

An Empirical Study of Attrition Factors among Faculties in Private Management Institutes

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Abstract

Education is one of the sectors which significantly affect the economic, political and social development of the nation and is a key to enhance country's competitiveness in the global economy. Most Indian higher education institutions have failed to be just and fair in the treatment of their faculties. Most private management institutes are facing a problem of faculty attrition with attrition rate over 100% per annum. Talent management is a challenge for organizations. The objective of study is to investigate the problems of faculty attrition & failure of management in retaining quality faculties. An empirical study has been done to identify various parameters that young faculties consider important for retention. Principal Component analysis has been used for study. The findings of this study may be helpful for the management of these institutions and the policy makers for developing more effective and better faculty retention policies thereby enhancing the quality of education system.

Keywords: *Attrition Factors, Higher Education, Management Faculties, Principal Component Analysis, Private Management Institutes.*

I. Introduction

Education is one of the sectors which significantly affect the economic, political and social development of the nation. It is a key to enhance country's competitiveness in the global economy. Therefore, it is necessary for us to build the education system such that it is easily accessible by the entire society and provides quality education with international standards. Ensuring access to quality education for all is central to the economic and social development of India. The higher education system in India has grown in a remarkable way, particularly in the post-independence period, to become one of the largest systems of its kind in the world. India's higher education system is one of the largest in the world with over ten million students.

Figure 1 shows the institutional capacity expansion from 1950 to 2011. Higher education in India has witnessed multifaceted increase in the institutional capacity since Independence. During 1950 and 2012, the number of universities increased from 25 to 634, number of colleges from 700 to 33023 and number of teachers from 15000 to 7.2 lakhs. The number of students in higher education institutions increased from mere 1.00 lakh in 1950 to over 169.75 lakhs (UGC Report, 2012).

Table 1: Institutional Capacity Expansion

Capacity Indicators	1950	2011
Number of Universities	25	634
Number of Colleges	700	33023
Number of Teachers	15000	7.2 lakhs
Number of Enrolled Students	1 lakh	169.75 lakhs

Source: UGC Report on "Higher Education in India at a Glance", 2012

The three pillars of any higher educational institution are: **quality of faculties, infrastructural facilities & management.**

With the increasing demand-supply gap, organizations are facing immense war for talent. Like business and industry, education field too is discovering the need for talent so as to meet the new quality standards demanded by the society. Only a few higher education institutions have been able to develop the needed skills in students & be just and fair in the treatment of their faculties but experience shows that the management of most technical and management institutions have failed to do so. The poor quality of student output could also be, to some extent, attributed to the quality of faculties available. On the other hand, many of the existing senior faculties are nearing their retirement and will retire in next 5 years, thereby further increasing the shortage of quality faculties. It will be a real challenge for the management institutions to retain the quality faculties that they presently have & head-hunting new faculties apt for recruitment to academic ranks. The objective of this paper is to fill this void of knowledge by investigating the factors responsible for faculty attrition & failure of management in retaining quality faculties. The findings of this study may be

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helpful for the management of these institutions and the policy makers for developing more effective and sound faculty retention policies thereby enhancing the quality of education system.

II. Talent Management

Talent Management is the end-to-end process of planning, recruiting, managing, assessing, developing, maintaining & compensating human resources in an organization. Talent management describes the process through which employers of all kinds – firms, government or non-profit organizations – anticipate their human capital needs and set about meeting them. Getting the right people with the right skills into the right jobs, a common definition of talent management, is the basic people management challenge in organizations. Decisions about talent management shape the competencies that organizations have and their ultimate success, and from the perspective of individuals, these decisions determine the path and pace of careers. Talent management practices also have a crucial impact on society as well.

General Electric (GE) is a global conglomerate having more than 315,000 employees & operations in over 100 countries. It was ranked no.1 in the “Top most admired companies of 2006” published by Fortune magazine. Such statistics, makes any HR manager wonder, *What makes GE great?* Well, the answer lies in the fact that GE has developed many innovative HR practices based on the idea that the company’s most important product is not light bulbs or transformers but *managerial talent*. Innovative talent management practices are one of the key attributes for GE’s success in upholding its reputation.

The four pillars of Talent Management are: Recruitment, Performance Management, Learning Management and Compensation Management. Though all the four pillars are essential for management of talent, it has been observed that Recruitment & Performance Management are not enough to ensure long-term retention. It has been observed that Learning Management & Quality of Life issues have been the most important reasons for attrition with Compensation Management being the other. Talent Management is really about the internal development of human capital of an organization through techniques of assessment centres, 360 degree feedback, career development assignments, high potential programmes, recognition & appreciation, compensation management, etc. yet most of the organizations employ outsiders at considerations higher to the inner human capital rather than promoting & providing increments to the inner human capital.

III. Facts and Figures

According to a research study:

- Talent Management market is expected to surpass \$8bn by end-2015
- the cost of recruitment of a middle level manager is between 33 & 65 percent of annual salary (including Advertising or Agency Fees, HR & management time + 50% effectiveness in first three months)
- 85% of organization are experiencing recruitment difficulties
- 77% of organization are experiencing retention problems
- 53% of employees leaving their employer reported greater promotion or development opportunities outside the company
- 60% of HR Directors said they would not re-employ their workforce
- 80% of people leave their managers not their job

IV. Literature Review

Talent management is a process that emerged in the 1990s and is gaining widespread acceptance as more & more companies are realizing that their employees' talents and skills drive their business success. The term 'Talent Management' was coined by McKinsey & Company following a study in 1997.

Farley (2005) gave the process perspective which proposes that talent management includes all processes needed to optimize people within an organization. He believed that the future success of an organization is based on having the right talent & so managing and nurturing talent is part of the routine organizational life. Creelman (2004) gave the cultural perspective according to which talent management is a mindset. Michaels Handfield-Jones & Axelrod (2001) suggested in believing that talent is needed for success. This can be clearly seen where every individual is dependent on their talent for success due to the nature of the market in which they operate, and is typical of organizations where there is a free internal labour market, with assignments being allocated according to how well they performed on their last assignment. Alternatively, it can be an organization where the development of every individual's talent is paramount and appreciated, and allowing people to explore and develop their talent becomes part of the work routine. Another perspective is the competitive perspective proposing that talent management is about identifying talented people, finding out what they want, and giving it to them. This tends to be the default perspective, if no other perspective is taken, as a retention strategy. It is generally seen in the professional services firms where they adopt this approach because their business proposition is based on the talents of their people. Another approach is the developmental perspective that suggests talent management as accelerated development paths for the highest potential employees.

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It involves applying the same personal development process to everyone in the organization, but accelerating the process for high potentials. Thus, the focus is on developing high potentials or talents more quickly than others.

Ewell (1991), Cornesky (1991), Chen et al (2006) underpinned the importance of faculty for quality in higher education. Research on academic quality in higher education has been by and large focused on students as customers, their satisfaction or dissatisfaction with the various programs. Faculty satisfaction has been given only a cursory importance. Chen et al (2006) have adapted Importance - Satisfaction model (I-S model) in higher education illustrating quality improvement in terms of satisfaction. Tribus (1995) developed an early model of customer-supplier for higher education. Citing Tribus model (1995), Raouf (2004) has argued that if the quality of the service is to be determined then the beneficiaries have to be clearly defined in terms of their needs and expectations. The model conceptualizes faculty as customer in the education industry, and states that, similar to the concept in business, there are also internal and external customers in education. It is therefore important to highlight faculty satisfaction from the point of view of job satisfaction also.

Though Faculty is the main resource central to appropriate educational activity, managing faculty satisfaction as talent remains relatively under researched as compared to managing employee satisfaction as talent in business. Shagbemi (1997) proclaimed faculty satisfaction as an essential pre-requisite for excellence in faculty performance with reference to quality in education. Korey (1995) suggested that research on the quality of higher education had started to consider the job satisfaction of faculty members. Ewell (1991) underpinned Faculty satisfaction as a key to quality output in terms of professional commitment of faculty members and how well that is aligned with the overall goals of universities for quality enhancement. Schonberger's (1990) emphasised on internal customer relationship supporting the idea that the faculty may be seen as the customer of the educational manager. Rowley (1996) avowed that it was the manager's task to minimize problems that hinder faculty from performing at their highest levels of ability.

So far there have been very few researches in the area to look for faculty as talent and institutionalize talent management process for academic institutions. Moreover, In India, this is a novel topic with almost no work done considering faculties as talent.

V. Research Methodology

At present India is striving to compete in a globalized economy in areas that require highly trained professionals, and thus the quality of higher education has become increasingly important. Experience which the students will derive from higher education is, to a large extent, dependent on

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the performance of faculty, both as teachers and researchers. The faculty has a major role in student learning and thus in the present research, the attempt has been to formulate an approach to prioritize the initiatives that institutions need to take for faculty satisfaction and to attain leadership in higher education through talent management.

The present research is exploratory in nature. For this research, the questionnaire survey method has been used to investigate the issues and factors important for faculty and their satisfaction so as to suggest factors to be considered in designing talent management process and in attracting, developing and retaining quality faculties. The questionnaire used was divided in two parts – A & B. The first part included questions relating to the demographic details of the faculties, i.e., Age, Gender, Qualifications, Total Experience, and Current Designation. The second part included the fourteen parameters used to explain the expectation of faculties to be rated on a 5-point Likert scale. After designing the questionnaire, expert opinion was sought & a pilot testing was done with 3 faculties. For the study, young faculties of various management institutions have been selected using convenience sampling. The questionnaires were sent to 40 faculties, out of which 32 responses were received.

The data was then reduced using factor analysis. Factor analysis is a method of reducing data complexity by containing the number of variables. The purpose of data reduction is to remove redundant (highly correlated) variables from the data file, perhaps replacing the entire data file with a smaller number of uncorrelated variables. With regard to the factors that are important to faculties and influence them, a total of fourteen variables were subject to factor analysis. SPSS (Statistical Package for the Social Sciences) version 16.0 has been used for the statistical analysis.

VI. Data Analysis and Results

The factor analysis performed on the fourteen parameters of the study using SPSS yielded the following results:

Table 2 gives the descriptive statistics of mean & standard deviations of all the fourteen parameters selected for the study. Table 3 indicates the amount of variance in each variable that is accounted for. Initial communalities are estimates of the variance in each variable accounted for by all components or factors. Extraction communalities are estimates of the variance in each variable accounted for by the components. The communalities in this table are all high, which indicates that the extracted components represent the variables well.

Table 2: Descriptive Statistics

Factors	Mean	Std. Deviation
Teaching load	4.2812	.77186
Management behaviour	4.2812	.63421
Colleague behaviour	4.4688	.71772
Infrastructure facilities	4.1250	.60907
Incentive for hard work	4.0312	.78224
Loyalty incentive	4.0938	.68906
Attrition rate	3.2812	1.05446
Learning opportunity	3.9375	.80071
Role clarity	3.4375	.75935
Administration support	4.3125	.73780
Growth opportunity	4.0000	.71842
Performance appraisal	4.2188	.65915
Recognition and Appreciation	4.5625	.66901
Salary	4.5938	.66524

Table 3: Communalities

Factors	Initial	Extraction
Teaching load	1.000	.786
Management behaviour	1.000	.772
Colleague behaviour	1.000	.786
Infrastructure facilities	1.000	.738
Incentive for hard work	1.000	.776
Loyalty incentive	1.000	.768
Attrition rate	1.000	.545
Learning opportunity	1.000	.652
Role clarity	1.000	.734
Administration support	1.000	.719
Growth opportunity	1.000	.794
Performance appraisal	1.000	.854

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Recognition and Appreciation	1.000	.753
Salary	1.000	.839
Extraction Method: Principal Component Analysis.		

KMO Measure of sampling is 0.628 which is in the acceptable range, being more than 0.5; hence factor analysis could be administered further. The result of factor analysis was obtained by Principal Component Analysis and specifying the rotation. Data were analyzed on Eigenvalue 1 and varimax rotation.

In Table 4, the total column gives the eigenvalue, or amount of variance in the original variables accounted for by each component. The % of Variance column gives the ratio, expressed as a percentage of the total variance in all of the variables. The Cumulative % column gives the percentage of variance accounted for by the first n components. Table 5 shows the extracted components.

Table 4: Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	4.746	33.899	33.899
2	2.350	16.783	50.682
3	1.291	9.222	59.904
4	1.099	7.853	67.757
5	1.031	7.362	75.119
6	.788	5.630	80.749
7	.618	4.415	85.164
8	.581	4.147	89.311
9	.540	3.854	93.165
10	.324	2.313	95.478
11	.240	1.712	97.190
12	.178	1.272	98.462
13	.149	1.061	99.523
14	.067	.477	100.000
Extraction Method: Principal Component Analysis.			

Table 5: Total Variance Explained

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Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	4.746	33.899	33.899
2	2.350	16.783	50.682
3	1.291	9.222	59.904
4	1.099	7.853	67.757
5	1.031	7.362	75.119

Extraction Method: Principal Component Analysis.

In Table 6, the rotation maintains the cumulative percentage of variation explained by the extracted components. The total variables that can be explained with the above factors are more than 75% (Table 6). The rotated component matrix helps to determine what the components represent. Outcome of factor analyses are evident in Table 7 which shows extraction of five components which are considered important by faculties.

Table 6: Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.835	20.250	20.250
2	2.514	17.954	38.205
3	1.904	13.600	51.805
4	1.788	12.769	64.574
5	1.476	10.545	75.119

Extraction Method: Principal Component Analysis.

Table 7: Rotated Component Matrix

Factors	Component				
	1	2	3	4	5
Teaching load					.671
Management behaviour		.471			
Colleague behaviour		.728			
Infrastructure facilities			.809		
Incentive for hard work	.605				
Loyalty incentive		.853			
Attrition rate		.565			

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Learning opportunity				.482	
Role clarity				.815	
Administration support			.603		
Growth opportunity	.680				
Performance appraisal	.897				
Recognition and Appreciation	.814				
Salary					.892
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					

Factor 1

Many factors are considered important by faculties. The first component includes Incentive for hard work, Growth opportunity, Performance appraisal and Recognition & Appreciation, as these items have highest loading as shown in the table. Respective loadings of items are .605, .680, .897, and .814. Because of common nature of these items, the researcher has identified these factors as ‘Incentives’. Incentives are extrinsic motivators for hard work which also affects attrition of faculties.

Factor 2

Items which have high loading on second component are behaviour of management, behaviour of colleagues, incentive for loyalty and attrition rate. The researcher interprets these factors as ‘working environment’. Among the working environment, incentive for loyalty has the highest loading, followed by behaviour of colleagues.

Factor 3

Infrastructural facilities & administration support constitute the third factor. The researcher characterizes these items as ‘physical environment’. Infrastructural facilities available within the institution are the backbone of the faculty working.

Factor 4

Role clarity & opportunity for learning comprise the fourth factor. They are termed as ‘learning opportunities’. The faculties are more specific about learning opportunities and clarity of role, as an important factor.

Factor 5

It represents salary and teaching load. Thus, it has been termed as ‘Work-Pay Balance’. Its variance (10.545) is also the least among all the factors.

The most important of all factors is Incentives since its Eigen value and percentage of variation

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explained by this factor are 4.746 and 20.25 percent respectively followed by working environment with 2.350 and 17.95 respectively. It was evident that incentives and working environment have items that are most important factors. In this study, fourteen variables were established and factor analysis has illustrated five components which are important in recruitment, development and retaining of talent and hence for formulating talent management strategies and processes. Management Institutions need to understand faculty as talent and construct talent management strategies considering relative importance of various factors similar to the practices in corporate. Performance management focus is mainly on facilitating environment. Therefore it's inevitable to understand and create environment across factors important to faculties. In summary, talent management should focus on variables important in performing key jobs and key individuals. It is the faculties and their subject knowledge & teaching skills that are critical in ensuring long term success of an institution.

VII. Conclusions

The study has revealed that all the parameters selected for the study are important & critical for solving the faculty attrition problem, yet the parameters could be grouped into five factors. They include Incentives, Working Environment, Physical Environment, Learning Opportunities & Work-Pay Balance. Out of these factors, Incentives have come out as the most important factor with highest loading. It includes Performance Appraisal, Recognition & Appreciation, Growth Opportunities & Incentives for hard work. The second most important factor Working Environment included incentive for loyalty & colleague behaviour as the most crucial factors. Figure 1 shows the major factors responsible for faculty attrition in private management institutes.

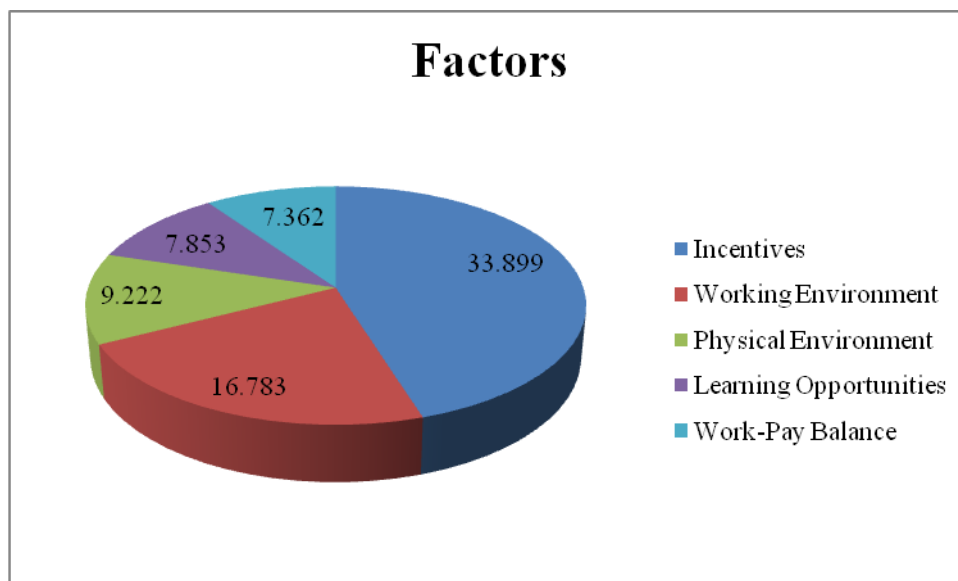


Fig.1: Major Factors of Faculty Attrition

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The loading of various factors explains that by controlling just a few parameters like Performance Appraisal, Salary, Incentive for Loyalty, Role Clarity, Recognition & Appreciation and Infrastructural facilities, the problem of faculty attrition could be controlled substantially.

Considering faculty as talent and establishing effective talent management practices with focus on development & learning opportunities and performance-based rewards would reduce attrition. A facilitating working environment may positively result in internal growth of faculties, which is also ranked an important factor by them. With effective practices of learning and growth opportunities, quality faculties can be built within the management institutions which would help in building leadership position of the institution while also achieving internal career growth aligned with the vision and strategies of the institution.

VIII. Limitations

The sample size was comparatively small. Thus, caution should be exercised while generalizing the findings of the study for different academic institutions across the country. Moreover, the study was conducted in private management institutions and among the young faculties, on the starting threshold of their career and no senior faculties of Professor rank were included to have an insight into the mindset of young faculties aspiring for career in academics. Since the study focused only on faculty as talent, other contributors in educational institutions were not considered.

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