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### A STUDY TO IDENTIFY THE FACTORS AFFECTING EMPLOYEE TURNOVER IN SMALL SCALE INDUSTRIES

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#### ABSTRACT

Now-a-days small scale industries play a very vital role to develop the economy of the country. In this vital segment of Indian economy i.e. a developing country, these types of industries becomes more crucial although Employees and technology are the backbone of any organization that's why in many studies most of the researchers pointed out the causes of employee turnover time to time with the help of various factors. This study looks in order to build-up efficient and healthy environment for work force and prepare them to commit with the organization with full of satisfaction. In this study it contains two vital areas that first one is Parameters that related with job satisfaction and second one is commitment of employees in small scale industries in Indore location particularly that either they are thinking about to leave the organization and if yes then why? For the purpose to collect data there are some factors that directly connected with Quality of work life and give us a dozen different parameters regarding job satisfaction and secondary data collected from various journals, website, newspapers and research papers. In view of the large number of SSI in Indore district, a sampling method accepted.

#### INTRODUCTION

Employees and technology are the backbone of any organization. Employee turnover is the rate at which employee's leaves a company and have to be replaced by a new or existing staff. Employee turnover is the rotation of workers around the labor market between firms, jobs and occupation and between the states of employment and unemployment (Abassi & Hollman, 2000) Employee turnover either voluntary or involuntary. Voluntary refers to termination on the will of employee's hand and involuntary turnover refers that employees has no choice in the termination (Heneman, 1998). Boxell et al (2003), in New Zealand said that the view that motivation for job change is multidimensional and that no one factor will explain it. However over the time there are various factors comes out that really affect the turnover and help the Human Resource department to reduce the employee turnover and save a lot of money. Our developing country India has about 4.22 crore industries working in which around 60% industries are small scale industries and Their investment in plant is between 25 lack to 5 crore and contribute around 40% if total Indian economy that is comes from industries, Hence the SSI not only provide the employment but contribute a heavy amount of GDP in Indian economy.

#### ABOUT INDORE DISTRICT OF MADHYA PRADESH

As we all know about Madhya Pradesh is the Heart state of India and Indore is the Industry hub of MP also called Mini Bombay, having around 70% industries of MP is in Indore in which 90% are small scale industry situated in Indore only, So in this study we try to find out the most affecting parameter that related with employee turnover and increase the cost in SSI in Indore and where they are lagging behind.

#### LITERATURE REVIEW

##### A. JOB SATISFACTION

##### JOB STRESS

Bilau et al,[1] found that when employees voluntarily leaves the company then extra expense including recruiting, hiring and training cost introduced for a replacement employee and until the vacancy is filled, the extra burden comes on the existing employees due to excess workload on their shoulder, Hence additional turnover take place (Herman, 1997; Mcconnel 1999; Richardson, 1999)[10]. Laxminarayan's [14] study found that job stress results an ample amount of job dissatisfaction, this further results the lack of commitment in the organization and job dissatisfaction results to quit [13].



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### **WORK ENVIRONMENT**

Santrip Shukla, [19] says important facilities like proper lightning, furniture, restrooms and other health and safety precautions leads towards the lower employee turnover, and they likes to stay in this environment. Chopra [5] suggested that a healthy and safe environment will gave a positive energy to the employees so that they fully satisfy with their job.

### **CAREER GROWTH**

Promotion creates stress on employee's understanding (Larson, 2004). If there is no chance for promotion and career growth then employees tends to switch the company for higher post and better compensation [1]. Voluntary turnover is high among employees who values money, then performance becomes directly concern with turnover retention [11]. Reward programs replace individual incentives. Dr. Maruthamuthu [8] suggested that reward and growth should be awarded on merit and promotion should be on seniority and merit both, which help in production and retention.

### **JOB SECURITY**

Employees want stability & security in their job. Mohamed et al [7] says that permanent employment have security and improve their quality of work life. Organization of economic corporation & development [18] survey highlighted that job security is the most crucial issue in today's working environment. Santrip et al [19] suggest that employees who have secured job and their pays adequate, their job performance directly connected with that.

### **FRINGE BENEFITS**

Fringe and welfare benefits are indirect rewards given to an employee or a team to appreciate their work over others [13]. It is very essential and critical to motivate the employees towards organizational success (Mitchel TR 2007).Dr. Bansal [9] says monetary benefits along with non monetary benefits motivates the employees for hard work, therefore labor turnover can be control.

### **SALARY**

Griffeth et al [11] noted that relationship between the pays, person's performance and turnover intention is very important and crucial. Newman (1999) finds that collective reward program replace individuals' incentives. Dr. Bansal [9] described pays plays as a central role in retaining and rewarding high performance employees. They concluded that pay has a strong determination to job satisfaction. There are two types of pays for job satisfaction one is satisfaction with pay itself and second one is fringe benefits. Shamsuzzoha [3] says that satisfactory salary structure helps to reduce employee turnover.

### **EFFECTIVE SUPERVISION**

Gopala [6] found that management researchers have blamed bad supervision as a prime cause of high employee turnover. Majority of employees felt that their management are not supportive and concluded that if management wants then they can easily control the employee turnover. Lack of supervision may decrease employee performance and they will like to be quit. Dr. Maruthamuthu,[8] suggested that the employees want fair treatment and fair appraisal regarding the HR practices, so organizations need to bring fair policy and communicate it to their employees.

### **TRAINING PROGRAM**

Bilau et al [1] says employee training and mentoring program is the method to brush up the employee's knowledge. Griffeth et al [16] mentioned that the training program must contain properly so that training meets organizational needs . Dr. Maruthamuthu [8] suggested that Employees need to understand that they are in organization, where they are offered multi training and career development opportunities so they should avail these opportunities to increase their marketability / employability.

Long et al (2012a,2012b,2013a,2013b) opinion for job satisfaction as it is the positive emotional state that appraise one's job and their performance or experience. Wilcox et al (2000) found that military personnel have strong binding relationship with their job and retention as compared to civilians [15].

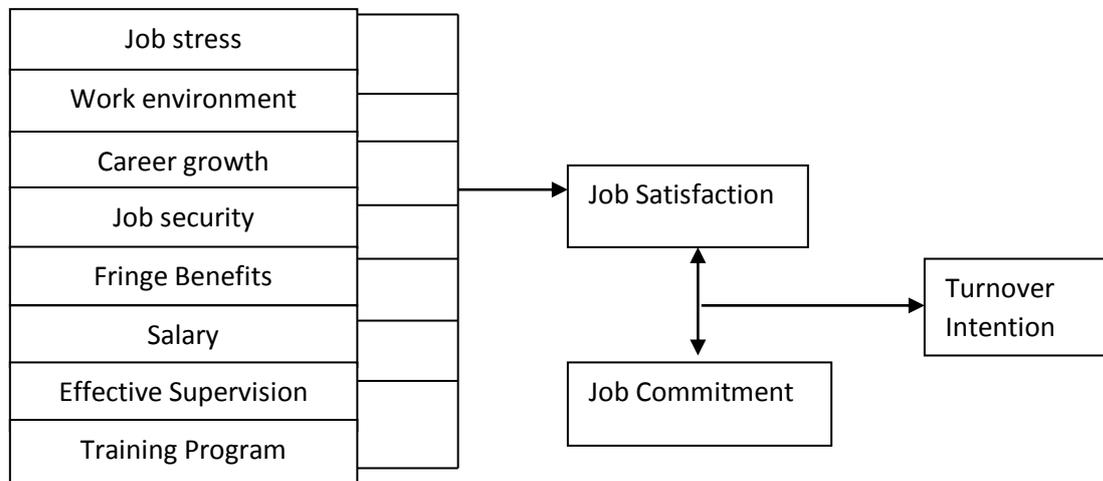


FIG 1 : BY AUTHOR'S OWN CONSIDERATION

## B. JOB COMMITMENT

Some researchers suggest that the relationship between intention to quit and actual turnover is very crucial. Mobley et al [15] pointed out this relation and says it is very consistent and stronger than the satisfaction and turnover relationship. Sinha [22] said that turnover intention and organizational commitment is directly concerned with the job stress, working environment and compensations. But if any perceived opportunities have been found to be associated with intention then it will not be an actual turnover [2]. Leenu & Lakhvinder (2011)[21] says that compensation, career growth and supervisory found correlated with some form of commitment. Aswathy and Gupta [12] found that organizational commitment of Indian managers in multinational companies is that the employee's commitment towards the organization on their perceptions about the four organizational practices: organizational structure, management style, HR practices and non-work practices. Normala, Daud [17] concluded that QWL and organizational commitment are a multidimensional construct and is a product of the evaluation of one's work place.

## METHODOLOGY

A sampling method considered to be adequate for my study. Each and every response is checked thoroughly for incomplete and missing response. The questionnaire has three parts in which the first part contains some demographic information. Table gives a proper summary of this sort of information like age, sex, marital status, position, salary package, education, work experience.

In the second part, the questionnaire contains a dozen (twelve) items to construct the various independent variables along with a dependent variable in my study. The selected independent variables are: stress, safety and health conditions, job security, fringe benefits, self satisfaction, opportunities for promotion, fair compensation, training program, top management appreciation, involvement in decision, relationship with co-workers, job satisfaction. A five point Likert scale (1= Strongly Disagree to 5= Strongly Agree) was used to collect data from the respondents. The questionnaire was outlined in English and understandable.

In third part, there is four questions regarding job commitment that is yes/ no type questionnaire. In this part of my study I would find out the intention to leave the job.

## CONCLUSION

The above factors are thus the ascendants of turnover intentions. It can be concluded from these identified literatures that these factors i.e. job stress, work environment, career growth, job security, fringe benefits, salary, effective supervision training program and organizational commitment have an impact on the turnover intentions directly or indirectly. It is important for the organization to design strategies to improve the above factors so that the performance and efficiency of the employees can be improved which can in reduce the turnover intentions ultimately.

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