

FACTORS AFFECTING EMPLOYEE RETENTION: A CASE STUDY OF PLASTIC OPTICAL LENS FACTORY IN LADKRABANG INDUSTRIAL ESTATE

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Abstract: The purposes of this research is 1) To study the level of employee retention in Essilor Manufacturing (Thailand)co.,ltd. 2) The effecting between various factors affecting employee retention in Essilor Manufacturing (Thailand)co.,ltd The sample consists of 348 employees, which were drawn using the simple random sampling method. The study variables of the human resource are Working environment , Employee relationship ,Employee support, Career opportunity, Compensation and welfare The survey questionnaires were used as research instrument. The data is analyzed for percentage, mean, and standard deviation. Multiple linear regression analysis is used for hypothesis testing. The study results show the level of employee retention is in moderate level. The factor that most affect employee retention is compensation and welfare. The second and third factors in range is employee support and employee relationship. For working environment and career opportunity has not affect with employee retention in company.

Keywords: Employee retention, Working environment, Employee relationship , Employee support , Career opportunity ,Compensation and welfare

1. Introduction

Optical lenses industry become one of a significant role in the supporting of economic development in Thailand. Main objective of this study attempts to find out the personal factors that influence employee retention in Essilor Manufacturing (Thailand)co.,ltd . One of the 100 companys ranking by Forbes. In this continuously changing contemporary economy, companies have to be able to anticipate technological innovations and to compete with other companies worldwide. This need makes important a company's ability to evolve through employees' learning

and continuous development. Securing and retaining skilled employees plays such an important role in this process, because employee's knowledge and skills are central to companies' ability to be economically competitive.

Mostly optical lenses industrial are industry for exportation. Many people had never acknowledge optical lenses is included in one of Medical device in Thailand which must be authorized before any processes by FDA (Food and Drug Administration) since period of production process until export customs. Each of process had maintain substrate is People , Strategy and Performance to support in very competitive situation. And the most importance factor is absolutely People. Since employee has quality , knowledge and ability to lead to company. Talents employee would be advantage in term of economically competitive.

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Human resource compare with technology and investment has been quite difference since human is unpredictable not likely the others. Efficiently managing employee would be created motivation in company. Obviously the evidence by comparing two employees under different external factors would be acting different behavior. The idea is how to manage employee exist to company with highly ability , proudly and suppress Turnover rate which will be loss of many investment to company. Not only turnover rate would be effected with investment in term of money but also in term of training the substitute new comer. All those working environment would be disconnected and eventually effect with main overall company. One of the most of popular idea is linked to Motivation Hygiene's Theory which's combined with external motivation for example money , incentive and internal motivation such as how company acting to employee , trustworthiness etc.

However , There's many factors would be effected to employee in term of transfer position in company or worst to turnover. This study we focusing on comparing the retention management practices that makes people stay in organization. In other words , this study examines the reasons behind why employees stay and how these retention factors differ in each others. We attempt to understand those all possibility and take the result into preventive action plan for achieve the target of employee retention permanently.

2. Objective

This study on review of literature on retention initiatives undertakes the following objectives:

- To find out the level of employee retention in Essilor Manufacturing (Thailand)co.,ltd.

- To explore factors affecting employee retention in Essilor Manufacturing (Thailand)co.,ltd.

3. Literature Review

Employee turnover occurs when employees leave their jobs and must be replaced. Replacing exiting employees has cost to organization and destructive to any operation flow in overall . It's force for management to reduce, to the minimum, the frequency at which employees , particularly those that are crucial to its operations leave.

Retention is a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity.

However, retention of high perform employees has become more challenging for management since employees frequently move from one job to another as they are attracted by more than one organization or another position at those time.

There are many meaning by various researcher mention to Employee retention. Some of them had declare as following;

- Mitchell and Thomas (2011) said that Employee retention means to Employee commit to working with company , connect with coworker, group , social and accept they would be lose if they resign.
- Mathis and Jackson (2004), Employee retention is company employee received what they're expect which effect them attention to woke with company.

Refer to further various research, Employee retention had concluded in concept employee has decision to work with company with proud , willing to spend

their talent ability for manage their task and feeling a part of organization.

Eric (2003) has mention Talent employee retention would be concluded five factors to keep talent employee with company.

- Working Environment
- Employee relationship
- Employee support
- Career opportunity
- Compensation and welfare

His study claim that talent employee retention refer to the decision to work in company. Since the high performance employee an high ethical professionalism would be more challenge to organization to maintain. Those kind of employee will be key factors to company grown in competitive business situation. Turnover of them will be effected to company cost in 3 way : Direct expenses , Indirect costs and opportunity cost.

Herzberg (1959) two factor theory as cited in Bassett-Jones and Lloyd (2005) provided a theoretical background for the study. Herzberg argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally generated and is propelled by variables that are intrinsic to the work which Herzberg called "motivators". These intrinsic variables include achievement, recognition , the work itself, responsibility, advancement, and growth.

4. Research Framework and Methodology

- *Independent variable*

This study we take benefit of Eric's idea and Berger and Berger (2004) which included the following factors ;

4.1 Working Environment: The primary employee retention strategies have to do with creating and maintaining a workplace that attracts, retains and nourishes good people. This covers a host of issues, ranging

from developing a corporate mission, culture and value system to insisting on a safe working environment and creating clear, logical and consistent operating policies and procedures.

4.2 Employee relationship: Employee relationship strategies have to do with how company treat employee. Some top employee relationship strategies: Use behavior assessment tools, to help people better understand themselves and each other and communicate more effectively.

4.3 Employee support: Employee support strategies start with employee and managers' attitudes. If employee received support from their manager or company no matter in term of working or even personal life, all those occur would lead worker stay long with company.

4.4 Career opportunity: Employee growth strategies deal with personal and professional growth. Good employees want to develop new knowledge and skills in order to improve their value in the marketplace and enhance their own self-esteem.

4.5 Compensation and welfare: According to many previous researchers. Compensation packages may differ from organization to organization. Generally employees always have high expectations of their compensation package from the organization that they are going to recruit. So, an attractive compensation always helps to retaining good employees which are inevitable part of an organization because organization invests a lot of money on their recruitment, orientation and training.

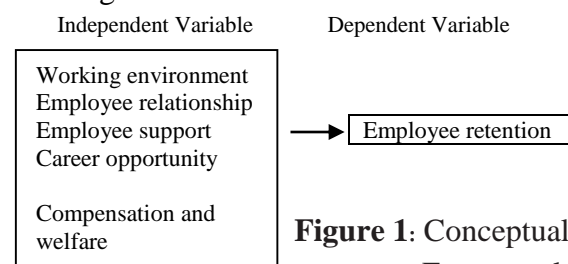


Figure 1: Conceptual Framework

- *Research scope*

The research model was practically tested by using primary data which were collected from 348 employees in Essilor Manufacturing(Thailand) co.,ltd. The questionnaire was consisted of four parts: Screening questions, Variables working environment factors , Retention factors and Opinion questionnaire .In the first part as assigned to obtain personal information of respondents by using the category scale and includes six questions related to gender, age, educational level, work experience, income and position level in company. In second and third part ,the five-point Likert scale , Multiple linear regression was assigned to measure by selecting their score of agreement in the interval of strongly disagree to strongly agree. In last part contain employee's independence opinion.

5. Results and Discussion

Table 1 : Personal factors

Personal factors	Frequency	Percentage
AGE (Year)		
More over 20 - 30	241	69.3
More over 30 - 40	104	29.9
More over 40	3	0.9
Total	348	100.0
EXPERIENCE(Year)		
Less or equal 5	215	61.8
More over 5 - 10	56	16.1
More over 10 -15	74	21.3
More over 15	3	0.9
Total	348	100.0
SALARY(THB)		
Less or equal 10K	33	9.5
More over 10K - 20K	304	87.4
More over 20K - 30K	11	3.2
Total	348	100.0
EDUCATION(Level)		
Junior High School	100	28.7
Senior High School	145	41.7
High Vocational Certificate	103	29.6
Total	348	100.0

Refer to Table 1 : Sample from Essilor manufacturing(Thailand) co.,ltd total 348 people. Most of them in range of 20-30 years old. They had working experience

less or equal than 5 years with company. The salary is more over 10-20K and mostly had education in senior high school.

Table 2 : Mean and standard deviation of variables

Variable	\bar{x}	S.D.
Working Environment	3.389	0.473
Employee relationship	3.336	0.463
Employee Support	3.328	0.555
Career opportunity	3.058	0.582
Compensation and welfare	2.928	0.508
Employee retention	3.371	0.566

Refer to Table2 : The overall level of employee retention is in moderate level. The result show ranking by factors as following Employee relationship , Working Environment , Compensation and welfare , Employee Support and Career opportunity. The level of employee retention in Essilor manufacturing(Thailand) co.,ltd. is also in moderate level.

Table 3 : Showing independent variable factors affecting employee retention.

Independent Variable	bj	p-value
Constant	-0.761	0.000**
Working Environment	-0.037	0.337
Employee relationship	0.214	0.000**
Employee Support	0.467	0.000**
Career opportunity	0.092	0.018
Compensation and welfare	0.583	0.000**
R = 0.884 ; R ² = 0.781 ; p-value = 0.000**		

Refer to table 3: p-value=0.000 which is less than 0.01 which refer to there's at least one independent variable affecting employee retention. R²=0.781 show all independent variable can cover the factors affecting employee retention at 78%. The most factor affecting employee retention is compensation and welfare. The second and third factors in range is employee support and employee relationship. For the working environment and career opportunity has not affect with employee retention in company.

6. Conclusions and Recommendations

- Conclusions

According to the results of this study shows the level of employee retention in Essilor manufacturing (Thailand) co.,ltd. is in moderate level. The research proved that some of the factors do affect the employee retention. The factor that most affect employee retention is compensation and welfare. This's key factor which attract employee to working with company in long term. Compensation packages may differ from organization to the others. Generally employees always have high expectations of their compensation package from the company . So, an attractive compensation always helps to retaining good employees. Refer to Milgrom & Roberts(1992), the compensation plan can affect organization performance by influencing recruitment and retention in addition to influencing employees. In term of motivation , performance based compensation contracts can attract and retain high performer and differentiate high from low performers. According to Williams & Dreher (1992), wages become an important factor in the recruitment process and it is the key factor for influencing the employee for attraction and retention. The second factor affecting employee retention in range is employee support. Employee believe that support from supervisor or co-working is represent for organization support. It would increase perception concerned the organization in positive way. Supporting become one of the factor affecting employee retention since the employee would feel comfortable to work their responsibility. Employee support strategies involve giving people the tools and equipment to get the job done. When people feel they have what they need to perform, job satisfaction increases dramatically. The last factors in range is employee relationship.

Relationship between in employee would lead the people to work with company. The research also proved that this factor is also one affecting the employee retention. The relationship will included the assistance, acceptance , teamwork and trust in each other. Employee would feel comfortable to do their responsibility as long as they realize that supervisor always support.

- Recommendations

This study has recognized that some of the factors do affect the employee retention. Researcher would like to keep follow study more factor in different detail. Such as teamwork , company culture or even more detail in each department to see the overview if there's interesting factor affecting in each path.

The next research in term of employee retention should be expand scope to the other company in deferent province. For example in Essilor Optical in Chonburi .Then we can compare and might had different factor in case the environment is not the same.

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