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## **EMPLOYEE RETENTION – A STRATEGIC TOOL TO CURTAIL ATTRITION**

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***Abstract:***

*Attrition is a serious issue for any organization, especially for the IT & ITES industries which are fast growing industries and are completely dependent on the skilled employees. Attrition cannot be avoided completely and at the same time it is necessary to some extent for the organizations to have minimum rate of attrition in the organization as it invites new blood, thoughts and styles of working in the organization. It is a serious matter of concern only when the attrition is more at the infant level i.e., employees moving out within six to one year and also among the experienced people. To curtail this rate of attrition organizations are struggling to know the reasons behind it and are adopting many strategic changes in their policies. One such strategy is concentrating on the ways to retain the employees. Organizations are making retention as a strategic tool in reducing the turnover problems.*

**Keywords:** Retention, Attrition, Strategic HRM, organizational Sustainability, Competitive Advantage.

**Introduction:**

Attrition comes from a Latin word “ATTERARE”, which means to rub against or grinding down the opponents forces. So it is clear that attrition is a gradual reduction in membership or personnel as through retirement, resignation and death. In simple terms it can be explained as the number of employees leaving the organization including both voluntary and non-voluntary separation. This situation raises curtain to many problems that stirs up the deeper sections of the organizations.

Employee Retention is one of the crucial practices in which the organization employees are motivated to remain and be with the organization for a longer duration. This practice benefits the organization as well as the employee in many ways. Attrition on the other hand speaks about the employees leaving the organization. Both these terms are two sides of a coin and always are in opposite sides. As employees are the most valuable resources of the organization and are a matter of great concern for the organization, employees are investing on employee's retention strategies.

Developing and adopting retention strategies is not a simple task, and it can never be developed in a fortnight. This is the most complicated and challenging task faced by the organizations throughout the world. Many organizations are considering it as the pivotal thing. Surveys, research and studies have identified that as the time is passing manpower is becoming one of the most crucial element for the growth and sustainability of the organization.

Many studies earlier proved that employee retention is an ever challenging task of the managers. The success of the organization is dependent on the ability of the organization in retaining its crucial manpower. In this knowledge driven economy people are the key competitive differentiators to the organizations and HR managers because of increasing attrition levels.

HR managers world-wide are more concerned about knowing the reasons behind this attrition and to enhance the rate of retention of employees in the organizations. This article would provide an insight into various issues related to the problem of attrition and it highlights how retention is a strategic tool to curtail attrition. Organizations are well informed that losing talent will attract losses to the organizations in many ways. So organizations are involved in reducing the attrition in the organization and fast implement the retention strategies to withstand the competition.

Organizations intend to study the reasons behind attrition, which vary with many differing factors of person, situation and industry. They even differ based on the nature of business, level of employees and level of responsibility etc. Out of plenty of research, it is common

symptom that the employees feels that he has no more fit with the organization and peer group. Another important reason may be career growth and remuneration etc.

### **Objectives of the study:**

1. To study what is attrition and level of attrition prevailing in the organizations.
2. To identify the reasons behind attrition of employees in the organizations.
3. Knowing which factors have at most impact on the attrition.
4. To know how retention is a strategic tool to curtail attrition.

### **Research Methodology:**

Descriptive research methodology has been adopted for the study. Data has been collected through primary and secondary sources. Primary data has been gathered through a Questionnaire and interviewing method from the employees of IT & ITES organizations. Secondary data is gathered from different journals, books, web sites, and articles.

### **Literature Review:**

Staff attrition results in increase of costs to company, and they drive up the recruiting, training and productivity costs and also attracts quality problems from customers front and increase continuity problems for a long-period projects. So, companies are more concerned to curtail attrition.

There are many reasons for attrition. Employees leave their jobs because of money, working conditions, working hours, policies of the organization, colleagues, boss, better opportunities, career growth, health, family responsibilities, job security and so on. Today HR managers are much worried about knowing the right reasons and fulfilling them. In traditional HR function retention was more complex, but now HR really wanted to try their best to retain the employees and not to lose the talent for competitors. They are not ready to give up employees without fight.

Tutunchu & kozak, Ribinson & Baron and Carbery et. al. Said that turnover has a direct correlation with job satisfaction and organizational commitment. According to Hom & Griffeth, turnover reasons include demographic factors, personal characteristics, Jo

satisfaction, organizational and work environment, Job content, Organizational commitment, Ease of movement and intrinsic motivation.

One of the recruiters from Linkage research team says that employees never leave because of one dissatisfying factor, there may be multiple factors provoking him to move, such as confidence factors, emotional factors, trust factors, listening factors and fit factors.

### **Reasons for Employee Turnover:**

Employees leave for many reasons, some of which organizations have no control over, such as retirement, a family member being transferred or the desire to stay home to start a family. Some of the most common reasons employee leave include: employees perception of poor leadership or supervision, unchallenging positions, limited opportunity for advancement, no recognition for good performance, limited control over the work and customer, salary benefits are not commensurate with job requirements; and the opportunity for a better compensation package elsewhere.

Another problem being faced by the IT & ITES industry is “Poaching”. Poaching refers to taking away the experienced professionals by competitors by offering them better salary and benefits than the competitor. With the already saturated market for the talented professionals, poaching is becoming a common practice by the organizations. All these people costs are weakening the position of India as the low-cost destination in the worldwide industry.

Another point of view explaining the high attrition rates especially in the ITES industry comes from the psychologists who argue that physical strains like sleep disorders, depression, odd working shifts, No personal life, learning foreign accents, constantly handling abusive calls and high stress levels are also the major reasons of the high attrition rates in the ITES industry. There are also pressures from the society for not allowing the youngsters to work in night shifts. This also discourages the youngsters from joining the BPO industry.

Major factors responsible are - Dissatisfaction with pay, Lack of recognition, Dissatisfaction with benefits, Working conditions, Quality of supervision, Self-employment, Type of work, Conflicts with co-workers, No advanced opportunities, Health Problems, Care for family members, Transportation problems, No vacation, Company culture, Business direction.

## **What Organizations can do to retain employees:**

There are five actions organizations should take to reduce attrition and improve employee satisfaction:

1. Demonstrate to employees that the company cares about them, wants them to advance in their careers and will help them satisfy their need for personal growth.
2. "Walk the talk" by not only communicating the corporate strategy but by also ensuring that it is applied consistently throughout the organization, including making the rewards system consistent with strategic goals.
3. Watch for and eliminate all inconsistencies between promoting a belief in employees and managerial behavior or policies that undermines that commitment.
4. Fight attrition with smart training that is not only relevant but helps broaden employee experiences and provides development opportunities.
5. Weed out poor managers because many employees leave their jobs because they are unhappy with their bosses - remember the adage that "people don't leave their jobs, they leave their managers."

## **Attrition costs in India:**

If we observe the satisfaction in Indian scenario the attrition rates are close to 50% in ITES and nearly 30% in IT sector. So the organizations are continuously struggling to reduce this attrition rates as they face demand and supply problem; and also increasing cost per employee. The average annual attrition rate in the ITES sector in India has hit a high of close to 50% and in IT sector, it is nearing 25% - 30%. Better attrition management and the 2008-2009 global economic slowdowns have helped to reduce the figure to 24-30%, but this still has a significant impact on the costs and quality. Furthermore, attrition rates in India's ITES industry are about 8 percent higher than the national average, according to a report by global consulting firm the Hay Group. In India there is an increasing demand and supply gap for IT & ITES professionals. It is sometimes very difficult for HR managers to maintain consistency in the performance and keep the motivation levels high especially in a monotonous work environment.

Many companies believe that the attrition rates in India and the costs associated with them are very high that they can override the benefits of lower wage costs. For example; while wages in call centers in Indian are less than one-eighth of those in Northern Europe, it has been reported that Hewlett-Packard have found the cost per 'ticket' (the cost of processing a query) was double in India "due to the inability of the staff to resolve customer queries efficiently because of language barriers and inexperience". The issue is not with the quality or education of the staff and investment in technology. The issue is with attrition, as people do not stay long enough to be taught or to learn the job and technology. Then it is important to know what makes them leave.

### **Employee Retention as a strategic tool:**

Successful organizations realize employee retention is integral to sustaining their leadership and growth in the marketplace. Those that fail to make employee retention a priority are at risk of losing their top talented people to the competition.

Retention of Key employees is critical to the long-term health and success of any organization. Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization.

Hay Group's research indicates that there are five key factors driving staff retention:

- Opportunity for career development
- Autonomy
- Supportive work environment
- Appropriate compensation
- Confidence in leadership

All the above factors emphasize the strategic relevance of retaining employees to control the ever increasing total employee cost so as to maintain consistent organization profitability. People are the appreciating asset for organization when compared to the depreciating assets like machinery and etc. When they no longer stay with organization the profitability and the performance of the organization will have negative impact.

## **Conclusion:**

The adage “if you pay peanuts you get monkeys” is still very relevant in modern times. Corporate HR managers today are devising new and varied methods to retain the most talented employees by rewarding them in very many ways both financial and non financial. The cost of retaining employees is though moving towards north. But it is worth the effort and cost involved as in the short and long run the profitability will enhance with a motivated and highly engaged work force.

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