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## “EMPLOYEE ATTRITION AND RETENTION – A CHALLENGE”

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### ABSTRACT :

**H**uman Resource Asset (HRA) holds a major key to the success of any organisation, and is considered to be the most resilient, distinctive and influential part of an organisation. Therefore from a managerial perspective, retention of high-quality workforce has become a significant challenge today than ever before. As a number of trends such as globalization, increase in knowledgeable workforce, fast paced technological advancement make it vital that firms acquire and retain human capital. Considering, the current economic growth of the country which is prone to generate enormous scope and opportunities for the talented workforce and this growing trend creates inclination for an employee to switch jobs easily. In this context, it has become obligatory for the organisations to



retain the existing employees in order to avoid the cost of inducing fresh recruitment and training.

This paper aims at the extensive study of “Employee Attrition and Retention” concept. This includes study on, causes and effects of employee attrition, significance of employee retention, retention strategies. The study also aims at providing suggestions for the organisations to retain the employees.

**KEY WORDS:** Employee Attrition, Causes, Effects, Employee Retention Strategies.

### INTRODUCTION:

In this present competitive scenario it

can be seen that there are ample of opportunities for the talented workforce, and the same is tempting the employees to move from one organisation to another. Hence it has become one of the main causes for increase in the employee turnover rate in all the industries. Every company experiences employee turnover but it is acceptable if the rate of turnover ratio is minimal. However every company/ organisation has its own acceptable turnover ratio but the problem starts when the turnover is beyond the limits of the company. Involuntary employee attrition such as reduction in the no. of employees due to

retirement, death, etc. are inevitable to the company. But voluntary employee attrition is uncertain and harmful to the company where employees voluntarily leave the company. There is another type of attrition named as “infant attrition” where the newly joined employees quit the job before the completion of their probationary period of six months and is again harmful to the company, as it increases the cost pertaining to the engagement of new employees.

These days recession is another factor which is causing the employee attrition, especially in the IT sector recession plays the prominent role in the reduction of employees in the company.

### MEANING

Employee attrition in general may be defined as a situation, where employees move from one company to another, either

voluntarily or involuntarily. As per the American Heritage Dictionary of the English Language, “Attrition is a gradual, natural reduction in membership or personnel, as through retirement, resignation or death. Business dictionary states, Attrition is “Unpredictable and uncontrollable, but normal reduction of work force due to resignations, retirement, sickness or death.” Dr. Paul Carr and Dr. Michael Hartsfield in their article “Attrition as an HR Challenge” (The ICFAI Journal: HRM Review, March 2008) states that Attrition can be conceptualized in many forms but the two prominent forms of attrition are: attrition due to employees leaving an organization and employees retiring from an organization.

**OBJECTIVES:**

- 1.To determine the causes of employee attrition.
- 2.To know the effects of employee attrition on the organisations and employees.
- 3.To study the significance of employee retention and understand the various employee retaining strategies.
- 4.To suggest the measures to retain the employees.

**CAUSES OF EMPLOYEE ATTRITION:**

Causes of employee attrition are large in number and the reasons for employee attrition differ from an employee to employee. It may be due to job dissatisfaction or disappointment with the work environment, or it may be due to higher expectation of remuneration package. The causes are listed below:

- Feeling of job insecurity.
- Dissatisfaction related to the performance appraisal methods adopted by the company.
- Dissatisfactory training and development.
- Lack of career development programs.
- Mismatch between the person and job.
- Expectation of a more challenging job.
- Prevailing Favouritism in the company.
- Lack of appreciation, recognition and rewards for the employee achievement.
- Lack of cooperation between managers and subordinates, and between employees.
- Heavy workload.

**EFFECTS OF EMPLOYEE ATTRITION**

The employee switching from one organisation to another affects both the parties directly or indirectly, the organisation and the employee. The organisation will be the main victim to bear the costs associated with the employee attrition. An Employee who quits, may face various differences and challenges with the new job which could be either positive or negative career swifts.

**Effects on the organisation:**

- Additional cost of fresh recruitment and selection.
- Additional cost of training and development.
- Hindrances in the smooth flow of work.
- Decreased morale and performances of other employees.

**Effects on the Employee:**

- Change in management.
- Change in work culture and structure.
- Job location and working hour’s differences.

**EMPLOYEE RETENTION:**

Employee retention is a process wherein, the organisation strives to create an employee friendly work environment which prevents an employee from quitting the company and influences the employee to stay loyal

with the company for a longer period of time.

### **Significance of Employee Retention:**

Employee retention has become must for the companies, as employee turnover is cost expensive in every respect and as is a time and effort consuming process. Moreover, employee retention is very important factor which keeps continuation of the work and avoids the work interruption and delays. It plays a major role in generating profitability to the company. These days almost all the companies in their HR policies are concentrating on employee retention strategies it is because when the employee moves to another company he is not just moving physically he carries along with him the valuable data and confidential information as well, which if disclosed, the competitors may take the advantage over it.

### **EMPLOYEE RETENTION STRATEGIES:**

#### **Select the right person for the first time:**

Here comes the prime duty of HR department to choose the right person for the right job. HR department should have a microscopic eye in selecting the right candidate in the first instance, who possess all the qualities required to handle and perform the job effectively and efficiently. This could result in creating job satisfaction to the employee and helps to prevent the employee from quitting the company.

#### **Effective Induction and Orientation Program:**

Any new Employee must be inducted and oriented with the management and various other departments to provide him an overview about the organization and his/her job responsibilities. Conduction of effective induction and orientation helps to reduce the reality shocks of the newly joined employees, and helps them to understand the norms of the company better and helps to work better and stay longer with the company.

#### **Proper Training:**

The companies should give the employees proper training required to accomplish the assigned job, which helps the employees to understand the job better and perform better and this creates the feeling of job satisfaction and hence reduces the employee attrition.

#### **Job Security:**

We could see many employees who change the job due to the feeling of job insecurity. The companies could be successful in retaining the employees provided that the companies are successful in giving the job security. An employee could work better when there is a better job security. Job security makes the employee feel is bonded with the company and hence makes his will stronger to stay with the company for a longer period of time.

#### **Employee Friendly Environment:**

Unlike machines, human resource is very unique in nature. Human resource/ employees are governed by feelings and emotions. They expect fun, dignity, respect, coordination and communication in the place and environment where they work. Here comes the necessity of providing them the decentralised environment to keep up their morale and motivate them to give their greater productivity happily, voluntarily and stay with the company.

#### **Recognition and Rewards:**

Appreciating the talent, recognising and rewarding the employee for the work done is one of the best means of motivating the employee to stay connected with the organisation.

**Merit Rate the Employees:**

Merit rating/ conducting performance appraisal and providing them the incentives and rewards as per the results of merit rating makes the employee feel that his work is been valued and treated fairly by the management. This will definitely increase the morale of the employee. It not only motivates him to stay with the company but also helps him to know his true capability with the rate or grade given and helps him to improve and work better, which in return is again beneficial to the organisation.

**MBO (Management By Objectives):**

Introducing MBO in the organisation plays a vital role in retaining the employees. MBO is such a strong concept which allows all the members, including the subordinates to participate in the decision making process and framing the objectives of the company. When the employees are allowed to participate in decision making, they feel as if the objectives of the organisation have been framed by themselves and hence get self-motivated and will take it as a challenge to accomplish the work and feel motivated to stay with the company.

**SUGGESTIONS:**

- The organisation should conduct employee counselling. This helps the management to know the problems of each employee individually and personally. As each individual is different from one another, this could be the best tool to understand the problems and expectations of the each employee.
- The organisation should provide them the decentralised work environment, where the employees feel free to work and excel their best. This will help to retain the employees.
- EXIT interview must be conducted by the organisations, through which the company can know the root cause for which the employee is quitting the company and then can also offer the same and retain the employee from quitting.
- The organisations should concentrate on conducting frequent team outings and picnics; this makes the employees refreshed and reduces the disinterest from the work. It also increases the productivity and efficiency, and motivates the employees to stay with the company.
- Offering challenging jobs and conducting employee development programs may help the organisations to retain the workforce.

**CONCLUSION:**

After taking in to account the various factors causing employee attrition, it can be concluded that formulation of outstanding employee retention strategies would be beneficial to the organisation. Organisation should concentrate on conducting effective induction and orientation program, through which newly joined employees get familiarised with the organisation. It helps to reduce the reality shock of the employees and prevents the infant attrition. Organisations should also focus on women employee retention and married women employee retention strategies such as providing safety measures, providing crunch facility, work from home during the period of maternity, and further more retention strategies can be formulated by the organisation though employee counselling.

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