

**A Study on Attrition at Korea Fuel Tech India Pvt. Ltd., Chennai**

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**Abstract**

Attrition has been recognized as a vital issue, which affects the production of the organization and the community as a whole. It is not only harm to the particular industry but also to the whole economy. So attrition is a chronic factor, which eats up the industries hard earned profits. The main problem, which Korea Fuel- Tech faces today, is the increase in the attrition rate among workmen. The main objectives of the study is to find the reasons for attrition, to find the level of satisfaction of the workers towards various schemes introduced by the company to reduce attrition and to find the relationship between attrition and the various factors leading to attrition.

**Keywords:** Attrition, AWP's

**Introduction**

The manufacturing sector in India is growing almost at the same rate as IT. The attrition rate too in this sector is very high and is a major challenge to its growth. Although employee turnover can help organizations evolve and change, an American Management Association survey showed that four out of five CEOs view employee retention as a serious issue for organizational success. If managers know the real causes of attrition, managers can control attrition and retain employees. Each retained employee can save money and lead to better opportunities. Employee attrition costs 12 to 18 months' salary for each leaving manager or professional, and 4 to 6 months' pay for each leaving clerical or hourly employee. According to a study by Ipsos-Reid, 30% of employees plan to change jobs in the next two years.

Recent research strongly suggests that push factors are a great deal more significant in most resignations. It is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff has a preference for stability. Sometimes attrition positively benefits organization this happens wherever a poor performer is replaced by a more effectively employee and can happen when a senior retirement, allows the promotion or acquisition of welcome "fresh blood"-Moderate levels of attrition can also help to reduce staff costs in organization where business levels are unpredictable month on month. In such situations where business is slack it is straightforward to hold off filling recently created vacancies for some weeks.

**"More the Attrition, Less Would Be the Productivity"**

**Scope of the Study**

- a) This study helps the management to identify the influence of various organizational environments on employee attrition.
- b) This study helps to identify the causes for attrition prevailing in Korea Fuel – Tech India a Pvt. Ltd. Chennai.

c) This study deals with various variables such as wages, recognition and the influence on leadership on employee attrition rate.

### **Literature Review**

**Maruti revamps talent management norms over attrition fears:** (11 Mar, 2011, 0749 hrs IST, Lijee Philip & Chanchal Pal Chauhan, ET Bureau) MUMBAI/NEW DELHI: India's largest automobile company Maruti Suzuki is revamping its talent management practices in a bid to counter poaching from multinational car makers. Competitors like Volkswagen, Honda, BMW, Audi and Hyundai are offering fatter salaries to lure high performers away from the Delhi-based car maker. Maruti plans to induct younger professionals into the senior management cadre and devise salaries linked to performance even as it hikes entry-level pay, and throws in novel incentives to hold on to its executives on the fast track

**Attrition rate rises to 55 per cent: Assocham by BPO Watch India Bureau, April 15, 2011,** The rate of attrition has risen to 55 per cent in the Indian BPO industry, which is also facing a shortage of skilled and educated workers, said a study by industry body Assocham. The attrition rate has jumped to 55 per cent in the December 2010-April 2011 period from the 40 per cent level of the same period in the previous year, said the study in a report published in The Economic Times.

**Gender difference in attrition levels?** (Business Line print edition dated January 15, 2010) by **Anjali Prayag**. Women are more stable; less influenced by peer pressure and clearly have a better loyalty quotient... No, not some strident utterance by female activists, nor a leaf out of the Venus versus Mars relationship theory propagated by Dr John Gray, but real-life experiences of HR managers and recruiters in an industry that's battered by the 'attrition' bane

### **Purpose of the Study**

This study will help to disclose the various causes of attrition and suggests effective ways to reduce attrition.

### **Objective of the Study**

1. To study the influence of organizational environment on employee attrition rate.
2. To find out the causes of attrition.
3. To explore the effective measures to reduce attrition.

### **Method of Analysis**

Quantitative methods were used for analysis of the data. The tools used for analysis includes percentage analysis, Chi- Square test and weighted average Method

### **Research Methodology**

The sample size taken for the research is 150 and the random sampling method was used by the researcher. And the research design is descriptive research. The method of data collection is both the primary and the secondary data. Primary data collected through questionnaire. Secondary data includes books, magazines and internet. The tools used for analysis includes percentage analysis, Chi- Square test and Weighted Average Method.

**Analysis and Interpretation**

**Chi – Square Test: 1**

To find out whether there is a significant difference between workers planning to quit in 6 months, 1 year and 2 years and their satisfaction towards the wages and incentives provided

**Null Hypothesis:**

There is no significant difference between workers planning to quit in 6 months, 1 year and 2 years and their satisfaction towards the wages and incentives provided

**Alternate Hypothesis:**

There is a significant difference between workers planning to quit in 6 months, 1 year and 2 years and their satisfaction towards the wages and incentives provided

<b>Observed Frequency (O<sub>i</sub>)</b>	<b>Expected Frequency (E<sub>j</sub>)</b>	<b><math>\frac{(O_i - E_i)^2}{E_i}</math></b>
6	6.24	0.009230769
7	9.36	0.595042735
11	9.88	0.126963563
9	7.8	0.184615385
6	5.72	0.013706294
8	8	0
11	12	0.083333333
10	12.67	0.562659826
11	10	0.1
10	7.33	0.972564802
10	9.76	0.005901639
18	14.64	0.771147541
17	15.45	0.155501618
10	12.2	0.396721311
6	8.95	0.972346369
<b>TOTAL</b>		<b>4.9497</b>

Degrees of freedom = (R-1) (C-1) = 16

Critical tabled value = 26.30

The calculated value < table value

So, Null Hypothesis (H<sub>0</sub>) is accepted

**Inference**

There is a significant difference between workers planning to quit in 6 months, 1 year and 2 years and their satisfaction towards the wages and incentives provided

**Chi - Square Test: 2**

To find out whether there is a significant difference between workers planning to quit in 6 months, 1 year and 2 years differ significantly with the problems they have with management

**Null Hypothesis:**

Workers planning to quit in 6 months, 1 year and 2 years does not differ significantly with the problems they have with management

**Alternate Hypothesis:**

Workers planning to quit in 6 months, 1 year and 2 years differ significantly with the problems they have with management

<b>Observed Frequency (O<sub>i</sub>)</b>	<b>Expected Frequency (E<sub>j</sub>)</b>	<b><math>\frac{(O_i - E_i)^2}{E_i}</math></b>
9	9.88	0.078381
9	9.36	0.013846
8	6.76	0.227456
7	7.28	0.010769
6	5.72	0.013706
10	12.67	0.56266
11	12	0.083333
8	8.67	0.051776
11	9.33	0.298917
10	7.33	0.972565
19	15.45	0.815696
16	14.64	0.126339
10	10.57	0.030738
10	11.39	0.169631
6	8.95	0.972346
<b>Total</b>		<b>4.4281</b>

Degrees of freedom = (R-1) (C-1) = 16

Critical tabled value = 26.30

The calculated value < table value

So, Null Hypothesis (Ho) is accepted

**Inference**

Workers planning to quit in 6 months, 1 year and 2 years differ significantly with the problems they have with management

**Weighted Average Method**

**Aim:**

To test the preference of employees about various attributes such as employee orientation, communication, efficient supervisors, allocation of mentor, occupational health care to reduce the attrition rate

WEIGHT	X1	WX1	X2	WX2	X3	WX3	X4	WX4	X5	WX5
5	48	240	52	260	78	390	56	280	72	360
4	49	196	48	192	39	156	50	200	33	132
3	39	117	40	120	13	39	24	72	21	63
2	8	16	8	16	17	34	11	22	18	36
1	6	6	2	2	3	3	9	9	6	6
TOTAL	150	575	150	590	150	622	150	583	150	594

- W1 = Employee orientation
- W2 = Good communication
- W3 = Efficient supervisors
- W4 = Allocation of a mentor
- W5 = Occupational health care

$XW = \frac{\sum XW}{\sum XW}$
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- W1 = 575/15=38.33
- W2 = 590/15=39.33
- W3 = 622/15=41.46
- W4 = 583/15=38.86
- W5 = 594/15=39.6

### Ranking the Attribute

ATTRIBUTE	RANKING
Employee orientation	5
Good communication	3
Efficient supervisors	1
Allocation of a mentor	4
Occupational health care	2

### Interpretation

From the weighted average method it is observed that, efficient supervisors are ranked first by the employees to reduce attrition rate.

### Percentage Analysis

#### Respondents' opinion on the accurateness of job description

S.No.	Particulars	No. of Respondents'	Percentage
1.	Strongly Agree	40	27
2.	Agree	54	36
3.	Neutral	23	15
4.	Disagree	21	14
5.	Strongly Disagree	12	8
TOTAL		150	100

**Source:** Primary Data

### Inference

From the above table it is understood that 27 per cent of respondents strongly agree that employees know the accurateness of job description and 36 per cent of respondents agree and 15 per cent of respondents are in neutral and 14 per cent of respondents disagree.

#### Respondents' opinion on problems with management

S.No	Particulars	No. of Respondents'	Percentage
1.	Strongly Agree	38	25
2.	Agree	36	24
3.	Neutral	26	17
4.	Disagree	28	19
5.	Strongly Disagree	22	15
TOTAL		150	100

**Source:** Primary Data

**Inference**

From the table it is understood that 25 per cent of respondents strongly agree that employees are having problem with management and 24 per cent of respondents agree and 17 per cent of respondents are in neutral and 19 per cent of respondents disagree and 15 per cent of respondents strongly disagree.

**Respondents’ opinion about the work environment**

S.No.	Particulars	No. of Respondents’	Percentage
1.	Strongly Agree	25	17
2.	Agree	29	19
3.	Neutral	23	15
4.	Disagree	34	23
5.	Strongly Disagree	39	26
TOTAL		150	100

**Source:** Primary Data

**Inference**

From the table it is understood that 17 per cent of respondents strongly agree that they are comfortable with their work environment and 19 per cent of respondents agree and 15 per cent of respondents are in neutral and 23 per cent of respondents disagree and 26 per cent of respondents strongly disagree.

**Respondents’ opinion about working in shifts**

S.No.	Particulars	No. of Respondents’	Percentage
1.	Strongly Agree	38	25
2.	Agree	36	24
3.	Neutral	24	16
4.	Disagree	30	20
5.	Strongly Disagree	22	15
TOTAL		150	100

**Source:** Primary Data

**Inference**

From the table it is understood that 25per cent of respondents strongly agree that they are bothered about their working shifts and 24 per cent of respondents agree and 16per cent of respondents are in neutral and 20 per cent of respondents disagree and 15 per cent of respondents strongly disagree.

### Respondents' opinion about the transport facility

S.No.	Particulars	No. of Respondents'	Percentage
1.	Strongly Agree	44	29
2.	Agree	46	31
3.	Neutral	12	8
4.	Disagree	27	18
5.	Strongly Disagree	21	14
TOTAL		150	100

Source: Primary Data

### Inference

From the table it is understood that 29 per cent of respondents strongly agree that they are satisfied with transport facility provided and 31 per cent of respondents agree and 8 per cent of respondents are in neutral and 18 per cent of respondents disagree and 14 per cent of respondents strongly disagree.

### Findings

1. The Chi square test confirms that there is a significant difference between workers planning to quit in 6 months, 1 year and 2 years and their satisfaction towards the wages and incentives provided. The chi square test confirms that workers planning to quit in 6 months, 1 year and 2 years differ significantly with the problems they have with management.
2. From the weighted average method it is observed that, efficient supervisors are ranked first by the employees to reduce attrition rate.
3. 36 per cent of respondents agreed that there is accurateness of job description, 5. 25 per cent of respondents strongly agree that they have problems with management and 29 per cent of respondents disagree that they are not comfortable with work environment.
4. 25 per cent of respondents strongly agree that they do not bother about working shifts and 29 per cent of respondents strongly agree that agree that they are satisfied with transport.

### Suggestions

1. Welcome new employees. Customize your induction program for new employees according to the requirements. Same induction program cannot be applied to all the candidates. Make them feel welcomed.
2. Produce quality managers who can really manage employees well and Provide employees with work schedules that are flexible enough to suit their needs.
3. The quality of the supervision an employee receives is critical to employee retention. Frequent employee complaints arise on this issue.
4. Provide the employees a stress free work environment. People want to enjoy their work. Make work and work place cheerful and fun-filled as possible. Employees must



feel rewarded, recognized and appreciated. Giving periodical raise in salary or position helps to retain staff.

### **Conclusion**

Attrition is a serious problem that the organizations face today. This can be reduced if both the management and the managers realize this. The managers should take in a lead role here. They should be committed to tune and mould people in such a way that they best fit the organization. The management should convince the workers about their importance in the organization and the workers should feel that they belong to the KFTI Family. The study helped to identify the reasons for attrition and the satisfaction level of the workers towards the various factors leading to attrition. The management can take steps to reduce attrition by implementing the suggestions and can take some more measures by considering the causes of attrition. KFTI can become the leader in Indian Automotive Industry if they adopt necessary steps to reduce the attrition problems in the factory.

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