

A study on Factors Affecting Employee Attrition at Rubber General Industries India Private Limited

¹ Dr. S. Naganandini, Dr. C. Hariharan ², Mr. B. Thirumoorthi³

¹ Head of the Department, Department of Management Studies, Nehru Institute of Technology, Coimbatore, Tamil Nādu, India Email ID: nitmbadirector@nehrucolleges.com

² Assistant Professor, Department of Management Studies, Nehru Institute of Technology, Coimbatore, Tamil Nādu, India. Email ID: harisraj7791@gmail.com.

³ Assistant Professor, Department of Management Studies, Nehru Institute of Technology, Coimbatore, Tamil Nādu, India.

ABSTRACT

The aim of this research is to understand and identify various researches conducted on employee attrition across sectors. The research has highlighted the factors like dissatisfaction with compensation offered, payment below prevailing market rate and inadequacy in the internal and external equity, Inappropriate Reward and recognition, toxic work environment & incompatible work culture, employee attitude, Insufficient support, unsatisfactory relationships with superior, colleagues and subordinates (work relationship), and inadequate opportunities for growth, hiring practices, and managerial style, which affect employee attrition. Understanding attrition is imperative for every organization. Mere recognition of factors would not do any better, both for employees as well as employer. This study focuses on compiling the factors that affect attrition and has a further scope where these factors can be empirically tested in different sectors and recommendations can be incorporated so as to observe the difference in the attrition rate.

Key Words: Attrition, Employee, Factors, Employee attrition

Introduction

Attrition is an alarming concern for all the organizations across varying sectors. Anything that involves manpower would be affected by employee attrition. Whenever employees leave an organization, the knowledge and intellect also leaves. Human Resource practitioners can try and capture the knowledge and intellect of the talent; however, this is easy said than done. Nowadays, the importance and relevance of the employees is well understood by the organizations and hence the focus is on understanding the key factors that affects employee attrition. The aim

of this research is to understand and identify various researches conducted on employee attrition across sectors. For the same, the literature starting from 1955-2014 is studied. The research has highlighted the factors like dissatisfaction with compensation offered, payment below prevailing market rate and inadequacy in the internal and external equity, Inappropriate Reward and recognition, toxic work environment & incompatible work culture, employee attitude, Insufficient support, unsatisfactory relationships with superior, colleagues and subordinates (work relationship), and inadequate opportunities for growth, hiring practices, and managerial style, which affect employee attrition. Babu, M., & Hariharan, C. (2018) Understanding attrition is imperative for every organization. Mere recognition of factors would not do any better, both for employees as well as employer. This study focuses on compiling the factors that affect attrition and has a further scope where these factors can be empirically tested in different sectors and recommendations can be incorporated so as to observe the difference in the attrition rate.

Mobley (1977) has defined employee turnover as a situation where an employee is engaged in a particular role in an organization and then leaves the organization after a certain point of time. Abbasi and Hollman (2000) have defined employee turnover by categorizing it into two categories: voluntary and involuntary. Voluntary turnover is usually when employees leave and join the competitors and of course it also results in transfer of the intellectual capital to the competitive organization. On the other hand involuntary turnover denotes dismissal of employees.

Objective of the Study

- To determine the employees attrition in the company
- To determine the highly contribution factors which affects employee attrition.
- To analyze the impact of demographic factors on attrition
- To examine the areas where companies is lagging behind.

Need of the Study

The success of an industry 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.

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.

REVIEW OF LITERATURE

(Walker, 2001) has identified seven factors which boosts retention. These factors are compensation and appreciation of the work performed, recognition of capabilities and performance contributions, challenging work, good communication, opportunities to learn, positive relationships with colleagues, and good work-life balance.

(Arora et al., 2001) in their study observed that virtually it is becoming difficult for all firms to retain the talented pool of professionals. Even the compensation given to them (which is ideally above Indian standards) is not reducing their turnover.

(Ramlall, 2003) accentuated that inadequate compensation, payment below prevailing market rate and inadequacy in the internal and external equity was the common reason because of which employees leave an organization.

(Mano-Negrin and Tzafrir, 2004) claim that employees leaves their organization because of the economic reasons, and one can use these reasons to understand and further envisage the employee turnover in the market.

(Oldham and Hackman, 2005) highlighted that employees leave their jobs only when they face continuous problems pertaining to work related matters. For instance, over-controlling supervisors or an unsatisfactory compensation.

(Hora, 2005) talked about the importance of understanding employee expectations. It is important for the HR Managers to understand the importance of their employees and to understand the areas that interests them.

(Udechukwu and Mujtaba, 2007) gave a mathematical model that explained employee

turnover by focusing on internal (employer) and external (social affiliate) determinants which influence an employee's decision to leave an organization.

(Kim and Stoner, 2008) emphasized that employees intend to leave because of factors related to individual (e.g. demographic factors or personality), job (e.g. nature, content or design of job) or organization (e.g. pay, supervisor or co-worker). Social support and job autonomy might have a direct negative impact on the employee turnover intention.

(Adhikari, 2009) identified the factors affecting employee attrition in the IT and ITES industry. The paper identified four factors. Work related issues have the greatest impact on attrition. The other three being employer related issue, skill of employees and the compensation. Compensation seemed to have the least effect on attrition.

(Ho et al., 2010) emphasized the relevance of push and pull factors while understanding employee attrition in the Malaysian service industry. Work stress, improper work-life balance, and poor relations with co-workers are some of the factors which comes under the umbrella of push factors and promotion opportunities, better compensations, desire for higher studies, and interesting work are some of the pull factors.

(Deepa and Stella, 2012), in their exploratory study on "Employee turnover in the IT industry with special reference to Chennai city", highlighted a number of factors which contribute to employee turnover. Demographics, Organization's performance, Organization's culture (in terms of its reward system, leadership, shared goals etc.), Employees personal traits (like desire to learn, change in personal life, new job offer etc.), Job characteristics, Unrealistic expectations are the factors that are perceived to enhance employee turnover in the IT industry.

(Joy P. and Radhakrishnan 2012) in their study on marketing executives of financial product companies identified six factors which affects attrition. 58.77 percent of variance was jointly explained by all the six factors. Work specific attrition, human resource policy of the organization, boss behaviour with sub-ordinates, prevailing economic forces, fellow employee influence and opportunities in the society are the six factors identified in this study. A positive relationship among all the factors was supported by the correlation matrix.

(Zahra, et al., 2013) have highlighted the significance of commercialization of education which leads to faculty turnover. As the numbers of Universities are increasing there is a paradigm shift which is increasing the staff turnover because of abundant opportunities.

(Vinit et al., 2013) highlighted those factors like appraisal, openness, training, and flexibility act

as key influencers for employee turnover. Thus these are the parameters on which an employee thinks before deciding to leave an organization.

(Saleem and Affandi, 2014) investigated the impact which Human Resources practices have on the employee attrition. Fairness of rewards and growth opportunities were considered to be the key factors influencing the employees' decision to leave an organization.

Research Design

A research design is simply and purely a framework of a research problem. The research design adopted here is descriptive research. The main purpose of the research is the descriptive of the state of affairs as it exists as in present.

Population

The population of Rubber General Industries consists of 191 employees.

Sample Size

Size of the sample refers to the number of items to be selected from the universe to constitute a sample. In this study the entire 191 respondents have been considered as sample size. The researcher used census method to get accuracy.

Sources of Data Collection

Primary Data

Primary data are those which are collected fresh for the first time. Questionnaire method of data collection is chosen of a number of questions printed in a definite form. The questionnaire is filled by the respondents who are expected to read and understand the questions and write down the reply in the space meant for the purpose. The respondents have to answer the questions on their own.

Secondary Data

Secondary data are those which are already available that is they refer to the data which have already been collected and analyzed by someone else. In this study secondary data were collected through journals, company's annual report and through website.

Statistical Tools Used

Percentage Method

Factor Analysis

Factor Analysis

Factor analysis is a statistical technique for identifying which underlying factors are measured by a (much larger) number of observed variables. Such “underlying factors” are often variables that are difficult to measure such as IQ, depression or extraversion. For measuring these, we often try to write multiple questions that -at least partially- reflect such factors.

CONSOLIDATED ROTATED COMPONENT MATRIX

Factors	Components	Item Description	Rotated Loading	%of variance	Eigen values
I	Growth in Organization	Organization policy	0.714	16.52	6.467
		Location	0.581		
		Performance appraisal	0.506		
II	Personal Reasons	Spouse Relocation	0.98	19.34	2.891
		Worklife balance	0.98		
III	Working Atmosphere	Hostile Environment	0.986	19.62	2.309
		Commuting time	0.986		
IV	HR policy	Challenge in Job	0.982	19.42	1.937
		Employee Recognition	0.984		
V	Monetary	Fringe Benefits	0.654	16.35	2.499
		Unfair Payment	0.494		
		Career Change	0.444		

VI	Career growth	Advance Opportunity	0.804	12.79	1.339
		Teamwork	0.508		
VII	Future Plans	Work Stress	0.752	10.16	0.55
		Career Path	0.456		
VIII	Leadership	Leadership	0.732	12.48	0.003
		Unethical Leader	0.591		

FACTOR 1: GROWTH IN ORGANISATION

Factor Name	Item Description	Rotated Loading	% of variance	Eigen values
Growth in Organization	Organization policy	0.714	16.52	6.467
	Location	0.581		
	Performance appraisal	0.506		

The Eigen value of factor 1 is 6.467 with 16.52% of variance. The variables are related to Growth in Organization. Factor 1 has very High significant loading on the variable organization policy (0.714) and low significance with the variable Performance appraisal (0.506).

FACTOR 2: PERSONAL REASONS

Factor Name	Item Description	Rotated Loading	%of variance	Eigen values
Personal Reasons	Spouse Relocation	0.98	19.34	2.891
	Worklife balance	0.98		

The Eigen value of factor 2 is 2.891 with 19.34% of variance. The variables are related to Personal Reasons. Factor 1 and 2 has equal significance (0.98).

FACTOR 3: WORKING ATMOSPHERE

Factor Name	Item Description	Rotated Loading	%of variance	Eigen values
Working Atmosphere	Hostile Environment	0.986	19.62	2.309
	Commuting time	0.986		

The Eigen value of factor 3 is 2.309 with 19.62% of variance. The variables are related to Working Atmosphere. Factor 1 and 2 has equal significance(0.986).

FACTOR 4: HR POLICY

Factor Name	Item Description	Rotated Loading	%of variance	Eigen values
HR policy	Challenge in Job	0.982	19.42	1.937
	Employee Recognition	0.984		

The Eigen value of factor 4 is 1.937 with 19.42% of variance. The variables are related to HR policy. Factor4 has very High significant loading on the variable Employee Recognition (0.984) and low significance with the variable Challenge in Job (0.982).

FACTOR 5: MONETARY

Components	Item Description	Rotated Loading	%of variance	Eigen values
Monetary	Fringe Benefits	0.654	16.35	2.499
	Unfair Payment	0.494		
	Career Change	0.444		

The Eigen value of factor 5 is 2.499 with 16.35% of variance. The variables are related to monetary policy. Factor 5 has very High significant loading on the variable Fringe Benefits (0.654) and low significance with the variable Career Change (0.444).

FACTOR 6: CAREER GROWTH

Components	Item Description	Rotated Loading	%of variance	Eigen values
Career growth	Advance	0.804	12.79	1.339
	Opportunity			
	Teamwork	0.508		

The Eigen value of factor 6 is 1.339 with 12.79% of variance. The variables are related to Career growth. Factor 6 has very High significant loading on the variable Advance Opportunity (0.804) and low significance with the variable Teamwork (0.508).

FACTOR 7: FUTURE PLANS

Components	Item Description	Rotated Loading	%of variance	Eigen values
Future Plans	Work Stress	0.752	10.16	0.55
	Career Path	0.456		

The Eigen value of factor 7 is 0.55 with 10.16% of variance. The variables are related to Future Plans. Factor 7 has very High significant loading on the variable Work Stress (0.752) and low significance with the variable Career Path (0.456)

FACTOR 8: LEADERSHIP

Components	Item Description	Rotated Loading	%of variance	Eigen values
Leadership	Leadership	0.732	12.48	0.003
	Unethical Leader	0.591		

The Eigen value of factor 8 is 0.003 with 12.48% of variance. The variables are related to Leadership. Factor 8 has very High significant loading on the variable Leadership (0.732) and low significance with the variable Unethical Leader (0.591).

FINDINGS

- Most of the respondent's age is between 21- 30 years and the remaining is limited
- More number of respondents is male and the female respondents are in limited numbers.
- Most of the respondents educational qualification is 10th and below and others are average in numbers.
- 13% of the respondents strongly agree about the advancement opportunity
- Nearly 23% of people feel that the fringe benefits are poor in the organization
- Only 2% of people strongly agree with the commuting time of the organization.
- 22% of the respondents disagree about the unethical leader in the organization.
- Most of respondents (nearly 36%) agree that the work stress is high in the organization.
- 11% of the respondents strongly disagree about the work life balance in the organization
- Close to 25% of the respondents strongly agree that there is unfair pay in the organization.
- 33% of the respondents strongly disagree about the work environment in the organization.
- 27% of the respondents agree about the performance appraisal.
- Nearly 24% of respondents disagree with the employee recognition in the organization.
- 32% of the respondents strongly agree about the geographical location of the industry
- Nearly 17% of the respondents agree that there is challenge in the job.
- 31% of respondents in the organization agree that there is bad leadership in the organization.
- 25% of the respondents disagree about the organizational politics.
- Nearly 17% of respondents agree that there is challenge in job in the organization.
- 26% of the respondents strongly disagree about the career change.
- Nearly 18% of respondents agree about the spouse relocation.

- 31% of the respondents agree about the teamwork in the organization.

SUGGESTIONS AND RECOMMENDATIONS

- The work environment should be made employee friendly.
- Organization politics should be reduced.
- Proper performance appraisal should be given.
- Working hours should be reduced so that the employee will get good work life balance and less stress.
- The company should give proper promotion to their employee so they get career advancement.
- A leader with good ethical values should be appointed.
- A fair pay should be provided.
- Incentives should be given properly.
- Build a positive relation between employee and management.
- Promotion policy should be redesigned.

CONCLUSION

There are many reasons for attrition. It is observed that both external and internal factors are responsible for employee turnover. Among the external factors opportunity for growth and promotion outside, location and work life balance are important. And among the internal factors compensation, work timing /shifts, working conditions, relations with leader (manager/supervisor), opportunity to use skills, work load are important respectively.

Further, management can control the attrition rate in the organization by keeping the selection process fair and transparent. If the manager makes himself more accessible to the employees they may continue to work in the organization. Employee's involvement in the decision making enhances their self-esteem and encourages them to continue in the organization. Employee also value non-financial rewards they get.

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