

ATTRITION IN MANUFACTURING AND SERVICE SECTORS IN INDIA

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Abstract

Attrition is a critical issue in every sector and each company in these days. It's the major problem which highlights in all the organizations. Though this term is common, many would be at a loss to define what actually attrition is. Attrition is said to be the gradual reduction in the number of employees through retirement, resignation or death. It can also be said as Employee Turnover or Employee Defection. Whenever a well-trained and well-adapted employee leaves the organization, it creates a vacuum. So, the organization loses key skills, knowledge and business relationships. Modern managers and personnel administrators are greatly interested in reducing attrition in the organization, in such a way that it will contribute to the maximum effectiveness, growth, and progress of the organization. In India, rate of attrition increasing gradually since 2009, first time in 2016 it came down slightly.

Keywords: Attrition, Retaining Employees, Manufacturing Sector, Service Sector, Organization.

Introduction

Every organization invests its money and resources to train new employees. Employees in turn work hard, upgrade their existing knowledge and contribute in their own way to increase the productivity of their organization. It is thus important for an organisation to make attempts for retaining such employees who got training and become useful for the organisation.

Every employee in his/her tenure acquires some set of skills through his/her experience, exposure, trainings and so on which further increase his/her productivity eventually benefitting the organization. Knowledge and expertise which employees develop in due course of time to further increase the productivity of organizations refer to human capital. Every employee tries best to sharpen his/her skills during his/her stint with the organization. Employees for an organisation acts as collective stock of skills, attributes, knowledge and expertise which further plays an integral role in increasing the productivity of the organization.

A set up where individuals come together and work in unison to achieve a common goal is called as organization. Individuals working together in an organization to earn their bread and butter as well as make profits are called employees. Employees are the lifeline of an organization and contribute effectively to its successful running and profit making. An organization can't survive if the employees are not serious about it and are more concerned about their personal interests.

Attrition in business can mean the reduction in staff and employees in a company through normal means, such as retirement and resignation, attrition usually can be described as a reduction in workforce. Attrition occurs when an employee retires or when the company eliminates his job. Attrition due to layoff, reduction in force or job elimination is typically involuntary because the employment relationship ends based on the employer's circumstances, not the employee's decision to leave.

This type of reduction in staff is one way a company can decrease labour costs: the company simply waits for its employees to leave and freezes hiring. Such a method contrasts with more severe

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