



Impact of Employees Attrition towards Ashok Leyland Limited, Chennai

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ABSTRACT

Attrition is the reduction in the number of employees through resignation, retirement and death. Attrition in a company is usually measured with a metric called attrition rate, which simply measures the number of employees moving out of the company (voluntary resigning or laid off by the company). Attrition rate gives an idea as to how many employees are leaving the company at any given time period. It is an important factor as companies must prepare to start recruiting for the positions which are critical and cannot be left vacant. The success of any manufacturing organization depends largely on the workers, the employees are considered as the backbone of any company. The study was mainly undertaken to identify the level of employee's attitude, the dissatisfaction factors they face in the organization and for what reason they prefer to change their job. Once the levels of employee's attitude are identified, it would be possible for the management to take necessary action to reduce attrition level. This study can be helpful in knowing, why the employees prefer to change their job and which factors make employee dissatisfied. Since the study is critical issue, it is needed by the organizations in order to assess the overall interest and the feelings of the employees towards their nature of job and organization.

Keywords: Attrition, employees, organization

I. INTRODUCTION

Attrition is the reduction in the number of employees through resignation, retirement and death. Employee attrition is very big problem not only in India but outside too. Attrition rate is increase day by day and it's especially the software industry which is affected the most. Why an employee leaves a company is the question asked by most of the employers. Companies even hire Private HR professionals to study the company's work and find out why an employee is dissatisfied. HR department does the recruiting of new employees

and then send them for training so that they can understand work and work culture and become better professionals. Each and every company faces employee turn-over problem whether big or small. An employee leaves his present job for another job to get better pay package and good working conditions.

ATTRITION RATE FORMULA

Attrition rate refers to the rate at which employees are leaving an organization. Attrition rate can be calculated as:

Attrition Rate (%) = (Number of separations/ Number of employees) * 100

TYPES OF ATTRITION

Broadly, there are two types of attrition which occur in any company.

1. Voluntary attrition: When an employee leaves the company for a better job opportunity or career growth or more pay, and leaves on his own, it is known as voluntary attrition.

2. Involuntary attrition: If an employee is terminated from a job due to some ethical issue or lack of performance, it is involuntary attrition. Sometimes, a degrowing business also forces employees to quit the job, which leads to a higher attrition rate.

3. Retirement: Once an employee finishes his/her tenure at a company and retires, it is also counted as attrition. This is mostly a natural attrition that occurs and companies are prepared with succession planning.

4. Attrition Due to Demographic Reasons: Employers try to build an equal workspace, but often other employees in the organization may not resonate with this. Look for any trends in attrition if people from a specific group or demographic like religion, caste, or minority are frequently leaving the organization. If yes, then identify the reasons and try to build a positive and encouraging work culture.

5. Internal Attrition: In this scenario, employees quit one specific department to join another in a limited period. Here, the HR department needs to



investigate the reasons like incapable managers or disturbed workflow, etc.

CAUSES OF EMPLOYEE ATTRITION

There are several reasons why employees consider the option of moving out of the current organization. Some of the main reasons why attrition amongst employees exist are as follows:

1. Better pay & job opportunities outside the organization.
2. Improper work life balance can cause a high attrition rate.
3. Impolite behaviour of manager and peers & ineffective team management.
4. Lack of employee recognition or limited growth in current role.
5. Stagnancy in career growth & poor quality of work life can lead to higher attrition rate.
6. Inadequate and poor working conditions leading to lack of motivation.
7. Retirement or untimely death of employees when at job.

STEPS TO CONTROL ATTRITION

Companies can take several corrective actions in order to ensure that employees stay in the company and can reduce the attrition. Some of the employee retention strategies to control attrition are mentioned below:

1. Motivating employees through a growth plan can help reduce attrition.
2. Recognize employee accomplishments through rewards.
3. Expose employees to newer roles and promote training and development within the organization which helps them build their careers.
4. Taking constant feedback from employees can help control attrition from unsatisfied staff
5. Continuously strategize organizational structure to remove irrelevant job positions to reduce misfit recruitment.

Attrition can also be used to refer to customer attrition which is the no of customers which a company has lost in each period. Attrition, in general, refers to loss or decrease in no of personnel, material etc.

ATTRITION MANAGEMENT

- 1. Compensation and Management:** Compensation and Management must be managed based on the KSAEs (Knowledge, Skills, Attitude and Experience) of the employees.
- 2. Create Opportunities for Employees:** The Company has to create growth opportunities for

employees to enhance their learning experience and earning abilities.

3. Engaging Employees: Employees must be engaged on continuous basis and they should not get bored with their work, which can be managed through internal transfers and training from time to time.

4. Review Recruiting Practices: Selection and Recruitment policies must be reviewed to suit the growing needs of the organization.

5. Technology Opportunities: Leveraging technology to manage the organization and enhancing the technical expertise of the employees will help organization grow without much problem of attrition.

6. Career Path for Employees: Employee career path must be declared during the recruitment process and should be explained to the recruited people.

7. Feel Valued in Organization: Non-financial rewards, a pat on the back in time and celebrating small achievements with great fan-fare will help employees feel valued in the organization.

8. Contact with Senior Management: Senior Management should address employees periodically and should make them feel like a family.

9. Feel Part of the Company's Mission: The Company's mission must be reiterated from time to time to reinforce the learning and experience of the people.

10. Attendance: Policies with regard to attendance must be creative and flexible.

11. Educate Employees on their Impact: Educate employees regularly on what kind of impact they are creating on organization through their contribution.

STATEMENT OF THE PROBLEM

The success of any manufacturing organization depends largely on the workers, the employees are considered as the backbone of any company. The study was mainly undertaken to identify the level of employee's attitude, the dissatisfaction factors they face in the organization and for what reason they prefer to change their job. Once the levels of employee's attitude are identified, it would be possible for the management to take necessary action to reduce attrition level. Since they are considered as backbone of the company, their progression will lead to the success of the company for the long run. This study can be helpful in knowing, why the employees prefer to change their job and which factors make employee dissatisfied. Since the study is critical issue, it is needed by the organizations in order to assess the overall interest and the feelings of the employees towards their nature of job and organization.



II. OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To study on impact of employees attrition towards Ashok Leyland Limited, Chennai

SECONDARY OBJECTIVES

- To identify the factors that leads to employee attrition in the organization.
- To evaluate the effect of Retention in the organization.
- To analyze the satisfaction level of employees in the organization.
- To find the expectation of employees to retain them in the organization.
- To suggest preventive measures to reduce attrition in the organization.

SCOPE AND SIGNIFICANCE OF THE STUDY

- The scope of the study is confined with the company Ashok Leyland Limited, Chennai.
- The main aim of the study towards employees attrition in the company.
- The study also focuses on factors that leads to employee attrition, effect of retention, satisfaction & expectation of employees in their job.
- This employee attrition analytics can help the organization to design an employee retention model that will work – even if attrition is not expected to be a big issue in the near future.
- The sample size of this study is 169.

III. COMPANY PROFILE

Ashok Leyland Limited

Ashok Leyland has been a major presence in India's commercial vehicle industry since 1948, the year it was born. The origin of Ashok Leyland can be traced to the urge for self-reliance, felt by independent India. Pandit Jawaharlal Nehru, India's first Prime Minister persuaded Mr. Raghunandan Saran, an industrialist, to enter automotive manufacturing.

They are one of the India's leading manufacturers of commercial vehicles and special vehicles, engines for industrial purpose, gen sets and marine requirement equipment. For over five decades, Ashok Leyland has been the technology leader in India's commercial vehicle industry, molding the country's commercial vehicle profile by introducing

technologies and product ideas that have gone on to become industry norms.

Ashok Leyland at the time of its inception was known as Ashok Motors. It was assembling Austin cars at the first plant, at Ennore, near Chennai. In 1950, the company started assembly of Leyland commercial vehicles and soon the local manufacturing under license from British Leyland, participation in the equity capital, in 1954, the company was re christened Ashok Leyland.

Ashok Leyland, flagship of the Hinduja group, is the 2nd largest manufacturer of commercial vehicles in India, the 4th largest manufacturer of buses in the world, and the 19th largest manufacturers of trucks. Headquartered in Chennai, 9 manufacturing plants gives an international footprint – 7 in India, a bus manufacturing facility in Ras Al Khaimah (UAE), one at Leeds, United Kingdom, and a joint venture with the Alteams Group for the manufacture of high-pressure die-casting extruded aluminum components for the automotive and telecommunications sectors, Ashok Leyland has a well-diversified portfolio across the automobile industry. Ashok Leyland has recently been ranked as 34th best brand in India.

A US \$ 4.5 billion company, and a footprint that extends across 50 countries, Ashok Leyland is one of the most fully integrated manufacturing companies this side of the globe. Ashok Leyland has a product range from 1T GVW (Gross Vehicle Weight) to 55T GTW (Gross Trailer Weight) in trucks. Customizing trucks to customer needs has now become a reality with the revolutionary industry first truly modular trucks – AVTR. The all-new LCV-Bada DOST is all set to create a paradigm shift in customer experience with its future ready and many industry-first customer-centric offerings. The AVTR and the LCV-Bada DOST, powered by the latest i-GEN6 technology is transforming businesses to the next level. Millions of passengers get to their destinations every day travelling on the 9-to-80-seater Ashok Leyland bus range and the trucks keep the wheels of the economy moving. With the largest fleet of logistics vehicles deployed in the Indian Army and significant partnerships with armed forces across the globe, Ashok Leyland vehicles for Defence and Special applications helps keep borders secure. The Ashok Leyland product portfolio also has diesel engines for industrial, genset and marine applications.

In 1987 the overseas holding by LRLIH (LAND ROVER LEYLAND INTERNATIONAL



HOLDINGS LIMITED) was taken over by a joint venture between the Hinduja group, the Non-Resident Indian Transnational group and IVECO Fiat SPA part of the Fiat group and Europe's leading truck manufacturing company. Ashok P Hinduja is the chairman of the company. The Hinduja group also associated with Ennore Foundries Limited, Automotive Coaches and Components Limited, and Gulf Ashley Motors Limited.

Commercial Vehicle

In the commercial vehicle industry, Ashok Leyland has one of the largest and fastest-growing networks with 52577 touch points that includes 1721 exclusive touch points and 11,000 outlets for Leyparts. The company now has a service Centre every 75 kilometres on all major highways, allowing it to keep its "Ashok Leyland Quick Response" promise of reaching customers within 4 hours and getting them back on the road in 48 hours." With technology-enabled customer engagement processes and knowledge on the specific applications of the product range, Ashok Leyland sales team are well equipped to fulfil customer's needs. Ashok Leyland manages 12 driver training institutes across India and has trained over 18,00,000 drivers since inception. On-site service training for technicians is provided by Ashok Leyland's service training institutes across 12 locations pan India.

The subsidiary holdings are Ashley Holdings Ltd., Ashley Investment Ltd., and Ashok Leyland Project Services. The chief competitors of the company are;

- Mahindra
- Volvo
- Tata Motors

Ashok Leyland has seven manufacturing plants

- Ennore Plant, Chennai.
- Hosur Plants Unit I, Unit II, and Unit II A.
- Alwar, Rajasthan.
- Bhandara, Maharashtra.
- Pantnagar, Uttarakhand

The Five Ashok Leyland Values are:

1. International
2. Speedy
3. Value Creator
4. Innovative
5. Ethical

Vision:

Be among the top Indian corporations acknowledged nationally and internationally for

- ✓ Excellence in quality of its products.
- ✓ Excellence in customer focus and service.

Mission:

Is a leader in the business of commercial vehicles, excelling in technology, quality and value to customer fully supported by customer service of the highest order and meeting national and international environmental and safety standards.

IV. REVIEW OF LITERATURE

Sengupta Santoshi (2014) Carried Study on "Employee Attrition and Retention: Exploring the Dimensions in the Urban Centric BPO Industry". He tried to examine the enormous significance to practitioners as it provides with guidance related to factors associated with attrition and also gives suggestions on employee retention. The study provides practitioners with key information that can enable them to take robust managerial decisions. The study found that to Organizations should have a proactive retention strategy which helps in reducing employee turnover. Retention plan strategies should be different for different level of employees, because their roles are different; their needs are different; what motivates them are different and what makes them leave are also different. Based on the study it has been seen that dimensions of satisfaction and motivate are significantly different for employees on the basis of age, gender, marital status and education.

Bliss WG (2014) Attrition is a dynamic that impacts business performance in more ways than the usually perceived Human Resource Development angle. It is an issue which gives rise to questions like organizational health, morale and motivation and leads up to very tangible aspects such as shareholder return and value. Low perceived value stands out as the most significant factor for attrition. Increased dissatisfaction leads to reduced motivation, which in turn results in lowered efficiency. When the efficiency is lowered, employees are not able to deliver their expected output which results in their leaving the job. When employees quit, the perceived value is further lowered.

Holstein, W.J. (2014) Attrition of Key employees is critical to the long term health and success of any organization. It is a known fact that retaining the best



employees, ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. Now days companies are struggling to retain employees. As employee attrition has continuously been on increase, and its coeval phenomenon of employee attrition has become an evolving concept. The ultimate solution to the ever increasing employee attrition is to increase employee engagement/ involvement in the organizations.

Boswell, Boudreau and Tichy (2015), ‘the decision of leaving the Organization is not easy for an individual employee as well as significant energy is spent on finding new jobs, adjusting to new situations, giving up known routines and interpersonal connection and is so stressful.’ Therefore if timely and proper measures are taken by the Organizations, some of the voluntary turnover in the Organization can be prevented. The reasons for employee turnover may vary from external environmental factors such as economy that influence the business that in turn affects the employment levels.

Harsimran (2015) studied about the “Attrition Management and Cost of Attrition: A Keyword to Profitability” He tried to examine the employee retention approaches, strategies for retention and the cost related to attrition. He concluded that employee retention is a serious concern. In order to find and retain the right people for the job, business organizations need to redesign their reward and recognition packages according to the culture. There is no universal attrition management solution for every company. The cost of recruiting and hiring employees and low retention of valued employees are major expenses for most organizations. To avoid the damage and costly effects of increased turnover, organizations need to act now to improve their retention efforts.

V. RESEARCH METHODOLOGY

Research is important both in scientific and nonscientific fields. In our life new problems, events, phenomena, and processes occur every day. Practically, implementable solutions and suggestions are required for tackling new problems that arise. Scientists must undertake research on them and find their causes, solutions, explanations, and applications. Precisely, research assists us to understand nature and natural phenomena.

VI. RESEARCH DESIGN

The research design helps a researcher to pursue their journey into the unknown but with a systematic approach by their side. Research design is a plan to answer your research question. The researches use descriptive research design in this study

Descriptive Research Design

In descriptive research design, the scholar explains/describes the situation or case in depth in their research materials. This type of research design is purely on a theoretical basis where the individual collects data, analyses, prepares and then presents it in an understandable manner.

SOURCES OF DATA

Data sources can include data that are already collected and data that will be collected during the study. Data Sources can be used to describe different data collection methods and/or tools.

Primary Data:

Primary data is the kind of data that is collected directly from the data source without going through any existing sources. It is mostly collected specially for a research project and may be shared publicly to be used for another research. In this study, primary data was collected by questionnaire.

Secondary Data:

Secondary sources are closely related to primary sources and often interpret them. These sources are documents that relate to information that originated elsewhere. Secondary sources often use generalizations, analysis, interpretation, and synthesis of primary sources. Examples of secondary sources include textbooks, articles, and reference books.

SAMPLING TECHNIQUE

Sampling technique is the process of studying the population by gathering information and analyzing that data. It is the basis of the data where the sample space is enormous. This study uses **Non-Probability Sampling technique**. In non-probability sampling, the researcher chooses members for research at random. This sampling method is not a fixed or predefined selection



process. This makes it difficult for all elements of a population to have equal opportunities to be included in a sample.

Sample Design

In this study Convenience sampling design is used. This method is dependent on the ease of access to subjects such as surveying customers at a mall or passers-by on a busy street. It is usually termed as convenience sampling, because of the researcher's ease of carrying it out and getting in touch with the subjects.

Population

Here population is entire employees of Ashok Leyland Limited, Chennai. The population here is 300.

Sample size

In this study 169 samples are taken as a sample size.

Sample Unit

A Sampling unit is Ashok Leyland Limited, Chennai.

DATA ANALYSIS AND INTERPRETATION

CORRELATION

Correlation analysis deals with the association between two or more variables.

It does not tell anything about cause-and-effect relationship. Correlation is described or classified in several different ways. Three of the most important ways of classifying correlation are

1. Positive and Negative
2. Simple, Multiple and Partial
3. Linear and Non-Linear

Karl Pearson's method is popularly known as Pearson's coefficient of correlation.

It is denoted by the symbol 'r'.

RELATIONSHIP BETWEEN THE AGE OF THE RESPONDENTS AND FACTORS THAT LEADS TO EMPLOYEE ATTRITION IN THE ORGANIZATION

Correlations

		AGE OF THE RESPONDENTS	ATTRITION
AGE OF THE RESPONDENTS	Pearson Correlation	1	.954**
	Sig. (2-tailed)		.000
	N	169	169
FACTORS THAT LEAD TO EMPLOYEE ATTRITION IN THE ORGANIZATION	Pearson Correlation	.954**	1
	Sig. (2-tailed)	.000	
	N	169	169

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

INTERPRETATION

The Above table indicates that out of 169 respondents, co-efficient of correlation between the age of the respondents and effect of retention in the



organization is 0.954. It is below 1. So there is positive relationship between the age of the respondents and factors that leads to employee attrition in the organization.

CHI-SQUARE ANALYSIS

The quantity χ^2 describes the magnitude of discrepancy between theory and observation (ie) it can be known whether a given discrepancy between theory and observation can be attributed, to change or whether it results from the inadequacy of the theory to fix the observed facts.

The greater value of χ^2 the greater would be the discrepancy between observed and expected frequencies. The formula for computing chi-square test is,

$$\chi^2 = \sum (O-E)^2/E$$

Where,

O -Refers to the observed frequency

E-Refers to the expected frequency

Calculation of expected frequency:

$$E = RT \times CT/N$$

E = Expected frequency

RT = The total row containing in the cell

CT = The total column containing in the cell

N = The total number of observations

The calculated value of χ^2 is compared with the table value of χ^2 for given degree of freedom at specific level of significance it is accepted when the calculated value is lesser than tabulated value and rejected when the calculated value is greater than the table value.

RELATIONSHIP BETWEEN THE GENDER OF THE RESPONDENTS AND EXPECTATION OF THE EMPLOYEES TO RETAIN THEM IN ORGANIZATION

HYPOTHESIS TESTING

Null hypothesis (Ho):

There is no significant relationship between the gender of the respondents and expectation of employees to retain them in the organization.

Alternative hypothesis (H1):

There is some significant relationship between the gender of the respondents and expectation of employees to retain them in the organization.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	160.101 ^a	17	.000
Likelihood Ratio	196.393	17	.000
Linear-by-Linear Association	113.863	1	.000
N of Valid Cases	169		

a. 24 cells (66.7%) have expected count less than 5. The minimum expected count is .30.



INTERPRETATION

As per the above table, it is inferred that the P value is 0.000; it is significant to 5% (0.05) significant level. The minimum expected count is 0.30. Thus, alternative hypothesis is accepted and it is finding that there is some significant relationship between the gender of the respondents and expectation of employees to retain them in the organization.

One-Way ANOVA

One-Way ANOVA ("analysis of variance") compares the means of two or more independent groups in order

to determine whether there is statistical evidence that the associated population means are significantly different. One-Way ANOVA is a parametric test. This test is also known as: One-Factor ANOVA.

Let us investigate the one-way ANOVA formula:

F-statistics or F-ratio:

$F = MSB/MSW$

In this formula,

- F = coefficient of ANOVA
- MSB = Mean sum of squares between the groups
- MSW = Mean sum of squares within groups

SALARY OF RESPONDENTS AND EFFECT OF RETENTION IN THE ORGANIZATION

Effect of retention in the organization

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4572.320	3	1524.107	766.000	.000
Within Groups	230.805	116	1.990		
Total	4803.125	119			

INTERPRETATION

The table clearly shows that salary of respondents and effect of retention in the organization has a figure on 766 values and significance around .000 levels, then the sum of squares within group between group's values have 230.805 and 4572.320 respectively. Hence, the significant value is less than 0.050 for which the significant percentage is above 95%, hence rejecting null hypothesis. Thus, accepting alternative hypothesis i.e., There is impact of salary of the respondents on effect of retention in the organization.

FINDINGS

- 70.0% of the respondents are male.
- 41.7 % of the respondents are in the age group of below 20years.
- 30.0% of the respondents is agree towards the repetitive nature of work.
- 47.5% of the respondents is neither agree nor disagree towards the transportation problems.

- 40.0% of the respondents is strongly agree towards the compensation and benefits.
- 33.3% of the respondents is strongly agree towards the increases in employee's loyalty.
- There is some significant relationship between the gender of the respondents and expectation of employees to retain them in the organization.
- There is positive relationship between the age of the respondents and factors that leads to employee attrition in the organization.
- There is some significant relationship between working experience of respondents with impacts on satisfaction level of employees in the organization
- There is no impact between the salary of respondents and effect of retention in the organization.

SUGGESTIONS

- The company must maintain the environment without stress for the



employees as well as there must be proper work life balance among the employees.

- There must be free flow of superior and subordinate relationship and good rapport among the peers in the organization.
- There should not be repetitive nature of work for the employees since it leads to boredom and stress for the employees.
- The concern must provide transport facilities for the employees in order to avoid delay to start their work in the duty.
- There must be fair compensation policies and benefits for the employees to motivate them in the working place.
- The organization has to offer various welfare measures in order to attain loyalty of the employees towards the company.

VII. CONCLUSION

The prime focus of any establishment is to acquire gain. But to achieve the paramount gain, the establishment should focus more on employees and the means to keep them for their remote future. The research has emphasized the dominant determinants which influence employee attrition such as unhappiness with remuneration afforded, remittance under persuading market rate and deficiency in the inner and outer integrity, improper award and identification, noxious work milieu and antagonistic work climate, employee approach, inadequate assist, inadequate associations with seniors, peers and juniors and deficient chances for development, recruiting implementations, employee enumerations and administrative approach which influence employee attrition.

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