EMPLOYEE RETENTION IN INDIAN TEXTILE INDUSTRY: 
A STUDY ON GRASIM BHIWANI TEXTILE LIMITED

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ABSTRACT

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed, by having policies and practices in place that address their diverse needs. A strong retention strategy, therefore, becomes a powerful recruitment tool. Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining the best employees ensures customer satisfaction, satisfied colleagues and reporting staff, effective succession planning, and deeply embedded organizational knowledge and learning. This study provides an overview of why the number of employees leaving the GBTL has increased from past few years and how important is the various facilities such as Housing, Medical, salary, Rewards, Incentives, Training linked to various demographic factors considered in the questionnaire & also analyzed on how the workplace climate can be improved further. Retention of employees is one of the most important ongoing practices of human resource management. Employee’s turnover is a major organizational menace. The problem is being faced by different organizations of almost all the countries. Organizations are trying different plans to get maximum output from employees without their involvement. Retention is one of the main factors that could help in achieving the required results. This study elaborates the retention of employees; its benefits and factors that may help to retain the best talent of the organization. The research finding gives significant relationship of career path with employee retention. This study will help textile industry to find out various factors effecting higher turnover and to revise their current policies for further improvements.

KEYWORDS: Employee Retention, Career Path, Employee Involvement, Textile Sector.

I INTRODUCTION

India Textile Industry is one of the leading textile industry in the world, through was predominately unorganized industry even a few years back, but the scenario started changing
after the economic liberalization in India economy in 1991. The opening up of economy gave the much needed trust to the Indian textile industry, which how successfully become one of the largest in the world. Indian textile industry largely depends upon the textile manufacturing and export. It also plays a major role in the economy of the country. India earns about 27% of its total foreign exchange through textile export further, the textile industry of India also contributes nearly 14% of the total Industrial production of the country. It also contributes around 3% to the GDP of the country.

Indian textile industry is also the largest in the country in terms of employment generation. It not generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. Indian textile industry currently generates employment to more then 35 million people. The Indian textile industry contributes about 14% of industrial production, 4% to country’s gross domestic product (GDP) and 17% to country’s exports earnings. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. Fabric production rose to 60,996 million sq meters in FY 2011 from 52,665 million sq meters in FY 2007. Production of raw cotton grew to 32.5 million bales in FY 2011 from 28 million bales FY 2007 while production of man-made fabric rose to 1281 million kgs in FY 2011 from 1139 million kgs in FY 2007. Production of yarn grew to 6,233 million kgs in FY 2011 from 5,183 million kgs in FY 2007. India has potential to increase its textile and apparel world trade from the current level of 4.5% to 8% and reach US$ 80 billion by 2020. Export of textile grew to USD 26.8 billion in FY 2010 from USD 17.6 billion in FY 2006. India’s textile trade is dominated by exports with a CAGR of 6.3% during the same period.

INDUSTRY PROFILE

Grasim has a strong presence in fabrics and synthetic yarns through its subsidiary, Grasim Bhiwani Textiles Limited (GBTL), and is well known for its branded suitings, Grasim and Graviera, mainly in the polyester-cellulosic branded menswear. Its textile plants are located at Bhiwani (Haryana) and Malanpur (Madhya Pradesh). Fabric operations are centralized at Bhiwani with a processing capacity of 17.0 million metres a year. Vikram Woollens, Malanpur, a unit of Grasim manufactures worsted dyed yarn spun from 100 per cent merino wool along with polyester and other blends. Grasim’s strong nationwide retail network includes exclusive showrooms, wholesalers and multi-brand outlets through which it reaches its customers. Grasim caters to international fashion houses in the USA and UK supplying fabric to them for manufacturing of garments, which are available in some of the largest retail chain stores. Grasim was incorporated on 25 August 1947, exactly 10 days after India achieved independence. Grasim is more than an Industrial enterprise. It is the symbol of INDIA’S surge for economic and industrial liberation. Grasim is world largest producer of viscose staple fiber and edible oil and textile production. The organization bhiwani textile mills are a unit of Grasim Industrial Ltd. Its Head Office is at nagda (m.p) and working office at Bhiwani. This mill is under dynamic leadership of Mr. Kumar Mangalam Birla

EMPLOYEE RETENTION

Employee retention is an important ongoing process in which the organization retains the employees for the maximum period of time or until the completion of the project. It is a
continuing employment relationship. Today, organizations find out that balance of power which has shifted from the employer to employees. Excessive turnover is a sign of fundamental problems within the businesses and it is very important to know that how to retain employees in the particular organization. Today textile industry is facing few problems regarding power supplies and major of all is the yarn prices. But this is a fact that they don’t give proper salaries and rewards to laborers. Role of human resource practices is very crucial in this regard. Human resource practices can only be applicable to the learning organizations. Employees can be retained and satisfied within those organizations which keep on learning that how to keep their employee’s satisfaction at highest level. Apart from this, there is no proper work in the textile industry in the field of human resource management, because top management never realizes the needs and demands of their employees. There are very few textile mills that are practicing the human resource management in its fullest and they are getting maximum benefits from it. To develop a better understanding of this issue, a research has been carried out to know the benefits of the human resource practices employed by these mills and to implement them in other organizations for positive results. To keep employees and keep their satisfaction levels high, any organization needs to implement each of the three R’s of employee retention: respect, recognition, and rewards.

II LITERATURE REVIEW

In developed and emerging countries, Attraction and retention of employees is of the most desired practice and competence of the high performance organizations. Search for best talent will be very difficult in coming years. Retention can be possible by many ways but one of the most used in organizations is paying more than they are earning. Hansen (2002) argued that pay more to the employees in order to achieve better financial position and retain those employees who lead from the front to attain business goals. Short and long term incentives should be given according to the goals of business that will help to have more organized and strong management team for long term results. Lawler III (2005) stated that in these days organizations are competing for talent rather than counting employees loyalty. They are focusing on attracting, hiring and retaining the required talented persons. For this purpose organizations must utilize those practices which are in favor of both employees and employers leading them towards higher performance levels. It is important to recruit strategy driven and shrewd employees because it creates sense of alignment between employee and organizational values and goals. Gentry et al., (2007) argued that employees feel connected with the organization if they get support from their supervisors which lead them to return the favor to the supervisors and organization through retention.

Cotton et al., (1988) Employee’s participation in decision has found some positive effects on the performance of employees. Participation in work related matters effects performance more positively rather than in determining the pay practices. Pierce et al., (1991) said ownership has some direct and independent effects over groups and individual behaviors and attitudes that lead towards effective performance. To participate in the organization matters is the formal “right” of the employees just like stockholders. They can influence the decisions of organization like the election of board of directors. This ownership has positive relationship with organizational performance. Romzek (1989) explained that employees having higher involvement in their work and organization have better relations with their families and social environment which creates a
psychological attachment with the organization. Rousseau (1990) described that relationship between employee and employer starts from the recruitment, fostering the long term relationship and loyalty while some organizations emphasize on rewards and performance of the employees. Friedman (2006) and Hacker (2004) explained that new comers in the organization didn’t take much time to decide whether to proceed with the current organization or quit to and find some other workplace and this decision normally is made in few days or week after appointment.

Vos & Meganck (2009) indicated that career development plan for the employees play a vital role in the retention of employees. Providing these career development opportunities restrict employees from leaving the organization and increase in loyalty. Hiltrop (1999) suggested that prepare and develop plans to get best talent as successful organizations are working on this to avoid future deficit of the required competent employees because there is always room for the improvement in recruitment process. It is also suggested that companies must adjust their desires and necessities according to the market situation so that retention of employees can be made possible. Hannay & Northan (2000) argued that future opportunities for the employees also help in retaining employees because these opportunities are associated with more pay, additional work responsibilities, superior work environment and different incentives plans. Money is not sole factor but it has significant effect while recruiting the employee.

Social networking among employees is also vital to retain employees because whenever employee left job, the whole relationship between worker and supervisor and among all workers is changed. Chapman (2009) explained that it is the responsibility of senior employees to help new employees to familiarize and socialize with the environment of the organization and make them best fit for the organization. Guthrie. (2000) identified that paying employees according to their knowledge and skills is a traditional approach so that pay is attached to the performance. Profit sharing is also a source by which employees are rewarded but this only happens when organizations achieve their profit margins set by themselves. It is found that skill based pay helps to reduce the turnover. Along with few other factors may also reduce the turnover rate of the organizations as Oldham & Brass (1979) suggested that physical environment of the work place effects a lot to the performance quality of the employees because satisfaction and motivation with peers and works declined after changing the work place environment. Employee benefits provision (2010) Proper communication of employee benefits, their scope and impact is good and successful opportunity for the organization to retain employees and then try to know what are they expecting and want from organization.

III OBJECTIVES OF THE STUDY

• To create a better working environment for employees through effective HR practices.

• Cost reduction is one of the basic functions of the HR department which can be attained by selecting “Right person for the right job in GBTL.

• To understand and gain monetary benefits for the employees with the effective use of HR practices.

• Creating better atmosphere where employees can perform their duties in GBTL.
• To give a proper career path to the employee.

RESEARCH MODEL

Merit Based Compensation

Working Environment

Employee Retention

Career Path

NEED OF STUDY

➢ Attrition rate of Grasim Bhiwani Textile Limited has increased in last years. This year the attrition rate is near about 17% as compared to previous year’s 11%. This study would try to investigate the possible reasons behind this.

➢ In spite of giving so many facilities to its employees, Grasim Bhiwani Textile Limited is not able to retain 100% of its employees with itself. This study would try to answer the reasons behind this.

➢ Grasim Bhiwani Textile Limited conducts an exit interview of employees who are leaving the organization, but it doesn’t get any big complaint or constructive suggestion from such interviews also. This study would try to analyze & suggest required changes in the exit interview process & the instruments involved in that.

RESEARCH PROBLEM

➢ Why the number of employees not retaining in Grasim Bhiwani Textile Limited

SWOT ANALYSIS OF GRASIM BHIWANI TEXTILE LIMITED

STRENGTH : BTM is a composite firm in Haryana and BTM is a financially sound firm. Their working environment is very peaceful (Union is strength and principle is followed by everyone). All the Facilities are given to employees & employers on time and up to date. The product quality is given equal to all (wholesalers and retailers).

WEAKNESS: The basic salary structure is not up to date some manipulations are needed and no sufficient facilities are given to employees and employer

OPPORTUNITIES: Given chance to Grasim to make & sale its product providing them manpower, machine, money, market, material and in near future they will start ready made garments.
**THREATS:** BTM face threats from its competitors like Vimal, OCM, Siyaram, Raymond. BTM face threats in overseas market live Philippines, Malaysia, Canada, Mexico and America. They have very poor distribution networks.

**IV HYPOTHESIS OF STUDY**

There is a positive correlation between Human Resource Management Practices and Employee’s Retention.

H 1; Merit based compensation is positively correlated to Employee’s Retention.

H 2; Working environment is positively correlated to Employee’s Retention.

H 3; Career Path positively is correlated to Employee’s Retention.

**V RESEARCH METHODOLOGY**

Sample of the study is the employees working in the Grasim Bhiwani Textile Limited. The questionnaire tool is used for data collection. It contains questions that are related to the demographic information of the respondent and 40 questions relating to the variables mentioned in the research model. There are three Independent variable; 1. Merit based compensation 2. Working Environment. 3. Performance Appraisal Dependant variable is Employee Retention. Each variable contains 8 questions. Seven point likert scales is used to get the exact answer against each question. Those points are; 1= strongly disagree, 2= Disagree, 3= Somewhat Disagree 4= Indifferent, 5= Somewhat Agree, 6= Agree and 7= Strongly Agree. In this first after preliminary research, title of the research was finalized. After finalizing, information was collected in the context of the title and selected the required information about the background history of the country regarding textile industry. Formulation of the research model was done along with the dependant and independent variables. Data was collected from the various research journals and other publication. Variables and hypothesis were made so that the results of the research can be drawn. Research objectives were made and questionnaire was developed for the data collection from the employees working in the textile sector. We received questionnaires from the respondents after 15 days. Then data entry process was started into the specified software to apply prescribed tests to get the results and analyze them. Report writing was done in this period of time. All the data and information was available, collected and finalized in the form of report.

**VI DATA ANALYSIS AND FINDING**

Frequencies and descriptive analysis is used to analysis the main characteristics of the sample. Besides this Regression Analysis, Reliability and the Pearson Correlation, test was used to check the validity of the hypotheses.

**FINDINGS OF STUDY:** The demographic factors deal with the personal profile of the respondents taken for survey. Gender, age, qualification, work experiences are dealt with in the study. The information about these factors is important and can be used for data analysis part. All discussed variables have positive correlation with employee retention. Career path has strong
positive correlation $r = 0.60$, mean $= 5.00$ with employee retention and H2 is accepted because p value $= 0.00$ which must be $>0.05$ to accept hypothesis. H1 accepted as Compensation correlates positively with Employee Retention $r = 0.55$, p value $= 0.00$, mean $= 4.31$. Working Environment correlates with retention positively but not as much strong like Career Path. H3 accepted as p value $= 0.00$ with $r = 0.48$ between working environment and employee retention.

**TABLE: 1 DESCRIPTIVE STATISTICS**

<table>
<thead>
<tr>
<th></th>
<th>ER</th>
<th>COM</th>
<th>CP</th>
<th>WC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>5.00</td>
<td>4.31</td>
<td>5.00</td>
<td>4.96</td>
</tr>
<tr>
<td>Median</td>
<td>5.00</td>
<td>4.37</td>
<td>5.18</td>
<td>5.13</td>
</tr>
<tr>
<td>Mode</td>
<td>5.00</td>
<td>4.38</td>
<td>5.50</td>
<td>5.12</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>0.80</td>
<td>1.38</td>
<td>1.01</td>
<td>0.95</td>
</tr>
<tr>
<td>Range</td>
<td>3.88</td>
<td>5.38</td>
<td>4.75</td>
<td>4.01</td>
</tr>
<tr>
<td>Minimum</td>
<td>2.50</td>
<td>1.24</td>
<td>1.88</td>
<td>2.63</td>
</tr>
<tr>
<td>Maximum</td>
<td>6.38</td>
<td>6.75</td>
<td>6.63</td>
<td>6.62</td>
</tr>
<tr>
<td>Sum</td>
<td>598</td>
<td>517</td>
<td>599</td>
<td>595</td>
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</table>

**TABLE-2 CORRELATION**

<table>
<thead>
<tr>
<th></th>
<th>ER</th>
<th>COM</th>
<th>CP</th>
<th>WC</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Retention(ER)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation(COM)</td>
<td>0.55</td>
<td>1.00</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Career Path(CP)</td>
<td>0.60</td>
<td>0.60</td>
<td>1.00</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Working Condition/Environment(WC)</td>
<td>0.48</td>
<td>0.56</td>
<td>0.60</td>
<td>1.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
### TABLE-3: OVERALL DATA ANALYSIS OF RESPONDENTS

<table>
<thead>
<tr>
<th>S.No</th>
<th>Variables</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>DA</th>
<th>SD</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The performance appraisal system prevent in the organization is quite effective.</td>
<td>2</td>
<td>31</td>
<td>10</td>
<td>23</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Level of training in organization is adequate.</td>
<td>1</td>
<td>19</td>
<td>19</td>
<td>25</td>
<td>6</td>
<td>DA</td>
</tr>
<tr>
<td>3</td>
<td>Our organization goes out of its way to make sure that employees enjoy their work as well as their life.</td>
<td>2</td>
<td>18</td>
<td>17</td>
<td>31</td>
<td>2</td>
<td>DA</td>
</tr>
<tr>
<td>4</td>
<td>Weakness of employees is communicated to them in a non threatening way.</td>
<td>3</td>
<td>28</td>
<td>17</td>
<td>18</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>My superiors give me feedback on regular basis on my performance.</td>
<td>5</td>
<td>25</td>
<td>15</td>
<td>21</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>I feel that I shall be able to continue &amp; grow with this organization.</td>
<td>6</td>
<td>34</td>
<td>17</td>
<td>9</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>I have full freedom to experiment with new ideas in my company</td>
<td>9</td>
<td>34</td>
<td>7</td>
<td>16</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>8</td>
<td>I would not like to change from this organization only for the sake of higher remuneration</td>
<td>5</td>
<td>25</td>
<td>15</td>
<td>21</td>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>9</td>
<td>Employees in our organization are encouraged to take initiative &amp; do things their own.</td>
<td>0</td>
<td>32</td>
<td>16</td>
<td>22</td>
<td>0</td>
<td>A</td>
</tr>
<tr>
<td>10</td>
<td>I feel that the growth prospect in this organization is slow.</td>
<td>3</td>
<td>56</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>A</td>
</tr>
<tr>
<td>11</td>
<td>I feel that the existing system of granting increment is quite effective.</td>
<td>1</td>
<td>19</td>
<td>19</td>
<td>25</td>
<td>6</td>
<td>DA</td>
</tr>
<tr>
<td>12</td>
<td>Employee’s returning from training programs are given opportunities to try out what they have learnt.</td>
<td>7</td>
<td>36</td>
<td>6</td>
<td>18</td>
<td>3</td>
<td>A</td>
</tr>
<tr>
<td>13</td>
<td>My relationship with members of my work group is friendly as well as professional.</td>
<td>18</td>
<td>48</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>A</td>
</tr>
<tr>
<td>14</td>
<td>In our organization job rotation is used as an</td>
<td>4</td>
<td>25</td>
<td>12</td>
<td>23</td>
<td>6</td>
<td>A</td>
</tr>
</tbody>
</table>
The above overall the questionner analysis shows that the level of training in the organization is not much effective, the increment system in the organization is not effective, employees are not asked of their suggestions, remuneration system is not effective, employees feel that the growth prospects are slow, and there is lot of conflicts between departments. The compensation, increments, benefits are very much important for an employee to live a healthy life. But the employee’s response shows that the compensation is not good at GBTL. There is lot of conflicts between departments and employees are not asked of their suggestions, this shows that the working environment is also not good. These are the reasons why the employees are not retaining in GBTL. The recommendations are given to improve the working environment, career path, and compensation so that employees retain in the organization and work for the growth of the organization.

RESULT AND CONCLUSIONS

The retention of employees has been shown to be significant to the development and the accomplishment of the organization’s goals and objectives. Retention of employees can be a vital source of competitive advantage for any organization. Today, changes in technology, global economics, trade agreements, and the like are directly affecting employee/employer relationships. “Until recently, loyalty was the cornerstone of that relationship. All companies of any size are struggling in these days that how they could retain their employees from leaving existing jobs for more money or for the better opportunity. It is observed that those employees who left their organizations for more pay, when asked to tell the reasons why they quit, they rate pay at fifth or sixth place in their priorities. The leading reasons are culture, recognition, environment, policies of the organization and the relationship with company and co-workers. So for those organizations who are struggling of retaining employees they must understand the requirements of the employees and the factors discussed above. This could help them in retaining their best talent with them for their long run success. In this study we discussed the compensation, career path and working environment effecting retention of the employees. We
conclude that career path is most valuable factor that employees look for, to work in the organization

EMPLOYEES PERCEPTION ABOUT THE FACILITIES BEING PROVIDED TO THEM AT GRASIM BHIWANI TEXTILE LIMITED: The Salary & Incentives given to the employees in Grasim Bhiwani Textile Limited are presumed to be very good by them. Housing & medical facilities are also presumed to be good but not excellent. While other facilities like training, loans etc. are presumed differently by employees due to which it doesn’t gives any clear picture as already discussed before, these facilities can be divided into four groups according to their influence & satisfaction they provided to the respondents.

EMPLOYEES’ WORK PLACE CLIMATE

- Strong areas:
  - enjoyment of work life by the employee’s
  - regular feedback on performance
  - performance appraisal system
  - healthy relationship among employees,
  - Growth aspect of employees.

- Weak areas:
  - Level of training,
  - communication of weaknesses to employees,
  - motivating employees,
  - job rotation,
  - opportunity,
  - conflict between departments,
  - Taking employees’ suggestion.
  - Low remuneration

All companies of any size are struggling in these days that how they could retain their employees from leaving existing jobs for more money or for the better opportunity. It is observed that those employees who left their organizations for more pay, when asked to tell the reasons why they quit, they rate pay at fifth or sixth place in their priorities. The leading reasons are culture,
recognition, environment, policies of the organization and the relationship with company and co-workers. So for those organizations who are struggling of retaining employees they must understand the requirements of the employees and the factors discussed above. This could help them in retaining their best talent with them for their long run success. In this study we discussed the compensation, career path and working environment effecting retention of the employees. We conclude that career path is most valuable factor that employees look for, to work in the organization. This study helps organizations to understand the value of their employees and reasons to retain them because greater turnover means that employees are using organizations as a stone to step further and experience they are gaining with them is important. To retain employees, the organizations must review their career plans and reorganize those plans according to the market so that intelligent and talented employees could serve more and would beneficial in the long run.

REFERENCES


