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Revolving Door: Why Great People Leave?

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Abstract

Today, we are living in a new era of industrialization. Every organization wants to gain a competitive advantage. For fulfilling this, employees play an important role. They perform every task in a productive manner to achieve organizational goals. So, it is the responsibility of the management that they know the environment and provide monetary, non-monetary, and other benefits to the employees so that they never want to go anywhere. Employee attrition affects not only management but also the whole organization's productivity. Top-level management should be directly connected with their employees and workers. This employee-employer relationship encourages them to stay with the current organization. The company should try to retain its younger generation employees because they have more potential and fewer responsibilities. They do not have families. The organization should be the platform which not only retains employees but also attracts great talent from the outside world.

Keywords: Employee Attrition, Employee Retention, Organization, Productivity.

Introduction

Over the last few years, the industrial and service sectors have faced a common problem, which is employee attrition. Employee attrition means that skilled and experienced employees are leaving their jobs. This is the most important concern for human resource management to resolve as soon as possible. Today, in our country, the employee attrition rate in 2025 is 16.2%, which is marking a 5-year low, down from 17.7% in 2024 and 18.7% in 2023. These data clearly describe that industrialists are aware of the employee attrition problem, and they are fixing the issue by applying effective ways. The share of employee attrition in various industrial sectors is: e-commerce and startups 28.7%, IT services 19.25%, financial services 24%, professional services 21.3%, and manufacturing and automobiles 10–14%.

This data shows that the e-commerce and startup, IT services, and financial services industries are responsible for approximately 75% of employee attrition.

The main causes of attrition in e-commerce and IT companies are the higher expectations of employees. They want promotions quickly, and at the first promotion opportunity they start searching for the best possible opportunities here and there so that they can easily grow. Specifically, the younger generation wants to be successful early in their life. Organizations can retain their valuable employees by providing them with better growth opportunities and monetary and non-monetary benefits. It should be remembered that employers should never put a work burden on their employees. Employers should understand what their team really wants to do. This will definitely help work engagement and employee retention. Employers would have to be mentors and managers for their team, giving them respect, loyalty, as well as engaging them with their work. Clint Pulver (2021) stated that great mentors can communicate someone's potential and worth. In the USA, there are a number of companies that offer life-skill training, negotiation, parenting, stress management, home finances, etc., to their employees. Such offers make them realize that management is accountable to them. This technique should be adopted in Indian industries. It will definitely help employee retention strategies.

Meaning and Definitions of Employee Attrition

Employee attrition is the situation where employees leave an organization for any reason and their positions are not immediately refilled. It can be voluntary or involuntary in nature, so it should be measured frequently.

According to J.M. Abbasi and K.W. Hollman (2000), Employee Attrition is the rotation of workers around the labour market, occurring between firms, jobs, occupations, and between the states of employment and unemployment.

Meaning and Definitions of Employee Retention

Employee retention is the process which prevents organizations from employee turnover and keeps valuable and skilled workers engaged, motivated, and committed. Retaining valuable employees is a high priority for management, as it helps to lower hiring costs, achieve higher productivity, and preserve team morale.

According to S.V. Gorde (2019), Employee Retention aims to make both stakeholders, that is, employees and employers, happier. It facilitates loyal employees sticking with the company for a longer duration, which in turn benefits both stakeholders.

Main Causes of Employee Attrition

Attritional factors are the factors which pull the employees to move to another organization, and these factors highly impact the performance of the

organization. There are various factors which are the common causes of employee attrition such as:

- Lack of a Fair Pay System
- Unhealthy Work Environment
- Lack of Personal Development
- Adverse behaviour of Management
- Lack of growth opportunities
- Work mismatch with qualifications.

All the above factors affect employees' morale and values. They also affect them in direct or indirect ways. Most of the employees believe that lack of a fair pay system, adverse behaviour of management, and lack of growth opportunities are the main factors of employee attrition. Some employees are experienced, and if management doesn't recognize and respect them, then they move to another organization.

In a few organizations, we notice that employee attrition is based on generation also. The younger generation has a higher attrition rate in comparison to the older generation because younger employees want to explore more and more. They are searching for the best possible opportunities. In the older generation, the employee attrition ratio is low because, at that age, employees want stability in their jobs to fulfil their family responsibilities. They do not want to take risks and go somewhere else. They only move when they really get better opportunities outside in comparison to their current organization.

Factors that keep Employees in an Organization

Employee attrition has become a serious problem for many industries. There are various operational factors which influence employees. We can divide these factors into four categories.

- **Motivational Factors:** In this factor, there are two types of motivation: financial and non-financial motivation.
 - **Financial Motivation** is related to money and cash benefits directly to the employees. Generally, workers and employees give preference to financial motivation because this includes higher pay, cash incentives, cash rewards, pension facilities, benefits, and others.
 - **Non-Financial Motivation:** There are a bunch of facilities and services for the employees so that they can feel the organization really cares about them. These factors are more important than financial factors because, after a time, managers and employees become settled in their lives, and then they do not want more money. In comparison to financial

factors, they give preference to non-financial factors because they give them work satisfaction.

- **Employee Retention Factors:** All those factors which help the management to retain their employees in the organization and make employees loyal to the organization are called employee retention factors. Employee retention factors play a vital role in attrition conditions. These factors are a fair pay system, healthy work environment, training facilities for personality development, promotional opportunities, and ample growth opportunities. Most of the employees of the organization give preference to a fair pay system and ample growth opportunities because they believe that an adequate pay system motivates them towards the organization, and it also reduces a lot of their responsibility burden.

By analyzing all four factors, we can conclude that employee attrition is a serious concern for management. To overcome this problem, management should consider all four factors, including financial and non-financial motivation, employee attraction factors, and retention factors.

Some other important concerns of Employee Attrition are as follows:

- Management should also understand the Psychology of employees how they behave, what they really want to do, whether they really enjoy their work, and whether there is any issue related to their work profile or management. All these questions sound normal, but their impact on employees is permanent and crucial.
- In our country, there are many organizations which hire Industrial Psychologists who deal with all the problems related to employees. They work as friends instead of bosses. A boss sounds like a person who will punish you if you do not complete your target.
- In today's scenario, employees want Mentors instead of Bosses. They want someone who guides them, helps them in every situation, and specifically understands what type of problems they have. Organizations which have these types of practices show a higher growth rate in comparison to others.
- Employees also give preference to Rewards and Appreciation. If the management rewards employees for their performance and appreciates them in front of other workers and staff, then they feel more valued.

There are several ways to retain valuable and skilled employees. Organizations should conduct internal surveys to know the causes of attrition or detect any future possibility of attrition. It also helps the organization to understand the mindset of its workforce. The outcome of the survey must be analyzed seriously because it may become a serious concern in the future.

Process of Employee Retention

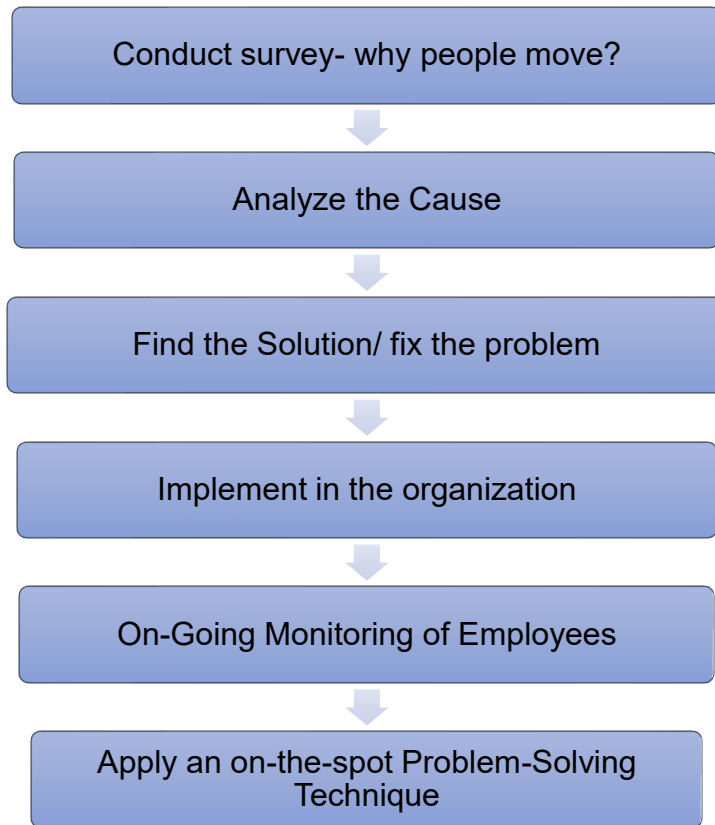


Figure 1

Source: Author's own creation

Employees are a valuable part of the management. Management should take proper action against employee attrition. There are various retention strategies available to management which help retain experienced and skilled employees.

R's of Employee Retention

- Reasonable Pay System
- Recognition
- Reward
- Respect
- Remove Unfair Treatment
- Resolve their issues
- Remark the Performance

- **Reasonable Pay System** plays an important role in employee retention. Competitive remuneration attracts employees, so they never want to move from that type of organization, even if others offer them higher pay.
- **Recognition** is a part of the non-financial motivational factor. By recognition methods, management can retain valuable employees. It provides individual identity to employees. They have to see it as recognition for their results, and their productivity will rise.
- **Rewards** are of four types: Monetary rewards, which are also known as extrinsic rewards, are in the form of money. Non-monetary rewards, which are also known as intrinsic rewards, include all the facilities and services provided by the organization. Performance-based awards are based on the performance of individuals. So, we can say that there is a positive relationship between employee performance, productivity, and rewards. It is just like a non-monetary reward that provides beneficial services to employees. Generally, it attracts the middle level of management.
- **Respect** is a moral value. We should respect our employees because employees are the backbone of every organization. Organizations will never survive without their valuable and skilled employees. So, management should behave with their employees respectfully. and
- **Remove Unfair Treatment**, an ideal organization always treats its employees equally. They provide equal growth opportunities to all the workforce. If any organization does not treat its employees equally, then certainly the employee attrition rate will be higher.
- **To Resolve their issues**, management should take all workforce-related issues seriously; otherwise, employees feel left out in the organization. Their productivity falls, and after that, they decide to move.
- **Remark the Performance**, when employers remark on employee performance, it inspires them to do their best in tasks. It is a part of the performance-based reward system. It does not only appreciate beneficiaries but also increases the workforce of the organization.

Conclusion

Clint Pulver (2021) "If your people can't grow where they are, they will leave and grow somewhere else." This clearly mentions that if an organization does not provide growth opportunities to its workforce, then they will move. To retain valuable and skilled employees, management should provide all the desired facilities to employees. Today, we live in a new era, but we should not forget the importance of people. They are valuable for the growth of an organization. Management should

understand that there is no shortcut to learning about employees. They have to deal with them individually and try to fix their problems.

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