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## **ATTRITION IN INDIAN INDUSTRY – IMPACT AND REMEDIES: A CRITICAL REVIEW OF LITERATURE**

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### **ABSTRACT**

*Employee attrition is the reduction in the number of employees which can be because of retirement, resignation or death of the employee. Rate of turnover varies from industry to industry and types of attrition could be. Types of attrition are voluntary and involuntary and can be many reasons for an employee to leave an organisation like poor relationship with superiors, career prospects, aspirations for quick growth, economic compulsions and personal reasons. This paper aims to explain why companies in India are facing increasing attrition rate and some of the remedial steps to avoid or reduce the turnover rate. Available content from the internet has been studied along with various newspaper articles on the topic to compile this paper. This paper contains reasons of turnover in various companies and then some remedial steps are given to keep the attrition in control. In today's fiercely competitive business landscape, success hinges much on the retention of employees. In a knowledge driven economy, it is the people who are emerging as key competitive differentiators and retaining the talent has become a matter of paramount importance.*

**Keywords**— Employee attrition in India, types of attrition, Impact of attrition, employee retention.

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## 1.1 INTRODUCTION

Aon Hewitt's survey report (2016) recorded the attrition for India at 16.4%, which is the lowest among the emerging markets and it is reportedly has remained constant. Attrition was high among entertainment and media (11.8%), retail (10.7%) engineering services (8.2%), telecom (7.6%), metals (7.7%), information technology (8.7%) and financial (6.7%) sectors. These figures assume great significance and hidden behind these are the few significant factors that contribute towards this phenomenon in the Indian industry.

The last decade saw an upheaval in the Indian economy, which was accompanied by the revolution in the technological front and a radical change in the way businesses were done. Instead of being the jack of all trades, the smart organizations have now redefined the way of working and now aim at being the master of their core business largely. Outsourcing the non-core processes in order to concentrate on the core ones is how the companies prefer to work now. Outsourcing has become a strategic choice of the companies looking at the visible profits of cost reduction while improving the quality of service, increasing shareholder value etc. (Shah and Sharma, 2006). As a result of these shifts and the way employers view their staffing and workforce planning practices have significantly impacted the movement of employees in the industry.

The success or failure of an organization is largely dependent on the calibre of the people working therein. Companies have an extra ordinary flair to recruit and retain highly capable employees. These companies are described as "Talent Magnets". The employers of choice for highly talented people. Such companies realize that the key to attracting and retaining quality employees is not merely compensation and benefit package but other non-pecuniary factors. They attract and retain competent employees by satisfying the key human needs that influence performance and loyalty. They satisfy these needs by leading and managing these skilled employees appropriately.

Without positive and creative contributions from people, organizations cannot progress and prosper. Competitive advantage resides mostly in people and that finding and keeping good managers and employees is a strategic necessity (Kristen B Donahue, 2006). The concept of employer-of-choice has intensified in the last decade. Employees want to work for the best employers. Becoming an employer-of-choice often involves the issue of acquiring the best talent for the organization, motivating employees to improve

performance, keeping them satisfied and loyal and developing employees so that they can grow and contribute skills, and ultimately employee retention forces place (Jack Philips; Adele O Connell, 2008).

## **1.2 CONCEPTUAL FRAMEWORK ON EMPLOYEE ATTRITION**

Attrition, in Human Resource terminology, refers to the phenomenon of the employees leaving the company. It is usually measured with a metric called attrition rate, which simply measures the number of employees moving out of the company (voluntary resigning). It is also referred as churn rate or turnover. High attrition is a cause of concern for a company as it presents a cost to the company. The company loses on the amount it spent to recruit and select these employees and to train them for their respective jobs. The company may also have to spend additional money to fill the vacancies left open by these employees. Software companies, in the recent past, have experienced high attrition rates of over 30%. Attrition can also be used to refer to customer attrition which is the number of customers that a company has lost in a given period of time.

### **1.2.1 Types of Attrition in Organizations**

Wayne F Cascio and John W Boudreau (2008) introduced two popular ways of classifying employee attrition as voluntary attrition versus involuntary and functional attrition versus dysfunctional attrition. Following gives the description of the two types:

#### **A. Voluntary versus Involuntary Attrition:**

Employee attrition may be voluntary on the part of the employee (for example, resignation) or involuntary (for example, requested resignation, permanent layoff, retirement, death). Voluntary reasons for leaving such as another job that offers more responsibility, returning to school full time, or improved salary and benefits are more controllable than involuntary reasons, such as employee death, chronic illness, or spouse transfer. Most organizations focus on the incidence of voluntary employee attrition precisely because it is more controllable than involuntary attrition. 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, particularly where such costs have significant strategic effects.

## **B. Functional Attrition versus Dysfunctional Attrition:**

Employee Attrition can be categorized into functional attrition and dysfunctional attrition. Having categorized employee attrition as voluntary, many organizations take the next logical step; namely, to determine the extent to which the voluntary attrition is functional or 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.

High performers who are difficult to replace represent dysfunctional attrition, and low performers who are easy to replace represent functional attrition. Employee attrition is dysfunctional when the resulting difference in work force value is negative, or the positive change in work force value does not offset the costs.

On the flip side, the loss of hard-working, value-adding contributors is usually not good for the organization. Such high performers often have a deep reservoir of firm-specific knowledge and unique and valuable personal characteristics, such as technical and interpersonal skills. It is unlikely that a new employee would have all of these characteristics, and very likely that he or she would take a long time to develop them. Thus, voluntary attrition among these individuals, and replacing them with others, is very likely to reduce the value of the work force and to produce costs associated with their separation and replacement. Voluntary attrition is even more dysfunctional, however, when it occurs in talent pools that are pivotal to an organization's ability to be successful.

### **1.2.2 CAUSES OF ATTRITION**

- **Adverse relationship with Manager / Supervisor**

The oft cited reason for leaving a current job for any employee is poor relationship with her/his current manager. The role of the immediate supervisor in an employee's decision to leave has been found to be one of the major causes of attrition. Leadership and relationships with supervisors play a key role in organizational success. Several studies in this area reveal that employee engagement, empowerment and satisfaction are positively correlated with the relationship employees have with their supervisors (Nowack, 2010). This study validated the hypothesis that leadership effectiveness, defined as involvement oriented and sensitive

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management practices, has a significant impact on employee commitment and attrition. A recent report from Right Management and Villanova School of Business attributes one of the chief causes of high employee turnover or attrition to a manager's inability to lead and engage their teams (Nancherla, 2009). Another study found that 89% of the respondents stated that a lack of recognition and adverse relationship with the supervisor were the main reasons for quitting (Yiu& Saner, 2011).

- **Organizational Support & Career Opportunities**

Researchers defined two important concepts: (a) organizational support for development (OSD) as “employees’ overall perceptions that the organization provides programs and opportunities that help employees develop their functional skills and managerial capabilities” (b) perceived career opportunity (PCO) as “employees’ belief that jobs or positions that match their career goals and interests exist within the organization” (Kraimer et al., 2011, p. 486).

If organizational career paths do not lead to opportunities that match those desired by employees, they may choose to look for alternative jobs in the hopes that another organization will offer more desirable job paths. Given the high costs associated with staffing and turnover, expenditures for development support may be well justified, but only when employees perceive that there are career opportunities within the organization that match their career goals and interests. When many employees do not perceive desirable career opportunities, our results suggest that development support may simply provide them with the mobility capital to leave...” (Kraimer et al., 2011, p. 496).

- **Aspirations for quick growth**

Indian markets are flooded with opportunities. Companies are hunting for people with relevant qualification, experience and zeal. Even employees are also looking to grow at a much faster pace. Since, by sticking to one organisation one may get promotions after a set interval but by getting a raise in one organisation, one can always get a higher position and remuneration at another company after a few months which may not be possible if he sticks to one organisation. A 2012 survey by Catalyst shows that 78% young Indians aspire to senior executive and/or CEO roles, and they're very impatient about getting there.

- **Economic compulsions**

During the times of economic downturn affecting industry in general or any specific sector, companies may face major financial crises and may go in for cost cutting and layoffs. So, many employees may have to lose their jobs. Since the companies themselves struggle to keep its place and position in the market, they have to ask many employees to leave the organisation.

Under these circumstances, employees who are not on the layoff list also start looking for jobs outside. The general depressed outlook for the industry as well as apprehension of further layoffs prompt them to look outward. Increasing with economic pressures, organizations continue to demand that one person do the work of two or more people. This is especially true when an organization downsizes or restructures, resulting in longer hours and weekend work. Employees are forced to choose between a personal life and a work life. This does not sit well with the current, younger workforce, and this is compounded when both spouses or significant others work.

- **Personal Reasons**

The personal reasons are many and only few are visible to us. They vary widely from getting married to relocating for health/ family reasons. The next important personal reason is going for higher education. Health is another aspect, which contributes for attrition.

### **1.2.3 IMPACT OF ATTRITION**

The attrition of employees has a significant impact on the firm's overall productivity and profitability. When an employee resigns voluntarily, the need for replacement arises, the organization incurs certain costs of which some are quantifiable and some are intangible. The impact ranges from costs of replacement to culture management issue with the new recruit.

- **Direct impact**

A high attrition indicates the failure on the company's ability to set effective HR priorities. Clients and business get adversely impacted and the company's internal strengths and weaknesses get highlighted to customers and more importantly to its competitors. The most significant impact includes the costs of lost productivity and lost business, Suitable new hires need to be inducted continuously, further costs in training them, getting them aligned to the work systems, company culture, etc. pose innumerable challenges for the line managers as well as HR Managers.

- **Indirect impact**

Typically, high attrition also leads to a chronic or systemic cycle—attrition brings decreased productivity, people leave causing others to work harder and this contributes to more attrition. All this has a significant impact on the company’s strength in managing their business in an ever escalating competitive environment

#### **1.2.4 POSITIVE EFFECT OF EMPLOYEE ATTRITION**

Attrition is not detrimental always if it happens in a controlled manner. Some attrition is always desirable and necessary for organizational growth and development. The only key factor is how organizations differentiate “good attrition” from “bad attrition”. The term “healthy attrition” or “good attrition” signifies the importance of less productive employees voluntarily leaving the considered being healthy. Attrition rates are considered to be beneficial in some ways.

When certain employees leave, whose continuation in the organization would have negatively impacted productivity and profitability of the company, the company is benefited. New employees bring fresh ideas, approaches, abilities & attitudes which helps the organization to remain vibrant and contemporary. There are also some people in the organization who have a negative and dampening influence on the work culture and team spirit. This, in the long-term, is detrimental to organizational health. Desirable attrition also includes termination of employees with whom the organization does not want to continue a relationship. It benefits the organization in the following ways:

- It removes bottleneck in the progress of the company
- It creates space for the entry of new talents
- It assists in evolving high performance teams

#### **1.2.5 REMEDIAL MEASURES TO REDUCE EMPLOYEE ATTRITION**

- **Open and continuous Communication:** Majority of organizations fail to position their compensation philosophy / benchmarking / structure and thus fail to leverage the advantage vis-a-vis their competitors. Organizations should make their compensation framework transparent and do not shy away from having an interaction with employees on broader contours of ~~your~~ compensation approach.

- Organizations should provide Growth Opportunities and communicate about them. Majority of companies do provide Growth opportunities, however, fail to leverage due to lack of communication on this front. Career Pathing plays a key role. It would serve the purpose if all employees who have spent > 18-24 months in the system are pro-actively spoken and asked for their career preferences to bring about a spark and end monotony of work
- Managing expectations of employees is a key factor in reducing attrition. Top Managers / Leaders step out of their comfort zone and assimilate with employees and right align their expectations. New Millennials want to grow fast and it is essential that they are coached in right earnestness. The fact is 80-90% people remain at staff level, 4-7% in Middle Management & 2-3% at Top Management. It is essential that we align our employees and emphasize on the inevitability of building competencies / capabilities rather than having a single minded focus on vertical growth.
- Especially during difficult times as well as economic turmoil, organizations should engage with employees over & beyond their day to day job and ensure that their insecurities and vulnerabilities are addressed appropriately and timely through various programs and practices which could be designed keeping in view organization context and requirements.
- Integrate hiring into business forecasting : Scott Pollak, a San Jose, Calif.-based principal in PwC Saratoga, a division of PricewaterhouseCoopers Human Resource Services, has indicated that there is a transition in workforce planning within organizations with an objective to reduce turnover.

In practice, workforce planning often involves a projection of how many hires will be needed for the next month/quarter and then determining how that need reconciles with the annual budget. A better, more proactive approach, addresses hiring needs further in advance. That foresight can help in avoiding unrealistic projections in manpower requirements and adding to the headcount. Using appropriate Workforce planning tools and integrating them with business forecasting shall minimize the requirement to do large scale downsizing during industry downturns.

### **1.3 STATEMENT OF THE PROBLEM**

In order to implement a successful business strategy to face global challenges, organizations must ensure that they have the right people capable of delivering the strategy. This research is designed to study the nature, state and factors affecting high employee attrition in the select mega corporation in manufacturing Sector Company. Specifically the study aimed at identifying the critical factors affecting high employee attrition and suggesting remedial measures to address the high attrition problem. The study gives a warning signal to the mega corporations to immediately adopt innovative strategies to tackle the continuing attrition problem. This study will be helpful to the management of such organizations to focus on the critical factors identified in the study in addressing the attrition problem. Also the study will enable the readers, researchers and practitioners to have a professional approach in addressing the critical issue of employee attrition.

### **1.4 RELEVANCE OF THE STUDY**

Large mega corporations are a sensitive industry from attrition point of view, as total business prospects are associated with the talented personnel. Such situation is well known to the business firms as well as the talented personnel and both try to secure their interest to the possible extent. For the business firm the cost incurred in imparting training and expertise to the personnel is quite substantial and the pace of acceleration is seriously disturbed with the departure of talented employee. Attrition affects this industry seriously, as the personnel assigned the task is not fully capable to handle the task with same efficiency and capability. Usually, the employees attained requisite experience and proficiency of respective task avoid sharing their success tricks with colleagues and any replacement remains non-capable to attain the proficiency level of earlier duration. Even the experience and expertise are the key factors of success and such personnel get better opportunities in same or other companies. Companies try their best to retain talent with all possible measures mainly for the reason that vacuum created may create serious harm to business.

Hence keeping in view the critical importance of these phenomena to the Industry, an in-depth empirical study in a mega industrial corporation would provide the insights and possible solutions for the dealing with the recurring problem of attrition.

## 1.5 OBJECTIVES

1. To study the impact of attrition rate in the organization on identified parameters.
2. To examine and analyse the dimensions of attrition (with respect to Age, gender, Education, marital status, experience, income level and position/level of authority)
3. To suggest interventions to manage employee expectations with special reference to control of employee attrition.

## 1.6 HYPOTHESIS

The study aims at examining the following hypothesis with available data and techniques. The hypotheses are –

**H<sub>01</sub>:** There is no significant relationship between selected independent factors (Type of industry, age of the respondents, gender, educational qualification, monthly income, marital status, number of dependents, working experience, job position, level of management) and level of influence on work environment in mega corporation in manufacturing sector.

**H<sub>02</sub>:** There is no significant relationship between selected independent factors (Type of industry, age of the respondents, gender, educational qualification, monthly income, marital status, number of dependents, working experience, job position, level of management and nature of job) and implementation of retention strategy in mega corporation in manufacturing sector.

**H<sub>03</sub>:** Intention of turnover is same in all the categories of the selected independent factors (Type of industry, age of the respondents, gender, educational qualification, monthly income, marital status, number of dependents, working experience, job position, level of management and nature of job) in mega corporation in the manufacturing sector.

## 1.7 RESEARCH METHODOLOGY

The general intent of this descriptive and empirical study is threefold. Therefore a systematic and organized methodology shall be deployed for the research study. A survey design shall be used to obtain the required information. The population for this study

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comprised of ex-employees who have worked and separated during a specified period from the Mega Corporation in the manufacturing sector. A sample size would be in the range of 250~300 for this study. Efforts shall be made to collect data from the respondents, and the respondents diverged from every age group, gender, marital status etc. but restricted only to low and middle level employees, where attrition is the highest. The actual respondents from strata for the present study shall be selected randomly. Thus the sampling technique used was proportionate stratified random sampling technique.

Both primary and secondary sources of data shall be collected for conducting the research survey. The primary data shall be collected afresh. It is original in character. The primary data will be collected with the help of a questionnaire. Moreover, the researcher also plans to use personal interview method to elicit some qualitative data. The statistical tools used to analyze the data with reference to the selected objectives of the study, include Simple Percentage, Mean, Range (Minimum and Maximum), Standard Deviation, Chi square Test, ANOVA, Multiple Regression and Factor analysis. This research will be limited in the sample unit. The study covers a period of ten years beginning from 2007-08 to 2017-2018.

## **1.8 REVIEW OF LITERATURE**

**Juliano and John (2006)**<sup>1</sup> presented information about the knowledge-retention (KR) programs. The result showed KR program is essential to stop the outflow of knowledge in the form of employee retirement and workforce attrition.

**Saiyadain Mirza S., Tripti Pande Desai (2007)**<sup>2</sup> describes in chapter one –Human Resource Management in 21<sup>st</sup> Century of his book Emerging Issues in Human Resource Management, An Indian perspective that retaining talented employees is a leadership issue. Authors focus on Human resource strategies and suggest some measures to retain employees and reduce attrition. Lack of clarity of the policies, discrimination, and lack of effective management are the major factors of employee attrition. Employee attrition can be reduced by a flexible approach of the management. There are various measures by which a management can retain its skilled employees such as attractive salary and benefit package, providing training and development programmes and providing opportunities for their growth so that employees can face the new challenges and feel value for them. These factors are very important for reducing attrition of skilled employees. The author describes that lack of clarity of the

policies, discrimination, and lack of effective management are the major factors of employee attrition.

**Clapp and Bruce (2007)**<sup>3</sup> discussed the steps to be taken at one's bank to remove the “mystery” associated with retention and attrition. The result showed the necessity to create retention actions based upon positions within the organizations.

**JyotsnaBhatnagar (2007)**<sup>4</sup> investigated talent management and its relationship to levels of employee engagement using a mixed method research design. In the first phase low factor loadings indicated low engagement scores at the beginning of the career and at completion of 16 months with the organization. High factor loadings at intermediate stages of employment were indicative of high engagement levels, but the interview data reflected that this may mean high loyalty, but only for a limited time. In the second phase factor loadings indicated three distinct factors of organizational culture, career planning, incentives and organizational support. Among these, the first two were indicative of high attrition.

**Sen Gupta Santoshi and Gupta Aayushi (2008)**<sup>5</sup> investigated the major causal factors for high attrition in the Indian BPO industry identified were based on qualitative research using secondary data. These were compared with the causal factors for attrition identified through personal interview with a number of BPO employees. There was a close similarity between the two results, authenticating the qualitative research on the causal agents for attrition identified in this study. Attrition can be combated by enhancing the perceived value of working in a BPO. BPO needs to be repositioned. The positive value of working in BPO sector needs to be brought out. BPO stakeholders, researchers and media should make concerted efforts in this direction. The monotonous nature of BPO jobs also needs to be addressed relating enjoyable working environment, introducing creativity in work, periodic job-rotation, and frequently providing quality feedback, need due consideration to promote fun at the workplace.

**Jain (Pagaria) Pratibha (2008)**<sup>6</sup> the author in his article “Attrition”, HRM Review focuses on the reasons of high employee attrition and has suggested measures to reduce it. According to the author employee attrition is a big problem not only in India but outside India also. This problem is increasing continuously and every employer is facing this problem. What are the reasons of the employee attrition? The author explains that employers are hiring a human resource person from outside the organization to find the reason of attrition and employee

dissatisfaction. When an employee leaves an organization it reduces the production, profit and quality of product because the employee who left an organization carries his skills, experience with him. Employee turnover is a serious issue and it can be reduced by proper planning and implementing effective retention strategies, it would also increase the commitment of employees towards the organization. Management should also take efforts to increase job satisfaction among the employees. There are various reasons for employee attrition such as better or good working conditions and stable working hours in the new company, opportunities for career development, high salary, suitable location, brand image of, a better boss, suitable job profile by other company, lack of empowerment, trust and employee engagement in existing company are reasons of shifting from one company to another. It is very essential and important for every organization to find the solution to reduce and manage attrition because in today's highly competitive world it has a negative impact on the company's success and competitive strength. Although there is no solution available to curb attrition problem, by carefully aligning employee personal goal with the organizational goals, the rate of attrition can be reduced to a large extent. The researcher found that better or good working conditions and suitable working hours in the new company, opportunities for career development, high salary, suitable location, brand image of, a better boss, suitable job profile by other company, lack of empowerment, trust and employee engagement in the existing company are also the reasons of shifting one company to another.

**Greer Charles R (2009)**<sup>7</sup> the author suggests that organizations must have highly skilled and knowledgeable employees if they want to become competitive in the industry. Organizations must also have a relatively stable workforce because employee attrition directly works against obtaining effective coordination and organizational learning that leads to produce high quality products and services. There is a growing recognition of the relationship between company strategies and their human resource practices. Companies pursue strategies of innovation to reduce attrition. Companies which rely on individual expertise and unrecorded knowledge tend to provide greater job security for some employees. Companies invest in their work force on development programs that increase retention. When they fail to make such investment they incur a high cost of attrition of employees. There is a great demand for specialists such as technology specialists, information specialists and other technical employees and companies are very innovative to retain these specialists. Many companies have started career development institute and other institutes to develop

employees which help them to retain skilled employees and reduce attrition in companies. Opportunities for training, new learning, growth, promotion and liberal transfer policies also have a positive impact on employee attrition. Effective management of diversity and prevention of sexual harassment also increases retention and reduces attrition. The author describes that lack of investment in the employee development plans; technological change and innovation are the reasons of employee turnover. The companies that are pursuing strategies of innovation have the potential to be affected because of reliance on individual expertise and unrecorded knowledge. Further the author describes that the demand for specialists and other highly skilled employees are so strong that companies have been very innovative in their retention efforts.

**Hekelova, Katarina Srdosova (2009)<sup>8</sup>** in this article focuses on the reasons of attrition and suggests solutions to reduce it in the automobile industry located in Slovakia. The author finds that stress at work and lack of communication are the main reasons for employee attrition in an automobile industry. The author describes that dissatisfaction among the employees, work stress, lack of manager's attention, lack of communication are the strong causes of employee attrition. Surprisingly money is not the prime reason of attrition. Dissatisfaction among employee creates mental stress among the employees and disturbs the mental status of employees.

**Jaya Prakash (2009)<sup>9</sup>** in his report on CEO attrition in Indian firms explained that the CEO poaching was a result of the return of Indians from overseas with higher experiences and lower costs.

**Atanu Adhikari (2009)<sup>10</sup>** examined the relationship between the high attrition rate in the Indian Information Technology (IT) and Information Technology Enabled Services (ITES) sector. The study identified that people segmentation relates high rate of job switching among its employees.

**Combs Gwendolyn et al (2010)<sup>11</sup>** examined the relationship between Indian service workers' hope and their performance outcomes in managing BPO service workers in India. The results highlighted importance of measuring and managing employee hope to maximize employee

productivity and performance and to effectively combat employee problems such as attrition, stress, and burnout that have plagued the BPO industry.

**Hokanson Cynthia et al (2011)**<sup>12</sup> investigated the importance of knowledge management in young employees on mitigating the loss of knowledge resulting from the attrition of younger generation employees. The study believes that companies need to invest in younger generation and also to find ways of earning their loyalty to stay with the company.

**Pooja Wadhwa and SarojKoul (2012)**<sup>13</sup> analyzed critical factors affecting retention through a case of the IT Industry. According to the inference of the research, there are two strategies that are most useful. Firstly, to provide salary hikes in accordance with industrial standards. Secondly, to recruit those only who has long-term orientation towards the organization or those who will stay in company for longer time period. The research study identified that the factors related to compensation issues have the highest effect on attrition.

**Bisht Nidhi and Singh (2012)**<sup>14</sup> conceptualized to understand different variables which instigate intent to leave in these professionals are responsible for attrition of employees. The findings of the study show that the antecedents for attrition of employees vary with different levels of experience. Practical implications: Deeper comprehension of antecedents of attrition for employees having different levels of experience taken separately; can help to understand the psyche of these employees which can be used as an indicator to predict attrition related concerns to chart future course of action.

**Vidya Sunil Kadam and Thakar (2014)**<sup>15</sup> has identified that those having average age of 24-28 years and the experience between 2 to 4 years are having higher percentage of attrition. The author also concluded that the attrition rate was increased because of dissatisfaction with pay, lack of career advancement, compensation & boss relation.

**Batty DoranceJeen (2014)**<sup>16</sup> in their study titled, “A study on attrition – turnover intentions in retail industry” analyse the employee’s turnover intention and its impact on organizational outcomes, 100 questionnaires were distributed to the first and middle line employees in selected organized retail outlets in Bangalore. Since, this is a qualitative research the study was done through questionnaire. From the econometric analysis, it is found out that turnover intention has influence on attrition factors such as QWL, career growth, working hours,

personal/family reasons, and relation with internal coworker, welfare, working condition, and salary.

**Janani (2014)**<sup>17</sup> has concluded that that most of the IT companies even the top most companies are facing turnover due to many factors. The most important of all is compensation, because plenty of opportunities are there in the market for experienced, well qualified employees if they switch over to other companies and they will pay more. There are many push, pull and personal factors are involved and initiating the thought of turnover among employees. IT companies should be alert and frame some necessary strategies to reduce attrition so that they can reduce the expenditure of employees for recruitment, training and development.

**Vidya Sunil Kadam &Thakar (2014)**<sup>18</sup> in their study is conducted to find out the main causes behind the increase in employee attrition in software Industries and to find out the ways to control attrition. The study was carried out in software companies in Pune. In this study opinion of 100 employees was taken for the analysis. The survey of 100 employees reveals that those having average age of 24-28 years and the experience between 2 to 4 years are having higher percentage of attrition. Findings of the studies are attrition rate was increased because of dissatisfaction with pay, lack of career advancement, compensation& boss relation.

**Alshahrani Ahmed Saeed, Alqahtani Abdulaziz Mubark and Alshahrani Bander Sayaf (2015)**<sup>19</sup> in their research article titled, “Exploring Human Resource Management System of Saudi Electricity Company: A Review of Policies for Effective Workforce Management”, investigated the current state of human resource management development by conducting a case study of Saudi Electricity Company. Through interviews with HR managers, documentation and archival records examination, they were able to describe and systemize HR policies designed to ensure the well-being and decreased attrition of Saudi Electricity Company employees. The findings suggest that Saudi Electricity Company’s level of HRM practice is of appropriate level, with comprehensive medical and social care being provided. Furthermore, the company recognizes good work performed by the employees and rewards them for their loyalty. Through the implementation of the performance management system, the company is able to evaluate the performance of the employees, monitor their progress and offer training and development programs. The value of the conducted case study is that other

Saudi Arabian companies can learn and implement similar policies from a successful Saudi Arabian case, instead of blindly copying western management practices as their opinion.

**A study by Muhammad Saleem (2015)**<sup>20</sup> investigated organisational climate and its impact on company performance, organisational commitment and job satisfaction exposed the strong relationship among organisational commitment and financial performance. The regression results shows when organisational climate raise at one per cent then it shows fourteen per cent increment in financial performance of the organisation. Organisational climate significantly influence the attrition rate of employees. The conducive organisational climate results in employee retention. The study proved that there is strong correlation between organisational climate, employee commitment and job satisfaction.

**TalapatraPradip Kumar et al (2016)**<sup>21</sup> in their research article observed that in the global competitive scenario, organisations are investing considerable amount of effort, time and money on employee retention because losing a valued employee has negative impact in the form of knowledge value, apprehensive colleagues and lost capital. They also discuss regarding the ongoing conditions in Indian manufacturing organisations, discusses the reasons behind attrition and strategic steps developed to ensure retention.

**Delfabbro Paul et al(2017)**<sup>22</sup> in their research paper examined the likely effects of sample attrition on the social and psychological outcomes variables often examined in studies of school leavers and which have been included in many studies of employment. The results showed that the dropouts differed from the stayers on a number of variables. For example, the dropouts tended to be older and were more likely to use illicit substances, such as marijuana. Males were more likely to drop out than females. On the other hand, the dropouts did not differ from the stayers in terms of the main variables of interest: psychological well-being (including self-esteem, suicidal ideation, life satisfaction, and other related variables).

**Hoffman Mitchell et al(2018)**<sup>23</sup> in their working paper using personnel data from a large, high-tech firm, showed that survey-measured people management skills have a strong negative relation to employee turnover. A causal interpretation is reinforced by research designs exploiting new workers joining the firm and managers moving jobs. However, people management skills do not consistently improve non-attrition outcomes. Better people

managers are themselves more likely to receive higher subjective performance ratings and to be promoted.

## **1.8 RESEARCH GAP**

Over the period a number of research work has been undertaken in this field to explore a standard business practices in optimise the rate of attrition but no systematic research has been specifically conducted in the area of study for the sample company. Hence, there is need and justification for comprehensive study to evaluate it. The present study aims to bridge such a gap and hence the present study has been taken up.

## **1.9 CONCLUSION**

Large mega corporations are in sensitive industry sectors from attrition point of view, as total business prospects are associated with the talented personnel. Such situation is well known to the business firms as well as the talented personnel and both try to secure their interests to the best possible extent. For the business firm the cost incurred in imparting training and expertise to the personnel is quite substantial and the pace of acceleration is seriously disturbed with the departure of talented employee. Attrition affects this industry seriously, as the personnel assigned the task is not fully capable to handle the task with same efficiency and capability. Usually, the employees attain requisite experience and proficiency of respective task avoid sharing their success tricks with colleagues and any replacement remains non-capable to attain the proficiency level of earlier duration. Even the experience and expertise are the key factors of success and such personnel get better opportunities in same or other companies. Companies try their best to retain talent with all possible measures mainly for the reason that vacuum created may create serious harm to business. Hence keeping in view the critical importance of these phenomena to the Industry, an in-depth empirical study in a mega industrial corporation would provide the insights and possible solutions for the dealing with the recurring problem of attrition.

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