

## **A FACTORS INFLUENCE THE EMPLOYEE ATTRITION AT INDIAN MANUFACTURING INDUSTRIES**

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### **ABSTRACT:**

In today's scenario, the companies are facing one of the critical problem is employee attrition it's pretty high in especially manufacturing sectors. It's the major problem which highlights in all organizations. The term employee Attrition is commonly known as "Employee turnover or Employee Defection". It means "A reduction in the number of employees through retirement, voluntary/ involuntary resignation or death is called attrition". However it will happens for several reasons. So, whenever the well-trained and well-adapted employee leaves the organization that will make the heavy losses for the organization in terms of key skills, knowledge and business relationships as well as financially also. Modern managers and Personnel administrators are greatly trying to reducing the rate of Attrition in the organization, in such a way that it will contribute to the maximum effectiveness,

growth and progress of the organization. This study is an outcome of the topic called "A Study on Factors influence of Employee Attrition at Indian Manufacturing industries in Chennai". The main objective of this study is to know the reasons, why attrition occurs, to identify the factors which make employees dissatisfy, to know the satisfactory level of employees towards their job and working conditions as well as their safety and to find the areas where Schneider Electric India Pvt. Ltd. in Chennai is lagging behind.

**Keywords:** Attrition, Employees, manager and organization

### **INTRODUCTION:**

Employee Attrition is the rate at which an organization or company's hiring and fire

employees. It is also known as employee turnover rate.

A common attrition rate definition refers to employee or staff turnover, but in a broader sense, attrition rate is a calculation of the number of individuals or items that vacate or move out of a larger, collective group over a specified time frame.

Attrition rate is also commonly referred to as churn rate. A term often used by human resources professionals to determine a company's ability to retain employees, attrition rate is increasingly used in the marketing world as a figure that points to the company's ability to retain customers or to project the number of new sales necessary to maintain the status quo, accounting for customer churn or customer attrition.

Employee attrition refers to the loss of employees through a number of circumstances, such as resignation and retirement. The cause of attrition may be either voluntary or involuntary, though employer-initiated events such as layoffs are not typically included in the definition. Each industry has its own standards for acceptable attrition rates, and these rates can also differ between skilled and unskilled positions. As Indian economy has joined the global world of business, more opportunities are growing in terms of jobs. This leads to rising level of employee turnover. The instant gains in salary package are mainly responsible for the job hopping and thereby enhancing attrition rate.

**Factors affecting Attrition some of the factors affecting attrition are:**

- **'Money' is the culprit':** Companies are wooing the best of the talents with mindboggling salary levels and attractive designations; therefore an employee leaves an organization for another for a few thousands of rupees.
- **Lack of Career Mobility and Challenges:** Given the choice between money and a challenging job, many employees may still prefer the latter as it allows them an opportunity to broad base their domain expertise and also provides an opportunity to work with cutting-edge technology. If the organizations do not deliver on these expectations, employee exodus cannot be contained.

**Working Environment:** An employee may leave an organization if the fairness of the system does not inspire his/her confidence.

**High Levels of Stress and Lack of Work-Life Balance:** Companies in the zeal to squeeze out every little ounce of productivity from the employees and further increase profitability. Sooner or later this makes employees stressed out and they rethink about their priorities and join an organization that promises a relaxed pace work and a breathing space.

## **Types of Attrition**

### **1. Involuntary**

This is referred to an employee's termination by the hands of the employer. There is two basic types of involuntary termination, known as "fired" and "laid off".

### **2. Voluntary**

This is referred to an employee's departure on his own. This happens when an employee resigns from an organization for personal or professional reasons. This type of attrition is one of the major pain points for a company in a growing economy.

## **Reasons of Attrition**

Attrition is encourages within the organization if it is a part of a strategic business changes to reduce cost. It is also counted when an employee voluntarily leaves their jobs. Employees can leave their jobs due to numerous reasons, such as:

- Employees may move, retire or take another job.
- No suitable for the position they were hired to.
- Work-life balance issues.
- Lack of the freedom or autonomy required to perform at expected levels.

**Positives of Attrition:** Some businesses use attrition as a major part of their recruitment strategy. Rather than carrying out traditional layoffs, businesses choose to cut-off their workforce through more gradual means of attrition. Some business owners and

managers work with their HR professionals and use attrition to create positions into which remaining employees can be promoted; thus creating a positive employment option within the firm.

**Negatives of Attrition:**When attrition occurs within a firm, workload among existing members of the team increases with no increase in pay. This workload is even experienced by an HR professional. The potential for employment promotion may not exist owing to the position retired due to attrition. Employee morale suffers and hence the engagement if not taken care of.

## **SCOPE OF THE STUDY**

A study on employee attrition at Indian Manufacturing Industries.

- This study is helps to identify the problems faced by the employees in the organization.
- This study is helps to identify the future needs and aspirations of employees in the organization.
- This study is helps to identify the satisfaction level of employee with the working environment.
- This study helps to protect the interest of the employees in the organization.
- This study helps to take efforts and measures to improve the situation and conditions of the employment.

## **OBJECTIVES OF THE STUDY**

### **Primary Objective:**

To study on factors influence the employee attrition at Indian Manufacturing Industries.

### **Secondary Objective:**

- ✓ To identify the problems faced by the employees in the organization.
- ✓ To fulfill the future needs and aspirations of employees in the organization.
- ✓ To verify the satisfaction level of employee in the organization.
- ✓ To ensure co-ordination between the employees and the organization.
- ✓ To protect the interest of the employees in the organization.
- ✓ To bring out proper working between employees and organization to improve the company's image.
- ✓ To take efforts and measures to improve the situation and conditions of the employment.

## **RESEARCH METHODOLOGY**

**Research Design:** Research design is a catalogue of the various phases and the facts related to the formulation of a research effort. It is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure. Descriptive research design means research design in a case of

descriptive studies which is concerned with describing the characteristics of a particular individual or of a group.

### **DESCRIPTIVE RESEARCH:**

Descriptive study is a fact finding investigation with adequate interpretation. It is the simplest type of the research. It is more specific than an exploratory study, as it focuses particular aspect or dimension of the problem being studied. It is designed to gather descriptive information and provides information for the formulating more sophisticated studies.

### **SOURCES OF DATA COLLECTION:**

Data are collected by using one or more appropriate methods like: observations, interviewing and mail questionnaires.

- Primary Source
- Secondary Source

### **Primary Source:**

Primary data have been collected for specially purpose of this. This is collected as primary data.

### **Secondary Source:**

Secondary data have been collected from different books, journals and articles.

## **IMPACT OF ATTRITION:**

The attrition of employees has a lasting impact on the firm's bottom line. When an employee quits, the need for replacement arises, the organization incurs some tangible costs. The impact ranges from costs of replacement to culture management issue with the new recruit.

**Direct impact:** A high attrition indicates the failure on the company's ability to set effective HR priorities. Clients and business get affected and the company's internal strengths and weaknesses get highlighted. New hires need to be constantly added, further costs in training them, getting them aligned to the company culture, etc.,—all a challenge.

**Indirect impact:** Typically, high attrition also leads to a chronic or systemic cycle—attrition brings decreased productivity, people leave causing others to work harder and this contributes to more attrition. All this has a significant impact on the company's strength in managing their business in a competitive environment.

## **REVIEW OF LITERATURE:**

### **A Study on Overview of Employee Attrition Rate in India**

**Author:** Rashmi Farkiya (Assistant Professor, Pioneer Institute of Professional Studies, Indore)

**Abstract:** The pressures in the free economy, breakdown of trade barriers, fierce competition and globalization are making enormous demands on today's corporation to compete in every domain. The biggest challenge being faced by entrepreneurs, leaders and managers in these turbulent and uncertain times is to retain the talented employees and reduce attrition rate. In this era of cut throat competition, top management, HR managers are worried about employees leaving their organizations. Not only is it costly to lose trained employees but their replacements are not easy to come by, so management and HR strives hard to keep retention policies. Demand of the hour is to retain employees who urge for continuous improvement. The research paper aims at studying the overview of attrition rate in India and factors responsible for enhancing the attrition rate in Indian companies. The research is bases on secondary data collected from journals, newspaper articles and internet.

**Title: Employee Turnover-A Meta-Analysis and Review with implication for Research.**

**Author:** John L. Cotton and Jeffrey M. Tuttle.

**Published:** 1 Jan 1986

**Abstract:**

Studies of employee turnover are reviewed using meta-analytic techniques. The findings

indicate that almost all of the 26 variables studied relate to turnover. The findings also indicate that study variables including population, nationality, and industry moderate relationships between many of the variables and turnover. It is suggested that future research on employee turnover: (1) report study variables, (2) continue model testing rather than simply correlating variables with turnover, and (3) incorporate study variables into future models.

**Title:** Review and conceptual analysis of the employee turnover process.

**Author:** Mobley W. H., Griffeth, R. W., Hand, H. H., & Meglino, B. M. (1979). *Psychological Bulletin*, 86(3), 493-522.

#### **Abstract:**

Research on employee turnover since L. W. Porter and R. M. Steers's (see record 1974-04029-001) analysis of the literature reveals that age, tenure, overall satisfaction, job content, intentions to remain on the job, and commitment are consistently and negatively related to turnover. Generally, however, less than 20% of the variance in turnover is explained. Lack of a clear conceptual model, failure to consider available job alternatives, insufficient multivariate research, and infrequent longitudinal studies are identified as factors precluding a better understanding of the

psychology of the employee turnover process. A conceptual model is presented that suggests a need to distinguish between satisfaction (present oriented) and attraction/expected utility (future oriented) for both the present role and alternative roles, a need to consider nonwork values and nonwork consequences of turnover behavior as well as contractual constraints, and a potential mechanism for integrating aggregate-level research findings into an individual-level model of the turnover process.

#### **GENERAL FINDINGS:**

- The most common reasons for which employees leave an organization is salary or compensation. Most employees who have been in the same organization for a while expect to be compensated for their hard work and experience. If they feel that they are not being rewarded or even considered for an increase, they very often look to move somewhere else where they can receive a higher salary.
- Employer should always keep this in mind that beyond a point, an employee's primary need has less to do with how he is treated and how valued he feels. The first time an



employee may not leave, but a thought has been planted, the second time that thought gets strengthened. The third time he starts looking for another job.

- Employee chooses to separate himself from the organization because of personal reason such as ill-health, desire to return to the native place for family reasons. The spouse is transferred and the current organization has no branch in the new location and so on. In the Indian context women may have to give up their jobs post marriage to resettle elsewhere in the country or even post-pregnancy.
- An employee leaves an organization if the fairness of the system does not inspire his confidence. Organization which pays scant regards towards employee safety and care will also have to face the mounting attrition level.
- High levels of stress and lack of work life balance- companies in their zeal to squeeze out every little ounce of productivity from their employees and further increase profitability may opt for less number of employees. In the immediate context, it may produce palpable results. But in the long run perspective, stress level may soar as employees groan under the weight of excessive workload.
- Employee's personal life will also go for a toss due to alarmingly high

level of work pressure. Employee burn out and steep fall in productivity are the obvious fallout. Sooner than later employees will be constrained to rethink their priorities and join an organization that promises a relaxed pace of work and a breathing space.

- Sometimes employees have to separate from an organization as they have not completed their probation period successfully or they are being laid off for want of work or their appointment was only on a temporary basis. In fact it is this aspect of separation that is most unpleasant since the earlier once discussed were cases of separation which were employee initiated.
- Care must be taken by the organizations to ensure that the above be carried out as smoothly as possible else, this could create a lot of negative impressions about the company which could be detrimental for the organizations image in the long run. One major consequence of this type of separation is that it affects the morale of the employees at large and creates a feeling of insecurity in general. Hence retention of talent pool is one of the biggest challenge in front today's organization.

## **SUGGESTIONS:**

By referring above findings few prescriptions have been rewarded that may assist organization to retain intellectual, Knowledgeable and educated manpower, which consequently helps organization to prosper:

- Offer fair and competitive salaries
- Developing a good training program
- Reward and recognition of employees
- Stock options
- Strengthen the recruitment process
- career opportunities
- Exit interviews
- Work life balance

## **CONCLUSION:**

- Growth opportunities should be provided through internal job promotions.
- Recreational activities should be introduced to reduce stress levels.
- Team building activities to be created.
- Time management skills to be included in while giving training.
- Good rapport between team leader and agents should be established.
- Employees in this should be provided with lot of personal space

and a well thought-out career growth plan.

- HR practices are needed to be fine-tuned so as to get the right kind of employees.
- A long term relationship needs to be established between Company and its employees.

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