

A Study on Employee Attrition Level at Motherson Automotive Private Industry

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Abstract

The study on Attrition level is to know the employee's interest in how the organization were giving importance to the employees. Attrition is a critical issue and pretty high in the industry. It's a major problem which highlights in all the organizations. Though the term 'ATTRITION' is common, due to attrition, the organization will face down in their growth, "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". Retaining employees is a critical and ongoing effort. One of the biggest challenges in having managers in the place that understands it is their responsibility to create and sustain an environment that fosters retention. Staff requires reinforcement, direction and recognition to grow and remain satisfied in their positions. The main objectives of this study are to know the reasons why attrition occurs, to identify the factors which make employees dissatisfied, to know the satisfactory level of employees towards their job and working conditions. This study is analyzing by taking questioner with individual employees, and the random sample was 100, this study gives some information to the organization what to do and not to do. The organization should improve their basic needs.

Keywords: Attrition, Retaining employees, Retention, Managers and organization

Introduction

These days, very often we come across the word 'ATTRITION'. This word is being used in place of Employees turnover in an organization; used earlier. I was wondering whether it is the right word. If we go by the dictionary meaning of this word it says:

"the wearing down of an adversary, making him weaker by repeatedly attacking them or wearing down of resources, i.e. the process of reducing the number of people who are employed by an organization by not replacing people who leave the job." Attrition is a sign of increasing dissatisfaction within the workforce. When the number of employees in an organization shrinks, it is termed as attrition. Attrition is the major problem faced by HR experts in the current scenario. To reduce this, placing the right person for the right job at the right time providing right pay will do.

Need for the Study

The success of any manufacturing organization depends largely on the workers, the employees are considered as the backbone of Motherson Automotive Technology and Engineering Private Ltd, Pondicherry.

The attrition rate of the company is 25%. So this study focused on why the Attrition occurs and the possible ways to reduce it. 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.

This study can help know why the employees prefer to change their job and which factors make employee dissatisfied. Since the study is a critical issue, it is needed by the organizations to assess the overall interest and the feelings of the employees towards their nature of job and organization.

This study can be helpful to the management to improve its core weaknesses by the suggestions and recommendations prescribed in the project.

This study can serve as a basis for measuring the organization's overall performance in terms of employee satisfaction.

Review of Literature

Attrition is a Business Perspective Says ABRAHAM.T M, Head-HR, Veeda CR,

Attrition is a phenomenon affecting any business organization in the industry. Over the past few years, organizations have taken an increased interest in aligning their HR practices to their business goals. Whereas the deficiencies like inability to influence employee perception of growth; not aligning employees to roles based on their talent, inflexibility in leadership styles, are causing conflicts at a very intrinsic level, resulting in knowledge employees choosing the proverbial "easy way out." Employees thus attempt to change the manager or the work environment, resulting in employee attrition.

Says BEENA HANDA, Vice-President-HRM of Claris Life sciences. "Attrition also happens when people hate their working conditions, do not like their team-mates or perhaps do not like what they are doing. There are also cases when people leave their job for family reasons or when they wish to migrate. For example, girls often leave their jobs when they get married and shift to another city,"

Beyond a point, an employee's primary need has less to do with money, and more to do with how he's treated and how valued he feels. Much of this depends directly on the immediate manager. And yet, bad bosses seem to happen to good people everywhere. A Fortune magazine survey some years ago found that nearly 75 per cent of employees has suffered at the hands of difficult superiors.

A workforce magazine article, "Knowing how to keep your best and brightest," reported the results of interviews with 20,000 departing workers. The main reason that employees chose to leave was poor

management. HR magazine found that 95 per cent of exiting employees attributed their search for a new position to an ineffective manager.

Treat Employees Like Customers

Companies should have a similar approach to employees and customers. A company should strive to retain an employee in the same way it tries to retain a customer.

BIJAY SAHOO, Vice-president
Talent Engagement & Development
Wipro Technologies...

Some employees prefer development to be in a support and maintenance job. To hold back these people, we give first preference for training them.

RAKESH TIKU, Vice-president
Infinite Computer Solutions...

Says BIJAY SAHOO, vice-president, talent engagement and development, Wipro Technologies, "Companies should have a similar approach to employees and customers. If a company strives to retain an employee in the same way it tries to retain a customer, him leaving the organization could be out of the question. Communication is the foundation for the entire process of managing attrition. This communication begins right from recruitment.

Says RAJEEV MALIK, director, HR, McAfee Software (India), "Conducting regular meetings and updating employees, especially new entrants, about the company's status and achievements is a must."

Five Principal Reasons for Which the People Change Jobs

It doesn't feel good around here. This is a corporate culture issue in most cases. Workers are also concerned with the company's reputation; the physical conditions of comfort, convenience, and safety, and the clarity of mission.

They wouldn't miss me if I were gone. Even though leaders do value employees, they don't tell them often enough. If people don't feel important, they're not motivated to stay. No one wants to be a commodity, easily replaced by someone off the street. If they are regarded as expendable, they'll leave for a position where they're appreciated.

I don't get the support I need to get my job done. Contrary to opinions heard all-too-often from management, people do want to do a good job. When

they're frustrated by too many rules, red tape, or incompetent supervisors or co-workers, people look for other opportunities.

There's no opportunity for advancement. No, we're not talking about promotions, although many deserving people would like to move up. The issue here is learning. People want to learn, to sharpen their skills and pick-up new ones. They want to improve their capacity to perform a wide variety of jobs. Call it career security. The desire is for training and development. If workers can't find the growth opportunities with one company, they'll seek another employer where they can learn.

Compensation is the last reason people most leave. That's a brash statement, but it's true. Workers want fair compensation, but the first four aspects must be strong. If they're not, but money's high, you'll hear people say "you can't pay me enough to stay here."

Employees Leave Organizations for a Range of Reason

A Fortune magazine survey some years ago found that nearly 75 per cent of employees has suffered at the hands of difficult superiors.

Most employees leave their work for reasons other than money - and your organization can correct these reasons. Most leaving employees seek opportunities that allow them to use and develop their skills. Leaving employees want more meaning in their work. They often indicate that they want to use their qualities and skills in challenging teamwork led by capable leaders. A range of reasons are,

- Selection of the wrong job.
- Lack of proper induction/orientation creates frustration.
- Lack of future scope.
- Lack of promotion opportunity.
- Poor perception / relation with boss.
- Lack of career planning.
- Poor implementation of performance appraisal.
- Lack of performance management system.
- Lack of pay for performance.
- Travel hazard, prefer close to home.
- High expectation of the employee.
- Prefer self-employment.
- A flat organization, hence limited scope for progress.
- Lack of proper orientation creates frustration.

Research Methodology

Research Design

"A research design is the arrangement of conditions for collection and analysis data in a manner that aims to combine relevance to the researcher purpose with economy in procedure".

It constitutes the blueprint for the collection, measurement and analysis of data. As such, the design includes an outline of what the researcher will do from writing the hypothesis and its operational implication to the final analysis of data. The Research Design undertaken for the study is Descriptive one. A study, which wants to portray the characteristics of a group or individuals or situation, is known as Descriptive study. It is mostly qualitative.

Types of Data Collected

Primary Data

Questionnaires are prepared, and a personal interview was conducted. Most of the questions are consist of multiple choices. The structured interview method was undertaken. The interview was conducted in English as well as in Tamil. Generally, 100 questions are prepared and asked the employees

Secondary Data

Secondary data was collected from Internets, various books, Journals, and Company Records.

Questionnaire Construction

Questionnaires were constructed based on the following types

- Open-ended questions
- Close-ended questions
- Multiple-choice questions

Description of Statistical Tools Used

1. Chi-square test
2. Analysis of variance (TWO-WAY ANOVA)

Analysis Using Chi-Square Test

Freedom to Convey Problems to Top-Level Vs Considerations For Employee Creativity

Null Hypothesis: There is no significant difference between Freedom to convey problems and Considerations for employee creativity factors.

Table 1 Observed Count

S. no	Freedom to Convey problems Employee relativity	Yes	No	Total
1	Yes	66	04	70
2	No	12	18	30
Total		78	22	100

Source: Primary Data

Table 2 Expected Count

S.no	Freedom to Convey Problems Employee Creativity	Yes	No	Total
1	Yes	54.6	15.4	70.0
2	No	23.4	6.6	30.0
Total		78.0	22.0	100.0

Source: Primary Data

Formula

$$\text{Chi-Square} = \frac{(O-E)^2}{E}$$

O = Observed frequency; E = Expected frequency

Table 3 Computation of Chi-Square

S.No	O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	66	54.6	11.4	129.96	2.38
2	4	15.4	-11.4	-129.96	8.44
3	12	23.4	-11.4	-129.96	5.55
4	18	6.6	11.4	129.96	19.69
Total					36.06

Source: Primary Data

Table 4

S. No	Decrease in Dissatisfaction Level Working Years	Not at All	Somewhat Ok	Average	Really Good	Total
1	<1 year	2	6	22	2	32
2	1-2 years	2	6	6	2	16
3	2-3 years	0	4	10	2	16
4	>3 years	10	16	4	6	36
Total		14	32	42	12	100

Source: Primary Data

Steps In Two-Way Anova

Number of all items N = 16

Sum of all items are T= 100

$$\text{Correction factor CF} = \frac{T^2}{N} = 625$$

The total sum of squares SST = 127.75

The calculated value is 36.06

Degree of freedom = (R-1) (C-1) = (2-1) (2-1) = 1

Level of significance = 5%

Table value 1 of DGF and 5% level of significance = 3.854

36.06 > 3.854 - Calculated Value is greater than Tabulated Value

Hence, Null hypothesis is rejected.

Inference

Thus Chi-Square test infers that there is the significant difference regarding Freedom to convey problems and Considerations for employee creativity factors.

- First to the job nature of employees,
- Second to the basic needs,
- Third to motivation and
- Finally to the appraisal factor.

This shows that the employees are very much satisfied with their job nature and they tend to remain in the same company.

Analysis Using Anova

Years of Experience in the Company Vs Decrease in Dissatisfaction Level

Null Hypothesis

There is no significant difference between the years of experience in the existing company.

There is no significant difference between the decreases in dissatisfaction level.

Sum of squares between column samples, SSC = 39.25

Sum of squares between column samples, SSR = 20.75

Residual or Error SSE = 67.75

Anova Table

Source of Variation	Sum of Squares	Degrees of Freedom (d.f)	Mean Square (MS)
Treatment between Decrease in Dissatisfaction level	39.25	3	13.08
Treatment between Years of Experience in the Company	20.75	3	6.916
Residual or Error	67.75	9	7.527

Tabulated value for (3,9) d.f at 5% level of Significance is 3.86

Inference

1. Calculated value (1.737) < Tabulated value (3.86)
Therefore, H₀ is accepted. This shows that there is no any significant difference between the decreases in the dissatisfaction level of employees.
2. Calculated value (1.088) < Tabulated value (3.86)
Therefore, H₀ is accepted. This shows that there is no significant difference between the years of experience in the existing company.

Conclusion

The main aim of any organization is to earn a profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run.

To control attrition level in the Pondicherry Polymers Private Ltd., the company should focus on

- What do the employees expect from the organization?
- The common reasons for which the employees feel to change their job?
- What makes the employee get dissatisfy in the organization?

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From the study, it is identified that the Lack of growth opportunities and Family issues are the major problem which makes employees change their job from this organization.

This study concludes that to reduce attrition, Pondicherry Polymers Private Ltd should create some opportunities for the growth of their employees through adopting new Innovative Technologies, Effective training programs and the company can recruit peoples who are around, so the family issue factor will not lead to attrition in future and the company can curb attrition.

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