

A STUDY ON EMPLOYEE ATTRITION IN AUTOMOBILE DEALERS IN INDIA: CAUSES AND REMEDIAL MEASURES

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ABSTRACT

Employee turnover reflects a company's internal strengths and weaknesses. New hires need to be constantly added, further costs in training them, getting them aligned to the company culture, etc. all pose a challenge. Organizations also face difficulties in retaining the remaining employees as well as attracting potential employees. High attrition rates also lead to a chronic or systemic cycle. All this has a significant impact on the strength of a company in managing their business in a competitive environment. This study is conducted to find out the main causes which increase the employee turnover in automobile dealers and to find out the way to control attrition.

Keywords: *Employee, turnover, attrition, automobile dealer*

I. INTRODUCTION

Voluntary turnover has become a problem for many organizations, regardless of the nature of job, in today's society. The costs of this turnover not only have an impact on organizations but also would affect the morale. Prior research has examined the costs of an employee's decision to voluntarily leave an organization. There have been a plethora of research studies conducted over the past 40 years by both academicians and practitioners on the causes and consequences of voluntary turnover. In the automobile dealers, however voluntary turnover is reaching alarming proportions. It becomes very important to study this questionable nature of large-scale attrition, as India houses a large no of dealers. An attempt has been made in this research to investigate on the employee turnover of automobile dealers in India. Analysts believe that India remains a vital destination for sourcing and expect its annual GDP to grow at 8-10% for the next decade. In addition, Make in India efforts to India are held up as an effective remedy for concerns about both Chinese government policy and labour force issues, such as increasing costs and shortages.

The industry has been growing rapidly. It grew at a rate of 38% over 2005. For the FY06 financial year the projections is of US\$7.2 billion worth of services provided by this industry. The base in terms of headcount being roughly 400,000 people directly employed in this Industry. The global automobile Industry is estimated to be worth 120-150 billion dollars; of this the offshore automobile industry is estimated to be some US\$11.4 billion. India thus has some 5-6% share of the total Industry, but a commanding 63% share of the offshore component. The U.S \$7.2 billion also represents some 20% of the automobile Industry which is in total expected to have revenues worth US\$36 billion for 2006. The headcount at 400,000 is some 40% of the approximate one million workers estimated to be directly employed in the automobile and its dealers.

II. LITERATURE REVIEW

In the year 2006, Aruna Ranganathan of Cornell University, USA and Sarosh Kuruvilla of Cornell University, USA has done a detailed study on the factors the problem of high turnover in the automobile sector in India, where relatively well-educated employees are performing a variety of primarily low skill, low cost jobs. We highlight the various approaches employers are taking to solve the turnover problem. As we will argue some of these strategies are fairly traditional, focusing on various instrumental incentives to promote employee retention, while some others are new and rather radical, particularly the articulation of an organizational and work culture tailor-made for the particular demographic profile of dealer employees :young, upper middle class, well-educated graduates. Based on anecdotal evidence and interviews with industry personnel. (a) the recent and rapid growth of the industry and the fact that firms are experimenting with a whole variety of retention strategies, and (b) the inability of firms to develop an integrated organizational culture that permits a focus on both longer term organizational performance ,as well as retention. In the year 2008, S Sudha, has done a detailed study on the factors involving the attrition in automobile dealers in India. According to her findings, among the listed problems one of the major hurdles the industry is facing is attrition. The companies are finding it very hard to retain their employees. The organization should have constant touch with its employees to know their satisfaction and dissatisfaction.

In the year, 2012 K R SreeRekha, under the guidance of Dr. T.J.kamalanabhan has done a detailed study on the factors involving employee attrition in BPO in India. According to their findings from the research it was found that In India over the past few years, the ITES/BPO sector has been growing in leaps and bounds. Based on the gaps identified from the literature, the study seeks to examine the influence of the intervening variables such as organizational commitment on turnover intentions of employees .Applying mediation multiple regression technique, an empirical examination was conducted .The results based on 208 employees' responses from 5 organizations, indicated that antecedents of turnover in the conceptual model of the present study were significantly associated with employee turnover intention mediated by organizational commitment. Results of the mediated regression analyses found that organizational commitment is a significant mediator between organizational justice, satisfaction and organizational support viz a viz turnover intentions. The findings suggest that organizations need to focus on how to foster commitment, enhance job satisfaction and to provide support to facilitate employee retention. Finally, the implications for organizational research, managerial practice and the need for future research are discussed.

III. OBJECTIVES OF THE STUDY

The purpose of this research is to identify the factors which might be the reason for the present employees to leave the Organization. For this purpose the satisfaction level of the employees has to be determined and accordingly some steps need to be taken to retain those employees. So the objectives of the study can be classified as follows:

3.1 Primary objectives

3.1.1. To determine the probable factors which might lead to attrition of the present employees.

3.1.2. To find out the ways to reduce the attrition level.

3.2 Secondary objectives

3.2.1. To study the concept of attrition.

3.2.2. To check the satisfaction level of the employees of the Company.

3.2.3. To determine the attrition rate of the Company since its inspection.

3.2.4. To determine the departments/Units where attrition is most likely to occur.

IV. RESEARCH METHODOLOGY

The Research Design undertaken for the study is a descriptive one as the study is related to a partially defined problem. It is quantitative in nature.

4.1. Data Collection The data for the study are collected by Survey method. The contact methods are Direct & Personal.

4.2. Data Source The data are collected from 2 main sources, i.e., Primary source and Secondary source.

4.2.1. Primary source Here the data are collected by direct personal interview and indirect oral investigation. Interview was conducted with the HR manager of the Organization, and oral investigation was done with each Department's in-charge. Information was also collected by drafting a questionnaire which was distributed to the other employees of the Organization.

4.2.2. Secondary source Here the data are collected from various books, brochures, Company's website, etc. Previous year's data which were stored in the Organization are also used for comparison and analysis.

4.3 Sampling plan

4.3.1. Type of population The type of universe selected in sample design is finite population. The population size is 133.

4.3.2. Sample unit The sample unit in this research is limited to the employees of the Organization.

4.3.3. Sample size The size of the sample is 66 i.e., 50% of the population.

4.3.4. Sampling method As the population is known (133), the sampling is done using Probability sampling and the sampling technique used is Stratified Random Sampling.

The samples are selected from each department. Broadly there are 3 departments in the organization. The sample consists of 50% of the population. The populations and selected samples of each department are as follows:

Departments	Population	Sample
Sales	32	16
Service	78	39
Administration and HR	23	11
Total	133	66

Table 1 Department with population and sample

4.4 Research Instrument The research instrument or tool used is Questionnaire.

4.4.1. Questionnaire design The questionnaire was prepared for the employees of the Company. A total of 12 questions were included in each questionnaire.

A well structured questionnaire was prepared which consist of both closed-ended and open-ended questions.

4.4.2. Closed-ended questions The closed-ended questions cover the probable causes or factors which might directly or indirectly increase the rate of attrition and would lead towards employee’s turnover. One of the questions was designed by using “Multiple item rating grid”, where various statements indicating the factors of satisfaction was included and the respondents were required to indicate their satisfaction regarding each factor. They were also required to indicate the importance of each factor in relation to their job. The other questions were designed using the “5 point likert scale” and other rating scales like “Multiple-Choice, Multiple-Response scale (Checklist)” as well. The data used for this purpose were interval, nominal and ordinal data.

4.4.3. Open-ended questions The open- ended question was designed which included suggestions from the employees. The data has been analyzed department wise. The frequencies and category percentages for each question has been determined for each department separately and then an overall analysis has been done by combining the data of the different departments. The visual display of data has been in the form of bar chart and pie diagram for each question. *Weighted Average method:* It is a method where the frequencies of the component items are multiplied by certain values (weights) and the aggregate of the products are divided by the total of weights.

V. DATA ANALYSIS AND INTERPRETATION

Here the satisfaction level of the employees is taken into consideration with respect to the different factors. (Only those factors are taken in to consideration which the employees consider important but are dissatisfied or neutral with it). The weightage points are assigned to different levels of satisfaction and then weighted average is calculated for the factors for each department.

5.1 Sales Department

Factors	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Pay structure	0	8	5	3	0
Work load	1	2	2	11	0
Recreation facility	0	3	5	6	2
Accommodation facility	0	4	5	5	2
Transport facility	0	6	4	5	1
Rewards & Recognition	0	4	7	4	1
Holiday packages	1	2	9	2	2
Resources to do job	0	10	4	2	0

Table 2 Respondents with their satisfaction level with different factors

Factors	Weightage points					Total	Weighted average	Rank
	Highly satisfied(5)	Satisfied(4)	Neutral(3)	Dissatisfied(2)	Highly dissatisfied(1)			
Pay structure	0	32	15	6	0	53	3.53	7
Work load	5	8	6	22	0	41	2.73	1
Recreation facility	0	12	15	12	2	41	2.73	2
Accommodation facility	0	16	15	10	2	43	2.87	3
Transport facility	0	24	12	10	1	47	3.13	6
Rewards & Recognition	0	16	21	8	1	46	3.07	4
Holiday packages	5	8	27	4	2	46	3.07	5
Resources	0	40	12	4	0	56	3.73	8

Table 3 Ranking of various factors of respondents

5.1.1. Inference The above data infers that Work load has the lowest average which means the employees are least satisfied with it. Resources to do their job has the highest average which means the employees are least dissatisfied with it among these factors.

5.2 Service Department

The table below shows the no. of respondents with their satisfaction level in respect to the different factors.

Factors	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Pay structure	2	7	10	19	1
Work load	2	18	14	5	0
Recreation facility	2	1	24	11	1
Accommodation facility	3	1	23	11	1
Transport facility	2	7	9	20	0
Rewards & Recognition	3	7	9	19	1
Holiday packages	2	5	27	5	0

Table 4 Responses compiled from questionnaires served

Factors	Weightage points					Total	Weighted average	Rank
	Highly satisfied(5)	Satisfied(4)	Neutral(3)	Dissatisfied(2)	Highly dissatisfied(1)			
Pay structure	10	28	30	38	1	107	7.13	2
Work load	10	72	42	10	0	134	8.93	7
Recreation facility	10	4	72	22	1	109	7.27	4
Accommodation facility	15	4	69	22	1	111	7.40	5
Transport facility	10	28	27	40	0	105	7.00	1
Rewards & Recognition	15	28	27	38	1	109	7.27	3
Holiday packages	10	20	81	10	0	121	8.07	6

Table 5 Ranking of various factors of respondents in service department

5.2.1. Inference The above data infers that Transport facility has the lowest average which means the employees are least satisfied with it. Work load has the highest average which means the employees are least dissatisfied with it among these factors.

5.3. Administration and HR department

The table below shows the no. of respondents with their satisfaction level in respect to the different factors.

Factors	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Pay structure	3	1	3	4	0
Recreation facility	0	1	6	4	0
Accommodation facility	0	0	8	3	0
Transport facility	0	2	5	4	0
Rewards & Recognition	1	0	6	4	0
Holiday packages	0	2	5	4	0
Resources to do job	1	1	1	8	0
Training program	1	3	7	0	0

Table 6 Compiled from questionnaires served

Factors	Weightage points					Total	Weighted average	Rank
	Highly satisfied(5)	Satisfied(4)	Neutral(3)	Dissatisfied(2)	Highly dissatisfied(1)			
Pay structure	15	4	9	8	0	36	2.40	7
Recreation facility	0	4	18	8	0	30	2.00	2
Accommodation facility	0	0	24	6	0	30	2.00	3
Transport facility	0	8	15	8	0	31	2.07	5
Rewards & Recognition	5	0	18	8	0	31	2.07	4
Holiday packages	0	8	15	8	0	31	2.07	6
Resources to do job	5	4	3	16	0	28	1.87	1
Training program	5	12	21	0	0	38	2.53	8

Table 7 Ranking of various factors of respondents in administration and HR department

5.3.1. Inference The above data infers that Resources to do their job has the lowest average which means the employees are least satisfied with it. Training program has the highest average which means the employees are least dissatisfied with it among these factors.

VI. CONCLUSION

Majority of the employees consider the nature of their job, Growth opportunities, Relationship with their boss, supervisor & colleagues, Working environment, Appraisal system, Canteen facility, Work life balance, Training programs, Attention to individual needs, Reputation of the Company, Company's terms, Resources to do their job, Leaders who guide them and Support they get to do their job as important and are also satisfied with it. So the Company can attain a further improvement level for the rest of its employees if it gives a little more attention to these factors. All the employees consider their pay structure as important in relation to their job, but majority of them are dissatisfied with it. So the Company should look into the matter of the salary of the employees and provide such salary which satisfies its employees to some extent in order to retain its employees. Majority of the employees consider the work load as important but some of them are dissatisfied or are neutral in their opinion in terms of their satisfaction with it. So the Company should employ more people in the

department to reduce the work load. As regards the Recreation and Accommodation facility the employees consider it as important or are neutral in their opinion, but majority of them show dissatisfaction or neutral attitude. For the transport facility majority of them consider it as important but are dissatisfied with it. So the Company should look into this matter and direct some of its funds towards the improvement of these facilities. The employees also consider the Rewards and Recognitions as important but are dissatisfied with it. So the Company should device a better reward system and give due recognition for better performance. Almost half of the employees consider the Holiday packages, etc. as important & the rest consider it as neutral or unimportant. In terms of their satisfaction level majority of them show a neutral attitude towards it. So this is also an area of little concern for the Company. Almost half of the employees have little understanding of their job and what is expected from them as an employee and rest have total understanding of their job. So the company should conduct regular meetings with the employees and brief them on their job description. Also the company should try to understand what exactly employees expect from the Company and what is expected by them from the Company. Majority of the employees do not have freedom to take decisions in the Organization. This may lead to dissatisfaction among the employees. So the Company should empower the employees and give them some authority to take decisions. Most of the employees suggest improvements in the areas of monetary benefits and Employee motivation. So the company should give attention to these factors which it can improve itself internally. The employees also suggest improvement in the areas of Innovative technology and new products. These are external factors for the Company. So the Company can make recommendations to their manufacturer (Maruti Suzuki) in this matter. Majority of the employees suggest that in order to retain its employees for a longer time the company should go for salary increment and also rewards and recognitions. This is an important suggestion by the employees which should be considered by the company if it wants to hold its present employees.

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