

IMPACT OF ATTRITION ON DEVELOPMENT AND PRODUCTIVITY OF MANUFACTURING COMPANIES

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Abstract

The attrition of workers is one of the emerging challenges faced by all organisations. With both organisations, employee turnover is an expensive dilemma. In today's taxing market world, it is crucial for success to handle the professional and qualified human resources of an organisation. Typically, the industry turns to increase executive salaries to attract them. For any team leader who oversees more than one employee in a company, it's a tough job. Often administrators are not taught how to deter persons from leaving the company. In general, employers deem turnover a depletion of productive staff and talent. There's more to attrition, though than a declining population. They take with them the much-needed skills and credentials that they acquired through their time as workers leaving a company. In such a setting, the present study analyses the different determinants of attrition in the manufacturing sector. Besides, the analysis also sought to examine the effects of market growth and productivity attrition.

Keywords: Turnover of workers, Supply market, Company growth, and efficiency.

Introduction and problem definition

Of all the employee-related issues in companies undergoing employee attrition, the galloping demand for skilled workers over the last decade of the 21st century has had a critical impact. Employers are extremely concerned about the consequences for requirements well beyond ground attrition and the effects on corporate performance, as well as the need for continuing recruiting and the costs involved. When an individual is in employment, it is common for him to continue working during his robust professional life for the company. Similarly, once he is genuinely fit to work according to the work situation and his standards, the employer who engages him is expected to afford him work. This suggests the mutuality and reciprocity of associations in which both are interested in the definition and redefinition of their partnership structure. And, neither the employee nor the employer is confident of any kind of employment arrangement all the time. For one or the other cause arising from any of them, the ties are broken up.

As a global manufacturing center, India is rapidly emerging. Both manufacturing firms are produced by multinationals in India, such as vehicles or computer hardware, consumer durables, or engineering goods. Also, India is poised to become the global manufacturing center for luxury goods over the next five years, according to a study by the Federation of Indian Chambers of Commerce and Industry (FICCI) and Yes Bank, with the development of luxury goods being a US\$ 500 million industry over this time. Thanks to its long manufacturing tradition and higher education systems, India has all the necessary skills in product, process, and capital engineering. The inexpensive, qualified workforce of India attracts a variety of firms, spanning numerous sectors, making India a worldwide manufacturing powerhouse. The large domestic market in India and the availability of low-cost labour with advanced technological skills have played a key role in attracting an ever-increasing number of multinationals to develop their production base in the region.

There was a sea shift in the industry following the advent of globalization. Manufacturing and promotion success relies entirely on skilled and highly trained workers. The retailers of the company have systematic instruction to improve their expertise. But after achieving successful preparation, workers show their talents by

actively demonstrating their talents by violent performance. The dismissive attitude or actions of the key managers induces resentment and the talented and skilled salespeople quickly abandon their jobs or send their resignations. It causes a huge vacuum because of their abrupt transition, and the company loses a lot when these kinds of talented people are absent. Around the same time, tremendous investment losses were suffered to build new employers by comprehensive and thorough preparation. It is more important to establish the causes of attrition in the manufacturing sector at this juncture. Around the same time, the damage suffered and the prestige lost due to reference marketing by the qualified workers working in the company had to be measured. The employee leaving the company still transfers the adverse comment by recommendation marketing and shows the non-conducive work climate. It is also the responsibility of top management to recognize the employee's concerns and address the issues on time. Otherwise, the turnover rate will rise and the retail company may experience heavy losses and lose its prestige. Attrition not only raises total running expenses but also increases preparation costs and the recruiting of new hires. With the above framework, the current study aims to find a solution to the preceding research objective;

1. To examine the importance of the attrition on development and productivity.

Literature Samples

Arunkumar (2017) studied the turnover of workers in the integrated retail market. The research analyzed in-depth the different variables that decide employee turnover in the integrated retail market. The study recommended better plans for market participants to try to escape this issue that challenges the Indian Retailing Companies' long-term survival. Sudha et al. (2015) attempted to figure out why workers left the job and propose suggestions for retaining employees in the retail sector with particular regard to the research of selected organized retailers in Salem, Tamilnadu. A survey of 150 was taken from 10 organized Salem retailers. The study indicates that there is a correlation between organizational strategy and retention and also various personal characteristics such as higher studies, job advancement, popularity, the family had a significant influence on the current employability of the respondent.

In their research entitled "Investigating Employee Turnover in the Construction Industry: A Psychological Contract Perspective," Chih et al. (2016) explored the role of psychological breach of contract in forecasting employee turnover in the construction industry. The findings suggest that abuse of the psychological contract results in mental fatigue, which in turn predicts the turnover plans of workers and real turnover. The findings show that younger employees are more likely to suffer higher degrees of mental fatigue and leave their companies than older construction workers who experience psychological contract infringement. To attract professional staff, construction companies should both consider and continually handle the psychological contract demands of employees and provide younger employees with more resources. This research provides valuable analytical contributions and is one of the few in the construction literature that, from a psychological contract perspective, explores both employee turnover intentions and real turnover. To understand the causes for workforce attrition, Rajasshrie Pillai et., al (2016), the primary survey was performed with a standardized questionnaire among 156 employees surveyed. Structured interviews were performed to clarify the HR experience as well. Their report also addressed the organization's workforce aspirations. Their analysis report focuses on factors for executive attrition and structured store retention techniques.

Methodology

The top 10 manufacturing companies in the city of Coimbatore are being chosen for the study and from where the sample respondents are chosen. A total of 100 respondents who are employees of the selected companies are chosen based on simple random sampling. The data for the study is collected using a structured questionnaire and they were sorted out in a manner suitable for analyses. The study possesses itself with the limitation of having the results for specific location.

Analyses and Discussion

Impact of employees' attrition on development and productivity

H₀₁: There is no significant impact of employees' attrition on the development and productivity of selected companies

The hypothesis is broken into sub-hypotheses each for development and productivity.

Impact of employees' attrition on success

H_{01a}: There is no significant impact of employees' attrition on the development

Table 1: Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EA	6.32	6.33	1.25	0.02
C	4.18	3.87	3.81	0.01
R-Squared	0.42		Durbin-Watson stat	1.47
Adjusted R-squared	0.36			
F-statistic	16.17			

Source: Primary data

The table 1 shows the regression analysis between employees' attrition and development. The analysis placed development as dependent variable and employees' attrition as independent variable. The analysis shows ($R^2 = 0.42$), which states that the employees' attrition contributed significantly for the business development. It can be inferred from the table that Adjusted R-square value is 0.36. The F-statistic is significant indicating the hypothesized relationship between the employees' attrition and development is validated. The value of Durbin-Watson statistic is 1.47 indicating that the model is not suffering from auto correlation problem. The calculated F value is more than the table value and hence, the null hypothesis is rejected and concluded that no significant impact of employees' attrition on the development.

Impact of employees' attrition on productivity

H_{01b} : There is no significant impact of employees' attrition on the productivity

Table 2: Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EA	6.32	1.52	4.15	0.21
C	1.45	2.13	6.31	0.07
R-Squared	0.45		Durbin-Watson stat	1.55
Adjusted R-squared	0.39			
F-statistic	3.21			

Source: Primary data

The table 2 shows the regression analysis between various employees' attrition the productivity. The analysis placed productivity as dependent variable and employees' attrition as independent variable. The analysis shows ($R^2 = 0.45$), which states that the employees' attrition contributed significantly for the productivity. It can be inferred from the table that Adjusted R-square value is 0.39. The F-statistic is significant indicating the hypothesized relationship between the employees' attrition and productivity is validated. The value of Durbin-Watson statistic is 1.55 indicating that the model is not suffering from auto correlation problem. The calculated F value is more than the table value and hence, the null hypothesis is rejected and concluded that there is no significant impact of employees' attrition on the productivity.

Recommendation and Conclusion

India's manufacturing industry has reached an era that has experienced numerous changes over the last decade, with a major shift in the form and expansion of the globalized economy. With different socio-economic classes of customers all over the country, India has a thriving industry. In India, the issue of depletion in its workers is also triggered by the sudden growth of the organized retail market. Nowadays, in diverse business cultures around the world, the big issue of turnover has risen. The slow disruptive factor in an organization's growth and competitiveness has been workforce turnover.

To manage the high rate of attrition, companies need to develop comprehensive retention strategies. A clear understanding of the job profile and performance assessment must be developed among employees. Full preparation,

necessary resources, and time to complete difficult work must be offered by the company if the employee wishes to transfer to an employer that offers them. Proper communication between staff, supervisors, and employers must be established. It is really important to pay attention to the grievances of workers and strive to fix them as much as possible to retain the workforce in the company. Ultimately, Coimbatore's manufacturing firms need to encourage diversity and design techniques to keep their workers in diverse roles, age groups, and functional areas by providing them with resources for their development and make them aware that they are the company's most important and valuable commodity.

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