

## FACTORS ACTING AS CAUSES OF ATTRITION IN AUTOMOBILE DEALERSHIPS IN SOUTHERN RAJASTHAN

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### ABSTRACT

*Human resources of a country through their skills, knowledge and ability determine the wealth of a country. Many countries were able to surpass other countries in economic development as their human resources were capable of better utilizing physical and intangible resources. In India, employers not only face the problem of acquiring the right employee but also the bane of attrition. Attrition rate is the rate at which employees leave their job during a given period. Attrition is gaining a lot of importance in today's competitive world. Automobile dealerships are no exception to it. Sales executives and service managers are in direct contact with customers. Sometimes customers rely on them so much that they do not want to deal with some other employee. In such a situation, high attrition can pose a serious threat on the profitability of dealership. Thus the present study aims to identify the causes of attrition in automobile dealerships.*

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**Keywords:** *Attrition, Work Pressure, Self-Esteem, Employee Satisfaction, Morale.*

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### Introduction

Attrition is gaining a lot of importance in today's competitive world. Automobile dealerships are no exception to it. As the dealership has shifted its focus from 'product only' to 'product and service', the importance of personnel is quite implied. Sales executives and service managers are in direct contact with customers. Sometimes customers rely on them so much that they do not want to deal with some other employee. In such a situation, high attrition can pose a serious threat on the profitability of dealership. Thus the present study aims to identify and understand the present state of attrition and its causes in automobile dealerships.

### Review of Literature

**Kaur and Padmanabhan (2019)<sup>i</sup>** examined the work related causes for employee dissatisfaction at work place that results to attrition. The impact of employee attrition proves negative sign in terms of less productivity and employee morale. Higher rate of employee attrition shows failure of organizational efficiency in terms of retaining skilled employee.

**Rungta and Rao (2018)<sup>ii</sup>** explored the challenges that are faced by the employers and HR managers in the context of alarming increase in the attrition of the employees in the Indian Information Technology sector. The study evaluated 120 employees of the different IT companies in India. The results indicated that the reasons of attrition among the IT employees were dynamic in nature. There is a change in the opinions of the employees about the reasons for attrition with a change in their age, gender, education, marital status, qualification and designation.

**Dobhal and Nigam (2018)<sup>iii</sup>** examined the impact of HR practices on the employee attrition in defence PSUs in India. The research concentrated on the relationship between designation level and the hiring practices as well as performance appraisal & training practices. Researcher also investigated the correlations among hiring practices, performance appraisal & training practices, satisfaction level of the executives and reasons of attrition.

**Kaneth and Gibba (2018)<sup>iv</sup>** tried to investigate the factors that influence employees' attrition in public and private sector institutions in The Gambia from year 2007 to 2017. The study revealed eight main reasons for attrition in the public and private institutions in Gambia from 2007 to 2017. Among

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these, the most important are the lack of career growth and advancement and inadequate remuneration packages. These were identified as major factors influencing employees' attrition in private and public institutions in The Gambia.

**Bhargav and Mehra (2018)<sup>v</sup>** reviewed the relevant published literatures to identify the influencing factors of employee attrition, suggest some feasible retention strategies which can be applied by the leaders to reduce the attrition rate in BPO. The associated costs with high employee attrition rate are also described which imbalance the economy of the organization. Hence, if explained retention strategies are applied, then there is a possibility that employee attrition rate as well as associated costs in BPO will reduce. To retain the existing and skilled employees is less expensive than to recruit and train the new ones.

**Devi and Umadevi (2018)<sup>vi</sup>** tried to interpret the employees' attrition rate through the related attributes. They took three mining algorithms like Naïve bayes, J48 (C4.5) and Random Tree respectively. Among the analysis the Naïve Bayes gives better performance rather than other two algorithms. Now the organizations can make right decision with the results interpreted by Naive Bayes.

**Kaur, R. (2017)<sup>vii</sup>** attempted to study the various issues related to employee retention in IT companies operating in India. Results revealed that the IT organizations were conscious of the need to manage people with care. They know that it is advantageous to have better people management practices.

**Chnadrsekhar and Warriar (2017)<sup>viii</sup>** focused on the attrition of junior doctors who are one of the key people under health-care workforce and was based on a review of literature, supported by empirical information based on online survey. Attrition is among the top concerns.

**Jyothsna (2017)<sup>ix</sup>** identified the major factors that influence the employee retention in OMNI Hospital. The findings suggested that organizations should learn from exit interviews, employee's grievances. Complaints should be treated seriously and if required counseling should be done to retain the best talent. Employee engagement plays an important role in employee retention.

**Bhokare, Madhale and Rajput (2017)<sup>x</sup>** aimed to find out the Attrition Rate for the year 2015-16 and 2016-17 of hospitals, to determine the causes of employee attrition in organization, to analyze measures put in place by organization to reduce employee's turnover and to assess the effect of employee's attrition on organization. It was found that mostly in hospitals Demand of high pay; new job offers and plan for higher studies were the actual reasons behind attrition.

**Mathimaran and Kumar (2017)<sup>xi</sup>** tried to review the various available literature and research work on employee retention and the factors affecting employee retention and job satisfaction among the employees. The findings of the study suggested that certain variables were crucial in influencing the employees' decision to either leave or remain in an organization. Such variables included training and Development, recognition/reward for good performance, a competitive salary package and job security.

**Mohapatra, Gupta and Lamba (2017)<sup>xii</sup>** aimed at finding the causes of attrition in a reputed sales organization with its presence in all major cities in India. After conducting the attrition and exit interview analysis, the major reasons for attrition across all tenure ranges, grades and regions was found. After the data analysis, it was found that workplace politics, role stress, supervisor-related issues, better working opportunities and personal problems like relocation predominantly contributed to job dissatisfaction.

**Lavanya (2017)<sup>xiii</sup>** examined the employee attrition which is inevitable but manageable with software employees. The findings demonstrated that there was no significance difference in the dimension of the factors as a predictor in explaining employee attrition. Chi-square test revealed that there was significant association in employee job seeking with that of rate of attrition.

**Wani and Sarode (2017)<sup>xiv</sup>** stated that international and domestic companies are expanding their business at a very rapid speed, which has helped India to become a very healthy economic environment for customers. Employees of hospitality industry are benefited too, as they have numerous options to start their careers or grow in their careers.

**Sreenivas (2017)<sup>xv</sup>** stated that a stable workforce creates a significant competitive advantage and if an organization has unstable work conditions, it may be forced to invest heavily in recruiting, orientating, training, overtime and supervision. It is observing that a large number of companies appear to have made their workforce into competitive assets and moderate progress has occurred everywhere.

**Vijayakumar and Ananthanarayanan (2016)<sup>xvi</sup>** attempted to find primary and secondary reasons that cause attrition and apply various data mining classification tools in the dataset to find the accuracy level of each classifier. The major findings of the study were employee needs good recognition and a normal package based on his designation level.

**Umamaheshwari and Krishnan (2016)<sup>xvii</sup>** examined the impact of the factors over organization commitment and explored the effects of organization commitment on retention, and verified the mediating effect of organization commitment on the relationship between proposed factors and retention. Findings revealed that organization commitment influenced retention and all the above factors enhanced it.

**Buragohain (2016)<sup>xviii</sup>** conducted a study to find out the main causes which increase the employee turnover in automobile dealers and to find out the way to control attrition. Majority of the employees considered the nature of their job, growth opportunities, relationship with their boss, supervisor & colleagues, working environment, appraisal system, canteen facility, work life balance, training programs, attention to individual needs, reputation of the company, company's terms, resources to do their job, leaders who guide them and support they get to do their job as important and were also satisfied with it.

**Srividhya and Venkatesh (2016)<sup>xix</sup>** measured employee attrition through various factor in the organization. The study examined the factors that contributed more towards the level of attrition in the company. Results indicated that there were many factors that contributed more towards the employee attrition.

### Research Methodology

Following research methodology has been used in the present research:

- **Objective**

The research aims to identify the factors of employee attrition in automobile dealership.

- **Sample**

The scope is limited to all dealers of cars and two-wheelers dealing in southern Rajasthan. Under this study, from the total population of 88 units of dealerships and service centers of cars and two wheelers in southern Rajasthan, a sample of 30 units was taken and 5 respondents from each unit has been selected on convenience basis.

- **Data Collection and Tools**

For attaining the objectives of the research, a structured questionnaire was designed in order to collect perceptions of employees towards reasons of attrition, impact of attrition and strategies to avoid attrition. The questionnaire was divided into two sections. First section was related with the demographic information of the employee like gender, age, education, designation, experience, annual income, marital status, number of dependent family members etc. Second section contained probable reasons of attrition. This section contained 39 possible reasons of attrition to which respondents had to respond on a five point Likert scale – strongly agree (coded as 1), agree (2), neutral (3), disagree (4) and strongly disagree (5). Reasons of attrition offered to them were identified during extensive review of literature and were related with real life problems that employee face.

The analysis has been done using Cronbach's Alpha and factor analysis.

### Results and Discussion

- **Reliability and Validity**

When we test the reliability of the data, we are actually whether there is internal consistency in the data or not. Confirmation of internal consistency confirms the correctness and reliability of responses measured on Likert scale which intended to measure complex management issues. Cronbach's Alpha provides a way to test reliability statistically. Following are the results of test:

Questionnaire	Cronbach's Alpha	N of Items
Pilot Survey	.624	43
Revised Survey	.859	39

Initially the questionnaire was used to do a pilot survey and the obtained data were tested for reliability. The pilot survey was done with 20 respondents with a questionnaire having 43 items as causes of attrition. The results of Cronbach's Alpha provided a value of 0.624. Although it was satisfactory, but on while checking the validity of data, some subject experts were consulted and accordingly the questionnaire was revised. The final questionnaire had 39 causes of attrition. This time, the Cronbach's Alpha resulted in increase in the value to 0.859. Thus it was concluded that the internal consistency was existing in the scale i.e. there is not much variation in the responses across the summated scale.

- **Sampling Adequacy Test**

The third criterion states that the sample should be adequate enough to apply factor analysis. For this purpose, Bartlett Test of sphericity, and KMO (Kaiser-Meyer-Olkin) measure of sampling

adequacy have been used and the results have been displayed in Table 1. The rule of thumb is that the value of KMO should be more than 0.60 whereas the value of Bartlett's test should be significant at 5% level of significance.

**Table 1: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.869
Bartlett's Test of Sphericity	Approx. Chi-Square	3241.006
	Df	741
	Sig.	.000

It is evident from the results that the value of KMO is 0.869 which indicates that the sample size is adequate to apply factor analysis. The Bartlett's test of sphericity is used to check whether all the variables are uncorrelated to each other. This test is used to check the overall significance of all correlations within a correlation matrix. The result of the Bartlett's test of sphericity is significant at 5% level of significance. Table 2 displays the total variance explained by the extracted factors of causes of attrition. The results have been divided into two sections – the first section "Initial Eigen values" and the second section "Rotated Sum of Squared Loadings". The first section displays the explained variance obtained under initial solution whereas the second section displays the same obtained after extraction (Principal Component Analysis) and Rotation (Varimax Rotation Method). Only those factors have been retained which Eigen value of more than 1.

**Table 2: Total Variance Explained**

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.644	29.856	29.856	4.321	13.679	13.679
2	3.859	11.896	41.752	4.099	11.910	25.589
3	2.130	8.461	50.213	4.008	10.677	36.266
4	1.965	6.039	56.252	3.228	9.578	45.844
5	1.741	4.464	60.716	3.115	8.986	54.830
6	1.416	3.631	64.348	2.310	6.923	61.753
7	1.183	3.033	67.380	2.086	5.628	67.380

**Extraction Method: Principal Component Analysis**

It is revealed from Table 2 that the first factor explains highest percentage of variance i.e. 13.68%. Likewise, second to seventh factor explain 11.910%, 10.677%, 9.578%, 8.986%, 6.923% and 5.628% variance in the data. Thus in total 67.38% variance is explained by the extracted factors. In this way total seven factors were retained. In the last step, rotated component matrix was generated in order to find out the factor loadings of various components on their respective factors. The results have been displayed in Table 3.

**Table 3: Rotated Component Matrix**

Factors	Components	Factor Loading
Factor 1: Salary and Perks	Better job opportunities	.775
	Equal rating for high and low performers to avoid conflicts	.668
	Insufficient hikes in salaries	.541
	Attractive offers from competitors	.500
	Slow career growth	.448
	Lack of rewards and praise	.446
	Superior perks and fringe benefits in rival firms	.432
Factor 2: Work Pressure and Leave Rules	Flexible working hours in competitors	.864
	Disproportionate workload distribution among the team	.809
	Denying eligible leaves in the time of emergencies	.775
	Expecting to do work for impossible deadlines	.765
	Long working hours	.743
	Strict leave rules	.521
Factor 3: Low Employee Satisfaction and Morale	Lack of appreciation from management	.759
	Low employee satisfaction and morale	.749
	Improper and crooked performance appraisal	.691
	No freedom to have choice of work zone or department	.538
	Medical and maternity benefits in competitors	.526
	Lack of concern for employees	.517

<b>Factor 4: Self-Esteem</b>	Sexual harassment	.773
	Disrespect in front of customers	.747
	Lack of support from other employees	.696
	Lack of opportunities for increase or improvement in skills	.684
	Monotony of job	.601
	Wrong criticism of employees in their absence i.e. back biting	.442
<b>Factor 5: Personal Problems</b>	Transfer of jobs due to family choice	.835
	Due to marriage or child care	.731
	Family Problems	.698
	Due to health issues	.659
	For pursuing higher studies	.514
<b>Factor 6: Management Problems</b>	Better work environment in rival firms	.808
	Unfair treatment with employees	.790
	Bias and favouritism	.579
	Lack of clear vision in management	.503
	Improper working environment	.462
<b>Factor 7: Lack of Professional Skills</b>	Lack of communication and marketing skills	.755
	Dictatorial style of management	.713
	Lack of leadership skills	.652
	Lack of technical knowledge	.553

#### Rotation Method: Varimax with Kaiser Normalization

Table 3 displays the factor loading which were greater than 0.45. Based on the similarity of components of a factor, the factor was named. First factor has 7 items, second has 6, third has 6, fourth has 6, fifth has 5, sixth has 5 and seventh has 4 items. The extracted factors were saved as variables and were subject to reliability test. Therefore, Cronbach's Alpha test was applied and the results have been displayed in Table 4.

**Table 4: Name of Factors and Values of Cronbach's Alpha**

Factor	Cronbach's Alpha	No. of Statements
Factor 1: Salary and Perks	0.853	7
Factor 2: Work Pressure and Leave Rules	0.802	6
Factor 3: Low Employee Satisfaction and Morale	0.785	6
Factor 4: Self-Esteem	0.702	6
Factor 5: Personal Problems	.679	5
Factor 6: Management Problems	.631	5
Factor 7: Lack of Professional Skills	.588	4

**Factor 1** was named as **"Salary and Perks"** and this factor includes 7 items. All items were related with the reason of attrition related to salary problems. Salary, perks, facilities and other offers become the biggest reason of attrition of employees. These are "Better job opportunities", "Equal rating for high and low performers to avoid conflicts", "Insufficient hikes in salaries", "Attractive offers from competitors", "Slow career growth", "Lack of rewards and praise", "Superior perks and fringe benefits in rival firms". The Cronbach's Alpha value was 0.853.

**Factor 2** was named as **"Work Pressure and Leave Rules"** and this factor includes six items. The items included were all related with problems of employee regarding work pressure, long working hours and strict leave rules. These items are "Flexible working hours in competitors", "Disproportionate workload distribution among the team", "Denying eligible leaves in the time of emergencies", "Expecting to do work for impossible deadlines", "Long working hours" and "Strict leave rules". The Cronbach's Alpha value was 0.802.

**Factor 3** was named as **"Low Employee Satisfaction and Morale"** and this factor has six items. The factors contained items related with the issues that an employee faces during his job and result into lower job morale and job satisfaction. The included items are "Lack of appreciation from management", "Low employee satisfaction and morale", "Improper and crooked performance appraisal", "No freedom to have choice of work zone or department", "Medical and maternity benefits in competitors" and "Lack of concern for employees". The Cronbach's Alpha value was 0.785.

**Factor 4** was named as **"Self-Esteem"** and it includes six factors. All the components of this factor are related to self-respect and self-esteem. These are The Cronbach's Alpha value was 0.702. The

included items are "Sexual harassment", "Disrespect in front of customers", "Lack of support from other employees", "Lack of opportunities for increase or improvement in skills", "Monotony of job" and "Wrong criticism of employees in their absence i.e. back biting".

**Factor 5** was named as "**Personal Problems**" and it includes five items. This factor included personal reasons of an employee due to which he leaves the job. It includes "Transfer of jobs due to family choice", "Due to marriage or child care", "Family Problems", "Due to health issues" and "For pursuing higher studies". The Cronbach's Alpha value for this factor was 0.679

**Factor 6** was named as "**Management Problems**" and it includes five components. The included items are related with the issues between management and employees. These items are "Better work environment in rival firms", "Unfair treatment with employees", "Bias and favouritism", "Lack of clear vision in management" and "Improper working environment". The Cronbach's Alpha value for this factor was 0.631

**Factor 7** was named as "**Lack of Professional Skills**" and it includes four items. These items are related with personal lacking of skills in employees. These items are "Lack of communication and marketing skills", "Dictatorial style of management", "Lack of leadership skills" and "Lack of technical knowledge". The Cronbach's Alpha value for this factor was 0.588.

If Cronbach's Alpha values are observed, it is found that all the factors reasonably reliable. This proves that there is internal consistency or reliability in the items within a factor.

### **Conclusion**

Present research aims at finding factors acting as causes of attrition in automobile dealerships in southern Rajasthan. For this purpose, a sample of 30 units of automobile dealers was selected from southern Rajasthan. Structured questionnaire was distributed among 150 respondents from these units. The collected data were subject to reliability test using Cronbach's Alpha and the results were satisfactory. The value of KMO was 0.869 which indicated that the sample size was adequate to apply factor analysis. The Bartlett's test of sphericity for no correlation was also rejected.

In total seven factors were extracted. Factor 1 was named as "Salary and Perks" and this factor includes 7 items. Factor 2 was named as "Work Pressure and Leave Rules" and this factor includes six items. Factor 3 was named as "Low Employee Satisfaction and Morale" and this factor has six items. Factor 4 was named as "Self-Esteem" and it includes six factors. All the components of this factor are related to self-respect and self-esteem. Factor 5 was named as "Personal Problems" and it includes five items. Factor 6 was named as "Management Problems" and it includes five components. Factor 7 was named as "Lack of Professional Skills" and it includes four items.

It was further observed that for Factor 1 male respondents were on more agreement side as compared to female respondents; for Factor 2 female respondents were on more agreement side as compared to male respondents and for Factor 4 male respondents were on higher agreement side. Salary and perks might not be important at the starting of their career for young employees whereas self-esteem and personal problems become reason of attrition as the person matures. On further scrutiny, it was found that less educated employee were in favor of Factor 7. While performing their duties, they realized that they need additional skills to perform their duties efficiently.

More experienced employees were in favor that salary and perquisites become a cause of attrition and more experienced employee took very good care of their morale and job satisfaction. Since they knew that they are saleable in the market, they were in more agreement with this factor as compared to less experienced employees. It was found that respondents having lower income were in more agreement for Factor 1 "Salary and Perks" and Factor 5 "Personal Problems". On the other hand, respondents having higher income were in more agreement for Factor 2 "Work Pressure and Leave Rules" and Factor 6 "Management Problems".

This showed that when a person was financially tension free then only he could think of management issues, work pressure and leave rules. On further analysis it was found that for Factor 2 and Factor 3 married respondents were more on agreement side as compared to unmarried respondents. On the other hand, for Factor 6 unmarried respondents were more on agreement side. It was also found that opinions of respondents with higher number of dependents were in more agreement than those of respondents with lesser number of dependents for Factor 1 "Salary and Perks", Factor 3 "Low Employee Satisfaction and Morale" and Factor 4 "Self Esteem".

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