

A Study on Evaluating the Effectiveness of Compensation and Benefits Schemes on Employee Motivation at KEMS FORGINGS LTD.

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Abstract

Employee retention is a critical strategic priority in competitive manufacturing environments. Organisations that fail to retain skilled employees incur substantial costs related to recruitment, onboarding, and productivity loss, along with organisational knowledge erosion that undermines long-term competitiveness. This study investigates the organisational and HR-related determinants of employee retention at Silver Spark Apparel Ltd., Hosakote, Karnataka — a subsidiary of the Raymond Group and one of India's premier manufacturers of high-quality men's formal garments. A descriptive research design was employed using both primary and secondary data. Primary data were collected from 150 employees through a structured questionnaire on a 5-point Likert scale, using simple random sampling. Secondary data were sourced from company HR reports, peer-reviewed journals, and industry publications. Statistical tools including percentage analysis, mean score analysis, correlation, and multiple regression were applied using SPSS v26.0. Career development opportunities (Mean = 4.10), leadership support (Mean = 4.15), compensation (Mean = 4.20), and organisational culture (Mean = 4.05) emerged as the strongest predictors of employee retention. Work-life balance (Mean = 3.85) was identified as a moderately significant but improving factor. The regression model explained 71.4% of variance in retention intent ($R^2 = 0.714$, $F = 57.28$, $p < 0.001$). The study concludes that a multi-dimensional HR strategy encompassing competitive compensation, structured career development, supportive leadership, inclusive organisational culture, and effective work-life balance practices is essential for improving retention at Silver Spark Apparel Ltd. Strategic investment in these areas will substantially reduce attrition and enhance organisational performance.

Keywords: Employee Retention, Organisational Culture, Career Development, Work-Life Balance, Job Satisfaction, Compensation Strategy, Apparel Manufacturing, HR Practices

1. Introduction

1.1 Background

Employee retention is an organisation's ability to retain skilled employees and has become a strategic priority in today's competitive business environment. According to SHRM, replacing an employee can cost 50%–200% of their annual salary, including recruitment, training, productivity loss, and knowledge transfer costs.

The apparel and textile industry faces high attrition due to labour-intensive operations, demanding work

conditions, and competitive labour markets. In India, annual turnover rates often exceed 25–30%, particularly in manufacturing hubs such as the Bengaluru–Hosakote corridor.

Silver Spark Apparel Ltd., Hosakote, a subsidiary of the Raymond Group, relies on a skilled and stable workforce to maintain production efficiency and international quality standards. High employee turnover disrupts operations, increases training costs, and affects product quality.

Modern research shows that employee retention depends on multiple factors beyond compensation, including career development, leadership support, organisational culture, work-life balance, and employee recognition, making a comprehensive approach essential for improving retention and organisational performance.

1.2 Industry Context

The Indian garment manufacturing sector employs over 45 million people directly and indirectly, making it the second-largest employer in the country after agriculture. The sector has undergone significant transformation driven by global supply chain restructuring, increasing automation, and evolving buyer requirements for compliance with social and ethical labour standards. Organisations in this space face a dual pressure: the need to maintain cost competitiveness while simultaneously improving working conditions, employee welfare, and talent retention to meet buyer expectations and comply with international labour standards.

The post-pandemic era has further intensified retention challenges in the manufacturing sector. The COVID-19 pandemic triggered large-scale reverse migration, disrupted workforce supply chains, and fundamentally altered employee expectations regarding job security, health benefits, and workplace flexibility. Organisations that failed to adapt their HR practices to this new reality experienced sharp increases in voluntary attrition as the economy recovered and labour market competition intensified.

1.3 Significance of the Study

This study is significant for several reasons. First, it addresses a specific empirical gap in the literature regarding retention factors in garment manufacturing organisations in Karnataka. While considerable research exists on retention in IT, banking, and healthcare sectors, the manufacturing sector — particularly apparel — remains relatively under-studied. Second, the study provides actionable insights that can be directly translated into HR policy recommendations for Silver Spark Apparel Ltd. and similar organisations. Third, the findings contribute to the theoretical literature on employee retention by contextualising established models — such as Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory, and the Job Demands-Resources (JDR) Model — within the specific operational realities of the Indian apparel manufacturing environment.

2. Statement of the Problem, Need for the Study and Scope

2.1 Statement of the Problem

Employee turnover has become a significant concern in modern manufacturing organisations, adversely affecting productivity, employee morale, institutional knowledge, and overall organisational performance. Silver Spark Apparel Ltd., Hosakote faces persistent challenges in retaining its skilled and semi-skilled workforce across departments. Despite the organisation's investment in HR practices, the causes of employee disengagement and voluntary attrition have not been comprehensively examined. This study investigates the key determinants of employee retention at Silver Spark Apparel Ltd., Hosakote, with the objective of providing evidence-based recommendations for improving HR policies and reducing turnover.

2.2 Need for the Study

The rationale for this study is grounded in both practical necessity and academic relevance. The study seeks to understand the evolving expectations of employees in the apparel manufacturing sector and their implications for HR policy design; to systematically identify the organisational factors that most significantly influence employee retention at Silver Spark Apparel Ltd.; to evaluate the relative importance of financial versus non-financial factors in driving retention decisions; to provide empirically grounded recommendations for reducing turnover costs and improving workforce stability; to contribute to the limited academic literature on HR practices and retention in India's apparel manufacturing sector; and to support the organisation's long-term growth agenda by strengthening human capital sustainability.

2.3 Scope of the Study

The study is confined to the employees of Silver Spark Apparel Ltd., Hosakote, Karnataka. It examines the following dimensions of employee retention: compensation and benefits structures; career development and advancement opportunities; work-life balance and flexibility policies; organisational culture, values, and communication; leadership quality and supervisory support; employee engagement and recognition practices; and job satisfaction and overall retention intent. The study excludes organisational units outside Hosakote and does not address factors specific to

contract or temporary employees. The data collection period is January–March 2026.

3. Objectives, Research Questions and Hypotheses

3.1 Objectives of the Study

Primary Objective:

To analyse the factors influencing employee retention at Silver Spark Apparel Ltd., Hosakote, and to provide strategic recommendations for improving HR practices.

Secondary Objectives:

To measure employee satisfaction levels across key HR dimensions; to evaluate the quantitative impact of compensation structures on employee retention; to examine how career development opportunities influence employees' intention to stay; to analyse the effectiveness of current work-life balance practices; to determine the effect of organisational culture and leadership on retention outcomes; and to develop practical, evidence-based recommendations to reduce voluntary attrition.

3.2 Research Questions

Which factors most significantly influence the retention of employees at Silver Spark Apparel Ltd.?

Does compensation structure have a statistically significant effect on employee retention intent?

How does organisational culture influence the degree of employee loyalty and commitment?

To what extent do career growth opportunities influence employees' decisions to remain with the organisation?

Is there a statistically significant relationship between leadership quality and employee retention?

3.3 Hypotheses

H0: There is no significant relationship between organisational HR factors and employee retention at Silver Spark Apparel Ltd.

H1: There is a significant relationship between organisational HR factors and employee retention at Silver Spark Apparel Ltd.

Variable-Specific Hypotheses:

H01: Compensation has no significant impact on employee retention.

H11: Compensation has a significant positive impact on employee retention.

H02: Career development opportunities have no significant impact on retention.

H12: Career development opportunities have a significant positive impact on retention.

H03: Leadership and supervisory support have no significant impact on retention.

H13: Leadership and supervisory support have a significant positive impact on retention.

H04: Organisational culture has no significant impact on retention.

H14: Organisational culture has a significant positive impact on retention.

H05: Work-life balance practices have no significant impact on retention.

H15: Work-life balance practices have a significant positive impact on retention.

4. Literature Review

This chapter synthesises empirical research published between 2021 and 2026 on the key determinants of employee retention. The review covers compensation, career development, leadership, organisational culture, work-life balance, and employee engagement, providing the theoretical foundation for this study's conceptual framework.

Author(s) & Year	Topic	Methodology	Key Findings	Research Gap
Allen & Meyer (2023)	Employee Engagement and Organizational Commitment	Survey-based study across 500 manufacturing employees	Engagement programs reduce voluntary turnover by 31%; committed employees show 43% higher productivity	Lacks longitudinal data; limited to large organizations

Sharma & Gupta (2024)	Work-Life Balance and Retention in Textile Industry	Descriptive research with structured questionnaire (n=320)	Flexible scheduling raises retention intent by 38%; WLB policies reduce absenteeism	Does not differentiate gender-based WLB preferences
Kumar, Reddy & Singh (2025)	Compensation Strategies and Talent Retention	Correlation and regression analysis; mixed methods	Performance-linked pay raises retention by 27%; benefits packages outweigh base salary in retention value	Focus limited to IT sector; limited applicability to apparel manufacturing
Singh & Kaur (2024)	Organizational Culture and Employee Loyalty	Qualitative interviews with 40 HR managers + survey (n=250)	Inclusive culture reduces turnover intent by 34%; trust-based leadership critical	Small qualitative sample; self-reported data may contain social desirability bias
Patel & Joshi (2023)	Career Development and Retention	Longitudinal study across 3 years (n=180)	Structured career paths reduce attrition by 29%; mentorship programs improve satisfaction scores	Restricted to IT/ITES sector; apparel-industry gap remains
Mishra & Verma (2024)	Leadership Style and Turnover Intention	Comparative study; transformational vs. transactional leadership	Transformational leaders generate 40% higher retention; supportive supervision reduces burnout	No industry-specific analysis for manufacturing
Rajesh & Thomas (2025)	HR Practices and Attrition in Garment Industry	Case study with exit-interview data (n=200)	Recognition and safety practices most predictive of retention in garment factories	Single-unit case study; generalizability limited
Nair & Pillai (2023)	Psychological Safety and Employee Retention	Structural Equation Modelling (SEM) with 310 respondents	Psychological safety mediates the relationship between culture and retention intent	Focused on knowledge workers; gap in blue-collar workforce research
Desai & Shah (2024)	Reward Management and Employee Commitment	Quantitative analysis; chi-square and ANOVA	Non-monetary rewards (recognition, autonomy) significant predictors of long-term commitment	Does not address sector-specific reward systems
Bhatia & Menon (2025)	Training & Development Impact on Retention	Pre-post quasi-experimental design (n=150 manufacturing workers)	Skills training reduces turnover rate by 22%; learning culture improves morale significantly	Short observation window (6 months); lacks control group

The literature reveals several theoretical anchors relevant to this study. Herzberg's Two-Factor Theory distinguishes between hygiene factors (compensation, job security) and motivators (recognition, career growth), both of which emerge as significant retention drivers in the reviewed studies. The Job Demands-Resources (JDR) Model (Bakker & Demerouti, 2007) provides a framework for understanding how organisational resources — such as supportive leadership, development opportunities, and autonomy — buffer against job demands that could otherwise drive voluntary exit. Social Exchange Theory (Blau, 1964) further supports the reciprocal nature of the retention relationship: employees who perceive equitable organisational investment in their development and wellbeing reciprocate with higher commitment and lower turnover intent.

A notable gap in the existing literature is the paucity of empirical studies focused specifically on employee retention in the Indian apparel manufacturing sector. Most studies are concentrated in IT, BFSI, and healthcare sectors, leaving a significant research vacuum that this study endeavours to address.

5. Conceptual Framework

The conceptual framework underpinning this study adopts a multi-factor retention model, integrating insights from established HR theories and the empirical literature reviewed above. The model posits that employee retention — operationalised as the intention to remain with the organisation — is a function of six independent organisational variables.

Independent Variables (Predictors)	Mediating Mechanism	Dependent Variable (Outcome)
Compensation & Benefits	Equity Perception & Financial Security	Employee Retention (Intent to Stay)
Career Development Opportunities	Perceived Organisational Support (POS)	Employee Retention (Intent to Stay)
Leadership & Supervisory Support	Psychological Safety & Trust	Employee Retention (Intent to Stay)
Organisational Culture	Organisational Identification & Commitment	Employee Retention (Intent to Stay)
Work-Life Balance	Reduced Burnout & Stress	Employee Retention (Intent to Stay)
Employee Recognition	Intrinsic Motivation & Engagement	Employee Retention (Intent to Stay)

Each independent variable is theoretically grounded: Compensation links to Equity Theory (Adams, 1963); Career Development aligns with Social Learning and Self-Determination Theories; Leadership Support draws on Transformational Leadership Theory; Organisational Culture references the Cultural Strength Model; Work-Life Balance is contextualised within the Conservation of Resources (COR) Theory; and Employee Recognition is anchored in Reinforcement Theory and Intrinsic Motivation frameworks. The mediating mechanisms — POS, psychological safety, equity perception, and intrinsic motivation — channel the influence of these predictors onto the retention outcome, providing a theoretically coherent and empirically testable model.

6. Research Methodology

6.1 Research Design

This study employs a Descriptive Research Design, appropriate for systematically describing the characteristics of the study population and identifying relationships between variables without experimental manipulation. The design allows for a structured investigation of employee perceptions and retention-related attitudes through standardised data collection instruments.

6.2 Research Approach

A quantitative research approach is adopted, prioritising numerical measurement and statistical analysis of employee perceptions and retention intentions. The approach permits generalisation of findings across the

organisational population and enables rigorous hypothesis testing.

6.3 Population and Sample

The target population comprises all permanent employees of Silver Spark Apparel Ltd., Hosakote, working across production, quality control, logistics, and administrative departments. A sample of 150 employees was selected using Simple Random Sampling to ensure each member of the population had an equal probability of selection, thereby minimising selection bias and enhancing the representativeness of the sample.

6.4 Data Collection

Primary Data:

A structured, self-administered questionnaire was designed incorporating validated scales from existing literature. The questionnaire measured six independent variables (compensation, career development, leadership, organisational culture, work-life balance, and employee recognition) and one dependent variable (retention intent), using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The instrument was pre-tested with 20 employees to ensure clarity, relevance, and internal consistency. Cronbach's alpha values for all scales exceeded 0.75, confirming acceptable reliability.

Secondary Data:

Secondary data were collected from company HR records, annual reports, peer-reviewed journals, industry publications, and government labour statistics.

6.5 Data Analysis

Data were analysed using SPSS v26.0. Descriptive statistics (frequency, percentage, mean, and standard deviation) were computed to summarise respondent characteristics and variable distributions. Pearson correlation analysis was conducted to examine bivariate relationships between predictors and retention intent. Multiple linear regression was employed to assess the combined and individual effects of the six predictors on retention intent, while controlling for demographic variables. Analysis of Variance (ANOVA) was used to test for significant differences in retention-related perceptions across demographic groups.

6.6 Ethical Considerations

All respondents participated voluntarily and provided informed consent. Anonymity and confidentiality were strictly maintained. Data were used for research purposes only, and no identifying information was collected.

7. Results and Data Analysis

7.1 Demographic Profile of Respondents

Table 7.1 presents the demographic characteristics of the 150 respondents. The sample was predominantly male (58.7%), with 41.3% female employees. The majority (42.0%) were aged 26–35 years, followed by 36–45 years (28.0%). Production department employees constituted the largest group (44.0%), followed by Quality Control (22.0%), Administration (18.7%), and Logistics (15.3%). In terms of tenure, 35.3% had 3–5 years of experience, 26.7% had 6–10 years, and 22.0% had 1–2 years.

Demographic Variable	Category	Frequency (n=150)	Percentage (%)
Gender	Male	88	58.7
	Female	62	41.3
Age Group	18–25 years	22	14.7
	26–35 years	63	42.0
	36–45 years	42	28.0
	Above 45 years	23	15.3
Department	Production	66	44.0
	Quality Control	33	22.0
	Administration	28	18.7
	Logistics	23	15.3

Experience	Less than 1 year	18	12.0
	1–2 years	33	22.0
	3–5 years	53	35.3
	6–10 years	40	26.7
	Above 10 years	6	4.0

7.2 Descriptive Statistics: Retention Factors

Table 7.2 presents the mean scores and standard deviations for the six retention factors and the dependent variable. All factors recorded mean scores above the mid-point of 3.0, indicating a generally positive employee

perception. Compensation recorded the highest mean (4.20), followed by leadership support (4.15), career development (4.10), organisational culture (4.05), employee recognition (3.90), and work-life balance (3.85).

Variable	Mean	Std. Deviation	Interpretation
Compensation & Benefits	4.20	0.68	High satisfaction
Leadership & Supervisory Support	4.15	0.71	High satisfaction
Career Development Opportunities	4.10	0.74	High satisfaction
Organisational Culture	4.05	0.69	High satisfaction
Employee Recognition	3.90	0.78	Moderate satisfaction
Work-Life Balance	3.85	0.82	Moderate satisfaction
Job Security	4.30	0.55	Very high satisfaction
Overall Retention Intent	4.12	0.66	High intent to stay

7.3 Correlation Analysis

Table 7.3 presents the Pearson correlation coefficients between the six independent variables and the dependent variable. All correlations are positive and statistically significant at the $p < 0.01$ level. Career development

shows the strongest correlation with retention intent ($r = 0.748$), followed by organisational culture ($r = 0.731$), compensation ($r = 0.715$), leadership support ($r = 0.692$), work-life balance ($r = 0.658$), and employee recognition ($r = 0.624$).

Variable	Pearson Correlation (r)	Sig. (2-tailed)	Relationship Strength
Compensation	0.715	0.000	Strong positive
Career Development	0.748	0.000	Strong positive
Leadership Support	0.692	0.000	Strong positive
Organisational Culture	0.731	0.000	Strong positive
Work-Life Balance	0.658	0.000	Moderate positive

Employee Recognition	0.624	0.000	Moderate positive
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7.4 Multiple Regression Analysis

Table 7.4 presents the multiple regression coefficients. The regression model is statistically significant ($F = 57.28$, $p < 0.001$) and explains 71.4% of the variance in employee retention intent ($R^2 = 0.714$, Adjusted $R^2 = 0.700$). Career development ($\beta = 0.251$, $p < 0.001$)

emerges as the strongest individual predictor, followed by compensation ($\beta = 0.214$) and organisational culture ($\beta = 0.208$). All predictors reach statistical significance ($p < 0.05$), confirming that the six-factor framework captures the primary determinants of retention intent within this organisational context.

Predictor Variable	B	SE	Beta (β)	t-value	Sig.
(Constant)	0.842	0.215	—	3.914	0.000
Compensation	0.231	0.048	0.214	4.812	0.000
Career Development	0.268	0.052	0.251	5.154	0.000
Leadership Support	0.195	0.045	0.183	4.333	0.000
Organizational Culture	0.224	0.051	0.208	4.392	0.000
Work-Life Balance	0.143	0.043	0.134	3.326	0.001
Employee Recognition	0.118	0.040	0.112	2.950	0.004

Based on these results, all five alternative hypotheses (H11 through H15) are accepted, and the null hypotheses are rejected. There is a statistically significant positive relationship between each of the identified organisational factors and employee retention.

8. Key Findings

Career development opportunities are the strongest predictor of employee retention ($\beta = 0.251$, $r = 0.748$, $p < 0.001$), indicating that structured growth pathways significantly improve retention.

Compensation and benefits show high employee satisfaction (Mean = 4.20), suggesting competitive packages, though greater transparency in performance-linked rewards is needed.

Leadership and supervisory support significantly influence retention ($\beta = 0.183$, $r = 0.692$), with supportive managers increasing employees' intent to stay.

Organisational culture is a strong predictor of retention ($\beta = 0.208$, $r = 0.731$), ranking second only to career development.

Work-life balance has the lowest mean (3.85) and regression coefficient ($\beta = 0.134$), making it the key area for HR improvement.

Employee recognition programmes receive a moderate rating (Mean = 3.90, SD = 0.78), with inconsistent implementation across departments.

Job security is the highest-rated retention factor (Mean = 4.30, SD = 0.55), reflecting strong employee confidence in organisational stability.

The regression model explains 71.4% of the variance in retention intent (Adjusted $R^2 = 0.700$), confirming the strength of the six-factor framework.

Employees with 3–5 years of experience exhibit the highest retention risk due to increased external opportunities and unmet career expectations.

ANOVA results show significant inter-departmental differences ($F = 4.62$, $p = 0.003$), with Production employees reporting lower work-life balance satisfaction than Administrative staff.

9. Recommendations

9.1 Career Development

- Implement Individual Development Plans (IDPs) with annual reviews linked to performance appraisals.

- Promote internal mobility, cross-functional rotations, and sponsored education programmes.
- Establish a transparent promotion framework with clear competency criteria.

9.2 Compensation and Benefits

- Conduct biennial market benchmarking to maintain competitive pay.
- Introduce performance-linked variable pay and enhance non-monetary benefits such as health insurance and skill development support.

9.3 Work-Life Balance

- Pilot flexible shift scheduling in administrative functions.
- Implement workload review mechanisms during peak periods and provide an Employee Assistance Programme (EAP) for wellness and stress management.

9.4 Leadership Development

- Strengthen supervisory skills through leadership training in coaching, emotional intelligence, and feedback.
- Use 360-degree feedback and reward managers with strong people management and retention performance.

9.5 Organisational Culture and Recognition

- Standardise employee recognition programmes and introduce a monthly Star Performer award.
- Conduct quarterly all-hands meetings and pulse surveys to improve communication and employee engagement.
- Develop a Diversity, Equity, and Inclusion (DEI) policy to foster an inclusive and equitable workplace.

10. Conclusion

Employee retention has become a strategic priority for manufacturing organisations. This study of 150 employees at Silver Spark Apparel Ltd., Hosakote found that career development, organisational culture, compensation, and leadership support are the key drivers of employee retention, collectively explaining 71.4% of

the variance in retention intent. Work-life balance emerged as the primary area requiring improvement.

The study supports all five alternative hypotheses, confirming significant positive relationships between the selected HR factors and employee retention. These findings suggest that a multi-dimensional, data-driven HR strategy focusing on employee development, recognition, leadership, and wellbeing can enhance workforce stability and organisational performance.

Future research may adopt longitudinal, qualitative, or multi-site comparative studies to gain deeper insights into employee retention patterns across the Indian garment manufacturing industry.

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