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A STUDY OF EMPLOYEE TURNOVER AND ITS CAUSES IN SMALL SCALE INDUSTRIES IN PUNE

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ABSTRACT:

Employee turnover is an integral and important aspect of any organization. A great care is to be taken by any management to protect them. There are various reasons for employee turnover like bad working conditions, wage rates, Domestic troubles and Family responsibilities, Lack of security of employment, Lack of proper training, Unsympathetic attitude of the management etc. This research paper discusses about the reasons of employee turnover in 20 small scale engineering industries in Pune. This becomes necessary to study in which positions employee turnover rate is high in order to take care of them. It is not possible for small business organization to incur much amount for filling the vacancies existed because of heavy labour turnover. The study found that industries are monitoring labour turnover. There is a significant difference in the causes for high labour turnover and Labour turnover rate varies position wise in small scale industries.



KEYWORDS: *Small Scale industries, engineering, labour turnover, managerial, workers level, finding better job of good salary.*

1. INTRODUCTION

Human being is considered as very great asset for any organization. Without a skilled employee, organization cannot function well. Other resources like material, machines and money is of no use in the absence of skilled human resource. It becomes necessary for an organization to take care of its human resource, as labour turnover is a costly affair for any organization because once an employee is recruited, he is

provided with training for conducting day to day activities of any organization. Workers will be more productive and will work more if they feel that they are valued and respected more when working in the organization. Economic surroundings also decide about employee turnover. When human resource is well treated with fair pay, assistances, healthy- living initiatives, collective projects and open communication between

management and staff. Along with all these things healthy corporate environment encourages employees to stay with the company. Opportunities for advancements increases the chances of employee retention if these opportunities are provided fairly and equally. The present paper discusses about employee turnover and its causes in small scale engineering industries.

2. LITERATURE REVIEW

The main aim of the paper was to identify the best practices and methods adopted by various organizations across industries which help to develop commitment and employee retention. The study reveals that there was no fixed practice as such which shows the relevance and significance as to how to retain employees and keep them committed towards the organization because employers have different emphasis on different variables depending on what is best suitable for their organization. (Mehta, 2014)

The objectives of this research were, to develop a comprehensive measure to assess current employee retention strategies of IT Companies in and around Bengaluru.

Major Findings were, Managers have highly perceived strategies of Training and development than by heads. There is no difference in the perception of training and development activities by the male and female respondents.

Researcher has emphasized that, irrespective of management and employees, maximum focus for Employee Retentions was given for orientation strategies, followed by Training and development strategies, Management/organizational strategies, Employee ideas and suggestion strategies, Employee benefit strategies, Communication effectiveness strategies and lastly Reward and recognition strategies. This means training and development strategies rank II in case of employee retention strategies. That is training and development strategies play a fundamental role in the retention activity. (Sudheendra Rao)

This research has been done with the objectives to know the current status of employee turnover and different factors affecting employee turnover and the organizational strategies for employee withholding in the selected healthcare units of Uttarakhand. In the survey of 414 respondents conveniently selected from some selected healthcare units of Uttarakhand, the present study found work load, their personal reasons, lack of occupation opportunity, poor promotional prospect in the organization, insufficient salary, high stress in company, work hours/shift work, pursue other career goals, low job security, follow other career goals, better career advancement opportunities, and better training opportunities. Organizations can retain their employees by focusing on organizational interventional strategies for employee retention like HR effectiveness, organization culture, organizations image, role clarity and sense of security, growth opportunities, loyalty and commitment, employee participation, wage and salary, organizational policy, management proactiveness, and flexible working. (Khugshal)

As discussed in the above paragraphs, different researchers have studied different aspects of labour retention and it has conducted for different types of industries. It is observed that labour turnover and its causes in small scale engineering industries has not been done. Hence the researcher has attempted to find out the labour turnover and its causes in selected engineering small scale industries in Pune.

3. STATEMENT OF THE PROBLEM

It was observed that small scale industries are facing high labour turnover. There are different causes of labour turnover like, Domestic troubles and Family responsibilities, Finding better job of good salary, Less allowances and bad working conditions, Lack of security of employment and Lack of proper training and many more. Efforts have been made in this research paper to confirm these causes and find out which are the important causes for labour turnover in selective small-scale engineering industries.

4. OBJECTIVES OF THE STUDY

1. To study whether small scale industries monitor/ supervise labour turnover.
2. To study which positions in the organizations are subject to high labour turnover.
3. To study the major causes of labour turnover in select small scale industries in Pune region.

5. STATEMENT OF THE HYPOTHESES

1. H_0 - Labour turnover has not been monitored in the selected small-scale industries

H_1 - Labour turnover has been monitored in selected small-scale industries

2. H_0 - There is no significant difference in the causes of high labour turnover.

H_1 - There is a significant difference in the causes of high labour turnover.

3. H_0 - Labour turnover rate does not vary position wise in small scale industries

H_1 - Labour turnover rate varies position wise in small scale industries.

6. LIMITATIONS OF THE STUDY

Due to time constraint, the industries selected for this study are 20 small-scale engineering industries and are from Pune region only. These results are not applicable to other type of industries. Only selected personal and organizational reasons for high labour turnover have been considered.

7. SCOPE OF THE STUDY

It is very important to know whether the industries under study monitor labour turnover or not. When they monitor labour turnover they will come to know which are the reasons of labour turnover, so that it will be possible for them to concentrate on the reasons to reduce the labour turnover and automatically changes in HR practices can be made.

8. RESEARCH METHODOLOGY

Research is based on primary data as well as secondary data. By taking into consideration objectives of research paper, the researcher has decided to collect first primary data for this study. A structured questionnaire has been prepared. 20 small scale engineering industries from Pune region have been selected on convenience simple random sampling technique. Employers i.e owners of these industries have been contacted in order to collect data through questionnaire. Secondary data is also referred for literature review and to study theoretical framework of the concept. Such secondary data has been collected from website, journals, books, articles etc.

Statistical Tools Used- Collected data has been entered in excel sheet and by using Statistical Package for Social Science (SPSS) the inferences are obtained. The two tailed student t-test is used to test the hypotheses.

9. DATA ANALYSIS AND INTERPRETATION

A) Demographic Details-

a) Designation- 5% employers are working in these industries as general manager, 95% are working as owners (whole and sole of the organisation),

b) Age- 20% employers are in the age of 21 to 30, 30% are in the age of 31 to 40, 10% are in the range of 41 to 50 and 40% employers are above 50 of their age.

c) Gender - All are male entrepreneurs

d) Qualification- 15% are HSC pass, 45% are Graduates, 35% are post graduates (80% are graduates) and 5% are diploma or having other qualifications.

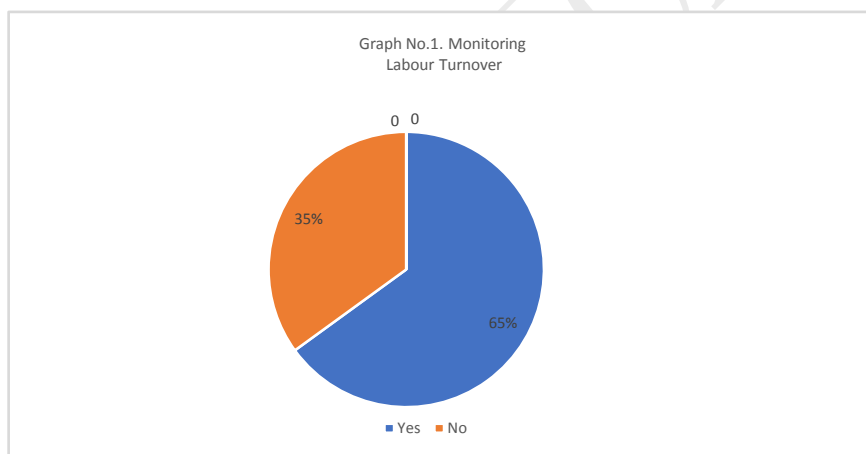
e) Type of undertaking- 40% are partnership firms, 15% are private companies, 45% are proprietary firms. Following table shows the demographic details.

Table No.1 (Source-Field Work)

Particulars		Frequency	Percentage
Designation-	G.M	1	5
	Owner	14	70
	Other	5	25
Age-	21 to 30	4	20
	31 to 40	6	30
	41 to 50	2	10
	Above 50	8	40
Gender	Male	20	100
Educational Qualification-	HSC	3	15
	Graduation	9	45
	Post-Graduation	7	35
	Other	1	5
Type of Undertaking-	Partnership	8	40
	Private Co.	3	15
	Proprietary Firm	9	45

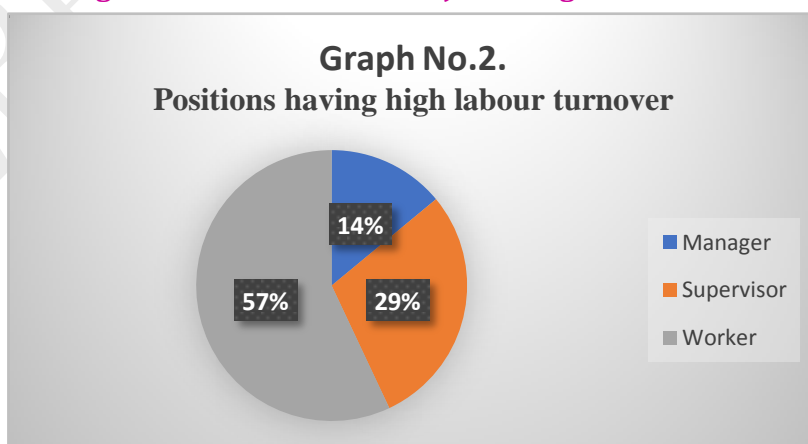
B) Whether these small-scale organizations monitor/ supervise labour turnover :-

It is observed that 65% of the industries monitor labour turnover and 35% industries do not monitor labour turnover. This has been presented in graph in graph No.1.



Source- Field Work

C) Positions in the organisations which are subject to high labour turnover.

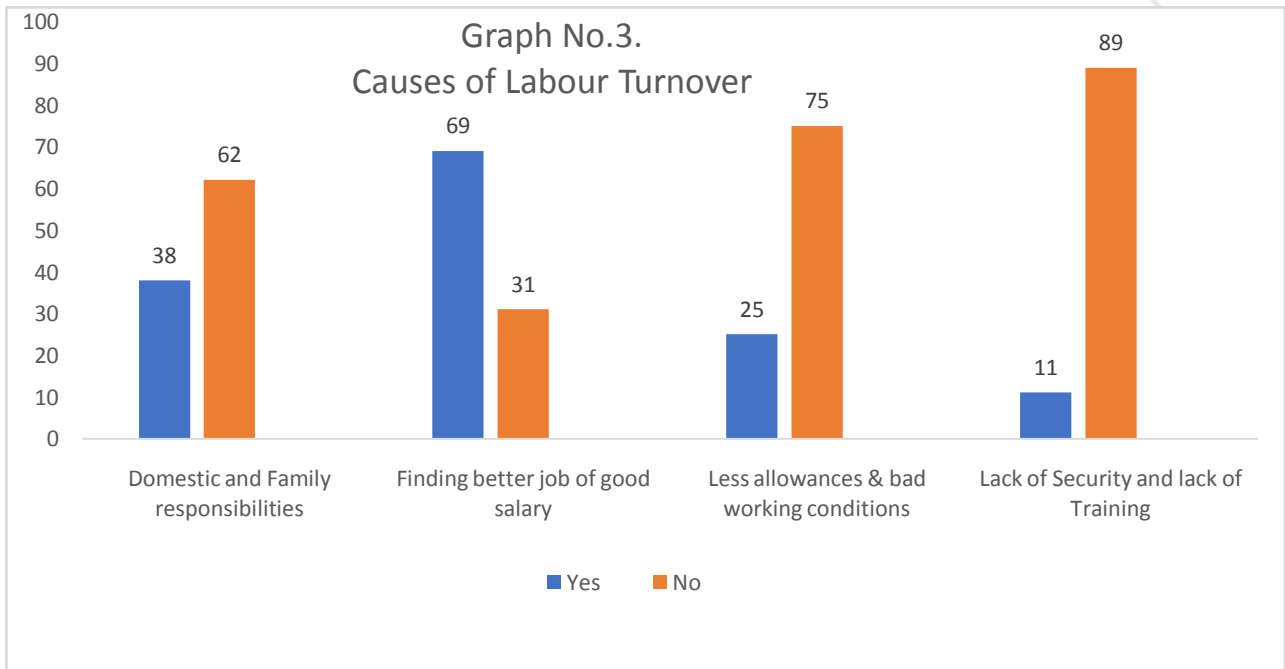


Source- Field Work

Out of the total employers, 14% employer’s opinion is that manager level positions have high labour turnover , 29% says that supervisory level has high labour turnover and 57% employers say that workers leave jobs more frequently than any other positions in the organization.

D) Major causes of labour turnover in select small scale industries in Pune region.

The researcher has grouped the causes in two parts, one is personal i.e. domestic and family responsibilities and finding better job of good salary and second is organizational reasons i.e. less allowances and bad working conditions, lack of security of employment and lack of proper training



Source –Fieldwork

As per graph No.3, the analysis and interpretations are as follows-

Personal Reasons

a. Domestic/ Family Responsibilities-

38% of the employer’s opinion is that employees change the job because of domestic and family responsibilities. 62% employers say that employees do not change the job because of this reason

b. Finding better job of good salary-

69% of the employer’s opinion is that employees change the job because of finding better job of good salary. And 31% employer’s opinion is that employees do not change the job because of this reason.

Organisational Reason

a. Less allowances and bad working conditions-

25% employer’s opinion is that employees change the job because of less allowances and bad working conditions. 75% employers say that employees do not change the job because of this reason.

b. Lack of security of employment and Lack of proper training

It is observed by the researcher that. 11% of the employer’s opinion is that most employees change the job because of lack of security of employment and lack of proper training. And 89% employer’s opinion is that employees do not change the job because of this reason.

10. Testing of Hypotheses

1. H_0 - Labour turnover has not been monitored in the selected small-scale industries

H_1 - Labour turnover has been monitored in the selected small-scale industries

Monitoring labour turnover should be a regular practice of every organisation. Many organisations under study monitor it by one or the other way i.e. owner pay attention to the labour turnover in his/her industry.

To test this hypothesis, Q.No.8 of Part B is considered. The student T-Test has been used.

Table No.2
One-Sample Test (Monitoring labour Turnover)

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Organisation monitors labour turnover	9.278	19	.000	3.200	2.48	3.92

RESULT -

As per table No.2, the significance value is less than 0.05 hence it can be concluded that selected small-scale industries are monitoring labour turnover. Null hypothesis is rejected. Thus, alternative hypothesis i.e. Labour turnover has been monitored in the selected small-scale industries is proved.

2. H_0 - There is no significant difference in the causes of high labour turnover.

H_1 - There is a significant difference in the causes of high labour turnover.

To test this hypothesis Q.No.10 is considered. The student T-Test has been used.

RESULT-

As per table No.3, the significance value is less than 0.05. Null hypothesis is rejected hence alternative hypothesis is accepted.

It can be concluded that there is a significant difference in the causes of high labour turnover in these industries. Workers mostly change the job for finding better job of good salary.

Table No.3
One-Sample Test (Causes of labour turnover)

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Domestic trouble & Family responsibility	7.336	19	.000	2.250	1.61	2.89
finding better job of good salary	8.912	19	.000	3.450	2.64	4.26
less allowances and bad working conditions	5.872	19	.000	1.750	1.13	2.37
lack of security and lack of proper training	6.097	19	.000	1.500	.99	2.01

3. H_0 - Labour turnover rate does not vary position wise in small scale industries

H_1 - Labour turnover rate varies position wise in small scale industries.

To test this hypothesis Q.No.9 is taken into consideration. The student T-Test has been used.

Table No.4
One-Sample Test (Labour turnover vary position wise)

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Managerial position	22.584	19	.000	1.850	1.68	2.02
Supervisory position	15.079	19	.000	1.650	1.42	1.88
worker level	12.457	19	.000	1.400	1.16	1.64

RESULT-

Table No.4. reveals that the significance value is less than 0.05, hence it can be concluded that the labour turnover varies position wise in these industries. So null hypothesis is rejected. From the various positions, workers level position labour turnover is high.

11.FINDINGS

From the above interpretation following are the findings-

- 1.All the respondents i.e. 95% are owners. Most of the employers i.e. 80% are graduates. All the respondents are male. Most of the industries are partnership and proprietary firms. Most of the respondents are below the age of 50.
2. Most of the industries i.e. 65% industries monitor labour turnover
3. Workers leave the job more frequently than supervisors and managers.
4. As per majority of the employer's opinion, employees do not change the job because of domestic and family responsibilities, less allowances and bad working conditions and lack of security of employment and proper training. But employees change the job because of better job having good salary.

12. CONCLUSION

High labour turnover may affect profitability of the business. Employee retention is a tool adopted by most of the organizations to maintain an effective workforce in order to meet its technical/working necessities. While considering small scale industries, efforts should be taken to minimize cost and maximize profit. Owners of most of the industries pay attention to minimise labour turnover. In any organization generally there are three levels of employees i.e. workers level, manager level, supervisory level. Workers change the job more frequently. As workers are backbone of every organization, to retain this workforce i.e. the lower level employees, small scale industries should consider their domestic and family problems as well as should pay them good salary.

13. SUGGESTIONS

1. In small scale engineering industries, in order to retain experienced and qualified employees with the same organization they should be provided good salary as per designation i.e. salary commensurate to work and working hours.
2. Workers position should be taken care as they leave jobs more frequently.
3. As industries are monitoring labour turnover, they should pay attention to other HR practices i.e. hiring, administration, organisation development, employee motivation, wellness, benefits, safety, communication, performance management, and training.

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