



ATTRITION RATE A NEW CHALLENGING FACTOR FOR EMPLOYER PERSPECTIVE IN NEW NORMAL CYCLE

¹Shagun Gupta and ²Dr.Mukta Mani

¹Research Scholar and ²Associate Professor

¹Mewar University and ²Jaypee Institute of Information
Technology Noida

ABSTRACT:

With all employee-related problems, employee reduction is a critical problem in today's situation despite the outside environment's changes. Corrosion is a gradual decrease in the number of employees into resignation, death and isolation. The other name given for Attrition is Friction. When a well-trained and well-adapted operator leaves the company for any reason; it creates a space in an organisation (i.e.), a vacuum in the organisation occurs. It makes an excellent difficulty for Human resource personnel to fill the gap that has occurred. Modern Human resource administrators are taking various steps to reduce the agent attrition rate, and it has been a critical difficulty for today's managers. Many of the employees may also tend to leave the job for various undisclosed circumstances such as lack of job security, lack of career progress, desire for change in new opportunities, anticipating higher pay, problems with supervisors and few other individual reasons. This study helps determine why attrition occurs, reasons for employee attrition, managers' challenges in hiring employees, and suggestions for keeping employees.

Keywords: Attrition, Challenges, Management, Employee

INTRODUCTION:

Employee Reduction has also appreciated as Employee or Labour Attrition. Companies in India and even in other foreign countries face a formidable challenge in selecting and retaining capabilities while managing talent loss through attrition due to industry downturns or voluntary personal attrition. Decay may be defined as a gradual reduction in membership or personnel through retirement, resignation or death. Losing workers and talents results in a massive loss to the organisation. There is an enormous loss in costs such as the recruitment cost, training cost and added cost incurred in making an agent more experienced. Certain Factors such as Layoffs and Termination is not included in the case of attrition. The attrition rate tends to vary from skilled and unskilled labours. When an employee has been turned over, then a new operator has to be replaced in place. Here this would also increase the cost of recruitment and the cost of training. Churn rate means the person who leaves the business or the organisation in a given period due to attrition, which includes the employees being fired due to unethical behaviour or practices.

The high Churn rate in the organisation will affect the Cost interns of Placement and Training of the new Employee. To create a successful organisation, the employer must find all possible ways in retaining his employees, despite it are also essential to gain the trust and the loyalty of the employee, so they have a less desire to leave their organisation in the future.

An employer needs to retain workers because good, faithful, trained, and hardworking operators must successfully run the business. They have acquired a good knowledge of their product or service in the long run. A trained and skilled employee would be able to



handle the customers better and solve the problems efficiently. For example,- If an employee in an ongoing project leaves the project in the centre. Here some other employee has to be replaced with filling that gap. The new employee has to be trained, and they should understand the project's idea and context. This would affect the other team member's perspective to a significant extent. The current paper explains employee attrition challenges and suggestions for retaining the workers.

What is Attrition in HR?

In the realm of human resources, attrition is defined as both the voluntary and spontaneous reduction of a company's workforce through deaths, employee departures, transfers, resignations and terminations. While some weakening is expected in standard business methods, a high level of compression can lead to problems and a lack of human resources. Some of the ways human resources professionals do their part to keep top-performing employees happy and attrition rates low is design and implement company compensation plans, motivation systems and company culture. Besides retaining top-performing employees, business owners try to keep their attrition rates as low as possible to keep spending money on promotion for hiring, training and completing paperwork for new employees.

ATTRITION SCENARIO IN INDIA

In India, almost all sectors are facing major attrition problems. But the cause for attrition and its significant effects are distinct to each industry. The attrition rate is described in the below diagram. The attrition rates are very high for IT-enabled services, and there is a significantly high attrition rate in Pharmaceutical, Retail, etc. Now various strategies are followed by multiple organisation to minimise the attrition rate. It is also

said that women tend to stay in jobs for a more extended period than men.

From the source of a survey conducted by HR Consultancy Firm Aon Hewitt, The attrition rate calculate with the given formula

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.

1. Internal versus External Attrition:

Like recruitment, friction can also be classified inside Internal and External Attrition. Internal corrosion involves workers leaving their current position in the organisation; also, they take up a new place inside the organisation. This could happen either in a positive as well as a cool aspect. In the positive part of employee attrition, it could be because of increased domestic morale, appreciation of employees, etc. Domestic corrosion's negative aspect would be a project or relational disruption and lack of expertise in a particular department. Internal deterioration can be moderated and controlled by specific HR mechanisms such as Succession Planning. On the other hand, External Attrition commits to employees leaving the organisation for better work status or preferring a higher salary. External attrition produces more impact on the organisation, and the employer is more concerned about it.

Skilled versus Unskilled Employee Attrition

Unskilled positions often have high attrition, and employees can generally be compensated without the company incurring any loss of performance. The ease of replacing these



employees contributes little incentive to employers to offer generous employment contracts;

conversely, deals may strongly favour the employer and lead to increased depreciation as employees seek and eventually find more favourable employment. However, experienced professionals' high attrition rates may pose a risk to the business or organisation due to the loss of human capital, skills, education, and knowledge. Notably, given the natural specialisation of skilled professionals, they are likely to be re-employed within the same industry by a competitor. Therefore, these individuals' attrition incurs both replacement costs to the industry and a competitive disadvantage to the business.

Functional and Dysfunctional Attrition

Functional attrition doesn't hurt the company. Employees who elect to leave their jobs might be part-time employees without unique skills, or they're not top performers. The loss of their talents doesn't prevent work from getting done effectively. With functional attrition, the benefits gained by replacing outgoing employees exceed the costs incurred. Dysfunctional decay does hurt the company. The expenses exceed any potential benefits. Some employees who are leaving might be top performers whose work has proved to impact profitability directly. Others might have unique skills that are hard to come by, making it difficult – and costly – to recruit and hire replacements. Losing too many minority group members can affect the diversity of a company's workforce. When a company loses too many employees that fit any of these scenarios, the costs associated with replacing them combine with other expenses, such as those associated with quality problems and customer complaints.

Dysfunctional attrition can be avoidable or unavoidable. The deterioration might be inevitable if it is caused by employees leaving to address family or health issues, to move to new locations, to go to school full-time, or for other reasons over which the company has no control. Attrition is avoidable when the company controls employees who choose to leave because they do not satisfy their job or career needs.

Voluntary versus Involuntary Attrition:

Voluntary Attrition or voluntary Attrition means employees leave the organisation out of their own will. They may tend to go on the job due to various factors such as lack of interest, salary problems and multiple problems with their peer groups, supervisors etc. Involuntary attrition refers to the employee discharged by the organisation, and it happens for various reasons such as retirement, unethical behaviour, suspension, dismissals, corporate changes etc. There is another form of attrition known as compulsory attrition, where the employees leave the organisation due to government rules and regulations and the impact of those rules on the organisation.

Pull and Push form of attrition:

The employee attrition is also interpreted in terms of causes arising from the employee side or the employer side? When an employee leaves his job/employment in an organisation for his reasons, it is labelled as the Drag or Pull form of attrition – the reasons for leaving drag the employee out of his job and the organisation. On the other hand, the erosion is labelled as Drive or Push form of attrition when the employer takes the initiative to ask the employee to quit the job and the organisation.



What is the impact of covid 19 in the HR INDUSTRY?

The impact of Covid-19 on health, economies, and markets is an unfolding story that is complex and fluid in its ever-changing dimensions. One of the most significant visible impacts of the virus has been on the organisations and workplaces' nature. As the coronavirus spread invisibly across the globe, nation after nation has declared lockdowns, and organisations have scrambled to comply with lockdown restrictions while striving to keep operations going. Work-from-home (WFH) became the immediate solution to business continuity. Agility, creativity, flexibility - these are the attributes demonstrated by HR in the lockdown scenario. As employees started logging in remotely, HR functions stepped up to transform brick-and-mortar offices into virtual workplaces almost overnight—guidelines to ensure that employees could manage WFH seamlessly and securely had to be quickly defined and disseminated. In many cases, employees had to be supported with digital infrastructure - laptops, data cards - to ensure that business continuity could be maintained.

The coronavirus crisis has helped shine a spotlight on the value that HR delivers in keeping employees engaged, motivated, safe, and productive. However, the WFH concept and minimal staffing situation are likely to continue for some time. The very nature of the virus and its transmissibility have made it clear that social distancing will be the new normal for at least a year. This implies that the pandemic situation will impact HR practices like recruitment, on-boarding, and learning and development. Recruitment will focus on tech-savvy talent who can perform better in a predominantly digital workplace. Processes for on-boarding new hires will have to change to become fully digital. Training and skilling will reconfigure for an online-only mode.

Some of the changes are exciting in their potential for transformation. In the appreciable future, HR will play a key role in redefining, perhaps permanently, the workplace's nature. For instance, expected attendance and leave policies will no longer work. Organisations will have to place a higher degree of trust in employees' integrity and commitment to working remotely. WFH may impact decision-making structures because of the constraints of video meeting platforms. Smaller teams may be able to collaborate better and take decisions faster. In some ways, WFH may even be a blessing in disguise. Being able to work from home may help people to balance professional and personal issues better. It may enable more women and people with disabilities to enter the workforce.

Having larger remote workforces will push organisations to ramp up technology adoption and digitalisation, enable dispersed operations and collaborative functioning. As organisations get more comfortable with employees working remotely, the requirement for office space and fixed workstations may reduce drastically. Organisations may be able to leverage the WFH concept to cut costs on real estate and brick-and-mortar infrastructure. Many of these changes are already afoot, and organisations have been in a constant mode of reinventing practically every process and policy. The silver lining to this unprecedented health crisis is that organisations are finding new ways to become more productive with fewer resources. Doing more with less is the mantra in the post corona world. When the world changed practically overnight with the coronavirus pandemic, organisations did too.

Literature review

Recently, Covid-19 pandemic has created demanding conditions for human resource managers. In the context of dramatic changes worldwide due to the pandemic, organisations need to respond and adapt to the alterations and accordingly manage the workforce (Carnevale&Hatak, 2020). Sheppard (2020) argues that companies need to prepare for further changes and turbulence times. They should adopt technologies that are platform-based and develop novel business models (Sheppard, 2020). HRM has a significant role in helping employees overcome the difficulties of unexpected changes in the workplace and society (Carnevale&Hatak, 2020). Besides, the workforce's digital and collaborative skills are required to move to virtual work (Sheppard, 2020).



As remote working from home intensifies, HRM has to cope with their employees' stress associated with removing boundaries between work and family (Giurge&Bohns, 2020).

Moreover, increasing unemployment due to the recession imposes more pressure on the people. The International Labour Organisation (ILO) (2020) estimates that 195 million full-time workers will lose their jobs worldwide this year (ILO, 2020). Therefore, employees need to learn new skills that increase their employability in the digital space (Sheppard, 2020). In this regard, HR managers should elaborate on strategies enabling employees to use advanced technologies and update their digital skills (Parry & Battista, 2019). Also, lifelong learning and developing talents is still essential, but training sessions take place online (Narayandas, Hebbar, & Liangliang, 2020). Interestingly, the surveyed Chinese companies' leaders did not conserve resources but rather invested intensively to increase their competitiveness (Narayandas, Hebbar, & Liangliang, 2020).

Consequently, HR professionals have a facilitating and supporting role in this transformation, but they also take responsibility to retain the employees by upgrading their skills and abilities (Parry & Battista, 2019). Reskilling or upskilling of the workforce is essential, but resilience should be equally prioritised within a company's strategy (Kirby, 2020). The extensive survey of 869 teams and 11,011 workers in European countries demonstrates that remote working is not valuable for all employees, and team performance even lowers when team members work remotely, specifically when they work more than 8 hours per week (Van der Lippe&Lippényi, 2019). Individual performance factors such as work characteristic, satisfaction, and commitment should also be considered (Van der Lippe&Lippényi, 2019) when HRM coordinates flexible or hybrid work. Besides, employees' well-being and health have implications on their outcomes. Consequently, position and private life mixture during remote working from home can be the core challenge HRM faces (Peasley, Hochstein, Britton, Srivastava, & Stewart, 2020).

The research conducted at Microsoft explored that the pandemic's significant difficulties were business continuity, employee well-being, and customer orientation (Singer-Velush, Sherman, & Anderson, 2020). Managers are striving to reduce the possible harmful effects of working from home help the workers set priorities (Singer-Velush, Sherman, & Anderson, 2020). On the other hand, less socialisation during the pandemic have implications on the employees' mental health. Therefore, HR practitioners need to respond to this challenge by arranging virtual meetings or online relationships to maintain employees' motivation and productivity (Singer-Velush, Sherman, & Anderson, 2020).

Furthermore, remote working makes it difficult to control and monitor employees' activities. The potential solution managers have found is using online dashboards and digital data for assessing workload and performance (Narayandas, Hebbar, & Liangliang, 2020).

To build a flexibility culture, an organisation should enable creativity and agility without a formal policy guide and consider each employee's individual needs (Donovan, 2019). According to Donovan (2019), flexibility means a happier and productive workforce.

Thus, HRM should help organisations navigate through uncertainties, taking into consideration the needs of developing skills and maintaining the mental well-being of employees. Companies planning for the future need to adjust their focus on business continuity and support organisational health.

Challenges face after Covid 19

The HR challenges managers face vary with their company's location, sector and size, but many businesses will have to tighten their belts. HRM challenges during covid include organising people to work remotely, supporting employees' mental health and well-being, motivating and engaging employees, to name a few.

1. Given a choice between money and a challenging job, many employees may still prefer the latter as it allows them an opportunity to broad base their domain expertise and provides a chance to work with cutting-edge technology.



2. Organisations do not deliver on these expectations, and employee exodus cannot be contained.
3. Employees with prior relevant experience are a precious commodity in today's fast-growing market. Therefore, it is not unusual for fast-growing companies to fill new jobs with external applicants who have prior relevant experience with other companies, bringing them in at one level higher than their current level or providing them with a new role with greater responsibilities.
4. Companies in the zeal to squeeze out every little ounce of productivity from the employees further increase profitability.
5. Employee's innate talent & aptitude are given short shrift.

Though not one of the top reasons for attrition increases, the lack of opportunities to learn new skills or undergo training or further education is occasionally cited as a reason for leaving.

Conclusion

The organisation's main objective is to earn a profit and earn a profit, and the employer should concentrate on retaining talents and focus on making them stick to the organisation for the long run. Employees are the assets of the organisation. Hence employers need to minimise the attrition rate and help both individuals and organisational growth. Thus, Organisations should create an environment that fosters ample growth opportunities, appreciation for the work accomplished and a friendly cooperative atmosphere that makes an employee feel connected in every respect to the organisation.

Bibliography

1. Vivek Sinha (2011), "Attrition is Indian firms new worry" – Hindustan Times, (March 10, 2011) Lucknow Edition.
2. Radha Mohan Chebolu (2008), "Revisiting Empowerment as a Retention Strategy: A Snapshot" HRM Review, March 2008 Issue, Pg. no. 53-58, ICFAI University Press, Hyderabad
3. R. Raman (2006), "Strategies to retain Human Capital in Business Process Outsourcing Industry", (February 2006), Kohinoor Business School, Khandala.
4. Report by Global Consulting Company, Hay Group
5. Carnevale, J. B., & Hatak, I. (2020). Employee Adjustment and Well-Being in the Era of COVID-19: Implications for Human Resource Management. *Journal of Business Research*(116), 183-187
6. Sheppard, B. (2020, May 18). A guide to thriving in the post-COVID-19 workplace. Retrieved July 30, 2020, from World Economic Forum: <https://www.weforum.org/agenda/2020/05/workers-thrive-covid-19-skills/>
7. Giurge, L. M., & Bohns, V. K. (2020, April 3). Harvard Business Review. Retrieved July 30, 2020, from 3 Tips to Avoid WFH Burnout: <https://hbr.org/2020/04/3-tips-to-avoid-wfh-burnout>
8. Narayandas, D., Hebbar, V., & Liangliang, L. (2020, June 5). Lessons from Chinese Companies' Response to Covid-19. Retrieved July 28, 2020, from Harvard Business Review: <https://hbr.org/2020/06/lessons-from-chinese-companies-response-to-covid-19>



9. Parry, E., & Battista, V. (2019). The impact of emerging technologies on work: a review of the evidence and implications for the human resource function [version 1; peer review: 2 approved, 1 approved with reservations]. *Emerald Open Research*, 1(5),
10. Van der Lippe, T., & Lippényi, Z. (2019). Co-workers working from home and individual and team performance. *New Technology, Work and Employment*, 35(1), 60-79.
11. Peasley, M. C., Hochstein, B., Britton, B. P., Srivastava, R. V., & Stewart, G. T. (2020). Can't leave it at home? The effects of personal stress on burnout and T salesperson performance . *Journal of Business Research* (117), 58-70.
12. Singer-Velush, N., Sherman, K., & Anderson, E. (2020, July 15). Microsoft Analyzed Data On Its Newly Remote Workforce . Retrieved July 30, 2020, from *Harvard Business Review*: <https://hbr.org/2020/07/microsoft-analyzed-data-on-its-newly-remote-workforce>
13. Narayandas, D., Hebbar, V., & Liangliang, L. (2020, June 5). Lessons from Chinese Companies' Response to Covid-19. Retrieved July 28, 2020, from *Harvard Business Review*: <https://hbr.org/2020/06/lessons-from-chinese-companies-response-to-covid-19>
14. Sabitha Niketh (2008), "Attrition: A Global Problem" - *HRM Review*, March 2008 Issue, Pg. no. 64-67, ICFAI University Press, Hyderabad.
15. Armstrong D J, Riemenschneider C K, Allen M W and Reid M F (2007), "Advancement, Voluntary Turn-Over and Women in IT: A Cognitive Study of Work-Family Conflict", *Information & Management*, Vol. 44, No. 2, pp. 142-153.