Research Paper

A Study of Employee Attrition at – DPPCL (Baba)"

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ABSTRACT: *This topic proves to be of major concern to DPPCL. The attrition rate has been on the rise for the past 4 years in this company but till date no study was conducted to study attrition rate. The success of any manufacturing organization depends largely on the workers and the employees and they are considered as the backbone of the company. This study has been undertaken to identify the level of employee's dissatisfaction factors which they face in the organization and for what reason they prefer to change their job. Once the levels of employee's dissatisfaction are identified, it would be possible for the management to take necessary action to reduce attrition level. Since employees are considered as backbone of the company, their required progressive nature will lead to the success of the company in the long run.*
This study will be helpful in knowing, why the employees want/ decide to change their job and the factors that leads to the dissatisfaction of employees.
This study will be helpful to the management to improve its core weaknesses by the suggestions and recommendations prescribed in this project. This study can serve as a basis for measuring of the organization's overall performance and that 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.
This research would help in comparing the previous year's attrition rate with the current year's attrition rate and thereby reduce it by analyzing the reasons contributing to it.

I.   INTRODUCTION

Over the last century, technology has been changing at an unprecedented rate. These changes have impacted various aspects of human life with deep implications for the management of organizations. In an organization, without measuring the level of employee satisfaction, it is difficult to target the improvement areas. Employee satisfaction describes whether employees are happy and contented and fulfilling their desires and needs at work. Employee satisfaction is a factor in employee motivation, goal achievement, and positive morale in the workplace.

Although people were always regarded as important in managing organizations, their centrality has become sharper in today's changing world. It is much easier to buy technology and to get resources, both financial and material but it is impossible to buy human processes such as: faster decision making, effective negotiation, strategy formulation, and leadership development. The huge technological changes are also affecting the relationship of organizations with their members and employees.

In today's era almost all the organizations face numerous challenges and at the forefront of those challenges are sustaining competitive advantages. The various challenges faced by the organizations are: Employee Attrition, Lack of employee engagement, Reduced employee morale/motivation, Work life balance, Career growth, performance management system etc.

Attrition rate is defined as the number of employees who leave the company during a specified time period divided by the average total number of employees over that period. Attrition is not always bad for the company. A certain level of attrition allows the company to absorb the dynamic, young and fresh minds who can add value to the company with better use of new technologies. So, it becomes very important to find out the reasons of attrition at a company. A high attrition rate is always expensive, non-productive and frustrating for an organization.

Measurement Of Employee Attrition Rate

By calculating the company's employee attrition rate, we determine the percentage of employees that left the business/company over a period of time. This time period is usually one year. Attrition rate includes all employees who leave the company voluntarily or involuntarily.

Example: Any employee, who chooses to leave a company for another job, comes under voluntary employee attrition. And on the other hand, if an employee is fired or terminated by the company is an example of involuntary attrition.

Step 1: First, calculate the average number of employees who worked at the company during the year. To determine this, calculate a simple average by adding the number of employees who began the year with the company to the number of employees remaining at the end of the year. Now, divide this sum by two.

Example: assume a company had 100 employees at the beginning of the year and 110 employees at the end of the year. So, 100 plus 110 equals 210, divided by two equals 105. Now, this figure represents the average number of employees employed by the company during the year.

Step 2: In second step, determine the number of employees who left the company during the year from the past year's employment records (that may be HRIS or ERP etc.) If the company does not keep a running record of employee attrition, physically count the number of employees who left the company over the year. Let's say, 30 employees left the company during the year.

3: Now, to get the value of an employee attrition rate, divide the number of employees who left the company during the year by the average number of employees who are employed by the company during the year.

Formula of Attrition Rate: Attrition Rate = (Number of employees who left in the year / Average employees in the year) * 100

Continuing the above quoted example, 30 divided by 105 equals to .286. To get the percentage rate, multiply this figure by 100 to arrive at 28.6%. So, this figure represents the company's employee attrition rate for the past year.

Types Of Attrition: The attrition can be divided into four major categories.

*   **Voluntary attrition -** This type of attrition takes place when an employee leaves the organization by his own wish.
*   **Involuntary attrition -** When an employee leave the organization because of some negative forces like wrong promotion policy, biased performance appraisals, unhealthy relationship with bosses or peers.
*   **Compulsory attrition -** This type of attrition takes place due to the rules and regulations of the government and that of the organization as well, which we have to follow and these may be the legal aspects. eg; retirement, completion of tenure etc.
*   **Natural attrition** – It is attrition due to various causes and factors that are beyond control of the individual and organization as well. These factors may include end of life etc.

Issues and limitations:

Many big companies use the power of money to attract talent from small companies. There are many other ways which company uses to attract employees ie; by providing better location, nature of work, other benefits etc. Higher percentages of attrition are definitely not good indicators of any organization, but a certain percentage of manpower rotation is required to keep fresh blood coming in, and removing the old ones. Today, it has become more challenging to find the right talent within constraints such as location, nature of work, compensation and benefits, work life balance etc.

Sometimes people migrate from even bigger companies to the smaller companies, and that is mainly because of the prestige and/or market value associated with it due to a certain project or a particular client or an organization. There are even some companies are better paymasters than larger brands. Most of the research on attrition has been conducted in various organizations, but it does not mean that organizations and institutions have been free from it.

Company Profile

BABA is one of the oldest multi diversified conglomerate brand in India. The one who is associated with the Indian Paan Tradition, Flavoured Chewing Tobacco or Pan Masala, knows about the brand BABA and its rich heritage. The company has set the industry standards for the manufacturing of chewing tobacco. Dharampal Premchand Ltd (DPPCL) has a specific business of chewing tobacco in India with a turnover of more than Rs. 500 crores. It is as diversified as it gets with products ranging from Cigarettes, Chewing Tobacco, Mouth Fresheners, Confectionaries, Deodorants, Premium Gulab Jal to 100% Pure Multipurpose Oils. The company caters to millions of customers worldwide.

Vision : The company has a vision of being a leading global corporation which is appreciated for superior quality and ethical responsibility towards our customers. The company believes in providing a healthy environment conducive to growth and development of the organization and its stakeholders.

II. LITERATURE REVIEW

According to a study on Employee Attrition And Retention In Manufacturing Industries (by Latha), School of Management, Pondicherry, Attrition is the decrease in the number of employees through retirement, resignation and death. Attrition can also be said as Employee Turnover or Employee Defection. Whenever a well-trained and well-adapted employee leaves the organization, it creates a vacuum and then the organization loses key skills, knowledge and business relationships.

Today modern managers and personnel administrators are greatly interested in reducing Attrition in the organization, in such a way that it should contribute to maximum effectiveness, performance, growth, and progress of the organization or a company.

The decision of leaving the organization is not at all easy for any individual employee. Also a good amount of energy has to be spent on finding new jobs, adjusting to new places, new situations, new people, new team and giving up the known routines and interpersonal connection and is so stressful (by Boswell, Boudreau and Tichy, 2005). That is why if timely and proper measures will be taken by the organizations, some amount of the voluntary turnover in the Organization can be prevented.

There can be various reasons for employee leaving the organisation and it can be the external environmental factors like, economy that influence the business which in turn affects the employment levels (Pettman 1975; Mobley, 1982,Schervish, 1983; Terborg and Lee, 1984).

There can be some organizational variables also eg; type of industry, occupational category, organization size, payment, supervisory level, location, selection process, work environment, work assignments, benefits, promotions and (Mobley, 1982; Arthur, 2001).

 Denvir and McMahon (1992) defines the labor turnover as movement of people into and out of the employment within an organization.

Mobley (1982) defines turnover as voluntary cessation of membership in an organization by an individual who receives the monetary compensation for participating.

Meaghan (2002) states that the value of employees to an organization is a very crucial in success of the organization. Giving this statement he draws an attention on control of employee attrition. He also states that this value is intangible and cannot easily be replicated.

Research Approach / Sampling Method
The respondents are the employees of Executive and managerial level of the company Scope of the Study:
Employees of DPPCL (BABA)
Area: Noida.
Research Duration: June 2016
Sample Size: 80
Statistical tool used: Excel Sheet, SPSS

Impact:
On organization: The growing wage inflation and attrition rates have placed margin pressures on these companies. Employee attrition is a crucial problem that the company faces these days. Amongst these, attrition has always been a sensitive topic in almost all types of companies like IT as well as FMCG.
There are several drawbacks of higher attrition which makes it important to be studied. Higher attrition brings additional cost to the company, leads to decreased productivity, people leave causing others to work harder which contributes to more attrition, further which it contributes to increased costs and lower revenue. The organizations and business face numerous challenges in today's aggressive business environment, at the forefront of the challenges faced by various organizations is sustaining competitive advantage.
On people:?? Increased unstability

Research Objective
- To study the extent of employee attrition in the company (DPPCL),
- To identify root cause of attrition and find solution for employee retention based on primary data collected from survey.

III.   RESEARCH METHODOLOGY

Research Questions
Following are the questions of the research study:-
• How much is the Employee attrition rate?
• What are the main reasons of employee Attrition in the company?
• What can be the solutions for employee retention in the company?

Research Design: The research design used in this research is Conclusive Research Design**.** Conclusive research is more likely to use statistical tests and larger sample sizes, compared with exploratory studies. Conclusive research is more likely to use quantitative, rather than qualitative techniques". Conclusive Research design is of two types: descriptive and causal. Both type of the research designs has been used in this study.
Descriptive research methods: are used when the researcher wants to describe specific behavior as it occurs in the environment. In this research is finding the attrition rate of Company's employees.
Causal research design: tells us the cause and effect relationship. So to find out the reasons of visible attrition by drawing various hypotheses.
Method Of Data Collection: The data collected is divided into two namely primary data and secondary data.

The method and mode used for collecting these data are:
Primary Data: The data has been collected as the primary data by the questionnaire method.
Secondary Data: For this research, Resigned/Left Employee Data and Exit interview data were provided by the company.

IV.   DATA ANALYSIS & INTERPRETATION

1 Erp Data Study
ERP data has been collected for total number of existing employees, employees left in the last four years to identify the trend of attrition and calculating the rate of attrition. One year has been taken as one financial year for the study.
1.1 Employee Attrition Data Trend from 2012 to 2016

Table 1.1:

TREND OF EMPLOYEE ATTRITION (2012 TO 2016)				
Year	No. of emp. worked during the year	Avg no of emp. worked during the yr	Total no. of attrition	Total Attrition Rate
2011-12	705	--	-	-
2012-13	853	779	196	25.16%
2013-14	915	884	147	16.63%
2014-15	1005	960	167	17.40%
2015-16	1145	1075	172	16.00%

Figure 4.1.1:
Inference: There is no consistency in the attrition rate throughout since last four years. The fluctuating graph can be seen here which wa highest in 2012-2013. After investigation it was found that the exceptionally increased rate of attrition in the year 2012 -2013 is due to the closing of Agartala plant which was meant for production of candies. But still we find that the rate of attrition is upto 17.4%.

4.1.2 As there was closing of the plant in a particular location this event can be considered exceptional case. Looking at the data excluding the effect on attrition due to the closing of Agartala plant.

Table 4.1.2:

TREND OF EMPLOYEES ATTRITION EXCLUDING PLANT CLOSING					
Year	No. of emp. worked during the year	Total no of attrition	No. of Attrition excluding agartal case	Avg no of employees who worked during the year	Attrition Rate
2011-12	705				
2012-13	853	196	88	779	11.30%
2013-14	915	147	130	884	14.71%
2014-15	1005	167	167	960	17.40%
2015-16	1145	172	172	1075	16.00%

Figure 4.1.2:

Inference: If we exclude the unavoidable closing of Agartala plant the attrition rate has slightly increased but is controlled till 2016.

Number of employees is also increasing which also shows the growth of the company and increasing demand of the company.

4.1.3 By segregating the data in sales and non-sales categories, the further scope of study is visible to the increased rate of attrition in sales.

Table 4.1.3:

Year	ATTRITION RATE OF SALES CATEGORY			
	Total no of employees worked during the year	No. of left emp	Avg no of employees who worked during the year	Attrition Rate
2011-12	116			
2012-13	202	40	159	25.16%
2013-14	300	66	251	26.29%
2014-15	396	110	348	31.61%
2015-16	490	115	443	25.96%

Figure 4.1.3:

Inference: As per the data of sales category the attrition rate is on higher side with a maximum of 31.61%
4.1.4 There is a requirement of thorough study of sales category in different regions.

Table 4.1.4:

Year	EMPLOYEE ATTRITION RATE IN NON-SALES CATEGORY			
	Total no of employees	No. of left emp	Avg no of employees who worked during the year	Attrition Rate
2011-12	589	-	-	-
2012-13	651	156	620	25.16%
2013-14	615	81	633	12.80%
2014-15	609	57	612	9.31%
2015-16	655	57	632	9.02%

Figure 4.1.4:

Inference: Here also the graph shows the attrition rate of 25.16% in non-sales category which is again the impact of the closing/shut down of the manufacturing unit in Agartala.
4.1.5 **In** the non-sales category there is a visible decreasing rate of attrition year by year. So probably the major area of concern is in sales category which further needs to be studied.

Table 4.1.5:

Year	TREND OF NON-SALES EMPLOYEES LEFT EXCLUDING PLANT CLOSING CASE			
	Total no of employees	No. of left emp	Avg no of emp. who worked during the year	Attrition Rate
2011-12	589	-	-	-
2012-13	651	48	620	7.74%
2013-14	615	64	633	10.11%
2014-15	609	57	612	9.31%
2015-16	655	57	632	9.02%

Figure 4.1.5:

Inference: From the above depicted graph it is clear that the attrition rate is below the approximate level of 10% for non- sales category.

4.2. EXIT INTERVIEWS:
The data for exit interviews is collected from previous years company records. All the exist forms were collected and studied as per below given table. Only those employees were covered who spent at least years in the organization. Various reasons of leaving the company cited by the left employees and broadly categorized into following:

List of prevailing reasons of attrition as per employees who worked with the organization:

Table 4.2.1:

Reasons	No of responses	%age	
Better salary+opportunity	11	26%	
Others	4	20%	
For growth	3	18%	
Higher studies	2	15%	

Issues wirh vendor	2	7%	
Issues with superior	12	5%	
No clear responsibility	2	3%	
Business	9	3%	
Personal Problem	16	3%	
Total	61	100%	

Inference: The reason for leaving shows a maximum of 26% of personal reasons which may because that people do not want to disclose the actual reason of leavig. The two alarming and major reasons are on job issues and competitive compensation.

Figure 4.2.1:
Graphical representation of exit interviews which shows the reasons for leaving the company.

Inference: Referring to the Questions of Exit Interview which gives an idea of dissatisfaction level to the following factors which has influence on decision to leave.
• In others category 7% People says that they not satisfied with the Working conditions (which may include office setting/decorum, schedule, travel, flexibility).
• Very few of around 3% leave because they want to grow and do not compromise for not being highly educated.
• 3% says that they are not having clear responsibilities and the job description are not clearly defined, which shows dissatisfaction with the policies which need upgradation.
• A good percentage of around 20% people were not satisfied with their Supervisor / Reporting Manager or they do not have harmonious relationship with their peers/superiors which may reflect to issues of power and politics. There may be some behavioural aspect which leads to unhealthy relationship between peers and sob-ordinates
• A clear picture about pay package is reflected when 18% of people say it is very less.
• According to exit data a larger percentage ie;15% of people are opting to run their own business.

Other Cited Reasons:
• Location is also an issue for some as 2 % people says yes to it.
• Only 2% said that Cost of living in area or expenses are more than what they earn.
• In today's scenario people are not ready to compromise their comfort level and want to save time for maintaining work-life balance and hence for them commute from residence to office is an issue. This may also because of options available in the market as the number of similar industry/organisation is increasing day by day.

4.3 Questionnaire
A questionnaire was made to understand the satisfaction level of the employees and their expectations from the organization. Most of the questions were made based on likert scale.

Analysis For Reasons Of Attrition In The Organization.
Table 4.3.1:

ATTRIBUTES/REASONS	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISGREE
Mismatch of job profile	14%	35%	27%	15%	7%
Lack of proper compensation	42%	32%	16%	6%	0%
Lack of career growth	21%	46%	15%	11%	3%
Stress and work life balance	28%	36%	19%	12%	4%
Workplace environment	20%	35%	36%	6%	0%
Racial/gender discrimination	15%	18%	21%	38%	5%
Training	11%	19%	20%	27%	19%
Baisness during Appraisals	23%	34%	28%	8%	5%

Figure 4.3.1:

: From the table and graph it can be observed that 42% people strongly agrees to the attribute lack of proper compensation. 46% says that there is lack of career growth and 36% people are not satisfied with the work-life balance prevailing in them. Biasness during appraisal have got the 38% people agreeing to it.

The %age of satisfaction/agreement area which are in extreme are:
• People believe they having good relationship with peers and subordinates

- They are not properly rewarded
- Remuneration in less competitive
- Less number of leaves/OFF

Table 4.3.2:

Attributes	Very High	High	Medium	Low	Very Low	Total
EMPLOYEES OPINION ABOUT SALARY						
My salary when compared with competitor's salary	0	5	21	39	15	80
	0	6%	26%	49%	19%	100%
Performance bonus given to me by the company	12	14	23	22	9	80
	0.15	18%	29%	28%	11%	100%
Standard increment in the company	20	14	31	10	5	80
	25%	18%	39%	13%	6%	100%
Satisfaction level in salary and increment	5	17	17	27	14	80
	6%	21%	21%	34%	18%	100%

Figure 4.3.2:

Inference: Form the above figure we can see that people give more emphasis to the salary than anything and company reputation is also equally important to them. Employees are least concerned with the workplace environment.

Further Bifurfication of each attribute:

Figure 4.3.3:

Inference: The highest of 28% people are very much concerned about the reputation of the company/organisation they are working in.

Figure 4.3.4

Inference: The highest of 40% people want a good package /remuneration from the company and none of the employee has other factors responsible to retain in the company as all responses are above 5 point scaling.

Figure 4.3.5

Inference: For 41% people workplace environment plays least importance in their decision to stay longer in the company. Very less for 10% people company's environment is at top priority.

Figure 4.3.6

Inference: For maximum ie; 35% people career growth plays important role in their decision but then salary and company reputation is at top priority.

Figure 4.3.7

Inference: Distance from home is really not a great factor for the employees as almost 80% of them has placed it at third, fourth or fifth factor.

Findings

Summary Of Findings: In last four years the company has expanded the business and thus the number of employees has almost doubled and with this increase in number of employees the attrition rate is also increasing which is a concern for the company.

In the last four years the range of attrition rate found is between 25.16 to 31.61% as per ERP data. Looking at various factors of dis-satisfaction, the areas of major concern are less salary which has been shown in the responses of exit interview as well as questionnaire survey. From the exit interview data it is reflected that most of the employees did not had a harmonious relationship with their reporting managers especially in sales and marketing profiles. The segregation of ERP data into sales and non-sales has given a clear picture of higher attrition rate in sales category.

Money plays an important role in taking decision to retain with the company or to leave the company. Also almost 90% says that there is no such existing policy to retain the employees at the time of leaving.

V.   CONCLUSION

The main aim of any organization is to earn profit and maximize the wealth if its shareholders. To attain the maximum profit, the organization should not neglect employees and should find ways to retain them for longer period.

From this study it has been identified that lack of work life balance and proper remuneration/salary are the major factors which force employees to change their jobs. Relationship with peers or bosses can be a factor in some selective field which can be further studied to categorise the particular area where it is prevailing and needs improvement. This study concludes that money/salary/remuneration is one of the biggest factor which influences the decision of resignation.

As per the analysis and interpretation of the data it has been found that here are some unavoidable conditions like increasing number of similar industries/company/organization. These companies are adversely affecting employee retention in the company.

Some level of dissatisfaction is shown when a good percentage of people are not sure whether they will advise a friend to apply for a job in this company.

It is true that increasing number of similar industries are adversely affecting employee retention in the company, which is also reflected when 70% people agree to it.

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