

A Study On Causes Of Employee Attrition

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Abstract

The study aimed to identify the causes of employee attrition and determine which factors influence attrition. The descriptive research design is suitable for the study. The population of this study comprises private-sector employees. A simple random sampling technique is adopted, and the researcher can only collect a maximum of 86 samples. The instrument will be used to evaluate the quantitative approaches in the survey. The study found that salary affects employee attrition highly. Besides, the ANOVA result shows no difference between the causes of employee attrition and the demographic profile of respondents. The study concluded that organizations must take staff turnover seriously and have a strategy for reducing attrition.

Keywords: employee attrition, causes, demographic, factors and employee

Introduction

The rapidly increasing need for professional workers in the twenty-first century, which began in the second part of the first decade, has resulted in high employee turnover, one of the numerous employee-related concerns that plague organizations with high turnover. Employers are concerned about the impact of a high turnover rate on organizational efficiency and the necessity for ongoing recruitment and accompanying expenses. They are also concerned about the ongoing cost of recruitment. Typically, an employee stays with the same employer throughout their career. People frequently work for the same company their entire careers.

Similarly, the employer must provide him with work until he achieves his professional and personal objectives. It entails both parties developing and changing the framework of their relationship and engaging in mutual, reciprocal exchanges. This relationship is uncertain for both the employee and the employer. Both parties may have contributed to the partnership's demise. Employee attrition is an increasing concern for all types of businesses. Employee attrition is costly for all firms. Companies must successfully manage their qualified and experienced staff in today's competitive business market. To keep employees, the sector concentrates on raising wages. Any team leader who handles a lot of personnel faces difficulties. The majority of managers are not trained to reduce employee turnover. Businesses perceive attrition adversely since it implies losing talented employees. Attrition is only one problem. Employees leave with a wide range of skills and certificates. Each manager loses 12 to 18 months of income, and each employee loses 4 to 6 months.

Research problem

This study is being conducted to determine the various causes of employee attrition in the organization. It is important to figure out why so many people leave an organization so quickly.

Objectives of the study

- To identify which factor influences the employee attrition
- To study the socio-economic profile of respondents
- To determine the causes of employee attrition in the organization

Review of literature

Shashikala and Ravindra (2013) studied the influence of employee attrition on corporate productivity. According to the findings, businesses must develop empathy for their employees and establish more reliable and stable relationships. The high objective of extraordinarily minimal employee attrition is unattainable. They should take an emotional approach to the few issues that need to be handled. This is undeniably an endeavour that any

company would recognize as bold and profitable. But the approaches set up as a result of these investigations often give you an idea of your basic skills, which, if used correctly, can change the overall attrition chaos in a big way.

Chaudhary (2013) emphasizes employee attrition in the education business since it can no longer be ignored. According to the findings of this study, the reasons for frequent teaching staff turnover in colleges were the following: the management's uncooperative and bad attitude; politics among staff members who backbite and vomit the same to the management; wrong and biased management policies; poor compensation policies; no voice of employees in management decisions; the pinnacle of nepotism; a disturbed work-life balance; an unhealthy and stagnant work environment; and the absence of HR policies.

Negi (2013) investigates the reasons for attrition from multiple perspectives. It describes how a single employee affects both employees and companies. Consequently, many uncommon causes of attrition have been investigated with this topic. There have also been discussions regarding the advantages of attrition. The study aimed to assess the impact of various leadership styles on preventing employee attrition. In addition, the corrective activities have been thoroughly investigated and addressed in this study.

Kadam and Thakar (2014) investigate the most likely causes of the rising employee attrition rate in the software sector and potential attrition-reduction strategies. According to the survey data, individuals with an average age of 24 and 28 years and between 2 and 4 years of experience had a higher attrition rate. According to the findings, there has been a surge in employee attrition due to discontent with their salaries, lack of career advancement opportunities, remuneration, and interactions with their superiors.

Jeen and Betty (2014) conducted a study to determine the influence of employee intention to leave on organizational outcomes. Because this is qualitative research, questionnaires were used to perform the investigation. The econometric analysis showed that turnover intention affects attrition factors like QWL, career advancement, working hours, personal and family reasons, and relationships with internal coworkers on welfare, working conditions, and salary.

Ampomah and Cudjor (2015) centred their research on the impact of employee turnover on businesses. A high employee turnover rate may compromise the company's ability to achieve its objectives. The study concluded that the absence of promotion opportunities was the most significant factor in employee turnover at ECG. Nevertheless, turnover has both beneficial and negative effects on the organization. These results did not contradict one another. Although regular employee turnover provides the organization with new perspectives and expertise, acquiring new personnel has made it more difficult. According to the study's results, if managers want to keep their employees longer, they should look at their working conditions and keep the workplace pleasant.

Sudha et al. (2015) aimed to answer the question, "Why do people leave their jobs?" and provide suggestions for improving employee retention in the retail industry. The findings show an association between organizational policy and employee retention. Also, a respondent's current employability was directly affected by many personal factors, such as education level, career advancement, recognition, and family.

Pillai et al. (2016) examined the factors contributing to employee turnover. In addition, structured interviews were conducted to better comprehend the HR department's perspective. Their research also examined employee expectations of the organization. Their research paper is about the factors that lead to employee turnover in organized retail and how to stop it.

Research gaps

Several studies on employee attrition and labour turnover completed in recent years were evaluated. It was determined that numerous researchers are investigating the causes and effects of employee attrition in numerous industries with diverse socio-demographic backgrounds. However, none of the studies has focused on the factors contributing to employee attrition. As a result, the researcher identified this as a research gap, and to answer it, he selected this particular topic and did this research.

Research Methodology

The descriptive research design is suitable for the study. The population of this study comprises private-sector employees. Samples from Chennai were considered. The selection of these samples is based on probability sampling. The study's samples were randomly selected. The primary benefit of adopting random sampling methods is that they are easily available at any given time and location and are cost-effective. Due to time and budget constraints, the researcher can only collect a maximum of 86 samples. Following this, quantitative methods are used to select which research procedures will be employed to conduct an investigation. The instrument will be used to evaluate the quantitative approaches in the survey. The questionnaire comprises multiple-choice and five-point Likert scale items. In addition to creating the questionnaire in Google Forms, the researcher provided links to all approved respondents. The respondents completed the questionnaire willingly.

Data analysis

Percentage analysis

| Particulars | | No. of respondents | Percentage |
|-------------------------|--------------------|--------------------|------------|
| Age | Less than 25 years | 39 | 45.3 |
| | 26 to 35 years | 44 | 51.2 |
| | 36 to 45 years | 2 | 2.3 |
| | 46 to 55 years | 1 | 1.2 |
| Gender | Male | 59 | 68.6 |
| | Female | 27 | 31.4 |
| Education qualification | Graduate | 41 | 47.7 |
| | Post Graduate | 42 | 48.8 |
| | Doctorate | 2 | 2.3 |
| | Others | 1 | 1.2 |
| Family type | Nuclear family | 67 | 77.9 |
| | Joint family | 19 | 22.1 |
| Designation level | Low | 20 | 23.3 |
| | Middle | 61 | 70.9 |
| | High | 5 | 5.8 |
| Total | | 86 | 100 |

The table shows that the highest number of respondents belong to the age group of 26 to 35 years (51.2%). In contrast, the second highest number of respondents belong to the age group of less than 25 years (45.3%), and the least number of respondents belong to the age groups of 36 to 45 years and 46 to 55 years. Among 86 respondents, 59 (68.6%) were male, whereas 27 (31.4%) were female. It is found that the highest number of respondents are males. Also, most respondents have a postgraduate degree (48.8%), followed by 47.7% of respondents having a graduate degree, 2.3% having a doctorate, and 1.2% indicating others. However, it shows that the highest number of respondents are from nuclear families (77.9%). In addition, it indicates that 23.3% of respondents are working at a low level, followed by 70.9% of respondents working at a middle level and 5.8% of respondents working at a high level. It is then concluded that most respondents are working at the middle level.

Attrition affects the organization

| Particulars | | No. of respondents | Percentage |
|-------------|---|--------------------|------------|
| - | Cost of recruitment | 52 | 60.5 |
| | Effects on project delivery | 16 | 18.6 |
| | The cost of training is lost | 6 | 7.0 |
| | The reputation of the organization | 11 | 12.8 |
| | Leakage of knowledge to other organizations | 1 | 1.2 |

It notes that the cost of recruitment highly affects the organization. Secondly, the respondents indicate the effect of project delivery by 18.6%. Thirdly, the reputation of the organization affects the organization by 12.8%. Lastly, the cost of training is lost, and the knowledge leakage to other organizations affects the organization by 7% and 1.2%. Then, it can be inferred that most people who answered the question said that the cost of recruitment affects the organization.

Factors that influence employee attrition

| Particulars | | No. of respondents | Percentage |
|---|--------------------------------------|--------------------|------------|
| Factors that influence employee attrition | Salary | 58 | 67.4 |
| | Lack of work-life balance and stress | 17 | 19.8 |
| | Job dissatisfaction | 9 | 10.5 |
| | Lack of career mobility | 1 | 1.2 |
| | Organization culture | 1 | 1.2 |
| Total | | 86 | 100 |

The table above shows that 67.4% of respondents indicate that salary affects employee attrition, whereas 19.8% of respondents indicate the lack of work-life balance and stress, 10.5% of respondents indicate job dissatisfaction,

and 1.2% of respondents indicate the organization culture. It is then found from the above table that the highest number of respondents indicates that salary affects employee attrition.

Avoidable causes of employee attrition

| Particulars | Percentage | Mean | SD |
|---------------------------|------------|--------|---------|
| Dissatisfaction with pay | 18.4 | 3.7442 | 1.25732 |
| Unsuitable working hours | 17.1 | 3.4767 | 1.24359 |
| Problems with HR | 15.8 | 3.2093 | 1.11794 |
| Nature of job | 16.6 | 3.3721 | 1.11721 |
| Location of company | 15.6 | 3.1860 | 1.04613 |
| Non-co-operative attitude | 16.5 | 3.3837 | 1.14961 |

It observes that dissatisfaction with pay is the most avoidable cause of employee attrition. The second highest avoidable causes are unsuitable working hours, followed by job nature and non-cooperative attitude. In contrast, the least avoidable causes are problems with HR and the company's location. Also, the average for avoidable causes ranges from 3.18 to 3.74. Thus, dissatisfaction with pay has the highest mean value of 3.74, whereas the location of the company has the least mean value of 3.18. It is then concluded that dissatisfaction with pay is the most avoidable cause of employee attrition.

Unavoidable causes of employee attrition

| Particulars | Percentage | Mean | SD |
|---------------------------|------------|--------|---------|
| Marriage | 23.1 | 2.7093 | 1.12581 |
| Health issues or accident | 25.8 | 3.0233 | 1.14765 |
| Family problem | 25.2 | 2.9535 | 1.03931 |
| Employee's roving nature | 26.0 | 3.0465 | .98108 |

It indicates that the highest number of respondents indicates the employee's roving nature is the unavoidable cause of employee attrition. In contrast, health issues or accidents and family problems are the second and third highest unavoidable causes, and marriage is the least unavoidable cause. Also, the average for unavoidable causes ranges from 2.70 to 3.04. Thus, the employee's roving nature has the highest mean value of 3.04, whereas the marriage has the least mean value of 2.70. It shows that the highest mean value indicates higher precision.

One way ANOVA

H₀: Causes of employee attrition are not differed based on the demographic profile of respondents

H₁: Causes of employee attrition differed based on the demographic profile of respondents

| Particulars | F | Sig |
|-------------|-------|------|
| Age | 1.387 | .253 |
| Education | .984 | .405 |
| Designation | .145 | .865 |

The ANOVA shows that the F-statistics of age secures to be 1.387, whereas education is 0.984, designation level is 0.145, and the significance value is higher than 5%, respectively. Hence, it concludes that the stated null hypothesis is accepted. Therefore, the result infers that the causes of employee attrition do not differ based on the respondents' demographic profile.

Independent sample t-test

H₀: Causes of employee attrition are not differed based on the gender of respondents

H₁: Causes of employee attrition differed based on the gender of respondents

| Gender | Mean | Standard deviation | F | Sig |
|--------|--------|--------------------|------|------|
| Male | 2.0508 | .75255 | .001 | .975 |
| Female | 2.4444 | .64051 | | |

It is found from the above table that the female respondents secure the highest mean value of 2.44, whereas the male respondents have the mean value of 2.05. It is evident that the calculated f-value is 0.001 and the p-value is 0.975, which means that the value is greater than 5% and is not statistically significant. Hence, the null hypothesis is accepted and shows that the causes of employee attrition differed based on the gender of respondents.

H₀: Causes of employee attrition are not differed based on the family type of respondents

H₃: Causes of employee attrition differed based on the family type of respondents

| Family type | Mean | Standard deviation | F | Sig |
|----------------|--------|--------------------|-------|------|
| Nuclear family | 2.1642 | .77062 | 2.085 | .152 |
| Joint family | 2.2105 | .63060 | | |

The above table shows that the joint family respondents secure the highest mean value of 2.21, whereas the nuclear family has 2.16. It is evident that the calculated f-value secures as 2.085, and the significance value is 0.152, which means that the value is higher than 5% and is not statistically significant. Hence, the null hypothesis is accepted and concludes that causes of employee attrition do not differ based on the respondents' family type.

Conclusions

The study aimed to identify the causes of employee attrition and determine which factors influence attrition. The study found that most of the respondents are aged 26 to 35 years, male, and have a postgraduate degree. The empirical findings show that the respondents work at a middle level. However, the cost of recruitment attrition affects the organization, and salary affects employee attrition. The study reveals that dissatisfaction with pay indicates highly avoidable causes, and employees' roving nature indicates highly unavoidable causes. The ANOVA result shows no difference between the causes of employee attrition and the demographic profile of respondents. The study concluded that organizations must take staff turnover seriously and have a strategy for reducing attrition.

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