



EMPLOYEE ATTRITION MANAGEMENT BY ENGAGEMENT

Masese Omete Fred

Research Scholar, Kousali Institute of Management Studies, Karnatak University Dharwad.

ABSTRACT

Attrition is a serious issue, if not handled properly can jeopardise the very edifice of an organization. Issues can always arise and accumulate to the woes of an organization; it should be checked in a growing organization. Even a healthy organization may get crippled over this issue with time hence the top management is tasked to monitor this situation. Human resources are the life-blood of any organization. Even though most of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. They are the most vital and dynamic resources of any organization. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Employee retention is a critical aspect for every company regarding competitive advantage because human resource is the most critical asset of today's modern world other resources can be arranged effortlessly but to get efficient and retain talented human capital is the most difficult task. Therefore organizations are now more focused towards employee retention. Organizations use different HR technique for retention. Securing and retaining skilled employees plays an important role for any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to study how Engagement practises are the best techniques to prevent attrition. However Engagement is company specific. There is no prescribed set of engagement practices that act as a motivator or that can curtail attrition. Every organization has its unique set of employees and HR should first understand the work force to implement the same. A software firm has employees from different background and they cannot be compared to the employees of a manufacturing industry or even a retailer. The mindset of the employees varies from sector to sector even though the intrinsic and extrinsic factors hold good to all, irrespective of the industry. Organizational goals should be very clear for any company to move forward. If the company has targeted growth at regular pace, budgetary allocations also should move hand in hand. If management wants growth without matching the allocation of resources, attrition is round the corner. Yes! Engagement tactics can help arrest attrition.

KEY WORDS: Engagement, Attrition, Retention, Management.

Introduction

Today organizations are facing a complex environment; the wave of change has hit every organization. Long-term health and success of any organization depends upon the retention of key employees. In this globalized world organizations are in a fix in the waves of growing or even survive the winds of change they need to excel in there venture. They have no choice; they should either provide their employees the best or shut shop. Employees or the new generation have their own priorities and organizations are playing in to their trap. Employees have become very challenging and organizations in order to outpace their competitors are always a step ahead of their peers. Compensation and benefits have reached an all time high. However organizations also have their own strategies to handle attrition. Retention and engagement techniques find prime place on the organizations agenda for growth. Even though tenure or life time relationships are not the order of the day but still every organization expects a resource or a manager to do justice for the cost incurred on their recruitment and training of their employees. However employees are also very erratic in their attitudes and there are instances where employees have left on trivial issues. Even though it may affect their career, it is the organization which bears the brunt. Hence it is not the employees but the organizations which need to be alert in this competitive world in order to achieve its goals.

Concept of Attrition

The term attrition in employment context refers to a reduction or decrease in the size or strength of the workforce, or a gradual reduction of workforce occurring through means other than firing employees. Attrition can be encouraged when it is part of a strategic business manoeuvre to reduce costs. It can also manifest itself when employees voluntarily leave their jobs. This can happen for a variety of reasons: employees may move or retire, take another job, be ill-suited to the position they were hired to fill, or want employment that offers a more equitable work-life balance. Others may experience a lack of the freedom or autonomy they require to perform at expected levels. Many a time attrition and turnover are used synonymously. One of the largest costs that companies face is hiring and retaining qualified employees. High turnover rates for day-to-day operational jobs costs the company training expenses, as well as reduced productivity. When employees leave a company and have to be replaced, that's called turnover. A certain amount of turnover is unavoidable, but when it is in excess can have adverse effects.

Objectives

- i. To analyze and understand the concept of attrition.
- ii. To examine the prevailing conditions and the causes for attrition

- iii. To address the related issues pertaining to attrition and to suggest remedies.

Methodology

The study is descriptive and conceptual in nature and only secondary data has been used in discussion. The secondary data sources consist of the books and various research journals.

Is Attrition an Issue?

The broad understanding is that "attrition is not an issue but, unresolved issues are an issue". We are after all human beings and organizations are definitely not run by software but human beings. The thread of virtue and vice runs on all of us. The intensity is high on some and low on others. Issues crop up and it is the duty of HR and other mentors to steer them clear. If the management is smart enough it will not allow attrition to come into existence and even if it does so, engagement tactics can be taken recourse to and the show goes on. However my point is that when issues come up and is not solved or not even addressed, the very process of disintegration, dismantling begins. Companies which carpet the dirt are very highly vulnerable. All the HR jargons owe their existence to the inability to address these pending issues.

Pending issues are the real culprit and this dirt which is carpeted can gobble into the vitals of any organization. Every employee develops a grouse and human nature is as such that wants or ego can never be satiated. Every department or every manager should be given in charge of handling or addressing pending issues and the managers in turn should be handled by seniors and the top management. This turn of events will lead to a healthy working atmosphere and attrition will be greatly minimized in the organizations.

Attrition and Turnover

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.

Turnover can help an organization to infuse new talent into the company by replacing former employees with candidates with innovative ideas and better skills and qualifications. Attrition, due to resignation, retirement or death, depletes the organization of valuable expertise and talent because no employees are replaced immediately after the employment relationship ends.

The cause of attrition may be either voluntary or involuntary, though employer-initiated events such as layoffs are not typically included, each industry has its own standards for acceptable attrition rates, and these rates can also differ between skilled and unskilled positions.

HR and Attrition

HR plays a dominant role in an organization. A HR manager is known by his ability to relate to the employees. As a technical manager is well versed in the technical functioning of any organization the HR manager should have thorough understanding about human relations. He should know the needs of the employees and is a bridge between the management and the employees

Lack of Opportunities for Advancement of Employees

Employees who plan on working long term typically desire room for advancement within a company. If new employees have the goal of gaining more responsibility and rising through the ranks of management throughout his career but fails to achieve a promotion after several years of work, they may become discouraged. Workers who feel that they are stuck in the same position with no possibility to advance may quit and seek advancement opportunities with other companies. HR managers should work with departmental managers to develop career paths for employees. The career path for each position should be part of the job description, and it should also be outlined in the employee handbook. Departmental managers and human resources professionals should work closely with employees to be certain that staff members are offered every resource and opportunity available to advance their careers.

Poor Managers

Poor supervisors and managers are a common cause of attrition. Employees who feel that their bosses don't respect them are more likely to have low morale and quit than workers who have good relationships with their managers. Managers who do not provide adequate support to workers or recognize employee accomplishments can cause attrition. In addition, if supervisors exhibit favoritism or simply lack leadership skills, they may fail to earn the respect of their subordinates and build employee loyalty.

Job Description

Employees don't always know the exact tasks they will have to perform when they take jobs, and job description can change over time according to the needs of employers. If a worker finds his job boring or simply doesn't enjoy the tasks he performs, he may look for other opportunities. In addition, if work tasks are physically demanding and having the safety hazard, workers may quit in search of safer, less-demanding work.

Compensation

Employees perform services with the expectation of receiving pay and benefits for their work. Employers that underpay workers or fail to provide job benefits are likely to experience higher levels of attrition than companies that offer competitive/better pay and benefits. Large companies can have an advantage over small businesses with respect to compensation, since they typically have greater bargaining power, allowing them to reduce the cost of providing benefits such as health insurance coverage. One of the tasks of the human resources group is to follow compensation trends for the employees in your industry. The HR manager needs to maintain an up-to-date profile of what is considered average compensation, using variables such as the location of the company and the experience of the employee to come up with a fair compensation package. Regular performance bonuses developed from a set of departmental metrics also help to retain current staff.

Leadership Issues

Though many business owners do not want to face the idea that their own leadership styles may cause employees to leave, managers are often the cause of their own attrition issues. Talented employees typically need an optimal working environment to stay in a job for any significant length of time, and that environment usually includes an array of non-financial rewards like encouragement, recognition and healthy doses of respect. Many employees leave an organization because they just cannot get along with managers, so business leaders should stay in tune with employee-manager relationships.

Talent hunting

Talented employees tend to attract a lot of attention, both within the organization and with other rivalry firms. In competitive job markets, other companies and even competitors may approach well-known employees with attractive offers that might include higher salaries, better benefits and non-traditional options like telecommuting that is better known as head hunting. Employers need not offer the highest salary to avoid losing top employees, but business leaders should establish an environment that includes generous financial and non-financial benefits to successfully fend off poachers in the organization.

Low career growth

Even though employees may excel in a specific job, few employees are content to remain in a single job for years on end. Top employers provide numerous development opportunities that range from internal career planning resources to training assistance programs that help employees prepare for more advanced positions. Business leaders can help retain employees, while also contributing to

their development by establishing clear career paths, setting attainable stretch objectives and encouraging employees to learn as much as possible. In addition, business owners should never discourage employees from pursuing career enhancement opportunities, as employees who feel they have been may be considerably more inclined to leave the organization.

Environment of Fear

The modern business environment differs considerably from the more stable landscape of the past. Twenty-first century businesses frequently reorganize in a never-ending pursuit of the most optimal organizational structure. In larger organizations, these re-organizations create constant change in leadership as directors and managers cycle into and out of various business units. Coupled with the ever-present possibility of corporate acquisitions and mergers, this environment of frequent changes leaves employees feeling uneasy about the job security of their positions. Effective leaders can help calm employee concerns to fend off high levels of attrition, but a business environment that keeps workers worrying about their jobs will cause valuable employees to head for greener pastures for their job security.

Organizational Policies

Most organizations do not set realistic goals to be achieved by the employee and organization in holistic manner. They are only transactional in nature and are for only for a short gain. Many a training programs are not in sync with organizational goals. Waste of time in compliance trainings and are short term focused.

Perils of Attrition

Attrition can be a costly problem for organizations. In addition to the cost and inconvenience of finding and hiring new employees, employee turnover can have a damaging effect on the morale and productivity of the existing workforce. Despite the best efforts of management, remaining workers may be negatively affected by the departure of employees.

Inadequate number of Staff

High turnover rates can create a deficit of staff to complete essential day by day functions of a company. This can result in overworked, frustrated employees and dissatisfied customers in the long run of the organization.

Loss of Productivity

The loss of resources and their talents will be very difficult to replace them. New employees take some time to get inducted to the organization's operations, particularly in complex jobs. Productivity takes a big hit which may affect the organization as a whole in it is production and operations.

Customer Dissatisfaction

For service-oriented careers such as account management and customer service, high turnover/attrition can lead to customer dissatisfaction. Newer representatives have inadequate expertise and knowledge, and customers have no way to build a relationship with one particular service representative of the business.

Hiring cost

Lengthy and time consuming hiring process may add to the woes of a burdened company with additional pressure. Over and above all the above mentioned factors the cost of replacing may come at a huge cost to the organization. It can cost twice an employee's normal salary to hire and train a replacement for a particular job vacancy that arises as a result of employee attrition in the organization.

Low Morale

The effect on the morale of remaining staff when employee turnover occurs depends largely on the nature of the turnover. If an employee leaves because of illness or personal problems, the effect on remaining employees is not as severe as when employees quit because of dissatisfaction with the company on the basis of organization policies and management issues. Employees who are not happy in their jobs are made more dissatisfied when they see their co-workers quit the description because of dissatisfaction. This may even lead to organizational politics on the part of remaining employees as they continue with job profile that they may not like to work in, while imagining their former co-worker in a better situation.

Further Turnover

In work situations of very low morale where there are a large number of discontented employees, the departure of key employees can cause a chain reaction leading to more departures from the organization. In many situations, the result can be a mass exodus of employees who use the momentum of other people leaving as a justification to leave themselves. Turnover may increase as a result of dissatisfaction employees leaving and terminations that other employee's see as undeserved and these employees may quit in protest.

Lost Equilibrium

When an employee leaves the organization a certain amount of disequilibrium in the workplace occurs. If the departed employee is in a key position, at times it is hard to replace that employee by someone else who gets a promotion, this create other openings and a resulting shift and re-positioning of a number of employees. In some situations this disequilibrium can be a positive and productive evolution within the company. In unstable companies plagued by labor problems or low

morale, however, this uncertainty has the potential to lead to further staff problems in the organization workforce.

Work-life balance and employee retention

A company should have policies in place that attend to personal needs of its employees Programs such as flexible work hours, telecommuting when their duties, allowances and unpaid leave that allows employees to retain their jobs and make employees feel as though the HR management group cares about the staff's personal needs. It is important to create comprehensive policies regarding the personnel programs that company offers so that employees know which issues the company will address immediately and which issues the company will need more time to solve.

Engagement a solution to the problem of Attrition

This topic which deals with managing attrition through engagement may sound as a jargon as we have stated that attrition cannot be eliminated completely but it should be minimized in a healthy organization. If at all it has crept in, it is the management to large extent is to be blamed on the management only but employees also have to carry the blame. If the management is willing to take the huge cost and the damage caused by attrition of employees then there is no need to take it further. But the truth is that no organization is willing come into existence to incur loss of money in only hiring employees. To sound more realistic, organizations should strive to hold on to values and if at all attrition has sneaked in then all the corporate strategy like engagement for attrition management can be used to handle the situation. The management will have a new factor to contend with 'fire fighting' through engagement, motivation, and reward to the list of management of their employees.

Employee's participation in Decision-Making

Hewitt (2002) has mentioned that modern businesses always keeps its employees well informed about all the important affairs of its organization and involves them in decision-making at all levels which can exploit the talents of its employees. Supporting the view Noah (2008) found in his research that employee involvement in decision-making helps in creating a sense of belongingness among the employees, which helps in creating a good congenial working environment and contributes towards building a good employer-employee relationship to achieve both individual and organizational goals.

Employee's Input

An employee suggestion box that is regularly monitored and where suggestions are used is ways of letting employees know that their input matters. HR should publish the top suggestions in the company newsletter, and make sure employees understand how their input and suggestions matters. HR managers should request that all company management maintain an "open door" policy toward employee's inputs and suggestions.

Attrition and Retention

Organizations should be able to handle attrition by taking recourse to various techniques of employee's retention. Organizational policies should be very practical. They should be sensitive to employee grievances. They should set realistic goals and should not be transactional in nature; this will augur well for the employees. Managers should always know his employees, their strengths and weakness for better co-ordination. He should build strong bonds with the subordinates and win their subordinates hearts only when they take ownership of their misdeeds or failures. Management should always be transparent in their reward systems. They should share how or why others were better compensated or rewarded. They should always stake recourse to pro-active measures than reactive exercises and the organizations need to set their own benchmark. The organization ought to have their in-house role models for the organization need to realize that employees are their strength and they should try to satisfy their aspirations from time to time.

Management and Attrition

Management has a very vital role to play in curbing attrition crisis in the organization. Success or failure of an organization mainly depends on the organizational policies and the management is directly to be blamed for any unrealistic or controversial policies. If the management is not able to frame good policies they should at least out source to the third service provider to get it done. HR can only give shape to what is in the mind of the management and if not fully they also will be partially responsible for any misadventures. Hence HR is bound by duty to at least guide and advise the management in effective framing of organizational policies. An eye opening instance is where a leading IT service provider fumbled on the organizational policy and is paying the price for its misgivings. The events that followed has till date shaken the company and is still grappling how to overcome the situation. The management decision did not go well with the employees and most of the top ranking employees left the company. The company finally to stem the rot had to resort to all possible avenues of retaining the employees which has proved very expensive for that organization. Even today the company is witnessing the highest percentage of industry attrition. The lesson we learn from this evident situation is that never jumble with the organizational policies and the management will pay the price in doing so.

Attrition Cost

Apart from the cost incurred on replacing an employee, for every blunder that an organization makes, it is finally resulting in cost. Many a time organizations have to pay the price for either being too greedy or too unrealistic. The common denominators are the same. Sometimes the folly of one employee brings the entire organization to its knees. Expenses associated with training new employees, promoting them, rewarding them and at times the new trained employees may not be able to deliver to the organization's expectations, all these exercises are typically seen to have an overbearing monetary cost. Finally it can take a heavy toll on the reputation and financial health of an organization's soundness.

Discussion

Employee attrition can be minimized when organization's managers can be able to predict it in advance and plan for turnover. People will inevitably change jobs, and HR should have a plan in place and stop being taken in a surprise. Industry attrition/ turnover rates are fairly common knowledge in present labor market. Employees will move up or out, and HR should be ready to fill this gap which will arise in that situation. Organizations should try to show their employees that they care for them and they are variable asset to the organization. HR should be ready with the stock of workforce to start recruiting swiftly at the first sign of turnover, before it snowballs into disaster. Understaffed teams that have lingering job vacancies are at maximum risk. According to Gallup, 70% of the employees do not feel engaged at work. It is akin to a disengagement crisis.

To solve the problem of attrition the employer should hire the right people for the right jobs. Determine the qualifications skills needed for the job and the personality of the individual being interviewed. HR should find someone who's qualified and has a history of loyalty to the company. Employees stay with companies they feel they are connected with and if they have a path for advancement. They should avoid individuals who have worked multiple jobs in the past few years. HR should offer competitive benefit and pay packages to those at similar companies. They should compare health insurance, salaries, office sizes, perks and other benefits offered by competitors. They may increase benefits where possible to meet or exceed others in the industry pay.

The entire recruitment process from the selection of candidate and the interview process, organizations should treat it as an engagement process. Organizations should encourage and praise employees for joining their organization. The management can offer employee incentives and inter-office competitions to motivate the Employees. For example Employee-of-the-month programs and certificates are low-cost ways to boost employee morale and retain employees. Employer should offer verbal praise to employees when warranted. Employees who feel appreciated for the work they do are more likely to stay with the same organization. Should keep employees motivated with educational and job advancement opportunities. Training programs and promotions through the company should be done. Should allow employees to earn new responsibilities and pay increases for performing well. The prospect of more responsibility and pay gives employees a reason to remain with the organization long term.

Conclusion

Human resources asset is complex and not easy to understand. This is the asset which can make or break an organization. The understanding of this topic is different as we feel that attrition does not surface on its own. There are many hidden or ignored claims which are not given its due attention that results to attrition therefore attrition is only a by-product of unresolved issues. As an organization takes care or start addressing the various issues arising out of the regular functioning of the organization there will be minimal attrition. Employee Engagement or Fire fighting are the various techniques of retention of Employees. Therefore it is very easy to address or handle the intractable, other than the need to accelerate such cost based engagement initiatives. The only requisite is the will to handle these pending issues and the boldness at which these are handled makes or obliterate an organization. Corporate should have a conscience and ought to cultivate empathetic employee sensibilities. Companies should be very articulate about their intentions, vision, mission and goals. Although the research paper tried its level best to reveal the various research works done and the contributions forwarded by various researchers in the area of employee retention by engagement, but still much scope remains uncovered for more exploration in the field hence calling for more research to be done in this area.

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