

Study on the Most Determining Factor of Employee Attrition I.E. Age Factor

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Abstract:- The employees of an organization are the fuel for its machine running successfully over the years. However, the management has failed to give due consideration and recognition for their contribution. Reducing employee engagement and steadily climbing employee attrition are those factors that have raised the red flag on the image and brand value of the company in the market. This study focuses on the reasons for the lack of employee engagement in the organization and the resulting employee attrition. The study gives special weightage to the age factor in determining the statistics of employee attrition worldwide. It also comes up with the suggestions and the corrective measure to bring down the shooting meter.

Keywords:- Employee attrition, Employee engagement, Age factors, Generations

I. INTRODUCTION

Employees are the most crucial part of the internal business environment for any organization. As crucial as their character, labeling them as the lifeblood of the organization will not be the exaggeration of the fact. Two or more companies can manage to have equal resources in terms of financial status, but they can't be even in terms of their human resources. It is the workforce of the company only that gives the edge to it in the competitive world. Regardless of the shift towards technological advancement, the workforce of the company has no substitute for it.

Despite such an essential role in the organization, employees do not enjoy the treatment they get from the company. The list of reasons for this dissatisfaction can be as long as the weekend shopping, but meagre compensation, management of the company, workplace recognition, and work-life imbalance are some of the explanatory factors for increasing employee attrition. Employment mismatch and lack of investment in employees also form a part of such factors.

Employee attrition is a combination of two words, namely - employee and attrition. An employee is a person who is employed by the company (employer) for a specific job position at a fixed salary. Attrition is the process of making something weak and destroying it.

In the context of the business environment of an organization, Employee attrition is the reduction in the workforce of the company for some voluntary and involuntary reasons. The steady decrease in the employees of the organization weakens the company, and this is the

resemblance between the words employee attrition and attrition.

Employee attrition, in Human Resource terminology, refers to the phenomenon of employees leaving their organization.

Increasing employee attrition can terribly affect the market reputation and competitiveness of the company. Losing your employee staff will impact directly as well as indirectly. Recruiting new talent to fill the vacant job position without an employment mismatch is a nerve-racking job. The organization also has to invest in his training and development accordingly. During the entire recruiting process, the workload is born by the existing employees that challenge their productivity and efficiency level. Most of the organizations are facing the same problem of employee attrition and now have realized the essence of employee retention. Losing an employee also disturbs the balance of the team for a project in the organization. Employees not only lose their teammate, but it also concerns their morale and their position in the company. The investment of the organization on the leaving employee in terms of training and development also gets wasted. Though many organizations are now taking corrective measures in the direction of employee retention and restraining the employee attrition, these measures don't guarantee cent percent success. Therefore, organizations must have insights into employee attrition to reduce its raising meter.

II. ATTRITION RATE

Employee attrition rate refers to the rate at which the employees leave the organization. It helps the organization in identifying the number of employees leaving the organization during the given period.

A. Calculating of attrition rate

Attrition rate can be calculated using the following formula -

Attrition Rate = (number of separated employees / number of employees) *100

III. TYPES OF EMPLOYEE ATTRITION

Employee attrition can be broadly classified into two categories, namely - voluntary attrition and involuntary attrition. However, there are other categories as well in which employee attrition is defined, and they are positive attrition, negative attrition, internal attrition, and external attrition. To have a clear understanding of all these terms, they are explained below -

A. Voluntary attrition

Voluntary attrition is when the working employee leaves the organization for better opportunities, better compensation, more career growth, or any personal or professional reason. In the case of voluntary attrition, it is an employee's own decision to leave the organization.

B. Involuntary attrition

When the employee part ways with the employer or in other words, when the employer decides to terminate the employment contract with the working employee that is called involuntary attrition. The decision making power lies in the hands of the employer, not employee.

i. Termination

When the employer terminates the employee from his job, that is called involuntary termination. The employer can cease employment contract for any reason.

ii. Retrenchment

It is an involuntary separation of the employee from the company. It may be when the company decides to reduce its workforce or due to the closure of the department.

C. Positive attrition

Employee attrition is always bad is just a myth. Positive attrition is when the loss of employment is for the betterment of the organization. When the new talent is more qualified and competent than the leaving employee, then it can be said as positive attrition.

D. Negative attrition

Negative attrition is the loss for the company. It is a complete reverse of positive attrition. Unlike positive attrition, when the company loses a competent and well-qualified talent within a short span of time, even when they wish to have him for a longer period of time is referred to as negative attrition.

E. Internal attrition

It is when the working department of the employee is changed. There are times when an employee is transferred to another department in a similar organization where his skill set can be utilized in the best possible way.

F. External attrition

External attrition is when the employee leaves the organization for any reason. The organization and its HR department need to have an eye on the external attrition as it degrades the overall image of the company in the market.

IV. AGE AS AN INFLUENCING FACTOR ON EMPLOYEE ATTRITION

To understand the impact of the age factor on the shooting employee attrition rate, one has to understand the bifurcation of the age into various groups. The entire

workforce of any workplace usually has five generations working there. All these generations have their independent and dependent role to play in the successful working of the company. These five generations are –

1. **Centennials, iGen, or Gen Z** - those who are born in and after 1996
2. **Millennial or Gen Y** - those who are born in and during the time of 1977 to 1995
3. **Generation X** - those who are born in and from 1965 to 1976
4. **Baby Boomers** - those who are born in and from 1946 to 1964
5. **Silent Generation or Traditionalists** - those who are born in 1945 and before

There is another generation, and that is **Xennials**. These are **micro generation** between **Generation X** and **Millennials** who are born between 1977 and 1985. Another name of this generation is the Oregon Trail Generation.

It was observed that the employees belonging to the generation of Centennials, who are born in and after 1996, tend to change their job more frequently than any of the other five generations. They change their job position at least once. The percentage of changing their job often keeps reducing with the increasing age group. This means that employees belonging to the generation of the Baby Boomers are repulsive to the practice of changing their job frequently. And, the employees of the Silent Generation have changed their job position scarcely. They prefer stability more and like to stay in their comfort zones. The tendency of changing jobs is moderate in Generation X as they prefer self actualization more and changes their jobs accordingly. Whereas, Gen Y changes their job more, depending upon growth and other factors but not consistently. Therefore, we could conclude as **Age is inversely proportional to Attrition**.

A. Compensation and age factor

The compensation, which is considered as the root cause of steadily rising employee attrition, doesn't attract the new talent the most. The Centennials and Millennials employees are more into career growth and opportunities. They prefer to work with a company that can boost their career and can give them fair opportunities to grow and learn in the long run. The least bothered age group for compensation is Generation X. The age group for which fair compensation matters the most are Baby Boomers and Silent Generation. Most of the employees of this age group left their organization for not getting competitive compensation.

B. Career growth and age factor

Career growth is one such factor that has been in the priority list of the employees of all the generations. The majority of Gen Y, Generation X, and Xennial employees mentioned the lack of career growth in the organization as one of the influencing factors for employee attrition. The Baby Boomers consider career growth as their priority and switch the job for the same reason.

C. Work-life balance and age factor

As a new talent, it is challenging for an employee to adapt to the new environment and understand the complexity of the organization. In the struggle to adapt to the new location and with people, Centennials often lose their balance between their personal and professional life. Most of the employees of Gen Z have concluded this as one of the reasons for switching their job. The least affected generation is Traditionalists, as they have been into this for long. They are much more aware of the working of the company, and their experience gives them an advantage every time they look for a new job.

D. Management and age factor

The management of the company and its environment is the foremost factor that centennials consider while opting for a job. Gen Z usually gets a warm treatment from the existing staff and management, so the case of employee attrition, for this reason, is less. But Generation X employees and baby boomers stated management effectiveness as one of the reasons for their attrition.

E. Age and other factors

Factors like gender issues, competency, and commitment don't bother much to any of the five generations. Be it Centennials or Silent Generation; they are repulsive to the practice of employee attrition for any of these factors. However, Millennials and Xennials do consider teamwork as the affecting factor whereas, iGen, Baby Boomers, and Traditionalists don't count teamwork as an influencing factor. For Generation X, the appraisal system of the company in which they are employed does make a difference in their decision to continue further with them as their employees.

V. CONCLUSION

Optimization of profit has always been the prime concern of the companies, but to achieve their goals and objectives, they need a competent and proficient man force. Therefore, it's high time that companies should focus on reducing their attrition rate. It is observed that there are different reasons of Attritionfor different age groups but most volatile are the Xennial, Millennial and Centennial. Centennials and Millennials choose to work for an organization that can provide them career growth and opportunities. Compensation also tops their list for leaving the company. For Generation X and Baby Boomers, work-life balance is another reason apart from the compensation scheme and career growth that affects employee attrition. For the Silent Generation, factors, including job satisfaction, management effectiveness, and the environment, are the influencing factors. Since all generations have their own respective priorities, therefore management should work differently in retaining the employees of a different generation with more focus on lower Age groups, because of their lower stability.

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