

Employee Retention as a Challenge in Leather Industry

SOBIA HASSAN¹ and Dr.MUHAMMAD HASSAN²

¹ University of Lahore - Pakistan

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Abstract

Employee retention is the vital challenge in all organizations. This papers focus on one industry that is the leather industry of Pakistan which is facing the same problem of retention of employees due to many reasons. As Leather industry is the third largest export earning sector in Pakistan so these reasons are discussed in detail. The turnover rate in Leather Industry of Pakistan is around 25 % 30

Index terms— Employee retention, Tannery.

1 Introduction

t is a new era of modern technology and competitive business environment. Organizations are continuously changing .This changing environment is not only effecting the organizations but also the employees working in it. In order to maximize organizational efficiency and for optimal utilization of the resources, human resources must be managed properly. Human resource management plays a vital role in this regard. They are responsible that how employees are treated in the organization.

Employee retention is a vital issue and challenge to all the organizations now days. There are numbers of factors which promote the employees to stay or leave the organization. It may be external factors, internal factors and the combined effect of both. Human resource practices counts a lot in this regard.

It is the need of the hour that HR managers should identify the needs of the employee and then devises the retention strategies. One strategy does not fit to all as different individuals have different priorities. HR professionals face the vital challenge to retain talented employees. Employee retention is very critical to the long term health of any organization. When an organization loses its talented employee it lefts a negative impact on innovation, customer satisfaction, knowledge gain during the past years and on the profitability of the organization .More over replacing cost of another employee contribute a lot to the organization.

2 Management theorist like Abraham Maslow and

Frederick Herzberg and many more believed that people have needs that should be satisfied with in the work place 50 years ago or more than that. They have proposed the hierarchy of needs to motivate the person with in a working environment .so it is a challenge which management have been facing a years before.

Leather industry is the third largest export earning sector in Pakistan after textile. Its history of origin is as old as of Pakistan. Leather Industry is among the top 10 GDP contributing sector in Pakistan which is still recognized as SMALL INDUSTRY. A private sector which has the challenges of scare resources in terms of raw material availability (A byproduct from Meat sector), technological expertise (Only two professional Institutions are in operation -Highest degree is Diploma of Associate Engineering), energy crises as well as high turnover Rations. There are two major hubs that known to be as Southern Zone (Karachi) & Northern Zone (Multan, Sahiwal, Lahore, Sheikhpura, Kasur, Sialkot, Peshawar). Leather industry of Pakistan is facing different challenges to survive in international market. First of them is the use of Hi-tech expertise for superiority products and availability of expert manpower to provide the needs of the world market. This is a serious issue and need to be dealt with as early as possible. There is an increasing need to train labor force having ability to produce leather products on scientific lines and fulfill with the demands of international market to fight. There is an urgent need of training our labor force on modern pattern to improve the finish product to develop reliability of leather

5 LITERATURE REVIEW

products of Pakistan. On the whole, it is a job-oriented sector providing employment to a very large sector of the society and having problems with their retention and high turnover.

3 I

Industries are continuously facing this challenge and much of work has been done and a lot of the researches have applied to deal the situation. So this study is a little milestone to it. We have tried our level best to add a little value to it.

4 II.

5 Literature Review

Employee retention means keeping right people on right jobs for every organization. There is no single definition of employee retention. 'Employee retention is all about 'keeping good people.' It is much to do with our culture and how we treat people.' (J. ?eslie Mckeown).Infact, the notion of employee retention arose because of increasing number of employees leaving the organization due to various reasons.

It is viewed that employee retention is 'controllable element' by the organization. To quote again J. Leslie Mckeown that there is 'No single plan that fits every situation. As an alternative, we have to discover how to hold employee for our organization and even for specific departments or divisions in the organization. We have to learn how to launch the right strategies and procedure to retain employees and learn to measure their success. And the way how to supervise our employee retention goals, strategies, and tactics over time in a changing circumstances day by day.

Jim Collins -author of 'Built to Last and Good to Great' -explains the first key to success is indeed people. You have to find the right people first; the vision and strategy can follow. It is the people in organization, who are the key to success.

A significant amount of literature has been published on retention. In this era of high employment levels, organizations find out that balance of power has shifted from the employer to the employee since the turn over impact have not be reduced well. Excessive turnover is often a indicator of basic problems within the business. It is critically important to retain the employees to do this one must know how an employee can remain in the particular company. Many researchers analyzed that retaining employees is considered as a key strategy to achieve financial success. The challenge might be increasing day by day. The organizations want to hold the valued employees. Many approaches are used in this regard. The one approach sees success in rewards the second in making jobs more valuable (training and advancement). Most observers suggest a merge of both approaches.

Recent evidence by Raudenbush & Bryk (2002) suggests that retention is very important for every organization. Previous studies indicate Cappelli (2000:104) that several factors are considered important in a well-functioning of employee retention. The determinants that are considered to have a direct affect are career opportunities, work environment and work-life balance. Cole (2000) suggests that people stay at such companies where there is a sense of pride and will work to their fullest potential. The reasons to stay are work environment, rewards, growth and development and work-life balance.

Leaders should provide support to their staff because in most of the cases "People Don't Leave Organization People Leave Managers" (Jim Collins) .Many employees would like working in organizations with pleasant working environment. They would be more productive if the relationship between themselves and also between them and the employer are bettered (Asmed, 2006).

The challenge of finding, attracting, developing and retaining the right talent is a major element of management and once the right talent is found the next job is to retain that talent. Retaining employees involves understanding the motivators in them which many organizations unable to identify. The reason is individuals differ greatly in this regard. A company should made some effort and undertake some analyses to determine the non-monetary interests and preferences of its key employees, and then attempt to meet these preferences in action. The organizations should implement only the relevant retention strategies. Since one Strategy does not fit in all the organization, there is a need for the HR Managers to identify the employee needs and then plan the retention strategies.

All organizations or business enterprises of all sizes or under any names are only to serve the needs of the people. All organizations are not only run by people, but also it is the people mainly employees, at various levels who establish the competence and efficacy of the organization. This means that if organizations have to maintain their competence and efficacy, there should be maintenance of the retention of the employees within the system. Thus competency, efficacy and survival of any organization anywhere, whether big or small, depend on the human resource.

The relationship between the employee's job performance and their retention also differ significantly with organizational culture values. The cultural effects were stronger than the combined influences of the labor market and the new employees' demographic characteristics. (John E. Sheridan)

Selecting and retaining great staff is key for any business success. Talented people who continue to develop skills and increases their value to an organization and to the customer are the most important resource. (Susan Heathfield) Organizational commitment has been considered as one of the most important indicator of turnover and intention to leave. It was found that employees who were more committed to their organizations had lower

intention to leave than those with lower organizational commitment (Griffeth & Hom, 1995; Igharia & Greenhaus, 1992). Don Grimme suggests out some ways to retain the Employees .In his opinion pay employees reasonably and well. Treat each and every employee with respect. Show them that you care about them as persons, not just as workers. Praise their attempts; clearly communicate goals, responsibilities and expectations. Never criticize in open. Reward for outstanding performance (e.g., with promotions and opportunities).Involve employees in plans and decisions. Ask for their ideas and opinions. Encourage initiative. Create opportunities for employees to learn & grow. Link the goals of the organization with the goals of each individual in it. Keenly listen to employees concerns -both work related and personal. Share information openly and clearly. Celebrate successes and milestones reached -organizational and personal. Create an organizational culture that is open, trusting and fun. (Grimme Top Ten for Retention)

It has been proved that both the hiring and training processes are costly and employees increase in value as they become ever more experienced. Employees stay with a company either because the organization satisfies their needs and uses their abilities to an optimal level (in good case) or because they just can't find another job (in bad case).

It is fairly obvious that retention policies based simply on reward procedure will be insufficient. Retention will work best if the company's values are very clear, encouraging to employee ambition, and implemented to provide both "rewards" and "capacity" within the organization.

Finally organizations need to be more concern about the employees because if there is stronger Organization's commitment the employees are retained for longer.

6 III.

7 Purpose of study

The purpose of this study is to find out the reasons and to know how to retain employees in leather sector of Pakistan.

8 IV.

9 Methodology

This research methodology depends upon the randomization selection of employee from 15 leather tanneries. In this research the target population was the First line and Second line managers of Leather industry of Pakistan .There are around 400 tanneries of leather in Punjab .The data was gather from 15 Leather Tanneries and organizations located in Lahore, Sialkot, Shekupura, Muridkay and Kasur because these selected tanneries carry 50% export share leather industry of Pakistan. There are almost 100 managers in these tanneries .It was tried to gather data from 75 managers but response rate was not 100%. The data was gathered from 50 managers.

V.

10 Sampling

The sample population of this research was only male managers from 15 tanneries because there were no women at that level. From 15 most important tanneries of leather industry the data is collected on the basis of their production level which contributes 50% of total Pakistan exports. The data was collected through structured questioner by below given approach.

11 Primary data

Questionnaire to be filled

12 Analysis / Results

The data was entered in SPSS by predefined coding scheme through exploratory factor analysis technique factors are determined and the items which shows low communalities (< 0.60) are discarded and then re-factor analysis applied to decide the factors. There is positive correlation between Carrier Prospects and Attitude of Employer, Employer loyalty, Job life balance and Job security.

To know about the association between demographic variables and the explored factors Chi-Square analysis is performed and it is found that the Age is associated with Attitude of Employer at 10% level of significance.

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

VIII.

13 THE REASONS FOR WHICH EMPLOYEES CHOOSE TO STAY

The following are the reasons for which employee wants to stay in leather industry analyzed from the data There should be good Career prospects within an organization to retain employee for longer. More over attitude of employer, or a supervisor or a manager is very important in this regard. Employee loyalty comes when an

15 RECOMMENDATIONS

employee is fully satisfied with his employer, good working conditions ,having benefits and fair pay, recruitment should be on merit and there must be no favoritism and his abilities are been polishing through training and development time by time. There should be proper work and family life balance having flexed working hours. An employee should have job security at all the times. IX.

14 CONCLUSION

It was concluded that almost all the factors or indicators that directly or indirectly influence employee retention are correlated. One has an apparent effect on other. So not only a single factor promotes an employee to leave the organization but it's a blend of many reasons. Sometimes an employee is more concern with one reason as compare to other according to human nature and priorities. But it is a challenge for an organization to be more concerned about their employees to pace with them for longer. X.

15 RECOMMENDATIONS

It was highly recommended to hire right person for a right job for long-term relationship. Role of a supervisor is very important to gain the trust of an employee. There should be a good judgment of job security and future prospects in an organization.

Restrain favoritism. Establish Flexible Work Hours. Safe and good working environment must be there because of hazardous chemicals used in leather sector.

Training as well as personal development plans should be in place which will show more affiliation between employee and employer and will play a vital role in removing the GAP between the top, higher and middle level management.

Individual's performance measurement should be in place based on tangible and measurable goals. There should be Personal Development Plan for every individual in the organization based on his Role and Responsibilities. Human Resources Department should be established which is not there in almost 99% of tanneries. And last but not least there should be effective communication throughout the organization. ^{1 2 3 4}

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