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Employee Engagement and Attrition

Swathi S.
Research Scholar, Bahadur Institute of Management Sciences, University of Mysore, India

Abstract:
Employee engagement is one of the top 10 challenges of the organization. Employee engagement is the level of commitment and involvement an employee has towards their organization and its value. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization.when the person feels no connection ,emotional attachment and compensation other basic requirement are not met then the employee start to look for a new job. The employee when he changes the job, He is taking the skills,experience fromthe company. It becomes a major loss for the company until the comapany gets new employee and train, them till they become productive.so in the paper some parts of employee engagement and attrition is discussed. The paper is based on the second data which includes the journals, website informationdescriptive methodology is used.

Key words:Employee Engagement,Attrition,Organization,employee engagement

1. Introduction

In the present era the employees are considered as the most valuable asset. An organization can acquire most of assets similar to its competitor but cannot copy the skill and talent of the human resources of the competitor. Now the situation is very alarming as many organizations target the pool of talented and experienced employees across the world. The employees are in very strong bargaining position as the demand increases for them. In this scenario the concept of employee engagement is very important. Engaged employees are passionate about the work they do. Passion is always accompanied by excitement, enthusiasm and productivity (Kroth and Boverie, 2013). The engaged employees not only contribute more but also are more loyal and therefore less likely to voluntarily leave the organization. Each individual has control over the amount of discretionary effort available to organisation from him or her (Catlette and Hadden,2001).To prosper and survive today's challenging environment there is a need of engaged employees. Now modern organization concentrate on human capital management, In words of Dave Ulrich (1997:125), a famous HRM expert – "Employee contribution becomes a critical business issue because in trying to produce more output with less employee input, companies have no choice but to try to engage not only the body but the mind and soul of every employee". An engaged employee will consistently outperform and achieve new standards of excellence (Harter, Schmidt and Hayes,2002).

2. Definitions

Hewitt Associates (2006) defines employee engagement as those who say speak – positively about the organization, stay – desire to be an effective member and strive - continue to perform beyond minimal requirements for the organization Development Dimensions International (DDI) defined employee engagement as 'the extent to which people enjoy and believe in what they do and feel valued for doing it' They have highlighted three main drivers of engagement- right employees in right jobs, exceptional leadership and organizational systems and strategies Robinson, Perryman and Hayday (2004), define "engagement as a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of the business context, works with colleagues to improve performance within the job for the benefit of the organization". Gallup has conducted extensive survey on Employee Engagement and has developed its own Employee Engagement Index in terms of categorizing employees as Engaged, Not-Engaged or Actively Disengaged.

- **Engaged**
  "*Engaged*" employees are builders5. They are keen on understanding desired expectations for their role so that they can work towards meeting and exceeding them. There are prone to be naturally curious about their organization and their status in it. They consistently perform a thigh levels. They are enthusiastic about work and channelize their energy through innovation, by using their talents and strengths at work every day, accomplishing both their personal and organizational goals; thus driving it forward.

- **Not Engaged**
  Not-engaged employees prefer to focus more on the task at hand than the overall goals and outcomes they are expected to achieve. They prefer being told what to do and at times even how to do, aiming at finishing the task on hand. Focus is

just on accomplishing tasks vs. achieving an outcome. Employees who are *not-engaged* adopt a wait and watch attitude that borders on just being present for work but not committing themselves to the organization. They feel their contributions are not being considered and their inherent potential not being recognized. This feeling is often there as these employees don't foster productive relationships with their managers or with their coworkers.

- **Actively Disengaged**
  The "*actively disengaged*" employees are the "cave dwellers." There are understood to be "Consistently against Virtually Everything." Even if they are really not unhappy at work, they tend to consistently act out their unhappiness. They create an atmosphere of negativity and keep on downgrading accomplishments of their co-workers. These employees are counter-productive for organizations that tend to thrive on team co-operation.
  Attritionmay refer to the gradual reduction of the size of a workforce by not replacing personnel lost through retirement or resignation**.**

3. Types of Turnover

The two general types of turnover are voluntary and involuntary. Voluntary turnover is when the employee chooses to leave for whatever reason. Involuntary turnover is caused by layoffs and similar actions where the decision for an employee to leave is made by the company and not the employee. As a general rule, voluntary turnover is the measure used to discuss and compare employers. It is the type most directly affected by the front line supervisors. Involuntary turnover, caused by layoffs, can be a long-term result of high levels of voluntary turnover.

The attrition rate is calculated bynumber of employee left×100)/ (number of employee join+ employee left +employee end of the month+ total number of employee from starting)

A 2012 Hay Group study on employee engagement trends concluded that more than a third of employees across the world are unwilling and unable to go the extra mile for their organization and company loyalty is at a five-year low. In 2011 Corporate LeadershipCouncil study revealed that performance against revenue expectations is 23 percent greater for companies with high engagement capital compared to those with low engagement capital.In addition, a recent Gallup study found that lost productivity of actively disengaged employees costs the U.S. economy $370 billion annually. Seizing the opportunity to capture these kinds of significant performance gains — or avoid staggering productivity losses — through effective employee engagement strategies makes sound business sense.soemotionally and rationally binding the employee to the work is the major characteristic of the employee engagement by virtue of these employee retention period increases. As a matter of fact the increase in retention period of the employee leads to unseen effect of reduction in repeated recruitment and related expenditure. Employee engagement makes employees motivated and they are passionate and enthusiastic in their involvement. When employees are passionate they can invest more energy on performance. Employee Engagement makes the employees to know how their deliverables are connected to organization's objectives and it makes them more focused on the relevant activities with full commitment. Managers can trust them and they will deliver more. An engaged employee will exhibit not only better performance but also will be intrinsically motivated. They will have strong commitment and willingness to contribute more voluntarily. The employees themselves become strong brand ambassadors and work towards strong relationships with clients, business partners and the customers.

Retention of qualified employees is very important for each employer to lookinto it seriously. Moreover, retention has cut down the organization extra expenseseither tangible or intangibleFrom the literature review, the researcher found that withevery 10 professionals or managerial staffs who leave the company, the organization will loses around $1 million (Fitz-enz, 1997). Especially when the employees had justbeen trained well by the companies and make decision to leave the company. Theorganization tend to lose significant knowledgeable employee for requirement of betterperformance. The organization has invested into the training programs and providedthe training to the employees, but the training expenses would be a wasteif there is an uncontrollable turnover of trained employee from time to time.Meanwhile, there is a waste of advertisementexpenses and timein the recruitment process.

We are in the eye of an employee turnover storm. Organisations in India must give serious thought to what drives employee commitment," says Mohinish Sinha, leadership and talent practice leader, Hay Group India. Firms need to focus on employees with mission-critical skills, as well as high-potentials and those holding crucial roles, he adds.Employee turnover is predicted to rise to 26.9% in 2013 with an employee base of Rs 3 crore compared with 26% in 2010 on an employee base of Rs 2.8 crore.

According to the study, 'Preparing for Take-Off', conducted in association with the Centre for Economics and Business Research. It covered 700 million employees in 19 countries.Worldwide, attrition is predicted at 21.2% in 2013 on an employee base of Rs 71.6 croreas compared to 20.3% in 2010 on an employee base of Rs 64.4 crore. The number of workers expected to take flight will reach Rs 161.7 million in 2014 - a 12.9% increase compared to 2012 as growth builds and employment opportunities increase, according to the study. Comparatively, turnover was minimal between 2010 and 2012. In the next five years, 49 million employees are expected leave their employers globally.

At Tata Consultancy Services (TCS), 12.2 per cent of the workforce quit in FY12, lower from 14.4 per cent a year earlier. While at IT major Wipro, attrition dipped to 17.6 per cent in FY12 (22.3 per cent in FY11). Attrition at second-rung Infosys Ltd fell to 14.7 per cent (17 per cent inthe previous year) and at HCL Technologies to 15 per cent from 17 per cent. Hexaware Technologies, which follows a calendar year, saw 11 per cent of its employees putting in papers compared to 16.4 per cent a year ago.

3.1. Labour Turnover

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average Monthly Recruitment Rate (%)											
Annual Average	2.4	2.3	2.8	2.7	2.8	2.9	2.8	2.2	2.8	2.7	2.8
1st Qtr	2.1	2.3	2.7	2.5	2.7	2.6	2.8	1.9	2.6	2.6	2.7
2nd Qtr	2.5	2.2	3.0	2.8	2.9	3.3	3.2	2.1	2.9	2.8	2.9
3rd Qtr	2.7	2.5	3.0	2.9	3.1	3.2	3.1	2.5	3.0	3.0	2.8
4th Qtr	2.2	2.4	2.5	2.6	2.6	2.7	2.2	2.4	2.6	2.6	2.6
Average Monthly Resignation Rate (%)											
Annual Average	2.1	2.0	2.2	2.1	2.0	2.0	2.0	1.8	2.0	2.0	2.1
1st Qtr	2.0	2.2	2.3	2.1	2.0	2.0	2.0	1.8	2.0	2.0	2.1
2nd Qtr	2.2	2.1	2.3	2.2	2.1	2.2	2.3	1.8	2.2	2.1	2.2
3rd Qtr	2.2	2.0	2.2	2.1	2.0	2.1	2.0	1.8	2.1	2.1	2.1
4th Qtr	1.9	1.8	1.9	1.8	1.7	1.7	1.6	1.7	1.8	1.7	1.8

Table 1

- Last Updated: 14 June 2013 |
- Source: Labour Market Survey, MOM
- Latest figures published in: Labour Market Report

In the above figure the information provided on labour market which has done research on employee reveals that the recruitment rates have gone up when compared to the 2002 to 2012 which also indicating that Attrition will be the major constrain for the company. The employee retention strategy must be updated to the latest trends in the work environment. The challenge has been put up with the data.
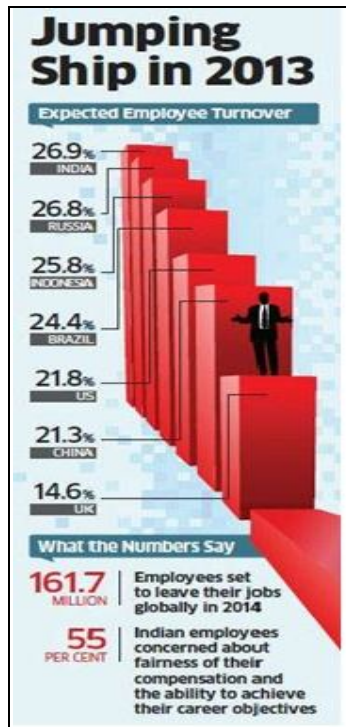.

Figure 1
*Sourced from http://articles.economictimes.indiatimes.com/2013-06-07/news/39815456_1_*
three-employees-indian-employees-attrition

The figure is indicative, and helps to understand the employee mindset. It could help companies figure out why their employees are thinking.

In India, sectors like infrastructure and banking - where new players are entering the field - will continue to suck in talent. In infrastructure, nearly $1 trillion of investment has been planned in the years to 2018. With half of this expected from private financing, there will be huge demand for labour in India's finance, insurance, real estate and construction sectors - totaling 14% of

employment in the organised sector - and raising turnover in these activities, as Sinha points out. Besides, there is a huge demand for ready talent, he says.

But not everyone thinks it is a function of external growth conditions. "The best insurance against attrition is not to hope for lack of opportunities outside but to build strong internal conditions which act like a glue to employees," says DivakarKaza, president, HR, LupinPharma.The study seems to support this. Nearly 55% of Indian employees expressed concerns about the fairness of their compensation and the extent to which benefits meet their needs (48%). One in every three employees expressed concern over a lack confidence in being able to achieve their career objectives with their current employers (37%); as a result, they are concerned about opportunities for learning and development (39%) and supervisory coaching for their development (36%).An analysis of Hay Group's employee opinion database, covering 5.5 m employees worldwide, threw up the most consistent predictors of employee engagement and commitment: confidence in leadership; an opportunity for career development; autonomy; supportive work environment; and appropriate compensation.

Positive Outlook for IT-BPM industry in FY 2014

Exports to grow by 12-14%; Domestic market – 13-15%; Industry to add revenues of USD 12-15 billion in FY2014 New business models, emerging technologies and markets driving growthChanging business models, emergence of new technologies, buyer segments and solutions for emerging markets will help India retain its position as the global sourcing leader and an emerging trustworthy innovation hub. This and many other trends were revealed at the NASSCOM Strategic Review 2013 press conference today at Grand Hyatt, Mumbai. The press conference was addressed by Mr. N. Chandrasekaran, Chairman, NASSCOM, Mr. KrishnakumarNatarajan, Vice Chairman, NASSCOM and Mr. Som Mittal, President, NASSCOM, before the commencement of the annual India Leadership Forum.

According to the NASSCOM some of the recommendation has been given to control the attrition rate.

3.2. Industry-academia partnerships
- There is need for institutions to understand and evolve alongside industry needs, through a dynamic structure and deep involvement with industry practitioners
- Industry needs to involve itself by sponsoring and managing specific technical courses within the college curriculum
- It has to engage with prospective employees well before they are boarded in the organisation, through project work
- There is need for more industry-academia interaction, going beyond knowledge sharing sessions, to designing courses and 'adoption' of certain colleges by corporates, especially in non-metro areas
- There is a requirement for an 'industry-wide hiring programmer' which ensures adoption of a standardized assessment system.

3.3. Employee learning initiatives
- Learning and capability building is viewed holistically and as a strategic growth driver
- Organizations are continuously investing in workforce trainings, in order to stay competitive and differentiated
- Even small organizations are investing in learning academies to build competencies
- Several organizations have established in-house training infrastructure, investing in state-of-the-art learning centers
- Training is becoming a business need based with training designed to cover:

4. Finding
From the above information it can be expected that Export to grow by 12-14%; Domestic market – 13-15%; Industry to add revenues of USD 12-15 billion in FY2014 which is showing up positivity sing in recruitment. It has shown major challenges,to retain the employee .with proper innovation and career development orientation, employee retention is possible. The employee engagement incentives will help the company to hold the employees for a long time. the study is not done on any specific industry.

5. Limitation
The statistical information which is taken has its own constraint. The study is limited only to the secondary data. The extensive literature has been not provided in the paper. The information   here will be just showing some of the glimpse of the attrition rate and the studies which are done on it.

6. Conclusion
From the above statistical information we can see that all sector has the problem of the attrition .But holding the talented employees in the key position, retaining them training them to have in rest, remove of stress ,involving ,motivating engaging them is a major challenge. The IT sector has lots of attrition when compared to other sector.so the employee engagement will be the best way to reduce the attrition rate in the company.

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