



# AN EMPIRICAL STUDY OF EMPLOYEES TURNOVER AND RETENTION STRATEGIES OF DIRAA HR SERVICES – AN OVERVIEW STUDY

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**Abstract:** This research aims to understand the causes of employee turnover and retention strategies in an organization. Key research findings indicate that employees have several reasons to leave their workplaces, such as job stress, job satisfaction, job security, work environment, motivation, wages, and rewards. Furthermore, employee turnover has a huge impact on an organization due to the costs associated with employee turnover and can negatively impact the productivity, sustainability, competitiveness, and profitability of an organization. However, the organization must understand the needs of its employees, which will help organizations adopt certain strategies to improve employee performance and reduce turnover. Thus, implementing strategies will increase job satisfaction, motivation and the productivity of individuals and organizations, which can reduce employment problems, absenteeism, and employee turnover. "Employee turnover" as a term is widely used in business circles. Although several studies have been conducted on this topic, most of the researchers focus on the causes of employee turnover but little has been done on the examining the sources of employee turnover, effects and advising various strategies which can be used by managers in various organisations to ensure that there is employee continuity in their organisations to enhance organizational competitiveness. This paper examines the sources of employee turnover, effects and forwards some strategies on how to minimize employee turnover in organisations.

**Index Terms - Employee Turnover, Turnover Intention, Job Stress, Job Satisfaction, Work Environment, Retention Strategies.**

## 1. INTRODUCTION

All businesses, large and small, have some way of keeping track of their finances. Businesses are constantly looking for more ways to keep expenses low. One factor that is often overlooked, however, is the cost of employee turnover. High employee turnover can cost a company more than they might realize in the long run. This report explains some causes of high employee turnover, who it affects the most, and ways companies can decrease employee turnover in order to cut hidden costs.

Employee turnover occurs when employees voluntarily leave their jobs and must be replaced. Turnover is expressed as an annual percentage of the total workforce. For example, 25 percent employee turnover would mean that one-quarter of a company's workforce at the beginning of the year has left by the end of the year. Turnover should not to be confused with layoffs, which involve the termination of employees at the employer's discretion in response to business conditions such as reduced sales or a merger with another company.

The severity of turnover varies widely by type of business and the economic health of the region where companies are located. Innovative high-tech companies and the most successful manufacturers frequently experience low turnover rates while fast-food restaurant managers expect turnover to be as high as 50 to 75 percent. As another example, coal mining companies in sparsely populated regions experience lower rates of turnover because there are few other job opportunities.

### 1.1. OBJECTIVES OF THE STUDY

- To find out the reason behind employees' turnover
- To identify the factors supporting employee retention
- To ascertain the problem found by the employees in the organization
- To study the strategy (or) policies adopted by DIRAA HR Services to retain their employees

### 1.2. STATEMENT OF THE PROBLEM

Turnover of Employees in DIRAA HR SERVICES is over 30% in last decade and it becomes severe issue of smooth operation of company. Labor turnover rate has a close link to the growth and improvements of the organization. Therefore, managing Labor turnover is essential to survive in the industry and ensure industrial competitiveness.

### 1.3. NEED AND IMPORTANCE OF STUDY

Employee turnover is very high in consultancies as skilled workforce has umpteen numbers of opportunities to choose from, prompting each organization to compete with the other in continuously developing attractive and innovative retention strategies to hold back their critical workforce and also to attract prospects. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work.

Employee retention has become a major concern for corporates in the current scenario Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision. 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, how employee perceive the existing employee retention strategies and to measure the influence of demographic variables of employees on employee retention strategies. This study can be helpful to the management to identify the impact of existing employee retention strategies to improve its core weaknesses by the suggestions and recommendations prescribed in the research. This study can serve as a basis for measuring the organization's overall performance in terms of employee satisfaction which results in employee retention.

### 1.4. SCOPE OF STUDY

Keeping in view the critical problem the organizations in the consultancy have been facing ever since the consultancy came into existence in India to retain their performing employees at different levels, this study seeks to understand the different strategies of different organizations for retaining their employees and examine whether those strategies have any universal base and comparison with the experiences of high-tech organizations or organizations depending on the knowledge workers or professional employees and if so what are these common employee retention strategies being in practice in consultancy.

The scope of this study is confined to consultancy. The study throws light through valuable suggestion to decrease attrition level in the organization. This study can help the management to find the weaker parts of the employee feels towards the organization and also helps in converting those weaker part in to stronger by providing the optimum suggestions or solutions. This study can help the management to know for which the reason employees tend to change their job, through dissatisfaction factors faced in the organization and also helps to recover by providing the optimum suggestions or solutions. The study answers for what are the responses of the managements to these retention strategies? What do they feel about their efficacy and outcome? How do the employees - managerial and non-managerial employees of those organizations feel about the retention strategies in practice in their respective organizations? In other words, what opinions and attitudes the employees have towards the retention strategies in practice? The study also seeks to cover the HR policies and the state of employee attrition in these organizations.

### 1.5. RESEARCH METHODOLOGY

Research Methodology is a way to systematically solve the research problem, which is a science of study how research is done successfully. Thus, research methodology encompasses the research methods or techniques; the research is capable of being evaluated either by the researcher himself or by others.

#### TYPES OF RESEARCH

##### Descriptive research

The Types of Research undertaken for the study is Descriptive research. A study, which wants to portray the characteristics of a group individuals or situation, is known as Descriptive study. It is mostly qualitative in nature. This type of research describes what exists and may help to uncover new facts and meaning.

The purpose of descriptive research is to

- Observe
- Describe
- Document

Aspects of a situation as it naturally occurs (Polit & Hungler 1999)

### 1.6. RESEARCH DESIGN

"A research design is the arrangement of conditions for collection and analysis data in a manner that aims to combine relevance to the researcher purpose with economy in procedure". It constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implication to the final analysis of data.

More explicitly, the design decisions happen to be in respect of;

- What is the study about?
- Why is the study being made?
- Where will the study be carried out?
- What type of data is required?
- Where can the data are found?
- What periods of time will the study include?

- What will be the sample design?
- How will the data be analyzed?
- In what style will the report be prepared?
- What techniques of data collection will be used?

The Research Design undertaken for the study is Descriptive one. A study, which wants to portray the characteristics of a group or individuals or situation, is known as Descriptive study. It is mostly qualitative in nature.

### 1.7. METHOD OF DATA COLLECTION

The task of data collection begins after the research program has been defined and design plan has been checked out.

#### TYPES OF DATA COLLECTED

##### Primary Data

In this study primary data was collected by questionnaire method. Questionnaires are prepared and personal interview was conducted. Most of the questions are consist of multiple choices. The structured interview method was undertaken. The interview was conducted in English as well as in Tamil. Proper care was taken to frame the interview schedule in such a manner it should be easily understood in view of educational level of the employees. Generally, 40 questions are prepared and asked to the employees.

##### Secondary Data

Secondary data are those, which are collected from existing data. Secondary data for this study include appropriate material from Magazines, Broachers, Company Reports, Standard Text Books, and information from Internet has also been acquired wherever necessary.

### 1.8. SAMPLING TECHNIQUE

A sampling plan is a definite design for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn. Sampling design is determined before any data are collected.

Selective Sampling technique was adopted. In this method the researcher select those units of the population in the sample, which appear convenient to researcher or the management of the organization where the researcher is conducting research.

#### SAMPLE SIZE

Nearly 60 samples are taken in DIRAA HR SERVICES

### 1.9. TOOLS AND TECHNIQUES

#### 1. PERCENTAGE METHOD

The percentage method is used to know the accurate percentages of the data we took, it is easy to graph out through the percentages. The following are the formula.

$$\text{Percentage of Respondent} = \frac{\text{No of Respondent}}{\text{Total number of samples}} \times 100$$

From the above formula, we can get percentages of the data given by the respondents.

**Table 1.10.1 Workers Participated in the Management Activities in the Organization**

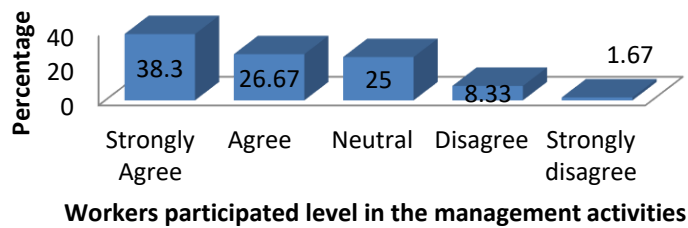
SL.NO	Particulars	No of Employees	Percentage
1	Strongly Agree	23	38.3
2	Agree	16	26.67
3	Neutral	15	25
4	Disagree	5	8.33
5	Strongly disagree	1	1.67
	<b>Total</b>	<b>60</b>	<b>100</b>

**SOURCES:** Primary Data

#### **Inference:**

The above table shows that, 38.3% of the respondents Strongly Agree that they are participated in the management activities in the organization, 26.7% of the respondents Agree that they are participated in the management activities in the organisation, 25% of the respondents show neutral in the statement workers participated in the management activities in the organisation, 8.3% of the respondents Disagree that they are participated in the management activities in the organization, and only 1.7% of the respondents strongly disagree that they are participated in the management activities in the organisation. it finds that most of the respondents Strongly Agree that they are participated in the management activities in the organization.

## Workers participated in the management activities in the organisation



### 2. CHI-SQUARE TEST

Chi square test is an important test amongst the several tests of significant developed by statistical. Chi-square, symbolically written as  $\chi^2$  (Pronounce as Ki-Spare), is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance.

$$\text{Formula } \chi^2 = \sum \frac{(O-E)^2}{E}$$

O = Observed frequency

E = Expected frequency

**TABLE: 1.10.2**

**Chi square test to find out relationship between the year of experience and the reason for leaving the organization.**

**Null Hypothesis ( $H_0$ ):** There is no significant relationship between the year of experience and the reason for leaving the organization.

**Alternative Hypothesis ( $H_1$ ):** There is a significant relationship between the year of experience and the reason for leaving the organization.

Year of experience	0 – 2 years	2 – 4 years	4 – 6 years	6 – 8 years	Above 8 years	TOTAL
Reason for leaving						
Low salary	7	3	1	1	0	12
Lack of career advancement	14	11	1	0	0	26
Lack of promotion	4	1	2	0	0	7
Lack of recognition	4	0	0	0	0	4
Working conditions are not up to the level	8	0	0	0	0	8
Discrimination among employees	2	1	0	0	0	3
<b>TOTAL</b>	<b>39</b>	<b>16</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>60</b>

## CHI-SQUARE TABLE

O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
7	7.80	0.64	0.08
3	3.20	0.04	0.01
1	0.80	0.04	0.05
1	0.20	0.64	3.20
0	0.00	0.00	0.00
14	16.90	8.41	0.50
11	6.93	16.56	2.39
1	1.73	0.53	0.31
0	0.43	0.18	0.43
0	0.00	0.00	0.00
4	4.55	0.30	0.07
1	1.87	0.75	0.40
2	0.47	2.35	5.03
0	0.12	0.01	0.12
0	0.00	0.00	0.00
4	2.60	1.96	0.75
0	1.07	1.14	1.07
0	0.27	1.14	0.27
0	0.07	0.07	0.07
0	0.00	0.00	0.00
8	5.20	7.84	1.51
0	2.13	4.54	2.13
0	0.53	0.28	0.53
0	0.13	0.02	0.13
0	0.00	0.00	0.00
2	1.95	0.00	0.00
1	0.80	0.04	0.05
0	0.20	0.04	0.20
0	0.05	0.00	0.05
0	0.00	0.00	0.00
		TOTAL	19.35

$$\begin{aligned} \text{Degree of freedom} &= (R-1) (C-1) \\ &= (6-1) (5-1) \\ \text{Degree of freedom} &= 20 \end{aligned}$$

Level of significance = 5%

The tabulated value of  $\chi^2$  at 20 degree of freedom and at 0.05 level of significant is = 31.4.

$31.4 > 19.35$

Since the calculated value is less than the tabulated value, so Null hypothesis is accepted and alternative hypothesis is rejected.

#### **INFERENCE:**

There is no significance relationship between the between the year of experience and the reason for leaving the organization.

#### **1.10. SUGGESTION**

According to research, the high percentage of employees got dissatisfied in their job because of high work pressure. The management adopt more effective Strategies to reduce the work pressure and safe guard their employees from stress at work. Lack of career development key reason for employees leaving their jobs, Lack of career development with their current employer would be enough to make them start looking for new job. The management spend time thinking about employee's current performance and their future abilities, along with options for Career development. The most of employees leave their job, because of excessive work pressure. That leads to reduce in productivity and performance. The management want to fix this problem, and reduce the overall stress of employees at all level.

#### **1.11. CONCLUSION**

Employee turnover is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behavior, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive.

Any technology needs motivated employees to adopt it successfully. Several approaches to Retention are available. Early theories are too simplistic in their approach towards Retention. For example, advocates of scientific Management believe that money is the motivating factor. The Human Relations Movement posits that social contacts will motivate workers. Mere knowledge about the theories of Retention will not help manage their subordinates. They need to have certain techniques that help them change the behavior of employees. One such technique is reward. Reward, particularly arguments, it can be stated that money can influence some people in certain circumstance. Being an outgrowth of Herzberg's, two factor theory of Retention, job enrichment is considered to be a powerful motivator. An enriched job has added responsibilities. The makes the job interesting and rewarding, Job enlargement refers to adding a few more task elements horizontally. Task variety helps motivate job holders. Job rotation involves shifting an incumbent from one job to another.

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