

Employee Turnover and Expansion Hurdle

Introduction

Solar energy is type of energy generated by the sun. Solar energy can be harnessed directly or indirectly for human use. Because the sun provides more energy than we'll ever need, electricity from solar power is a very important energy source in the move to clean energy production.

Believing in this, PACE Energies Pvt. Ltd is industry founded by Mr. Mahesh, at Amravati, Maharashtra. The company is manufacturing PV modules(Solar Panels), solar products like home light systems, solar cooker, etc. Solar energy will be the next big thing in the coming days. Solar panel manufacturers in India have already realized the immense potential that solar energy has. The increasing fuel and electricity prices have been troubling everyone for a long time now. The sad part is that sky-high prices aren't going to drop, they will only increase. Thanks to renewable and eco-friendly alternatives – there's a way out! Solar panels convert sunlight into electricity. Undoubtedly, they're the most important component of a solar system. And that's exactly why you should be very careful when trying to zero down the best solar panel company in India.

Though the region of Vidarbha situated in Maharashtra, India is lacking industrial environment and by that employment. In this scenario PACE has managed to become an employment -creator even from time they started with a handful people in 2010. From that period they had shown growth and their employe count is now touches to 500 in January 2023.

Manufacturing of solar energy and Road safety-based products formed the initial base of the company which later on went to become a multifaceted enterprise of green and solar energy products as well as services. Solar blinkers , solar water pumps, solar fencing, solar street lights, road safety systems like traffic signals, Traffic controllers, graphical countdown timer etc were the innovative products which company manufactured started from 2020.

¹ This case was developed by M. D. Jadhav, P. S. Godbole (Sipna college of Engineering & Technology, amravati)

Human Resource Management:

The company is having about 500 employees who were working all over the vidarbha region, Maharashtra. The company strives for working in team-spirit. They believe in constant upgradation of knowledge of employees. So, the company consciously carries in house as well as interpersonal skills are arranged in the company for all the employees. Company is associated with SIL university where they provide training at all levels like Directors, Managers, Executives and Trainees. The company realizes the importance of human resource in organization by that they always use appropriate human resource policy which include strategies related to employe recruitment to employe development. Company is having organized way of employe recruitment through adequate selection policy which starts from identifying the number of employes with appropriate job analysis and description. The selection process includes small test and interview. Company is also following the norms related to wedges stated by the statutory body. Even company has policy of employe welfare like giving some advances or incentives in contingency situation or marriage etc. Related to employe development company is also organizing training for the employes. As a refreshment program company is organizing some festival celebration programs with dedicated sport week etc.

Employee Turnover:

Employee turnover is one of the most important metrics to track in any workplace. It tells you how satisfied your employees are, and if they are likely to leave. Voluntary turnover refers to employees deciding to leave, whereas involuntary turnover is when a boss decides to remove an employee from the organization. In PACE it is observed from last few year that the employee which they were recruiting are not continuing the organization for longer time. By looking towards the statistics it was observed that from their current number of employes as per their demand of human resources only 10% are their from last five years 30 % were working from last two years and 40 % employes even not completed one year of their tenure and 20 % were appointed before two months. which shows high rate of employe turnover.

Turnover is a problem for businesses because it can lead to lost productivity, high recruitment, and training costs, and decreased morale among remaining employees. And finally, high turnover rates can reflect negatively on businesses, making it difficult to attract and retain top talent. Turnover rates vary depending on the industry,

but turnover is generally considered to be undesirable because it can disrupt the smooth operation of a business.

Managing Crisis

The company started their extended production line from 22nd Feb 2020 which was just 01 month before Covid-19 Pandemic. On 25th march 2020, Lockdown was declared due to which the company has to stop its production line for some time which was a big crisis situation for the company. They started working with restricted human resource in pandemic situation. Which again extend the problem of labour turnover. Due to which the targeted production was not up-to-the mark. Even the sales were down. The marketing team could not reach to the potential customers.

Also, as the Amravati is not connected globally, the machinery procurement, transportation was also a huge investment. As the period of lockdown increased so were the losses. The losses were about 20lakhs. It was a very difficult situation for the directors, because they have mortgaged almost everything what they had. In addition to that the repayment of bank EMI was another big issue. With this burden also the team spirit remained as it is and the all employees worked harder to achieve the results which were expected. But as said “ Problems are not stop signs, they are guidelines” PACE believed in this. Finally they achieved their target in December 2021 with the smooth functioning of company. But as the problems are never ending, the issue with the manpower management and growth strategy remains.

As a future plan company is thinking about further expansion through increasing production capacity. For which they are in additional human and financial capital. As a company is from rural area , they have limitations in raising financial capital with limited sorces. They are mainly relieing on their on assets and loan from banks. So they find hurdles in expansion.

Questions

1. As an individual, discuss the strengths and weaknesses of expansion strategy adopted by PACE?
2. Analyse the reasons behind the employee turnover in PACE?
3. Which policy, do think to be adopted by PACE to manage employee turnover?

Teaching Note

Content

1. A synopsis of the case

PACE is one of the company in suburban area of Vidarbha region which is underdeveloped related to industrial growth. The PACE company was established to pick the opportunities due to the demand of renewable energy due to increasing fuel and electricity prices which have been troubling everyone for a long time now. The owner of the company has good vision of increasing the scale of the company which can contribute in the part of renewable energy and providing the employment opportunities in the region where there are very few industries. After having appropriate human resource policy company is facing the problem of labour turnover which affects the company efficiency and productivity and this also create the hurdles in expansion plan, as loyal employee is one of the asset of expansion as that of financial capital. Even with this management of the company is facing problems in raising the financial capital required for the expansion.

2. The target learning group

It is for Graduates and post graduate students, and executives.

3. The learning/teaching objectives and key issues

To learn the causes of Employee Turnover
To discuss the probable solution for employee turnover
To identify the correlation between employee turnover and expansion hurdle.

4. The teaching strategy

The topic may be covered by organising the group discussion amongs the participants.

5. Questions for discussion

1. As an individual, Discuss the pros and cons of expansion.
2. Discuss various issues regarding employoe turnover
3. As a management graduate, which employee policy, do think to be suits most now a days to retain employees?
- 4.

6. Analysis of data

ETOP

7. Background reading

Books on Human Resource Management , Strategic Management