

## **A Study on Causes of Attrition and Retention Strategies taken at Komatsu India Private Limited**

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### **Abstract**

Employees are the most valuable assets of an organization. They are the people who add values to the organization. To find, attract, develop, and retain the right talent is also a major role of the management. Therefore, it is indispensable to maintain permanent and promising workforce, which over the years has become a tough task for employers and thereby increased attrition in the organizations. Attrition is said to be the gradual reduction in the number of employees through retirement, resignation, or death. It can also be called as Employee Turnover or Employee Defection. The organization must find out new approaches to retain the most effective manpower. Retention of employees involves understanding the intrinsic motivators as individuals differ a lot. Retaining the employees is a critical and ongoing effort. This study is an outcome of analysing the causes of attrition and strategies taken for retaining the employees of the company. To identify the employee's opinion on this, a set of questions were framed. The data were collected by using a convenience sampling of 120 respondents randomly taken from each department from a total of 2000 employees in the company. Using SPSS, the test like Correlation were carried out respectively. Based on the analysis, various findings were made, and suggestions are given appropriately.

### **Introduction**

The subject of Attrition is handled by the Human Resource management as a part of their HR core functions in a company.

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. Attrition rates vary from sector to sector and industry to industry. Apart from the unavoidable ones like resignation, retirement, death or disability, the causes are found to be many and varied. They vary according to the nature of business, the level of the employees and the nature of the responsibility shouldered by them.

The main reason is the 'ergonomic discomfort' experienced by the employee and the 'functional incompatibility' between the corporate management and the employees. Very often an employee finds

himself among colleagues and superiors he is unable to cope up with. Or he finds himself totally out of tune in his functions with the employee's functional requirements, failing to rise to the employer's expectations. Another important reason is that the employee's remuneration is not voluminous enough to bear the brunt and cushion the concussions of his family and social life.

Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. The company addresses the employee retention by taking many measures such as identifying the cost turnover, providing much of learning, support, and work environment and so on.

The question of how to retain valuable employees is one of the biggest problems that plague companies in the competitive marketplace. Not too long ago, companies accepted the "revolving door policy" as part of doing business and were quick to fill a vacant job with another eager candidate. Nowadays, businesses often find that they spend considerable 18-time, effort, and money to train an employee only to have them develop into a valuable commodity and leave the company for greener pastures.

To create a successful company, employers should consider as many options as possible when it comes to retaining employees, while at the same time securing their trust and loyalty so they have less of a desire to leave in the future. Employees need to be retained because good, faithful, trained, and hardworking employees are required to run business. They have acquired good product knowledge over the long run and a trained employee can handle customers better and solve problems of peers who are new to the organization.

When an employee leaves, he takes away with him all company information such as ongoing projects, etc. The Goodwill of the company gets hampered due to more employee turnover rate and the competitors starts watching to recruit best talents from them. Efficiency of work is hampered to a large extent. For example – If an employee leaves in the middle of an ongoing project it's very difficult to fill that vacuum and a new employee can never replace an old and talented employee so this leads to delayed completion of projects and less work satisfaction among other team members. In the present context, the present paper is ascertained to study on the causes of attrition and retention strategies taken at KOMATSU INDIA PRIVATE LIMITED at Chennai.

## **Literature Review**

Employee Attrition is the present large discussing term among HR professionals. Although many studies have been conducted on employee's attrition to find out the reason of attrition, effects of attrition but little has been done to find out the employee's mind set about relationship, career management and its effect on attrition. This will study those facts which are resulting into the attrition. The purpose of this is to describe the variety of opinions and views of the issues related to the employee attrition. For this purpose, the researcher tried to review the relevant literature on this subject.

Saiyadain Mirza S., Tripti Pande Desai, Emerging Issues in human resource management, Excel books, New Delhi 2007, page 133 In a book called "Emerging Issues in Human Resource Management, an Indian perspective", the author describes the results of a comparative survey of employee attrition between ITES, IT and manufacturing sector. The primary data was collected by using open ended

questionnaire. They were a total of 73 respondents who were selected consisting of ex-employees (27 from manufacturing, 27 from IT sector and 21 from ITES sector) and 5 human resources managers from all the three sectors. The information was collected on telephone and by mail. It was found that better prospects, location preferences, stagnation and ill-defined career plans were the prominent reasons of attrition in the manufacturing sector. The human resource managers in the manufacturing sector believe that inviting offers by competitors and better prospects were the reasons of employee attrition in the manufacturing sector.

Memoria C.B., V.S.P. Rao, Personal Management and cases, Himalaya Publication, 2012, 13<sup>th</sup> chapter, page 251. In this book, the author focuses on employee turnover, its reasons and has also explained on how to deal with it. The author describes that labour turnover is the result of voluntary resignation which is not good for an organization. There are various causes of resignation such as poor health, better opportunities elsewhere, physical disability, etc. Further he says that this idea does not work always but we are working to make it better. He also points out that employee attrition in an industry is a wide problem and not specific to any organization.

Rao T.V, Factors affecting attrition and strategies of retention, NHRD Journal, Vol-1, Issue-3, May 2007. He reveals that attrition affects both an individual and an organization hence it should be managed effectively. He points out that people don't quit company, but they quit their boss. There are many factors responsible for an employee quitting one company to another. Managing attrition does not mean reducing its magnitude but it means reducing the negative effects of attrition and increasing the positive effects of attrition. It can be done by preparing and implementing effective retention strategy, utilization of available human resource and by talent utilization strategies. There are many factors which lead to attrition such as personal, organizational, professional, and societal factors including peer pressure, socio economic and environmental factors. Further the author describes that better and competitive compensation and incentive package, good organizational climate, employee satisfaction survey, celebrating 56 festivals, birthdays, social and cultural network are the factors which retain the employees for a longer time.

## **Research Methodology**

Research methodology is a blueprint of methods and techniques used by researcher at different stages of research to accomplish the objectives of the study. A study without better planning may not provide desired results, so research methodology is imperative for achieving the required goals of the research. This chapter embraces research design, problem statement, research objectives, hypotheses, sample design, data collection instrument, statistical techniques, limitations and chapter plan of the study. Extant research is exploratory cum descriptive in nature. Exploratory research provides insight and understanding of the subject. It assists in identifying and defining the research problem, hypotheses development, designing data collection instrument, and formulation of objectives. Descriptive research is conclusive in nature and deals with analysis of data to examine the perception and purchase intention of sample units in this study. The method adopted here is convenient sampling method because convenient is a complete survey method. The data has been collected from 120 random employees of each department. The area from which sampling were conducted is around Chennai.

## Objectives of the study

To study on the causes of attrition (leaving the job) and retention (holding back) strategies taken in Komatsu India Private Limited. To investigate on the strategies and benefits provided by the company for an employee to hold back from retention and lower the attrition rate. To study on HR activities from exit process and formulate the back up of complete strategy for retaining the employees. To analyze the recognition and dealings with leaving the job and retaining of employees. To examine and determine the causes to encompass the organization's ability to provide the best of professional climate.

## Analysis and Findings

In this chapter, the effort has been made to identify the demographic profile of the respondents to find out the causes of attrition.

### 6.1 Classification of respondents on Demographic Variables

Demographic Variables	Particulars	No. of respondents	Percentage
Gender	Male	94	78.3%
	Female	26	21.7%
	<b>Total</b>	<b>120</b>	<b>100</b>
Age	Up to 30 years	39	32.5%
	31-40 years	57	47.5%
	41-50 years	20	16.7%
	Above 50 years	4	3.3%
	<b>Total</b>	<b>120</b>	<b>100</b>
Education Qualification	Diploma	22	18.3%
	Bachelor's degree	70	58.3%
	Master's Degree	28	23.3%
	<b>Total</b>	<b>120</b>	<b>100</b>
Designation	Executive	21	17.5%
	Associate manager	64	53.3%
	Deputy manager	23	19.2%
	Others	12	10%
	<b>Total</b>	<b>120</b>	<b>100</b>

### Source: Primary Data

It is inferred from the above that 78.3% of the respondents were Male, 47.5% of the respondents were in the age category of 31-40 years, 58.3% of the respondents belong to the bachelor's degree in the educational qualification category, 53.3% of the respondents belong to the category of Associate manager under Designation of the employees.

### 6.2 Correlation

To find out whether there is any significant difference between Gender and if they would suggest this company to their family, friends and others to work for.

**Table 6.2.1 Showing Descriptive Statistics on gender and suggesting this company to friends and family.**

Descriptive Statistics			
	Mean	Std. Deviation	N
Gender	1.78	.414	120
Would you suggest this company to work for, to your friends, family or others	2.00	.183	120

**Table 6.2.2 Showing Correlation on gender and suggesting the company to friends and family to work**

Correlations			
		Gender	Would you suggest this company to work for, to your friends, family or others
Gender	Pearson Correlation	1	.222*
	Sig. (2-tailed)		.015
	N	120	120
Would you suggest this company to work for, to your friends, family or others	Pearson Correlation	.222*	1
	Sig. (2-tailed)	.015	
	N	120	120

\*. Correlation is significant at the 0.05 level (2-tailed).

### Inference:

The p-value 0.015 which is lesser to than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference between gender and suggesting the company to friends and family.

### 6.3 Correlation

To find out whether there is any significant difference between Designation in this company and if the employees are satisfied with the employment opportunities given by the company.

**Table 6.3.1 Showing descriptive statistics on designation and if they are satisfied with the employment opportunities**

Descriptive Statistics			
	Mean	Std. Deviation	N
Designation in this company	1.84	1.045	120
Are you satisfied with the employment opportunities given by the company	1.93	.250	120

**Table 6.3.2 Showing correlation on designation and if they are satisfied with employment opportunities**

Correlations			
		Designation in this company	Are you satisfied with the employment opportunities given by the company
Designation in this company	Pearson Correlation	1	-.233 <sup>*</sup>
	Sig. (2-tailed)		.010
	N	120	120
Are you satisfied with the employment opportunities given by the company	Pearson Correlation	-.233 <sup>*</sup>	1
	Sig. (2-tailed)	.010	
	N	120	120
*. Correlation is significant at the 0.05 level (2-tailed).			

### Inference:

The ph.-value (0.010) is lesser than the alpha value (0.05), hence alternative hypothesis (H1) is accepted. Therefore, there is a significant difference between designation and satisfied with the employment opportunities given by the company.

## Findings

- It is inferred that 78.3% of the respondents were Male,
- 47.5% of the respondents were in the age category of 31-40 years,
- 58.3% of the respondents belong to the bachelor's degree in the educational qualification category,
- 53.3% of the respondents belong to the category of Associate manager under Designation of the employees.
- There is a significant difference between Gender and if they would suggest this company to their friends, family and others.
- This is a significant difference between Designation and if they are satisfied with the employment opportunities provided by the company.

## Conclusion

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 Work Tasks, Technology and Technical Training are the top three factors which might lead to attrition, apart from lack of growth opportunities and salary which are the common factors for employees to change their jobs in almost every organization. This study concludes that to reduce attrition, the company should adopt New Innovative Technologies and Effective Training Programs for the growth of their employees within the organization.

From the study done we can say that the best way to improve employee retention is to understand what the employees want and need from the workplace and provide it. Organization must meet employees demand within limits of course. Management cannot approve all the demand is a fact, but at the same time they can take efforts to convince the employees. Organization should also take efforts to bring most of the retention policies into practice which will give a positive effect on the issue. Even the employees should understand the limits of the organization and act accordingly. If there is a better understanding between the two parties the problem of employee retention is solved to a great extent. 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 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 teamwork, harmony, and social goodwill.



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