

A CASE STUDY OF ARVIND LOGISTICS, BANGALORE

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ABSTRACT

There was a general feeling within the geo-physical environment where this company was located that management was not taking care of the casual labourers. To ascertain the veracity of this feeling a research was undertaken between 2003 and 2006. Based on hypothesis testing the researcher came to the conclusion that both the dissatisfaction with the wages and the increasing daily expenses are related to each other. These were inadequate given the rising inflation rates. When added to the increasing job opportunities outside the company the temptation to quit was high. This investigator went deep into the issues and ascertained some of the major problems that led to high absenteeism and attrition rates, which in turn, impacted and resulted in low per capita productivity of labourers and a low role efficacy of the HR Department. This in turn called for a proactive HR intervention to ameliorate the plight of labourers in the company. This case study shows the manner in which the investigator concluded that such an intervention was called for and in the process shed light on the real causes of

attrition and absenteeism. In the process the HR Department of the company was placed in the dock and thereby lends support to the radical industrial relations view that “there is no such thing as a labour problem; there is always a management problem.”

Introduction

This case study is based on the view that Human Resource Management is the heart and the employees are the lifeblood of every organization. If this vital resource is neglected progress is hampered and a demotivated workforce seeks other avenues of employment. In this dynamic business world, competition is the buzzword and efficiency is benchmarked as the basic criterion for existence, hence organizations heavily depend on its people. The efficiency and hence the success of an organization depends upon the performance of its people, so the importance given by the organizations to manage their human resource efficiently is more than anything. Since organizations compete with each other, opportunities for employees are also more; this indeed is a factor, which pushes every human resource manager into doldrums. To retain its efficient human

capital as well as keeping them present on all working days is important and it needs more strategic and scientific approach mooted through a well planned OD intervention handheld by a strategic HR expert.

Absenteeism and attrition are the roadblocks to the efficient functioning of any organization; these are the two important menaces for which every human resource manager have to find immediate solutions. Various studies have been conducted by different agencies to find out the reasons for increased attrition and absenteeism among the employees of various organizations, but the results vary from industry to industry, region to region and even from person to person. So rather than a generalized study it is important to go to specific industries and specific variables that can be attributed to the attrition and absenteeism among its employees.

Arvind Logistics Centre is the central warehouse for the Arvind Brands of products. They have an average turn over of 10 lakh pieces every month and they employ 180 casual labourers to handle the excess work, usually the contract period for the casual labourers is 11 months and their service is extended if the excess work is there. As long as these people work for Arvind they have important role to play in the successful functioning of the organization. But like any other industries, absenteeism and attrition are creating unnecessary wastage of time in the inwards and dispatch of goods to the organization. The human resource department was very keen to know the real factors that were affecting absenteeism and attrition among casual labourers in Arvind Logistics centre and the study was taken up to understand various factors that can be attributed to the problem and to identify each one of its

effect on the problem of absenteeism and attrition.

A pilot study was rigorously conducted before the final investigation was undertaken. Some of the important reasons that can be attributed to the problem in the present setting were: (a). Unsuitable working conditions. (b). Unfavourable mental attitude arising out of boredom, discontent with the wages, resentment against the supervisors. (c). Lack of provision for general welfare. (d). Inadequate medical facilities for minor injuries. e. Increased distance between the workers and the management.

Definitional Premise

According to Webster's dictionary, absenteeism is the practice or habit of being an absentee and an absentee is one who habitually stays away. From an organization's stand point, absenteeism is the failure of an employee to report to or to remain at work as scheduled, regardless of reason. Absence may be authorized or unauthorized, wilful or caused by circumstances beyond ones control.

Attrition has been defined as the rate of employees leaving the organization in a definite period of time. In other words it signifies the shifting of workforce out of the organization. It is sometimes defined as the measure of the inarticulate labour unrest. Strikes are considered as articulate expressions of discontent among the workers; in the case of attrition the discontent is expressed by quitting the job. The heavy rate of attrition is a great handicap for workers and industry alike, for it implies a reduction in skill and efficiency on the part of the worker and reduced output for the industry. How ever some amount of attrition is inevitable and even natural, but in some cases attrition arises due to resignations and dismissals.

Literature Review

There is a lot of available literature on the subject but a select few are treated herein. For instance, Kerr, Clark, Dunlop, I.T., Hamilton, F.H., and Myers C.A., (1960) opine that the worker in the process of early stage on industrialization is more prone to absenteeism, prolonged and sporadic withdrawal from industrial work, wildcat stoppages, naked violence and destruction of machines and property. They believe absenteeism is due to the factors that influence a worker's commitment. According to Labour Bureau, Simla (1962), on the other hand, absenteeism is the total man shifts lost because of absence as percentage of the total number of man shifts scheduled to work. Hone, Angus (1968) believes that the economic consideration decides whether one would like to be absent from work. John C. Kearns (1970) argues that excessive absenteeism constitutes a considerable cost to the firm. This is valid even when the absent employees receive no pay. Work schedules are upset and delayed, quality of product tend to deteriorate, overtime may be required to make up work, and many fringe benefits are still paid regardless of the attendance. It is therefore desirable for the management to attempt to reduce the rate and in any event, include the known rate in their decision concerning human resource requirements. Barry M. Staw and Greg R. Oldham (1972), in a study of 348 employees in 32 different jobs revealed that *higher performance in frustrating situations* (High growth needs in low-level job) had higher absence rate. In the Indian context a prolonged study was undertaken in Mumbai and Pune which led Sadri and Jayashree in their work on knowledge workers in the software industry to state that high rates of attrition arose because of the "need to belong" not being adequately fulfilled and they recommended

proactive HR intervention.

In the opinion of Garikaparthi and Roy (2004), employee turnover is a chronic disturbance that the HR department is exposed to. The recent times have witnessed a steep increment in the employee turnover. According to them, it is important for every organization to know whether employees are dissatisfied or are there any other reasons for leaving the job. They further analyzed the probable reasons for attrition as follows: (a) A bad match between the employee's skills and the job. (b) Lack of opportunity for advancement and growth. (c) Feelings of not being appreciated. (d) Inadequate or lacklustre supervision and training. (e) Unequal or substandard wage structures. (f) Rival firm competition. (g) Dissatisfaction due to subordinate-superior clash (h) Inadequate and Un-customized benefits.

Hora (2005) believes that the HR focus has slowly shifted from numbers to quality, from recruitment to retention, from training to developing and from guiding to challenging. Sadri and Jayashree (2007) argue that high attrition rates reflect poorly on organizational excellence and hence its business sustainability. The Indian BPO industry, for instance, has attracted the world's attention by its wonderful performance, says Pillai (2006). In an article entitled 'HR issues in BPO', he identifies the reasons for the high rate of attrition in BPO as salary, no growth opportunity or lack of promotions, lack of opportunity to pursue higher education, odd timing, no personal life, job content, insufficient leave or holidays, physical strain, transportation problems, uneasy relationship with peers or managers, misguidance by the company, friends moving out, policies and procedures are not conducive, illness, and marriage.

The researcher was endeavouring to find

out the reasons for the attrition and absenteeism among the casual labourers in the Arvind Logistics Centre. In this attempt, certain hard realities were revealed to the researcher with the help of some surveys. The major purpose of this research was to describe the state of affairs as they are. So the best suit research that can be used was a descriptive type of research. Since the research is of descriptive type the research design is in such way so that the method of data collection is from documents, interviews with experts and through questionnaire method.

Objectives of the research were to identify the rate of attrition and absenteeism among casual labourers, to identify the factors affecting absenteeism and attrition among casual labourers, and to analyze the effect of each variable and their importance. Accordingly, following hypothesis has been put to test in the study-

- There exist no significant relationship between the increasing daily expenses and the dissatisfaction with the current wages.
- There exist no significant relationship between the feeling that the company is not properly taking care of the casual labourers and their family problems.
- There exist no significant differences in safety problems among the warehouses.

Both primary and secondary data were collected for the study. Primary data was collected through a well-designed questionnaire consisting of various factors that affect the absenteeism and attrition among casual labourers that the researcher identified through literature reviews and through experts' suggestions.

Study was designed with absenteeism and attrition as dependent variables and the following were taken as independent

variables. Dissatisfaction with the wages. (b) Job insecurity (c) Work load (d) Over time works (e) Behaviour of the ware house staff. (f) Behaviour of the security staff. (g) Behaviour of the colleagues. (h) Safety problems. (i) Dissatisfaction with the company timings. (j) Lack of growth opportunities. (k) Employee company (l) relationship (m) Grievance handling (n) Plan for future studies. (g) Increasing daily expenses. (h) Opportunities available outside. (i) Family problems (f) Health problems. In addition, Demographic Variables for the study included Age, Education and Distance of stay from the company. To obtain information regarding independent variables Likert scale was used.

The study has been conducted among 100 respondents, who are the casual labourers of the Arvind Logistics Centre, Bangalore, which is 55.56% of the total population. There are 180 casual labourers for Arvind Logistics Centre, in which 100 has been selected through simple random sampling (Lottery method without replacement). (This information is based on the company records of casual labourers' data base)

All tables have been classified and interpreted based on percentage method. Likert scale is used to analyse the degree of favourableness and un-favourableness of the responses. Charts and diagrams were also incorporated. The following statistical tools were used to analyse the data: (a) Chi Square Tests and (b) Regression Analysis. A well-planned questionnaire with twenty questions was administered to the respondents to check the favourableness and the un-favourableness of the variables using Likert scale. Initially eighteen variables were identified as contributing to the problem of absenteeism and attrition and their Likert values were calculated.

LIKERT VALUE OF THE INITIALLY IDENTIFIED VARIABLES CONTRIBUTING TO ABSENTEEISM AND ATTRITION		
No:	Variables	Likert Value
1	Discomfort to talk with the seniors about work related problems	2.79
2	Increasing daily expenses	2.59
3	Dissatisfaction with wages	2.44
4	Safety problems	2.43
5	Opportunities available outside	2.38
6	Family problems	2.28
7	Job insecurity	2.26
8	Work load	2.24
9	Lack of career growth	2.14
10	Plan for future studies	2.11
11	Feeling that the company is not properly taking care of them	1.9
12	Search for another job	1.82
13	Dissatisfaction with the behavior of the security staff	1.56
14	Health problems	1.45
15	Discomfort with the company timings	1.26
16	Dissatisfaction with the behavior of the colleagues	1.18
17	Dissatisfaction with the behavior of the ware house staff	1.12
18	Unwillingness to work over time	1.08

Among the initially identified 18 variables contributing to absenteeism and attrition 10 showed a Likert scale rating of more than 2, which mean those variables, have high impact on the problem.

Statistical Coefficient		
	Beta	Significance
Feeling that the company is not properly taking care of me	0.325	0.005
Job opportunities available outside	0.283	0.029
Lack of career growth	0.226	0.039
Behavior of the colleagues	0.222	0.125
Uncomfortable in talking with the seniors about the work related problems	0.222	0.161
Dissatisfaction with the behavior of the ware house staff	0.185	0.348
Safety problems	0.16	0.169
Work load	0.126	0.161
Dissatisfaction with the present company timings	0.117	0.378

From the regression analysis it is evident that the above said 9 factors are contributing heavily to the problem. Among them the feeling that the company is not properly taking care of the casual labourers is the biggest problem. The second big reason is the availability of jobs outside. The next problem is the lack of career growth. The figure shown below gives a better picture. The hypothesis testing was conducted with the help of Chi Square test and the hypotheses tested are given below:

Findings

1. Attrition and Absenteeism

In 2006 Mega mart showed the highest rate of attrition of 27.14% per month on an average. Apart from other ware houses the respondents from Mega mart showed a difference in their responses as follows: (a) 88 % of the respondents from Mega mart said that they couldn't manage their daily expenses with their present salary. (b) 20 % of the respondents from Mega mart were dissatisfied with the behaviour of their colleagues towards them. (c) 48% of the respondents from Mega mart were dissatisfied with the present company timings while in no other warehouses respondents made such a comment. (d) A flat 52 % of the total respondents from Mega mart said that they don't feel that they are properly taken care of by the company. (e) 32% of the respondents from Mega mart said that they are searching for another job. (f) 72 % of the total respondents said that they could get a job opportunity outside if they leave the present job. (g) 28 % of the total absentees in Mega mart took leave due to personal problems.

The highest rate of absenteeism was shown in ACL for the last five months, 10.6% and just behind that is AFL with 10.5% rate of absenteeism on an average.

1. In ACL, 88 % of the total respondents were dissatisfied with the present salary.

2. In ACL, 92 % of the respondents said that they are having high job insecurity feeling by responding either yes or can't say to the corresponding question.
3. In AFL, 80 % of the respondents had the same job insecurity feeling that they said by giving either yes or can't say response to the corresponding question.
4. In ACL, 68 % responded that their workload is heavy.
5. In AFL, only 84 % said that they are satisfied with the behaviour of the warehouse staff towards them and this is the lowest when compared to others.
6. In AFL, 40 % said that they are dissatisfied with the behaviour of warehouse staff towards them.
7. In AFL, 88 % felt that their working environment is not safe; while in ACL 88 % gave either yes or cannot say response to the corresponding question.
8. 72 % in ACL said either no or cannot say when they were asked that whether they feel that they be properly taken care of the company.
9. 100 % in AFL and 88 % in ACL felt uncomfortable to talk with their seniors when ever they have got a problem related to their work.
10. In AFL, 68 % of the total respondents had family problems.
11. 40 % of the respondents from ACL said that they have health problems.
12. 56 % respondents from ACL took leave due to health related problems.

Research further identified 9 key variables that can be attributed to the causes of attrition and absenteeism among casual labourers, ten were given high importance

by the respondents they according to their preferences are thus given: (1) Discomfort to talk with the seniors about work related problems. (2) Increasing daily expenses. (3) Dissatisfaction with wages. (4) Safety Problems. (5) Opportunities for work available outside the company. (6) Family Problems due to low real wages (7) Insecurity of job and life (8) Increased work load and not adequate compensation. (8) Lack of career growth and prospects for development. (9) Absence of possibilities for future studies.

Significance and beta values are given below:

Coefficient	Beta	Significance
Feeling that the company is not properly taking care of me	0.325	0.005
Job opportunities available outside	0.283	0.029
Lack of career growth	0.226	0.039
Behaviour of the colleagues	0.222	0.125
Discomfort to talk with the seniors about the work related problems	0.222	0.161
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Among the most contributing reasons the feeling that the company is not taking care of the casual labourers was given as the most important reason for the problem followed by the job opportunity available outside and the lack of career growth. Could this be top management apathy or inability of the HR Department to make an impact? Both possibilities, we found, seemed to be present in the company and that too in no small measure.

Suggestions

With the help of Regression Analysis the above mentioned nine important variables

were identified as the key reasons for employee absenteeism and attrition among the casual labourers in Arvind Logistics and in the process highlighting the inadequacy, if not outright absence, of HR interventions to contain high absenteeism and attrition levels.

1. Among them the first one was the feeling that the company is not taking care of the casual labourers, this may be either real or just a feeling, if this is a real problem it can be avoided, so further enquiry in this respect will help to reduce such an avoidable problem.

2. From the hypothesis testing the researcher came to the conclusion that both the dissatisfaction with the wages and the increasing daily expenses are related to each other. Even though increasing daily expenses and dissatisfaction with the wages cannot be solved directly, it may be compensated with non-monetary motivational rewards.

3. Safety problem is one of the reasons for absenteeism, it may not be a real one, some times it may be a problem of communication gap or a grape vine, if this is just a feeling it should be corrected and

if it is real, then it would be appropriate to take necessary actions. It is to be noted that from the hypothesis testing we came to the conclusion that safety problems are different in different warehouses while every warehouse is doing the same job.

4. Opportunities available outside, job insecurity feeling and lack of career growth are other common problems, it cannot be solved directly, a proper performance appraisal system and reward for performance may decrease the feeling of job insecurity.

Conclusion

From the hypothesis testing we came to the conclusion that (i) There exist significant relationship between the increasing daily expenses and the dissatisfaction with the wages. (ii) There exists a significant relationship between the feeling that the company is not properly taking care of the casual labourers and their family problems. (iii) There exists significant difference in safety problems among the warehouses. The labourers were basically insecure in the company and given the first opportunity were willing to jump ship. Clearly the absence of meaningful and proactive strategic HR intervention is writ large. The casualty of this rather unplanned and unexecuted set of HR policies was rising rates of both absenteeism and attrition. This was more pronounced among labourers who felt neglected and as a result were de-motivated. Per capita productivity was low and based on this case study the investigator can safely say that unless proactive HR interventions are planned and executed in all earnestness and sincerity the labour problems of Arvind Logistics will only escalate and attrition levels will continue to rise in the near future.

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