HUMAN RESOURCE MANAGEMENT

SEMESTER – III

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UNIT – IV

EMPLOYEE RETENTION

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joinee, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

Retention of productive employees is a major concern of HR professionals and business executives. It is more efficient to retain a quality employee than to recruit, train and orient a replacement employee of the same quality.

Fairness and transparency are fundamental yet powerful concepts that can make a lasting impression on employees. According to HRM's Employee Job Satisfaction and Engagement: The Doors of Opportunity are Open research report, employees identified these five factors as the leading contributors to job satisfaction:

1. Respectful treatment of all employees at all levels;
2. Compensation/pay;
3. Trust between employees and senior management;
4. Job security; and
5. Opportunities to use their skills and abilities at work.

Employee job satisfaction and engagement factors are key ingredients of employee retention programs. The importance of addressing these factors is obvious, but actually doing so takes time and these tasks are often left for another day. However, the payoff of focusing on employee retention—in terms of increased performance, productivity, employee morale and quality of work, plus a reduction in both turnover and employee-related problems—is well worth the time and financial investment. The bottom line is that by managing for employee retention, organizations will retain talented and motivated employees who truly want to be a part of the company and who are focused on contributing to the organization's overall success. .

EFFECTIVE EMPLOYEE RETENTION STRATEGIES

A successful employee retention strategy requires you to think about things from the team's point of view. No two employees are exactly alike, of course; each has unique desires and goals. But all of them want to feel appreciated by their employer and treated fairly. They want to be challenged and excited by their work. And they want to be paid at or above market rates with good benefits.

All of these concerns are important, but managers serious about retention do more than just the bare minimum. You should consider every area of the employer-employee relationship in developing your organization’s plan for keeping workers happy. Here are 14 areas where strategic initiatives can boost employee retention:

1. Onboarding and orientation — Every new hire should be set up for success from the very start. Your onboarding process should teach new staff members not only about the job but also the company culture and how they can contribute and thrive. Don’t shortcut this important first step: The training and support you provide from Day One can set the tone for the employee's entire tenure at the company.

2. Mentorship programs — Pairing a new employee with a mentor is a great component to add to your continuing onboarding process. Mentors can offer guidance and be a sounding board for newcomers, welcoming them into the company. And it’s a win-win: New team members learn the ropes from experienced employees, and, in return, new hires offer a fresh viewpoint to your mentors. Employees’ work supervisors shouldn’t double as mentors, however.

3. Employee compensation — It's absolutely essential in this competitive labor market for companies to offer attractive compensation packages. That includes salaries, of course, but also bonuses, paid time off, health benefits and retirement plans. Every employee should have a full understanding of the benefits they receive from your organization from the beginning.

4. Perks — Whether it’s paid time off for volunteering, occasional catered lunches or free snacks and coffee every day, perks can make your workplace stand out and boost employee morale. Some companies negotiate group discounts on big-ticket purchases, from cars and homes to smartphones and home security systems.

5. Wellness offerings — Keeping employees fit, mentally, physically and financially, is just good business. Of employers polled for a Robert Half survey, 74% said they have mental wellness offerings of some sort, such as stress management programs. Sixty-five percent of employers offer financial wellness resources, such as retirement planning or credit counseling. And 63% said they provide gym access, incentives for engaging in healthy behavior or other physical wellness options.

6. Communication and feedback — Keeping open lines of communication is a formal way of describing a practice that's essential for employee retention. Your direct reports should feel they can come to you with ideas, questions and concerns, and they expect you to be honest and open with them about improvements they need to make in their performance. Make sure you connect with each staff member on a regular basis — don't let performance issues build up pending the annual review.

7. Annual performance reviews — Even if you've met with employees throughout the year to check on their job satisfaction, never skip a regular big-picture conversation. This is when you'll discuss short- and long-term goals and talk about their future with the company. While you should never make promises you can't keep, you can talk through potential advancement scenarios together.

8. Training and development — Make it a priority to invest in your workers' professional development and seek opportunities for them to grow. Some companies pay fees and travel for employees to attend conferences or industry events each year, provide tuition reimbursement, or pay for continuing education training.

9. Recognition and rewards systems — Every person wants to feel appreciated for the work they do. Make it a habit to thank your direct reports when they go the extra mile, whether it's with a sincere email, a gift card or an extra day off. When you show your appreciation to employees, explain how their hard work helps the organization. Some companies set up formal rewards systems that incentivize great ideas and innovation, but you can institute recognition programs even on a small team with a small budget.

10. Work-life balance — What message is your company culture sending? Be careful to avoid having a culture that encourages and rewards around-the-clock availability. Expecting staff to regularly work long hours and be at your beck and call is not conducive to employee retention. A healthy work-life balance is essential to job satisfaction, and people need to know that their managers understand they have lives outside of work. Encourage staff to take their vacation time, and if late nights are necessary to wrap up a project, see if you can offer late arrivals or an extra day off to compensate.

11. Flexible working arrangements — Some organizations allow staff to choose a compressed workweek (e.g., four 10-hour days) or flextime, where employees are on the clock, say, from 6 a.m. to 4 p.m. or 10 a.m. to 7 p.m. The ability to telecommute — and avoid sitting in traffic — one or two days a week can be a significant stress reliever and retention booster.

12. Dealing with change — Every workplace has to deal with change, and staff will look to leadership for reassurance. If your organization is going through a merger, a layoff or another big shift, keeping your staff as informed as you can will help you manage the rumor mill. Make big announcements face to face, either individually or in a group meeting, and make sure you allow time for questions.

13. Fostering teamwork — When people work together, make sure everyone, not just your team's stars, has a chance to contribute ideas and solutions. Further foster a culture of collaboration by accommodating individuals' working styles and giving them the latitude to make smart decisions.

14. Acknowledge milestones large and small — Whether the team just finished a huge project under budget or an employee celebrated a 10-year work anniversary, seize the chance to celebrate together with a shared meal or group excursion.

RETIREMENT

Retirement In India, the retirement age is 58 or 60 years. Some employers may extend the age upward or downward from this base. For those employees who retire, it is a significant milestone. Regardless of the age at which retirement occurs, workers may need preparation through counselling. They should be informed about pension choices and insurance benefits after retirement. Employees at retiring age often feel they could continue to work effectively and there is a strong resistance from many to give up employment. For an organization, in times of staff shortage, retired employees are of great help.

EMPLOYEE SEPARATIONS

Employee separation is a sensitive issue for any organization. Usually, an employee leaves the organization after several years of service. Thus, the permanent separation of employees from an organization requires discretion, empathy and a great deal of planning. An employee may be separated as consequence of resignation, removal, death, permanent incapacity, discharge or retirement. The employee may also be separated due to the expiration of an employment contract or as part of downsizing of the workforce. Organizations should never harass the employees, especially in the case of resignation, just because they are quitting the organization. In fact, a quitting employee of the organization must be seen as a potential candidate of the future for the organization and also the brand ambassador of its HR policies and practices. However, many organizations are still treating their employees as "expendable resources" and discharging them in an unplanned manner whenever they choose to do so.

Each organization must have comprehensive separation policies and procedures to treat the departing employees equitably and ensure smooth transition for them. Further, each employee can provide a wealth of information to the organization at the time of separation. Exit interviews can be conducted by the HR department to ascertain the views of the leaving employees about different aspects of the organization, including the efficacy of its HR policies.

REASONS FOR SEPARATION OF EMPLOYEES

Employee separation constitutes the final stage in the staffing process of an organization.An employee can leave the organization for any reason which he deems fit for seeking separation. However, separation is classified basically into two types. These are: voluntary separation and involuntary separation. Voluntary separation refers to the separation of employees on their own request, while involuntary separation means the separation of employees for organizational reasons which are beyond the control of the employees. We shall now discuss the causes of these separations in detail.

Voluntary Separation Voluntary separation, which normally begins after a request is placed in this regard by the employee, can happen due to two reasons: professional reason and personal reason. We shall now discuss these reasons in detail.

Professional reasons Employees may seek separation when they decide to seek better positions, responsibilities and status outside the present organization. Efficient employees would seek to expand their realm of knowledge and skills continuously by working in different capacities/positions in various

organizations. In their quest for greater responsibility, power and status, they may seek separation from the organization.

Personal reasons The important personal reasons for voluntary separation are relocation for family reasons like marriage of the employees and health crisis of family members, maternity and child-rearing. For instance, when working women get married, they often prefer to settle in the partners place of occupation. Similarly, an employee may seek voluntary separation to look after the child or parent.

Involuntary Separation As mentioned earlier, an involuntary separation is caused by the factors which remain beyond the purview of the employees. However, these factors may be classified broadly into health problems, behavioural problems and organizational problems. We shall now discuss these factors in detail.

Health problems Major health problems crippling the employees may make them invalid or unfit to continue in the profession. For instance, accidents causing permanent disabilities and illness of the employees like brain stroke and other terminal illnesses can lead to their involuntary separation. Death of employees is another factor which results in their involuntary separation.

Behavioural problems An employee's objectionable and unruly behaviour within the organization may also lead to his involuntary separation from the organization. When the employees behaviour is unethical or violates the code of conduct in force, the organization may initiate disciplinary actions, which may eventually result in his termination. This may constitute an act of involuntary separation. Consistent failure to reach performance goals by an employee can also result in his involuntary separation.

Organizational problems Organizational problems are another important factor that contributes to the involuntary separation of employees. The poor financial performance of an organization may cause it to terminate the services of some of its employees as part of cost control measure. Such terminations are also classified as involuntary separation. Similarly, automation, organizational restructuring and rationalization can also result in employee termination, discharge or layoff, broadly called involuntary separation.

EMPLOYEE MORALE

Employee morale is defined as the attitude, satisfaction and overall outlook of employees during their association with an organization or a business. An employee that is satisfied and motivated at workplace usually tend to have a higher morale than their counterparts. Employee engagement and employee satisfaction play an important role for employees to be happy in their workplace.

On the contrary, employees who are not happy in their workplace, who constantly complain and crib about the various attributes in an organization, like employee policies, workplace culture, facilities at work etc. tend to have a low employee morale. This is quite evident in their behavior. Employee morale is a complex concept because it involves a lot of factors that affect their morale. Employee morale is vital to organization culture- a positive collective attitude will create a positive working environment for everyone. If your organization has a poor morale or a culture of suffering then there is a possibility that in your organization employees have a low or negative morale that can adversely affect the productivity of the organization. It can most certainly lead to greater employee attrition, just to begin with.

So how can you measure the morale of employees? It’s easy! Here are a few tips that you can use to check if the employee morale is high or not:

1. Stay connected with your employees: A feedback is an effective mechanism to stay in touch with your employees. Deploy an employee engagement survey at timely intervals to get first-hand feedback about how engaged or motivated are your employees. The responses to the survey will help you determine their attitude and in turn their morale.

2. Your managers must be coaches: Over the last decade or so, the definition of a manager has slightly shifted from being a taskmaster to a coach. Your managers should be like coaches. They should be able to help employees learn and grow within the organization. A good manager or a supervisor will not only motivate an employee to perform better but also help them resolve problems and related issues.

3. A good workplace culture: Like you cannot simply induce employee engagement, you cannot expect that a negative work culture will help induce a high morale. A good work culture will help employees settle in faster especially the new employees. New employees are most susceptible to workplace gossips. One negative word can make them doubt their decision to be in the organization thus affecting your employee Net Promoter Score**.**

Factors Affecting Employee Morale

Employee morale is a complex phenomenon and depends on various factors. Here is the different criterion that affects employee morale:

1. Organization Itself: While it may sound surprising, but the organization itself is one of the biggest and most important factors that affect employee morale. An organization influences an employee's attitude towards his/her work. The reputation of an organization can certainly build up for better or worse, their attitude towards it.

2. Type of work: The nature of work an employee is performing at his/her workplace also is greatly responsible to determine the morale. If the employee is expected to perform the same task day in and out, there is going to boredom associated with it sooner or later. It can make situations worse for an employee. Unorganized organization structure also affects employees, if the employee feels that he/she is just a cog machine in a factory line, instead of a real person, this too may adversely affect their morale.

3. Personal attributes: Mental and physical health play an important role in determining employee morale. If the employee is not physically or mentally fit, this can be a potential obstacle in their progress and learning at their workplace. There are also other important factors that concern their progress and in turn their morale: age, education qualification, years of experience, occupational levels, reward perception, and similar factors.

4. Supervision and feedback: The level of supervision received by an employee is a tremendous factor that affects the morale. If the employees feel they have no direction or don't understand the organizational goals and commitments, then it the job of the superiors and the leadership in the

organization to get them on the same page. But there should not be too much interference too if the employees are given the freedom to work their morale will be high.

5. Work-Life balance: Most organization fail to recognize the importance of a healthy work-life balance. It is important that the employees have some activities to relax while they are at work. It's not just about the foosball culture or an inventory stuffed with food. It is important that proper guidance and counseling is given to the employees whenever needed.

Simple Ways to Boost Employee Morale

Employee morale is determined by how employees view their work environment and their overall level of satisfaction in their workplace. Employee morale has a direct effect on employee retention. A disinterested or unhappy employee will not stay for long in an organization that he/she cannot rationalize their goals and progress with.

Here are the 4 simple ways of boosting employee morale in your workplace as mentioned by HR leaders across the globe:

1. Streamline work based on skills: It is important for the Human Resources to recruit and assign people based on their skillset. You cannot hire a lawyer and expect him/her to carry out tasks that you would expect an engineer to do. Allowing people to work based on their competency is a win-win situation for both employees and employers.

Talent management is complex, yet necessary. If you cannot manage your employees and assign them tasks that they are hired to carry out then it's time to rethink your strategies because clearly, they will not yield the expected results. Therefore, make sure you invest in a competent human resources team, so the talent that is acquired performs well and stays happy.

2. Train them well for professional development: Most organizations fail to understand the importance of training their staff. Be it employee onboarding or any other formal training process, employees should be well-equipped to perform their tasks at work and achieve their goals. There should be a budget assigned at the start of the financial year that facilitates the training and development program.

These training will help employees sharpen their skills, which will not only benefit them but also the organization. A well organized and self-sufficient workforce is every organization's dream, so pay for these courses that ignite imagination and spark curiosity, build confidence and leads to a high morale workforce.

3. Recognize and reward employees: Employee recognition and reward keeps your workforce motivated. When, as a leader, you create an environment where good work is appreciated, employees feel empowered and take a personal interest in the tasks they are assigned to them.

The purpose of employee recognition should be to reinforce what an organization wants an employee to do more. When an employee performs well to make sure to applaud his/her hard work and achievements. This will bring confidence to them to align their personal goals with that of the organization's goals.

4. Be open to feedback: Many organizations today, promote the open door policy, where an employee is free to express what they feel to their superiors or their reporting authority because they are open to feedback. If your employees know their voice is being heard and they are considered as an integral part of the organization, this will reflect in their confidence.

If the employees feel they cannot share information with you, there are greater chances that the information will never be conveyed to you rather will just make rounds within the team and you will be alienated from whatever is happening in your own team. Instead be receptive to feedback, transparency is the need of the hour for most organizations and so it should be.

Finally, employee morale is not just the employee's responsibility or attitude. It is a collective responsibility of the employees and the organization to provide a conducive working environment and a workplace culture that exudes positivity and goodwill. Work culture is because of the employees and they should know the importance of values and morale. To achieve the best, it is important to first be the best.

PRODUCTIVITY

What is Productivity?

Productivity is defined as the amount of output obtained per unit input employed in the form of labour, capital, equipment and more. There are varied ways of measuring productivity as per the industry under consideration. For example, in a factory the productivity can be measured by taking into consideration the number of hours needed for production of a unit, whereas in services the efficiency of an employee is the revenue generated by him/her with respect to the salary he draws from the organisation.

Productivity is built on the pillars of teamwork and zeal for achieving the shared vision of the organisation and its employees. High productivity can only be ensured if there is a willingness to keep learning and upgrading one's skills at all levels. Also, every individual's role is valued and they are given a sufficient opportunity to express their ideas for the betterment of the organisation.

Steps to Improve Productivity

There are several means to improve workplace productivity. Some of them are mentioned below:

1. Innovative and high-performing employees: For HR managers, the biggest challenge in maintaining team productivity is to hire, develop and retain employees which are self-motivated, agile, have good capabilities and are continuous learners.

2. Effective management: Even the best employees cannot perform effectively without the presence of a proper support and supervision system. A great manager is another important factor. Leaders define the direction, goals, roles and purposes of the workforce and also prioritise them. They are also instrumental in providing the much needed tools and resources for employee development. HR must step in when they find that managers are the weak link in ensuring efficiency and try to develop great managers.

3. Performance metrics: Having an effective system for measuring and reporting processes and performance aids in reinforcing individual and team goals. Proper feedback and results help in achieving continuous improvement.

4. Effective rewards: Coupling performance and goals directly with monetary and non-monetary benefits can play a major role in ensuring high employee productivity.

CHANGE MANAGEMENT

With a great potential for fast change in modern business, as technologies improve and customer demands change, managers must occasionally make the difficult decision to restructure. For employees of an organization that may be at-ease with their work lives and job responsibilities, change can often be seen as a negative process. Fortunately, Human Resources (HR) professionals can implement change management techniques to minimize the negative consequences of change and ensure a smooth transition to a new work environment.

What Is Change Management?

Whenever an organization changes anything significant, it faces a significant period of transition as workers and managers adjust to their new responsibilities or work environments. Change management is a system of planning, analysis and execution that attempts to minimize both short- and long-term disruption to make the transition as seamless as possible.

HR professionals facilitate change management in two principal ways: 1) ensuring that general change objectives are met by participating in the planning and execution stages with other managers; and 2) using their familiarity with the organization's employees to understand their needs and expectations during a change. In many organizations, an HR professional is the key link between structural change managers and the employees who will be most affected by the change.

Benefits of Change Management

Change management helps organizations mitigate the negative effects of significant organizational change. The degree to which these negative effects are experienced depends on whether the change is at a small or large scale. Change can impact the workflows of workers, reduce morale, diminish product quality or lead to customer loss if not carefully considered. As an HR professional, a key responsibility is assessing the human impact of change and finding ways to encourage a smooth transition to new job responsibilities.

Developing a Change Management Plan

The first step in developing a change management strategy is to create a diagram that details the position descriptions and responsibilities for workers at all levels of a company. This is done so that managers have the most up-to-date information possible on the types of workers employed, their current duties and the degree to which these duties can be comfortably modified. This process is usually executed as a collaborative effort between project leaders and HR and tends to take the format of several small group meetings over a period of time.

The next phase involves analyzing current employee responsibilities and identifying how current employees can be successfully transitioned to the new organizational structure. In this phase, HR is responsible for meeting with employees and other members of the change management team to assess how well employees could adjust to new job duties. If current employees lack the skills or expertise needed to transition into a new position, this phase would also involve recruitment efforts for new talent.

In the third phase, HR professionals create an overall summary of the positions that will be strongly affected by the change, positions that will be somewhat affected and positions that should not be affected. This is done in the context of the new organizational structure, current employee skills and responsibilities and whether or not any new employees will need to be hired. The purpose of this overall process summary is to allow managers to more clearly understand how proposed changes will affect the employee makeup of the organization.

COMPENATON

Compensation refers to the remuneration that an employee receives in return for his/her services to the organization. Compensation management is an integral part of human resource management and helps in motivating the employees and improving organizational effectiveness.

Compensation is a comprehensive term which includes everything an employee receives in return for his work such as wages, salaries, allowances, benefits and services**.**

Although there is no basic difference between the term ‘wages’ and ‘salaries’, generally ‘salary’ is used for compensation to white-collar employees while ‘wages’ is used to denote the payment made to blue-collar workers. Another difference is that salaries are paid on a monthly basis whereas wages may be paid on hourly or daily basis.

Meaning of Compensation in HRM

Compensation refers to the remuneration that an employee receives in return for his/her services to the organization. Compensation management is an integral part of human resource management and helps in motivating the employees and improving organizational effectiveness

In organizations, determining the rates of monetary compensation is by far the most difficult functions of human resource management. It is not only complex, but significant both to the organization and its employees. Employee compensation decisions are crucial for the success of an organization. From a cost perspective, effective management of employee compensation is critical because of the existence of total operating costs.

Another reason for studying compensation from the organization's perspective is to assess its impact on a wide range of employee attitudes and behaviours and, ultimately the effectiveness of the organization and its units. Some of the organizational outcomes such as job satisfaction, attraction, manpower retention, job performance, skill acquisition, cooperation, and flexibility are directly influenced by compensation.

How is Compensation Used?

Compensation is a tool used by management for a variety of purposes to further the existence of the company. Compensation may be adjusted according the business needs, goals and available resources.

Compensation may be used to:

a. Recruit and retain qualified employees.

b. Increase or maintain morale/satisfaction.

c. Reward and encourage peak performance.

d. Achieve internal and external equity.

e. Reduce turnover and encourage company loyalty.

f. Modify (through negotiations) practices of unions.

Objectives of Compensation Policy

The objectives of compensation policy are as follows −

- Allure suitable staff.
- Keep qualified personnel.
- Develop reward structures that are equitable with logical and fair pay relationships between differently valued jobs.
- Manage pay structures to mirror inflationary effects.
- Assure that rewards and salary costs handle changes in market rates or organizational change.
- Appraise performance, duty, and loyalty, and provide for progression.
- Abide with legal requirements.
- Maintain compensation levels and differentials under review and control salary or wage costs.

Importance of Compensation Management

A good compensation is a must for every business organization, as it gives an employee a reason to stick to the company.

An organization gains from a structured compensation management in the following ways −

- It tries to give proper refund to the employees for their contributions to the organization.
- It discovers a positive control on the efficiency of employees and motivates them to perform better and achieve the specific standards.
- It creates a base for happiness and satisfaction of the workforce that limits the labor turnover and confers a stable organization.
- It enhances the job evaluation process, which in return helps in setting up more realistic and achievable standards.
- It is designed to abide with the various labor acts and thus does not result in conflicts between the employee union and the management. This creates a peaceful relationship between the employer and the employees.
- It excites an environment of morale, efficiency and cooperation among the workers and ensures satisfaction to the workers.

Types of Compensations

We have learnt about what compensation and its importance is. However, when it comes to an organization, be it private or public, compensations are further divided into the following −

Direct Compensation

It is naturally made up of salary payments and health benefits. The creation of salary ranges and pay scales for different positions within an organization are the central responsibility of compensation management staff.

Direct compensation that is in line with the industry standards facilitates employees with the assurance that they are getting paid fairly. This helps the employer not to worry about the costly loss of trained staff to a competitor.

Indirect Compensation

It focuses on the personal encouragements of each individual to work. Although salary is essential, people are most productive in jobs where they share the company's values and priorities.

These benefits can include things like free staff development courses, subsidized day care, the chances for promotion or transfer within the company, public recognition, the ability to effect change or bring some changes in the workplace, and service to others.

These are the two types of compensation that need to be managed and have its own contribution in the development of the organization. Moving forward, we will see the different components of compensation.

EMPLOYEE ATTRITION

Employee attrition is defined as the natural process by which employees leave the workforce – for example, through resignation for personal reasons or retirement – and are not immediately replaced.

Some forms of attrition are unavoidable, like if an employee is retiring or is moving to another city. But after a certain threshold, attrition can make a big dent in your company’s bottom line as well as its culture. In this primer, we tell you all you need to know about employee attrition, and how to measure it accurately.

Attrition is an inevitable part of any business. There will come a time when an employee wants to leave your company – for either personal or professional reasons.

But when attrition crosses a particular threshold, it becomes a cause for concern. For example, attrition among minority employee groups could be hurting diversity at your organization. Or, attrition among senior leaders can lead to a significant gap in organizational leadership. Do you know where your company stands on the employee attrition curve?

What Is Employee Attrition?

Employee attrition occurs when the size of your workforce diminishes over time due to unavoidable factors such as employee resignation for personal or professional reasons.

Employees are leaving the workforce faster than they are hired, and it is often outside the employer’s control. For example, let’s say that you have opened a new office designated as the Sales Hub for your company. Every salesperson must work out of this office – but a few employees cannot relocate and choose to leave the company. This is a typical reason for employee attrition.

But there are other reasons for attrition as well, including the lack of professional growth, a hostile work environment, or declining confidence in the company's market value. Weak leadership is another factor that often drives attrition among employees.

Employee attrition vs. turnover

When defining attrition, remember not to confuse it with turnover. Vacancies left by attrition aren't immediately filled up. This is because a lot of factors can contribute to attrition, including retirement, planned resignations, and structural changes.

Turnover, in contrast, is a more short-term metric. The dent made by turnover must be addressed immediately through rehiring.

What Are the Different Types of Attrition?

There are five types of employee attrition that you need to know of:

1. Attrition due to retirement

If two or three people have retired from your company this year, this is statistically too small an employee group to count under attrition. However, if a sizable chunk of your workforce retires at the same time, this can cause attrition.

Attrition due to retirement shouldn't be swept under the rug – your senior professionals may choose to retire early or become independent consultants due to factors other than age.

2. Voluntary attrition

This is the most common type of attrition, where employees decide to simply quit their jobs. There can be many reasons for voluntary attrition (more on that later) and most of them are in your control.

You should proactively try to curb voluntary attrition among high-value talent, as this can bring down your productivity over time. For example, if a company sees its marketing experts moving out of different business units, it's a clear cause for concern.

3. Involuntary attrition

In this scenario, it is the company and not the employee that initiates the exit. For example, the employee may have shown instances of misconduct in the workplace – a common reason for involuntary attrition. Structural reasons could also cause attrition. Mergers and acquisitions are often followed by a wave of involuntary attrition.

4. Internal attrition

Here, employees are quitting their jobs in one department to join another department. In some cases, internal attrition is desirable, as it routes talent towards more profitable areas. It also ensures better employee-job fitment.

But if a specific department has witnessed a high rate of attrition one year, it merits an investigation. Is there something missing in the job? Is the manager inadequately skilled? These are questions that HR needs to ask and find answers to.

5. Demographic-specific attrition

This is a significant concern for progressive companies trying to build an equal-opportunities workplace. Demographic-specific attrition means that employees from a single group – **women, ethnic minorities, people with disabilities, veterans, or older professionals – are leaving the company** in droves.

You need to immediately deploy employee surveys to identify the root cause of demographics-based attrition before it affects your workplace culture. A positive culture can be the antidote to the quitting epidemic.