Conceptual Analysis on Employee Attrition

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Abstract

Employee turnover and employee attrition both occur when an employee leaves the company. However, may result from a number of employment actions, such as discharge, termination, resignation or job abandonment. Attrition occurs when an employee retires or when the company eliminates his job. It trigger at all levels by employers terminating workers due to organizational policies and work rule violations, excessive absenteeism, performance standards that are not met by employees.

Keywords: Attrition, Turnover, Unavoidable turnover

Introduction

Employee Attrition means 'the rate of change in the working staff of a concern during a definite period'. It means movements, shifting or migration of employees from one organization to another. High Employee Turnover is not desirable as its affects both management and works adversely.

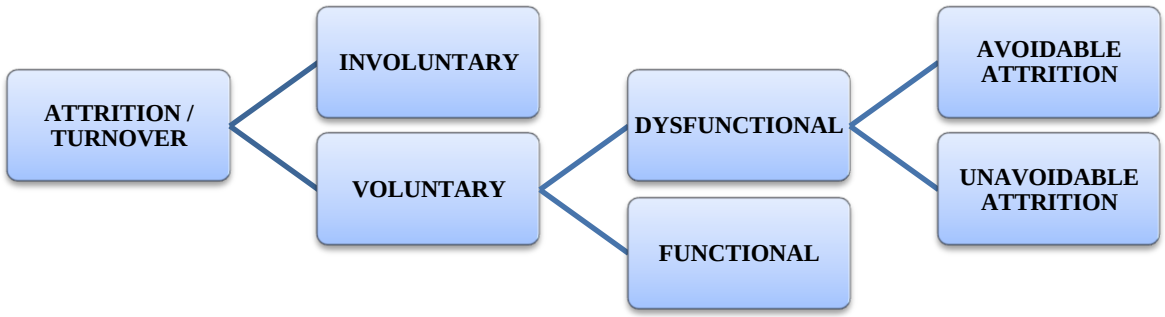
Definition

According to Ruth Mayhew & Demand Media, "Turnover" and "attrition" are business and human-resource terms that often are confused. There are several types of turnover, but attrition usually can be described as a reduction in workforce. Using these terms interchangeably or incorrectly can affect your workforce data and skew measurements that are necessary for workforce planning.

Employee turnover and employee attrition both occur when an employee leaves the company. Turnover, however, may result from a number of employment actions, such as discharge, termination, resignation or job abandonment. Attrition occurs when an employee retires or when the company eliminates his job. The major difference between the two is that when turnover occurs, the company seeks someone to replace the employee. In cases of attrition, the employer leaves the vacancy unfilled or eliminates that job role.

Meanwhile, Woods and Schmidgall (1995) focused on the entire process in the organization during a period. They referred to employee turnover as 'each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained'. This replacement cycle is known as turnover.

Framework of Staff Turnover



Adapted from: Griffeth, R. and Hom, P. (2001) Retaining Valued Employees Thousand Oaks, CA: Sage.

Measuring Employee Attrition

Attrition Rate is a common measure of employee engagement. To be an effective metric attrition rate should be considered along with attrition cost. The attrition rate for an organization can be computed as a monthly or yearly cost. The following formula, in which separations means departures from the organization, widely used:

$$\frac{\text{Number of employee separation during the year}}{\text{Total number of employees at mid year}} \times 100$$

Common attrition rates range from almost 0% to more than 100% a year and vary among industries. As a part of HR management systems, attrition data can be gathered and analyzed in a number of different ways, including the following categories:

1. Job and job level
2. Department, unit, and location
3. Reasons for leaving
4. Length of service
5. Demographic characteristics
6. Education and training
7. Knowledge, skills, and abilities
8. Performance ratings/levels

Types of Employee Attrition

Attrition is classified in a number of ways. One classification uses the following categories, although the two types are not mutually exclusive:

INVOLUNTARY ATTRITION	**VOLUNTARY ATTRITION**
Employees are terminated for poor performance.	Employees leave by choice
Or work rule violations	

1. Involuntary Attrition

It trigger at all levels by employers terminating workers due to organizational policies and work rule violations, excessive absenteeism, performance standards that are not met by employees, and other issues.

2. Voluntary Attrition

It caused by many factors, some of which are not employer controlled. Common voluntary turnover causes include job dissatisfaction, pay and benefits level, supervision, geography and personal/family reasons. Career opportunities in other firms, when employees receive unsolicited contacts, may lead to attrition for individuals, especially those in highly specialized jobs such as IT.

Another view of attrition classifies it based on whether it is good or bad for the organization:

FUNCTIONAL ATTRITION	DYSFUNCTIONAL ATTRITION
Lower-performing or disruptive employees leave	Key individuals and high performers leave at critical times.

Not all Attrition is negative for organizations; on the contrary, functional attrition represents a positive change. Some workforce losses are desirable, especially if those who leave are lower-performing, less reliable, and /or disruptive when key individuals leave, often at curtail times. For example, a software project leader who leaves in the middle of a system upgrade in order to take a promotion at another firm could cause the system upgrade timeline to slip due to the difficulty of replacing the employee and could also lead other software specialists in the firm to seek out and accept jobs at competitive firms.

Employee quit for many reasons, only some of which can be controlled by the organization, so another classification uses the following terms to describe type of attrition:

UNCONTROLLABLE ATTRITION	CONTROLLABLE ATTRITION
Employees leave for reason outside the control of the employer	Employees leave for reason that could be influenced by the employer

The Causes of Employee Attrition

Because of the high cost of attrition, as well as its negative effect on organizational performance (Glebbeek & Bax, 2004), organizations make tremendous efforts to reduce the number of quality employees that quit their jobs. The first step in reducing attrition is to find out why employees are leaving. The major causes of employee Attrition fall into four categories: 'pull-type' causes, 'push-type' causes, unavoidable causes, and situations in which the departure is initiated by the organisation rather than by the employees.

1. Pull Factors

Pull-type resignations occur when the major cause is the positive attraction of alternative employment. The employee concerned may be wholly satisfied with his or her exiting organisation and happy in the job, but nonetheless decided to move on in search of smoothing even better. It may be a higher rate of pay, more valued benefits package, more job security, better long – term career opportunities, a less pressured existence, the opportunity to work overseas, a shorter journey to commute or more convenient hours of work, Alternatively, it may be the desire to work with particular colleagues or for a particular management team. People also move in order to spend some time working for a high-profile or well-respected employer so as to build, over the years, a portfolio of such experience.

Where pull factors are at work, the organisation seeking to reduce quit-rates will gain little by seeking to enhance job satisfaction. This may delay the inevitable for a few months, but will not in itself serve to deter resignations. Instead, it is necessary to find our employees really value, what they are looking for in their careers, and to enhance the organisation's ability to provide it.

2. Push factors

By contrast, in the case of push factors the major underlying cause of resignations is the perception that something is wrong with the existing employer. The person concerned may move in order to secure a 'better job', but he or she is as likely to join another organisation without knowing a great deal about it just because he or she no longer enjoys the current one. In doing so the hope is that working life will improve, but there is no guarantee that it will. A range of different push factors can be identified, ranging from a dislike of the prevailing organisational culture to disapprovals of changed structures and straightforward personality clashes with colleagues.

Where push factors are pre-eminent, the required organisational response is to address the root causes of dissatisfaction. This may mean selecting supervisors with greater care, providing them with better training, and appraising them more effectively in terms of their supervisory skills. It may mean examining organisational policy with a view to improving the fairness of its operations. Or it may mean simply paying greater attention to enhancing the quality of working lire.

3. Unavoidable turnover

This category comprises reasons for leaving which are wholly or mainly outside the control of the organisation. The resignation does not occur because of dissatisfaction with the job, or the perceived opportunities provided elsewhere, but for the reasons that are unconnected to work in any direct sense. The most common is retirement, which affects almost everyone at some stage, but there are many others too. Illness is often a cause, because it incapacitates either the employee or a relative for whom he or she has caring responsibilities. Maternity does another – women often prefer not to return to the same job after their leave, either to take a break from works altogether or in order to secure a job that makes it easier for them to combine work with childcare arrangements. A fourth common reason is relocation – usually in order to follow or join up with a spouse or partner. Finally, there is the desire to take a career break for a period in order to travel, re-enter full time education or pursue some other interest.

4. Involuntary turnover

Final major category includes departures which are involuntary and initiated by the organisation. The employee would have remained employed had he or she not been asked or required to leave. Redundancies clearly fall into this category, along with sort-tem layoffs, the ending of fixed-term contracts and other dismissals of one kind or another. Many resignations are also in fact largely involuntary because people often prefer to 'jump before they re pushed'. Someone who knows she is to be made redundant in a few months therefore seeks alternative employment ahead of time; while colleague who believes his employment will soon be terminated on grounds of poor performance secures another job before being formally dismissed.

Although such turnover can sometimes be characterized as 'functional' rather than 'dysfunctional', it still carries a cost and is thus best avoided where possible. Except in the case of some dismissals on ground of illness, measures can be taken to reduce the incidence of involuntary turnover. These largely focus on recruitment and selection practices, the aim being to ensure as far as is possible that a large pool of potential candidates come forward and that poor decisions are avoided when deciding who to offer jobs to. However, good supervision plays a role too. Well-managed employees tend to 'give of their best', resulting in fewer examples of poor performance and hence fewer dismissals.

5. Exit Routes

For some employees the decision to leave is taken on the spur of the moment, an incident occurring or a management decision being confirmed that leaves little room for second thoughts. These episodes occur regularly, but account only for a minority of voluntary departures. In most cases the process is drawn out over a longer period of time. There may well be months or even years separating the actual resignation from the first thoughts about the possibility of leaving. In between there are a series of stages, some more complex in nature than others. At which the decision to quit come a step closer. At each of these stages an organizational intervention of some kind may have the effect of halting progress towards the resignation either temporally or permanently.

Effects on attrition

1. Effects on management

i. As a result of higher rate of separation, management has to spend more time and money on advertisement, interviewing, selection, physical examination, preparation of service record and so on. This is expensive.

ii. The expenditure incurred on the training of Employees goes waste when Employee leaves their jobs after completing their training. Additional expenditure for training newly recruited employees in a place of those who have left has to be incurred.

iii. Delay in filling of vacancies results the smooth working of the production unit and also the quality of the production, in addition the overtime cost increase considerably.

iv. The team spirit among the employees is disturbed due to high employee turnover as newly recruited workers need some time to develop friendly relations with the existing workers.

v. The market reputation is adversely affected due to high employee turnover if orders are not executed in time.

2. Effects On Employee

i.High employee turnover is responsible for reduction in skill and efficiency and reduced output of the organization. It also creates behavioural problem and employee find it difficult to adapt to new environment.

ii.The Employee might not be able to adjust on a new job in organization. This might put tremendous pressure on him.

iii.The work environment changes when an employee shifts from on unit to another. He or She may find it difficult to adjust to the new environment.

Steps to Control Employee Attrition

Organizations typically take action to investigate the reasons for employee turnover and ultimately attempt to minimize its occurrence. Giving employees realistic job previews and ensuring that they are socialized appropriately will facilitate appropriate expectations. Recommendations from various experts include:

1. Provide a safe and secure work environment in which the employee does not feel threatened.
2. Provide feedback to employees.
3. Ensure that employees are managed properly by providing training and feedback.
4. Provide pay and benefits commensurate with other organizations in your industry.
5. Provide flexible working hours and family friendly policies.
6. Provide opportunities for growth and development, and where possible, advancement.
7. Involve employees in business matters and keep them abreast of company happenings.
8. Don't send the message that employees are expendable.

When employees do leave, organizations often conducts exit interviews or distribute post-employment surveys in order to assess the reasons for voluntary turnover. Using either the face-to-face or survey technique, individuals in the organization attempt to uncover the reasons for the employee's departure. The content of exit interviews and surveys is quite varied across companies. They may cover any of the following: Reasons for leaving, Satisfaction with the job, the quality of management, Perceived opportunities for advancement, and The adequacy of pay, training, and performance appraisals. Much like employee surveys, this information allows organizations to assess how will their retention strategies are working, update benefits and other programs that are not well-accepted by employees. Moreover, it may send a message to employees that their opinions are valued, even as they leave the organization. It is often recommended that exit interviews be conducted by someone who was only indirectly related to the employee while he or she was working in the organization, perhaps even an external consulting firm.

Some organizations do not conduct exit interviews. At the very least, though, most organizations keep tabs on the rate of attrition.

Conclusion

The company management allows the employee attrition detrimental effects on an organization and its employees. There are tools to assist in addressing the causes of attrition. It is impossible to eliminate attrition altogether, therefore, management must learn how to deal with it and the effects it has on a company. In addition, management should be better prepared to take the proper actions. All the efforts should be focused on maintaining employees' job satisfaction and managing controllable causes of attrition. The Human Relations Movement posits that social contacts will motivate workers. Especially relation between employer and employees is playing major roll in organization. If the employer failed to maintain harmonious relationship among employees, definitely the attrition rate will be increasing accordingly.

Organization has to treat each and every employee as asset of their organization. Every employee has unique talent and cannot be compensate if they lose any one among them. Based on the treatment of employees which is made by employer decides the behavior of the employees in attrition aspects. They need to have certain techniques that help them to build good relationship between employer and employees. One such technique is reward. If the employer satisfies the employee in certain aspects, the attrition rate will not be challenging one to organization. So it's all related to the working environment of the organization.

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