

A STUDY ON EMPLOYEE RETENTION AMONG EXECUTIVES AT BGR ENERGY SYSTEMS LTD, CHENNAI

DR. R. AKILA*

*Professor, Department of Management Studies,
Jeppiaar Engineering College, Rajiv Gandhi Salai,
Chennai, Tamilnadu – 600119.

ABSTRACT

The employee retention program at BGR Energy consists of only basic daily needs of the employee. Employees are found to be dissatisfied with it. This is found to be the threatening factor for higher employee turnover rate. To study the opinion of executives on employee retention attributes at BGR Energy a sample of 109 respondents from executives' cadre using descriptive research design under convenience study. The questionnaire forms the basic source of primary data, while secondary data was collected through books and through online journals, magazines, project report. The data collected was analyzed using ANOVA, Rank correlation, Weighted Average Method, Regression, Chi square and Percentage Analysis. The analysis on the collected data revealed that the Employees have given highest weighting to comfortableness in working hours and are not satisfied with annual increments provided. Gender has significant relationship with work life balance. Correlation between job satisfaction and working condition leads to employee retention. The departments also have influence on it. The factors that had a greater influence on employee retention were career opportunities, work life balance and recognition at BGR Energy.

KEYWORDS: Employee Retention, BGR Energy, Career opportunities, Job satisfaction.

INTRODUCTION

1. EMPLOYEE RETENTION

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. It 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. Retention involves five major things: Compensation, Support, Relationship, Environment, Growth etc.

2. IMPORTANCE OF EMPLOYEE RETENTION

The process of employee retention will benefit an organization in the following ways:

- **The cost of turnover:** The cost of employee turnover adds hundreds of thousands of money to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.
- **Loss of company's knowledge:** When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of future return. When the employee leaves, the investment is not realized.
- **Interruption of customer service:** Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are served, which could lead to potential customer loss.
- **Turnover leads to more turnovers:** When an employee terminates, the effect is felt throughout the organization. The unspoken negativity often intensifies for the remaining staff.
- **Goodwill of the company:** The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.
- **Regaining efficiency:** If an employee resigns, the good amount of time is lost in hiring a new employee and then training an employee and this goes to the loss of the company directly which many a times goes unnoticed. And even after this companies cannot assure us of the same efficiency from the new employee.

3. COMPANY PROFILE

The Company was originally incorporated in 1985, as a joint venture between GEA Energietechnik GmbH, Germany and the Promoter, Mr. B.G. Raghupathy, to manufacture and sell On-line Condenser Tube Cleaning Systems, Debris Filters and Rubber Cleaning Balls used in Thermal and Nuclear Power Plants. In 1993 Mr. B. G. Raghupathy and members of his family became the sole shareholders of the Company and began to expand the range of product and services range in the Power and Oil & Gas industries. On June 28, 2007 the Company name was changed from GEA Energy System (India) Limited, to BGR Energy Systems Limited. BGR Energy carries on the business in two segments, the Supply of systems and Equipment and Turnkey Engineering project contracting. In the Turnkey Engineering project contracting business, the company engineer, manufacture, procure, construct and commission projects in the Power and Oil & Gas sector, wherein it take Turnkey responsibility to supply of a range of

equipment and services, including the civil works required for a project and other work as may be required under the contract for such project.

The company executes Turnkey Contracts to supply the Balance of Plant ("BOP") Equipment, Services and Civil works for Power Generation projects, in which it supply, from a single source, the Balance of the plant, i.e. items other than the Boiler, Turbine and Generator. Having successfully executed BOP contracts, it has begun to focus on Engineering, Procurement and Construction ("EPC") contracts, in which it Design, Engineer and Supply all of the equipment required for a Power Plant including the Boiler, Turbine and Generator and Civil works. The Company is currently executing BOP and EPC contracts tailored to customer demands. It also has an infrastructure business intended to provide construction services and technology oriented projects to the infrastructure sector.

4. LITERATURE REVIEW

A Study on Determinants of Employee Retention in telecom sector of Pakistan telecom sector of Pakistan by Shoaib M., Noor A., Tirmizi S.R, Bashir S., with 130 responses from 150 respondents regarding the impact of career development opportunities, supervision support, working environment, rewards and work life policies on employee retention. The study reveals the positive relationship of career development opportunities, supervision support, working environment, rewards and work life policies with employee retention. (2009)

A Study on Relationship between Employee Turnover and Employee Compensation in small business by Hope J.B and Mackin P.C, explores the relationship between employee turnover and firm size as it relates to compensation using the National longitudinal survey of youth (NLSY). The purpose of the study was to examine whether employee turnover differences between small and large firms are the result of differences in wages and benefits or of some form of self-selection where employees of small businesses are simply more prone to high turnover rates than those in larger firms. Employees of large establishments stay in their jobs longer than employees of small establishments. Offering benefits improves employee retention. When a firm offers benefits, it decreases the probability of an employee's leaving in a given year by 26.2 percent and increases the probability of staying an additional year by 13.9 percent. The earnings results based on the relationship between establishment size and earnings show that firm size has a positive impact on earnings for service and manufacturing occupations. (2007)

A Study on Strategies for Improving Employee Retention by Cordery J. has arisen as a consequence of growing concern within the meat processing industry regarding employee retention and turnover. This report stated that the increasing difficulties in retaining skilled, effective workers amounted to a looming crisis within the industry, and called for the development of effective workforce retention strategies within the industry. (2006)

A Study on Attrition rate as it relates to Employee Loyalty and Retention, Executive leadership by Rivera R., Paso E., The purpose of this research was to discover why personnel leave a career or organization early, which departments are so impacted and how executive leaders influenced employee loyalty and retention. Many departments did not see attrition as a problem. Others admitted to having to deal with the negative effects of early career departures of

employees. The cost of replacing these was revealed as high. The experience base was established as having paramount importance. The research revealed that internal communication was not as effective. (1999)

A Study on Organizational Application Managing Employee Retention as a Strategy for Increasing Organizational Competitiveness by Ramlall S., The purpose of this study was to determine the factors that most significantly influence employees' decisions to remain employed at a particular organization and possible reasons for choosing to leave. In addition, the study sought to describe the importance of retaining critical employees and developing strategies to enhance employee retention practices. Research indicates that the total cost of employee turnover is about 150% of an employee's salary. It was determined that the location of the company and its compensation package were the most common factors in remaining with the company and that compensation and lack of challenge and opportunity were the most common factors in contemplating leaving the organization. (2003)

Stable predictors of job satisfaction, psychological strain, and employee retention: an evaluation of organizational change within the New Zealand Customer Services by Angela M., Paula B., Kevin C., changes in employment conditions have resulted in the increased exposure of workers to unfavorable job characteristics and to consequential increases in adverse individual and organizational health outcomes. Staff retention and employee satisfaction significantly improved over time and these increases were attributable to workplace improvements. Stable predictors of job satisfaction included minor daily stressors, positive work experiences, job control, and perceived supervisor support. (2006)

The Interactive effects of Organizational Politics and Exchange Ideology on Manager Ratings of Retention by Andrews C.M., Witt L.A., Kacmar K.M., This study examined the moderating effect of exchange ideology on the relation between perceptions of organizational politics and manager-rated retention. Data collected from 178 employees of a distribution services organization indicated that employees' perceptions of organizational politics related negatively related to manager assessments of retention. However, the variables were only related among employees with a moderate to strong exchange ideology. These individuals were more sensitive to a political environment than individuals with a weak exchange ideology. (2003)

All that Glitters is not Gold: Employee Retention in Offshored Indian Information Technology Enabled Services by Thite M., Increasing offshoring of customer contact services to destinations such as India is underpinned by the availability of low cost and high quality workforce. But this competitive advantage is under threat with talent shortages, wage increases, and, most importantly, high employee attrition. Based on empirical studies and person-organization fit literature, the key issues and challenges in retaining talent in the Indian business are pay satisfaction, work organization, employment branding, and longer-term career advancement opportunities. It recognizes the need for multi-pronged retention strategies in a highly competitive, changing, and fast-growing part of the global services sector. (2010)

Employee engagement: conceptual issues by Little B., the extant research on employee engagement demonstrates its relationship to outcome variables important to every organization, such as productivity, safety, employee retention and customer service. If engagement is being

used as a group level phenomenon, good research methods require that it be subjected to tests of within-group and between-group variance. (2008)

Career planning key to employee retention by John N., with evolving technology fueling job and wage growth, the multifamily industry is forced to compete for top talent in new and non-traditional ways. Career Planning process, developed a new approach to retain and develop talent. Through an associate review that looks forward rather than backward, Career Planning helps the associate understand all the opportunities available within the firm. (2000)

Family-Responsive Variables and Retention-Relevant Outcomes among Employed Parents by Aryee S., Luk V., Stone R., This study examined the influence of family-responsive variables and the moderating influence of gender on the retention-relevant outcomes of organizational commitment and turnover intentions. Results of regression analysis revealed that satisfaction with work schedule flexibility and supervisor, work family support were related to both retention-relevant outcomes. Contrary to our prediction, gender did not moderate the influence of any of the family-responsive variables on the retention-relevant outcomes. (1998).

5. RESEARCH GAP

BGR energy is a developing organization, which is increasing its manpower to three times of their employee strength. Hence the study on employee retention with respect to the employee's opinion was conducted.

6. IDENTIFIED PROBLEM

The employee retention program at BGR Energy consists of only basic daily needs of the employee. Employees are found to be dissatisfied with it. This is found to be the threatening factor for higher employee turnover rate.

7. NEED FOR THE STUDY

- To reduce the cost of employee turnover
- To avoid the loss of company's knowledge
- To maintain the goodwill of the company
- To reduce the interruptions in the customer service

8. SCOPE OF THE STUDY

A Study on employee retention describes the commitment of the BGR Energy systems Limited (Chennai) to attracting and retaining the employees who are talented, innovative and dedicated to excellence with respect to the response from the executives.

9. OBJECTIVES

- ✓ To study the opinion of executives on employee retention attributes at BGR Energy.
- ✓ To identify the factors that influences work life balance and employee engagement level.
- ✓ To analyze the employee retention rates among different departments.
- ✓ To find whether the job satisfaction and working condition leads to employee retention.
- ✓ To explore the influence of the following determinants on employee retention
 - a) Career opportunities,
 - b) Supervisor support,
 - c) Reward,
 - d) Work life balance
 - e) Work environment

10. HYPOTHESIS

- Gender and Work life balance have significant relationship with each other.
- Job satisfaction and working condition is leading to employees Retention.
- Years of experience influence the employee retention.
- Gender has its impact on overall employee engagement level.
- Department has its impact on overall employee engagement level.
- Career opportunities influences employee retention.
- Hierarchy support influences employee retention.
- Work environment influences employee retention.
- Work life balance influences employee retention.
- Recognition influences employee retention.

11. RESEARCH METHODOGY

The research has been done using descriptive research design.

✓ SAMPLING TECHNIQUE

A non probability sampling technique was adopted. The convenience sampling technique has been adopted.

✓ SAMPLE SIZE

Sample size is 109, i.e. 10% of 1090 executives at BGR energy systems ltd by 10%-30% rule of convenience sampling method.

✓ SAMPLING AREA

The sampling Area is the BGR Energy systems ltd, Chennai.

✓ TARGET RESPONDENTS

The target respondents are the executives of BGR energy systems ltd., Chennai.

✓ PILOT SURVEY

Pilot study was conducted on 11 respondents, which is a 10% of the sample was done to check the reliability of the questionnaire.

✓ PERIOD OF STUDY

This research was conducted for a period of 3 months from January 2011 to March 2011.

✓ SOURCE OF DATA

The Primary data is collected by using structured questionnaire from various executives working in BGR energy systems ltd. The Secondary data for the study is collected through articles, journals and project reports online from various websites.

✓ TOOL FOR DATA COLLECTION

The research instrument used in this study is structured questionnaire which consists of 25 questions along with the demographic details. It was predetermined before conducting the survey. The form of question is of both closed and open type. The scales used to evaluate questions are:

- Dichotomous scale
- Likert scale – 5 point
- Ranking scale

12. LIMITATION OF THE STUDY

- a) Getting opinion for open ended questions was found difficult.
- b) The Sample was restricted to 100-110.
- c) The questionnaire was framed only to measure employee retention factors that are present in BGR Energy, Chennai.

13 DATA ANALYSIS

13.1 FACTORS INFLUENCE THE EMPLOYEE RETENTION

TABLE NO : 1

FACTORS/ RANK		1	2	3	4	5	TOTAL
Recognition & Reward	NO.RES	26	10	13	15	45	109
	PER (%)	23.9	9.1	11.9	13.8	41.3	100
Work Environment	NO.RES	27	27	28	22	5	109
	PER (%)	24.8	24.8	25.6	20.2	4.6	100
Career Opportunities	NO.RES	24	26	23	29	7	109
	PER (%)	22.1	23.9	21.1	26.5	6.4	100
Work Life Balance	NO.RES	22	22	25	24	16	109
	PER (%)	20.2	20.2	22.8	22.1	14.7	100
Superior Support	NO.RES	10	24	20	19	36	109
	PER (%)	9.1	22.1	18.3	17.4	33.1	100

TABLE NO : 2 OVERALL RANK

FACTORS	TOTAL	RANK
CAREER OPPORTUNITIES	358	I
WORK ENVIRONMENT	348	II
WORK LIFE BALANCE	337	III
RECOGNITION & REWARD	284	IV
SUPERIOR SUPPORT	280	V

From the table it clear that career opportunities has been given first rank for the factors influence the employee to retain in the organization. The others factors proposed like work environment, work life balance , recognition and superior support has been ranked subsequently like 2nd, 3rd, 4th and fifth.

13.2 RELATIONSHIP BETWEEN CAREER OPPORTUNITIES, SUPERIOR SUPPORT, WORK ENVIRONMENT , WORK LIFE BALANCE, RECOGNITION & REWARD AND EMPLOYEE RETENTION

In order to study the relationship between the career opportunities, superior support, work environment, work life balance, recognition and the overall employee retention opinion of the employees in depth a correlation analysis was done between the variables.

TABLE NO : 3

FACTORS	RESULT	EMPLOYEE PLAN TO RETAIN
Superior Support	Pearson Correlation	.771
	Sig. (2-tailed)	.127
	N	5
Work environment	Pearson Correlation	.864
	Sig. (2-tailed)	.059
	N	5
Work Life Balance	Pearson Correlation	.958(*)

	Sig. (2-tailed)	.010
	N	5
Recognition & Reward	Pearson Correlation	.903(*)
	Sig. (2-tailed)	.036
	N	5
Career Opportunities	Pearson Correlation	.967(**)
	Sig. (2-tailed)	.007
	N	5

*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).

The r values in the above table show that there is a good relationship between employee intention to retain and the 5 important factors like career opportunities, superior support, work environment, work life balance and recognition. Among the 5 factors, the career opportunities (.967) has shown a very significant correlation with the employee opinion to retain. The other factors namely work life balance (.958), recognition (.903) and work environment (.864) also have high correlation. The overall employee retention opinion of the employees was least correlated with superior support (.771). Since the p values in the above table are less than .05, it is inferred that the 5 factors have a significant relationship with the overall employee retention opinion. Therefore, it is concluded that there is a the relationship between the career opportunities, superior support, work environment, work life balance, recognition and the overall employee retention opinion of the employees.

The regression analysis becomes indispensable multivariate tool to verify the nature of relationship between unique variable as well as the multiple variables. As this study was intended to study the relationship between the career opportunities, superior support, work environment, work life balance, recognition and the overall employee retention opinion of the employees the overall employee retention opinion, superior support, career opportunities, recognition, work life balance, work environment are considered as the factors to determine the relationship. The influence of categorical variables establishes profound regression analysis.

TABLE NO : 4 VARIABLES ENTERED/REMOVED(A)

Model	Variables Entered	Variables Removed	Method
1	Career Opportunities	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a Dependent Variable: Employee plan to retain

TABLE NO : 5 MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.967(a)	.935	.914	6.15705

a Predictors: (Constant), Career Opportunities

TABLE NO : 6 ANOVA(B)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1647.072	1	1647.072	43.448	.007(a)
	Residual	113.728	3	37.909		
	Total	1760.800	4			

a Predictors: (Constant), Career Opportunities

b Dependent Variable: Employee plan to retain

TABLE NO : 7 COEFFICIENTS(A)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.177	4.055		.537	.629
	Career Opportunities	.900	.137	.967	6.591	.007

a Dependent Variable: Employee plan to retain

From the above stepwise regression summary table, it is clear that among five factors which has a significant relationship with the overall employee retention opinion, the career opportunities seem to predict the employee retention predominately. This regression model excluded the other four factors as stating that these factors don't envisage the retention predominately. This model is significant as adjusted R² is 0.914, F =43.448, p = 0.007. Hence, the researcher rejects the null hypothesis and concludes that there is sufficient evidence, at the 5% level of significance, that there is a linear relationship between career opportunities and overall employee retention opinion. The significant parameters are the constant (B = 2.177, p < 0.007). This implies that career opportunities of an organisation are having a significant effect on the employee's opinion to retain.

14. FINDINGS

- 73.4% of the respondents are in the age group between 21 and 30.
- 29.4% of the respondents are from the Air fin cooler division.
- 47.72% of the respondents are from senior engineer, engineer and engineer trainee cadre.
- 32.11% of the respondents are from project department.
- 62.63% of the respondents are from engineering background.
- 60.6% of the respondents are married.
- 95.4% of the respondents are male.
- 65.1% of the respondents are of total industrial experience less than 8 years.
- 53.2% of the respondents are of total experience in BGR energy systems limited less than 3 years.
- 52.3% of the respondents have been recruited into the organization through external source.
- 66.1% of the respondents agree that corporate communication is clear.
- 59.6% of the respondents agree that administration of the policies and procedures is effective.
- 69.7% of the respondents agree that communication process is conducive
- 60.6% of the respondents agree that empowerment is present in discharge of their duties.
- 48.6% of the respondents agree that there is support from superiors and colleagues.

- 58.7% of the respondents agree that working hours are comfortable.
- 49.5% of the respondents agree that weekly holidays are comfortable.
- 56.9% of the respondents agree that working environment is comfortable.
- 52.3% of the respondents agree that work life balance is good.
- 60.9% of the respondents agree that safety measures are good.
- 63.3% of the respondents agree that availability of infrastructure is good.
- 43.1% of the respondents agree that refreshment facilities are good.
- 65.1% of the respondents agree that administrative facilities are good.
- 53.2% of the respondents agree that welfare measures are good.
- 55% of the respondents agree that career growth is in-built in the company system.
- 40.4% of the respondents agree that training is imparted periodically.
- 45% of the respondents agree that remuneration is good.
- 45.9% of the respondents agree that bonus payment is effective.
- 35.8% of the respondents are neither agree nor disagree that annual increments are good.
- 42.2% of the respondents are agreeing that recognition is received for their achievement.
- 22.1% of the respondents ranked growth as the first important factor for employee retention.
- 20.2% of the respondents ranked relationship as the first important factor for employee retention.
- 9.1% of the respondents ranked support as the first important factor for employee retention.
- 60.6% of the respondents say that they are satisfied with the current job and company.
- 67% of the respondents say they'll recommend the company to the job seekers.
- 52.3% of the respondents say they'll stay in the company.
- Employees have given highest weighting to comfortableness in working hours and are not satisfied with annual increments since it has been given lowest ratings.
- Gender and Work life balance have significant relationship with each other.

- There is correlation between the Opinion on job satisfaction and Comfortable working condition on leading to the employee retention. But it is a negative correlation.
- There is no significant difference between years of industrial experience with respect to stay in the company by executives.
- There is no significant difference between genders with respect to overall employee engagement level
- There is significant difference between departments with respect to overall employee engagement level.
- There is a positive significant relationship between career opportunities and employee retention. 96.7% impact on employee retention by the career growth.
- There is a positive significant relationship between superior support and employee retention. Superior support has 77% impact on employee retention.
- There is a positive significant relationship between work environment and employee retention. Work environment has 86.3% impact on employee retention.
- There is a positive significant relationship between work life balance and employee retention. Work life balance has 94% impact on employee retention.
- There is a positive significant relationship between recognition and employee retention rewards have 90.2% impact on employee retention.

15. SUGGESTIONS

Job satisfaction can be improved by improving working condition through tools required by the employees like flexible time and training. Department wise feedback has to be taken on challenges and frustrations for employee retention. Supervisors have to communicate at regular intervals (weekly once) for solving employee complaints, problems and to manage stress. Work environment has to be improved by introducing music at work place.

16. CONCLUSION

Effective human resource management must be practiced at both strategic and day-to-day levels. HR management practices must reflect company policy as to how it will manage and relate to its employees. The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively.

BIBLIOGRAPHY

BOOKS REFERRED

- Carsen A.J., HR How To: Employee Retention, CCH Knowledge point publication(2005), Pg no.10-12,17
- Kothari C.R, Research Methodology Methods and Techniques, Second Edition, New Age International Publishers, (2008), Pg no. 37 – 39.
- Phillips J.J., Connell A.O,“Managing employee retention: a strategic accountability approach”Elsevier Butterworth Heinmann Publication(2003), Pg no.232

WEBSITES REFERRED

- <http://www.scribd.com/doc/18051091/Project-Report>
- <http://www.indiainbusiness.nic.in/industry-infrastructure/infrastructure/power.htm>
- <http://www.indiainbusiness.nic.in/industry-infrastructure/industrial-sectors/oil-gas.htm>
- <http://answers.yahoo.com/question/index?qid=20070723120306AAFz76x>
- <http://www.moneycontrol.com/competition/bgrenergysystems/comparison/BES>
- www.bgrcorp.com