

"ATTRITION MANAGEMENT IN PRIVATE SECTOR INDUSTRIES IN INDIAN CONTEXT"

Abhisek Sarkar

Abstract

Employees are critical to the successful functioning of contemporary private agencies. Researchers and practitioners have long sought to identify workplace factors that influence employee retention. In this context I have tried to find out different reasons of attrition, and factors that may reduce the voluntary turnover of private-sector employees. I conclude with an in-depth discussion regarding the various factors and parameters which may lead to attrition for an employee. The message for decision makers is clear: When it comes to the retention of personnel, workplace and job characteristics matter. The insights from this chapter should aid private agencies in their ongoing efforts to retain quality professionals.

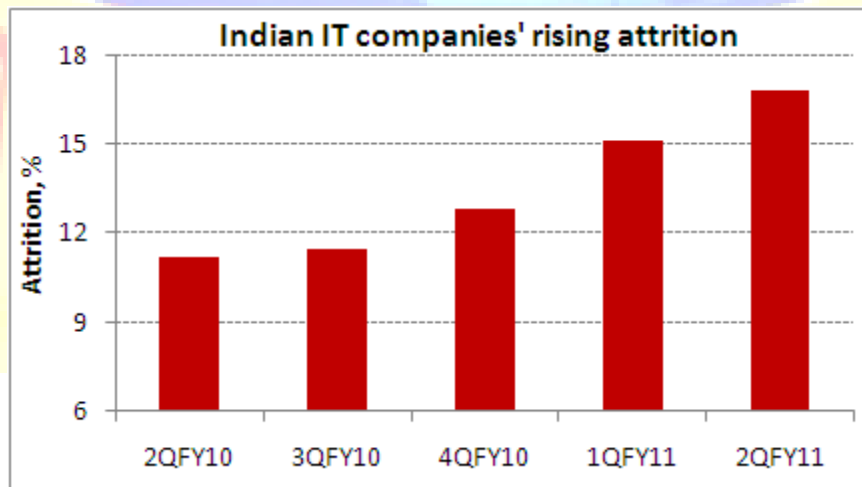
Keywords: Attrition, Employee Retention, Strategies adopted to resist attrition, Private sector, Attrition rate.

Introduction

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. Sometimes it may be possible that, an employee may be expert in two or three fields simultaneously, so s/he did not face any problem in switching over the job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees.

Most of the Indian employees feel that they are getting less than they worth. This feeling somehow keeps them dissatisfied. When the difference becomes too noticeable and another opportunity knocks the door, revenue can result. Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization. Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. With today's high employment levels, organizations find out that balance of power has shifted from the employer to the employee since the turn over impact have not be administered well. Excessive turnover is often a symptom of fundamental problems within the business. It's critically important to retain them; to do this, one must know how employees can be retained in the particular company. A recent study by Raikes & Vernier (2004) analyzed retaining employees is considered as a key strategy to achieve financial success. The challenge might well be increasing day by day.

Attrition in Indian IT companies:



(Source: www.equitymaster.com)

Not a good time is here for the Indian private companies. This is as far as their sales and profit growth are concerned. Amidst this, what is worrying is the rising attrition in these companies.

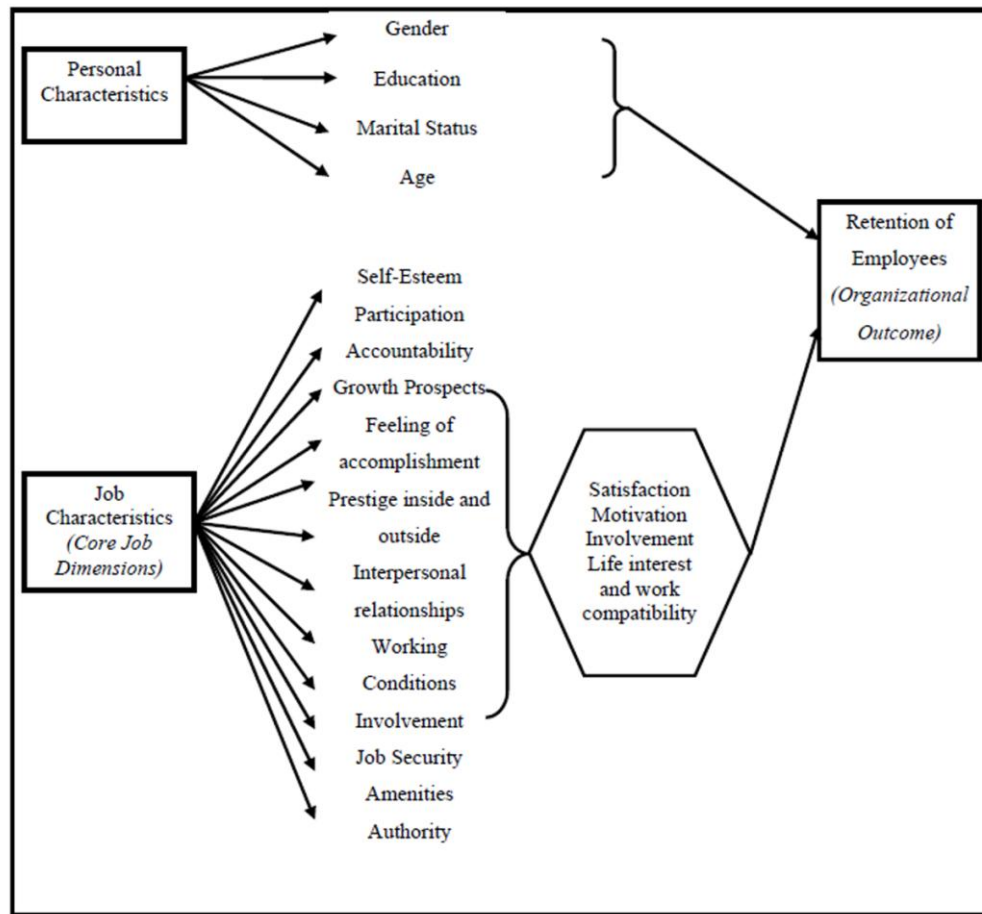
Different sectors of employment in India

- FMCG Sector
- Manufacturing Sector
- Capital Goods Sector
- Construction Sector
- Non-voice BPO Sector
- IT – ITES Sector
- Telecom Sector
- Pharmaceuticals Sector
- Biotechnology Sector
- Services Sector
- Financial Sector
- Aviation Sector
- Retail Sector
- Voice-based BPO Sector

Among all sectors of employment, BPO, IT and Financial/Retail sectors face most attrition rates worldwide. In India the scenario is little bit different. The main reason for attrition may be target oriented strategy which is somehow unbearable for few employees. If they fail to reach the target within the stipulated time, punishment, scolding, and other mental pressure demolish their mental balance at large. Numerous studies have attempted to explain work environment in various areas such as, for example, employee turnover (Martin 1979), job satisfaction (Iaffaldano & Muchinsky, 1985), employee turnover, job involvement and organizational commitment (Sjöberg & Sverke 2000). Work environment is one of the factors that affect employee's decision to stay with the organization (Zeytinoglu & Denton, 2005).

Philosophically, employee retention is important; in almost all cases, it is senseless to allow good people to leave the organization. When they leave, they take with them intellectual property, relationships, investments (in both time and money), an occasional employee or two, and a chunk of one's future. Employee Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives.

The basic model for employee retention should be as follows:



(Source: Santoshi Sen Gupta, IIIT, Noida)

Factors and parameters which may lead to attrition

Factor1: Salary and monthly wage

Salary and wages represent the level of skill and experience an individual has. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employee's performance and his contribution to the organization. But, unfortunately the private sectors also do not follow the basic criteria relating to salary and wage structure which may lead to loss of important intellectual property loss.

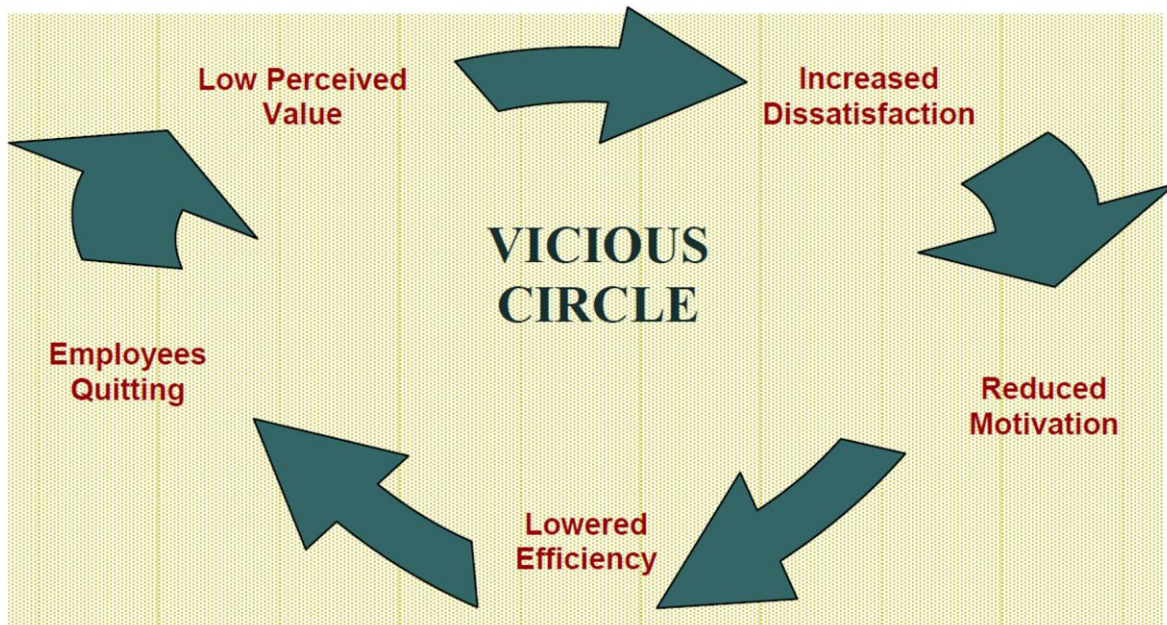
Factor2: Internal environment

The 'health' of internal environment plays a decisive role in employee retention and attrition. The nature of work environments at all levels has become such that employees are faced with

increased workloads, ever-stressed bosses, lack of incentives and fear of reductions. This scenario leads them to leave the organization.

Factor3: Incompatibility with educational qualification

Might be the least considered factor, but it is true that if an employee is not posted in proper position which is compatible with his/her educational qualification, s/he may leave the job.



Vicious Circle of attrition

(Source: Santoshi Sen Gupta, JIIT, Noida)

Concluding remarks

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behaviour, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive.

Hiring top-performing, educated, innovative and enthusiastic employees requires a certain experience. But keeping those employees is an art. Increasing retention requires careful planning and implementation resulting in a solid program.

There is a formula to retain employees in an organization:

**REMUNERATE COMPETITIVELY.
ENCOURAGEMENT AND EXPECTATIONS.
TRAINING AND DEVELOPMENT.
ANNUAL REVIEW CYCLES.
INFORM AND INVOLVE.
NURTURE.**

Sometimes the relationship with the management(specially bosses) and the peers becomes the reason for an employee to leave the organization. The management is sometimes not able to provide an employee a supportive work culture and environment in terms of personal or professional relationships. There are times when an employee starts feeling bitterness towards the management or peers, he generally tries to make himself or herself aloof from the management, colleagues and in broad spectrum organization. This decreases employee's interest and he becomes demotivated. It leads to less satisfaction and eventually attrition.

Great people may work in a poor company with great bosses, but it has been noticed that great people may leave great companies for the poor bosses. That means the mental frequency, demand and compatibility with bosses matter in retention or attrition. On the other hand employees should know what the organization expects from them and what their expectation from the organization is. Management can support employees by providing them recognition and appreciation. Employers can also provide valuable feedback to employees and make them feel valued to the organization.

Psychologically management can win the hearts of employees by delivering submissive behavior, by providing benefits they needed, and other facilities within their jurisdiction and periphery. If the company is unable to provide proper salary/wages to the employees they can compensate it by other means like extra leave, reduced working hour, or by increasing flexibility wherever applicable.

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