

A STUDY ON ATTRITION PROBLEM AND RETENTION OF EMPLOYEES: WITH SPECIAL REFERENCE TO PRIVATE MANAGEMENT INSTITUTIONS IN INDIA

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ABSTRACT

This paper aims to study the Attrition problems and retention of employees in Indian Private Management Institutions. All the parameters selected for the study are important for solving the problem of depletion of the faculty, but these parameters can be grouped into three factors, which include Salary Incentives, work environment and the growth opportunities. Salary incentives are an important factor for employee attrition and retention in the organization. Working environment includes incentives for loyalty and the behavior of colleagues as one of the most important factors for employees' attrition and retention. The third important factors taken into consideration are growth opportunities for the employees in the organizations. By controlling these parameters, the problem of faculty attribution could be controlled substantially.

Keywords: Attrition, Retention, Salary Incentives, Work Environment, Growth Opportunities

INTRODUCTION

Private Management institutions in India as well as in other countries face a formidable challenge to recruit and retain the talent while, at the same time, managing the loss of talent either due to the recession of the sector or through voluntary individual turnover. Loss of talent and employees may lead to performance losses that may have a negative long-term effect on Indian private management institutions, especially if the talent leaving, leaves gaps in its execution capability and human resource operation that not only includes lost efficiency but also the social goodwill. The Indian Private Management Institutes develops innovative business models to effectively retain talent, as the dropout rate is a curse for every sector. There are many factors responsible for dismissal, and the employers are becoming increasingly aware of factors that can cause an employee to be betrayed.

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Depletion can be defined as a gradual reduction in the number of members or staff, as a result of retirement, resignation or death. Attrition can be defined as the number of employees leaving the organization, which includes both voluntary and forced dismissal. The employee gradually reduces his ties with the company, and does not talk about the main factors causing exhaustion. This is a symptom of a much deeper malaise that penetrates deeper into the internal organs of organizations. The level of depletion varies from sector to sector. In addition to the inevitable causes, such as retirement, death or disability, the reasons may be varied and diverse. They differ depending on the nature of the business, the level of employees and the nature of the responsibility they bear. Obvious, common and main reasons are the “ergonomic discomfort” experienced by the employee, and the “functional incompatibility” between the management of the institute and the employees. Very often, an employee is among colleagues and superiors with whom he/she cannot cope or it turns out to be completely at odds with its functional requirements of the employee, unable to meet the expectations of the employer. Another important reason is that the employee’s remuneration is not large enough to bear the brunt and soften the shaking of his family and social life.

Employee retention refers to the policies and practices that Indian private management uses to prevent valuable workers from leaving their jobs. How to keep valuable employees is one of the biggest problems Indian private management institutions face in a competitive market. Not so long ago, the Indian Private Institute of Management adopted a “revolving door policy” as part of doing business and quickly filled the job with another interested candidate. Currently, management agencies often find that they spend considerable time, effort, and money on educating employees only, so that they become a valuable commodity and leave the company for greener pastures. To create a successful company, employers should consider as many options as possible when it comes to retaining employees, and at the same time gain their trust and loyalty so that they have less desire to leave in the future. Employees must be saved because good, committed, trained, and hardworking employees are required to manage private institutions. In the long run, they have gained a good knowledge of the product, and a trained employee can better handle the students and parents, as well as solve peer problems that are new to the organization. When an employee leaves, he/she takes with him all the information about the company, such as current projects, etc. The benevolence of the institution is hampered by an increase in staff turnover, and competitors begin to pry to recruit the best talent. Efficiency is largely hampered. For instance, if an employee leaves in the middle of a current session, it is very difficult to fill this vacuum, and a new employee can never replace an old and talented employee, so this leads to a delay in the completion of work

in educational institutions and a decrease in job satisfaction for other team members. In this context, this article focuses on the depletion and retention of staff in Private Management Institutions in India.

STATEMENT OF PROBLEM

The aim of the present statement is to study factors like salary incentives, work environment & growth opportunities, which can help to know the Attrition level in the organizations and factors relating to retain them. This study also helps to find out where the organizations are lagging in retaining their employees.

NEED FOR THE STUDY

The success of any private management institution depends largely on employees, who are considered the foundation of any management institute. The study was mainly conducted to determine the level of employee attitudes, dissatisfaction factors that they encounter in the organization, and for what reason they prefer to change their jobs. Once the employee's relationship level is determined, management would be able to take the necessary steps to reduce exhaustion. Since they are considered as backbone of the company, their progression will lead to the success of the company for a long run. This study can be helpful in knowing, why the employees prefer to change their job and which factors make the employee dissatisfied. Since the study is critical issue, it is needed by the organizations in order to assess the overall interest and the feelings of the employees towards their nature of job and organization.

This study can be helpful to the management to improve its core weaknesses by the suggestions and recommendations prescribed in the study. This study can serve as a basis for measuring the organization's overall performance in terms of employee satisfaction. The need of this study can be recognized when the result of the related study need suggestions and recommendations to the similar situation.

REVIEW OF LITERATURE

Despite several staff retention studies, researchers on strategic personnel still investigate causal mechanisms between staff practices and firm performance, mainly related to voluntary turnover as a critical component (Shaw, Gupta and Delay, 2005), because employee retention plays a vital role in bridging the gap between macro-strategies and micro-behavior in the institution. This is due to the fact that it provides stability and constantly connects the experience of individuals in organizations with critical indicators of success factors in the Organization. The decision to leave the Organization is not an easy one for an individual employee, since considerable energy is spent on finding new jobs, adapting to new situations,

abandoning known procedures and interpersonal relationships is so stressful (Boswell, Boudreau and Tichy, 2005) If organizations are taking timely and appropriate measures, part of the voluntary turnover in the organization can be prevented. Reasons for staff turnover can vary from external environmental factors such as economics that affect business, which in turn affects employment (Pettman 1975; Mobley, 1982, Schervish, 1983; Terborg and Lee, 1984) to organizational variables such as sector type, professional category, and size of organization, payment, supervisory level, location, selection process, work environment, work tasks, benefits and promotions (Mobley, 1982; Arthur, 2001). Other factors that affect employee turnover in organizations include individual job variables, such as demographic variables, integrative variables, such as job satisfaction, pay, promotion and working conditions (Pettman, 1975; Mobley, 1982; Arthur, 2001) and individual non-working variables such as family-related variables (Pettman, 1975; Mobley, 1982;). The reason may be any of the above factors, but the process of deciding whether to leave or stay in the Organization should be periodically checked to understand the specific reasons that prompted them to take such a step, and the Organization should mainly worry about voluntary circulation and not forced circulation, as it is under their control. It is also found that workers who work better and are smart enough to have more job opportunities than average or poorly working workers, and, therefore, they are more likely to leave (Trevor, 2001). High rates of voluntary turnover of such employees are often found to be harmful or disruptive to firm's performance (Glebbeck&Bax, 2004). When poor performers, choose to leave the Organization, it is good for the Organization (Abelson &Baysinger, 1984), Thus, it is important to distinguish between functional and dysfunctional staff turnover and, accordingly, to encourage or hinder staff turnover. Further voluntary turnover of the critical workforce must be differentiated into preventable and inevitable turnover (Barrick & Zimmerman, 2005). Estimates of the loses for each employee vary from a few thousand dollars to more than two times the person's salary depending on the sector, the content of the job, the availability of replacements and other factors (Hinkin& Tracey, 2000). In some industries chronic shortage of qualified employees has driven up the costs of turnover. Therefore, the acquisition, development and retention of talent form the basis for developing competitive advantage in many industries and countries (Pfeffer, 1994, 2005). Organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport, Bancroft, &Okum, 2003). Three studies incorporated attitudinal and/or behavioural changes over time to better predict turnover. Sturman and Trevor (2001) found that quitters' performance over time did

not significantly change while stays' performance slope was positive. Demographic factors cannot be ignored as age, tenure, level of education, level of income, job category, gender have influenced employee retention and have been found to have stable relationship with turnover intention. Of the above demographic factors, age, tenure and income level was found to be negatively related to turnover intention (Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Gerhart, 1990; Mobley et. Al, 1979; Price & Mueller, 1986; Wai & Robinson, 1998; Weil & Kimball, 1995), level of education is positively associated with turnover, the more educated the employees, higher is the tendency to quit (Berg, 1991; Cotton & Tuttle, 1986). With respect to job category, Wai & Robinson (1998) and Price and Mueller (1986) found that non-managerial employees are more likely to quit than managerial employees. Relationship between gender and turnover showed mixed result. Cotton and Tuttle (1986) and Weisberg and Kirshenbaum (1993) found females more likely to leave than males. Miller and Wheeler (1992) and Wai and Robinson (1998) reported no relationship between gender and turnover. However, the reasons for employee turnover vary from one Organization to the other and from one person to another as they are not getting what they expect from the Organization (Ongori, 2007). Mobley (1982) and Dickter, Roznowski and Harrison (1996) also called for more research and theory pertaining to how the turnover process occurs over time.

OBJECTIVES OF THE STUDY

The present study aims to achieve the following objectives:

- To know the satisfactory level of employees towards their job and working conditions.
- To identify the factors which make employees dissatisfied about company's policy and norms.
- To find the areas where Indian Private Management Institution is lagging behind.
- To know the reasons, why attrition occurs in Indian Private Management Institution in India.
- To find the ways to reduce the attrition in Indian Private Management Institution in India.

METHODOLOGY

This research paper is descriptive in nature. The questionnaire survey method has been used to investigate the issue and the factors which are important for facility and the satisfaction in the private management institutions. The objective is to suggest factors to be to reduce

attrition and retaining quality faculties in Private Management Institutions in India. The questionnaire used includes the seven parameters used to explain the expectations of faculties to be rated on a five point Likert Scale. For the study, young faculties of various management institutions have been selected using the convenience sampling method. The questionnaire sent to eighty faculties out of which sixty-four responses were received.

RESEARCH DESIGN

The survey method used in the present study is sample survey and the research design choice, particularly for small scale enterprises, depends on the kind of problems being studied. Here descriptive research design may suit research topics for small enterprises

Nature of the Data Collected

The primary data were collected through questionnaire followed by the discussions with management and employees of private management institution in India.

Tools & Techniques used in the Study

Data have been presented with the help of Tables with percentages.

Scope of the Study

The scope of this study is limited to the Private Institutes of Management in India. The study sheds light on the valuable proposal to reduce depletion in private management institutions. The study can help the management to identify employee weaknesses in relation to an organization, as well as help to turn those weaknesses into stronger ones by providing optimal suggestions & solutions. The study has a wider scope in any kind of organization since “attrition” is a general problem for organizations. This study can help the management to find out, why employees tend to change their work, using dissatisfaction factors encountered in private institutions, as well as helping to recover by providing optimal suggestions & solutions.

DATA ANALYSIS AND INTERPRETATION

Employee's opinion about Salary

A salary is a form of remuneration paid periodically by an employer to an employee, the amount and frequency of which may be specified in an employment contract. The following table shows the employee's opinion about salary in various attributes.

From the **table**, it can be seen that 44.6 percent of employees had the opinion that their salary compared with the competitor institution was high, 28.5 percent said it was medium while 13.8 percent said it was low. 49.2 percent of employees had an opinion that the performance bonus that they were getting was very high, 23.1 percent considered it as medium while 18.5 percent as high.

29.2 percent of employees had an opinion that the standard of increment in the institution was very high, 18.5 percent said it was low. 40.8 percent of employees were satisfied with the level of salary & increment while 23.8 percent said it was low.

Table 1: Employee's opinion about Salary

| ATTRIBUTES | VERY HIGH | HIGH | MEDIUM | LOW | VERY LOW | TOTAL |
|---|---------------|---------------|---------------|---------------|-------------|---------------|
| My Salary when compared with Competitor institution | (17) 13.1% | (58) 44.6% | (37) 28.5% | (18) 13.8% | (0) 0% | (130) 100% |
| Performance Bonus given to me by the institution | (64) 49.2% | (24) 18.5% | (30) 23.1% | (12) 9.2% | (0) 0% | (130) 100% |
| Standard of Increment in the institution | (38) 29.2% | (35) 26.9% | (28) 21.5% | (24) 18.5% | (5) 3.8% | (130) 100% |
| Satisfaction level in Salary & Increment | (53) 40.8% | (32) 24.6% | (14) 10.8% | (31) 23.8% | (0) 0% | (130) 100% |

It leads to the conclusion that many of employees have the opinion that their salary compared with the competitor institution was high, majority of them believe that the performance bonus they are getting is very high, while some of the employees have an opinion that the standard of increment in the institution is very high and many of are satisfied with the level of salary & increment.

Employee's opinion about Work environment

In a private institution, communication takes place between the members of different hierarchical position. The communication means the interaction between private institutional leaders and their subordinates and how they work together to achieve personal and private institutional goals. The following table shows the employee's view of the work environment.

Table 2: Employee's opinion about Work environment

| OPINION ATTRIBUTES | VERY HIGH | HIGH | MEDIUM | LOW | VERY LOW | TOTAL |
|---|----------------|----------------|----------------|----------------|--------------|---------------|
| The encouragement getting from Work environment to work as team | (25) 19.2 % | (54) 41.5 % | (31) 23.8 % | (12) 9.2 % | (8) 6.2 % | (130) 100% |
| The work environment pays effort for job promotion | (41) 31.5 % | (32) 24.6 % | (18) 13.8 % | (39) 30.0 % | (0) 0% | (130) 100% |

From the above table it can be seen that 41.5 percent of employees had the opinion that their encouragement from work environment is high, 23.8 percent said it was medium and 6.2 percent said it was very low. 31.5 percent of employees had an opinion that the work

environment pays effort to help for job promotion was very high, 13.8 percent said it was medium and 30 percent said it was low.

It leads to conclusion that for majority of employees their encouragement from superior is high and for many of them believe that the superior's effort to help for employees' job promotion is very high.

Employee's opinion about Growth opportunities

Employee perception of internal growth and development opportunities is one of the most important factors determining employee engagement. Understanding this, we found out with disappointment that, thanks to our latest research, the employee's perception of internal capabilities is the lowest that ever existed. The following table shows the employee's opinion on growth opportunities for various reasons.

Table 3: Employee's opinion about Growth opportunities

| OPINION ATTRIBUTES | VERY HIGH | HIGH | MEDIUM | LOW | VERY LOW | TOTAL |
|---|------------------|----------------|----------------|----------------|-----------------|---------------|
| Opportunities provided by the institution | (57) 43.8 % | (28) 21.5 % | (20) 15.4 % | (17) 13.1 % | (8) 6.2 % | (130) 100% |
| Chances of getting promotion | (39) 30.0 % | (40) 30.8 % | (20) 15.4 % | (26) 20.0 % | (5) 3.8 % | (130) 100% |

From the above table it can be seen that 43.8 percent of employees had the opinion that their opportunities provided by the institution was very high, 15.4 percent said it was medium and 6.2 percent said it was very low. 30 percent of employees had an opinion that the chances of promotion were very high and 15.4 percent said it was medium while for 3.8 percent it was very low.

It leads to conclude that majority of the employees believe that their opportunities provided by the company are very high and many of them are of the opinion that the chances of promotion are very high.

FINDINGS & DISCUSSION

Many of employees believed that their salary compared with the competitor institution was high and the performance bonus they were getting was very high, although, some of the employees had an opinion that the standard of increment in the institution is very high and they were satisfied with the level of salary & increment. For majority of employees their encouragement from superior was high and many of them believe that the superior's effort to help for employees' job promotion was very high. Majority of them were satisfied by the

opportunities provided by the company and many of them are of the opinion that the chances of promotion were very high.

The study showed that the parameters selected for the study are important and can help in solving the problem of exhaustion of the faculties in Private Management Institution in India. The teaching staff is very important for management, they emphasized on development and learning opportunities, as well as on productivity. Working conditions have a positive impact on Retention of the employees. A quality department can be created in a management institute with which it also helps to achieve internal career growth in accordance with the institute's strategy.

SUGGESTIONS

1. Many employees suggested improving working conditions and employee motivation during the survey. Thus, Indian private management should pay attention to the factors that it can improve on its own.
2. Despite the fact that employees are satisfied with the nature of their work, the study revealed that many employees prefer to change jobs due to the lack of growth opportunities in their work. Thus, Indian private management may seek some innovative technologies to reduce their depletion, providing opportunities for growth.
3. Indian private management should hold regular meetings to find out exactly what employees are expecting. Private institutions should focus on on-site interviews.
4. Indian private management can train employees, such as personal development and self-improvement, every three or six months after revising this status and taking the necessary measures. It is better to have such training in the future.

CONCLUSION

The main goal of any private institution is to make a profit. But in order to maximize profits, a private institution should focus more on employees and how to retain them for a long time. The study revealed that the lack of growth opportunities is the main factors that force employees to change their jobs. This study concludes that in order to reduce depletion, it is necessary to create some opportunities for the growth of its employees in a private institution by adopting new innovative technologies and effective training programs. The institution should also think about recruiting people who are close to the sector so that problems related to the family do not lead to exhaustion.

LIMITATIONS

1. The study is limited to Private Management Institutions in India.

2. Only three Factors, Salary Incentives, Work Environment and Growth opportunities were used in the study.
3. The study is based on a small sample of sixty-four respondents only.
4. The study is based on descriptive statistics only.

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