

A Study of Employee Attrition at International Automotive Components, Pune

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Abstract: Organizations around the world are swept by different issues to run the business like challenges of globalization, liberalization, privatization, recession etc. Now the time has come to think beyond it.

As it's rightly said, "If employees are to be products, their shelf-lives are getting shorter" Attrition is beginning to significantly affect offshore ROI. Just as businesses faced a scarcity of talented IT resources during the dotcom era, organizations in offshore countries such as India are experiencing similar pains. Skilled employees are hopping from job to job and taking with them the customer knowledge and technical expertise that any company needs. Their salaries are increasing, along with their perks, benefits, and bonuses. Global outsourcing and the astounding amount of foreign direct investment pouring into China, Russia, and India have created tremendous opportunities and competition for talented professionals in those countries. The downside of this increased competition is a rising rate of attrition, particularly in India. Through this paper we attempt to know about various reasons for attrition at International Automotive Components, Pune. Findings of the study suggest that company can look into various options like good rewards, bonding program and stronger carrier path.

Keywords: Globalization, Liberalization, Privatization, Attrition, Employee.

1. Introduction

In the best of worlds, employees would love their jobs, like their co-workers, work hard for their employers, get paid well for their work, have ample chances for advancement, and flexible schedules so they could attend to personal or family needs when necessary and never leave. But then there's the real world and in the real world, employees, do leave, either because they want more money, hate the working conditions, hate their co-workers, want a change, or because their spouse gets a dream job in another state. So, what does that entire turnover cost? And what employees are likely to have the highest attrition? Who is likely to stay the longest?

2. Defining Attrition:

"A reduction in the number of employees through retirement, resignation or death" **Attrition rate:** "The rate of shrinkage in size or number"

3. Reasons for attrition

It is not easy to find out as to who contributes and who has the control on the attrition of employees. Various studies/survey conducted indicates that everyone is contributing to the prevailing attrition. Attrition does not happen for one or two reasons. The way the industry is projected and speed at which the companies are expanding has a major part in attrition.

The specific reasons for attrition are varied in nature and it is interesting to know why the people change jobs so quickly. Even today, the main reason for changing jobs is for higher salary and better benefits. While attrition cannot be attributed to employees alone, some of the possible reasons:

Organizational matters

The employees always assess the management values, work culture, work practices and credibility of the organization. The Indian companies do have difficulties in getting the businesses and retain it for a long time. There are always ups and downs in the business. When there is no focus and in the absence of business plans, non-availability of the campaigns makes people to quickly move out of the organization.

Working environment

Working environment is the most important cause of attrition. Today's Gen Next employees expect a professional approach and an international style working environment. They expect a friendly and learning environment. Employees look for freedom, good treatment from the superiors, good encouragement, friendly approach from one and all, and good motivation.

Job matters

No doubt the jobs today bring lots of pressure and stress is high. The employees often switch jobs if there is too much pressure on performance or any work related pressure. It is quite common that employees are moved from one process to another. They take time to get adjusted with the new processes while few employees find it difficult to adjust and consequently leave. Monotony sets in very quickly and this is one of the main reasons for attrition. Job hopping is very common among youngsters who look at jobs as being temporary. Another commonly looked option is to move to such other process where there is little or no pressure of sales and meeting service level agreements (SLA). The employees move out if there are strained relations with the superiors or with the subordinates or any slightest discontent.

Salary and other benefits

Moving from one job to another for higher salary, better positions and better benefits are the most important reasons for attrition. The salaries and benefits offered by MNCs are generally higher than their Indian counterparts. The employees expect salary revision once in 4-6 months and if not they move to other organizations.

Personal reasons

The personal reasons are many and only few are visible to us. They vary widely from getting married to relocating for health/family reasons. The next important personal reason is going for higher education. Health is another aspect, which contributes for attrition.

Poaching

The demand for trained and competent manpower is very high. Poaching has become very common. The rise in the number of placement agencies has led to a boom in poaching. Most of the organizations have employee referral schemes and this makes people to spread message and refer known candidates from the previous companies and earn too.

Employee's advocate

One of the main reasons why employees leave companies is because of problems with their managers. An HR professional can be termed an employee's advocate and a bridge between top management and employees at all levels. There is often a huge gap between HR professionals and employees in terms of understanding challenges and delivering requirements. HR sometimes does not really understand the problems associated with employees' careers and jobs. The company's overall plans and strategies also depend on HR professionals as they voice employees' problems and requirements. The HR department should have genuine interest in the employees' welfare; it is responsible for making sure that their expectations are met. By doing this it is easier to meet the company's business targets.

HR Policies

Retention of efficient employees is one of the most critical challenges faced by many corporate worldwide and our Indian companies are no exception to this phenomenon. The HR managers have been facing a tough time finding a suitable replacement with required experience and ability, to fill up the vacancies created on account of exit of key employees. The reasons can be varied like shortage of skilled manpower, growth in opportunities as a result of economic reforms and liberalized policies pursued by successive governments at the Centre. Attrition level can also be more due to rigid and unpopular HR policies pursued by the corporate.

4. Review of Literature:

a). Research Paper Title "**Attrition In IT Industry, Chennai**" author Mardhini M find out that attrition is one of important problem the IT industries are facing now a days. The study reveals that the employees are leaving the organization because of the work stress and the company policies are supportive to the employees.

b). Research Paper Title "**Employee Turnover: Bad Attitude or Poor Management?**" Author Khatri N finds out that eemployee turnover is giving sleepless nights to human resource managers in many countries in Asia. A widely-held belief in these countries is that employees have developed bad attitudes due to labor shortage. Employees are believed to job-hop for no reason or even for fun. Unfortunately, despite employee turnover being such a serious problem in Asia, there is dearth of studies investigating it; especially studies using a comprehensive set of causal variables are rare. In this study, we examined three sets of antecedents of turnover intention in companies in Singapore demographic, controllable, and uncontrollable. Singapore companies provide an appropriate setting as their turnover rates are among the highest in Asia. Findings of the study suggest that the extent of controllable turnover is much greater than uncontrollable turnover and that poor management practices are the major source of employee turnover.

c). Research Paper Title "Employee Turnover-a Study of its Causes and Effects to Different Industries in Bangladesh" author Shamsuzzoha AHM find out that Productivity is very important issue for an industry or organization. There are several factors on which productivity of an organization mostly depends upon. Employee's turnover is one of them which are considered to be one of the challenging issues in business nowadays. The impact of turnover has received considerable attention by senior management, human resources professionals and industrial psychologists. It has proven to be one of the most costly and seemingly intractable human resource challenges confronting by several organizations globally. The actual reasons behind turnover and its damaging effects on the productivity of different industries in Bangladesh. The authors of this paper were visited and studied several local industries both from government and non-government sectors in Bangladesh and observed the suffering for turnover problems. The objective of these case studies were to find out the actual reasons of turnover, its negative effects and possible recommendations that could be helpful to the local industries for their productivity and market share.

5. Objectives of the Study:

- ❖ To know the attrition trend of IAC.
- ❖ To find out employees annual as well as average turnover rate.
- ❖ To ascertain the cause of Employees turnover.
- ❖ To identify factors that would trigger attrition.

6. Research Methodology:

This research were conducted by 63 samples collected by Post relieving discussion on exit form filled by the outgoing employee with concerned HOD of the top, middle and lower level management of organizations at three plant of International Automotive component to find out the causes of attrition in terms of personal reason, new job, New Business, job satisfaction, working environment, etc.

Respondents:

These are the employees of International Automotive component, their band wise segregation is as under:

Band wise distribution at IAC:

- Band I- Officer, Jr. Officer, Jr. engineer, Jr. Executive
- Band II- Executive, Engineer, Sr. Executive, Sr. Engineer
- Band III- Asst. Manager
- Band IV- Dy. Manager, Manager, Sr. Manager
- Band V- Dy. General Manager, General Manager, Sr. Manager
- Band VI- Director
- Band VII- Executive Director

7. Data analysis and interpretation

Table 1: Hinjewadi attrition for the year 2012-2013

BAND	No. of Associates	LEFT Associates	Percentage (%)
1	4	1	25
2	36	11	31
3	14	3	21
4	14	8	57
5	2	1	50
6	1	0	0
7	1	0	0
GET	4	0	0
TOTAL	76	24	31.57

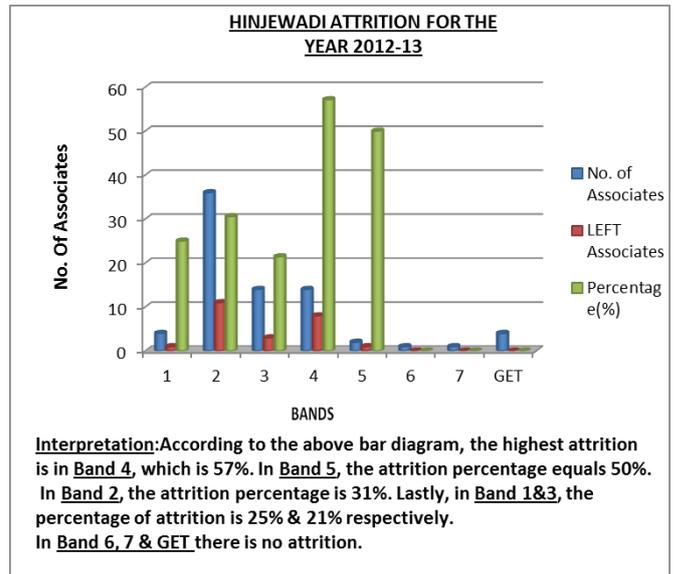


Figure 1: Hinjewadi attrition for the year 2012-2013

Table 2: Chakan attrition for the year 2012-2013

Band	No. of Associates	Left Associates	Percentage (%)
1	14	8	57.1
2	45	12	26.7
3	5	0	0
4	7	3	42.9
5	1	0	0
6	0	0	0
7	0	0	0
GET	8	7	87.5
Staff	66	0	0
TOTAL	146	30	20.5

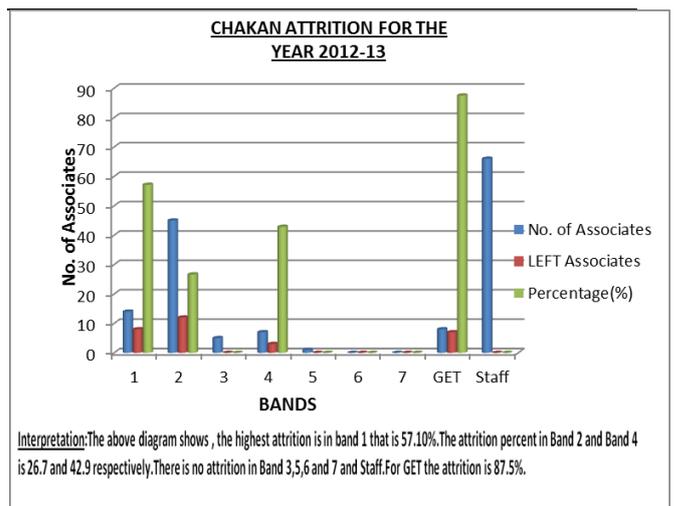


Figure 2: Chakan attrition for the year 2012-2013

Table 3:Manesar attrition for the year 2012-2013

Band	No. of Associates	Left Associates	Percentage (%)
1	15	1	6.7
2	11	1	9.09
3	4	1	25
4	6	3	50
5	1	0	0
6	0	0	0
Operator	48	0	0
Get	1	1	100
Total	86	7	8.14

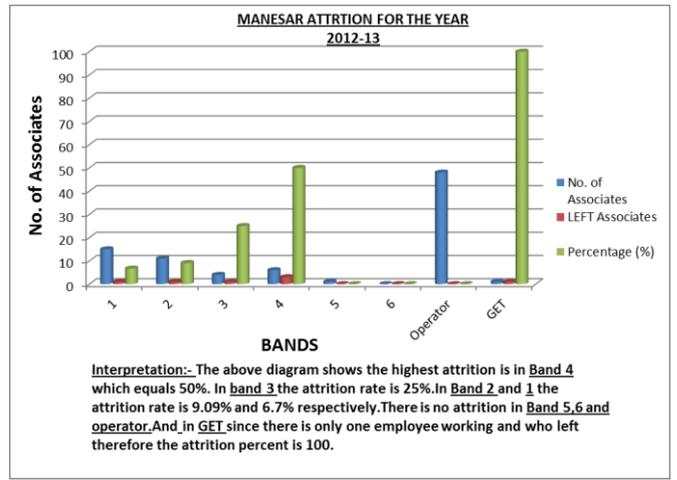


Figure 3: Manesar attrition for the year 2012-2013

Table 4: Reasons for attrition (overall)

Band	Personal Reason	Family Issue	Health	Higher Education	Relocation	Marriage	New Job	New Business	Job Satisfaction	Working Environment	Total
1	9	1	2	2	2	2	1	1	0	0	11
2	24	6	4	7	5	2	0	0	0	1	25
3	3	1	1	0	1	0	1	0	0	0	4
4	12	4	2	3	3	0	1	0	1	0	14
5	1	0	0	0	1	0	0	0	0	0	1
6	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0
get	7	1	3	2	1	0	1	0	0	0	8
total	56	13	12	14	13	4	4	1	1	1	63
%	89	23	21	25	23	7	6	2	2	2	

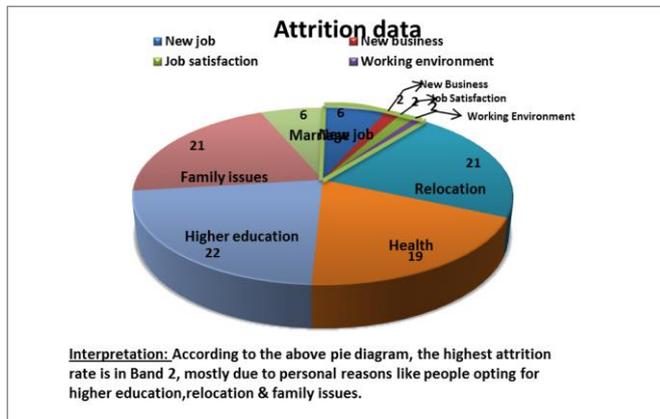


Figure 4: Reasons for attrition (overall)

8. Findings:

- From the study it is concluded that Attrition level of Hinjewadi, Chakan and Manesar plant for the year 2012-13 is 31.57%, 20.5% and 8.14 % resp.
- During the study it is found that 89% of employees are leaving for personal reasons (family issues, health, higher education, relocation, marriage).

- The level of attrition for new job is 6%, for new business is 2%.
- The personal reasons are the most influencing factor leads to attrition i.e. 89%.
- Average working span is 2.372 years overall of whole company.

9. Conclusions:-

Attrition can have a detrimental effect on an organization and its employees if company management allows it. There are tools to assist in addressing the causes of attrition. Since attrition is often used as performance indicator, preventive measures should be as well. It is impossible to eliminate attrition altogether, therefore management must learn how to deal with it and the effects it has on company. In addition management should be better prepared to take the proper actions after an attrition event occurs. All efforts should be focused on maintaining employee job satisfaction and managing controllable causes of attrition. In conclusion, the assessment of workplace environment is crucial and a regular system to capture and evaluate feedback must be in place in order to maintain a healthy work environment.

10. Suggestions:

1. Company can look into various options like good rewards, bonding program and stronger carrier path.
2. Management also needs to consider other aspects like secure career, benefits, perks & communication.
3. Have an open door policy style of managing to allow employees to comment on what might be bothering them about the job.
4. Execute periodic audits of job satisfaction.
5. Develop and constantly update training strategies.

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Author Profile



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