

## **Factors affecting employee retention**

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by

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Date: 28<sup>th</sup> April 2023



Examined by: Naik

Seal of the School

## **DECLARATION**

I hereby declare that the data presented in this Dissertation / Internship report entitled, “Factors affecting employee retention” is based on the results of investigations carried out by me in the (Management Studies) at the Goa Business School, Goa University under the Supervision/Mentorship of Dr. Priyanka U. Naik and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will be not be responsible for the correctness of observations / experimental or other findings given the dissertation.

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### COMPLETION CERTIFICATE

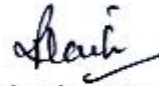
This is to certify that the dissertation / internship report "**Factors affecting employee retention**" is a bonafide work carried out by **Mr. Jonas Nghidinihamba Hamakali** under my supervision/mentorship in partial fulfilment of the requirements for the award of the degree of **Master of Business Administration** in the Discipline of Management Studies at the Goa Business School, Goa University.

Date: 28-4-23



Prof. Jyoti Pawar  
Dean,  
Goa Business School

Date: 28-4-23  
Place: Goa University



Dr. Priyanka U. Naik  
Management Studies



School Stamp

## INTERNSHIP CERTIFICATE



26 April 2023

### **CERTIFICATE OF INTERNSHIP**

This is to confirm that **Mr. Jonas Nghidinihamba Hamakali**, a Master of Business Administration student at Goa University, completed his internship in the Human Resource department at Madame Rosa Distillery in Mapusa, Goa, from March 1st, 2023 to April 26th, 2023.

He worked on a project named **"Factors Affecting Employee Retention"** during his internship.

We found him to be honest, sincere, and eager to learn during his training term.

This letter has been issued at his request to submit in the university as a part of his project. Madame Rosa Distillery, permits him to present his report to the public & on camera.

We wish him the best of luck in his future endeavors & also wish him to be an Ambassador of India Africa relations.

**Mac Vaz**  
Director  
Madame Rosa Distillery

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I also want to express my gratitude to Mr. Mac Vas, the Director of Madame Rosa Distillery, and Mr. Olympia Idea, the Manager at Madame Rosa Distillery Mapusa, Goa location, for letting me complete my internship there. Please allow me to thank my friends and fellow students, especially Ms. Portia N. Gumedend Mr. V. Haneesh Chandra, for their encouragement and assistance with my project. The participants who kindly donated their time and offered their experiences are also to be thanked; without them, this task could not have been finished.

Last but not least, I would want to express my gratitude to my family and close friends, especially my mother, Elina Kalimbo, and my aunt, Slyvia Kalimbo, for their patience, support, and encouragement during my academic career. Through the highs and lows of the research and my entire study abroad experience, their love and support have kept me going. In honour of Luise Sam Kalaimbo, my grandmother, without whom I would not be the man I am today. She is the inspiration for my relentless work ethic in both good and bad times because she has taught me that no matter the circumstances, anyone can succeed. May she rest in peace forever.

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### **Profile of the company**

The “Madame Rosa Distillery” is a pioneer within the Goan feni industry. Its flagship brand, ‘BIG BOSS’ is recognized globally as synonymous with ‘the Goan Spirit’. A family run company, established in 1933, under the able guidance of Patriarch Mr. Valentino Vaz, management ethos translates into passion for the Heritage Spirit and the Goan Flavor over mere commerce and profit. Feni, with its Geographical Indication in Mapusa Altinho Bardez Goa, is deeply rooted in Goan culture. Our feni products has now travelled beyond Goa. It has gone to the UAE, to Canada, England and Bahrain.

The Madame Rosa Distillery sources its ingredients from local farmers and suppliers to ensure the highest quality of raw materials. The company's team of experienced and skilled distillers uses traditional methods to create unique flavors and aromas that reflect the local culture and traditions.

The company's product range includes a variety of traditional spirits such as Big Boss Fenny, PVV and Lembraca, all produced using the finest ingredients and crafted with precision. The products are available in different sizes and packaging, making them suitable for individual and commercial customers alike. It also offers tastings for visitors who want to learn more about the distilling process and experience the flavors and aromas of traditional spirits. The Madame Rosa Distillery is committed to sustainability and environmental protection, using eco-friendly packaging materials and reducing waste in its production processes. The company also supports local communities through job creation and sourcing materials locally, contributing to the economic growth of the region.

Overall, the Madame Rosa Distillery is a company that prides itself on its commitment to tradition, quality, and sustainability, producing unique and flavorful traditional spirits that reflect the rich cultural heritage of the Goan.

## **1. Introduction**

The continuous loss of intellectual capital can be a fatal blow to any organization, especially in a world of constant change and volatility (Chatzoudes & Chatzoglou, 2022). Employee retention is therefore key in insuring that organization retain compositeness, alleviate costly recruiting-cycles, and avoid interruptions in the ongoing-operations (Kumar,2012). Employee retention is defined as "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" (Kaur, 2017). Generally, it represents 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 intended project.

The need to retain an employee is that, as organization has incurred cost on recruitment and has invested huge money on each and every employee for giving training to develop them to fit for the organization and to improve the efficiency of the employees, so obviously it is the expectation of the organization to make use of the outcome of the training for its development. In order to confront the problem of attrition of employees, organizations are making policies with respect to recruitment, selection, induction, training and development, compensation and benefits, designing job and wage standards which in turn helps to retain the employees in the long run.

Employee turnover creates a potentially competitive disadvantage to organizations in that they lose their skilled, experienced human-resources which they already possessed (Gharib, 2017). The costs associated with turnover may include lost customers, business and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring and training the new employee just to get back to where you started. Also,



of concern are the costs of employee turnover (including hiring costs & productivity loss). Replacement costs usually are 2.5 times the salary of the individual. Therefore, employer have subsequently been forced to consider employees as an important asset, who needs to be protected and retained (Kossivi, 2016).

## **2. Research gaps and questions**

This project focus to factors affecting employee retention could be the lack of attention paid to the role of organizational culture in retention efforts, particularly in brewery industries. While previous research has identified various factors that influence employee retention, such as compensation, job satisfaction, and work-life balance, there may be a gap in understanding how organizational culture impacts retention.

For instance, an organization with a strong culture of employee development and career advancement opportunities may have higher retention rates than an organization with a weak or non-existent culture in these areas. Similarly, an organization with a culture that values employee well-being and work-life balance may have better retention rates than an organization that prioritizes long working hours and expects employees to prioritize work over personal life.

Therefore, researching the impact of organizational culture on employee retention could help Madame Rosa Distillery to identify areas where they can improve their retention efforts and ultimately increase employee satisfaction, engagement, and retention.

### **3. Need for the study**

This study will help companies, to be specific Madame Rosa Distillery to identify and analyze the main factors affecting the retention of employees, which could be used to find solutions to the employee retention problem and save employee-costs. Retention helps in human resource planning, succession planning, and strategic positions, as well as reducing recruitment costs and training and development costs.

### **4. Objectives**

- a. To identify the main factors affecting the employee's retention at upcoming business specifically brewery industrial.
- b. To provide suggestions and solution for retaining employees in organizations.

## **5. Literature review**

Employee retention is a critical factor that determines the success of any organization. It is an important aspect of human resource management that involves creating and implementing strategies to ensure that employees stay with the organization for a longer period. There are various factors that can affect employee retention, such as job satisfaction, organizational culture, compensation and benefits, work environment, work-life-balance, lack of career development and leadership. This literature review aims to explore the factors affecting employee retention and the relevant studies that have been conducted in this area. According to; Terence (2001) indicated that there several reasons why employee tend to leave voluntarily. Which can be personal and some may be influenced by organizational factors. Personal reasons may include family situation, career growth and attractive green pasture etc. Organization factors includes discrimination at work place, lack of promotion, unfair treatment among employees, less flexibility and heavy work load.

### **5.1 Job satisfaction**

Job satisfaction is an essential factor that influences employee retention. A study of (Judge & Bono 2001) found that job satisfaction is positively correlated with employee retention and this shows that employees who are satisfied with their jobs tend to stay longer in the organization. Similarly, (Ahmad & Azmi,2018) found that job satisfaction is a significant predictor of employee retention. It also revealed that factors such as job security, recognition, and opportunities for personal and professional growth significantly contribute to job satisfaction. According to (Milkovich & Newman, 2004), monetary compensation is an important factor in retaining employees. In a study, (Hytter ,2007) concluded that there is a

link between reward and retention. According to some studies, there is a negative correlation between pay and retention, some source discovered that compensation and benefits influence retention.

## **5.2 Organizational culture**

Organizational culture is another critical factor that can affect employee retention. According to Cameron & Quinn (2011) found that a positive organizational culture can contribute to employee retention. According to the survey, employees who view their organization's culture to be helpful and respectful likely to stay longer. Similarly, a study conducted by Schneider, Ehrhart, and Macey (2013) discovered that a strong organizational culture that is aligned with employee values and goals had a favorable influence on employee retention.

## **5.3 Compensation and Benefits**

Compensation and benefits are essential factors that can influence employee retention. Other sources found that compensation and benefits are significant predictors of employee retention. Furthermore, it revealed that employees who perceive their compensation and benefits as fair and competitive tend to stay longer in the organization. Similarly, it constitutes of wages/salaries, bonuses, incentives and other fringe-benefits like holidays, health-insurance and company-vehicles (Patnaik and Padhi,2012).

## **5.4 Work environment**

Work environment refers to the location and atmosphere in which a person works. It affects their enjoyment of their work as well as their job satisfaction in completing the tasks allotted to them (Nitisemito,1992). Employees will work very hard if the work atmosphere is pleasant and helpful since they are satisfied (Robbins & Judge, 2001). A pleasant, comfortable, and safe

working environment is determined by the availability of equipment to facilitate the smooth flow of work.

### **5.5 Work-life-balance**

According to Hudson (2005), work-life-balance was defined as a properly-planned balance between a person's personal-life and professional-life. Meanwhile, Estes and Michael (2005) stated that work-life-balance includes; flexible work-arrangements and leaves, including practices like; flextime, job-sharing-schemes, family leave-programs and onsite child/elderly-care.

### **5.6 Lack of career development**

Experienced workers have greater visions; they want to continue to prosper. As soon as they found out that their organization does not give them any opportunity to progress on their career, they may lose interest in continuing working for that organization (Moon, 2021). Career development is another essential factor that can influence employee retention. A study by (Kusku & Sarihan, 2019) found that career development opportunities significantly contribute to employee retention. The study revealed that employees who perceive that the organization provides opportunities for career growth and development tend to stay longer in the organization. Similarly, a study by (Ali, Saeed, and Ahmed, 2019) found that career development opportunities, such as training and development programs, positively influence employee retention.

### **5.7 Leadership**

Another important component that can influence employee retention is leadership. According to (Liu & Zhang, 2019), leadership style has a substantial impact on staff retention. It is plainly

stated that employees who view their leaders to be supportive and empowering tend to stay with the organization for a longer period of time. Similarly, (Adhikari, Paudel, & Karki,2020) discovered that transformative leadership has a beneficial impact on staff retention.

## **6. Tentative methodology**

**Research design:** This study will use a mixed-methods research design, consisting of both qualitative and quantitative methods, to explore the factors affecting employee retention at Madame Rosa Distillery.

### **The sample sizes**

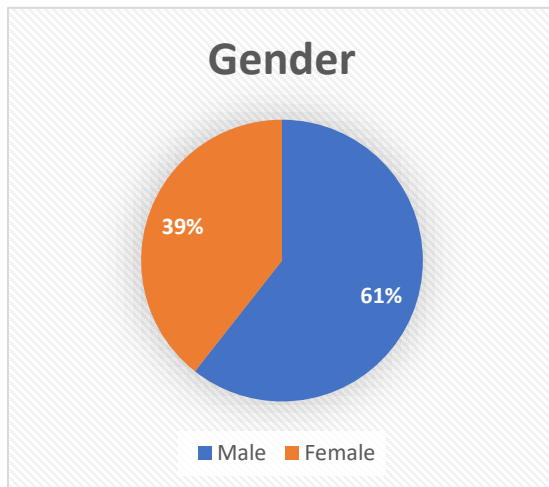
A total of 33 employees were approached for the study, with 13 of them being female and the rest being male.

**Data collection:** The study's data were gathered from primary sources via standardized questionnaires distributed to respondents. The questionnaire used in the study is a five-point Likert-style rating scale. The quiz with a Likert-style rating scale

The design allows researcher to question respondents on a five-point scale how strongly they agree or disagree with a statement or set of statements, e.g. 5 - strongly agree, 4 - agree, 3 - neutral, 2 - disagree, 1 - strongly disagree. In addition, secondary data was gathered from several academic journals, books, and publications, among other sources.

## 7. Data analysis and discussion

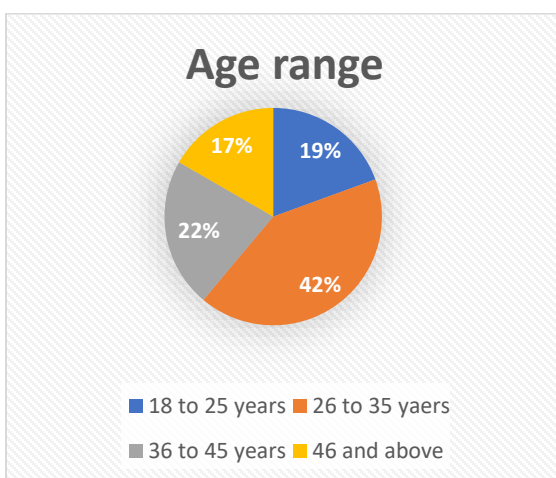
**Figure 1.1 Gender wise classification**



### Interpretation

From the above table it demonstrates that 39% employees are female and 61% are male.

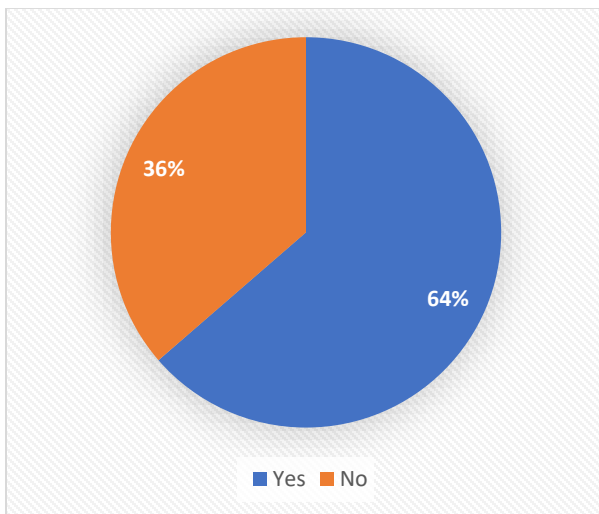
**Figure 1.2 Age wise classification**



### Interpretation

According to the above table, the bulk of employees (42%), are between the ages of 26 and 35, followed by 22% between the ages of 36 and 46, and 17 % is age between 18 and 25, the remaining 17% between the ages of 45 and above.

**Figure 2.1 I am able to balance my work and personal life**

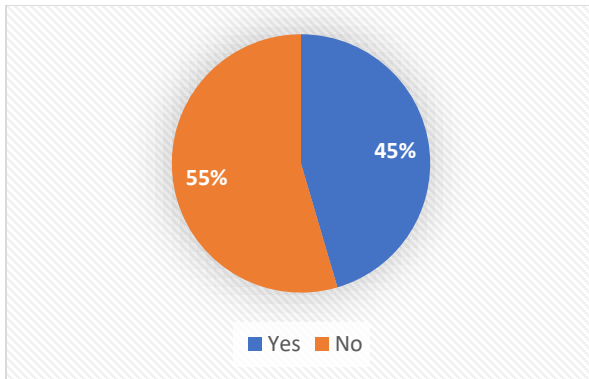


### Interpretation

According to the table above, 64% of employees stated they were able to combine their work and personal lives, while the remaining 34% indicated they were unable to balance their work and personal lives.



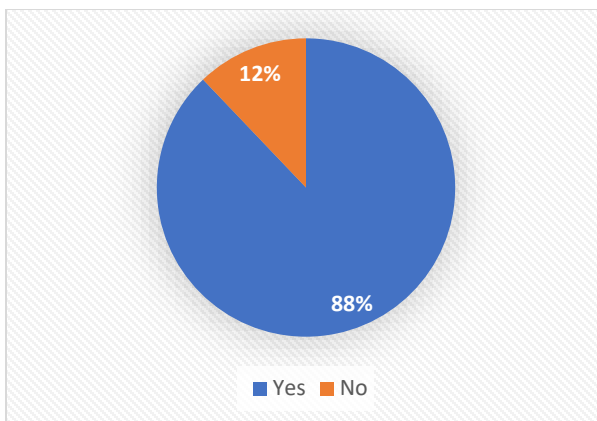
**Figure 2.2 When leadership makes decisions, I understand why.**



### **Interpretation**

According to the table above, 45% of employees said they understand why leadership makes decisions, while the remaining 35% said they don't understand why leadership makes decisions.

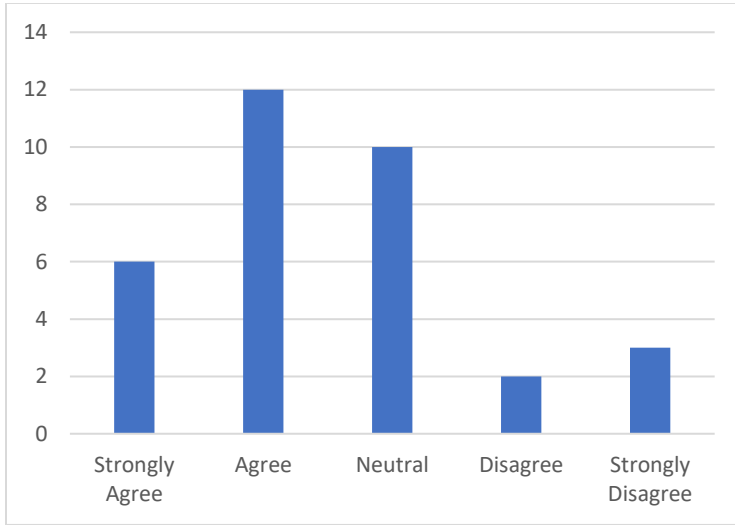
**Figure 2.3 I would recommend this company to a friend.**



### **Interpretation**

According to the table above, 88% of employees said yes that they would recommend this employer to a friend, while the remaining 12% said they would not.

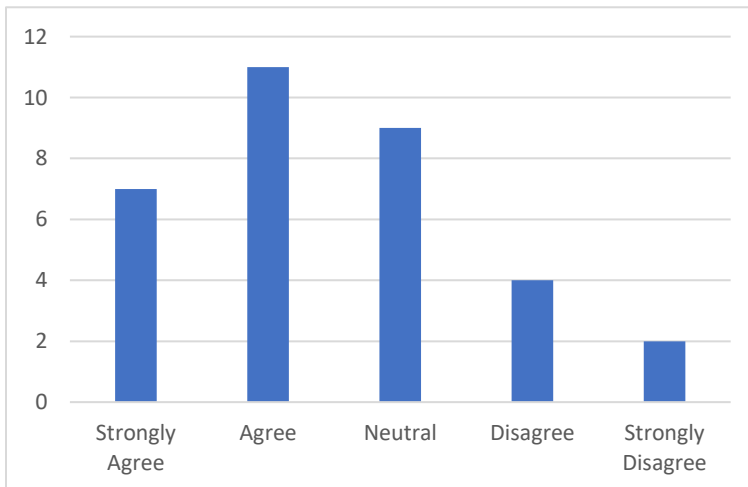
**Figure 3.1, I feel happy and satisfied when we work as a team to achieve our goals.**



### **Interpretation**

According to the table above, 6 of employees strongly agree that they are pleased and satisfied when we work as a team to achieve our goals, while 12 employees agree that they are satisfied and glad to work as a team. 10 are neutral, 2 disagree, and 3 strongly disagree with the theme of working together to achieve greater results.

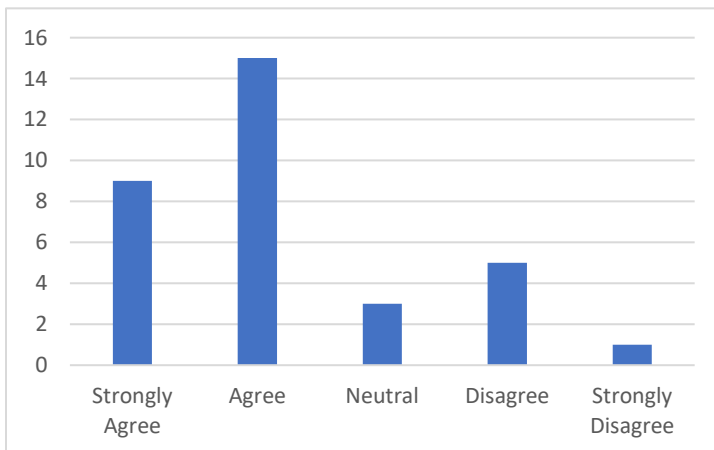
**Figure 3.2 Satisfied with the compensation and other benefits provided**



### Interpretation

The table above shows that the majority of employees (80%) are happy with the compensation and perks provided by the organization. Compensation and other amenities provided by the organization include monetary benefits, meals, and transportation. 7 of employees strongly agreed and 11 employees agree that their wages and other benefits are satisfactory. 4 of employees disagree and the remaining 2 strongly disagree that they were satisfied with the organization's compensation and benefits, with the remaining 9 being neutral responses.

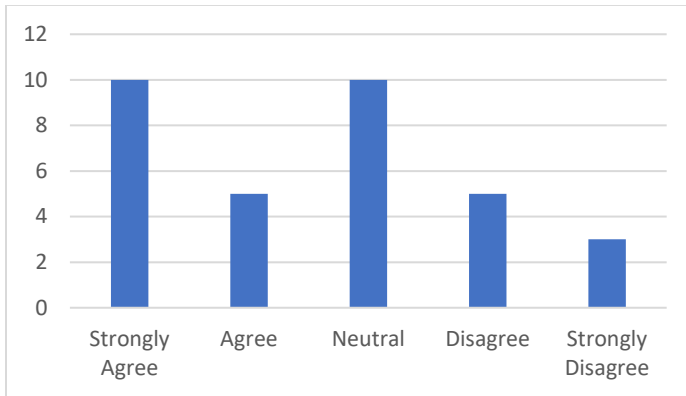
**Figure 3.3 My supervisor values my feedback and my manager values my work.**



### Interpretation

The table above shows that 15 employees and 9 employees both highly agree that they received feedback from their manager and supervisor. There are 3 employees who are impartial and do not take sides, 5 employees who disagree with their managers' evaluations and feedback, and 1 employee who strongly disagree.

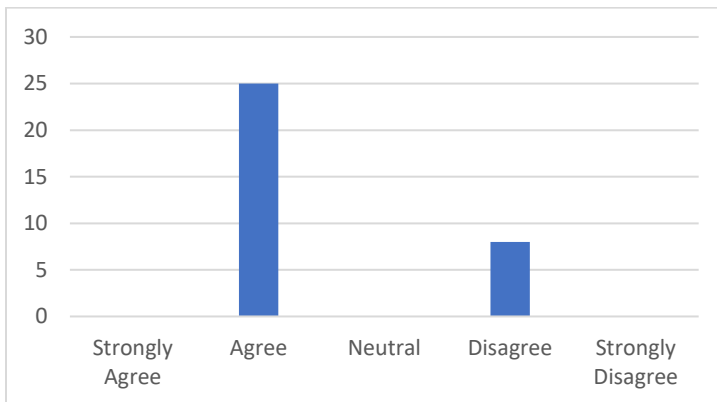
**Figure 3.4 I think, I have the opportunity to grow in this company.**



### **Interpretation**

According to the above figure, 10 of employees strongly agree that they have been given enough career opportunities, 5 agree that they have been given enough career opportunities, 10 are neutral about career growth, 5 disagree that they have been given enough career opportunities, and 3 strongly disagree.

**Figure 3.5 Satisfied with the organization's policy**



### **Interpretation**

According to the aforementioned data, 25 employees agree and are satisfied with the organization's policy, whereas the remaining 8 employees disagree and are unsatisfied.

## **8. Project findings and conclusion**

### **Findings**

Employees are more likely to stay in organizations if they see fairness in salary and benefits, opportunity for professional advancement, and a supportive work culture.

Supervisors have an important role in employee retention because they may provide their subordinates with recognition, feedback, and mentorship.

Employees who have the flexibility to manage their work schedules and personal obligations are more likely to stay with their company.

Employee engagement is related to retention because employees who are connected to their work and driven to contribute to their organization are less likely to leave.

### **Conclusion**

In conclusion, addressing the multifaceted issue of staff retention calls for a comprehensive strategy. The results of this research imply that organizations can raise their retention rates by emphasizing a number of important aspects, such as equitable pay and benefits, chances for career advancement, a positive workplace culture, efficient management, work-life balance, and employee involvement. Organizations may develop an atmosphere that encourages employee commitment and loyalty by resolving these issues, which will result in a steadier and more effective workforce. It's crucial to understand that employee retention involves more than just the organization; it also necessitates their continued engagement and dedication to their jobs. Therefore, ongoing efforts to improve retention should involve collaboration and

communication between employers and employees, as well as a willingness to adapt and evolve as the needs of the workforce change over time.

## **9. Recommendations to the company**

- Smart hiring is necessary because the person chosen should be a good fit for both the job and the organization's culture, and it is critical to consider the qualifications, abilities and experience, diligence, and attitude required for the job.
- Regular salary package increases employee retention
- Participation of employees in decision making process enhances retention
- The next critical step is to concentrate on training and development. Identifying training needs and providing appropriate training to employees allows them to improve their abilities and motivates them to advance in their careers.
- The primary responsibility of HR professionals is to inspire, value, and acknowledge employees' efforts. Recognize and Reward Employee Performance: Employees want to know that their efforts are appreciated and recognized. Employee performance can be recognized and rewarded by companies through various programs such as employee of the month or year, incentives, and promotions.
- A survey must be carried out in order to gauge how satisfied employees are with their workplaces. The rationale behind this is so that actions can be taken to raise employee happiness by better understanding employee satisfaction levels.
- Employees desire work-life balance and want to feel as if they have time for their personal lives outside of work. Companies can help employees attain a healthy lifestyle by providing flexible work schedules, remote work opportunities, and paid time off.

By addressing these factors, Madame Rosa Distillery can improve employee retention and create a more engaged and productive workforce.

## **10. Work done & Learnings derived during the internship period**

### **Work completed**

- Assisting with recruitment and selection procedures, including screening candidates, scheduling interviews, and examining resumes.
- Assisting with the documentation preparation, file organization, and scheduling of the onboarding and orientation procedures for new hires.
- Assisting with performance management procedures, such as carrying out performance reviews, giving staff members feedback, and recording performance problems.
- Assisting with initiatives related to employee relations and engagement, such as organizing and planning employee events and rewards schemes.
- Investigating industry trends and best practices for HR, then creating reports or presentations to deliver results to the HR team.

### **Learnings derived**

- Realizing the value of interpersonal and effective communication skills in the business.
- Acquiring knowledge of and adherence to employment rules and regulations.
- Gaining knowledge of the hiring and selection procedures, including how to efficiently screen applicants and spot outstanding talent.

- Acquiring the skills necessary to carry out performance reviews and provide staff constructive criticism.
- Learning about efforts involving employee relations and engagement and comprehending how they may affect the broader organizational culture.
- Acquiring the skills necessary to simultaneously manage and prioritize various activities and projects.
- Acquiring good administrative and organizational abilities.
- Moreover, my internship at the HR department provided me with a comprehensive understanding of the HR field and allowed me to apply my theoretical knowledge in a practical setting. It was a valuable learning experience that will benefit me as I pursue my career in HR.



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