Table 6: Hypothesis testing – H3**

Parameter	H3
Sample Mean ( $\bar{x}$ )	82%
Hypo. population mean ( $\mu$ )	50%
SD of sample	0.95
N	40
t-value	2.14
p-value	0.019
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, there are significant prospects while implementing the employee retention initiatives.

## 4) Hypothesis 4:

Ho4: There is no impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies

Ha4: There is an impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies

Hypothesis 4 was tested using Linear Regression using Employee Retention Practices (Ret. Prac.) as dependent variable and total experience (exp), tenure of current job (tenure), no. of jobs prior to this job (No. of jobs) as independent variables.

Interpretation (Ret. Prac.):

Given the  $R^2$ , 8% of the variability of the dependent variable Ret. Prac. is explained by the 3 explanatory variables. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory

variables is not significantly better than what a basic mean would bring.

Given that  $R^2$  is 8% and p-value is 0.362 ( $>0.05$ ), we fail to reject null, that means, there is no impact of demographic factors on implementing employee retention initiatives in the Indian pharmaceutical companies.

5) Hypothesis 5:

Ho5: Suggested model components would not be effective

Ha5: Suggested model components would be effective

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

**Table 7: Average agreement ratings for Suggestions**

Statements	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	82%	80%	75%	80%	76%	77%	77%	78%	80%	78%	78%

**Table 8: Hypothesis testing – H5**

Parameter	H5
Sample Mean ( $\bar{x}$ )	78%
Hypo. population mean ( $\mu$ )	50%
SD of sample	1.03
N	40
t-value	1.74
p-value	0.045
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, suggested model components would be effective.

### 5. Conclusions

There are no significant employee retention practices of the Pharmaceutical Industries in Maharashtra. There are significant problems faced while implementing the employee retention initiatives. There are significant prospects while implementing the employee retention initiatives. There is no impact of demographic factors on implementing employee retention initiatives in the Indian Pharmaceutical companies. Suggested model

components would be effective. In case of pilot study following conclusions were drawn:

- Data collection is possible with reasonable comfort
- Processing of the data into variables required for inferential data analysis can be done
- The hypotheses can be duly tested as per research methodology
- The questionnaire prepared for primary data collection tests well for validity and reliability. However, respondents demanded confidentiality.

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