

A Comprehensive Literature Review on Employee Attrition

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ABSTRACT

Purpose: To review the literature pertaining to employee attrition (turnover).

Design/methodology/approach: The research is based on secondary data drawn from research papers, abstracts and websites.

Findings: Various factors have been identified which affects attrition. These factors include dissatisfaction with compensation offered, payment below prevailing market rate and inadequacy in the internal and external equity, Inappropriate Reward and recognition, toxic work environment & incompatible work culture, employee attitude, Insufficient support, unsatisfactory relationships with superior, colleagues and subordinates (work relationship), and inadequate opportunities for growth, hiring practices, employee demographics, and managerial style.

Research limitations/implications: The factors which influence attrition varies from industry to industry and hence industry specific research should be conducted in order to get better picture on the factors.

Practical implications: It is necessary to draft out a strategy that is win-win for both, the employers as well as the employees. Understanding attrition from both the perspectives is vital for the success of the organization and for the growth of employees.

Keywords: Attrition, Employee turnover, work environment, compensation, work culture, work relationship.

I. INTRODUCTION

Attrition is an alarming concern for all the organizations across varying sectors. Anything that involves manpower would be affected by employee attrition. Whenever employees leave an organization, the knowledge and intellect also leaves. Human Resource practitioners can try and capture the knowledge and intellect of the talent, however, this is easy said than done. Nowadays, the importance and relevance of the employees is well understood by the organizations and hence the focus is on understanding the key factors that affects employee attrition. The aim of this research is to understand and identify various researches conducted on employee attrition across sectors. For the same, the literature starting from 1955-2014 is studied. The research has highlighted the factors like dissatisfaction with compensation offered, payment below prevailing market rate and inadequacy in the internal and external equity, Inappropriate Reward and recognition, toxic work environment & incompatible work culture, employee attitude, Insufficient support, unsatisfactory relationships with superior, colleagues and subordinates (work relationship), and inadequate opportunities for growth, hiring practices, and managerial style, which affect employee attrition. Understanding attrition is imperative for every organization. Mere recognition of factors would not do any better, both for employees as well as employer. This study focuses on compiling the factors that affect attrition and has a further scope where these factors can be empirically tested in different sectors and recommendations can be incorporated as to observe the difference in the attrition rate.

Mobley (1977) has defined employee turnover as a situation where an employee is engaged in a particular role in an organization and then leaves the organization after a certain point of time. Abbasi and Hollman (2000) have defined employee turnover by categorizing it into two categories: voluntary and involuntary. Voluntary turnover is usually

when employees leave and join the competitors and of course it also results in transfer of the intellectual capital to the competitive organization. On the other hand involuntary turnover denotes dismissal of employees.

The significance of managing the human capital or the talent pool has always come in the picture. No matter what the industry is, no industry can afford to lose its employees at a faster rate. And this is the reason why employee turnover or employee attrition has caught the attention of researchers from epochs. No doubt a lot has been worked on this, but still till date the issue of attrition is unmanageable.

Managing attrition is an intimidating task for almost all the industries and it is even for difficult for the service industries. The reason being, these industries are highly dependent on their talent for generating high quality knowledge for their business operations and of course profitability, which is the ultimate objective of every organization. These industries revolve around employees and moreover, growth of the service industries is highly dependent on its employees. So, an increase in the attrition rate, hampers their performance.

Men, Money, Machine and material are the well-known resources that an organization possesses. Managing assets is crucial for every organization and organizations have realized that the most crucial asset or resource that they have is their "human capital". Anything that generates wealth is termed as a capital and there is no doubt on the fact that human resource of any organization are at par with the capital, because they generate value and capital for the organization.

A plethora of studies have been conducted in the past which have talked about attrition. Existing literature fortifies the prominence of understanding the entire concept of attrition – its reasons, factors and ways of overcoming or atleast reducing it. It is a big time concern which requires strategies to be framed at the organizational level and departmental level. Conducting surveys or research would not serve the purpose, till the time the practitioners take these results and incorporate them in their organization.

In order to maintain a dependable talent pool, organizations need to work hard to understand the causes behind attrition. Employees have the knowledge, skills and the bargaining power. They can switch to companies which offer them better prospects. It is now becoming difficult for companies to identify what can help in reducing attrition. Compensation or any other monetary benefit is not just the only key factor. Researchers have identified organization's culture, job role, relationship with subordinates and superior, recognition, etc. to be the factors that affects attrition across industries.

High attrition thus raises questions on a wider level, ranging from companies policies to their culture and other practices. Every individual is different and so is their reason to stay in an organization or leave an organization. These reasons vary with age, experience and family responsibilities. Problem of attrition occurs when employees leave their jobs for some reasons. This means that employees would not leave their job if those reasons would be eliminated. This might sound simple and easy, but it has taken decades of research to understand attrition and organizations are still struggling to deal with it.

This research paper thus aims to understand the reasons and causes of attritions across industries.

II. OBJECTIVE

To review the literature pertaining to employee attrition (turnover).

Literature Review

(Brayfield and Crockett, 1955) have highlighted the positive relationship between attitudinal variables and voluntary turnover. It is seen that attitude-based turnover models have a direct link between employee attitudes and the act of leaving the organization.

(Arthur, 1994) the key employees, who have done amazing in their education and are hardworking, always feel the need to be rewarded and recognized for their performance in the organization. Their enthusiasm to work and perform better depends a lot on the organizations' way of rewarding and recognizing them. So, if an organization has an environment that provides prospects for further development and self-actualization, this would reduce the chances of an employee leaving the organization.

(Magner et al., 1996) emphasized that the employees stay longer in the same organization where they feel they are involved in the decision making process. This involvement gives them the satisfaction to be part of something really important.

(Herman, 1999) has highlighted five main reasons because of which employees leave their current organization. Insufficient support, incompatible corporate culture, unsatisfactory relationships with coworkers, dissatisfaction with compensation offered, and inadequate opportunities for growth are the reasons because of which employees leave.

(Sahu and Gupta, 1999) Length of service, expectation reality match, turnover perception and outside career opportunities are also responsible for deciding to quit or to stay with the company

(Abbasi and Hollman, 2000) talked about five reasons that facilitates employee turnover. Toxic workplace environment, hiring practices, lack of recognition, managerial style, and lack of competitive compensation systems are the reasons which results in employee turnover

(Walker, 2001) has identified seven factors which boosts retention. These factors are compensation and appreciation of the work performed, recognition of capabilities and performance contributions, challenging work, good communication, opportunities to learn, positive relationships with colleagues, and good work-life balance.

(Arora et al., 2001) in their study observed that virtually it is becoming difficult for all firms to retain the talented pool of professionals. Even the compensation given to them (which is ideally above Indian standards) is not reducing their turnover.

(Ramlall, 2003) accentuated that inadequate compensation, payment below prevailing market rate and inadequacy in the internal and external equity was the common reason because of which employees leave an organization.

(Mano-Negrin and Tzafirir, 2004) claim that employees leaves their organization because of the economic reasons, and one can use these reasons to understand and further envisage the employee turnover in the market.

(Oldham and Hackman, 2005) highlighted that employees leave their jobs only when they face continuous problems pertaining to work related matters. For instance, over-controlling supervisors or an unsatisfactory compensation.

(Hora, 2005) talked about the importance of understanding employee expectations. It is important for the HR Managers to understand the importance of their employees and to understand the areas that interests them.

(Udechukwu and Mujtaba, 2007) gave a mathematical model that explained employee turnover by focusing on internal (employer) and external (social affiliate) determinants which influence an employee's decision to leave an organization.

(Kim and Stoner, 2008) emphasized that employees intend to leave because of factors related to individual (e.g. demographic factors or personality), job (e.g. nature, content or design of job) or organization (e.g. pay, supervisor or co-worker). Social support and job autonomy might have a direct negative impact on the employee turnover intention.

(Adhikari, 2009) identified the factors affecting employee attrition in the IT and ITES industry. The paper identified four factors. Work related issues have the greatest impact on attrition. The other three being employer related issue, skill of employees and the compensation. Compensation seemed to have the least effect on attrition.

(Ho et al., 2010) emphasized the relevance of push and pull factors while understanding employee attrition in the Malaysian service industry. Work stress, improper work-life balance, and poor relations with co-workers are some of the factors which comes under the umbrella of push factors and promotion opportunities, better compensations, desire for higher studies, and interesting work are some of the pull factors.

(Deepa and Stella, 2012), in their exploratory study on "Employee turnover in the IT industry with special reference to Chennai city", highlighted a number of factors which contribute to employee turnover. Demographics, Organization's performance, Organization's culture (in terms of its reward system, leadership, shared goals etc.), Employees personal traits (like desire to learn, change in personal life, new job offer etc.), Job characteristics, Unrealistic expectations are the factors that are perceived to enhance employee turnover in the IT industry.

(Joy P. and Radhakrishnan 2012) in their study on marketing executives of financial product companies identified six factors which affects attrition. 58.77 percent of variance was jointly explained by all the six factors. Work specific attrition, human resource policy of the organization, boss behaviour with sub-ordinates, prevailing economic forces, fellow employee influence and opportunities in the society are the six factors identified in this study. A positive relationship among all the factors was supported by the correlation matrix.

(Zahra, et al., 2013) have highlighted the significance of commercialization of education which leads to faculty turnover. As the number of Universities are increasing there is a paradigm shift which is increasing the staff turnover because of abundant opportunities.

(Vinit et al., 2013) highlighted that factors like appraisal, openness, training, and flexibility act as key influencers for employee turnover. Thus these are the parameters on which an employee thinks before deciding to leave an organization.

(Saleem and Affandi, 2014) investigated the impact which Human Resources practices have on the employee attrition. Fairness of rewards and growth opportunities were considered to be the key factors influencing the employees' decision to leave an organization.

III. CONCLUSION

This study has thus highlighted the key factors which affect employee attrition. like dissatisfaction with compensation offered , payment below prevailing market rate and inadequacy in the internal and external equity, Inappropriate Reward and recognition, toxic work environment & incompatible work culture, employee attitude, Insufficient support, unsatisfactory relationships with superior, colleagues and subordinates (work relationship), and inadequate opportunities for growth, hiring practices, employee demographics, and managerial style, which affect employee attrition. It is important to test these factors in different sectors. Although the testing has been done, however, it is important to apply the recommendations so as to identify the loop holes and to connect research to reality.

IV. FUTURE SCOPE

No doubt that an extensive research has already been done in the field of attrition. Different industries have been covered in this research. However, the problem of attrition still persists. This shows that there is still a gap between the academic researches and their practical implications. Many factors have been identified as it is evident in the paper. In spite of this there is some disconnect between the problem and the proposed suggestions.

It is necessary to draft out a strategy that is win-win for both, the employers as well as the employees. Understanding attrition from both the perspectives is vital for the success of the organization and for the growth of employees.

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