

# EARLY ATTRITION AND RETENTION STRATEGIES OF APPAREL INDUSTRIES WITH SPECIAL REFERENCE TO NORTH CHENNAI

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## ABSTRACT

*Early attrition is an important problem which the manufacturing industries face today. A critical study on the principal factors that are responsible for early attrition in this industry would be useful in overcoming this trouble. Manufacturing industry is well developed and has become a mantra of employment.*

*Despite its momentous growth and bright future, the industry continues to suffer from very high early attrition. New employees come with a lot of enthusiasm but their motivation gets depleted as job realities unfold with the passage of time.*

*This project analyses the factors leading to attrition in apparel industries in north chennai. 360 samples were collected from the employees those who were currently working in the organizations by means of simple random sampling method to suggest strategies to retain them and 120 samples from the left employees by means of Non-probability convenience sampling method to identify the factors for resignation.*

**Keywords:** *Early attrition, retention, motivation*

## I. INTRODUCTION

The project would be done to study the factors leading to Early Attrition in an apparel industry. It makes an in-depth study to find out the monetary factors which lead to employee dissatisfaction, to find out the factors which lead to employee turnover at an apparel industry and to come out with suggestions to retain the employees by creating an employee favorable climate.

Attrition is defined as “A reduction in the number of employees through retirement, resignation or death “After information technology, the manufacturing industry is grappling with the highest level of attrition. Early attrition means the employees will leave the organization within a short range of period.

If early attrition is high it would have impact on the business such as frequent exits erode the morale of the existing employees, company’s brand image is affected due to frequent change of marketing executives, continuity in customer interaction is missing resulting in customer dissatisfaction.

It is however no easy take for an HR manager in this sector to bridge the ever increasing demand supply gap of efficient employees. The HR manager is not only required to fulfill this responsibility, but also find the right kind of people who can keep pace with the unique work patterns in the industry. Adding to this, the issue of maintaining consistency in performance and keeping the motivation levels high, despite the monotonous work.

Empowerment of employees could help to enhance the continuity of employees in organizations. Empowered employees where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinated. Managers act like coaches and help employees to solve problems.

## **II. NEED FOR THE STUDY**

Frequent exit of employees that too after training and probation period adversely affects the functioning of the company. Our economy has ushered in high competition in the market. It is necessary for all the organizations to retain its employees. So it is essential to find out why the employees switch organizations by conducting a study. Such a study will help all the apparel sectors to establish a conducive working environment so that the employees will be loyal to the organization and contribute maximum to the profitability of the organization.

## **III. OBJECTIVES OF THE STUDY**

### **3.1 Primary Objectives:**

To understand the causes that lead to early attrition with respect to physical and psychological work environment factors.

To study the present level of early attrition rate and categorize the reasons into manageable and non manageable.

### **3.2 Secondary Objectives:**

To understand the impact of the early attrition.

To suggest various retention strategies to reduce early attrition.

#### **IV. SCOPE OF THE STUDY**

The study focuses on identifying the causes of early attrition. The scope of the study has been extended only to the training module in this organization. The survey of this nature depends on employees' views.

To obtain the opinion of the employees, identifying the limitations and suggesting various possible measures to control early attrition in the organization.

#### **V. LIMITATIONS OF THE STUDY**

Scheduling of respondents is difficult as they would be busy with own schedule. Few of the respondents who have less experience do not know about the policies of the organization. Being the third person the respondents may hesitate to share their views about their organization. Since the study uses convenience sampling method for the employees who left out from the organization, the sample results may deviate from the original.

#### **VI. LITERATURE REVIEW**

Organizations invest a lot on their employees in teams of induction and training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize employee's turnover. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover Kevin et al. (2004).

Therefore, there is need to develop a fuller understanding of the employee turnover, more especially, the sources-what determines employee turnover, effects and strategies that managers can put in place minimize turnover. With globalization which is heightening competition, organizations must continue to develop tangible products and provide services which are based on strategies created by employees. These employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated Meaghan et al. (2002).

Therefore, managers must recognize that employees as major contributors to the efficient achievement of the organization's success Abbasi et al. (2000). Managers should control employee turnover for the benefit of the organization success. The literature on employee turnover is divided into three groupings: sources of employee turnover, effects of turnover and the strategies to minimize turnover.

Indeed, the model is based on a theory of decision making, image theory Beach ,(1990). The image theory describes the process of how individuals process information during decision making. The underlying premise of the model is that people of the model is that people leave organizations after they have cognitive resources to systematically

evaluate all incoming information, so individuals instead of simply and quickly compare incoming information. Manage more heuristic-type decision making alternatives.

Most researchers (Bluedorn, 1982; Kalliath and Beck, 2001; Krarner et al., 1995; peters et al., 1981; Saks, 1996) have attempted to answer the question of what determines people's intention to quit by investigating possible antecedents of employees' intentions to quit. To date, there has been little consistency in findings, which is partly due to the diversity of employed included by the researchers and the lack of consistency in their findings. Therefore, there are several reasons why people quit from one organization to another or why people leave organization.

Insufficient information on how to perform the job adequately, unclear expectations of peers and supervisors, ambiguity of performance evaluation methods, extensive job pressures, lack of consensus on job functions or duties may causes employees to feel less involved and less satisfied with their jobs and careers, less committed to their organizations, and eventually display a propensity to leave the organization (Tor et al., 1997). If roles of employees are not clearly spelled out by management/supervisors, this would accelerate the degree of employees quitting their jobs due to lack of role clarity.

### **6.1 Organizational factors**

Organizational instability has been shown to have a high degree of turnover. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa (Zuber, 2001). In organizations where there was a high level of inefficiency there was also a high level of staff turnover (Alexander et al., 1994). Therefore, in situations where organizations are not stable employees tend to quit and look for stable organizations because with stable organizations they would be able to predict their career advancement.

Their analysis also included studies that examined the relationship between pay, a person's performance and turnover. They concluded that when high performers are insufficiently rewarded, they quit. If jobs provide adequate financial incentives the more likely employees remain with organization and vice versa. There are also other factors which make employees to quit from organizations and these are poor hiring practices, managerial style, lack of competitive compensation system in the organization and toxic workplace environment Abassi et al. (2000).

### **6.2 Understand why employees leave**

Exit interviews are an ideal way of recording and analyzing the factors have led employee to leave the organization. They allow an organization to collate quantitative and qualitative data regarding for leaving and underlying issues. Our survey highlighted a further benefit of conducting exit interviews. Overall, the perceptions of the former

employer were improved by 15.3% where exit interviews were used. Ensuring leaves retain a positive opinion of the organization is important to protect your employer brand and is a key part of retaining your remaining employees.

### **6.3 Implementing a retention strategy**

As the causes of staff turnover are varied, likewise, there are a number of potential solutions. The most effective solution is to adopt a holistic approach to dealing with attrition. An effective retention strategy will seek to ensure:

- Attraction and recruitment strategies enable selection of the “right” candidate or each role/organization.
- New employees’ initial experiences of the organization are positive.
- Appropriate development opportunities are available to employees, and that they are kept aware of their likely career path with the organization.
- The organization’s reward strategy reflects the employee drivers.
- The leaving process is managed effectively.

### **6.4 Effects of employee turnover**

Employee turnover is expensive from the view of the organization. Voluntary quits which represents an exodus of human capital investment from organizations fair (1992) and the subsequent replacement process entails manifold costs to the organizations. These replacement costs include for example, search of the external labor market for a possible substitute, induction of the chosen substitute, and formal and informal training of the substitute until he or she attains performance levels equivalent to the individual. This clearly demonstrates that turnover affects the profitability of the organization and if it’s not managed properly it would have the negative effect on the profit.

### **6.5 Retention**

A thorough understanding of the factors that influence retention in their own specific environment should drive what exactly an organization decides to do. For this reason many organizations seeking to effectively manage attraction and retention (A&R) strategies decide to undertake the following before implementing any solutions:

1. Establish internal benchmarks for A&R performance indicators
2. Measure the cost of employee turnover
3. Agree targets for employee attraction and retention levels. Broadly there are three sets of factors that determine an organizations ability to attract and retain employees. Of the three influencing categories, organizational practices are the most controllable given an understanding of what is currently happening and what should be happening. Although it may not be possible to control individual attributes it is relatively easy to identify links between them and job satisfaction and then modify organizational practices accordingly.

### **6.6 Understanding of employee needs**

Typically our approach to understanding employee needs will allow you to:

1. Quantify the impact of employee turnover
2. Identify the drivers that are currently contributing to the problem.
3. Isolate, by various demographics, employee propensity to stay with the organization.
4. Communicate and promote the necessary research amongst employees

Devise an appropriate Attraction and Retention strategy

### **6.7 Strategies to minimize employee turnover**

Strategies on how to minimize employee turnover, confronted with problems of employee turnover, management has several policy options viz., changing (or improving existing) policies towards recruitments, selection, induction, training, job design and wage payment. Policy choice, however, must be appropriate to the precise diagnosis of the problem. Employee turnover attributable to poor selection procedures, for example, is unlikely to improve were the policy modification to focus exclusively on the induction process.

Extensive research has shown that the following categories of human capital management factors provides a core set of measures that senior management can use to increase the effectiveness of their investment in people and improve overall corporate performance of business: employee engagement, the organization's capacity to engage, retain, and optimize the value of its employees hinges on how well jobs are designed, how employees' time is used, and the commitment and support that is shown to employees by the management would motivate employees to stay in the organization.

Workforce optimization, the organization's success in optimizing the performance of the employees by establishing essential processes for getting work done, providing good working conditions, establishing accountability and making good hiring choices would retain employees in their organization. The importance of gaining better understanding of the factors related to recruitment, motivation and retention of employees is future underscored by rising personnel costs and high rates of employee turnover (Badaway, 1988; Basta and Johnson, 1989; Garden, 1989; Parden, 1981; Sherman, 1986).

With increased competitiveness on globalization, managers in many organizations are experiencing greater pressure from top management to improve recruitment, selection, training, and retention of good employees and in the long run would encourage employees to stay in organizations. Job involvement describes an individual's ego involvement with work and indicates the extent to which an individual identifies psychologically with his/her job (Kanungo, 1982).

Involvement would influence job satisfaction and increase organizational commitment of the employees. Employees who are more involved in their jobs are more satisfied with their jobs and more commitment to their organization. Job involvement has also been found to be negatively related to turnover intentions. Job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude towards the organization, thus having a direct

influence on employee turnover intentions. Job satisfaction, job involvement and organizational commitment are considered to be related but distinguishable attitudes (Brooke and Price, 1989).

The degree of commitment and loyalty can be achieved only when the management enrich the jobs, empower and compensate employees properly. Empowerment of employees could help to enhance the continuity of employees in organizations. Empowered employees where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinates. Managers act like coaches and help employees to solve problems.

## **VII. RESEARCH METHODOLOGY**

### **7.1 Research**

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises refining and redefining problems, formulating hypothesis or suggested solutions; collecting organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

### **7.2 Research Methods**

Research methods refer to the behavior and instruments used in selecting and constructing research technique.

### **7.3 Research Technique**

Research technique refers to the behavior and instruments we use in performing research operations such as making observations, recording data, techniques of processing data and the like.

### **7.4 Type Of Research**

Descriptive research includes survey and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The descriptive research was followed in this study.

### **7.5 Research Design**

“A research design is the arrangement of conditions for collection and analysis data in a manner that aims to combine relevance to the researcher purpose with economy in procedure”. It constitutes the blueprint for the collection, measurement and analysis of data.

## **VIII. DATA COLLECTION**

### **8.1 Primary Data**

The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. The questionnaire was the primary data for this study.

### **8.2 Secondary Data**

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary data was collected from internets, various books and company records.

### **8.3 Sampling Technique**

Non-probability convenience sampling method (exit employees) Since the size of the population sample is huge the researcher adopted the non-probability convenience sampling method. The selected sample size is 120. Simple random sampling method (present employees)

Since the size of the population sample is huge the researcher adopted the simple random sampling method. The selected sample size is 360.

### **8.4 Population**

All items in any field of inquiry constitute a universe or population. The population or Universe can be Finite or infinite. The population is said to be finite if it consist of a fixed number of elements so that it is possible to enumerate it in its totality. So in this projects consist of finite population. The population was found to be 1685 employees in this study.

### **8.5 Sampling Unit**

A decision has to be taken concerning a sampling unit before selecting sample. Sampling unit may be a geographical one such as state, district, village, etc., or a construction unit such as house.

### **8.6 Sample List**

Source list was also called sampling frame. In the case of finite universe source list contains the name of all items of a universe.

### **8.7 Sample Size**

Number of the sampling units selected from the population is called the size of the sample. The sample size for this study is 120 employees currently working in the organization and 30 employees those who were left from the organization.

### **8.8 Statistical Tools**

1. Percentage analysis
2. Chi-square test.
3. Analysis of variance (ANOVA)
4. Correlation

## **IX. FINDINGS**

### **9.1 From Present Employees**

- 89% of the respondents are aware about welfare measures provided by the company
- 55% of the respondents feel that the quality of food provided by the company is fair.
- 42% feel the sanitary facilities provided by the company are fair.
- 81% of the respondents are aware about the social security measures provided by the company.
- 58% feels that the transport facility is good.
- 69% of the respondents need counseling from the HR department.
- 91% of the respondents feel that tools provides to do their job is sufficient.
- Everyone (100%) is aware of the medical facilities.
- 94% of the respondents find the training period is effective.
- 62% are satisfied the training provided by the company.
- 77% agreed that the soft skill training will increase their confidence level.
- 100% of the respondents feel that the soft skill trainings is necessary for motivating the employees.
- 73% of the respondents feel that soft skill training will cultivate team building silks.
- 92% accepted that the soft skill training will cultivate will cultivate team building skills.
- 63% of the respondents are happy with the communication level with their TTL/TGL.
- 66% are happy with the relationship with their co-workers.
- 58% find some difference of opinion with their TTL/TGL/co-workers.
- 68% of the respondents accepted that their supervisors are helping to solve physical problems.
- 46% accepted that their relationship with immediate TTL/TGL is good.
- 80% of the respondents have agreed the periodical recognition will increase their performance of job.
- 100% have accepted recognition will motivate them to do their job.
- From chi-square test, it is inferred that here exists no significant difference between confidence level and cultivating team building skills.
- From Karl Pearson Coefficient of correlation test, it is inferred that there exists a positive correlation between soft skill training period and relationship with co-workers.
- From ANOVA test, it is inferred that there exists significant difference in the various factors like sanitary, quality of food, transport facilities provided by the company.

### **9.2 From Exit Employees**

- 73% have a good opinion about the company.
- 43% of the respondents find difficult about their shift timings.
- 70% have no problem during the module changes.
- 60% of the respondents face problems with the transport facilities.
- 66% are satisfied with the sanitary facilities provided by the company.
- 76% of the respondents need improvement in sanitary facilities provided by the company.
- 56% feels that the quality of food is fair.
- 100% of the respondents faced health problems due to the food provided by the company.
- 43% of the respondents feel about the working relationship with their TTL/TGL as establishing coercive power.
- 36% feels that their co-workers' are lacking on team work activities.
- 36% feels that the relationship with their TTL/TGL as poor.
- 77% of the respondents are willing to join the company in future again.
- From chi-square test, it is inferred that there exist no significant difference between TTL/TGL and co-workers.
- From chi-square test for goodness of fit, it is inferred that there exist significance about early attrition and least liking aspect towards the company.

## **X. SUGGESTIONS**

1. While competing with other manufacturing companies competitive salary package can be offered to the employees for talent attraction. The percentage of internal promotion can be increased compared to recruiting people from outside in order to retain the employees.
2. Appreciations can be given by their immediate bosses when they perform well and it will motivate the employees and give the feel that they are truly valued in organization.
3. The experienced employees can be given a hike in their salary compared to newly hired employees in order to motivate the employees.
4. HR will make sure that employees are given awareness about performance appraisal during the induction training itself.
5. Formation of groups under experienced employees and involve them in group activities.
6. Complaints and queries can be resolved quickly.
7. Internal promotions can be encouraged based upon their talents.
8. Periodic recognition can be practiced.

## **XI. CONCLUSION**

In this study it was found that most of the employees are interested in the organization, and they felt that they are not comfortable with the salary packages offered in the company. However, there are a few responses that are dissatisfied with their TTL/TGL.

It is really a challenge for HR to retain the employees in the organization. Care should be taken while recruiting people in the organization and the packages should be revised periodically in order to retain the employees.

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