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*(Special Issue)*

**“Twenty-First Century: Cultural and Economic Globalization”**

## **Impact of Employee Turnover on Productivity-Study in Reference Automobile Industry**

**Preeti Dobal Mehta**

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#### **Abstract**

Attrition Rate had emerged a serious concern among all the industry. When an expertise leave his company, they carry irreplaceable skills that often the leading benefit to the company. In order to grow and sustain in market in this competitive scenario, it's requisite of the organization to reduce the attrition or churn rate at its lowest level within the organization. The growth of organization solely depends upon its Staff who is termed as Real assets for them. The analysis was mainly to categorize the major causes of Switching from existing organization. This included various controllable as well as uncontrollable factors referring Job satisfaction, working environment etc. to be considered by the company in sustainment of their talent. Attrition is a serious issue; this study mainly focuses on Employees of Automotive sector considering their attitudes their needs and level of satisfaction which they behold with company. The Relationship between superior and subordinates along with the reward policies in terms of their turnover rate.

**Keywords:** Employee attrition, organization culture, reward policy, retention, etc.

#### **Introduction**

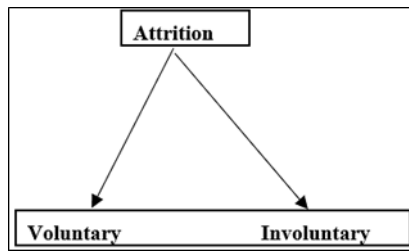
Resources of any organization are Giant for creating value to them. When we consider “Employees”, they are leading asset of the organization. They are someone who comes prior than customer i.e. if the organization is concerned about their employees than they will imitate this feeling belongingness to your stakeholders and thus would create an extra ordinary impact to be among crowd. Some of the leading organisation in terms of low Attrition Rate is TATA, Google; Microsoft etc. are expertise in retaining their talent. In today's cut throat competitive era with rapid technological development, innovations employees looking for better opportunities in terms of growth and financial backup. The rising rate in Attrition is biggest challenge for organization in retaining their talent assets. “Attrition” in simpler terms is when the employees leave organization very consistently. These fallouts stipulate negative brand image of organization in market. Moreover it also enhances the cost of expenses to the organization.

#### **Meaning**

Attrition also termed as ‘Employee turnover’ and sometimes as ‘Churn Rate’, are used in Human Resources. Turnover is used in various function of management like sales, production, financial etc., Human resource terms decrease workforce during a specified period is Attrition.

Staff turnover or churn rate is concerned with rapid leaving of personnel at a specified time interval. Usually in every organization computation of various targets are performed likewise Human Resources department also follow the HR Analysis in terms of productivity and Turnover. Attrition is conventional and abandoned circumstances in declining of

employees due to Retirement, any kind of physical issue or any personal reason. These reductions may lead to various regularity insides the organization that indicates revival of policies. Transition to new job may have different perception depending upon condition for employees. Some employees are maximum number of switching of job throughout their career. There are two types of attrition.



**Voluntary attrition:** when an employee leave the organization due to unfavourable working condition that could be inadequate working or problems is with relocation, person had higher career growth planning, compensation is adequate, person not satisfied with working culture. These are controllable factors.

Sometimes there are uncontrollable factors like recent trends due to Corona virus all over the world is pandemic and organization are bound to revise their deduction among workforce.

**Involuntary attrition:** Involuntary turnover is implemented by company, example, when an organization asked their workforce due to lack of performance, downsizing of their organization. Involuntary attrition also includes physical illness, death of employee as well as retirement for their reduction. These are uncontrollable in nature.

The major difference also include functional in differentiation dysfunctional voluntary attrition. Dysfunctional churn rate is very dangerous for company when the expertise employees leave the company and it's difficult to acquire the replacement, Leaving of female staff or any specified group, also leads to increase their replacement cost bearded by the company. On the contrary, functional attrition is still bearable by the organization. This usually include non-performer who leaves the organisation and company can enrich good replacement in their place. Usually now there is trend of Exist Interview that provide left employee database that is useful for revision or improvement in lacking area by HR Team.

#### Objectives of the study

- Analysis of determinants resulting attrition of employees at various level.
- To study the factors that concern for Employee Retention.
- To analyse influence of retention techniques in development of employees and effect on employee turnover.

#### Statement of the problem

The study focuses on the various dynamics like monetary benefits, Senior-Junior relationship, employee involvement, growth opportunities, fair performance appraisals, working environment, recognition, suggestions

by staff member, through which analysis of factors that leads to attrition at various level and the ways member can be retained.

#### Scope of the study

The study is confined to employees of Automotive Industry of north Region. The outcome of study was helpful in acquiring some vital Recommendation to overcome with churn rate.

#### Research methodology

The study is based on descriptive research in elaborating the present scenario in relation to employee turnover. Questionnaire technique is used for sample collection with help of Google form. Employees are working in various (OEM) Automotive industries from north region.

#### Limitation of the study

- Due to time constraint only 60 employees being considered for sample.
- Lack of the interest among employees in reference the study some lead limitation, some respondent prejudice.

#### Review of literature

The study is emphasised on Attrition & Retention in IT industry and the factors that were responsible for leaving the employees. The study conducted over 456 employees of IT sector considering issues with two attributes voluntary and involuntary Attrition. The Hypothesis was Environmental, Behavioural factors, Training & development, Job specific etc. In this research Voluntary attrition is when employee got any good opportunity to switch from organisation, whereas involuntary attrition is termination of employee due to lacking in productivity. The study concluded that flexibility in working hours, improvement in Training and development, job life span rewards system etc. are needed to be more reframed with considering employees potential, Like wise voluntary Attrition is more emphasis on Behavioural attributes which the HR manager require appropriate strategies to foster the satisfaction level among employees for minimal employee turnover. (N. Bharathi, Dr. P. Paramashivaiah).

The study was concerned with the Reason of employees' attrition and the strategies implemented to retain them. The study was conducted manufacturing industry with sample size of 120 employees. The variables were compensation, growth opportunities, working environment, participation in management. The major finding were the strategies for retaining the employees exigent to be amended considering with various stated variable. The training facilities inside the organization were having disparity in terms skill. Therefore, more training programmes along with the benefits for employees to motivate them towards the organization were to be adopted. (N. Silpa).

Employees turnover cost affect the business in terms of expenses as well as the brand recognition. The study conducted on randomly selected Manufacturing plants located in south eastern America majorly based on job satisfaction, job embeddedness, employee turnover intention. The study concluded that there is substantial relationship between Job satisfaction and Job Embeddedness. The more initiatives by organization in

terms of embeddedness result in low attrition rate and significant results in job satisfaction among employees. Thus, the chances of leaving organization decreases. (Angie R. Skelton, Deborah Nattress and Rocky J. Dwyer).

Another study conducted over hospitality industry in USA with sample size of 500 managers that focuses on analysis of annual employee turnover and majorly the reason for leaving of workforce. The major findings concluded that internal growth opportunities and team work to be appreciated. For gaining loyalty from employees the need recognitions and rewards this area also required to be improved. Flexibility in working hours is a major factor in enhancing their worthiness within the organization. (Catherine M. Gustafson).

The study conducted over the academicians of 10 universities in South Africa with sample size of 255 Respondents. The study reveals that Interpersonal relationship plays a vital role in retaining of the Staff in institution. Secondly Job security also equally important when it comes to retain them as good academicians always generates more revenue to the organization. Likewise there Compensation also required to be upgraded with appropriate fringe benefits and allowances. Another important attribute that leads to low attrition is availability of resources like accommodation maternity benefit etc. also enhances their possibility to stay with the institution for long term. (Michael O. Samuel and Crispin Chipunza).

Another study conducted at Defence PSU considering all the function of HR at various levels of employees. As per their research, there is no quick solution of reduction in turnover. it all depends upon the organization goal in reference to achievement of individual goals. The major findings concluded as support from seniors, flexibility in working hours, treating them as family will. Somehow would be able to overcome with the Churn rate, (Ruchira Dobhal, Dr Akanksha Nigam).

### Reason for employee turnover

- 1. Overburden with Work:** Several researches revealed that employees are over burden with work. They believe that officials' hours are not sufficient in completing their task due to excessive work on their plates every week. When employees are asked to achieve their target in due course of overburden, this leads to stress level among employees. They feel demotivated with everyday stress that pushes them to quit from organization.
- 2. Treatment among work force:** A recent survey reports concluded that team members suffered by Misbehave from their superior. Every employee need to be treated as asset than a thing. Maximum Employees leave the job due to improper behaviour by their immediate boss. self-respect over salary is not justifies by some of personnel. All must be treated as human and asset to organization.
- 3. HR Policies are not satisfactory:** When an employee join an organization with abundance of interest and enthusiasm in terms of work. But the practices in terms of compensation, rewards and training and growth opportunities for them are not up to par. Today's generation Expectation is very high when they are

willing to be performer. In such case Employees are lacking with job continuation.

- 4. Biasness among team members** in terms of Reward policy: Employees among same level having salary issues due to psychological barrier. Discussing the benefits provided only to the peer group also leads to higher turnover as employee feels comparison when they are at same level.
- 5. Unbalanced work life:** When the employee is overburdened with work than it had adverse effect on employee health as well as emotional aspect. This cause depression, Increase in stress level, non -performance, Absenteeism etc. Every employee need to provide with a proper working so that they can balance their life as along with career.
- 6. Job satisfaction is lacking:** workforce urge for several attributes from organization in terms of his performance. Sometimes due to inadequate salary, poor appraisal policies, Autocratic working culture etc. forge to switch from job and increase in employee turnover.
- 7. Less career opportunities:** Employees seek for career development with growing phase within organization. Lack growth opportunities for employees' leads to inducement of searching new opportunities.
- 8. Work pressure:** Organizational stress is increasing everyday with more advancement at work required by superiors. Employees are sometimes not able to handle Work related stress and try to avoid work at times due to undue pressure.
- 9. Appreciation & recognition:** Appreciation always bring favourable results among employees in building and boosting the relationship. When the staff not recognised even after extra ordinary efforts than it also cause a reason for increase in attrition rate. Gratitude recognition are some aspects which results in developing sense of responsibility among coworkers to sustain with them. If organization is lacking than automatically talent mobility will be an issue with them.

In spite of above stated reasons or consequences there are certain elements that can be controlled at the end of organization. On the other hand certain uncontrollable factors are beyond the HR territory.

- 1. Controllable factors:** Some of the controllable factors like revision of salary in order to full fill employee needs, more Recreational activities to build Team involvement and smooth relationship between superior and subordinates, flexibility of work hours etc. are some factors that can be reframed by HR Manager in order to overcome with Talent Attrition.
- 2. Uncontrollable factors:** These are beyond the management in overcome with churn Rate.

### Percentage analysis and interpretation

A research without analysis and Interpretation is vague. They provide base for further analysis. Analysis of data needs to be presented in the form of tables and various charts. In thus study data is presented in the form of table and chart that was driven through the Google form questionnaire.

The size of respondent for the research is 60. Analysis is based on percentage in reference to factors leading to attrition rate.

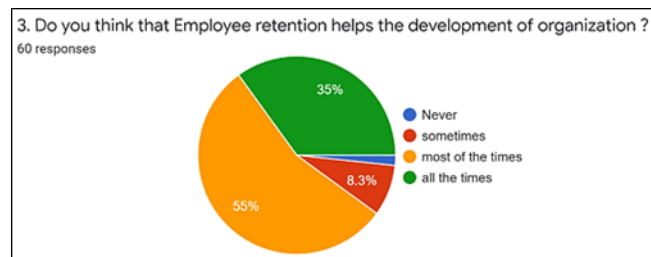
The tables and chart depicts the response of employees towards the organization in reference to attrition & ways of retention.

**Age criteria of respondents**

Age of respondents	No of respondents
18-25 Yrs	1
26- 35 Yrs	29
36- 45 yrs	27
46 and above	2

- Respondents were asked for the opinion that whether Employee retention helps the development of organization?

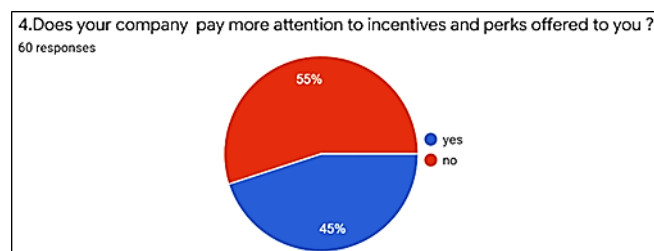
Particulars	No of respondents
Never	1
sometimes	5
most of the times	33
all the times	21



**Interpretation:** Out of 60 Respondents majority of the employees had favoured that an organization development detainment of employees plays a crucial role for creating a brand value for its development.

**Does your company pay more attention to incentives and perks offered to you?**

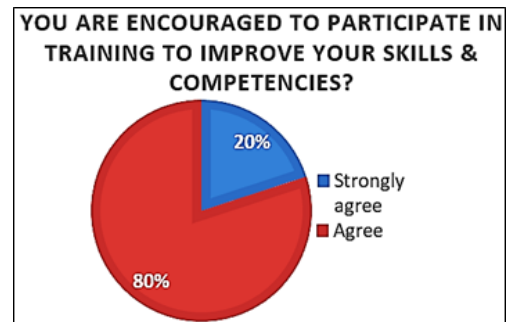
Particulars	No of respondents
Yes	27
No	33



**Interpretation:** The above table which shows that organizations are lacking in terms of extra benefits that employees deserve out of their hard work. This can be a major reason for employee attrition. The employees do not have job satisfaction in terms of perks and incentive scheme.

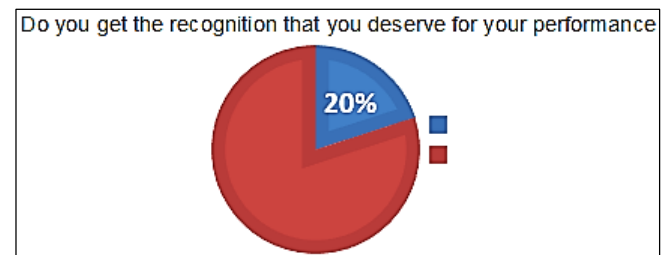
**You are encouraged to participate in training to improve your skills & competencies?**

Particulars	No of respondents
Yes	52
No	8



Do you get the recognition that you deserve for your performance?

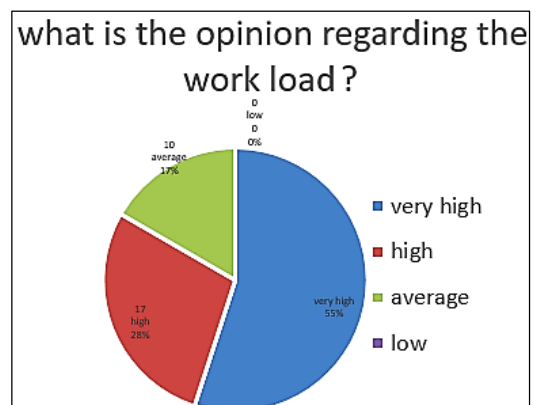
Particulars	No of respondents
Yes	35
No	25



**Interpretation:** from above table the majority of respondents believe that they are not recognize doubt of labour. This can be again a reason to leave the organization.

**What is the opinion regarding the work load?**

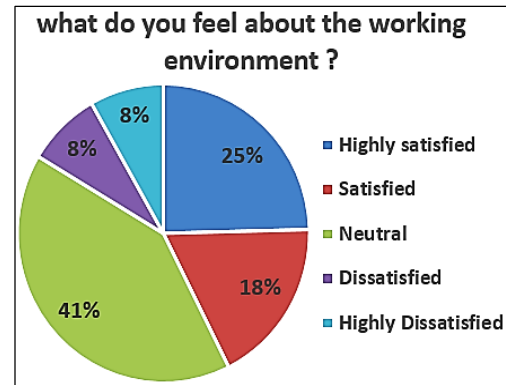
Particulars	No of respondents
very high	33
High	17
average	10
Low	0



**Interpretation:** Out of 60 samples, 55% of respondents have issue with the excessive work load assign to them. As per labour laws no organization is allowed to stretch working hours more than authorised by entities. But the real picture is quite different in terms of monetary benefit to the work force. It is proven that a human had certain limitation with the working potential. Therefore the workforce tends to leave the organization due to excessive work load. Thus, result is Higher of Attrition Rate.

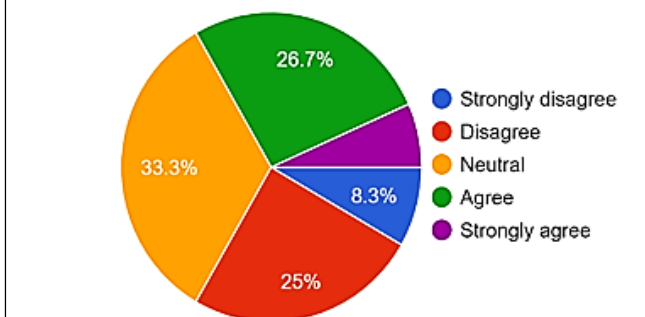
**Work life balance is supported by this organization?**

Particulars	No of respondents
Strongly agree	4
Agree	16
Neutral	20
Disagree	15
Strongly Disagree	5



**Interpretation:** The respondents from above table (41%) are not satisfied with prevailing working condition inside the organization. The office culture always required to be positive so that every employee possess to give their best. This can be a reason of switching from job.

8.work life balance is supported by this organization?  
60 responses



**Interpretation:** The table depicts mixed reviews of respondents with very less percentage of favouring the work life balance activities supported by organization. The percentage number is only 6.7%. Thus organization needs more to work upon these factors.

**Do you agree that reward policy is justified as per your performance?**

Particulars	No of respondents
Strongly agree	4
Agree	15
Neutral	11
Disagree	25
Strongly Disagree	5

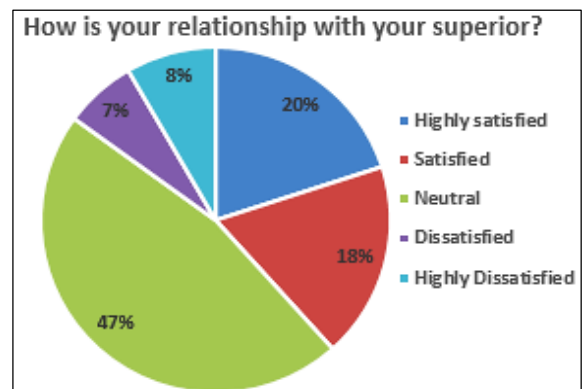
**Interpretation:** Above data represent one of the major reason for attrition or increase in employee turnover rate as major of respondents are not favouring with the Reward policies of organization. Company’s need to focus what an asset to organization actually desire out of their credibility.

**What do you feel about the working environment?**

Particulars	No of respondents
Highly satisfied	15
Satisfied	11
Neutral	25
Dissatisfied	5
Highly Dissatisfied	5

**How is your relationship with your superior?**

Particulars	No of respondents
Highly satisfied	12
Satisfied	11
Neutral	28
Dissatisfied	4
Highly Dissatisfied	5



**Interpretation:** Another reason of increase in attrition rate to organization is rise in stress level among Superior - Subordinate relationship. The table resulting 47% of respondents are neutral that means they are not having such a cordial relationship with their seniors.

**Conclusion**

Retention is the implementation of three major R’s- Reward, Recognition, Respect. As Attrition is the major challenge, in sustaining of employees. None of the strategy will result if your Team is not satisfied in terms of monetary, Appreciation and improper working culture. Flexibility in working hours with positive working environment leads to greatest results. Employees are needed to be developed in accordance of their career upliftment. Moreover Employees engagement activities along with participation in management decision will ensure employees being a part of them. Thus it helps in ascertaining the low employee turnover.

Work stress due to excessive work load requisite in Job Rotation and relaxation of time intervals so they their productivity be maintained according to their capabilities. Human Resource manager are the always foster new innovative techniques in order to create a healthy working environment along with various practices in overcoming with attrition Rate.

#### **Findings of study**

- The priority of the organization is to reframe the retention strategies in order to sustain their talent for future growth of organization.
- The practices of Team Involvement need to be enhances in order to proliferation of more cordial relation.
- Improved role of HR is required for employee sustainability.
- Implementation of Recreational activities to reduce the work stress among workers.

#### **Suggestion of the study**

- The organization should adopt innovative practices for the enrichment of skills among employees as well as the growth of the organization.
- The policy in regard to incentives, rewards and perks rewards can be revised. Appreciation always boosts the morale of staff towards the organization.
- The employees training and development programmes can be uplift in terms of present trends in industry. This will enhance potential of staff thus outcome will favour productivity.
- The organization should encourage work life balance activities among their employees for their better performance.
- Team participation by open hearted suggestion from various level will enhance belongingness among staff including further cordial relationship among employees
- Job embeddedness and Work Life Balance is the need of today's HR Policies, More practices in this regard will expect from organization.
- Team Engagement activities will enhance team involvement.

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