

ATTRITION AND RETENTION OF STAFF: EMPLOYERS' RESTRICTIONS AND RECOMMENDATIONS

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Abstract:

Despite changes in the external environment, employee churn is one of the most significant personnel-related issues in today's situation. Attrition is defined as the steady decrease in the number of workers due to resignation, death, or retirement. Attrition is sometimes referred to as deterioration. When a well-trained and well-adapted individual quits an organisation for whatever reason, it leaves an empty space (i.e., there is a vacuum in the company). It makes it difficult for human resource professionals to fill the resulting void. Modern human resource managers are adopting a variety of measures to minimise employee attrition, which has become a critical issue for today's managers. Many workers may quit their jobs for a variety of unspecified reasons, including a lack of job stability, a lack of professional development, a desire for change in new possibilities, an expectation of better income, difficulties with supervisors, and a few more personal reasons. This research helps to understand why attrition happens, the causes for employee attrition, the difficulties managers have in keeping workers, and it also suggests some retention strategies.

KEYWORDS: Attrition, Retention, Managers, Employees and Organization.

Introduction:

Employee attrition is sometimes referred to as employee or labour attrition. Companies in India, as well as other foreign nations, confront a significant task in attracting and keeping talent, while also managing talent loss via attrition, whether due to industry downturns or voluntary individual attrition. Attrition is the progressive decrease in membership or staff as a result of retirement, resignation, or death. In other terms, attrition is the amount of workers who leave a company, including both voluntary and involuntary separation. Losing a person or a talent results in a significant loss for the company since there is a significant loss in cost, such as recruiting costs, training costs, and other costs spent in making an employee more skilled.

Certain factors, like as layoffs and termination, are excluded from the definition of attrition. The attrition rate varies between skilled and unskilled labours. When an employee is let go, a new employee must be hired to take their place. This would also raise the cost of recruiting and training in this case. Churn rate refers to the number of people that leave a company or organisation in a particular period of time due to attrition, which includes workers who are dismissed due to unethical conduct or procedures in the business.

The high churn rate in the company will have an impact on the costs of new employee placement and training. In order to build a successful company, the employer must find all feasible methods to retain his workers; nevertheless, it is also essential to earn the employee's trust and loyalty so that they have less of a desire to quit their business in the future.

It is critical for a company to retain workers since excellent, loyal, well-trained, and industrious staff are needed to operate a successful firm. They have gained a solid understanding of their product or service in the long term, and a trained and experienced employee would be able to manage clients better and solve issues more effectively. As an example, suppose one employee on an ongoing project quits in the midst of the project. In this case, another employee must be hired to fill the void. The new employee must be taught and grasp the concept and context of the project.

This would have a major impact on the other team member's mindset. The present article discusses staff attrition issues and recommendations for keeping workers.

2. ATTRIBUTION OF EMPLOYEES:

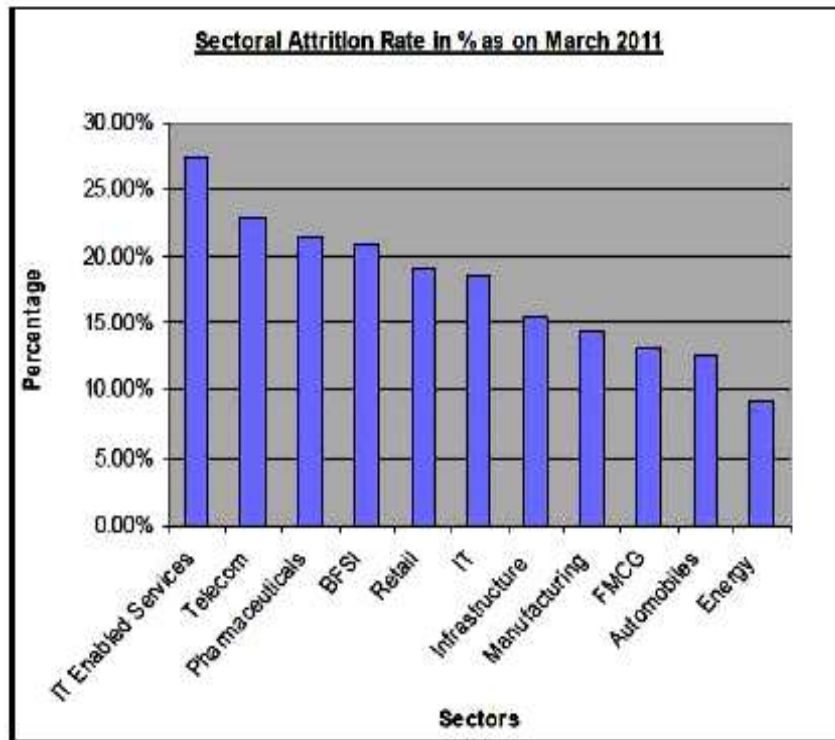
Employee/labor attrition experienced a conceptual shift in the late twentieth century. Employee/labor attrition has been renamed Employee Attrition. Attrition is described by Webster as "the process or condition of being progressively worn away."

Typically, the attrition process begins when a person is hired and concludes when the individual leaves or retires from his or her employment. Employee attrition and employee/labor attrition are terms that are used interchangeably. The majority of workers quit their jobs owing to ergonomic discomfort and functional mismatch between corporate management and the workforce. When there is a disagreement between coworkers and managers, attrition happens on a variety of occasions. Another significant cause for attrition is that employees' pay is low and there is little room for advancement in their present position. The formula below may be used to determine the staff attrition rate for a certain time period.

$$\text{EMPLOYEE TURNOVER RATE} = \frac{\text{Employees who left}}{\text{Average number of employees}} \times 100$$

3. INDIA'S ATTRITION SCENARIO:

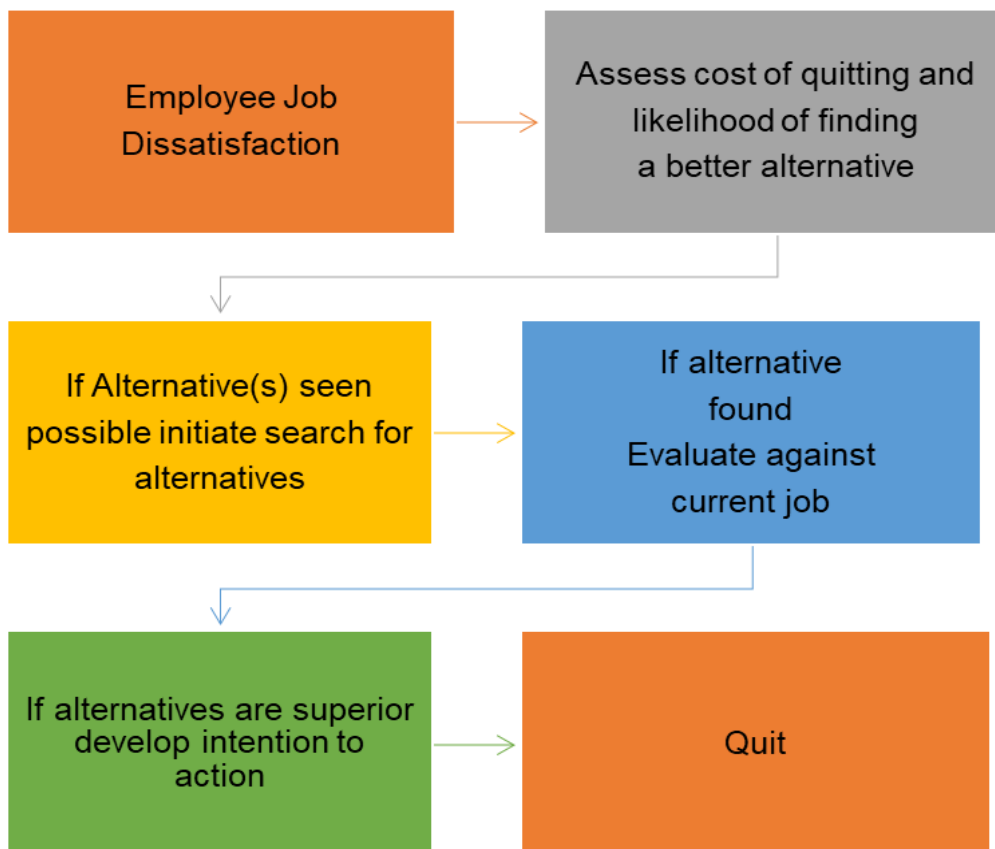
Almost all industries in India are experiencing significant attrition. However, each sector's source of attrition and its major consequences are different. The attrition rate is shown in the figure below. Attrition rates for IT enabled services are very high, and attrition rates in industries such as pharmaceutical, retail, and others are considerably higher. Different organisations are now using various methods to reduce attrition rates. Women, it is also claimed, tend to remain in employment for longer periods of time than males. The attrition rate for different industries in India has been estimated based on a study done by HR Consultancy Firm Aon Hewitt, and the graph is given below.



4. ATTRITION PROCESS MODEL:

Based on their study, many researchers developed various conceptual concepts and models. Bill Mobley proposed a model known as the Traditional model of attrition in 1982. Mobley indicates that the choice to leave the work is the result of significant unhappiness with the present position. According to Mobley, a person should assess his or her present work and degree of satisfaction/dissatisfaction. If they are unhappy, they may consider leaving and weighing the costs of quitting against the success of looking for another employment. Following the identification of an alternate employment, a choice is made as to whether to remain or leave the work.

ATTRITION MODEL TRADITIONAL

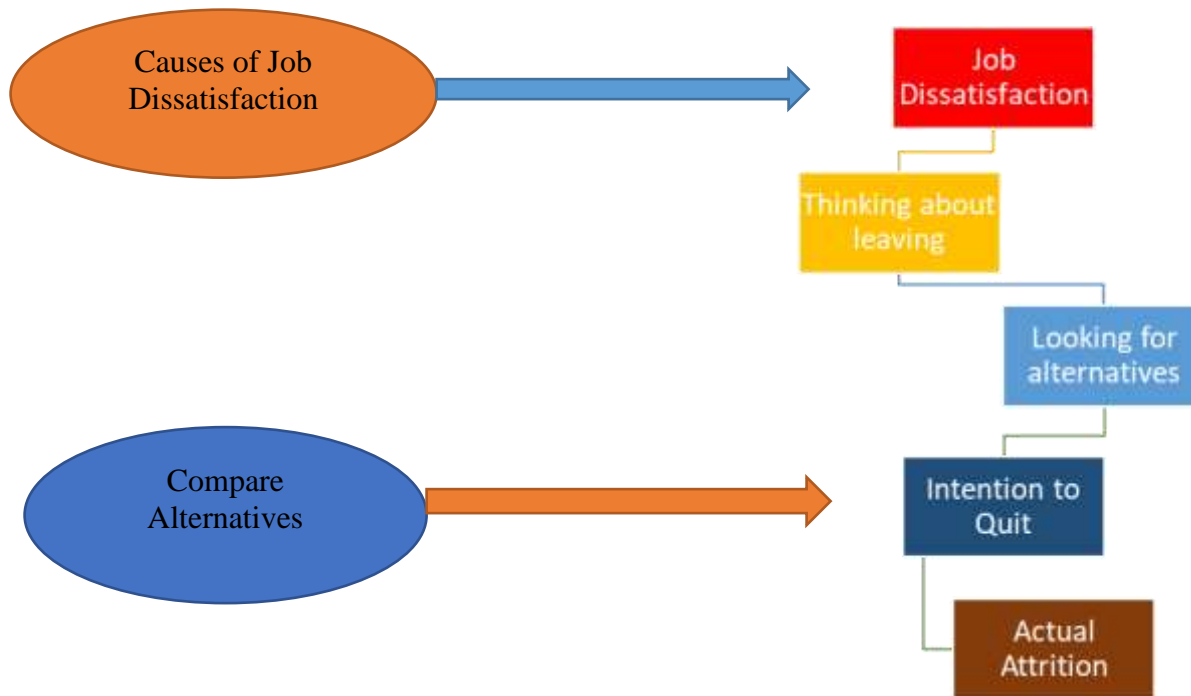


Employee attrition rates decrease as job satisfaction increases, according to Angelo S. Denisi and Ricky W. Griffin (2009). Although the underlying concept of this model is correct, the processes involved are more complex for a variety of reasons. The economy and labour market have a significant impact on the attrition process. Two lines of research have proposed models that incorporate these ideas, and the basic concept is illustrated in the diagram below.

The models start with the factors that contribute to dissatisfaction, such as the nature of the work, pay and benefits, supervision, and coworkers. If there is a source of dissatisfaction,

If it leads to quitting, it will look for alternatives. According to this model, it is the human resource manager's responsibility to identify the source of job dissatisfaction and persuade employees to stay on the job. In fact, the search for alternatives can lead to increased job satisfaction when the employee discovers that the alternatives were not as positive as previously thought.

EMPLOYEE ATTRITION MODEL BY DENISI AND GRIFFIN



5. TYPES OF ATTRITION:

Employee attrition is classified into five types, namely:

- (1) Internal versus External Attrition,
- (2) Skilled versus Unskilled Employee Attrition
- (3) Functional and Dysfunctional Attrition,
- (4) Voluntary versus Involuntary and
- (5) Pull and Push form of Attrition.

5.1 Internal versus External Attrition:

Attrition, like recruitment, can be divided into two types: internal and external. Internal attrition occurs when employees leave their current position within the organisation and take on new positions within the organisation. This could happen in both positive and negative ways. In the positive side of employee attrition, it could be due to an increase in employee morale, employee appreciation, and so on. Employee attrition can be detrimental due to project or relationship disruption, as well as a lack of expertise in a specific department. Internal attrition can be moderated and controlled by standard human resource mechanisms such as succession planning. External attrition, on the other hand, refers to employees leaving the organisation for better employment conditions or a higher salary. External attrition has a greater impact on the organisation, and employers are more concerned about it.

5.2 Attrition of Skilled vs. Unskilled Employees:

Unskilled positions frequently have high attrition, and employees can generally be replaced without causing the organisation to lose performance. The ease with which these employees can be replaced provides little incentive for employers to offer generous employment contracts; on the other hand, contracts may strongly favour the employer

and lead to increased attrition as employees seek, and eventually find, more favourable employment. High attrition rates of skilled professionals, on the other hand, may pose a risk to the business or organisation due to the loss of human capital - skills, training, and knowledge. Notably, given the natural specialisation of skilled professionals, these employees are likely to be re-employed by a competitor within the same industry. As a result, the organisation incurs both replacement costs and a competitive disadvantage as a result of the attrition of these individuals.

5.3 Attrition by Functional and Dysfunctional Mechanisms:

Functional attrition is not detrimental to the company. Employees who choose to leave their jobs may be part-time workers with no special skills, or they may simply be poor performers. The loss of their abilities does not prevent work from being completed effectively. If they are poor performers, the company may benefit from replacing them with better performers and improving the quality of the affected jobs. When it comes to functional attrition, the benefits of replacing departing employees outweigh the costs. Dysfunctional attrition is detrimental to the company. The costs far outweigh any potential benefits. Some of the departing employees may be top performers whose work has proven to have a direct impact on profitability. Others may have specialised skills that are difficult to find, making it difficult – and costly – to find and hire replacements. The loss of too many members of a minority group can have an impact on the diversity of a company's workforce. When a company loses a large number of employees who fit any of these scenarios, the costs of replacing them combine with other costs, such as those associated with quality issues and customer complaints. Dysfunctional attrition can be avoided or forced. Employees leaving to address family or health issues, relocate to new locations, attend full-time school, or for other reasons over which the company has no control may be unavoidable. When the company has control, attrition is avoidable – employees choose to leave because the company is not meeting their job or career needs. Poor pay scales or a lack of advancement opportunities are two examples of avoidable attrition.

5.4 Voluntary vs. Involuntary Attrition: Which Is Better?

Employees who leave the organisation of their own free will are referred to as voluntary attrition. They may leave the job due to a variety of factors such as a lack of interest, salary issues, and issues with their peer groups, supervisors, and so on. Involuntary attrition refers to the discharge of an employee by the organisation for a variety of reasons such as retirement, unethical behaviour, suspension, dismissals, corporate changes, and so on. Another type of attrition is compulsory attrition, which occurs when employees leave an organisation as a result of the implementation of government rules and regulations and the impact of those rules on the organisation.

5.5 Attrition by Pull and Push:

Employee attrition is also interpreted in terms of which side is to blame – the employee or the employer? When an employee leaves his or her job or employment in an organisation for personal reasons, this is referred to as the Drag or Pull form of attrition – the reasons for leaving drag the employee out of his or her job and the organisation. When the employer takes the initiative to ask the employee to leave the job and the organisation, this is referred to as a Drive or Push form of attrition. This classification of employee attrition makes no distinction between employees – the drag or drive factors can affect anyone.

6. FACTORS INVOLVING ATTRIBUTION:

Employee attrition factors have been studied and classified into various groups by various researchers over the years. They do, 6.1 Financial Considerations: Employees' expectations are growing by the day. One of the primary reasons is that organisations have a high demand for employees. Many people leave the company because they were offered a high salary. Employees can easily find positions that leverage their experience and pay better in today's competitive environment.

6.2 Lack of Career Mobility and Difficulties:

Many employees may still prefer a challenging job over money if given the choice. It allows them to broaden their domain expertise while also giving them the opportunity to work with cutting-edge technology. Employee exodus will be unabated if organisations fail to meet these expectations.

6.3 Internal Talents' Slow Career Growth:

Employees with prior relevant experience are a valuable commodity in today's rapidly expanding market. As a result, it is not uncommon for fast-growing companies to fill new positions with external applicants who have prior relevant experience with other companies, bringing them in at one level higher than their current level or giving them a new role with greater responsibilities. This contributes to the perception among "passed over" internal talent that career advancement is slow in the current organisation, resulting in additional attrition.

6.4 Working Conditions:
If an employee does not have faith in the system's fairness, he or she may leave the company. Attrition due to the work environment is typically caused by a lack of trust in the system's fairness, issues concerning employee safety and care, the effectiveness of the channels for addressing employee grievances, the accessibility of the senior management team, and other related environmental issues.

6.5 Excessive Stress and a Lack of Work-Life Balance:

Companies that are zealous about extracting every ounce of productivity from their employees in order to increase profitability. Employees eventually become stressed as a result of this, and they rethink their priorities and join an organisation that promises a relaxed pace of work and breathing space.

6.6 Timing of shifts:

The majority of work offshored to India has traditionally come from the United States (though a growing share is coming from Europe), necessitating night-shift work due to time zone differences. Employees who can work during the Indian workday are in short supply. Continuous night shifts have a negative impact on some people's health, while others simply cannot adjust to them. Because of cultural and social factors, some female employees leave because they are unable to persuade their families of the importance of working nights.

6.7 Monotony:

Work has generally been repetitive, mechanical, service-level-driven, and involves high transaction volumes (especially when it has been offshored). Once they've mastered the process, younger recruits find it tedious.

6.8 Inadequate training and development opportunities: While not one of the top reasons for increased attrition, a lack of ample opportunities to learn new skills, undergo training, or further education is occasionally cited as a reason for leaving.

6.9 Inadequate Employee-Job Fit:

Employees' natural talent and aptitude are undervalued. There is a widespread belief that an employee's natural talent is not as important as new skills and knowledge acquired on the job; that with a learning attitude and training, employees can do wonders in any job; however, this is not true, and it causes enormous frustration in employees, as employees demonstrate a high level of commitment, job satisfaction, self-motivation, and productivity when they are a part of a team.

6.10 Inadequate Clarity Regarding Roles:

Nothing is more infuriating or discouraging for an employee than not understanding what is expected of him on the job. In a performance-driven workplace, a lack of clarity regarding job duties and expectations can instil fear and anxiety in employees who are unsure of what is expected of them. Even worse, a team member may become enraged if he or she receives a negative performance evaluation based on expectations and job responsibilities about which they were unaware or unsure.

7. OBSTACLES TO RETAINING EMPLOYEES:

Today's employers face the most difficult challenge of all: retaining their most valuable and talented employees. Employers take a variety of measures to retain their employees, but there are numerous obstacles for employers and managers to overcome. Indeed, they do.

7.1 Job Unhappiness:

Each employee has lofty salary expectations, which is one of the primary reasons for employee turnover. When an employee requests a salary significantly higher than the organization's budget, retention becomes an issue. Each organisation has a salary budget allocated to each employee that can be increased up to a certain point but not beyond.

7.2 There are numerous job opportunities available:

There is fierce competition to attract the best talent on the market. Businesses will go to great lengths to retain talented employees. Due to the abundance of such lucrative offers, it is difficult to retain competent personnel for an extended period of time.

7.3 Choosing the Wrong Candidate:

Recruitment is critical to an organization's future success. A successful future is the result of hiring the right candidate; a failed future is the result of hiring the wrong candidate. During job interviews, candidates tell a variety of lies. Individuals become aware of the mismatch only later in life and thus seek a change. And complications arise when the ideal candidate is placed in the incorrect position.

7.4 There is no rotation of jobs:

After several years of performing the same job, an employee will become bored. While the job may appear to be worthwhile and interesting at first, it can quickly become monotonous. In this case, management should institute a job rotation programme to expose such employees to new opportunities. Additionally, if there is no job rotation, these employees may seek other employment opportunities.

Unrealistic Expectations of Employees:

A business cannot possibly meet the expectations of all of its employees. Employees must be mature enough to recognise that they cannot anticipate having all of their needs met at work. When employees' inflated expectations are not met, they may seek employment elsewhere.

8. RECOMMENDATIONS FOR EFFECTIVE RETENTION:

To retain their employees, managers must follow a few recommendations and strategies. Indeed, they do.

8.1 Introduction and orientation:

Every new hire should be set up for success from the first day of work to the first week and beyond. Job orientation is only one component of onboarding, which can last weeks or months depending on the size of your organisation. Assemble an onboarding process that teaches new employees not only about their jobs but also about the company culture and how they can contribute and thrive, with ongoing discussions, goals, and opportunities to address questions and concerns as they arise.

8.2 Programs of mentorship:

Onboarding a new employee with the assistance of a mentor is an excellent idea. New team members can learn the ropes from an experienced team member who has access to an abundance of resources, while the new hire provides experienced staff with a new perspective. While mentors should not act as job supervisors, they can provide guidance and act as a sounding board for newcomers as they adjust to the company culture.

8.3 Benefits to Employees:

To compete in this highly competitive labour market, businesses must offer competitive compensation packages. Of course, salaries are important, but so are bonuses, paid time off, health benefits, and retirement plans, as well as any other perks that distinguish one workplace from another. Each employee should be fully aware of all of the company's benefits.

8.4 Systems of reward and recognition:

Everybody desires recognition for their efforts. Make it a habit to express gratitude to your direct reports for going above and beyond, whether through a heartfelt email, a gift card, or an additional day off. Demonstrate your appreciation for your employees and explain how their efforts benefit the organisation. While some businesses establish reward systems to foster creativity and innovation, you can implement recognition programmes with a small team and a limited budget.

8.5 Maintaining a healthy work-life balance:

What message does your company's culture send? Employee retention is likely to suffer if employees are required to work long hours and be constantly available at your beck and call. Burnout is a real occurrence. A healthy work-life balance is critical, and employees must feel confident that management understands its importance. Encourage employees to take vacation time, and if late nights are required to complete a project, see if late arrivals or an extra day off can be used to compensate. Numerous businesses offer employees the option of telecommuting or working from home in order to improve their work-life balance.

8.6 Training and education:

Professionals in any position or industry desire advancement opportunities. Intelligent managers invest in their employees' professional development and actively seek out advancement opportunities. Inquire about each of your direct reports' short- and long-term goals to determine how you can assist them in accomplishing them. Certain businesses reimburse employees for annual attendance at conferences or industry events, while others provide tuition reimbursement or continuing education training.

8.7 Communication and feedback:

Maintaining open lines of communication with employees is critical for retention. Your direct reports should feel free to approach you with suggestions, questions, and concerns, and they should expect you to be candid and open with them about the performance improvements they need to make. Maintain regular communication with each staff member — don't wait until the annual review to address concerns.

8.8 Change Management:

Every workplace must occasionally deal with difficult changes, and employees look to leadership for assurance. If your company is undergoing a merger, layoffs, or other significant changes, it is critical to keep your employees informed to avoid fueling the rumour mill. Make significant announcements in person and allow time for questions.

8.9 Teamwork promotion:

When individuals collaborate, they are able to accomplish more than if they worked alone. Create a collaborative culture that is receptive to individuals' working styles and allows for the expression of their talents. This can be accomplished by outlining team objectives, business objectives, and roles and encouraging everyone to contribute ideas and solutions.

8.10 Collective celebration:

Individuals and the team should commemorate significant anniversaries. Whether the team recently completed a large quarterly project on time and within budget, or an employee recently welcomed a new baby, take advantage of the opportunity to celebrate together over a shared meal or group excursion.

Employee Stock Option Plans/Systems (ESOP/ESOS): Employee stock option plans are an effective management tool for retaining human capital and preventing a competitor from poaching employees from a running organisation. In India, ESOPs are regulated by the Securities and Exchange Board of India (SEBI). A "employee stock option," as defined by SEBI, is an option granted to full-time Directors, Officers, or employees of a company that entitles such Directors to subscribe to the company's securities at a predetermined price at a future date.

'Golden Handcuffs' and 'Golden Greetings':

As the name implies, the golden hello is an incentive offered to a select group of new recruits, primarily middle and senior-level executives poached from competitors who are well-known in the industry or skilled in a particular niche area. Bonuses may be in the form of ESOPs, cash bonuses, non-cash incentives, or a combination of the three. **Golden Handcuffs:** Any terms or restrictions that make leaving employment prohibitively expensive for the executive, typically due to the executive forfeiting substantial stock options, restricted stock, or other types of bonuses or equity.

9. CONCLUSIONS:

When it comes to business, the primary goal is to make a profit, and in order to do so, the employer should concentrate on retaining talent and motivating them to stay with the company for the long haul. Employees are the most valuable asset that an organisation can have. Consequently, it is critical for employers to reduce attrition while also assisting in the development of both individual and organisational growth. As a result, organisations should create an environment that provides ample opportunities for growth, recognition for the work done, and a friendly, cooperative atmosphere that encourages employees to feel a sense of belonging to the organisation in all aspects of their lives. Planned employee retention is a low-cost method of increasing workplace productivity while also engaging employees emotionally. The ability to maintain quality and keep business operations running smoothly ensures long-term cost savings.

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