

Retention Strategy: A Case Study of Managing Turnover and Retaining Employees in an Automobile Manufacturing Company

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Abstract. This is a case study of managing employee turnover and retaining employees in an automobile manufacturing company in Thailand. The specific objectives of the study were: (1) to study the employee turnover rate at the company under study; (2) to compare the employee turnover rates of the company under study and other companies in the automotive industry and other multinational companies; (3) to study the causes of turnover in the company under study; (4) To study the factors influencing employee turnover and enhancing employee retention at the company under study; (5) to study the retention strategies practices in other multinational companies. Two data collection methods; document review and focus group were applied in this study. A purposive sampling was used to select focus group participants, and a qualitative data analysis method was employed in analysing data. As a result of this study a retention model comprising six major strategies was proposed with recommendations for each strategy which include: Strategy 1: Human resource planning and recruitment; Strategy 2: Training and development; Strategy 3: Compensation and benefits; Strategy 4: Industrial relations; Strategy 5: Establish and operate monitoring system; and Strategy 6: Enhancement of external public relations.

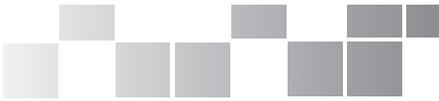
Keywords: Employee Turnover, Retention Strategy, Human Resource Management, Thailand.

Introduction

Employee retention is in fact one of the most important functions of human resource management (HRM). However, in theoretical side most of the textbooks dedicate a large portion of the space to recruitment with minimal mentioning retention function. At the same time in practice, most of the companies dedicate their resources and efforts to recruitment aiming at bringing people into the company. Very few companies give attention to retention side of HRM. Finding the best people for company is a very difficult task but very few companies realised that how to retain them is even more difficult. Employee turnover costs a lot to company. Thus it is essential that retention function of HRM be given more attention to help the company to be able to retain the best employees recruited. In order to win in the current stiff business competition company must be able to manage its human resource effectively. The winning company must be able to attract, integrate, motivate and retain talented employees.

In Thailand, one of the world's largest automobile manufacturing companies was incorporated and registered companies in 1992, to produce and sell its products. The construction of its assembly centre has begun in 1997 and the production of the pilot vehicle was to begin towards the end of 1999. According to the plan, there would be 500 employees at the end of 1999 and the total number of employees was expected to be at 1,200 in the year 2001 when it was fully in operation.

In preparation for the full operations, this company takes a proactive approach in all areas of HRM. The human resource (HR) organization had been established comprising of five main HR functions, including compensation, benefits, and industrial relations which include recruitment and other related areas. The HR team is also developing and implementing HR policies and procedures, including an employees' handbook, in order to achieve the goals according to its values and vision. The HR team decided to develop two sets of strategy: (1) industrial peace strategy, and (2) retention



strategy for implementation so that its operation would not be affected by both avoidable and unavoidable turnover and any unexpected industrial actions. Two research projects were proposed by HR Department and approved by the company management: (1) industrial peace strategy, and (2) retention strategy. A steering committee comprised of senior management from each of the major company functions, including Finance and HR, was established. The major function of the steering committee is to supervise the conduct of the study. Research proposal, progress reports and findings including the final report of the study must be presented and approved by the steering committee. This study on retention strategy was conducted in parallel with the study on industrial peace strategy. Both projects were conducted and completed within the approved 14 months period authorized by the steering committee.

Research Questions

To provide a focus for this study, the following questions were posed: (1) what is the rate of employee turnover at the company under study? (2) What are the causes of turnover at the company under study? (3) What are the factors influencing employee turnover and the factors enhancing employee retention? (4) What retention strategies are practiced in other multinational companies?

Objectives of the Study

The objectives of this study were: (1) to study the employee turnover rate at the company under study; (2) to compare the employee turnover rates of the company under study and other companies in the automotive industry and other multinational companies; (3) to study the causes of turnover at the company under study; (4) to study the factors influencing employee turnover and enhancing employee retention at the company under study; (5) to study the retention strategies practiced in other multinational companies.

Literature Review

There are three ways to use literature in qualitative research Creswell (2009): (1) “to frame the problem in the introduction to the study” (p. 27); (2) “presented in a separate section as a review of literature” (p. 27); and (3) “presented in the study at the end; it becomes a basis for comparing and contrasting findings of the qualitative research” (p. 27). It is an ongoing task and was conducted in this study at a level sufficient to reach an understanding of the concepts of employee retention only. It was not conducted to the level of over contamination of the study (Whiteley 2004), and divided into six parts: employee retention; employee turnover; the causes of turnover; the costs of turnover; retention strategy; and research related to retention strategy.

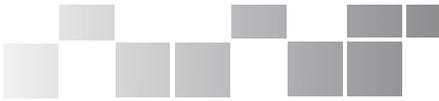
Employee Retention. Employee retention is the activities used by the company to retain the needed employees. It is part of major objective of HRM process (Cascio 1995) and is a continuing process (Courtis 1976). It can be likened to re-hiring existing employees on a continuing basis. However, it is usually not being discussed separately in HRM textbook as one single subject like other subjects as recruitment or employment. It is sometimes discussed briefly in human resource planning or recruitment section of the textbook. Most discussions are concentrating on turnover without linking to employee retention. Courtis (1976) argues that if the company devoted the same amount of time to keeping each of direct staff as it does to hiring a new member, it would be well on the way to success. Horowitz (1999) asserts that hiring is time-consuming and expensive and firing can be costly and risky. The benefits of retaining the needed employees and minimizing turnover that reduce the come-and-go of employees include the ability to maintain productivity and minimize turnover costs. He suggests several ways for retaining employees such as: do not over promise, prepare the employee for what is to come, and check references. Cascio (1995) asserts that retention comprises the activities of rewarding employees for performing their job effectively, ensuring harmonious working relationships between employees and management, and maintaining a safe, healthy work environment. He suggests that line

manager has direct responsibility for people management which include: fair treatment of employees, open communication, face-to-face resolution of conflict, promotion of teamwork, respect for the dignity of each individual, and pay increases based on merit. At the same time HR department is responsible for compensation and benefits, employee relations, health and safety, and employee services. Walker (1992) asserts that managers must be trained in effective recruiting, assessment, and selection and HR department must help managers to understand employee turnover and its causes.

Employee Turnover. According to Bohlander and Snell (2004, p. 177) turnover refers to “the movement of employees out of an organization.” Augustine (1972) asserts that turnover is the termination of employees and the hiring of other employees to replace them. These actions are broadly divided into accessions and separation. Accessions are additions of employees while separations are terminations of employees. Accessions include new hire and call-backs. Separations include quits, discharges, and layoffs for normally more than seven consecutive days. Temporary employees and transfers between jobs, shifts, departments, and buildings are not considered terminations or additions in calculating overall organization turnover. Turnover can be categorized as voluntary or involuntary and avoidable or unavoidable. Voluntary separations are initiated by the employee while involuntary terminations are initiated by the employer. Avoidable separations are ones the employer has control over such as wages, benefits, hours, and working conditions. Unavoidable separations are ones the employer has no control over such as illness, retirement, death, and pregnancy. In order to be able to retain the needed employees, employer must be able to identify those avoidable separations and take necessary action to prevent them. Thus retention strategy is essential to be used as a proactive measure for employee retention.

Costs of turnover. High turnover is costly (Appleby 1994). It affects organization performance (Ton & Huckman, 2008) and profits (Simons & Hinkin, 2001). Flippo (1966) argues that when an employee leaves the company such costs as the following are involved: (1) hiring cost involving time and facilities for recruitment, interviewing, and examining a replacement; (2) training costs involving the time of the supervisor, HR department and trainee; (3) the pay of a learner is in excess of what he produces; (4) accident rates of new employees are often higher; (5) loss of production in the interval between separation of the old employee and the replacement by the new; (6) production equipment is not being fully utilized during the hiring interval and training period; (7) scrap and waste rates climb when new employees are involved; and (8) overtime pay may result from an excessive number of separations causing trouble in meeting contract delivery dates. Similar list of costs are provided by Wolf (1962); Pigors and Myers (1965); and Horowitz (1999). Cascio (1995); and Bohlander and Snell (2004) classify the costs into three main categories: separation costs, replacement costs, and training costs. Separation costs include: exit interview, administrative functions related to termination, separation pay if applicable, and increased unemployment tax. Replacement costs include: communicating job availability, preemployment administrative functions, entrance interview, staff meetings, travel and moving expenses, post-employment acquisition and dissemination of information, and medical examinations. Training costs include: informational literature, instruction in a formal training programme, and instruction by employee assignment. Based on the cost items above estimation and calculation of turnover costs were made. For examples costs associated with the turnover of one computer programmer is \$20,080.00 (Bohlander and Snell 2004, p. 179). It can cost 100% to 250% of the departing person’s salary (Horowitz 1999). In order to correct the situation it is essential to investigate the causes of turnover and develop strategy for implementation.

Causes of Turnover. According to Augustine (1972) turnover is caused for a variety of reasons rather than for any one single reason. Even when management knows the cost and many of the reasons for high turnover there is no single remedy can be used as a cure-all for this symptom of organizational ill health (Pigors and Myers 1965). They suggest that the causes of turnover include: ability to find a better job; dissatisfaction with working conditions, supervisors, co-workers, and shift assignments, no career advancement or unavoidable reasons such as illness. Courtis (1976) suggests that common



causes include: failure to communicate, motivate, train, develop, create prospects, lead, reward adequately, structure job properly or permit participation. Poor management practices (Pigors and Myers 1965; Courtis 1976) and job satisfaction can also cause turnover (Robbins and Judge 2009). Horowitz (1999) argues that the top reasons for turnover are: compensation, opportunity for advancement, corporate culture/environment, and future direction of the company, access to technology, training opportunities, and job security. Augustine (1972) suggests that serious efforts must be directed to an examination of the entire process affecting employees from the day they are recruited through the day they leave. The review should include: recruitment, selection, training, salary and wage programmes, fringe benefits, working conditions, and supervisory practices. Many of the factors are related, and dissatisfaction with one may lead to another. Appleby (1994) argues that examination of the turnover may indicate poor selection techniques, poor placement of working conditions. Betts (1993) argues that turnover indicates the level of morale and the effectiveness of the selection, induction and training of new employees. In order to correct turnover problem and to come up with strategy to retain the needed employee causes of turnover must be properly determined.

Retention Strategy. Wheelen and Hunger (2000, p. 12) assert that “a strategy of a corporation forms a comprehensive master plan stating how the corporation will achieve its missions and objectives. It maximizes competitive advantage and minimizes competitive disadvantage.” Strategy formulation is part of strategic management process. Based on Thompson and Strickland III (1995) the process includes the five major tasks i.e. developing a strategic vision and business mission; setting objectives; crafting a strategy to achieve the objectives; implementing and executing the strategy; and evaluating performance reviewing new developments, and initiating corrective adjustment. Likewise, retention strategy is part of corporate human resource (HR) strategy under strategic HRM processes (Noe, Hollenbeck et al. 2000; Mello 2006) which is a part of the total corporate strategic management process. Augustine (1972) presents an all-out programme to reduce turnover comprise of: establish updated and realistic job and man requirements, improve recruitment and selection procedures, effective promotion from within, effective orientation programme, employee training, supervisory training, competitive and equitable salary and wage programme, attractive and competitive fringe benefit programme, performance appraisal, effective and responsive complaint procedure, dial-a-complaint, consistent application of policies and procedures, corrective disciplinary process, restructuring jobs, employment of the handicapped, increased use of part-time help, employee participation, greater recognition of human needs, review of absenteeism, improved communication, weighted application blank, and staff counsellor. These programmes can be the basis for formulating retention strategy in this study.

Related Researches. Most of the research has been conducted in Western countries, and there is little empirical research on this topic in Thailand. At the same time, most of the research conducted was focused on turnover. Although, the trend of research in this area is focusing more on staying than leaving (Holtom, Mitchell, Lee, & Eberly, 2008), few researches focus on a proactive and prevention of turnover. This section will focus on selected researches related to retention strategy.

Nankervis (1993) indicated that the turnover may be partly caused by the lack of careers, low job satisfaction and inadequate salaries. It is important that HR specialists maintain strategic approaches to labour demand and supply projections, including examination of turnover/wastage levels, in order to ensure effective, and cost-effective, utilization of their employees to accountability contribute to the productivity of their establishments.

Ban, Drahnak-Faller et al. (2003) pointed out that the impact of turnover could be positive as well as negative. A restructure of job with low salaries and hire relatively junior people who would stay for a few years and move on was used. The concept of a spiral career pattern in which people needed to move sideways to advance was supported by the findings of this research. One approach to improving ability to hire and retain professional staff is to improve the process internally through professionalization of HR function. Formal training in general management and in HR techniques for

managers might lead to more effective hiring and retention and to improve staff quality.

Su (2008) suggested that to develop a positive image in managing employee turnover, the company should: (1) focus on ethical application of labour law; (2) provide appropriate policies in reorganizing the company for mutual benefits of employers and employees; and (3) train or educate employees to be able to rotate to other units or networks.

Chen, Wang, & Chu, (2010) found that payments and benefits were considered as the most important categories attributing to job satisfaction. However, the employees were not satisfied with their monetary rewards according to the gap between their level of importance and actual experiences. They suggested that management must evaluate the costs of current turnover, analyze the reasons for the individual organization, and develop strategies that in the long term are less costly than continued turnover. Some suggested retention strategies include: (1) to be fair and consistent in establishing compensation, (2) promotion from within, (3) avoid bringing new people on board at a higher rate of pay than current employees, (4) provide an employee mentoring program, (5) pay attention to employee complaints, (6) provide an employee recognition program, and (7) provide career advancement opportunities.

These researches provide information useful to the design of this study. Findings and recommendations of these studies could be used for discussions and recommendations in this study.

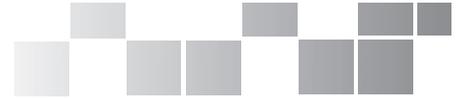
Research Design

A research design is “a journey from the intensely philosophical through the procedural to the practical and on to the final step of the representational” (Whiteley 2002, p. 22). It is a plan for collecting and analysing data in order to answer the research question (Holsti 1969). It includes “the overall approach to be taken and detailed information about how the study will be carried out, with whom and where” (Maykut and Morehouse 1994, p. 64). It is a “planning for certain broad contingencies without, however, indicating exactly what will be done in relation to each” (Lincoln and Guba 1985, p. 226).

Based on constructivism paradigm (Guba and Lincoln 1989; Guba 1990; Creswell 2007), and case study strategy (Yin 1994; Stake 1995; Creswell 2007), qualitative research was chosen for this study. Patton asserts that “a qualitative design needs to remain sufficiently open and flexible to permit exploration of whatever the phenomenon under study offers for inquiry. Qualitative designs continue to be emergent even after data collection begins (Patton 1990, p. 196). Patton emphasizes that the degree of flexibility and openness in the design is a matter of great variation among designers (Patton 1990).

The design of this study begins with the proposal and approval of the research topic by the steering committee appointed by the company followed by the conduct of literature review which was an on-going process. Based on the literature review a qualitative design of this study was made and a research proposal was presented to the steering committee for approval. Two data collection methods, document review and focused groups, were used, and data analysis was performed in parallel with the data collection. Findings were presented and discussed followed by the presentation of conclusions and recommendations. The study report was then presented to the steering committee for approval.

To enhance the trustworthiness of this study the following measures are applied: (1) triangulation (Creswell, 2009; Lincoln & Guba, 1985), (2) prolonged engagement in the field (Lincoln & Guba, 1985), and (3) researcher’s experience (Patton, 1990; Siriwaiprapan, 2000). Triangulation of data was made through observation of the actual operation and practices, and participation in several meetings with both management and employees. In-depth interviews (Patton 1990) using purposive sampling were conducted with three senior executives to obtain information on retention strategy development and implementation. These interviews were conducted for triangulation purposes. For prolonged engagement, the researcher spent 14 months in the field during the study project. In the area of researcher credibility, the researcher has more than 30 years of practical experience in the field of human resource management, development and industrial relations prior to the conduct of this study.



Data Collection

Document Review. Based on Marshall and Rossman (1999); Hakim (2000); and (Hodder 2000), document review was employed in this study. Four sets of documents were reviewed in this study. The first set of documents was the report of turnover at the company under study provided by the HR Department. The second set of documents was turnover rate for 11 selected companies in the automotive industry. The companies to be reviewed were identified by the steering committee. The turnover rates were calculated using the data available at the Social Security Office. The third set of documents was the rate of turnover at four selected multinational companies located near the company under study. The data was obtained by the same method as indicated in the second set of documents. The fourth set of documents was related to retention strategies at the four selected multinational companies. The companies to be reviewed were identified by the steering committee. The documents were obtained with the cooperation of HR Department at each company.

Focus Group. Five focus group interviews were conducted in this study as per Merton, Fiske et al. (1990 orig. 1956) and Stewart, Shamdasani, et al. (2007). The first focus group was conducted with HR staff and was called a workshop. The second focus group was conducted with a panel of experts in IR. The panel comprised two resource persons with more than 30 years of experience each in the fields of human resource management and industrial relations, five support consultants in various HR areas with experience ranging from 15 to 30 years and two regular consultants with more than 30 years of experience each in the fields of human resource management and industrial relations. The other three focused groups were conducted with line managers, supervisors, and HR staff. The size of each focus group was in the range of 8-12 participants. These focus groups were the same focus groups used for the industrial peace strategy study project conducted in parallel with this study as stated to in the introduction. The agenda for the focus groups included identifying the positive factors enhancing sound employee relations and preventing labour disputes and employee turnover, the negative factors that have potential to create labour relations problems or disputes and employee turnover, and the sensitivity of various issues in developing an industrial peace strategy and a retention strategy.

Data Analysis and Results

Content analysis (Weber 1990; Berg 1998; Creswell 2009) was applied. Data analysis and collection were performed simultaneously. A review of the first set of documents found that the turnover rate of employees in the company under study was 7.33%. It was concentrated in four areas: finance, HR, marketing and after sales service, and material management. Finance was the highest at 23.31 percent. The reasons given were classified into two main categories: 72% were organization and career factors (change to new career, 48%; got better job, 20% and cannot adapt to culture, 4%), and 28% was location factor (too far from home, 24%; go back to Bangkok, 4%). No compensation reasons were cited. Negative comments made in exit interviews were reviewed and found that the major reasons for leaving are: management practices, working system, practices of expatriates, salary, welfare, communication, location, and career advancement. Management practices were ranked as top reason for leaving (56%), work system was ranked the second (52%) and expatriate practices which can be interpreted as cultural issues ranked the third (40%) as reasons for leaving in the company.

A review of the second set of documents found that the turnover rate at 11 selected companies in the automotive industry in Thailand during the study ranged from 0.82-10%. The rate was 1.69-6.34% for the companies with headcounts ranging from 200-800 employees. Other related information was not available. A review of the third set of documents found that the turnover rates at four selected multinational companies located nearby were 3.50-4.25 percent. The rate of their finance staff was 0-7.41%. Other related information was not available.

A review of the fourth set of documents found that retention strategies used by various companies under review include: (1) improve compensation and benefits package (C&B), revision of salary structure, merit based review metrics, special adjustment for outstanding employees, provide

retention bonus scheme, implement open-end salary structure, improve provident fund schemes, OPD services, petrol allowance, shift premium, dislocation allowance, professional allowance, and transportation allowance; (2) training and development (T&D); allocate certain percentage of T&D budget; provide in-house, outside, and overseas training; provide education assistance (i.e. for Bachelor, Master and other educational programmes); and clear career path; (3) improve working conditions, provide adequate working and office spaces, equipment, and implement a 5-day workweek; (4) improve working relationships and atmosphere especially supervisor and employee relations; and (5) improve public relations and promote corporate social responsibility, provide scholarships to universities, donation to handicaps, and etc.

From the five focus groups conducted, 231 concepts were identified and divided into two groups of 108 positive and 123 negative factors. Positive factors can be classified into six major themes: working environment, management practices, company image, training and development, communication and relations, and new technology and equipment. Negative factors can be classified into six major themes: management practices; policy, rules and regulations; communication and relations; issues related to international expatriates; cross cultural issues; and compensation and benefits.

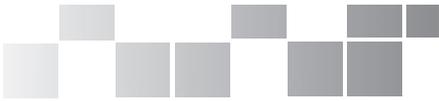
Discussion

Discussion of the results of the study will be presented in correspondence with each of the objective of the study.

Objective One: to study the employee turnover rate at the company under study. The overall turnover rate of the company under study was 7.33 percent. Further investigation was made and found that it was concentrated in four areas for professional level employees: finance, HR, marketing and after sales service, and material management. Out of these four departments, finance was the highest.

Objective Two: to compare the employee turnover rates of the company under study and other companies in the automotive industry and other multinational companies. The overall turnover rate in the 11 selected companies in the automotive industry was ranging from 0.82-10 percent. The rate in the companies with headcounts ranging from 200-800 employees, which is comparable to the size of the company under study was 1.69-6.34 percent. The rate in the four selected multinational companies located nearby were 3.50-4.25 percent. The rate for their finance staff was 0-7.41 percent. When compare the overall rate of the company under study with the rate of companies in the automotive industry, it was found that the rate was in the range of the industry. However, when a comparison was made with the companies of similar size that are considered competitors in labour market, it was found that the rate of the company under study was higher. A similar result occurs when a comparison was made with multinational companies located nearby considered to be competitors in labour market. It is critical, particularly in the area of finance where the rate of the company under study went up to 23.31 percent.

Objective Three: to study the causes of turnover at the company under study. The major reasons for leaving were related to organization and career factors (change to new career, got better job, and cannot adapt to corporate culture), and to location factors (too far from home and to go back to Bangkok). It was interesting to note that no compensation reasons were cited as a direct reason for leaving. This is in contrast with the study by Chen, Wang, & Chu (2010). The results of data analysis of the exit interviews found that the major reasons for leaving are: management practices, working system, practices of expatriates, salary, welfare, communication, location, and career advancement. The majority of the factors that caused the turnover in the company pointed to the dissatisfaction in the area of management. It should be noted that the management practices were ranked as top reason for leaving followed by work system and expatriate practices, which were considered management factors. It confirms that employee dissatisfaction, including the dissatisfaction of management practices, cause employee turnover (Robbins & Judge, 2009).



Objective Four: To study the factors influencing the employee turnover and factors enhancing employee retention in the company under study. From the perceptions of experts expressed in the focus group there are six major positive factors that enhance the retention of employees: working environment; management practices; company image; training and development; communication and relations; and new technology and equipment. At the same time there are six major negative factors that could cause employee turnover: management practices; policy, rules and regulations; communication and relations; issues related to international expatriates; cross cultural issues; and compensation and benefits. These factors are in line with the major cause of turnover found in this study, as discussed above, in particularly the management practices. As management relates closely with leadership, and effective leadership and the reputation of management are important factors for employee engagement (Hundley, Jacobs, & Drizin, 2007) that enhance employee retention, the company should take into account these two concepts in the revision and development of its current leadership and management development program.

Objective Five: to study the retention strategies practiced in other multinational companies. Retention strategies used by various companies which could be considered as competitors of the company under study in labour market could be classified into five major groups: (1) improve compensation and benefits package; (2) training and development; (3) improve working conditions; (4) improve working relationships and atmosphere, especially supervisor and employee relations; (5) improve public relations and promote corporate social responsibility. Most of the strategies applied were traditional practices. However, some innovative practices were utilized such as the activities of corporate social responsibility. Employee retention are activities used by a company to retain needed employees. It is a proactive approach to create commitment and engagement of employees within an organization (Armstrong, 2010; Joungrakul, 2010). However, it is less emphasized in practice than the inactive approach of recruitment and selection to replace those employees who leave the company. A large sum of resources including time and effort have been allocated and concentrated in such traditional inactive approaches of managing employee turnover and replacement (Hitt, Black, & Porter, 2009). A new paradigm of strategic human resource management (SHRM) (Joungrakul, 2010; Mello, 2006) should be applied to integrate HR policies and procedures aiming to create commitment and engagement of employees for the achievement of company goals and objectives should be emphasized. The implementation of these policies and procedures should be led by top management and involve line managers as necessary since the HR decision rests with each manager (Ulrich 1997; Ulrich and Brockbank 2005). To be effective, managers must be well aware of the effects of turnover and its causes. They must be well trained in SHRM including employee retention, commitment and engagement and be responsible for their HR decision making.

Conclusions and Recommendations

Four conclusions can be drawn from this study: First, turnover is caused for a variety of reasons rather than for any one single reason. Even when management knows the cost and many of the reasons for high turnover there is no single remedy can be used as a cure-all for this problem. Second, providing an excellent compensation and benefits package alone does not guarantee that the company will not face employee turnover. From this study there is no mention of dissatisfaction in C&B package as reason for resigning. Third, sound management practices and fair treatment of employees must be taken in to account in preventing and managing turnover. Based on this study, the management practices were one of the major causes for employee turnover. Fourth, line managers play a pivotal role in creating, managing and enhancing retention strategies in a company. To obtain the desirable outputs, they use physical, financial and HR. Hence, they are the persons who are really exercising retention strategies directly while HR and other staff functions play supporting and facilitating roles.

Based on the results of this study, the general strategic management process (Thompson and Strickland III 1995) and SHRM processes, (Noe, Hollenbeck et al. 2000; Mello 2006) a set of retention strategy and recommendations were proposed as display in Table 1.



Table 1: Proposed Retention Strategy and Recommendations

Strategy Group	Strategy	Recommendations
1. Human resource planning and recruitment	1.1 Establish an updated and realistic job and man requirements	<p>1.1.1 Human resource planning should be revised to concentrate on recruiting from local or native available applicants.</p> <p>1.1.2 Although local applicants may not have exactly qualifications required by the jobs, an entry level should be considered.</p> <p>1.1.3 Structured on-the-job training should be established to train and groom these employees. This will also provide additional career advancement for employees.</p>
	1.2 Restructuring of jobs	<p>1.2.1 Job restructuring should be considered in those critical areas i.e. Finance, HR and Marketing. This may be done through job-enlargement and job-enrichment.</p> <p>1.2.2 Hiring at the starting level with local candidates should also be considered for this purpose.</p>
	1.3 Improving recruitment and selection procedures	<p>1.3.1 All assessors should be trained and update regularly in their skills and knowledge on the company objective, organization, jobs and condition of work in each area.</p> <p>1.3.2 Turnover of personnel recruited should be one of the KPI of their performance evaluation.</p> <p>1.3.3 To have close supervision of this important unit a manager should be appointed the head of the unit.</p> <p>1.3.4 The centre should be relocated nearby the plant.</p> <p>1.3.5 A Realistic Job Previews programme should be implemented before making final selection.</p>
	1.4 Effective promotion from within	<p>1.4.1 Promotion from within policy should be stressed and announced to all employees.</p> <p>1.4.2 The promotion should comprise two methods; promotion through job enlargement and through job opportunity programme. Those employees who are recruited at the starting grade of their position should be given promotion to the next higher grade level in their job when time-in-grade or qualification is met. Job vacancies at middle or higher level should be announced to all employees so that those who have suitable qualification can apply and compete with others for promotion/transfer. This programme will help reduce underutilized employees and create more job satisfaction and reducing turnover rates.</p> <p>1.4.3 Career path system and career education programme should be enhanced to help employee to be aware of their career and advancement opportunity so that they can develop their own career plan to suit with their needs and organizational needs.</p>
	1.5 Job rotation	<p>1.5.1 Where possible a job rotation programme should be implemented. Job rotation moves employees from job to job. Jobs themselves are not actually changed; only the workers are rotated. Rotation breaks the monotony of highly specialized work by calling on different skills and abilities. The organization benefits because workers become competent in several job rather than only one. Knowing a variety of jobs helps the worker's self-image, provides personal growth, and makes the worker more valuable to the organization.</p>



Strategy Group	Strategy	Recommendations
2. Training and development	2.1 Effective orientation programme	<p>2.1.1 Improvement in arrangement and organization of orientation is required especially on the punctuality of speakers and participants.</p> <p>2.1.2 Technical terms should be clearly explained as participants are new to the company.</p> <p>2.1.3 Orientation content should be expanded to cover more HR issues.</p> <p>2.1.4 Employee Handbook should be delivered along with other material at the orientation.</p> <p>2.1.5 Visual aids should be developed and used more in orientation.</p> <p>2.1.6 An orientation follow-up should be conducted by supervisor.</p> <p>2.1.7 A re-orientation should be conducted by HR department at least annually for all employees. This may be done in a small group on a monthly basis based on the anniversary of their employment during the month.</p>
	2.2 Effective employee training	2.2.1 The company should continue to promote its training programmes as recommended in the proposed industrial peace strategy and recommendations.
	2.3 Management and Supervisory training	2.3.1 The company should enhance its training programme for first line supervisor and managers as recommended in the proposed industrial peace strategy and recommendations.
3. Compensation and benefits	3.1 Competitive and equitable salary and wages programme	<p>3.1.1 Although no employee given the salary and wages as a reason for resignation the company should continue to monitor its salary and wages administration programme.</p> <p>3.1.2 The company should conduct or participate in the compensation survey annually and appropriate actions should be taken accordingly.</p> <p>3.1.3 Salary and wages administration policy should provide the room for flexibility to enable the manager to reward the needed employees in their area:</p> <p>(1) special adjustment for grade A employees;</p> <p>(2) special adjustment upon confirmation of employment for the new grade A employees;</p> <p>(3) retention bonus scheme should be considered for the grade A group in the critical area i.e. finance, HR and others as appropriate;</p> <p>(4) performance bonus scheme should be considered and to pay the grade A group much higher than other groups;</p> <p>(5) special allowance scheme should be considered for the grade A employees; and</p> <p>(6) recommendations in the proposed industrial peace strategy related to C&B should also be considered.</p>
	3.2 Attractive and competitive fringe benefits programme	<p>3.2.1 To ensure market competitiveness the company should practice the same as recommended for salary and wages administration above.</p> <p>3.2.2 Recommendations in the proposed industrial peace strategy related to benefits should be considered.</p> <p>3.2.3 Improvement in housing allowance should be considered along with dislocation allowance scheme.</p>
	3.3 Performance appraisals	<p>3.3.1 Performance appraisal should ensure the distinctive or classification of employee performance level and reward should correspond to the level of performance.</p> <p>3.3.2 Performance appraisal interview should be conducted properly.</p> <p>3.3.3 Recommendations in the proposed industrial peace strategy should be considered.</p>



Strategy Group	Strategy	Recommendations	
4. Industrial relations	4.1 Effective and responsive complaint procedure	4.1.1 Recommendations in the proposed industrial peace strategy should be considered.	
	4.2 Enhancement of Dial-a Complaint system	4.2.1 The company has aware line system. This should be continue and enhancement of the program should be made by orientation and training.	
		4.2.2 Employees should be trained in its procedures and its definition to prevent the misused to the system.	
	4.3 Consistent application of policies and procedures	4.3.1 Recommendations in the proposed industrial peace strategy should be considered.	
	4.4 Corrective disciplinary process	4.4.1 There is an urgent need for training of employees in leave procedures.	
		4.4.2 Recommendations in the proposed industrial peace strategy should be considered.	
	4.5 Employee participation	4.5.1 The company provides several opportunities for employee participation. However, management should ensure that employees know how to participate properly. 4.5.2 Meeting facilitating skills is essential for first line supervisors to encourage employee participation. Training should be provided to all supervisors on how to facilitate proper participation. 4.5.3 Recommendations in the proposed industrial peace strategy should be considered.	
			4.6 Review of absenteeism
4.6.2 Appropriate actions should be taken promptly to correct the situation. 4.6.3 An alternative plan for bus services should be considered.			
4.7 Improved communication	4.7.1 The company has policy on open communication. To help effectively implementation of this policy atraining programme on “open communication” should bedeveloped and implemented. This is to ensure thatemployees understand exactly its definition, process and how to use it properly and not misusing it. 4.7.2 Recommendations in the proposed industrial peace strategy related to communication should be considered.		
		4.8 Staff counselling	4.8.1 The company provides counselling services to employees. This programme should be continued and enhanced.
4.8.2 Cultural element should be taken into consideration as Thai people are not used to this type of service.			
4.8.3 Activities recommended in the industrial peace strategy should be considered for supplementing this programme.			

Strategy Group	Strategy	Recommendations
5. Establish and operate monitoring system	5.1 Collection of data systematically	5.1.1 The system of tracking turnover, absenteeism, tardiness, corrective action and etc., should be continued and enhanced. 5.1.2 Recommendations in the proposed industrial peace strategy should be considered.
	5.2 Analysis of data systematically	5.2.1 More details analysis should be made on the required data. 5.2.2 Suitable analysis method should be utilized. 5.2.3 Proper action should be taken promptly upon the analysis indicates such problems.
	5.3 Communicating turnover problems	5.3.1 The current system of communicating turnover and related problems should be continued and enhanced. 5.3.2 More details analysis as mentioned above will help managers to understand turnover problem correctly. 5.3.3 All supports and helps needed should be provided to the managers concerned to take appropriate actions to reduce turnover and retaining the required employee.
6. Enhancement of external public relations	6.1 Expansion of PR objectives	6.1.1 Community attitudes affect the nature of labour market. Anti-business or no-grow attitudes may cause employers difficulty in recruitment and retaining employee. PR objective of the company should include employee recruitment and retention.
	6.2 Expansion of PR activities	6.2.1 PR activities should also include activities contributing to the company capability to recruit and retain the needed group of employees.
	6.3 Promoting community relations activities and corporate social responsibility	6.3.1 Community relations programmes should include activities enhancing the company capability to recruit and retain the needed group of employees. 6.3.2 Recommendations in the proposed industrial peace strategy should be considered in managing community relations and corporate social responsibility programmes.

Theoretical Contributions and Managerial Implications

While the literature on employee turnover in general is large, the scholarly literature on retention strategy in Thailand is thin. The retention function of HRM was not emphasized. This study dealt directly with retention strategy at the company level. It helps extend theories in HRM to the company level where retention activities are in practices. In terms of practical contribution, the present study will help management to understand the causes and costs of turnover and how to strategically managing retention function of HRM in practices.

Limitation of the Study

This study concentrates on management perspective and perceptions. Data collection and analysis did not include information from employees and union representatives. These groups of people may have views on how to improve the retention ability in a particular company, and such views might differ somewhat from a management viewpoint. This point should be taken in to account when considering and applying the results of this study.

Future Research Agenda

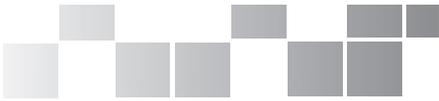
This study focused on a case study in one company, a study of retention strategy in industry would expand the knowledge and understanding of retention function as part of strategic HRM in a wider context. A quantitative study on this topic would enhance knowledge and understanding and testing of generalization of the Western theories in HRM in the Thai cultural context. In addition, a more comprehensive study collecting data from employees, union members and union officers would enhance and balance the rigorosity of the findings of this study.

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