

Study on Preventive Steps towards Employees Attrition

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ABSTRACT:

In the time of ferocious rivalry and globalization, associations have understood the significance of the Human Capital for picking up an aggressive edge over the competitors. Human resources are essential and significant resource of an association. However the most part of the organization considers it as a cost focus. Employees are essential part in any organization since every one of the resources are squandered on the off chance that they are not appropriately and productively used by the employees. The employees can make a history by breaking so as to make an association or an association. Effective Organizations are minding of their employees for the practical development. Losing the gifted employees has impact on the profitability and in addition budgetary furthermore caused costs towards enrollment, actuation, preparing and advancement on the workers to the organization. This examination is led to recognize, comprehend and get more profound information about the present circumstance of worker whittling down in Ultra Tech Cement Ltd. Unit vikram cement, a group of Aditya Birla Company. The researcher has given the introduction of the topic, define meaning and definition of the terms attrition and found a way to diminish steady loss by giving social security, working environment, family recreation facilities, and best pay alongside best H R practices. The case study analysis these activities, recognizes the existing gap and recommends a more incorporated strategy for the same.

1 INTRODUCTION:

Today in a highly competitive and dynamic business world the success of an organization depends on the ability and stability of competitive talented human resource. Maintaining and retaining existing employees is the most challenging issue for any organization. Attrition basically rises due to many factors like dissatisfaction with the company, insufficient salary packages, poor working environment, lack of motivation, poor relations with colleagues and boss, opportunity for growth & development, unhappiness of an employee and many other factors. Higher rate of attrition indicates employee unrest and lack of stability in the working force which is not good for competitiveness, growth, development and sustainability of an organization. The organization has to incur heavily cost on recruitment, induction, training & development, disturbance in production & productivity and working atmosphere, and so on. These uncertainties raise a question regarding the reasons for attrition.

2. ATTRITION MEANING AND DEFINITIONS:

Attrition means a reduction or decrease in number, size or strength of workforce. The meaning of attrition in a work environment of the company / industries, refers to a reduction or decrease in the strength of workforce through retirement, resignation, death or any reason.

Labour turnover has been defined as “the rate of change in the working staff of a concern during a definite period”. The Webster Dictionary terms employee attrition as “reduction in number usually as a result of resignations, retirement or death”.

There is a very high cost of attrition as lot of time, effort and energy is invested in bringing the employee on board, assimilation and integration with the company culture, values and nuances. It could be a minimum 3 times cost of their annual compensation. Granular analysis of attrition 3 key reason emerges across industry/organization are Career opportunity, Compensation & perks and Personal reasons. In the competitive environment H R has to play a strategic, business partner role as success of companies depend on its human capital and leveraging of its potential and should start paying attention, to develop

People, management skill of their managers, focus on capabilities building, communication, compensation & benefits, growth opportunities, career developmental programs, effective training and effective awards & recognition.

2.1 UPSIDE OF ATTRITION:

Some business strategies use attrition as part of a restructuring plan and can be encouraged when it is part of a strategic business maneuver to reduce costs. Rather than carrying out traditional layoffs, some businesses choose to reduce their workforce through the more gradual means of attrition.

2.2 DOWNSIDE OF ATTRITION:

When attrition occurs, the remaining duties and job responsibilities can burden employees and managers with additional duties and distribute the extra workload with no increase in pay.

2.3 WHAT ARE POSITIVE ATTRITION & NEGATIVE ATTRITION:

Attrition is the gradual loss of employees over time. It is generally perceived as a negative because of the costs and challenges involved in hiring new employees to take over jobs. However, not all attrition is bad in the long run.

POSITIVE ATTRITION:

The loss and replacement of an employee are better for the organization. The simplest perspective on positive attrition is that if the new employee is more qualified, capable and productive than his predecessor, the change is positive. In some cases, companies hire employees that aren't good talent fits for the company or position. However, when these employees leave, it gives the hiring manager a chance to make a better selection and find someone who has exceeded expectations. Turnover can bring new blood to the workplace and prevent or combat staleness in the company culture. Companies that never have turnover can become set in their ways and be reluctant to consider and discuss new ideas or evolving trends.

NEGATIVE ATTRITION:

Attrition results into cost to the company not only scarcity of the employees, but also expenses incurred in recruitment, induction, training & development and time adjust to deliver required results. Losing employees also carry with him knowledge as well as company working & practices and could be detrimental for the company if he joins a competitor.

Costs-The major factor in negative attrition is costs. The process of losing and replacing an employee usually has both direct and indirect costs. Turnover in one position can cost to 6-7 month salary between exit interviews, job postings, interview processes, new hiring paperwork and training. Plus, you have indirect costs that result from lower production by a newer employee until he settles in to the job. Additionally, newer, inexperienced employees can make mistakes and cost to the company as well as customers and business.

Knowledge and Culture-On the whole, consistent employee attrition can result in knowledge decay in an organization as well as destruction of the work culture. As the total levels of knowledge and experience fall, company production often falls as well. Remaining employees feel stress from the pressure of picking up the slack for new, less experienced employees. This creates internal conflict. Stress, poor results and criticism from leadership can turn a positive workplace into a negative environment.

2.4 ATTRITION RATE:

A common attrition rate definition refers to employee or staff turnover, but in a broader sense, attrition rate is a calculation of the number of individuals or items that vacate or move out of a larger, collective group over a specified time frame.

Calculating Attrition Rate: Number of Employees was lost by the end of the period divided by the total number of employees at the beginning of the period.

2.5. RETENTION RATE VS. ATTRITION RATE:

Human resources department is assessing the quality of employment by determining retention and attrition rates. Retention and attrition rates are often used in business to identify employment trends, motivations and challenges.

3. REASONS FOR EMPLOYEE RETENTION:

Retention rate can tell so many things about the company. For instance, a high retention rate usually indicates that your employees are satisfied in their work and that company is providing competitive compensation and benefit packages to employees. A particularly low retention rate may be an alarm indicating the need for some changes to policies and procedures that affect employees. A good way to determine what is company doing right is to survey your employees on a yearly basis. Survey result can help pinpoint what particular benefits, policies or procedures are helping to boost the retention rate.

4. THERE ARE VARIOUS FACTORS RESPONSIBLE FOR EMPLOYEES ATTRITION:

Since the attrition rate is the overall reduction of workforce, it usually does not include situations where a job vacancy is created and then filled. A high attrition rate could be an alarm for HR department and indicate the need for policy changes – or it could be a result of dwindling business or product demand. Many companies conduct exit interviews when an employee voluntarily resigns or exit in order to understand what aspects of the business made it undesirable for employment and implemented suggested areas of improvement. Attrition is a major problem that needs to be examined and addressed before it harms the organization's bottom line. There are various factor are responsible for attrition which are differ from person to person such as:-

4.1. COMPENSATION & BENEFITS:

Many a time employees compare their salary and other benefits with their friends, peers, and relatives who are working in same group or similar organization, when they find that others are getting better returns as compared to them. Some companies are also providing benefits such as healthcare & medical insurance coverage, medical claim compensation, leased housing accommodation, loan facilities, recreation and cafeteria etc. Than employees start searching for new jobs in other companies and it causes increases employee attrition

4.2. FAULTY HUMAN RESOURCE POLICIES AND PRACTICES:

Faulty human resource policies and practices particularly related to salary, benefits, transfer, promotion, lack of training and development, poor leadership and supervision, poor working conditions, unrealistic job targets, raising high expectation from employees are some of the faulty human resource policies which result in employee attrition

4.3. AUTOCRATIC MANAGEMENT:

A serious issue faced by many organizations is the dictatorial attitude that some managers display. Criticisms -- even when warranted -- can be harsh enough to be labeled as bullying or abuse. Naturally, no employee wants to be intimidated by his supervisor. An employee living in fear cannot be expected to remain productive or raise concerns. It is imperative form all managers to be open to discussion and approach discipline in a professional manner.

4.4. WORKING CONDITIONS:

Sometimes, the jobs itself as well as Working environment are another major factor for the high attrition. The competitive world has created a high work pressure on the employees of any organization. This has led to psychological problem like stress, depression and in extreme situations, total burnouts. It also leads to other health related problems.

4.5. LOW CHALLENGE:

Employees in the information time request innovative and a majority rule workplace. Disappointment with respect to the administration to give such a domain will bring about a gifted worker leaving the organization. Employees often have much more potential than management gives them credit for their work.

4.6. LACK OF OPPORTUNITIES FOR ADVANCEMENT:

Employees who plan on working long term typically desire room for advancement within a company. For example, a new employee might have the goal of gaining more responsibility and rising through the ranks of management throughout his career. If the employee fails to achieve a promotion after several years of work, he may become discouraged. Employees who feel that they are stuck in the same position with no possibility to advance may quit and seek advancement opportunities with other companies.

4.7. MISBEHAVIOR BY SUPERVISOR:

Sometime reluctant supervisors and manager's attitude 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 employees who have good relationships with their managers. Managers who do not provide adequate support or recognize employee accomplishments can cause attrition. In addition, if supervisors/ managers exhibit favoritism or simply lack leadership skills, they may fail to earn the respect of their subordinates and build employee loyalty.

4.8. JOB STRESS:

Employees don't always know the exact tasks they will have to perform when they take jobs, and job duties can change over time according to the needs of employers. If an employee 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 or dangerous, employees may quit in search of safer, less-demanding work.

4.9. LACK OF ACKNOWLEDGEMENT:

Employees need to feel increased in value. If management does not recognize an employee's existence, it is difficult to the employee to stay with the company. Lack of advancement is -- a "dead-end job" -- for example, makes employees feel like they are not working toward anything, resulting in low ambition and productivity. Even a simple verbal congratulation is enough to make an employee realize that management values the employees work.

4.10. THE MENTAL UNREST:

The mental unrest not only hampers production but also has adverse impact on the health of an employee. When employees feel doubts and lack of job security it reduces their morale and they feel de motivated, depressed and discouraged .The adverse consequences of low morale, depression and de-motivation are high rates of absenteeism and labour turnover.

4.11. LEADERSHIP 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.

4.12. POACHING:

Talented employees tend to attract a lot of attention, both within the organization and with other organizations. In competitive job markets, other organization and even competitors may approach well-known employees with attractive offers that might include higher salaries, better benefits and non-traditional options like telecommuting or on-site childcare and insurance policies. 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 addition, business owners should never discourage employees from pursuing career enhancement opportunities.

5. COST ASSOCIATED WITH ATTRITION:

Globalization has converted the whole world into one market. Due to the, liberalization, privatization and globalization the scale of operation and production has increased tremendously. Employees have gained a very important place in the manufacturing sector. In developing countries like India the importance of employees cannot be neglected. The cost associated with attrition is very high which includes:

1. When an employee at the managerial level leaves an organization the recruitment costs increases because it involves time and efforts for interviewing suitable candidates for replacement.
2. Training cost increases as it involves the time of the supervisor, personal department and cost of the trainer.
3. Loss of production in the interval between leaving of an existing employee and replacement by the new.
4. The pay of learner is in excess of his productivity.
5. Accident rate of new employee is generally higher as the new employee may not be as experienced as compared to the employee who has left an organization.
6. Machineries and other equipments are not fully utilized during the recruitment process and the training period.
7. Wastage and accident rates are generally higher when a new employee is appointed.
8. Additional wages in the form of overtime pay have to be paid because of high attrition of employees. It also creates problems in supply of goods at predetermined delivery dates.
9. There may be low employee morale, dissatisfaction and team spirit due to attrition.

6. SIGNIFICANCE OF THE STUDY:

India is a second in cement production after China .Since 1992, India's cement production has gone over 7th times from 50Mt/yr to 350Mt/yr in 2013. The Indian government's 12th Five year plan, which runs from 2013 to 2017, states that India will require a cement capacity in the region of 480Mt/yr by the end of 2017. Due increases in the capacity a number of new cement plants and expansion will come up across the country during the current five year plan (2013-17), it is becoming harder for companies to retain their employees. Higher growth opportunities in the country have fuelled attrition in the cement industry. Rajasthan will become a hub of cement production as new area's were find out of lime stone reserve and become a first largest cement production/ capacity in India by the end of 2017.

Attrition is gaining a lot of importance in today's competitive world. Due fast growth/ increase in capacity as per Business standard report dated 13 may 2008; attrition rate was around 15 % in cement companies. Attrition was a big problem in cement companies and cement companies has taken steps to improve their compensation packages and other facilities to his employees.

The outcome of the study is definitely useful and productive to the other cement companies to determine what kind of plans and policies should be prepared and could serve as a basic referral guide for the other companies to reduce attrition. This study will discuss the steps taken by the Ultra tech Cement Ltd a Group of Aditya Birla to curb the attrition in his company.

7. OBJECTIVES OF THE STUDY:

To analyzing the management preventive steps towards employees Attrition was initiated by Ultra Tech Cement Ltd.

8. RESEARCH METHODOLOGY:

Research is defined as a, "scientific and systematic search for pertinent information on a specific topic". The motivation behind exploration is to find answers to addresses through the use of logical techniques. The main aim of study is to find out the steps initiated by the company to curb the attrition rate.

DATA COLLECTION:

Information alludes to data or truths. The assignment of information gathering starts after examination issue has been characterized and research arrangement has been chosen. The way of the information is both Primary and Secondary data. The data's are collected from internet, books and discussion, personal Interview.

Primary data: The primary data are collected through direct personal interviews.

Secondary data: The secondary data has been collected through oral communication with the employees, Books and company website and internet.

9. STEPS TAKEN TO PREVENT ATTRITION BY THE ULTRA TECH CEMENT LTD:

In this study the interview was conducted with HR Personnel, employees, literature of company, analysis of attrition data, company website and Internet. It has been observed that the following steps were taken by Ultra Tech Cement Ltd to curve the attrition rate:-

9.1. EXIT INTERVIEW:

Aditya Birla group implemented transparent HR polices in the all group of companies. Exit interview were conducted of the employee who resign from the company. Exit interviews serve the purposes to know the reasons of their separation and his valuable suggestion for improving the productivity, working environment, causes of his dissatisfaction, supervisor's commitment, safety measures, recreation and welfare facilities through open-ended question as he is leaving. Feedback given by the employees was discussed with the functional head and unit head. H R department take action on the feedback and compile the suggestion for further policy decision.

9.2. EMPLOYEE BENEFITS AND COMPENSATION:

Even though pay roll is a significant expenditure for a business, offer the best salary and benefits package by the company in comparison to their industry peers. Salary packages are linked with the Business, unit, group, individual performance. Accordingly increments, variable pay are paid to the employees as per their performance. Company also extended social security's by group medical policy for employee as well of his family, personal accident insurance schemes, Nishint insurance policy etc. beside attractive perks and retrial benefits. This will help to the company to attract and retain employees who may otherwise be tempted to work elsewhere for better way.

9.3 COMMUNICATION:

The backbone of any organization is in its communication. In the successful organization strategic goals and objectives are clear to their employees. Communication provides employees with an idea of what's going on with the company, future plans and what the company expects of them. It is observed from the records and data of policies of the company implies that Businesses head, corporate HR, Unit head and HR head are effectively communicate with employees and updated about policies, development program and initiatives. Managers and supervisors have talk with the employees daily by acknowledging their accomplishments, helping them overcome problems and explaining what they need to work on. Every month employees give their department performance, initiative, achievement and future planning etc in the mass communication meeting and awarded for best performers.

9.4 WORKPLACE ENVIRONMENT AND SAFETY:

No Employee wants to work in an environment that doesn't cater to success and achievement. Company has a deep concern in safety and implemented from grass root level to the directors by participating of employees from business, units, departments and sections. Which cover all safety measures, Improved workplace, proper lighting, cleanliness and with all amenities. Employees can work freely and safely from any hindrances and give their full contribution in achieving in the company vision and mission.

9.5. KEEP MORALE HIGH:

Company Keep an eye on employee's morale by conducting organization Health Survey from the outside competent surveyor in every two year. The management implemented the feedback provided by the surveyor in the area of weakness. By this procedure company has sense employee's unhappiness and address the problem before it escalates. Keep employees in the loop about business issues and do not let the office rumor. Employees feels that they are respected and valued by their management tend to be loyal which can diminish attrition.

9.6. OPPORTUNITY AND DEVELOPMENT:

Many employees leave a business when they feel that they have reached pinnacle and no longer have room for professional growth or development. Aditya group have developed an Internal Recruitment policy and develop a portal for business. Any position arises will be placed on the portal and invited application internally from all groups and business employees and no recruitment from outside. By this way company is providing an opportunity and encouraging growing within the group and business. Therefore employee is not leaving the group or company. Employees are taking the opportunity for making career with the company. From the performance appraisal, company identifies the potential employees based on their performance. Those employees, whose performance are found far exceed expectation/ exceed expectation in the last three consecutive years. The talented employees were sent to DAC for identifying their competencies so that they can we developed for future requirements. Company offer executive mentoring and create challenging new opportunities for top performers. Introduced a system for the career advancement in the company and reduce the lure of finding a Management.

9.7. SUCCESSION & CAREER PLANNING:

Identified talented /potential employees are invited to participate in the DAC. The consultant gives their reports which contain qualitative descriptions on each of the competencies assessed during the DAC and development recommendations. Consensus discussion on the Reports was taken by the management. After final discussion on the participant, Individual development plan are prepared by the HR Department. This plan contains training, education, and development activities to acquire the competencies (areas of improvement) needed to meet IDP goals. The capability of an individual determines the prediction of future success in the new role of leadership. Company prepared career pathing plan for employees who may grow vertically and horizontally in the organization.

9.8. AWARDS AND RECOGNITION:

Aditya group recognized and awarded the individual, team members for their extra Contribution and achievements in their respective area every year by giving them trophy, certificate and cash award. There is also a competition within the units/ business on the excellence performance during the year. Such recognition inspires the individual, team and unit to give their best performance and reduce attrition of the employees.

9.9. CORPORATE E-LEARNING AND TRAINING CENTER:

Company encourages the employees to develop their skill, knowledge, behavioral and functional competencies through e-learning courses. No's courses, books and journals are available in the library for updating their skill and day today knowledge, which is required for their growth. In all units training centers and library were developed with available manual, journals and books on the subject. Employees are encouraged to take the membership of the various institutions. Company also has collaboration with the university and provided an opportunity to the employees may continue their degree/diploma/management courses by evening classes and corresponding courses. It was also observed that trainees leave the jobs after their training and some years of experience. To attract and meaning full training a central training centre is developed at Aditya cement shambhupura who provide exclusive training on different areas by the internal and external experts in their subjects.

9.10. EMPLOYEE'S WELFARE AND WELLNESS:

Improving production and boosting the bottom line are integral aspects of a successful business houses. Overall health of the workforce has directly translates into improved production and profits. Company has provided lush green colony equipped with school, hospital, market ,post office, bank, club houses, temples, recreation facilities and cultural activities to the employees and their families. Companies are concern with the wellness of the employees and their families and started various wellness programs and have survey of the colony residents from the outside expert regarding quality of life. Employees appreciate their company for looking after them, reducing employee's turnover, which helps in retaining the most efficient employees.

10. ATTRITION DATA OF THE COMPANY:

The attrition data of the company of last five years shows that attrition were sharply declined in the last five years from about 9% in 2010–11 to almost 0.4% in the first half of 2014 – 15.

Attrition Rate of AB Group for last 5 years

Year	Attrition Rate
2010-11	9.00%
2011-12	6.78%
2012-13	3.53%
2013-14	3.36%
2014-15	0.42%

11. FINDINGS:

1. Employer is having written down transparent policies on the all subject who are displayed and communicated to employees, available on internet and library.
2. Company is concern in development , growth of their employees and developing leadership for new assignments and challenges
3. Company is creating a safe and healthy working environment.
4. Company and employees believe in ethical values and not promoting short cut method.
5. Company recognizes the employee's efforts and their contribution in productivity and achieving the goals.
6. Company is not only concern with the employee but also have more concern towards their families comfort by providing all amenities in the colony.

12. SUGGESTIONS:

1. Company are also give attention on the employees who are having below performance by preparing performance improvement plans.
2. HR department also promote employees by making Individual Development plan that are not in talent pool.
3. Employees are participating through various committees but also develop suggestion schemes for their new ideas.

13. CONCLUSION:

The company has realized the importance of the work force which is going to be the biggest challenge in the coming years. Thus, the company has formulated talent management strategies and implemented them. AB group has always been leading in such endeavors and has been receiving awards for being the best Indian employer, a number of times and also recognized and awarded by the state and central government in the field of Productivity, Environment & pollution control, Energy saving, Corporate Social Responsibility , best practices adopted in the field of world class management etc. The group has started the talent management practices years ago and the results have shown that the company has been highly successful in its strategic talent management practices.

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