Chapter 4
Attrition Risk Management

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ABSTRACT

A company cannot be successful if it fails to retain talent in the organization. They have to manage effectively their resources, comprising financial, psychical, and human resources. This is important because higher attrition rate can have various consequences that an attrition incident can cause. It can affect profitability, customer loyalty, revenue, and market image. This chapter aims to identify the antecedents and precedents of attrition in different sectors and evaluates the data received to understand the actual scenarios and its implication on future. This aspect is very important as employee attrition and retention strategies influence the trajectory of the organization.

INTRODUCTION

With the advancement in the area of human resource management, importance of humans in organization has increased. The more diverse workforce is coming under one roof, the more crucial the role of human resource managers is becoming in an organization. Organizations invest huge sums of money to recruit select and place the right person at the right job. Organization invests in training and induction program, provide rewards and compensations to attract and retain talents in their organizations (Bhatnagar, 2007). However, with the change in the mindset of the upcoming population, the employee attrition or employee turnover is creating a big risk towards the sustainability of the organization.

Some of the reasons that are creating attrition risk issues are job hopping, employee low job satisfaction, low compensation, disputes with colleagues and...

DOI: 10.4018/978-1-5225-4038-0.ch004
supervisors etc. The word ‘attrition’ refers to gradual loss of employees over time. When employees from an organization tend to leave the job frequently, it creates risk for the company and when this culture of leaving the job increases in an organization, it generates huge lot of concerns for the organization in terms of money and time invested in recruiting those candidates. It influences the overall work process and the profitability status of the company.

- The word ‘attrition’ refers to gradual loss of employees over time

On the other hand, when a company fails to satisfy the psychological expectations of employees, attrition happen. Every organization is supposed to nurture talents in their organization to compete in the market. Their employees are their asset to let them stand and survive in the market. However, when organization does not focus on the quality, skills, knowledge and potential of their employees, then there are higher chances to lose them soon. Higher level of influences the market image of the organization and reduces the chances of bright students to apply in the company in future. It may also lead to customer attrition as the customers were connected to the organization through that particular employee.

Thus, employee attrition is a big risk to the organization and requires effective management. This chapter deals with the varied aspect of attrition risk management and aims to give more awareness regarding the theoretical as well as research aspect of the topic.

Understanding teacher attrition is particularly important in contexts where economically and socially the costs of attrition are unbearable, teachers are becoming increasingly professionally and geographically mobile, and new management regimes are changing the nature of teachers’ work (Hatcher, 1994). Yet, the causes and effects of teacher attrition vary across cultures and socio-economic situations, teachers’ ages and specialties, and according to the research methodology employed (Chapman, 1994; Gritz & Theobold, 1996).

MEANING OF ATTRITION

The term attrition refers to total number of employees who have left the organization due to some reason. It can be defined as “A reduction in the number of employees through retirement, resignation or death” and also we can say it as “The rate of shrinkage in size or number”.

Attrition can be voluntary or involuntary attrition. Voluntary attrition means attrition due to the own will of the employee. This may happen due to personal or
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