

An empirical investigation on identifying reasons for attrition through Exit Interviews: A case study of Coimbatore Metal Works Limited, Coimbatore

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ABSTRACT

Organisations are conducting exit interviews to gather information on the true reasons for employees to exit. The information so collected without doubt would help organisations in improving working conditions and work on interpersonal conflicts thereby helping the organisation from having any further loss of human talent. This article focuses on the concept of exit interviews, and shows how information so collected could be used for the betterment of the employees and the organisation at large. The study is concentrated at Coimbatore Metal Works Ltd. The research has helped in highlighting the factors which lead to employee turnover like salary packages, better career prospects, relocation of jobs and personal health.

1. Introduction

Exit interview is conducted by organisations for employees who are resigning from the post assigned to them by the organisation. Exit interviews are mostly conducted by a senior person in the organisation in the form of an interactive session with the employee who is on the verge of being relieved from the organisation.

Employee turnover is a general term used by business professionals and scholars to describe the permanent withdrawal of an employee from an organisation. Many companies in reality are not conducting exit interviews as they fail to realize the true worth of employees and are confident of getting a replacement for the one leaving the organisation at a lesser cost. It cannot be denied that exit interviews are important as they provide vital inputs which could organisations from further loss of talent.

This study is conducted in Coimbatore Metal Works Limited which is different from the other manufacturing companies in Coimbatore city as it has adopted the policy of conducting exit interviews. Coimbatore Metal Works Limited is a manufacturing company which supplies aluminum castings, and tools. The company was formerly known as Pricol Castings Limited. The company was incorporated in 1994 and is based in Coimbatore, India. Coimbatore Metal Works Limited is a subsidiary of Pricol Limited. Currently there are 200 operators and 25 officers are working in this company.

2. Review of Literature

Giacalone and Knouse, (1989); Gensing-Pophal, (1993); Zima (1983) has considered that Exit interviews are often accompanied within the Attrition research as one of the practical methods by which management, human resource practitioners and researchers are able to monitor and analyses voluntary Attrition.

Zima (1983; Goodale, (1982) has said that the exit interview is a discussion between a representative of a firm and an

employee who is leaving the firm – either voluntarily or involuntarily – or an employee who expresses a desire to leave.

Jackson (2002) has found out that the main purpose of conducting an exit interview is to help identify and correct troubles within the firm as well as evaluate the effectiveness of human resource practices and programs

3. Objectives of the Study

1. To identify the causes for attrition through exit interview in Coimbatore Metal Works Limited.
2. To study the benefits of exit interview in Coimbatore Metal Works Limited.

4. Scope of the Study

The study is conducted to find the reasons for employee turnover and thereby to help to retain the existing employees in the organisation. When an employee puts resignation letter it is the protocol of the organisation to conduct exit interview. Exit interviews can reduce the chances of a former employee sue the firm. Exit interviews are formal or informal, oral or written exchanges that take place at some point following voluntarily resignation. The purpose of the study is not only to know why individual leaves a post but also to understand the impact of work environment on those existing employees in the organisation. Exit Interviews can give valuable insights about the level of development opportunities available and sources of organisational dysfunction.

5. Methodology of the Study

The data for the study has been collected by the employees who have resigned and are relieved from Coimbatore Metal Works Limited in the last three months. The size of the sample was 37 people using a convenient sampling method. Data has been collected from both primary and secondary sources. The primary data was collected from the respondents using survey questionnaires and secondary data was collected from the published journals, magazines, periodicals, research works etc.

Internet services were also used to collect the latest information through various websites.

A structured questionnaire was used to collect the opinion regarding the factors that influence employees to leave the organisation. The questionnaire constituted a 5-points Likert scale where 5 indicated strongly agree and 1 indicated strongly disagree. The collected data have been analyzed using SPSS 20 for one-way anova and factor analysis. The set of 29 items included as the causes of employee turnover and factor analysis was used to find the important 9 variables among 29 variables.

6. Limitations of the Study

1. The study is limited to Coimbatore Metal Works Limited.
2. The period for the study is from November 2017 to April 2018, i.e., for a period of six months.
3. The sample size is limited to 37 persons.

7. Data Analysis

The demographics of the sample such as gender, age, designation, qualification, salary, and health issues are as given below. An analysis of the respondents based on gender, location, age, designation, qualification, area of work, salary, and health issues have been conducted by frequency test and the findings are discussed as follows:

Table 1 : Demographics of the Sample

Demographic Variables		Frequency	Percentage
Gender	Male	22	59.5
	Female	15	40.5
	Total	37	100.0
Age	18-24	16	43.2
	25-34	14	37.8
	35-44	2	5.4
	45-54	3	8.1
	Over 55	2	5.4
	Total	37	100.0
Working Experience	1 year to Less than 3 years	22	59.5
	3 years to Less than 5 years	6	16.2
	5 years and above	9	24.3
	Total	37	100.0
Designation	Operator	16	43.2
	Deputy Manager	9	24.3
	Assistant Manager	3	8.1
	Manager	6	16.2
	Unit Heads	2	5.4
	Department Head	1	2.7
	Total	37	100.0

Table 1 indicates the classification of data according to their gender, age, Designation and experience. There are 22 male respondents and 15 female respondents included out of the total sample size 37. It is found that approximately 59.5% of the respondents selected for the study are male and 40.5% of the

respondents are female. Thus, it shows that the selected number of male and female respondents in the study are moderate.

Table 1 also shows the grouping of the respondents under different age groups as '18-24 years, 25 – 34 years, 35 – 44 years, 45-54 years and' Above 55 years group. Out of 37 respondents 16 respondents belong to 18-24 years group, 14 respondents belong to 25 – 34 years group, 2 respondents under 35-44 years group, 3 respondents under 45-54 years and 2 respondents belong to over 55 years group. It is observed that among the respondents 43.2% of them are in the age group of '18-24 years' and 37.8% of the respondents are in the age group of 25-34 years. Also, 5.4% of the respondents are in 35-44 years' group, 8.1% of the respondents are in 45-54 years group and 5.4% of the respondents are over 55 years. It is found that the majority of the respondents (43.2%) are in the entry level age group of '18-24 years' which is accounted for the highest Attrition in Coimbatore metal works Ltd.

It also gives the classification of the respondents as per their experience in the organization. Four groups have been formed to include the experience groups ranging from 'less than 1 year to above 5 years' groups. It is observed that among the respondents, approximately 59.5% are in the experience group of '1years to Less than 3 years' and 16.2% are in '3 years to Less than 5 years' group and 24.3% are in above 5 years' experience group.

Table 1 also gives an account of the designation groups and their numbers and percentages in the sample. The groups included are operator, Deputy Manager, Assistant Manager, Manager, Unit Heads and Department Head. The operator group has 16 respondents, Deputy Manager, Assistant Manager and Manager group has 18 respondents, Unit Heads has 2 respondents and HOD has only 1 respondents. Thus, it is concluded that from the total sample, majority (43.2%) of them are from 'operator' (entry level) group, where employee turnover is highest which further justifies the sample selection.

7.1 Factor Analysis Sample Adequacy

Table 2 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.676
Bartlett's Test of Sphericity	Approx. Chi-Square	121.218
	Df	10
	Sig.	.000

To measure the suitability of data for finding causes of employee turnover by using factor analysis, Kaiser-Meyer-Olkin (KMO) Test was conducted, and since the value is >0.5 it was taken to be satisfactory. Bartlett's Test of Sphericity with an associated p value of <0.001 showed that the model is fit for analysis.

Factor analysis is used to reduce a set of variables into a smaller set of factors to find out which are the most important factors. As a first step towards an exploratory factor analysis, a principal component analysis was conducted to determine the most important factors causing employee turnover and the effect of exit interview to control the future employee turnover.

Table 3 : Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.973	20.598	20.598	5.973	20.598	20.598
2	3.967	13.681	34.279	3.967	13.681	34.279
3	3.095	10.672	44.951	3.095	10.672	44.951
4	2.591	8.935	53.886	2.591	8.935	53.886
5	1.876	6.471	60.356	1.876	6.471	60.356
6	1.732	5.971	66.328	1.732	5.971	66.328
7	1.657	5.712	72.040	1.657	5.712	72.040
8	1.373	4.734	76.774	1.373	4.734	76.774
9	1.175	4.053	80.828	1.175	4.053	80.828
10	.944	3.256	84.083			
11	.758	2.613	86.696			
12	.706	2.436	89.132			
13	.677	2.333	91.465			
14	.499	1.720	93.184			
15	.486	1.675	94.860			
16	.332	1.144	96.003			
17	.278	.958	96.962			
18	.198	.684	97.646			
19	.184	.634	98.280			
20	.161	.554	98.834			
21	.100	.344	99.178			
22	.079	.272	99.450			
23	.066	.228	99.678			
24	.036	.123	99.800			
25	.030	.104	99.904			
26	.019	.064	99.968			
27	.009	.032	100.000			
28	1.040E-16	3.585E-16	100.000			
29	3.499E-17	1.207E-16	100.000			

Extraction Method: Principal Component Analysis.

From the above table, values are expressed as a percent of the total variance. We should retain only factors with Eigen values greater than 1 and factor extracts with Eigen values less than 1 should drop it. This criterion is probably one of the most

widely used and is followed in this study also. In this study, using the above criterion,9 factors (principal components) have been retained among the 29 variables.

Table 4 : Rotated Component Matrix for causes of Attrition

Component	Eigen Value	% of Variance	Cumulative %
1	4.321	14.900	14.900
2	3.607	12.438	27.338
3	3.554	12.256	39.593
4	2.606	8.987	48.580
5	2.230	7.689	56.269
6	1.947	6.713	62.982
7	1.925	6.637	69.619

8	1.754	6.047	75.666
9	1.497	5.162	80.828

The nine components resulting from the factor analysis for causes of Attrition are described as follows:

Table 5 : Factor Loading

S. No	Statement	Factor Loading	Factor Name
1	Salary package /monetary incentives are sufficient in my organization	.544	Pay Packages and Incentives
2	Fringe benefits are lacking in my company compelling me to resign the post.	.626	
3	Company maintains salary levels that compare well to other companies in this area	.531	
4	Is Inflexible working hours and work-life imbalance having direct effect on the decision to resign from the job	.516	Work life imbalance
5	Work stress is the main reason for changing the company	.509	
6	Commuting time or distance is an important factor for to leave the job	.637	Travelling distance
7	I resigned my job for my further studies	.605	Future Prospects
8	Spouse relocation has influenced decision to resign from the post	.807	Relocation of Jobs
9	Geographic location has affected decision for not staying in the company	.657	
10	Insufficient challenges in a Job makes you think for changing the company	.597	Lack of Career Advancement
11	Unfair performance appraisal process have great effect on your resignation	.637	
12	Employee policies of company are administered the same in all departments laterally	.665	Partiality and Favouri-tism
13	My immediate superior deals with all employees fairly	.543	
14	I receive co-operation from all other departments	.523	
15	Your immediate boss encourages your work	.512	Lack of Proper Training and Development
16	I am satisfied with the amount of training provided by the company	.634	
17	HR department does not provide career counselling on career progression	.675	Personal Health
18	I resigned due to health issues	.856	

From the above table using factor analysis the 29 variables considered in the primary data were reduced to 9 factors model and each factor was given a name which associated with the corresponding variables and they are 1 - Pay packages and

incentives, 2- work life imbalance, 3- Travelling distance, 4- Future prospects, 5- Relocation of jobs, 6- Lack of career advancement, 7- Partiality and favoritism, 8- Lack of proper training and development, 9- Personal Health.

Table 6 : One -Way ANOVA

Particulars		Sum of Squares	Df	Mean square	F	Sig
Pay Package incentives	Between Groups	7.606	4	1.902	.327	.858
	Within Groups	185.961	32	5.811		
	Total	193.568	36			
Partiality and favouritism	Between Groups	.221	1	.221	.032	.860
	Within Groups	244.752	35	6.993		
	Total	244.973	36			
Relocation	Between Groups	118.921	1	118.921	43.309	.000
	Within Groups	96.106	35	2.746		
	Total	215.027	36			
Future Prospects	Between Groups	120.463	4	30.116	177.525	.000
	Within Groups	5.429	32	.170		
	Total	125.892	36			
Work life balance	Between Groups	17.330	1	17.330	13.273	.001
	Within Groups	45.697	35	1.306		
	Total	63.027	36			

Table No.6 shows that among the nine factors compared with demographic variables, age and gender there are only three factors which shows there is a significance and was proved by analysis. First one significance is the choice to resign is not due to inflexible working hours leading to work-life imbalance among male employees, whereas female employees chose to remain neutral. This difference in opinion between the genders was statistically significant with p value < 0.05. However, there seemed to be no statistically significant difference between the genders in blaming work stress as a cause for quitting. Based on the mean response (7.7273,

6.3333) of the individuals it can be assumed that most employees consider, the job to be stress free.

The second significance is the choice to resign is due to future prospects ,i.e, for their further studies between male and female .The mean value (2.09,4.47) of the respondents shows that female respondents are resigning to continue further studies whereas male respondents are not resigning for their further studies. The third significance is the choice to resign is due to relocation of jobs for various reasons like spouse relocation, geographical location and as per the mean

(7.3182,3.6667) we have concluded that more male respondents are quitting due to relocation of jobs rather than female respondents. It is contrary to the usual opinion that female resign due to spouse relocation unless male. But the result shows that male have resigned due to spouse relocation more than female respondents. Other Factors such as pay packages and incentives and partiality and favouritism in the organisation does not have that much opinion difference between demographic variables.

8. Conclusion

Retention of employees is important to an organisation. One way an organisation can identify the areas that needed to be improved with the help of exit interview. An exit interview is assessing the reasons for employees to leave the organisation. Through exit interview we found that prospects, relocation of jobs, pay packages and personal health are the main factors

causing Attrition. Other factors like lack of training and development and career advancement should be given more importance by the organisation to improve it. When we had a discussion with the CEO of the company and they have informed that company has already taken a huge effort to change the training and development area by providing more training sessions every six months. Pay packages and incentives have been increased beyond industry standards. Private manufacturing companies can reduce employee turnover by forming attractive and desired pay packages and comfortable work environment. Higher authority should focus on the reputation of the company with harmonious interpersonal relationship among supervisors, subordinates and coworkers. Thus, we can say that exit interviews are a good source of information to know the companies weak points which are to be improved for further enhancement and to increase the companies good will by reducing the Labour turnover.

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