

An Empirical Study On Relationship Between Causes And Effects Of Employee Turnover In Indian Manufacturing Industry (A Study With Special Reference To Chennai City In Tamilnadu)

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ABSTRACT

Employees are the main pillars and the most valuable asset for any type of organizations. The main purpose of the study is to know the wakefulness, level of understanding of causes and effects of employee turnover in the manufacturing industry. Further, this paper also analyses the factors which influence the level of understanding of causes and effects of employee turnover among the employees. To achieve this objective were framed and the study found factors influence that causes and effects of employee turnover, such as poor management, low pay, lack of training and recognition, poor supervision, job security and work life balance etc.,

Keywords: Employee Turnover, Employee Retention, Employee satisfaction, Management policies.

INTRODUCTION

In the present occupation condition, Organizations are endeavoring to keep up their very talented employees and to urge them to enhance their capacities. Companies are constantly worried about losing their accomplished human capital due to the money related and operational ramifications that turnover conveys to them. The absence of maintenance capacity in an association has prompted the loss of gifted and experienced employees. Each association wished to have high efficiency, less turnovers and to be productive. Overseeing turnover effectively is an unquestionable requirement to accomplish the objectives. The most abnormal amount of turnover ordinarily found in private parts than open segments. Employee turnover in association is one of the primary issues that widely influence the general execution of an association. The most elevated rates are discovered where joblessness rate is lower and where it is simple for individuals to get elective work. Once in a while representative turnover benefits association emphatically. This may happen when a poor entertainer is supplanted by a more gifted representative and when a resigned employee supplanted by a more youthful one.

Starting 1990s, the Indian business condition has experienced striking changes. Most associations saw the nearness of a long serving gathering of employees

as a sign of inward effectiveness. Be that as it may, with monetary progression opening up new vocation

limits for experts in many ventures, and in this way immensely upgrading their estimates for portability starting with one association then onto the next. Indeed, even in the exceedingly created modern countries, the rate of representative turnover is high.

There are a few causes that lead the employees to leave the association and move to the contender and there are likewise different systems that ought to be received by business to hold the representatives from setting off to the contender. The Organization should likewise endeavor to comprehend the requirement for employee as it is at least for the advantage of all.

EMPLOYEE

Employees are the main pillars and the most valuable asset for any type of organizations. It can define as „an individual who performs certain tasks and duties for the accomplishment of organizational goals and against his services he must get some monetary reward in the shape of predefined monthly salary”. Employees are the biggest investment of a firm and bring the greatest reward. Employees are viewed as assets to be managed rather than an element to gain revenue. Management has to lead a different group of employees in order to get high quality production. They are the people who have the function and ability to organize and manage the outcome of one certain assignment. If an employee is totally dedicated towards its organization he would tend to perform better than those who are disengaged. Employees in the manufacturing sector have great importance in the

sense of having technical skills. Employees are expected to demonstrate a very high performance in order to achieve the organization's mission, goal and objectives.

EMPLOYEE TURNOVER

Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. For most companies, employee turnover is a costly expense, especially in lower paying job roles, for which the employee turnover rate is highest. Employee turnover is a natural outcome of doing business, yet it is harmful to an organization in large quantities, so it should be kept to a minimum. It is expenses, especially for lower paying job roles; there the turnover rate is highest. Many factors play a role in the employee turnover are Wages, company benefits, employee attendance, and job performance that plays a significant role in employee turnover. There are certain instances, employee turnover can be beneficial to the company such as terminating poor performers, allowing for internal promotion, and hiring new employees with innovative ideas.

High Turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations or poor candidate screening). The lack of career opportunities and challenges, dissatisfaction with the job-scope or conflict with the management has been cited as predictors of high turnover.

Higher rate of turnover may lead to decrease in:

1. Productivity
2. Service delivery
3. Spread of Organizational knowledge

Low Turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. However, the predictors of low turnover may sometimes differ than those of high turnover. Aside from the fore-mentioned career opportunities, salary, corporate culture, management's recognition, and a comfortable workplace seems to impact the employees' decision to stay with their employer.

A little rate of employee turnover may result into:

1. Bringing in new ideas and skills from new hires.
2. Better employee-job matches.
3. More staffing flexibility.
4. Facilitate change and innovation.

CAUSES OF EMPLOYEE TURNOVER

There are several factors that cause high turnover within companies. This report will focus on voluntary turnover, because voluntary turnover is something that companies are more able to control. Employees voluntarily quit for several reasons, specifically:

- ❖ The pay is too low
- ❖ Lack of benefits
- ❖ Tasks are too repetitive
- ❖ The circumstances listed above such as family, school, or moving
- ❖ Poor management
- ❖ Lack of advancement

- ❖ Burnout
- ❖ Compensation package differences Job and employee skill mismatch, the job may be less or more satisfying and challenging according to the employee.
- ❖ Inferior facilities, tools, etc.
- ❖ Less recognition
- ❖ Less or no appreciation for the work done
- ❖ Less growth opportunities
- ❖ Poor training
- ❖ Poor supervision
- ❖ Less work and life balance practices

REVIEW OF LITERATURE

Choi Sang Long, Tan OweeKowang and Thoo Ai Chin (2017) has focused that the relationship between human resources practices and employee turnover in an organization. The authors found that there is a significant relationship between human resources practices and employee turnover. It shows that human resources practice initiatives have decreased the employee turnover. Finally, they concluded that practices are employee career development, performance management, training and a fair compensation scheme.

Shaheeb Abdul Azeez (2017) has suggested that leadership, rewards, salary, compensation, training & development, career development, recognition, employee engagement, appraisal system and superior support help enhance the employee retention among employees in an organization.

Yong Lu et.al, (2017) authors found that reducing working hours, raising salary, providing more opportunities for career development and training, supporting and encouraging physicians by senior managers could potentially contribute to the reduction in turnover intention in the organization.

NEED FOR THE STUDY

The issue of employee turnover still exists in the vast majority of the association all through the world. Indeed, even in the exceedingly created modern countries, the rate of representative turnover is still high. A gifted specialist might be an advantage for any association. On the off chance that a talented individual leaves an association the impacts will be high where as if there should be an occurrence of a semi-gifted or un-talented individual the impact will be less. Therefore, an empty place of an ability individual might be filled by another new laborer, however creation falls because of their expertise distinction. Then again, five or six semi-gifted or un-talented individual might be yet those spots can be filled with maybe a couple gifted individual. It is, along these lines, pivotal to keep up a steady workforce, especially for the talented ones out of an association to diminish turnover for the improvement of the association. High turnover shows that an association is either making a lackluster display with regards to choosing the right representatives or neglecting to give a workplace that empowers representatives to confer long haul. This may straightforwardly prompt lost venture, the high expenses related to preparing the new workforce regularly and an effect on group execution. This principle motivation behind the examination is to decide about the circumstances and end results of representative turnover to the association.

SCOPE OF THE STUDY

The study presents various reasons why employees are leaving the organization. It also helps to evaluate the reason why the employees are not happy with the organization. There are cases when employees leave the company even if they offer competitive salaries. The employee does not approve of the management style and they are unhappy with the culture of the organization. There are also cases when the employees leave because of their fellow employees or his superiors. Clashes of personalities are common in the workplace. When an employee can no longer stand the tension in the workplace, he may opt to leave the organization. It does not matter if he finally got his dream job or receiving a generous pay check. If he no longer has peace of mind, he will look for another job. It is man's nature to seek for growth. There are cases employee feels that there is no room for him to grow in a certain organization; he will look for a place where he can grow further. However, this is not a factor for everyone. There are those who are satisfied to do the same thing even after ten years.

OBJECTIVES OF THE STUDY

1. To identify the factors that causes of Employee Turnover in study area.
2. To analyze the effects of employee Turnover in manufacturing industry in study area.

RESEARCH METHODOLOGY

Primary data are used for undertaking the study. The required primary data have been collected by means of a well-structured questionnaire to the manufacturing employees in Chennai city to elicit their responses. The sample size for this study is 150 employees of the manufacturing sector in Chennai city. The study uses the convenience sampling method.

EMPIRICAL RESULTS AND DISCUSSION

In this section, the data collected through a structured questionnaire, were analyzed and interpreted using percentage analysis, correlation, factor analysis and rank analysis. The results of the analysis are presented in this section.

**TABLE: 1
Age Group of Respondents**

Age	Number	Percent
Less than 30 years	27	18
31- 35 years	35	23
36-40 years	56	37
More than 40 years	32	21
Total	150	100

Source: Computed data

INFERENCE

From the above table it is clear that 37% of respondents are in the age group of 36 to 40 years, 23% are in the age group of 31 to 35 years, and 21% are above 40 years, 18% are in the age group of less than 30years. From this, it is evident that a majority of the respondents are 36 to 40 years age group.

TABLE: 2 Marital Status of Respondents

Status	Number	Per cent
Married	121	81%
Single	29	19%
Total	150	100%

Source: computed data

INFERENCE

From the above table, it is clearly analyzed that out of 150 respondents, 81% belongs to Married employees in an organization, 19% are Unmarried employees in an organization. It is evidenced that a majority of the respondents are Married employees.

TABLE: 3 Working Hours in a Day of Respondents

Years	Number of Respondents	Percent
Less than 8 hours	3	2
8-10 hours	82	55
10-12 hours	64	43
More than 12 hours	1	1
Total	150	100

Source: computed data

INFERENCE

From the above table it is ascertained that out of 150 respondents, 55% of respondents spending 8-10 hours at work, 43% spending 10-12 hours at work, 2% spending less than 8 hours at work and 1% spending more than 12 hours at work. Thus, it is inferred that a majority of the respondents are spending 8-10 hours at work.

TABLE: 4 The Correlation between Factors that Cause to Stay in the Organization

Correlations						
		Motivation	Job Satisfaction	Working Environment	Management Practices	Total Mean
Monetary and Non-Monetary	Pearson Correlation	1	.373**	.393**	.486**	.765**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	150	150	150	150	150
Job related factors	Pearson Correlation	.373**	1	.431**	.353**	.719**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	150	150	150	150	150

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.567 ^a	.321	.307	.438		
a. Predictors: (Constant): Working Environment, Monetary and Non-Monetary, Job Related Factors.						
Working Environment	Pearson Correlation	.393**	.431**	1	.517**	.758**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
Management Policies	Pearson Correlation	.486**	.353**	.517**	1	.773**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	150	150	150	150	150
Total Mean	Pearson Correlation	.765**	.719**	.758**	.773**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	150	150	150	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

INFERENCE

From the above table, it is clearly analyzed that the main cause to stay in the organization is management policies in the workplace which shows the highest Mean value 0.773. Then another reason to stay in the organization is Monetary and Non-Monetary and Working Environment in the workplace which is identified that the Mean value .765 and .758. It is also one of the factor to stay in the organization is Job related factors in the workplace, which shows the lowest Mean value .719 while compared to others. From this, it is concluded that a majority of the employee's main cause to stay in the organization is management policies in the workplace.

TABLE: 5 Effects of Employee Turnover in an organization

INFERENCE

From the above table it shows that $R = .567$, $R^2 = .321$ and adjusted $R = .307$ and standard error = .438. This implies that the independent variable of Working Environment, Monetary and Non-Monetary benefits, Job Related Factors, Effects of Employee Turnover create 3.12% effects.

TABLE: 6 (ANOVA^b) Effects of Employee Turnover in an organization

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	13.270	3	4.423	23.012	.000 ^a
	Residual	28.065	146	.192		
	Total	41.335	149			
b. Predictors: (Constant): Working Environment, Monetary and Non-Monetary, Job Related Factors.						
c. Dependent Variable: Effects of Employee Turnover.						

INFERENCE

From the table, it analyzed the F value 23.012, $p = .000$ is statically significant at the 5% level. Therefore, it can be concluded that the Working Environment, the Monetary and Non-Monetary benefits and Job Related Factors on effects of employee turnover are significant relationship between these two variables.

TABLE: 7 (Coefficients^a) Effects of Employee Turnover in an organization

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	-.191	.485		-.393	.35
	Monetary and Non-Monetary	.219	.096	.175	2.285	.024
	Job related Factors	.313	.105	.233	2.987	.003
	Working Environment	.473	.118	.315	4.007	.000

INFERENCE

From the above table, it is found that the Monetary and Non-Monetary benefits ($t = 2.285$, $p = .024$), Job related Factors ($t = .233$, $p = .003$) Working Environment ($t = 4.007$, $p = .000$) has a strong significant Effects of Employee Turnover. This implies that the employee's passion to do work and searching for the good Working Environment in this organization it will give an extraordinary work of their organization.

SUMMARY OF FINDINGS

- ❖ It clearly indicates that the employees who fall between the age group 36-40 years stay in the organization.
- ❖ It shows that majority of the manufacturing concern recruiting only male employees as they involved in handing tools and techniques.
- ❖ It clearly shows that the married employees falling under the age group of 36-40 years are earning high annual income needs to stay longer in the organization.

- ❖ It displays from the majority of the employees responded that the organization, allowing the employees to work for 8-10 hours in a day.
- ❖ It is clearly examined the high rate of employee turnover maximum affects the productivity, which is the main root cause of the organization and minimum affects the Monetary Benefits enjoyed by the employees in the organization.

SUGGESTIONS

- Good working relationship must be established among personnel in order to minimize their employee turnover.
- The employees should be trained so that they keep in step with the modern business world and technology so as to increase efficiency, to increase productivity and finally to produce quality products.
- It is suggested that career growth for the employees should be taken care by the organisation by providing promotion and high income.
- Managers should appraise their employees regularly and communicate the results promptly.
- Managers of the organization should adopt democratic leadership style. This can enable organizations to achieve improved worker performance and increase productivity in the organizations.
- Employee's performance should be recognized they should be treated with dignity. This can enhance motivation and improve performance.
- Management should reduce the employees from recruit outside for higher posting to work in the organization they needs to give promotion for the employees who are more experienced in the organisation it encourages the employee to stay for a long period.
- Job satisfaction of personnel could be improved upon by introducing more job benefits like housing loan, medical services, opportunity to learn new skills, etc. This in turn, will improve their confidence in the organisation.
- To avoid more absenteeism in the organisation when more productivity needs to done, the organisation can provide additional bonus for the employees by tracking their attendance.

CONCLUSION

Employee turnover is the number of employees that had to be replaced in a given time period to the average number of employees leaving the company. There are cases when employees leave the company even if they offer competitive salaries. The employee does not approve of the management style and they are unhappy with the culture of the organization. These factors can cause employees to say goodbye to the organization they see better opportunity elsewhere. There are also cases when the employees leave because of their fellow employees or his superiors. Clashes of personalities are common in the workplace. When an employee can no longer stand the tension in the workplace, he may opt to

leave the organization. It does not matter if he finally got his dream job or receiving a generous pay check. If he no longer has peace of mind, he will look for another job. If it is unstable, the employees will surely look for a more stable organization. They would not want to stay long in an organization that could close any time. The most common reason why employees leave an organization is that the employees are not happy with the organization. Man has a growing desire to own more things and better pay can give them this. Apart from that, they are compelled to look for better pay because of financial needs.

To reduce the all these factors, the organization should Provide a challenging job, and offer realistic promotion opportunities, reduction in workload and working hours and more flexible work patterns, Remove the barriers and biases which create unfair workplace, gives opportunities for individual employees to develop their skills and move on in their careers, provide frequent reviews and positive reinforcement reward and encourage high-performing employees.

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