

A STUDY ON ATTRITION – TURNOVER INTENTIONS IN RETAIL INDUSTRY

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Abstract

Employee turnover has always been a matter of concern for organizations. A large degree of employee turnover is highly detrimental to both the organization as well as the employees. How to reduce employee's turnover intention is a very pivotal challenge for today's HR managers. Pay better incentives and employee's motivational techniques have been useless and old practices of the human resource management. To analyze employee's turnover intention and its impact on organizational outcomes 100 questionnaires were distributed to the first and middle line employees in selected organized retail outlets in Bangalore. This is a qualitative research. The study was done through questionnaire. From the econometric analysis, it is found out that turnover intention has influence on attrition factors such as QWL, career growth, working hours, personal/family reasons, and relation with internal co – worker, welfare, working condition, and salary.

Key Word: Attrition, Turnover intention.

1. Introduction

Human resources are evolving seasoned professionals to keep abreast of policies, procedures, compliance requirements, attrition and best practises. Employee turnover may be understood as the employee leaving the organization or profession voluntarily. It has been observed that voluntary turnover is an interdisciplinary and multidimensional construct. Various studies, over the years, have been conducted and different models have been proposed to explain turnover of employees. Different factors have been quoted in the models to reason out the quitting behaviour of employees. However, every model indicates one common factor –turnover intention –as the antecedent of actual turnover behaviour. This study aims to find out the factors determining the intention of turnover and attrition.

2. About Retail Industry in India

Currently, India is the 5th largest retail market in the world. The Indian retail industry is divided into organised and unorganised sectors. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan / beedi shops, convenience stores, hand cart and pavement vendors, etc. India's retail industry accounts for 10 percent of its GDP and 8 percent of the employment to reach \$17 billion by 2010.

3. Back Ground to Study Current Attrition rate in Indian Retail

According to Meyer and Allen (1997) the study, banking and finance sector saw the greatest employee turnover at 25%, which is likely brought on by stable economies, growing markets and increased retail investor confidence.

The attrition rates are comparatively high when it comes to the retail industry. “The attrition rate in the industry is 30-35 per cent. The main reasons being--- it’s a tough job to be on feet the whole day and smile at customers, second, the job is reaction intensive and the business is mainly transactional.” According to human resource experts, the average attrition rate is projected to grow at 31% in Indian firms in the April-June quarter, a rise of 9-10% from the preceding quarter (January-March). In the April-June quarter of 2011-12, the average attrition rate was 27%. Generally, employees would have received their annual appraisals during the April-June period and those not happy with their performance review or salary hikes seek better opportunities. Consequently, attrition rates are seen going up in these three months, experts opined. It is understood that the job involved is physically and mentally tiring and the opportunities for people to move across the industry are far more in comparison to any other industry.

4. Review of Literature

Conceptualise turnover to be a psychological response and rest on the belief that turnover is an individual choice behavioural pattern (Lum et al., 1998). Intention to leave has a behavioural implication as it entails one’s attachment to the organization (Iverson and Roy, 1994) or the degree of likelihood of an employee forfeiting membership in an organization (Boshoff et al., 2002; Currivan, 1999). Sagar et al (1998) referred to turnover cognitions as mental decisions intervening between an individual’s attitudes regarding the job and the stay, or leave, decision. According to Houkes et al. 2003, turnover intentions might be seen as a psychological outcome and to Elangovan (2001), intention to quit represents an attitudinal orientation or a cognitive manifestation of the behavioural decision to quit.

The question is important when one sees the difficulties some companies encounter in retaining their best employees, particularly in the context of a volatile labour market for those occupations that are in particularly high demand (Longenecker and Scarezzo, 2003). Moreover the direct and indirect cost of uncontrolled labour turnover can be substantial (Tziner and Birati, 1996) and it would be an error not to take into account any leverage a company might have over this phenomenon – at least for the purpose of understanding it.

From this perspective, while research has shown the importance of some organizational characteristics (internal career opportunities, size, organizational climate etc.) and environmental variables (available employment alternatives, economic and market conditions, etc) affecting turnover, we know little about how a company’s reputation can influence employee retention. The goal of this Paper is precisely to examine how employee’s perception of the external image of the company they work for influences their intentions to stay or to leave. We attempted to study this topic using a questionnaire based survey completed by management level employees. Organizational image and reputation can be seen as reciprocal messages between the organization and the outsiders (Whetten and Mackey, 2002). Job satisfaction is the second essential determinant of turnover cognitions in the models presented in the literature. Satisfaction is the positive (negative) evaluative judgement one makes about one’s job or job situation (Weiss, 2002), While dissatisfaction can influence employee intention to quit, a positive evaluation or an appreciation can contribute to the intention to stay.

As mentioned, the reason that satisfaction and commitment have received so much attention is that they have been found to predict turnover intentions (eg. Martin 1982), Francis- Felson et, al. 1996). A Meta analysis generally confirmed the findings of the two affirmative studies (Irvine and Evans 1995). Find

out job factors such as routnization, autonomy, feedback, role conflict and role ambiguity had larger association although work overload has small association. The work environment factors, supervisory relationships, leadership, stress, advancement opportunity and participation had association of similar magnitude to those of the job factors. Job characteristics that were measured on ulti – item scale included role conflict (seashore et.al 1983), role ambiguity (Caplan et al, 1975), feedback received from others (Simset al, 1976) and quantitative work load (Quinn, et al. 1971. There were also six single – item job characteristic measures used: task control(Greenberg 1982), my work schedule meets my personal need, i feel physically safe at work, employees get the training they need to do their jobs, paperwork interfaces with providing care , able to do job independently of others.

The latter five items were developed and pilot tested specifically for thus study. There were five work environment characteristics measured, task orientation, work pressure, task clarity, and innovation came from the modified versions of the work environment scale (Insel and moos 1974).

5. Factors for Attrition in Retail Industry

There are some of the factors for attrition in retail industry from Articles, they are

1. Career Growth/ Better opportunity
2. Salary/perk
3. Work atmosphere/ infrastructure
4. Relationship with superior
5. Freedom at work place/work
6. Work profile
7. Job security
8. Rewards and recognition
9. Stress / work pressure

For the purpose of study the following factors were identified after conducting interviews with industry experts. So based on these below factors the questionnaire been prepared and collected data.

- Working condition
- Salary
- Welfare
- Working hours
- Relationship between internal customers
- Career growth
- Personal/ family reason
- QWL

6. Statement of Problem

Skilled employees are hopping from job to job and taking with them the customer knowledge and technical expertise your company needs. Their salaries are increasing along with their perks, benefits and bonuses. This study is carried out to trace out the most influencing factor of attrition and the intention to attrition.

7. Objective

1. To identify various factors that leads to attrition
2. To come out with suggestion to prevent attract

8. Operation Definition

Turnover

Turnover is the process through which staffs leave a business or organization and that business or organization replaces them. Turnover intention is a measurement of whether a business' or organization's employees plan to leave their positions or whether that organization plans to remove employees from positions. Turnover intention, like turnover itself, can be either voluntary or involuntary.

Attrition

Attrition may refer to the gradual reduction of the size of a workforce by not replacing personnel lost through retirement or resignation

Turnover Intentions

Turnover intention is an aspect of employee turnover in a business and cannot always be measured adequately through charts or surveys until after the actual turnover occurs.

There are two types of turnover intent: voluntary and involuntary. Voluntary turnover is when someone leaves of his or her own accord, either because that person is dissatisfied with the job or has found a better job somewhere else. Involuntary turnover is when a person is fired because of poor performance or wrongdoings, or if the employee dies.

Why do Employees Leave?

In order to allow an organization to design and implement an effective retention strategy, it is important for senior and line management to understand the reasons that prompt high performers to leave and find alternative employment. When thinking about their job, employees feel one or more of the following: undervalued, underwhelmed, underpaid or overworked. According to Marcus Buckingham and Curt Coffman, “If employees don’t get along with their managers, don’t like them or don’t respect them, they will leave a company despite a high salary or great benefits. A good manager, no matter the salary, will inspire loyalty.” Good employees leave because they believe another company will treat them better. And also various other factors like work condition, salary, welfare, working hours, career growth, personal/family reasons are all will be a reason for the intention of leaving.

9. Research Methodology

9.1 Hypothesis

To find whether attrition factors have influence on turnover intention of employees

Ho: there is significant difference between the turnover intention and attrition factor

H1 : there is no significant difference between the turnover intention and attrition factor

The research is considered to be a qualitative research. The population of the organization where the research is conducted is 100. The element of the population is the first and middle line employees of the organization are taken under study. The method by which sampling units were selected is by simple random sampling. The data collection is primary data collection using a structured questionnaire. The

data collected were analyzed using statistical tool available in the statistical package for social science (SPSS). The tools used for analysis of the data are reliability test, regression and ANOVA.

9.2. Analysis and Interpretation

To find whether factors of attrition has impact on turnover intentions. To analyze the first objective, the mean variables for attrition factors and Turnover intentions is determined and linear regression is performed.

Dependent variable	Independent variable
Turnover Intentions	Working Condition
	Salary
	Welfare
	Working hours
	Relationship with co-workers
	career growth
	personal / family reasons
	QWL

9.3. Descriptive Statistics

The descriptive statistics table provides summary statistics for continuous, numeric variables. Summary statistics include measures of central tendency such as mean. Since the items are ensured in a 5 point scale values and above 3 are acceptable.

Level of intention of turnover contributed by the factors

Independent variable	N	Minimum	Maximum	Mean	Std. Deviation
Working Condition	100	3	5	3.99	0.377
Salary	100	3	5	3.67	0.473
Welfare	100	3	5	3.5	0.565
Working hours	100	2	5	2.94	0.799
Relationship with co-workers	100	3	5	3.92	0.367
career growth	100	3	5	3.66	0.494
personal / family reasons	100	1	5	2.79	0.831
QWL	100	2	5	3.52	0.703
valid (N)	100				

From the table it is found that the various factors contributing to turnover are all the above mentioned parameters, except working hours and personal/family reasons.

The significant value of factors like working condition, salary, welfare, relationship with co – workers, career growth, personal/family reason, QWL, is more than 0.05, so it can be said that there is no

significance difference of opinion of respondents based of educational qualification, but since the significance value of working hour is less than 0.05, F is of insignificant and hence there is difference of opinion on this factor.

9.4. Percentage Analysis

Percentage is used in making comparisons between two or more series of data. Since percentage reduces everything to a common near, a meaningful comparison made.

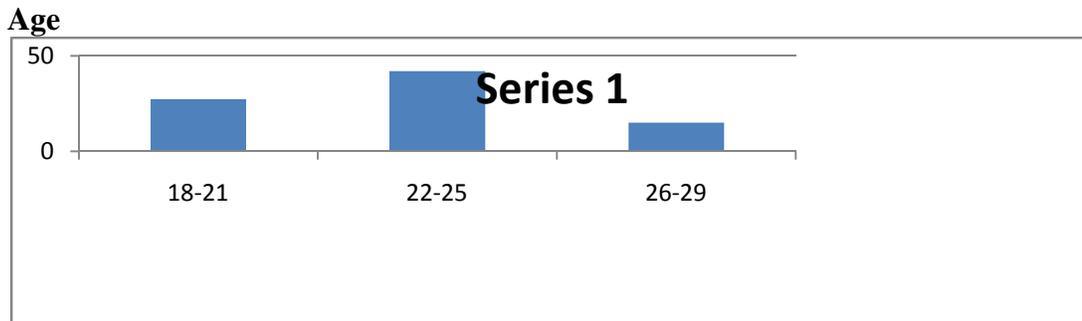


Fig1.Interpretation

27.4% of the employees fall in the age group of 18-21. 42%, 22-25 years and 15% falls in 26-29yrs. The fact to be noticed here is that the majority of employees are 22-25years (youth) who are looking for career growth and thus attrition seems to be high in this category

Gender of Respondent

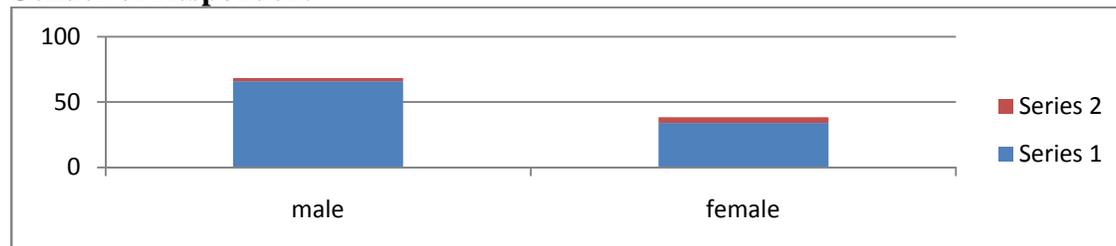


Fig2.Interpretation

66male and 34females took part in this study.

10. Findings

1. The first objective was to know the influence of turnover intentions on various factors that lead to attrition. From the analysis it was found that turnover has influence on attrition factors such as QWL, career growth, working hours, personal/family reasons, relation with internal co – worker, welfare, working condition, and salary. The model summary table clearly shows the R square value where R square =0.365 which implies that the factor considered has influence on turn over intention

2. The second most influencing factor is working condition. From the analysis among 8 factors, salary and working condition are the most contributing factors towards the turnover intentions. The interesting factor to be noticed here is that the majority of employees are youth who look for career growth and thus attrition seems to be high in this category.
3. From the data it is found that working condition, salary, welfare, relationship with co-workers, career growth are major factor for intention of turnover. The study covers major part is on male employees where they look career growth, salary as an important factor.

11. Conclusion

This research attempts to study some of the factors which may be the possible reasons for an employee to leave the organization. This research will help the organization or management to study further on those areas and come out with creative/innovative action plans to make the employees feel loyal, comfortable and interesting place to work. This will certainly bring down the attrition level and in future help management to reduce cost spent all through this process of recruitment to exit.

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