

Job Satisfaction- An Effective Tool for Reducing Attrition

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Employee attrition is a very big problem not only in India but outside India too. Attrition rate is increasing day by day. Why an Employee leaves a company, is the question asked by most of the employers. Companies even hire Private HR professionals to study the company's work and find out, why an employee is dissatisfied. When a business loses employees, it loses skill, experience and “corporate memory”. The magnitude and nature of these losses is a critical management issue, affecting productivity, profitability, and product and service quality. For employees, high turnover can negatively affect employment relationship, morale and workplace safety. The cost of replacing workers can be high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with, can take years to replace. The problem of turnover can be addressed through a variety of pro-active retention strategies: workplace policies and practices which increase employee commitment and loyalty. Employee engagement is one of the major retention strategies which reduce turnover and enhancing job satisfaction among employees. The paper is conceptual in nature and focuses on various aspects of employee engagement and how it reduces the turnover of employees

Our assets walk out of the door each evening. We have to make sure that they come back the next morning. (Narayana Murthy, Chief Mentor of Infosys)

Introduction

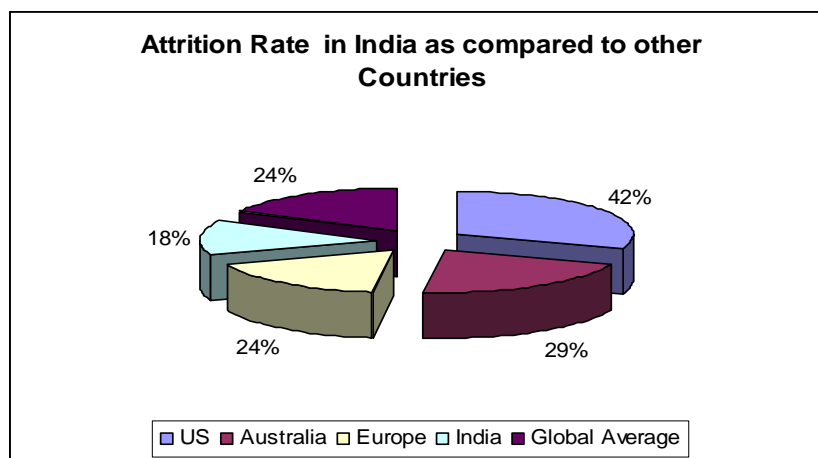
Turnover is a critical human resource issue in all sectors of the economy. Turnover affects productivity, product and service quality, and profitability. The cost of replacing workers is high, finding skilled employees can be difficult, and investments in training are less secured. However, impact is the loss to the organization of key skills, knowledge and business relationships when employees leave. In the current climate of lower employment and skills shortages, retaining existing employees has become a key business issue

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1	US	42%
2	Australia	29%
3	Europe	24%
4	India	18%
5	Global average	24%

Source-Times ,News New York



Causes of Employee Attrition:

In the best of worlds, employees would love their jobs, like their coworkers, work hard for their employers, get paid well for their work, have ample chances for advancement, and flexible schedules so they could attend to personal or family needs when necessary. And never leave. But then there's the real world. And in the real world, employees, do leave, either because they want more money, hate the working conditions, hate their coworkers, want a change, or because their spouse gets a dream job in another state. So, what does that entire turnover cost? And what employees are likely to have the highest turnover? Who is likely to stay the longest?

Each and every company faces employee turn over problem whether big or small. An employee leaves his present job for another job to get better pay package and good working conditions. Every Company calculates Employee attrition rate and takes measures to reduce it. A survey has found out that there are various reasons for Employee Attrition -

1. Higher Pay Package in another company,
2. Good working Conditions, in new company,
3. Opportunities for growth in new company,
4. Change of Place problem,
5. A better Boss in new company,
6. Brand Image of the new company,
7. Mismatch of Job Profile in existing company,
8. Lack of Empowerment and Employee Engagement,
9. Stress and Work-Life Balances,
10. Odd Working Hours,
11. Lack of Trust.

Impact of Attrition on Organization:

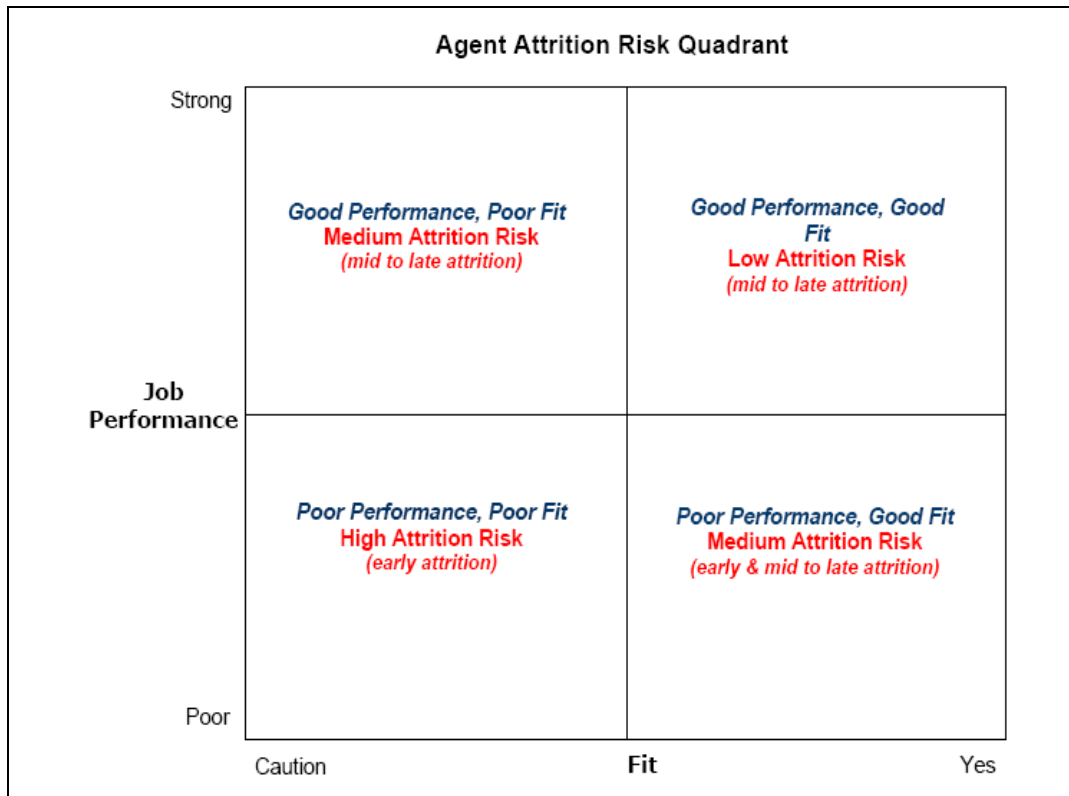
The impact of attrition on an organization will be adverse as it is not easy to find a substitute for a well trained employee. Employee attrition costs a lot to the company. When an employee quits, the need for replacement arises, the organization incurs some tangible costs. The major categories of costs on the account are:

- Cost of administration of the resignation
- Cost of covering during the period in which there is a vacancy
- Cost of administration of the recruitment and selection process.
- Cost of induction and training for the new employees.

A company has a training period of 3 to 6 months. During this time an employee is not fruitful for the company. If an employee leaves the company when he starts working, company suffers a big loss in terms of money as well as workforce. Every company takes measures to hold the talented workforce by means of perks, Increments, Bonus and extra facilities. No one wants to lose good brains to their competitors.

Attrition Risk Quadrant:

Attrition occurs at all stages, often for different reasons. Understanding attrition risk across the lifecycle is achieved by looking at a combination of performance and fit of Individual. The following chart lays out a method for assessing attrition risk. In this model job performance is based on performance against key metrics and fit is based on personality traits and cognitive abilities. Personality traits and cognitive abilities are "hard-wired" and have the largest impact on long-term success and attrition



FACTORS AFFECTING ATTRITION

Attrition with respect to Age:

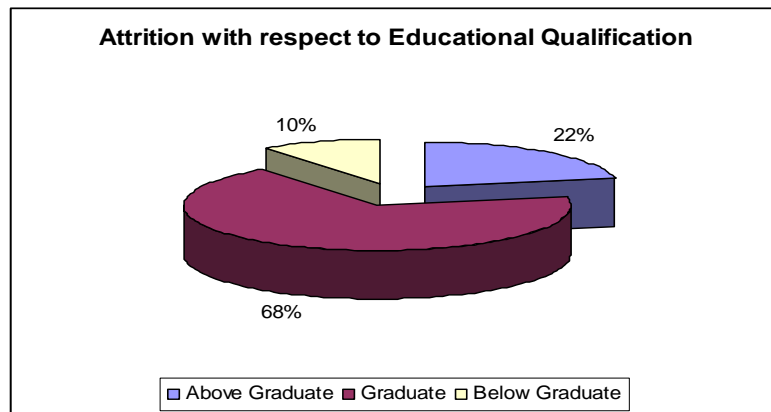
Age of the person affects the business all time. People too young would always prefer switching jobs and sometime middle aged people too. People with mid 40's always expect far more compensation even though they don't work aggressively like freshers. People of all ages have a common rule on their shift timings, that they require a shift which could be more flexible and easy for them. If they don't get the above, the choice is to leave.

Attrition with respect to Gender:

Gender is another criterion which is quiet essential to be considered. Many organizations nowadays have 50:50 workers ratio or at least in 60:40 range on an average. Men used to look for a challenging and competitive job. If they don't get any, they tend to search for some other job to satisfy their desire. On the other hand women mostly look for job comfort and are more frequent in switching jobs, compared to men.

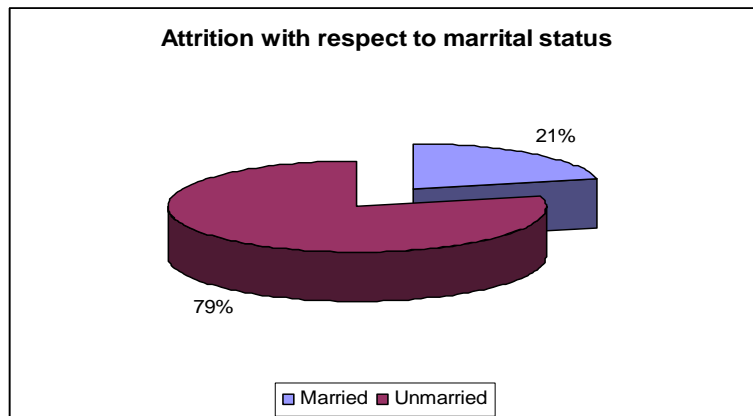
Attrition with respect to Educational Qualification:

Qualification of a person impacts his/her decision regarding companies. High Qualified people will always expect a better position suiting their profile and often look for better compensation. They will have high level expectations and will always look for better then best. Switching jobs is their regular job. According to our research study, majority (68%) of the respondents are graduates



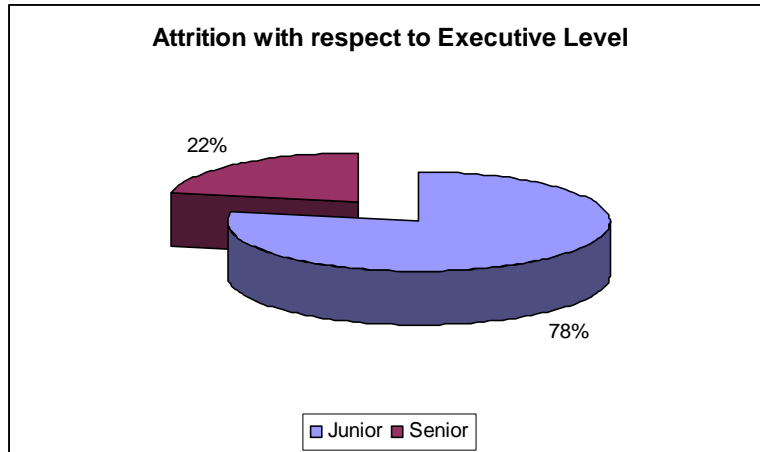
Attrition and Marital Status:

Employee's mind set changes with respect to marital status. If the employee is Bachelor/Spinster, the need will be quiet restricted. Where as the married person will always look for something extra for saving to meet his family's expectations. Bachelors spend mostly on parties and freak out, which is not the case when married and got children. Scanning for extra money will remain ever to overcome family's pressure. Hence people who are married always look for better compensation and job switch over happens most of the time. Most of the people (79%) who participated in the study are un-married.



Attrition with respect to Executive level:

Reduction in number happens in bulk among junior executives than seniors. Review shows almost 78% attrition in the company is due to the junior executives. They join the company, work for couple of months, if they are not satisfied or couldn't cope with the job profile, they quit. Some people if they are not promoted to next level try to find a better job. Only 22% attrition happens with senior level executives.



Attrition and Brand Value:

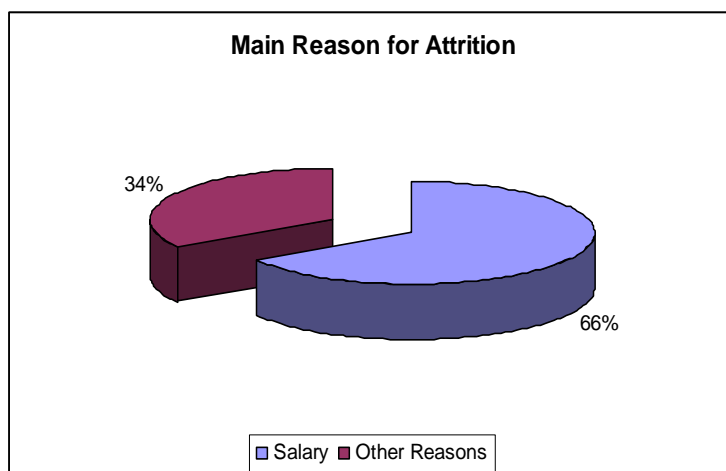
People generally like to work in a company which is highly branded and highly rated. People always prefer top class companies even if they have million opportunities. People of all age and gender prefer the same option. They expect to get more compensation and appraisal .

Attrition relating Shift Timing:

Shift timings are one of the basic and strong reasons for attrition. Companies started working on 24/7 basis having multi-shifts. The employees will be made to work on rotational basis. Many people don't prefer working in Night and tempt to leave the job. The research analysis shows that majority (59.5%) of respondents prefer working only in day shifts.

Attrition and Salary

High Salary = High Satisfaction. This is the common strategy with which every individual work. If you are not paid enough (or) if the competitor company promises to offer more, "job quit" happens. Salary has a direct impact on shift timing. If the person works at night, obviously more must be compensated. According to the research study majority of the respondents (66%) switch their job due to the salary

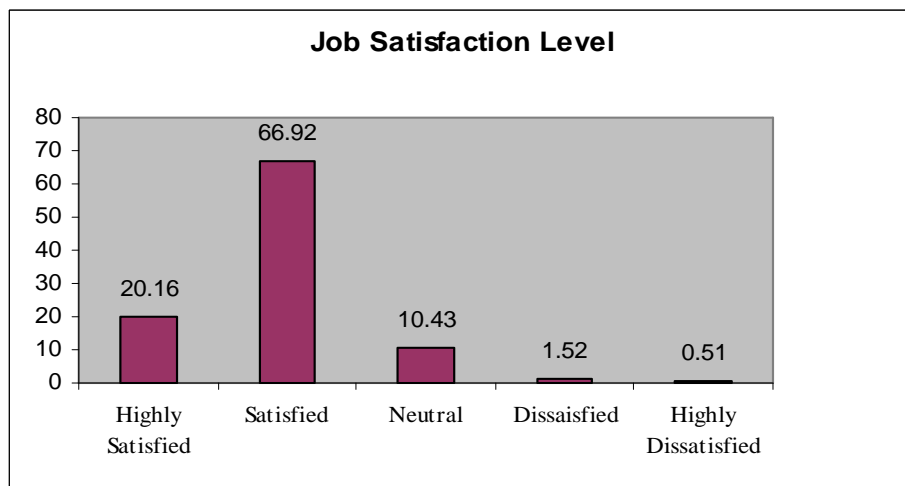


Attrition and Experience

Some people join as fresher, work for couple of years in the organization and gain good experience and knowledge on the field. The experienced will always expect more compensation and will look for growth vertically. If the person do not get his salary revised (or) if he is not given promotion, then he looks to switch over to another company that offers them better. People always look for a greater deal and will switch over if they find any such thing. The research study states that most of the respondents (42%) change their job after getting 1 to 2 years of experience in their current Company.

Attrition and Job Satisfaction

Job Satisfaction is a key thing which can decide attrition. It is quiet more credited compared to monetary values. If the Company has all good policies for the employees benefits and has a cool job, then the employee will be highly satisfied, which will increase company's turnover and reduce attrition



Job Satisfaction is an important factor which could reduce attrition. Satisfied employees become like pillars and the company grows with them consistently. Review showed that nearly 20.16% of people are highly 'satisfied with their job and with the kind of positions they hold. These are the people who have loyal concern towards their workplace and are the Brand Executors. Commitment and determination makes them stay, even when the company provides good pay and appraisal

As rightly said, "20% loyal customers generate 80% profit", the satisfactory employees build brand and generate revenue to the company. The review clearly shows nearly 66.92% of employees fall in satisfactory levels, who are satisfied with the kind of job they do and pay factor. These people are not just satisfied in terms of monetary value but also with regards to other policies and procedures of the company. They constitute and work towards the achievement of company's goal. It's quite essential for the companies to keep them as such.

About 1.52%, employees go dissatisfied in every company. They seem to be unhappy with the job they possess. They always criticize the company rather than finding way for improvement. 0.51 % seems highly dissatisfied and thus these categories go on quitting and changing jobs. These people might have been in a low % comparatively, but the companies need to assess them closely.

Review shows, few people neither like nor dislike their job. They don't have satisfaction, similar way they are not dissatisfied too with their work. Nearly 10.43% employees fall in this category. These employees are comfortable with the salary, compensation and appraisals, but are not happy with the project they work for and the higher authorities they report to. Hence they go neutral with their Job satisfaction and are only minor factors regarding Attrition.

Combating Attrition: Best Practices for Employee Satisfaction and Retention

Competitive and Fair Compensation is a fundamental starting point in most strategies to attract and retain employees. However, there is general agreement that compensation levels do not single-handedly guarantee employee retention. Common best practices include the use of industry surveys to benchmark and position wage and salary structures to be fair and competitive.

Adequate and Flexible Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place. Many companies are responding to the increasingly diverse needs of their employees by introducing a greater element of choice in the range of benefits from which their workers can choose. Flexibility in benefits packages can enhance retention, as it creates responsiveness to the specific needs and circumstances of individual employees.

Innovative Compensation Systems and practices can have a positive impact on employee retention by motivating membership-oriented behavior (commitment). Pay systems may also affect knowledge sharing and transfer if sharing, teamwork, suggestions, etc. are rewarded or recognized. Innovative compensation systems include gain sharing, skill-based pay and various types of bonus plans.

Recognition and Rewards include a diverse range of formal and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff. They include such things as employee of the month awards, company-sponsored sports teams and social events, prizes, clothing, and so on. Recognition and rewards can contribute to a workplace culture of respect and appreciation for employees and work well done, and thereby reinforce employee commitment to the firm.

Strengthen the Recruitment Process

Employee retention invariably depends upon effective recruitment. When an organization hires an employee who has the right mix of skill set and personality, he is pretty much likely to stick to his job. It is quite necessary for an organization to have cleared, accurate and a very transparent recruitment process. It is equally important to be frank and realistic with potential hires. Companies, in their desperate bid to sell themselves to a prospective recruit, should not promise the moon.

Training, Professional Development, and Career Planning are effective ways to enhance employee retention. Training constitutes a visible investment that the company makes in the worker, providing him or her with new skills, and greater competencies and confidence. Training often leads to work that is more intrinsically rewarding.

Combined with effective communication about how an employee's efforts at developing skills will lead him or her to more challenging and meaningful positions *within* the company, training encourages workers to make longer term commitments to their workplace: it permits them to see a future with the company.

Healthy Workplace or Wellness Initiatives take on a variety of forms, including those directed at the physical work environment (cleanliness, safety, ergonomics, etc.); health practices (supporting healthy lifestyles, fitness, diet, etc.); and social environment and personal resources (organizational culture, a sense of control over one's work, employee assistance programs, etc.). Healthy workplace initiatives not only improve the health and well-being of individual employees, but contribute to business performance objectives including employee retention.

Eliminate the Poor Managers

A good deal of research ascribes the alarming level of attrition to weak bosses. Leadership style of the boss has a strong impact on the employees. Employees tend to look upon a good supervisor as "A wind beneath their fluffy wings". At the same time, employees blanch at the possibility of dealing with a weak boss, who does not wield any influence in the organization. Employees may call it a day rather than do business with a leader who doesn't pack the punch. The way forward is to ease out the weak manager and rope in a new manager who can script a compelling vision, communicate it convincingly to people down the line and spearhead initiatives in line with the broader strategy of the company.

Show Deadwood the Door

Employers often hate the presence of underperformers within their work unit. Invariably, underperformers shy away from responsibility, passing on the burden of extra work to the other members. The presence of such underperformers is quite widespread in many companies. Companies treat such underperformers with kid gloves, leading to huge build-up of resentment and consequently high attrition. The whole exercise of eliminating the deadwood may be unpleasant. But then there is no gain without pain.

Involvement of Employees in Decision Making Process

Employees like to be a part of an organization where their voices are heard and opinions really matter. The greater an employee's involvement in decision-making process better is the organization's ability to retain its talent.

Work- Life Balance

Achieving a good balance between work and personal life and responding to the needs and expectations of an employee plays very crucial role in employee retention. Companies can reach out to the employees by introducing raft of initiatives such as work from home, part-time working, flexitiming and telecommuting. Companies can put in place work structures that can create these opportunities and create .. a very balanced professional-personal life for their employees

ESOP-A Best Retention Tool

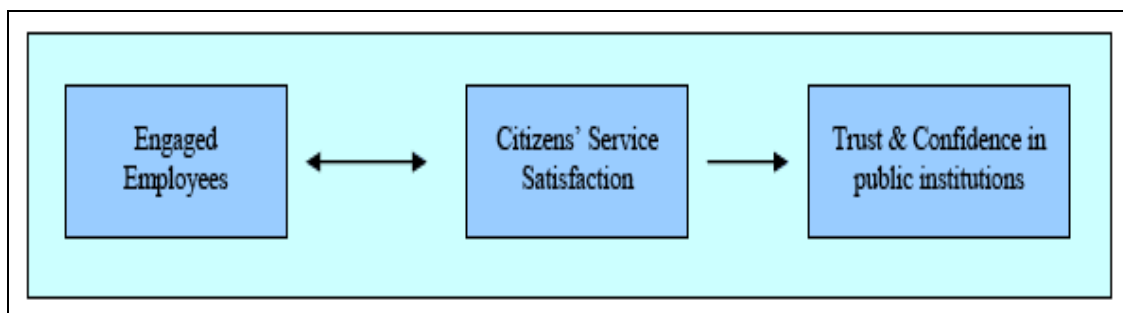
The new millennium powerful aphrodisiac for the despondent, disillusioned and distraught HR practitioners is the ammunition called Employee Stock Option Plan (ESOP). The underlying objective of ESOP is to attract, reward and retain the best of the talents and generate a strong sense of ownership in the company. In this age and time, where knowledge is considered as vital to make strides, ESOP is such a dynamic HR tool for retaining the best talent.

Employment Branding Holds the Key

At a time, where companies are outdoing each other to recruit the best of the talent, employer needs to be more visible in the crowd. Employment brand can help build the perception about an organization as "employer of choice". This will help bring down the attrition rate. An employee always strives hard to join reputed and a well known, company. This could be done by building the brand, which results in attracting and retaining the best talent. Employment brand should be rooted in reality. Any chasm between the brand claims and ground reality could prove to be a counter-productive move, leading to employee exodus.

Employee Engagement

Employee Engagement is one of the most widely used Retention strategies now a days. Researchers say "Don't try and control attrition, instead focus on recruiting and developing engaged employees". Employee engagement can be defined as an employee putting forth extra discretionary effort, as well as the likelihood of the employee being loyal and remaining with the organization over the long haul. An engaged employee is much more satisfied with his/ her job and do not think to leave the job. The following Fig. shows how employee engagement results in trust and confidence into the organization -



CONCLUSION:

In the current scenario where every organization wants to be at its competitive best, high attrition rate can really act as a threat to their success. Although there is no fail-safe solution to bridle attrition, by carefully fine-tuning and alignment employee aspirations with the organizational goals, the rate of attrition can be substantially reduced. First and foremost, it is critical to have a proper hiring system & Process to ensure that only the right talent is recruited. Opportunities should be provided for periodic skills up gradation for the growth & development of employees. Management also needs to address other aspects, like providing a secured career, benefits, perks and communication to keep employees 'glued' to the company. The attrition can be tackled by focusing on retention policies, providing more satisfaction to the workforce by giving them some extra benefits and treating employees in the same way as one treats customers.

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