

# A STUDY ON LINKAGE BETWEEN ORGANIZATIONAL PRACTICES AND EMPLOYEE ATTRITION

M. Umasankar\*, J. Ashok\*\*

\*Assistant Professor, Department of Management Studies, Kongu Engineering College, Erode, Tamilnadu, India. Email: umashankaram@gmail.com.

\*\*Professor, School of Management Studies, Bannariamman Institute of Technology, Sathyamangalam, Erode, Tamilnadu, India.

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**Abstract** *The attrition rate is giving sleepless nights to Human Resource Managers in many countries in Asia. This paper attempts at finding the probable reasons for attrition at Garment Export Houses, Tirupur. The attrition rate in the industry has been hovering around 35%, which is quite high for any industry. The high attrition costs increase the costs to the organization considerably.*

*The purpose of this research was to discover the reasons why personnel leave before becoming eligible for retirement, as well as how the executive officer can and does influence retention and attrition rate within his or her company. This can be simply be summed up as a study aiming at exploring the dimensions of attrition and retention with respect to the organizational practices followed in the company.*

*The study was based on various parameters like training, working hours, income, job satisfaction, rewards and recognition, promotion policy, workload, working condition, welfare schemes, compensation, performance appraisal, relationship with supervisors and management etc. The study aims to determine the reason for attrition and to develop retention strategies.*

*The sample size of this study is 179, with a structured questionnaire. Simple percentage analysis, Weighted average score, and ANOVA test were used for the data analysis and interpretation. Statistical Package for the Social Sciences (SPSS) version 16.0 was used for the statistical analysis.*

*The study reveals that the employees have overall satisfaction with the organizational practices followed and facilities provided by the company. There were also a few areas of dissatisfaction which should be given special attention and relevant suggestions are also made to retain the employees within the organization.*

**Keywords:** *Attrition, Organizational Practices, HR practices, and Satisfaction.*

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## 1. INTRODUCTION

Attrition is the reduction of the number through resignation, retirement, or death. It can be simply said as in and out movement of employees in an organization. From a research, it was calculated that attrition across India was 10% during the year 2010, it may increase to 25% during the year 2011-2012. The major reason for attrition is organizations are not attending to the needs of the employees.

The general parameters which are responsible for employee turnover are:

- Insufficient information on how to perform the job adequately
- Unclear expectations of peers and supervisors

- Ambiguity of performance evaluation methods
- Extensive job pressures
- Pay and pay related variables

Seeing to this rate of attrition this project aims at finding a major reason for attrition at Garment Export Houses in Tirupur.

The general parameters used for determining the attrition rate are:

- Present income & bonus paid by the company
- Working hours in the company
- Rewards and recognition of the company
- Performance appraisal method, promotion policy, workload, working condition, adequate first aid

training and facilities, & overall welfare and safety measures.

- Fairness and respect & communication with supervisors

The above mentioned parameters are taken into account to find where the organization is lagging behind.

## 2. TIRUPUR EXPORT MARKET

Tirupur is an important trade center of India, which is famous for its knitted garments. Tirupur is a major source of Foreign Exchange for the country because of its export output. Tirupur which is located 55 km to the east of Coimbatore City in Tamil Nadu, accounts for 90 % of India's cotton knitwear export, which is worth an estimated Rs. 12,000 crores. But it is severely handicapped by poor infrastructure. Tirupur has a very unique and significant presence at the lower end of the international hosiery and knitwear market.

The exports from Tirupur are under threat due to the critical issues of environment pollution and child labor. The slow process of infrastructure development is also coming in the way of this town acquiring the image of a prestigious and mature international knitwear center.

Almost every household in the town undertakes some activity directly linked to the knitwear industry. The town's dusty and narrow bylines, like Surat, are lined with residence-factories (most houses have dedicated at least one room to these activities) spinning cotton into yarns, or knitting yarn into fabric, or simply separating and dividing the waste and scraps into yarn for processing.

A whole range of industrial units catering for ancillary functions such as the manufacture of cartons, polythene bags, zips, buttons, tapes, and other packing material has also spawned a big way. Yet, at first glance, nothing about Tirupur can make one believe that this town earns an annual \$800 million plus in foreign exchange. This is because the state government and local municipal authorities have been too slow to cope with this dynamic growth. The variance between the town's infrastructure and the actual requirements has led to a sharp rise in the cost of almost every basic social input.

Knitwear industry has clearly identified the definition of fashion. Fashion is mainly dependable on industry and society in probationary manner. Creation of hi-style and value added knitted garments are instrumental in driving out the value- hidden stuff of the knitwear exporters with a motive that it reaches the intending onlookers who believe in right choice of selection.

## 3. REVIEW OF LITERATURE

Leaving the department before qualifying for retirement, in many cases after, only a few years of service is due to a number of reasons according to surveys and a review of literature. Attrition is the reduction of the number through resignation, retirement or death (Webster's New Dictionary, 1995).

According to The Economic Times, (Dec 24, 2010) the average attrition in 2010 was 10% across Indian companies, a rate that may rise to 25% in 2011-12 with improved salaries.

Mr Goel remarked, remarked that, quick job hoppers will have difficulty to get a good job as they are not widely accepted for long term or larger roles" (The Economic Times, Dec 24, 2010). The role and importance of Small and Medium Enterprises (SMEs) in the context of India's industrial development can be traced to Industrial Policy Resolution of 1956 which states: "They (SSIs) provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization tends to create will be avoided by the establishment of small samples of industrial production all over the country (Planning Commission, the Second Five-Year Plan, p. 47).

## 4. REASONS FOR ATTRITION

Firth et al., (2004) said that the experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization, and job dissatisfaction make employees to quit. This clearly indicates that these are individual decisions which make one to quit. There are other factors like personal agency refers to concepts such as a sense of powerlessness, locus of control and personal control.

Rampur (2009) said that, the most common reason for employee turnover rate being so high is the salary scale, because employees are usually in search of jobs that pay well. Also, employees tend to leave a company because of unsatisfactory performance appraisals. Low pay is good reason as to why an employee may be lacking in performance. Another reason that employees leave is because of the lack of benefits available to them through the company in which they work.

## 5. STRATEGIES TO MINIMIZE ATTRITION

Henry Ongori (2007) said that there are different strategies to minimize employee turnover like the policy options

viz. changing (or improving existing) policies towards recruitment, selection, induction, training, job design, and wage payment.

Amy Hissom (2009) explained that there are many causes that determine employee turnover. Most of these can be prevented by the employer. Employers, who offer competitive salaries along with good benefits, will most likely retain their employees. Also the opportunity for advancement and promotions will also help. A good working condition is another plus point for the employer. Employers who offer awards and incentives for a job well done are also more likely to retain their employees.

### 6. STATEMENT OF THE PROBLEM

Attrition is the movement of employees from one organization to another. This movement of employees from an organization is boosted up by many factors like pay and pay related factors like performance appraisal, promotion, safety, and welfare schemes etc. When the above mentioned factors are not appreciated by the organization, attrition occurs. The company cannot keep a constant check on all these factors which affect its business. This study gives an insight into the movement of the employees out of this organization and the organizational practices followed in the company. This study also shows how to retain the

employees by providing them with the required facilities and comfortable working conditions.

### 7. OBJECTIVES

1. To study the link between organizational practices and attrition.
2. To study the attrition rate based on various parameters like wages paid, working hours, welfare schemes, work environment etc.,
3. To study the impact of organizational practices upon attrition.
4. To study the employees' attitude towards attrition.

**Table 1: Weighted Average Score for Reasons for Leaving the Organization**

S.No	Parameters	Weighted Average	Rank
1	Salary	4.709	I
2	Better job opportunity	4.545	II
3	Stress on the current job	3.961	III
4	Personal reasons	3.757	IV
5	Lack of good relations with the supervisors	2.195	V
6	Dissatisfaction with the facilities provided	1.822	VI

**Table 2: Main Reasons for Leaving the Organization with respect to Qualification**

Qualification	ANOVA					
		Sum of Squares	Df	Mean Square	F	Sig.
Main reason for leaving the Organization (Salary)	Between Groups	2.452	3	.817	.631	.596
	Within Groups	226.855	175	1.296		
	Total	229.307	178			
Main reason for leaving the Organization (Better job)	Between Groups	1.422	3	.474	.347	.791
	Within Groups	238.924	175	1.365		
	Total	240.346	178			
Main reason for leaving the Organization (Good relation)	Between Groups	7.178	3	2.393	1.490	.219
	Within Groups	280.978	175	1.606		
	Total	288.156	178			
Main reason for leaving the Organization (Stress)	Between Groups	8.696	3	2.899	1.641	.182
	Within Groups	309.103	175	1.766		
	Total	317.799	178			
Main reason for leaving the Organization (Personal reason)	Between Groups	3.212	3	1.071	.305	.821
	Within Groups	613.459	175	3.505		
	Total	616.670	178			
Main reason for leaving the Organization (Dissatisfied facility)	Between Groups	3.355	3	1.118	1.865	.137
	Within Groups	104.924	175	.600		
	Total	108.279	178			

## 8. ANALYSIS AND INTERPRETATION INTERPRETATION

The above table reveals that among the parameters salary takes first rank, better job opportunity stands second, stress in the current job is third, personal reasons stands fourth, lack of good relations with the supervisors stands fifth, and dissatisfaction stands sixth reason to leave the organization. So it can be clearly said that salary is the first reason for the employees in the Garment Export Houses for leaving the job.

## 9. INTERPRETATION

- From the above table it is interpreted that the calculated value is 0.596 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between salary and qualification.
- From the above table it is interpreted that the calculated value is 0.719 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between better job and qualification.
- From the above table it is interpreted that the calculated value is 0.219 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between good relation and qualification.
- From the above table it is interpreted that the calculated value is 0.182 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between stress and qualification.
- From the above table it is interpreted that the calculated value is 0.821 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between personal reason and qualification.
- From the above table it is interpreted that the calculated value is 0.137 which is greater than the asymptotic significance value 0.05 and from this it can be said that there is no significant difference between dissatisfied facility and qualification.

## 10. SUGGESTIONS

- The salary increment system can be altered as the present system is not satisfactory to the employees.
- Steps can be taken to reduce employee stress by recruiting more employees.

- Communication system can be improved to maintain a good relationship with the management and supervisors.
- Workload can be reduced to the employees to make them feel comfortable with the work given to them.
- Alterations can be made in performance appraisal method followed in the company.
- The organization can implement changes in incentives and welfare schemes followed currently to encourage employees.
- The company can allow employees to make certain decisions during critical situations which increase their dedication towards the job they are doing.
- Management can listen politely to the employee view towards any problem before blaming them, which motivates employees in doing the work correctly.
- The organization should maintain and improve training and development to enrich the skills of the employees.

## 11. CONCLUSION

The present study on linkage between organizational practices and Employee attrition has tried to find the factors influencing attrition at Garment Export Houses in Tirupur. This study reveals that the employees are satisfied with the bonus paid, safety and welfare schemes, training, present income, working hours, fairness and respect and communication with supervisors. This also says that the employees are not fully satisfied with the training, workload, stress, and canteen facility provided by the company. The majority of the employees perceive that additional recruitment will be helpful to them to reduce their workload and stress. Based on the findings of the study few suggestions have been given, if it is considered by the management it would help them in retaining the employees within their organization.

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