

A study on employee attrition and retention in manufacturing industries

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Abstract

Attrition is a critical issue and pretty high in the industry these days. It's the major problem which highlights in all the organizations. Though the term 'ATTRITION' is common, many would be at a loss to define what actually Attrition is, "Attrition is said to be the gradual reduction in the number of employees through retirement, resignation or death. It can also be said as Employee Turnover or Employee Defection" Whenever a well-trained and well-adapted employee leaves the organization, it creates a vacuum. So, the organization loses key skills, knowledge and business relationships. Modern managers and personnel administrators are greatly interested in reducing Attrition in the organization, in such a way that it will contribute to the maximum effectiveness, growth, and progress of the organization.

Keywords: attrition, retaining employees, retention, managers

Introduction

Companies in India as well as in other countries face a formidable challenge of recruiting and retaining talents while at the same time having to manage talent loss through attrition be that due to industry downturns or through voluntary individual turnover. Losing talents and employees result in performance losses which can have long term negative effect on companies especially if the departing talent leaves gaps in its execution capability and human resource functioning which not only includes lost productivity but also possibly loss of work team harmony and social goodwill. With attrition rates being a bane of every industry, companies are devising innovative business models for effective retention of talent. There are a lot of factors responsible for attrition and employers are getting increasingly conscious of the factors that can keep an employee committed. Attrition may be defined as gradual reduction in membership or personnel as through retirement, resignation or death. In other words, attrition can be defined as the number of employees leaving the organization which includes both voluntary and involuntary separation. The employee gradually reduces his/her ties with the company than crib about the underlying factors causing attrition. It is symptomatic of a much deeper malaise that cuts deeper into the innards of organizations.

Review of Literature

Despite several studies carried out on employee retention, the strategic human resource researchers are still investigating the causal mechanisms between HR practices and firm's performance mostly related to voluntary turnover as a critical component (Shaw, Gupta and Delery, 2005) as employee retention plays a vital role in bridging the gap between the macro strategies and micro behavior in Organizations. This is because it ensures stability and connects the experiences of individuals in Organizations on a continuous basis to the critical measures of success factors in the Organization. The

decision of leaving the Organization is not easy for an individual employee as well as significant energy is spent on finding new jobs, adjusting to new situations, giving up known routines and interpersonal connection and is so stressful (Boswell, Boudreau, 2005). Therefore if timely and proper measures are taken by the Organizations, some of the voluntary turnover in the Organization can be prevented. The reasons for employee turnover may vary from external environmental factors such as economy that influence the business that in turn affects the employment levels (Pettman 1975; Mobley, 1982, Schervish, 1983; inger, 1984) ^[1], thus it is important to differentiate between functional and dysfunctional turnover and accordingly encourage or discourage employee turnover. Further voluntary turnover of critical work force is to be differentiated into avoidable and unavoidable turnover (Barrick & Zimmerman, 2005).

Need for the Study

The success of any manufacturing organization depends largely on the workers, the employees are considered as the backbone of any company. The study was mainly undertaken to identify the level of employee's attitude, the dissatisfaction factors they face in the organization and for what reason they prefer to change their job. Once the levels of employee's attitude are identified, it would be possible for the management to take necessary action to reduce attrition level. Since they are considered as backbone of the company, their progression will lead to the success of the company for the long run. This study can be helpful in knowing, why the employees prefer to change their job and which factors make employee dissatisfy. Since the study is critical issue, it is needed by the originations in order to assess the overall interest and the feelings of the employees towards their nature of job and organization.

Statement of problem

The aim of the present report is to study factors like salary,

superior – subordinate relationship, growth opportunities, facilities, policies and procedures, recognition, appreciation, suggestions, co- workers by which it helps to know the Attrition level in the organizations and factors relating to retain them. This study also helps to find out where the organizations are lagging in retaining.

Objectives

- To know the satisfactory level of employees towards their job and working conditions
- To identify the factors which make employees dissatisfied about company's policy and norms.

- To find the areas where companies are lagging behind
- To know the reasons, why attrition occurs in manufacturing industries in Coimbatore District.
- To find the ways to reduce the attrition in manufacturing industries in Coimbatore

Research Design

The survey method used in the present study is sample survey and the research design choice, particularly for small scale enterprises, depends on the kind of problems being studied. Here descriptive research design may suit research topics for small enterprises

Table 1: Employee's opinion about Salary

Attributes \ Opinion	Very High	High	Medium	Low	Very Low	Total
My Salary When Compared With	(17)	(58)	(37)	(18)	(0)	(130)
Competitor Company	13.1%	44.6%	28.5%	13.8%	0%	100%
Performance Bonus Given To Me By	(64)	(24)	(30)	(12)	(0)	(130)
The Company	49.2%	18.5%	23.1%	9.2%	0%	100%
Standard Of Increment In The	(38)	(35)	(28)	(24)	(5)	(130)
Company	29.2%	26.9%	21.5%	18.5%	3.8%	100%
Satisfaction Level In Salary &	(53)	(32)	(14)	(31)	(0)	(130)
Increment	40.8%	24.6%	10.8%	23.8%	0%	100%

Table 2: Employee's opinion about Superior – Subordinate Relationship

Attributes \ Opinion	Very High	High	Medium	Low	Very Low	Total
The Encouragement Getting From	(25)	(54)	(31)	(12)	(8)	(130)
Supervisors To Work As Team	19.2 %	41.5 %	23.8 %	9.2 %	6.2 %	100%
The Supervisor's Effort For Job	(41)	(32)	(18)	(39)	(0)	(130)
Promotion	31.5 %	24.6 %	13.8 %	30.0 %	0%	100%

Table 3: Employee's opinion about Recognition

Attributes \ Opinion	Very High	High	Medium	Low	Very Low	Total
Recognition Received Abilities,	(43)	(22)	(46)	(19)	(0)	(130)
Efficiency And Good Work Done	33.1 %	16.9 %	35.4 %	14.6 %	0 %	100%
Cash Award/Salary	(10)	(32)	(59)	(21)	(8)	(130)
Increase/Promotion Getting For	7.7 %	24.6 %	45.4 %	16.2 %	6.2 %	100%
Outstanding Performance						

Table 4: Age Vs Attrition Factors

Factors	Mean Square	F	Sig.
Salaries	10.579	23.820	.000
Superior – Subordinate Relationship	4.293	9.364	.000
Growth Opportunities	4.931	11.174	.000
Facilities	5.549	17.551	.000
Policies & Procedures	3.243	5.524	.005

Table 5: Experience Vs Attrition Factors

Factors	Mean Square	F	Sig.
Salaries	13.378	4.033	.009
Superior – Subordinate Relationship	4.381	5.598	.001
Growth Opportunities	5.101	6.118	.001
Facilities	6.538	3.865	.011
Policies & Procedures	2.886	9.708	.000

Table 6: Marital Status Vs Attrition factors

Factors	Marital Status	Mean	Standard deviation	t	Significance
Salary	Married	7.0345	2.73999	22.452	.000
	Unmarried	11.0000	3.85389		
Superior – Subordinate Relationship	Married	4.0690	1.74579	12.130	.001
	Unmarried	5.6613	2.43569		
Growth Opportunities	Married	3.5345	1.67767	59.562	.000
	Unmarried	5.4516	2.75608		
Facilities	Married	3.6724	1.43133	60.762	.000
	Unmarried	6.0000	3.10473		
Policies & Procedures	Married	4.3276	1.47954	12.907	.000
	Unmarried	5.4194	2.16945		

Suggestions and Conclusions

Suggestions

- Many employees have suggested improvement in working environment and employee motivation in the survey. So the companies should give attention to the factors which it can improve itself internally.
- Even though the employees are satisfied with their nature of job, it is identified in the study that many employees prefer to change their job due to lack of growth opportunities in their job. So the companies can look for some innovative technologies to decrease their attrition level by providing growth opportunities.
- The companies should conduct regular meetings to know about what exactly employees expect. Organizations should focus on exit interviews.
- The companies may give training like Personality Development and Self - improvement training to the employees, every three or six months once this status has to be reviewed and necessary action can be taken. It is better to have such training in the future.

Conclusions

The main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities and salary are the major factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs.

References

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