RESEARCH ARTICLE

A COMPARATIVE STUDY OF RETENTION STRATEGY – IN MANUFACTURING AND SERVICE SECTORS.

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Abstract

Human capital of the organization forms the most valuable asset. It is the human resource that contributes directly or indirectly to the achievement of organizational goals. For this reason, every Organization is striving hard to attract and retain talents so as to attain competitive advantage. But today every organization whether it is manufacturing or service sector are facing high attrition rate of employees. The reason for attrition differs from sector to sector. Both manufacturing and service sector adopt different retention strategies in order to retain their talents. This study is an outcome of the topic called “ A Comparative Study of Retention Strategy in Manufacturing and Service sector in Bengaluru.” The main objective of this study is to know the strategies adopted by manufacturing and service sectors to retain their talents.

Introduction:

Talent Management has become a contemporary problem. Sara Ballesteros Roliguez (2010), in their research work has observed that there is a positive relation between talent management process and business strategy. The various surveys conducted by the researchers reveals that employees are the key assets who are considered as a main source of a sustainable competitive advantage. The survey conducted by Price Waterhouse Coopers (2009), also supports this view, where the CEOs consider that the talent management of employees is a relevant issue because they are the main source for the success and attainment of competitive advantage in organization. In today’s global competitive environment, the business organizations are encountered with various challenges. They are struggling in finding out right candidate for the right role within the right cost (Schuler, Jackson and Tarique, 2011). Mahan Poorhosseinzadeh, (2012) stress that global business environment is uncertain and the business organizations are turning towards their human capital to provide with competitive edge that sustain their business and at the same time improve their bottom line.

In 1990s, the business world experienced acute shortage of talents due to advancement of high technology. It was found that supply of talents was less compared to demand for talents. Thus, during this period the notion of talent shortages was one of the major topic of research in global talent management (Manpower Group Talent Shortage Survey, 2011) and the implications of talent shortages on the practice of human resource management in multinational organizations (Collings&Mellahi, 2009; Farndale, Scullion, & Sparrow, 2010; Scullion, et al., 2010; Stahl, et al., 2012; Vaiman, et al., 2012). Talent management problems are prevailing in all situations, that is, not
only at the times of economic prosperity, even at the time of economic and financial recession (McCauley & Wakefield, 2006).

India is not an exception to talent management problem. In fact the challenge of talent management is more infuriated with the increasingly high attrition. The concept of LPG (liberalization, Privatization and Globalization) has provided wide choice of the most attractive jobs worldwide for talented people. This has led to mobility of workforce to a great extent and it is a challenge to Indian corporate who are finding difficult to retain their talent. The new economic reform, 1991 witnessed a tremendous growth in industry, trade and commerce in the country. During this period Bengaluru city also witnessed rapid growth and large scale urbanization. Availability of talent pool in the city was one of the cause for such a rapid industrialization. However, mobility of these talent people to different parts of the world has led to acute shortage of talents in the city too. Thus, the emerging issue of Talent Management in Bengaluru industries is to attract and retain the talents in their organization.

**Review of related theoretical literature:**

Today every organization whether it is Manufacturing or Service Sector are facing common problem of talent management especially in attracting and retaining talents. Due to technological advancement, globalization and increase in knowledge work it has become inevitable to all types of organizations to pay vital attention in acquiring and retaining the talent pool (Brooks C Holton, 2008).

Today’s advance technology has paved way for acute shortage of skilled workers in industries, especially in Manufacturing sector. This can be witnessed in the survey conducted by PWC, where the majority of CEOs of manufacturing sector are worried about the availability of key skills. It was recognized that priority must be given in creating skilled workforce and managing their talent employees well can only ensure success in their companies. The notion of acute shortage of skilled workforce is also supported by the survey conducted by The Australian Industry Group, 2012. The survey conducted by this group reveals that there are widespread skills shortages in manufacturing sector across the world and it is recognized that future competitiveness is linked to higher-level skills.

In the Service Sectors like BPOs, IT companies and hotel industries too, it is been observed that these sectors are facing high attrition rate and the main reason for this is lack of career growth, work-life balance issues, stress due to work pressure, expectation of high salary, etc. (Kavita D. Chordiya; Itika Sharma Punit, 2014; P.A.Grobler & h.Diedericks, Adam Cobb). According to Deloitte Research Report, 2006 IT industries and Financial Services Industries are also facing acute shortage of talent pool to meet the demand of today’s technological advancement.

The research conducted by Dr. Ashutosh Muduli in 2008 in various manufacturing and service sectors of India points out that Talent management practices are positively related to Talent Management outcomes. The talent management practices include recruiting and staffing, competency management, leadership development and assessment, performance management, compensation and engagement. Thus, according to him effective Talent management practices will have a significant positive effect on Talent management outcomes.

The study conducted by Ernst and Young LLP (2015), across various organizations including MNC points out that every organizations must develop their talents by giving them an advancement opportunities and cross-functional movement. The study conducted reveals that Cross-functional movement is used widely as a means to retain and develop employees.

In the survey conducted by Sylvia Vorhauser-Smith (2012), reveals that even at the times of global economic recession of 2008 and 2009, there was continuous challenge in attracting and retaining talent. It was observed that intrinsic rewards are a critical element in employee retention. The other factors that play a major role in motivating talents to retain are career progression and training opportunities. And thus, the need for investing in talent management was felt, which is the critical factor for the success of business even at the times of economic slowdown.

Yashmin Revawala in 2015 conducted a study called Talent Management in Manufacturing Industry and this study points out that in order to cope up with new technologies and innovation, manufacturers have to attract people with various skills including Science, technology, engineering and mathematical skills.
This view is also supported by a study by JP Guay (2009) on Talent management which also emphasis on skill requirement among employees to match with advancement of technology. The survey conducted by Deloitte (Jeff Schwartz, 2011) highlights that today Manufacturing sector faces acute talent shortage that threatens the future of the industry. This survey report states that highly skilled and flexible workforce are the important factor for business success in future.

It is also found from the various research work that service sector also face severe attrition of their talents and the organizations are struggling to retain their talents. This view is supported by the research conducted by Dr.Rashmi Joshi (2008) on Combating Attrition – An emerging challenge in the IT sector. The study conducted has found the implications of attrition and ways to control the same. The study also highlights that HR departments play a dominant role in framing and implementing the retention policies of organizations.

It is clear from the various literature review that every organization irrespective of its nature/type of business face similar problem of talent management relating to attracting and retaining talent people. Thus, the major challenging issue of talent management is the retention of talents. Every organization must adopt a holistic approach to talent management.

**Need for the study:**
Today’s business is confronted with challenges of talent management relating to attracting and retaining talents. The global business has provided wide opportunities to talented people and due to this the organizations are finding difficult to attract and retain them. The mobility of such talents has been increasing to great extent and consequently, high attrition rate is experienced in both Manufacturing and Service sector around the world.

Against this background, the study aims to identify the different strategies adopted by manufacturing and service sector to retain their talents and recommend the appropriate strategies that suits their business to resolve their Talent Management problems.

**Objectives of the study:**
The broad objective of this study is to examine and analyze the employee retention practices adopted by Bengaluru Manufacturing and Service Sectors. The above broad objective is divided into the following sub objectives –
1. To examine the approach of manufacturing and service sectors towards career development
2. To examine the approach of manufacturing and service sectors towards work life balance
3. To examine the approach of manufacturing and service sectors towards employee engagement

**Hypothesis:**

**Hypothesis 1:**

\[ H_0 : \text{Average response towards career development of manufacturing sector is same as average response of service sector} \]

\[ H_1 : \text{Average response towards career development of manufacturing sector is different from average response of service sector} \]

**Hypothesis 2:**

\[ H_0 : \text{Average response towards work life balance of manufacturing sector is same as average response of service sector.} \]

\[ H_1 : \text{Average response towards work life balance of manufacturing sector is different from average response of service sector} \]

**Hypothesis 3:**

\[ H_0 : \text{Average response towards employee engagement of manufacturing sector is same as average response of service sector.} \]

\[ H_1 : \text{Average response towards employee engagement of manufacturing sector is different from average response of service sector} \]
Scope of the study:
The study revolves round the analyses of employee retention practices of select organizations and how it impacts the development of these organizations. Therefore the tools which may lead to the development of the organization remain outside the purview of the study. Analysis is also done in the light of the responses generated from the managers and employees of select organizations by using data analysis tools as discussed below.

Sample method:-
Convenience sampling method is adopted to collect data from the selected organizations. About 265 organizations including both manufacturing and service sector was considered for the study. The manufacturing organizations includes – Automobiles, Engineering works, Garments, Chemical manufacturers, etc. and the service sector includes IT cos., BPO, Transportation, Financial services, Insurance companies, Hotels, Tours and Travels and Hospitals/Health care industries.

Sources of data:-
The data required for the study is collected both from primary and secondary sources. Primary data is collected through questionnaires and by conducting personal interviews, discussions with managers and employees considered for the study.

Secondary data includes reports and records of the organizations. Research studies conducted by Individuals, institutions and agencies and various other journals were considered.

Data collection instrument :-
Data is collected by administering questionnaire that contains both closed end and open end questions. The data was collected from HR managers, Assistant Managers, Supervisors and proprietors of small, medium and large scale industries.

Data analysis and tools :-
The data collected from the field was analyzed using SPSS (Statistical Package for Social Sciences). The hypothesis were tested using the t-test at 0.05 level of significance.

Talent Retention Strategies:-
Talent Retention is identified as one of the important HR Challenges to critically meet today’s business demands. The Organizations whether they are manufacturing or service sector can adopt the various strategies to retain their talents, viz., Pay and Benefits, Career Growth and Development, employee engagement and work life balance (providing flexibility at work). There are organizations also giving priority to Employer Branding which help them to become the employer of choice as this is also one of the important reason for attrition amongst the talents. Thus Organizations are finding new ways and means to attract and retain talents.

Both Manufacturing and Service Sectors are using combination of the above mentioned strategies to succeed in their talent management efforts. The various Talent Management Strategies and the success achieved by these sectors by using these strategies are discussed below.

Career Program:-
The intense competition at global level has necessitated the business to go creative, innovation and frequent changes in quality to cope up with such competition and remain sustainability in global business environment. Such changes in organizations has an implications on career development (Edgar H Schein).

Talent people get job satisfaction only when it is challenging and competitive or otherwise, it leads to dissatisfaction and increase in attrition rate. To prevent such situation, organizations should provide and plan for challenging and competitive career needs that satisfy talented employee (Pranab Kumar, 2011).

In order to retain their talents, organizations need to provide the right environment that fosters career development which helps organizations to build a positive employer brand (Chitalu, 2011). Organization should realize that every talented person will have his own career path and accordingly make appropriate career plans for their talents (SajjadyWahedi, 2012).
It is found that potential employees desire to acquire more knowledge and skill to perform their best and at the same time grow in their career. The organizations should arrange for job rotation which enhance the knowledge of various task and well verse with entire process of the job. It was also observed in the research work conducted by Zahra Rashki (2014), that job rotation plays a crucial role in development and growth of employees capabilities.

Thus, Career Development programs are viewed has important factor in developing and retaining talented employees. Such programs enhance the skill and knowledge of employees resulting in job satisfaction and low attrition rate.

Employee Engagement -
Employee engagement may be defined as employees commitment to the organization with enthusiasm. The study of various research work reveals that employees who are engaged perform effectively in attainment of organizational goals. The employees can be engaged through various means, such as providing training to gain knowledge and skill to perform job with commitment.

Another important factor that drives employee engagement is effective communication. This notion is supported by Gallup Workshop Audit (GWA), in which they highlight the relevance of effective communication in organization facilitating the employees to discuss their performance and progress. Effective communication helps employees to know what is expected from them and involve themselves in various activities of organization to attain its goals. It is also found that organizations that communicate effectively experience high levels of employee engagement (Watson Wyat).

The various literature on engagement has proved that employees who are engaged gain job satisfaction, than employees who are disengaged. Today, most of the organizations have realized the relevance of employee engagement and are providing an opportunity for employees to take initiation at workplace and express freely their view points that affect the job and ultimately involving themselves in various activities that drives organizations towards success and growth.

Work Life Balance -
The organizations across the world, are confronted with problems of shortage of skilled employees. This has necessitated them to adopt work life balance practices to attract and retain talent (Hudson, 2005). Such practices facilitates employees to balance their work and non-work lives. Flexible work options, job sharing, sabbaticals, offering VRS and reducing working hours are some of the work life balance practices. These interventions facilitates flexibility, resulting in alleviation of negative impact of work pressure of employees both at work-place and at home. The various research work reveals that by practicing work life balance in organizations, attrition rate can be reduced to great extent, especially in case of women employees who need to balance themselves with work and family. This notion is supported by Kenexa Research Institute (2007), who reported that employees of organization that support work life balance practices have no intention of leaving the organization and have greater pride and willingness to work with. Organizations today, should mandate the practicability of work life balance that benefits both organization and individual employee. It is found that those organizations not practicing work life balance, are prone to high attrition rate and inefficiency at work due to work-life pressure.

Analysis and Interpretation of three parameters:-
The average responses is calculated for the parameters Career growth and Development, Work-life balance and Employee Engagement among employees of manufacturing sector and employees of service sector.

Table 1 – Average response of three parameters in Manufacturing and Service Sector.

<table>
<thead>
<tr>
<th>Type of business</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std.Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth and Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>140</td>
<td>2.2024</td>
<td>.52545</td>
<td>.04441</td>
</tr>
<tr>
<td>Service</td>
<td>125</td>
<td>1.9200</td>
<td>.49441</td>
<td>.04422</td>
</tr>
<tr>
<td>Work Life Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>140</td>
<td>2.9480</td>
<td>1.10845</td>
<td>.09368</td>
</tr>
<tr>
<td>Service</td>
<td>125</td>
<td>3.3131</td>
<td>.97444</td>
<td>.08716</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>139</td>
<td>2.3748</td>
<td>.23918</td>
<td>.02029</td>
</tr>
<tr>
<td>Service</td>
<td>125</td>
<td>2.4710</td>
<td>.26665</td>
<td>.02385</td>
</tr>
</tbody>
</table>
Analysis:
1. For Career Growth and Development, the average among manufacturing sector is 2.2024, whereas for service sector it is 1.9200. The standard deviation for manufacturing sector is 0.52545 and that of service sector, it is 0.49441.
2. For Work-life Balance, the average among manufacturing sector is 2.9480 and for service sector it is 3.3131. The standard deviation for manufacturing sector is 1.10845, whereas for service sector it is 0.97444.
3. For Employee Engagement, the average among manufacturing sector is 2.3748, whereas for service sector it is 2.4710. The standard deviation for manufacturing sector is 0.23918 and service sector it is 0.26665.

Interpretation:
1. From the table 1, it is clear that Career Growth and Development programs are not arranged much in Manufacturing Sector when compared to Service Sector as mean value of Manufacturing sector is 2.2024 which is close to rating 3 which indicates Not at all arranged. On the other hand, the mean value of service sector being 1.920 which is close to the rating 2 which indicates moderately arranged. Thus we can conclude saying that in manufacturing sector, the Career Growth and Development programs are not practiced much compared to service sector.
2. With regard to Work-Life Balance, Service Sector is more encouraging in providing flexibility to its employees when compared to Manufacturing Sector. This is evidenced from the mean values mentioned in the Table – 1. The mean value of service sector is 3.3131 which is more than 3, which indicates that the service sector moderately agree that, they encourage flexibility for employees. On the other hand, the mean value of manufacturing sector is 2.9480 which is near to rating 3, indicating that they somewhat agree in ensuring flexibility for employees. From this we can conclude that there is significant difference between manufacturing sector and service sector with respect to encouraging Work-Life Balance in the form of providing flexibility for employees.
3. In enhancing Employee Engagement, both manufacturing and service sector are having mean value 2.3748 and 2.4710 respectively which is more than 2 and indicating that to great extent both the sectors are encouraging for employee encouragement. But, comparatively the value of Service Sector is slightly higher than Manufacturing sector. From this we can conclude that both Manufacturing and Service sectors more or less are encouraging employees to take initiation and active participation in various activities of the organization.

Application of t-test:

<table>
<thead>
<tr>
<th>Table 2: Independent Samples Test.</th>
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<tr>
<td>Levene's Td for Equality of Means</td>
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<td></td>
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<tr>
<td>F</td>
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<tr>
<td>Lower</td>
</tr>
<tr>
<td>Growth and Development</td>
</tr>
<tr>
<td>Equal variances assumed</td>
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<tr>
<td>1.317</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
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<tr>
<td></td>
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<tr>
<td>4.506</td>
</tr>
<tr>
<td>Work Life Balance</td>
</tr>
<tr>
<td>Equal variances assumed</td>
</tr>
<tr>
<td>7.034</td>
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<tr>
<td>Equal variances not assumed</td>
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<tr>
<td></td>
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<tr>
<td>-2.854</td>
</tr>
<tr>
<td>Employee Engagement</td>
</tr>
<tr>
<td>Equal variances assumed</td>
</tr>
<tr>
<td>2.617</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
</tr>
<tr>
<td></td>
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<tr>
<td>-3.072</td>
</tr>
</tbody>
</table>
Analysis and Interpretation:
1. Career Growth and Development:
   To test if the average response from service sector is equal to the average response from manufacturing unit with respect to their perception about the opportunity for career growth and development, the ‘t’ test statistic for Independent variables is applied.

   From the data collected 140 manufacturing and 125 service sector the ‘t’ test statistic value is 4.490 with 263 degree of freedom and ‘p’ value 0.000 at 5% Level of Significance, ‘t’ value is less than 0.05. Hence H₀ is rejected.

   The study hypothesized that there is no significant difference between average response of manufacturing sector and average response of service sector towards career growth and development. The study findings depicted that there is difference in average response of manufacturing sector and average response of service sector towards career development. Since the p value was less than 0.05, the H₀ was rejected and the H₁ was accepted. Therefore, we can conclude that approach of manufacturing sector and service sector towards the parameter career growth and development are not same.

2. Work-Life Balance:
   To test if the average response of employees from service sector is equal to the average response of employee from manufacturing unit with respect to their perception about the opportunity for Work-life Balance, the ‘t’ test statistic for Independent variables is applied.

   From the data collected 140 manufacturing and 125 service sector the ‘t’ test statistic value is 2.833 with 263 degree of freedom and ‘p’ value 0.005 at 5% Level of Significance, ‘t’ value is less than 0.05. Hence H₀ is rejected.

   The study hypothesized that there is no significant difference between average response of manufacturing sector and average response of service sector towards work life balance. The study findings depicted that there is difference in average response of manufacturing sector and average response of service sector towards work life balance issues. Since the p value was less than 0.05, the H₀ was rejected and the H₁ was accepted. Therefore, it indicates that approach of manufacturing sector and service sector towards the parameter work life balance are not same.

3. Employee Engagement:
   To test if the average response of employees from service sector is equal to the average response of employee from manufacturing unit with respect to their perception about the opportunity for Employee Engagement, the ‘t’ test statistic for Independent variables is applied.

   From the data collected 140 manufacturing and 125 service sector the ‘t’ test statistic value is 3.090 with 263 degree of freedom and ‘p’ value 0.002 at 5% Level of Significance, ‘t’ value is less than 0.05. Hence H₀ is rejected.

   The study hypothesized that there is no significant difference between average response of manufacturing sector and average response of service sector towards employee engagement. The study findings depicted that there is difference in average response of manufacturing sector and average response of service sector towards employee engagement. Since the p value was less than 0.05, the H₀ was rejected and the H₁ was accepted. Therefore, we can conclude that approach of manufacturing sector and service sector towards the parameter employee engagement are not same.

Conclusion:
In today’s challenging business environment of going global and competition becoming intense, organizations have mounting pressure to perform better than before. To be competitive and attain sustainable growth, every organization should develop and deploy talented people who are the main contributors for the success of any business organizations.

Today companies of all sectors need employees who are highly productive, multi-skilled, self motivated and out-of-the box thinkers. In this context, HR managers play an important role in acquiring talents, retaining, developing and managing them.

The study concludes that career development and employee engagement are very crucial to talent management and retention. Organizations should develop innovative ways to nurture and encourage the employees career development and engagement in order to retain talent.
The study concluded that manufacturing sector is paying less attention towards talent management practices when compared to service sector especially career growth and development programs and work-life balance issues to some extent. Thus, it can be concluded that today, every organization irrespective of whether it is manufacturing or service sector and whether it is small, medium or big in size, must adopt talent management strategies to retain their talents and reduce their attrition rate.

**Recommendations:-**
In order to survive and sustain in this global competitive environment, every organization should have primary focus on managing their best employees and retain them in their organization for a longer period.

The study recommended that Manufacturing sectors should enact policies that promote Talent Management which will in turn promote employee retention.

The study also recommends that, emphasis should be laid down to work-life balance by both manufacturing and service sector, as today's generation especially lays equal importance to social life. The employee who is satisfied with social life, will definitely contribute his best at work.

Every organization should take holistic approach to talent management. By doing so, it helps organizations to attract and retain the talented people. It also helps in developing the employees and placing them in positions of greatest impact.

The organization should have in house career development programs to develop their employees, encourage personal growth and development and engage their employees.

**References:-**
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