

Attrition And Retention of Knowledge Workers –The backbone of Our Indian Economy In Automobile Sector

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Abstract

One of the critical factors contributing in failure or success of any organization is its talent pool, its retention over a long period of time and its management during that time. It is a major function of management to find the right talent at the right time at the right place, attract it, develop it over time, manage it and retain it. Senior Manager in the organization uses flexible and responsive human resource practices to attract and keep hold of these skilled knowledge workers. Employee retention, therefore, is processes in which the employees are encouraged remaining with the company for the maximum period of time or till project completion. It is beneficial for the organization as well as the employee. Now a day, employees are different. They are the ones who have good opportunities lying ahead.

INTRODUCTION

One of the critical factors contributing in failure or success of any organization is its talent pool, its retention over a long period of time and its management during that time. It is a major function of management to find the right talent at the right time at the right place, attract it, develop it over time, manage it and retain it. Since each employee as an individual is unique in itself, retention of the talent pool requires understanding of some common as well as some exclusive intrinsic and extrinsic motivators. The cost of attrition is high which may or may not be visible immediately, but is definitely present in the long run. It is one of the largest costs, be it any kind of organization, yet the least understood. Hence, it is required by the industries and more specifically, every organization to find new moves and approaches to lower this attrition rate and costs by retaining the talented and efficient manpower.

Senior Manager in the organization uses flexible and responsive human resource practices to attract and keep hold of these skilled knowledge workers. Unlike in the past, where they were loyal to one organization and did not search for opportunities every now and then, today they move towards to the new job as soon as the employees feel dissatisfied with current employer or the job. Hence, in current scenario, it is the responsibility of the employer to sustain their best employees. If the organizations don't do so, they will be left with less good employees and would face attrition sooner. For this reason, a good employer should know all possible tricks to retain and attracts its employees.

ATTRITION

Attrition refers to a drop in the number of employees through resignation, retirement or death. In a fantasy land, everything would be so nice like employees would love their jobs, work day and night really hard for their employers, get fairly remunerated for their work, have many chances for their improvement and growth, and there should be flexible schedules so they could fulfill their personal or family needs as and when it arrives. But it is not so in the real world. It is not a beautiful ever-happy fantasy land and hence employees do leave their jobs due to some or the other reason(s). Attrition in an organization, thus, denotes the number of employees lost resulting in loss of revenue during a particular time span, expressed on yearly and monthly basis.

Types of Attrition

- 1. Voluntary** – Voluntary attrition was initiated by the employee (in the form of resignation, retirement or transfer). It generally occurs due to employees' dissatisfaction, economic considerations, and lifestyle changes or for availing better opportunities, etc.
- 2. Involuntary** – Involuntary attrition was first most initiated by Transportation Security Administration (TSA) and was in context of termination or removal by employer. At times, some level of involuntary attrition becomes indispensable but it generally signifies poor performance, for example, termination during the early probationary period.

EMPLOYEE RETENTION

Retention has been defined as all things are employer does to influence qualified and talented employees to work for the company on a regular basis. The important objective of retention is to cut short the unwanted voluntary turnover by talented and valuable people in the company. It is effective recruitment and retention efforts which together attract individuals of the organization and also getting the chance of retaining the individuals once hired.

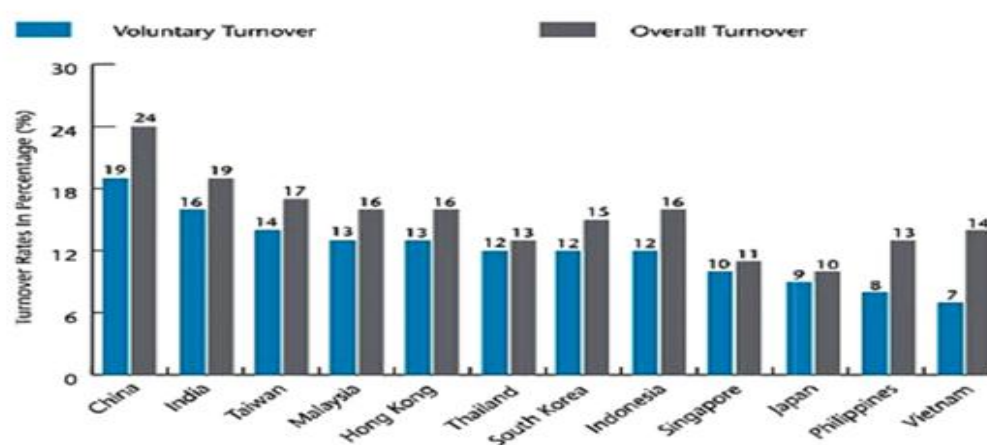
Important Factors in Employee Retention

- a) Since family is of utmost importance for everyone, undoubtedly, work and personal life balance.
- b) Fair and equitable treatment.
- c) Opportunity for growth and development.
- d) Competitive compensation package.
- e) Quality of supervision.
- f) Rewards and recognition.
- g) Talent and skill utilization.
- h) Not to threaten the job / salary of an employee.

TALENT ATTRITION AND RETENTION: GLOBAL SCENARIO

According to Towers Watson, a global professional services firm, attrition rate in India is about 14%, which is marginally higher than global and Asia Pacific countries (11.20% and 13.81%, respectively). The attrition rates of different nations in graph below showcase the idea that developing countries with large population have higher rates.

Fig.1: Attrition Rates in Different Countries

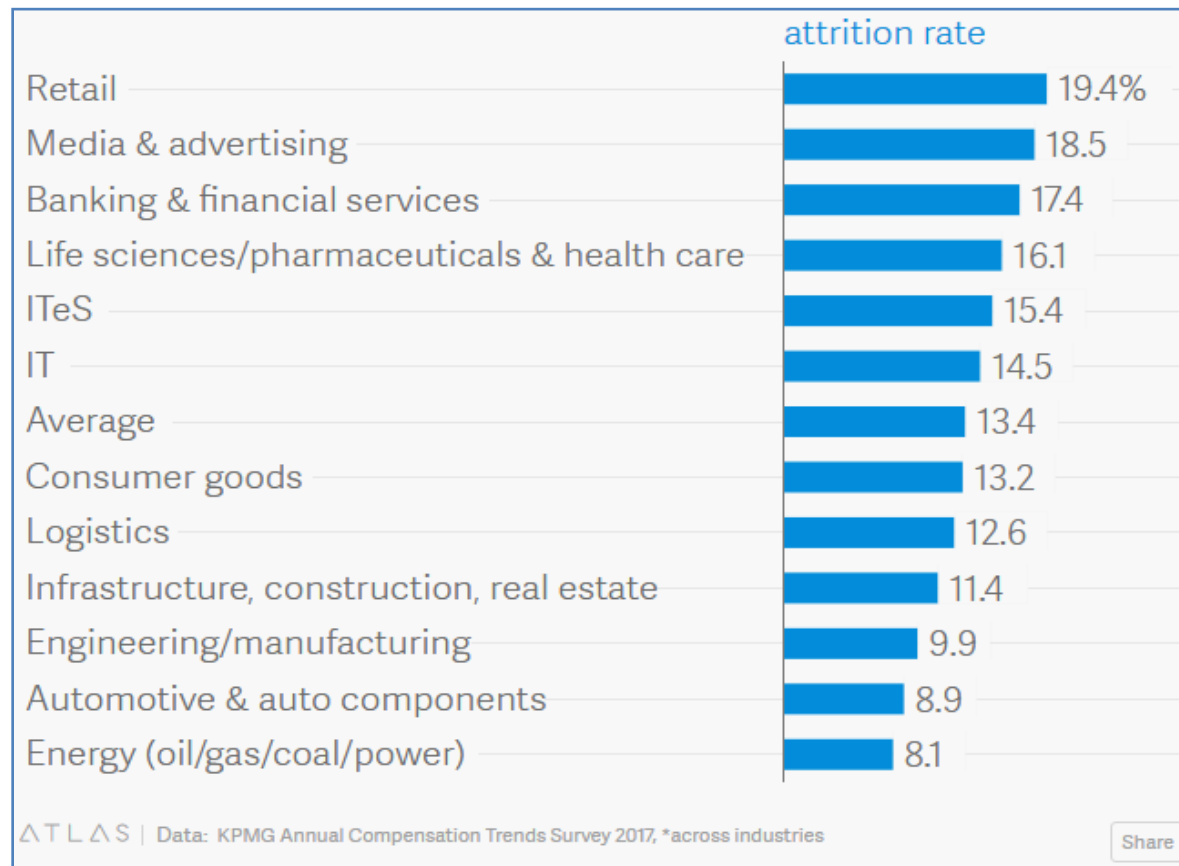


Source: Talapatra, P. K., Rungta, S., & Anne, J. (2016). Employee Attrition and Strategic Retention Challenges in Indian Manufacturing Industries: A Case Study. *VSRD International Journal of Business and Management Research*, Vol. VI Issue VIII, 251-259.

TALENT ATTRITION AND RETENTION: INDIAN SCENARIO

Nearly all the business sectors in India face attrition, but the intensity and magnitude of it is different in diverse industries. While the rate of attrition is varied in different sectors, voice-based Business Process Outsourcing (BPO) witnesses highest attrition problem. The other sectors witnessing considerable rate of attrition are pharmaceutical industry, telecom, aviation and information technology sectors. Consequently, every organization is aiming on, to keep several measures to counter attrition, right from understanding the root cause of such attrition to selecting the right persons and creating favorable environment for retaining them using several measures.

Fig.1.6: Industry-wise Attrition Rate



With the advent of globalization and liberalization, such economic conditions have been created in India which has boosted business prospects. Since commodities produced in Indian markets are cheaper owing to low labour and material cost, some fast developing sectors, with ease in regulations relating to foreign direct investment, has attracted several global companies to venture and commence their production units in India, either as a part of Multi-National Companies (MNCs) or by making joint ventures with Indian companies, but all this in turn requires talent in various disciplines. This talented pool of people is not only meeting the country requirements, but also moving out for better opportunities. Moreover, foreign companies establishing in India tries to gather talent from India owing to the higher level of skills available at lower emoluments in comparison to their foreign counterpart. Thus, there is the requirement of talent, control on attrition rate and proper talent management.

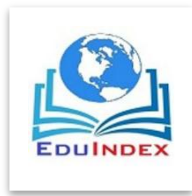
The ongoing attrition trend is also correlated with the business activities of some of the fast growing sectors, where local market has enormous potential to market product within the country and export outside in view of low production cost. Due to large number of companies established in India, the attrition rate is also high.

LITERATURE REVIEW

Dr. K. Lavanya Latha (2010) in his work stated that attrition is a crucial issue and it is considerably high in the industry these days. Currently, it is the major problem which is in limelight in all the organizations. On the other hand, employee retention is also a serious and ongoing effort. The author conducted this study to know the reasons as to why attrition happens, to understand the factors due to which employees are dissatisfied, to know the level of satisfaction of employees towards their work and prevailing working conditions, and to uncover the areas in which manufacturing industries of Nellore District is lagging behind.

Daniel Spxer (1986) made a study to investigate the relationship between the degrees to which have opportunities to voice dissatisfaction and voluntary turnover. The research was conducted in three small general care hospitals. The inferences came out in the research shows that not a high numbers of employee voice are associated with high retention rate.

Koustab Ghosh and Sangeeta Sahney (1993) made a study to identify the reasons for more turn over in manager at IT organizations. The author aimed to focus on designing and balancing the organizational social and technical sub systems elements in order to moderate the turnover of junior and middle level managers. They were interviewed in depth and content



analyses were made for level wise qualitative responses. The authors concluded study that organizational socio-technical factors have influenced on managers retention.

Ritika Gupta, Saroj Kumar Sahoo and Tushar Ranjan Sahoo (2018) conducted a study to find out the factors those build the perceived employer branding in the mind of the prospective employees of the Automobile Industry and to examine the impact of employer branding on employee retention. The outcomedisclosed that there is a statistical meaningful connection with employer branding and to sustain the employees. Moving forward, the study resultant the outcomethat the important factors of employer branding, that is employer culture and employer reputation has significant positiveimpact to sustain the employees. Co-operative work environment and employer job attributes takes negative on employee retention.

Objective of the study

1. To study the various parameter contributing towards overall effectiveness leadership of Automobile Industry.

Hypothesis of the study

H₀₁: There is no significant difference in effective leadership in Automobile Industry according to the company profile

H_{a1}: There is significant difference in effective leadership in Automobile Industry according to the company profile

METHODOLOGY

Research Methodology is an important aspect of the research. Research methodology includes the criteria of variable selection, various tools applied, time frame of the study and sources of data in the study for analysis. The sample for the study will consists of employees of 5 automobile companies in Haryana, India. So, whole Haryana region is universe for this study. The explored target is **500 samples** tentatively from area of the population in the present study. Primary data is collected from all the levels of management in 5 major automobile companies.

Result & Discussion

Hypothesis

H₀: There is no significant difference in effective leadership as per the company.

H₁: There is significant difference in effective leadership as per the company.

Demographic Profile

Frequencies

Age

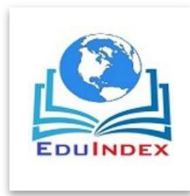
Table 1.1: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upto 30 years	175	35.0	35.0	35.0
	Above 30 years	325	65.0	65.0	100.0
	Total	500	100.0	100.0	

Gender

Table 1.2: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	360	72.0	72.0	72.0
	Female	140	28.0	28.0	100.0
	Total	500	100.0	100.0	



Educational Qualification

Table 1.3: Educational Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Upto 10th Standard	120	24.0	24.0	24.0
Upto 12th Standard	225	45.0	45.0	69.0
Graduate	85	17.0	17.0	86.0
Post Graduate	70	14.0	14.0	100.0
Total	500	100.0	100.0	

Table 1.4: Company

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Maruti	95	19.0	19.0	19.0
Hero	110	22.0	22.0	41.0
Honda	105	21.0	21.0	62.0
Suzuki	95	19.0	19.0	81.0
Escorts	95	19.0	19.0	100.0
Total	500	100.0	100.0	

Length of Service

Table 1.5: Length of Service

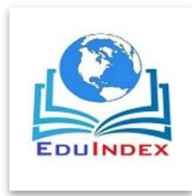
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0 to 5 years	80	16.0	16.0	16.0
5 to 10 years	110	22.0	22.0	38.0
10 to 15 years	140	28.0	28.0	66.0
15 to 20 years	75	15.0	15.0	81.0
20 to 25 years	95	19.0	19.0	100.0
Total	500	100.0	100.0	

Kruskal-Wallis Test

Table 1.6: Effective leadership as per the company

Ranks

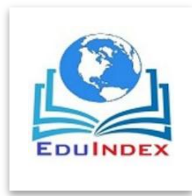
	Company	N	Mean Rank
Team work	Maruti	95	244.50
	Hero	110	237.93
	Honda	105	244.79
	Suzuki	95	255.05
	Escorts	95	272.82
	Total	500	
Inspire Confidence	Maruti	95	241.76
	Hero	110	244.77
	Honda	105	244.55
	Suzuki	95	252.32
	Escorts	95	270.63



	Total	500	
Moral uprightness	Maruti	95	257.39
	Hero	110	248.75
	Honda	105	271.50
	Suzuki	95	254.97
	Escorts	95	217.95
	Total	500	
Ethical Practises	Maruti	95	257.11
	Hero	110	250.11
	Honda	105	272.52
	Suzuki	95	253.37
	Escorts	95	217.13
	Total	500	
Situation based solutions	Maruti	95	262.13
	Hero	110	248.02
	Honda	105	272.17
	Suzuki	95	253.68
	Escorts	95	214.61
	Total	500	
Adaptability	Maruti	95	255.45
	Hero	110	244.05
	Honda	105	273.33
	Suzuki	95	255.37
	Escorts	95	222.92
	Total	500	
Resourcefulness	Maruti	95	256.26
	Hero	110	248.32
	Honda	105	272.17
	Suzuki	95	257.61
	Escorts	95	216.21
	Total	500	
Dynamic	Maruti	95	255.66
	Hero	110	248.59
	Honda	105	270.26
	Suzuki	95	255.76
	Escorts	95	220.45
	Total	500	
Beyond call of the duty	Maruti	95	255.21
	Hero	110	249.11
	Honda	105	272.64
	Suzuki	95	257.84
	Escorts	95	215.58
	Total	500	
Visionary	Maruti	95	257.26
	Hero	110	248.95
	Honda	105	272.57
	Suzuki	95	253.21
	Escorts	95	218.42
	Total	500	

Test Statistics^{ab}

	Team work	Inspire Confidence	Moral uprightness	Ethical Practises	Situation based solutions
Chi-Square	3.810	2.703	7.852	8.104	9.487
Df	4	4	4	4	4



Test Statistics^{a,b}

	Team work	Inspire Confidence	Moral uprightness	Ethical Practises	Situation based solutions
Chi-Square	3.810	2.703	7.852	8.104	9.487
Df	4	4	4	4	4
Asymp. Sig.	.432	.609	.007	.008	.050

Test Statistics^{a,b}

	Adaptability	Resourcefulness	Dynamic	Beyond call of the duty	Visionary
Chi-Square	6.925	8.551	6.863	8.768	7.806
Df	4	4	4	4	4
Asymp. Sig.	.140	.073	.143	.007	.009

a. Kruskal Wallis Test

b. Grouping Variable: Company

Findings

As the p-value of the following statements is less than 0.05 so we reject null hypothesis and conclude that there is significant difference in effective leadership as per the company on following statements:

1. Moral uprightness

As the mean rank of respondents from Honda Company is 271.50 and the mean rank of respondents from Escorts Company are 217.95 so the respondents from Honda Company more agree to the above statement in comparison to respondents from Escorts Company.

2. Ethical Practises

As the mean rank of respondents from Honda Company is 272.52 and the mean rank of respondents from Escorts Company are 217.13 so the respondents from Honda Company more agree to the above statement in comparison to respondents from Escorts Company.

3. Situation based solutions

As the mean rank of respondents from Honda Company is 272.17 and the mean rank of respondents from Escorts Company are 214.61 so the respondents from Honda Company more agree to the above statement in comparison to respondents from Escorts Company.

4. Beyond call of the duty

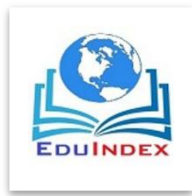
As the mean rank of respondents from Honda Company is 272.64 and the mean rank of respondents from Escorts Company are 215.58 so the respondents from Honda Company more agree to the above statement in comparison to respondents from Escorts Company.

5. Visionary

As the mean rank of respondents from Honda Company is 272.57 and the mean rank of respondents from Escorts Company are 218.42 so the respondents from Honda Company more agree to the above statement in comparison to respondents from Escorts Company.

Conclusion

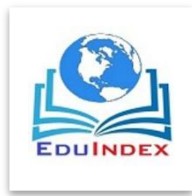
The Indian Automobile Industry has been going through ups and downs in the market for a couple of years due to recession and the climatic factors. In such conditions, the cost is the key word. Attrition increases the cost. It is the cost of recruitment,



selection, training, development, wastage and accidents. Therefore a holistic approach right from recruitment to the exit interview is essential. This study shows that most of the young generation managers are prone to shift their jobs frequently due to the poor relationship with bosses and this is the obstacle in the development of our youth. Leaders are playing a very vital role in the development of employees, if a leader is employee oriented then employees are more willing to work with them and vice-versa. The findings lead to certain conclusions that there is a need to give importance to the feelings, expectations and needs of the employees. The managers have to change their style of functioning for the development of the subordinates as well as the organization. Efforts are needed for providing participative culture in decision making, attractive monetary incentives, training in stress management, career development, and fair and equal treatment at all levels. This would help to control attrition at all levels and would help in the development and growth of the Automobile Industry and Indian economy.

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