

ATTRITION IN INDIA

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1. ABSTRACT

In today's competitive environment, Indian companies are facing a paced growth-high opportunity "challenge". Human capital is the representation of their business growth which makes it indispensable for the organizations to cope with herculean problem of Attrition. Whatever the reason may be for employees leaving the job, it's an issue of concern for organizations to introspect on their HR Strategies and avert turnover and build Brand loyalty for themselves in this competitive environment.

Keywords: Attrition, organization, Retaining employees, Retention

2. INTRODUCTION

The normal separation of people from an organization owing to resignation, retirement or death is known as 'Attrition'. It is initiated by the individual employee, not by the company. Attrition is a serious issue of concern to most companies which creates crumbling block in smooth functioning of HR practices. The organisation spends a lot of time, efforts and money in recruiting, selecting, training and maintaining an employee within the organization. So when an employee leaves the organisation, it renders all the efforts of organisation worthless; consequently, posing threat to the financial health of organisation. So, a company desires, as far as possible, to have a minimum attrition rate.

Attrition can be calculated as:

Attrition Rate = Number of attritions/ Average Number of Employees × 100

Attrition rate gives an idea as how many employees are leaving the company at any given time period. It is an important factor as companies have to prepare to start recruiting for the positions which are critical and cannot be left vacant.

2.1 Classification of Employee Attrition

Wayne F.Cascio and John W Boudreau introduced two popular ways of classifying employee attrition as:

2.1.1. Voluntary or Involuntary Attrition: Employee attrition may be voluntary on the part of the employee (for example, resignation)Voluntary reasons for leaving such as another job that offers more responsibility or improved salary and benefits are more controllable than involuntary reasons, such as employee

death, chronic illness. Organizations focus on the voluntary employee attrition precisely because it is more controllable than involuntary. They are also interested in calculating the costs of voluntary attrition, because when these costs are known, an organization can begin to focus attention on reducing them.

2.1.2. Functional and Dysfunctional Attrition: Many organizations take the next logical step to determine the extent to which the voluntary attrition is functional/ dysfunctional for the organization. Employee attrition is functional to the extent that the employee's departure produces increased value for the organization. It is dysfunctional to the extent that the employee's departure produces reduced value for the organization.

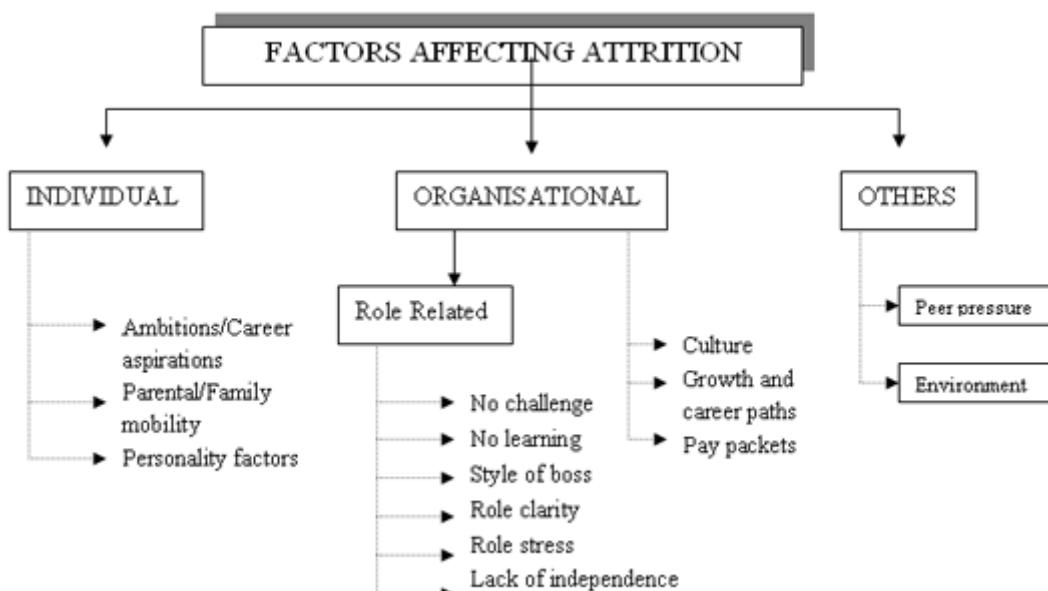
3. OBJECTIVES OF THE STUDY

- To understand the meaning of attrition
- To determine the various factors affecting attrition which force an employee to leave the organisation
- To analyse the retention strategies to curb attrition

4. RESEARCH METHODOLOGY

The paper seeks to understand the various issues related with attrition. Secondary data is collected from magazines, journals, newspapers, KPMG annual compensation trend survey 2018-19. Etc.

5. FACTORS AFFECTING ATTRITION





KPMG in India's Annual Compensation Trends Survey 2018-19

THIS SURVEY ANALYSES AND BRINGS TOGETHER FINDINGS FROM 273 COMPANIES ACROSS 18 SECTORS.

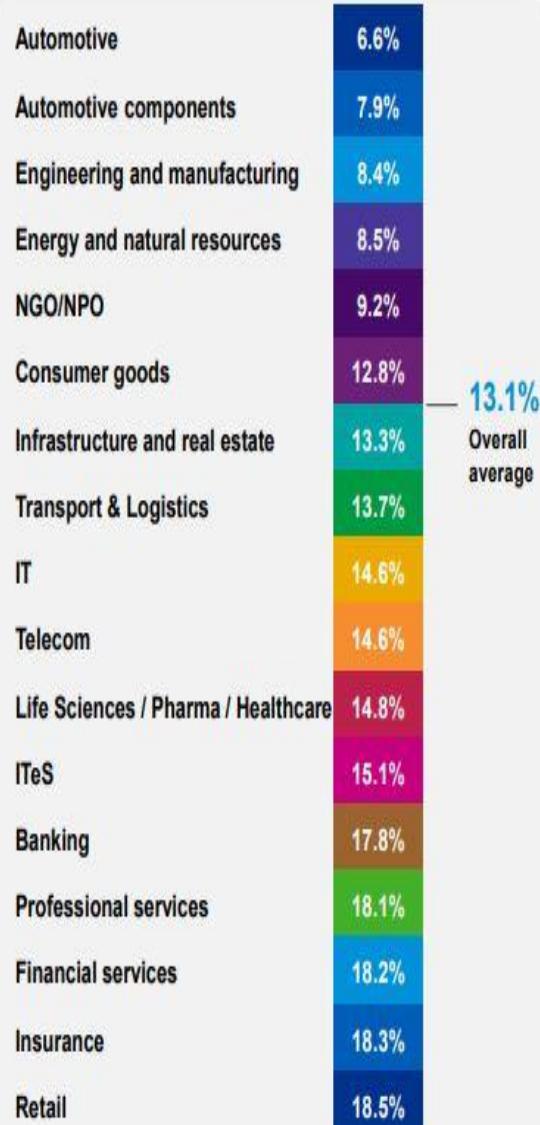
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Average annual voluntary attrition across sectors

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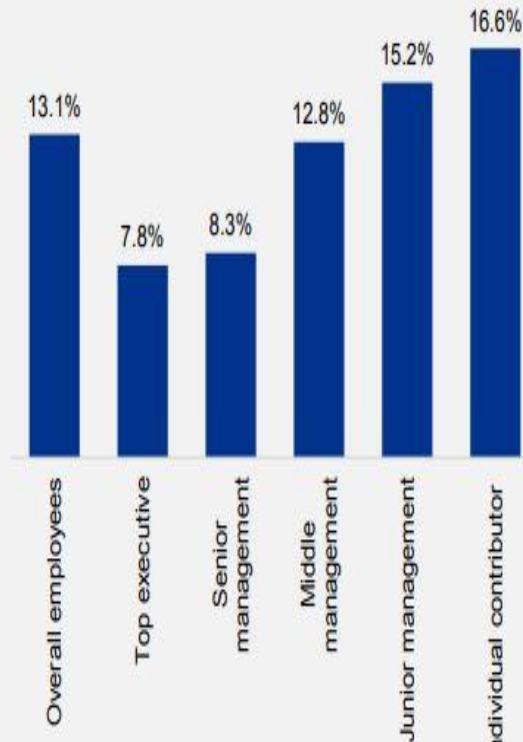
Overview | Average voluntary attrition (2017-18)

The average annual voluntary attrition appears to have gone down from 13.4 per cent to 13.1 per cent.

The highest attrition was reported by the Retail sector, with e-commerce being on the higher side with an average voluntary annual attrition of 18.5 per cent.

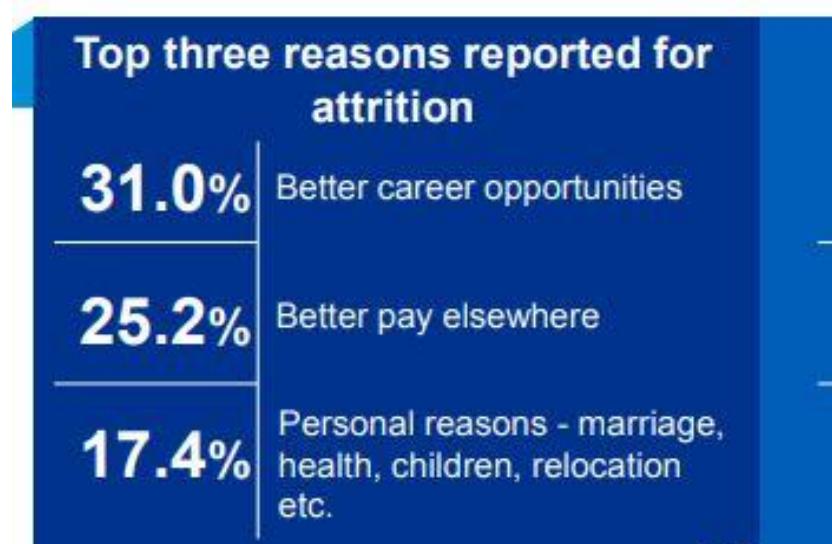
Average annual voluntary attrition by levels



n = 256

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According to survey **Top 3 reasons** reported for **attrition are** : Better pay elsewhere, Better career opportunities, personal reasons- marriage, health, children, relocation etc.



6. RETENTION

Retention is an effort by a business to maintain a working environment which makes existing employees to remain with the company. Various retention policies of business are aimed at addressing the various needs of employees, to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff.

6.1 RETAINING THE EMPLOYEES

- ❖ Provide congenial working conditions and introduce positive work culture so that an employee is at ease and not stresses while working..
- ❖ Flexible working hours for those who really need to fulfil others important personal obligations.
- ❖ Create confidence in employees that the organizations care for them and propose all that is necessary so that employees advances in his/her career.

- ❖ Provide with regular trainings so that broadens employee experiences and provides scope for development.
- ❖ Making the reward system well consistent with organizational goals.
- ❖ If possible provide him with an insurance policy so that he feels that company cares for him.

According to survey **Top 3 compensation levers for talent retention** are: Performance-based variable pay, recognition awards- cash/ non cash, retention bonus.



7. CONCLUSION

It is well accepted that employees are the backbone of any organization. From the above study it can be concluded that Attrition is a major problem which affects all the organization. If any organization faces a high rate of attrition, it will be uneconomic and unsustainable in the long run. So organizations must try to find out the reasons behind the high attrition rate and formulate HR strategies to retain employees in organization who could be influential in bringing stability, growth and foster organization development and thereby help realize organizations vision.

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1st International Conference on Multidisciplinary Research (ICMR-2018)



NIILM University, Kaithal, Haryana, (India)



4th-5th August 2018

www.conferenceworld.in

ISBN:978-93-87793-38-5

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