

# ATTRITION DYNAMICS: A COMPREHENSIVE STUDY OF CHALLENGES ENCOUNTERED BY FRESHERS IN VARIOUS SECTORS

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## **Abstract**

*Employee attrition is a persistent concern for organizations across various sectors. The departure of talented individuals not only disrupts workflow but also incurs significant costs in terms of recruitment, training, and lost productivity. While attrition affects employees at all career stages, it is particularly pronounced among freshers or those in the early stages of their professional journey. Freshers, often recent graduates, or new entrants to the workforce, bring high expectations and aspirations to their roles, making them susceptible to attrition due to the unique challenges they encounter. This research attempts to comprehensively explore the challenges faced by freshers, which ultimately lead to higher attrition rates in organizations.*

**Keywords:** *Employee Attrition, Freshers, Challenges, Expectations.*

## **I. Introduction:**

The term "Attrition" refers to the reduction or decrease in the size or strength of the workforce. Specifically, among freshers or early-career employees, it occurs gradually and can result from various factors other than the direct termination or firing of employees. The attrition rate is indeed a crucial metric in organizational management. A high attrition rate among freshers is a serious concern because employees are often considered the backbone of any organization and are typically irreplaceable.

Employee attrition remains a pervasive concern for organizations worldwide, and developing effective strategies and policies to control the attrition rate is crucial for sustaining a productive workforce. This challenge is particularly pronounced when it comes to retaining freshers, who are at the early stages of their professional careers and often have high expectations regarding their roles and benefits. These high expectations can make it challenging to cultivate strong loyalty towards the organization.

The COVID-19 pandemic indeed has had a profound and unexpected impact on the global economy, leading to significant challenges for many industries and companies. The observations regarding attrition rates in different sectors, particularly among small and medium-sized IT companies and the service sector are remarkable i.e., a 35% attrition rate in small and medium-sized IT companies and the service sector industry saw an attrition rate of nearly 27% is a concerning figure, as it suggests a substantial loss of talent in these organizations. The quest for better remuneration is a common reason for attrition, and it is not surprising that employees might seek improved financial prospects given the economic uncertainties brought in by the pandemic.

According to a MSME-EPC (Micro Small and Medium Enterprises – Export Promotion Council) report, the reason for the higher attrition rate in the IT sector is that the employees are looking for better remuneration. According to this report, attrition in the industrial sector is low, attrition in the Manufacturing sector is 20%, in the E-commerce sector the rate of attrition is at 26%, and in the Pharma sector, the rate of attrition is at 25%, which clearly reflects the

diverse challenges and opportunities faced by employees in these industries. The lower attrition rate in the industrial sector and the higher rates in the IT and E-commerce sectors can be attributed to factors such as job stability, compensation packages, and industry-specific demands.

Organizations across various industries are witnessing a growing trend of employees quitting their jobs, which has profound implications for employers and employees. Organizations that effectively retain and nurture fresh talent are more likely to thrive in the long run, as they can harness the potential of their early-career employees and build a strong, capable workforce.

## **II. Review of Literature:**

**Radhika Menon (2020)** delves into the evolving landscape of the hotel industry in India, focusing on factors influencing attrition rates among employees. The paper acknowledges the diverse nature of the industry and its rapid growth, encompassing budget hotels, resorts, and other segments. It emphasizes that employee retention is a pivotal concern due to the industry's service-oriented nature. The study highlights various factors affecting attrition, including work environment, pay scale, job satisfaction, training opportunities, and growth prospects. Through a comprehensive survey and analysis, the paper uncovers significant relationships between factors like age, educational qualification, and lack of experience, shedding light on the complex dynamics impacting employee turnover. It underscores the critical role of motivation and work-life balance in influencing job performance and suggests measures to enhance employee retention in the dynamic hotel industry.

**Rashmi Farkiya (2012)** explores the challenges posed by employee attrition in the Indian context. In the backdrop of economic liberalization, globalization, and heightened competition, organizations face the daunting task of retaining skilled employees and reducing attrition rates. The research delves into the reasons behind the escalating attrition rates in India's corporate landscape. Drawing on secondary data from diverse sources, including journals and newspapers, the study identifies various factors driving attrition, such as inadequate compensation, interpersonal dynamics, work-life balance issues, and insufficient career growth opportunities. The findings highlight the need for effective retention strategies, including competitive salaries, training programs, rewards, and recognition, as well as fostering a supportive work environment. The paper underscores the importance of HR practices and long-term relationships between employers and employees in mitigating attrition challenges.

**Dr. G. Hemalatha and Rashimalu Swati Vinod (2022)** conducted a study that focuses on employee attrition in the IT sector of Hyderabad. The authors emphasize that employee attrition remains a significant concern within organizations despite external changes. They explore various factors contributing to attrition, including lack of career advancement, insufficient rewards, and poor work environment. The research investigates the perceptions of IT employees in Hyderabad through a structured questionnaire. Findings highlight the importance of addressing attrition issues, as high turnover rates can negatively impact organizations in terms of recruitment costs, project delivery, and reputation. The study recommends solutions such as creating a performance-based reward system and enhancing training and development opportunities to manage attrition effectively.

**Dr. Pavan Mishra and Neha Solanki (2018)** explores the critical issue of employee attrition in the BPO industry, with a particular focus on factors like attitude towards the job and employee engagement. It acknowledges the rapid growth of the BPO sector in India, its contribution to the economy, and the challenges posed by high attrition rates. The study employs a descriptive research design, using both primary and secondary data to understand the reasons behind voluntary employee resignations. It examines the relationship between attitude towards the job and employee engagement, considering various demographic variables. The study suggests that factors like safe working environments, training

opportunities, and effective grievance redressal mechanisms play a pivotal role in reducing attrition and retaining employees.

**Dr. Shreya Bhargav and Neha Mehra (2018)** explores the topic of employee attrition in Business Process Outsourcing (BPO) companies in India. It identifies the factors contributing to employee attrition, such as compensation disparities, organizational culture, managerial communication, working environment, and personal factors. The study emphasizes the significance of retaining skilled employees and proposes strategies for reducing attrition rates, including performance incentives, health care benefits, subsidized food and transportation, and recreation facilities. The authors also highlight the associated costs of high attrition, including recruitment, training, lost productivity, and motivational costs. By focusing on effective retention strategies, the paper aims to mitigate the negative impact of attrition on BPO companies and enhance their long-term sustainability.

### III. Research Methodology:

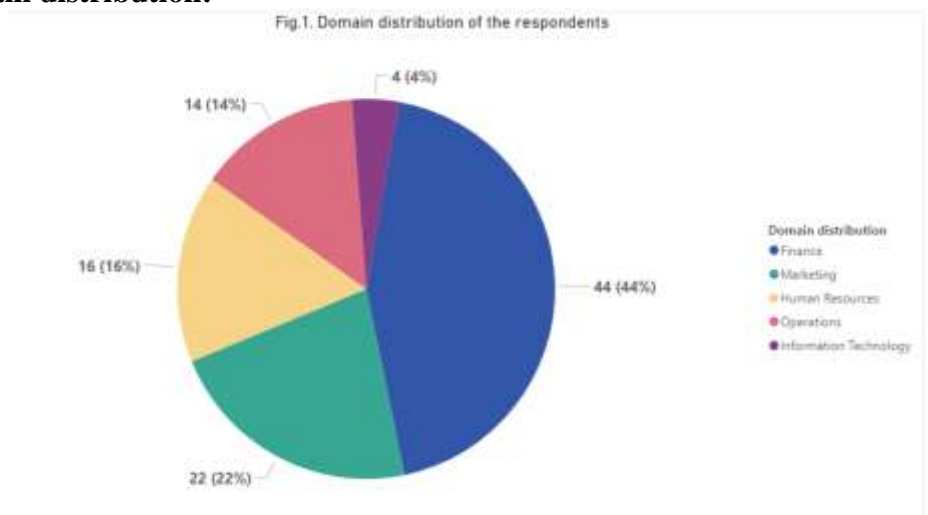
The research mainly consists of Primary data and the data is collected through a structured questionnaire with questions designed on a scale of 1 to 5. The questionnaire is circulated amongst 50 respondents with an experience of 1 month to 2 years in the Mumbai region. The questions were pertaining to attrition trends in the respondent's organization and the factors relating to the same.

### IV Objectives of the Study:

1. To understand the challenges commonly experienced by freshers/new joiners during their initial period in organizations.
2. To identify & study the factors that lead to attrition amongst new joiners.
3. To recommend various ways to retain new talent.

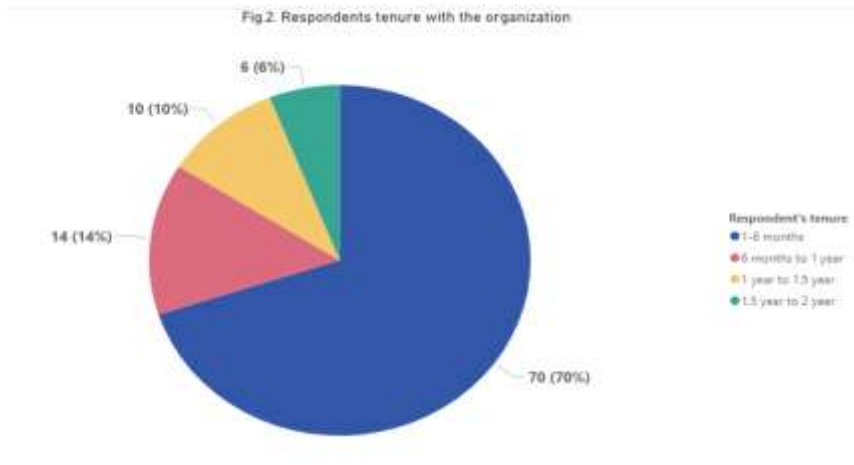
### V Results and Findings:

#### 1. Domain distribution:



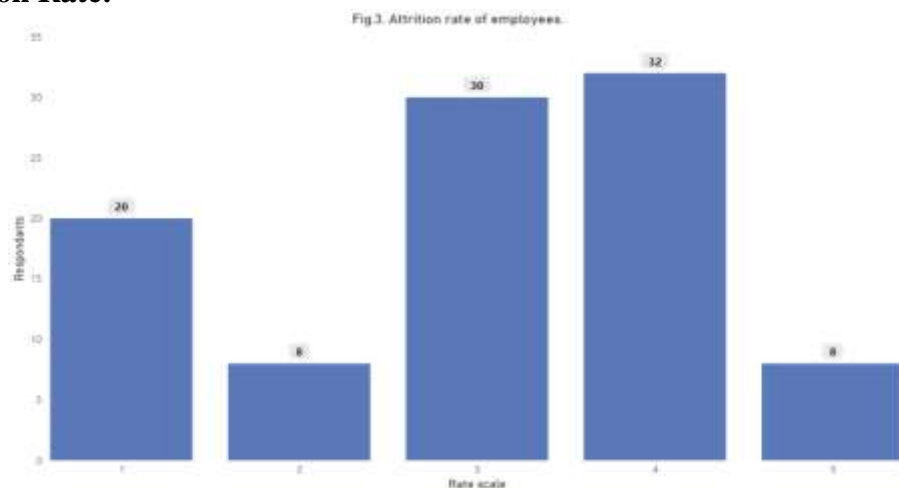
The distribution of respondents across various professional domains is illustrated in the graph. The Finance domain comprises the largest segment, with 44% of respondents, followed by Marketing at 22%, Human Resources at 16%, Operations at 14%, and Information Technology at 4%. The predominance of respondents in the Finance domain (44%) indicates a potential concentration of challenges in this sector.

### 2. Tenure Duration:



The graph represents the duration of respondents' association with their respective organizations before resigning. Notably, 70% of respondents have a tenure ranging from 1 to 6 months, while only 6% have a work history spanning 1.5 to 2 years. The majority of respondents (70%) have a short tenure of 1-6 months, suggesting a critical period for potential challenges and attrition.

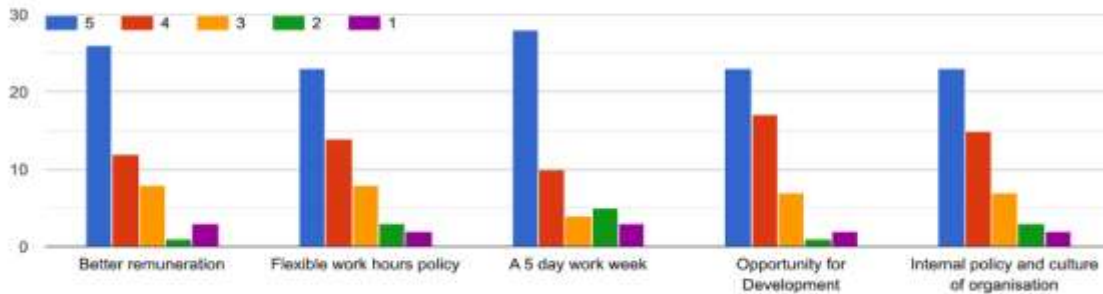
### 3. Attrition Rate:



The analysis of attrition rates within respondents' organizations is presented on a scale of 1 to 5, where 1 indicates low attrition and 5 denotes high attrition. Approximately 32.7% of employees rated the attrition rate as '4,' signifying a high attrition rate among newly joined individuals, while 30.6% rated it as '3,' indicating a moderate attrition rate. High attrition rates among newly joined individuals (32.7%) and moderate attrition rates (30.6%) highlight the need for strategies to retain talent.

#### 4. Factors that play a pivotal role in retaining employees:

Below is a list of a few factors. Rate the factors on a scale of 1 to 5, in terms of how important they are for the long-term association of employees with their organization.



Several factors crucial for retaining employees were identified, including better remuneration, a flexible work hours policy, a 5-day work week, opportunities for development, and the internal policies and culture of the organization. The majority of respondents rated these factors as '5,' suggesting that addressing these elements could positively impact reducing attrition. Identified factors such as better remuneration, flexible work hours, a 5-day work week, development opportunities, and organizational culture receive high satisfaction ratings.

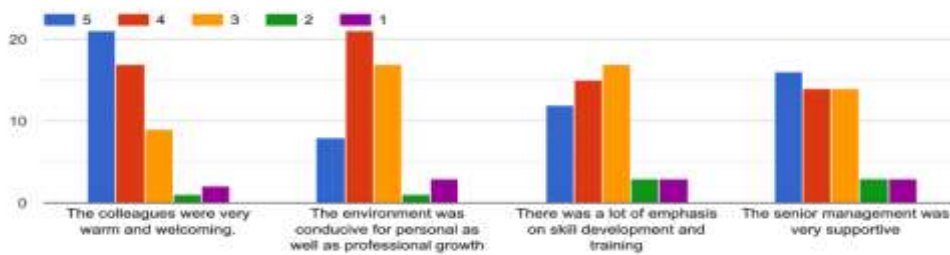
#### 5. Work Hours:



The graph illustrates the nature of work hours, a potential factor contributing to increased attrition. Respondents rated work hours on a scale of 1 to 5, where 1 represents average working hours and 5 denotes exhaustive working hours. Approximately 34% of employees rated work hours as '4,' indicating exhaustive working hours, while 30% rated it as '3,' suggesting moderate work hours. A significant portion of respondents (34%) perceive work hours as exhaustive, indicating a potential contributor to attrition.

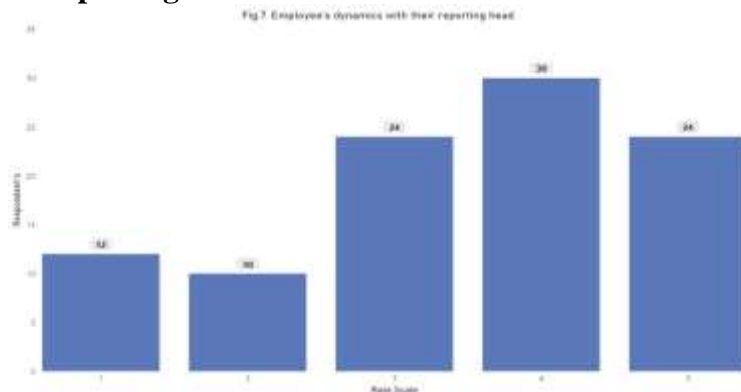
### 6. Work Environment:

Rate the organization's work environment. Rate the following options on a scale of 1 to 5. Where 1 represents the lowest and 5 represents the Highest Rating.



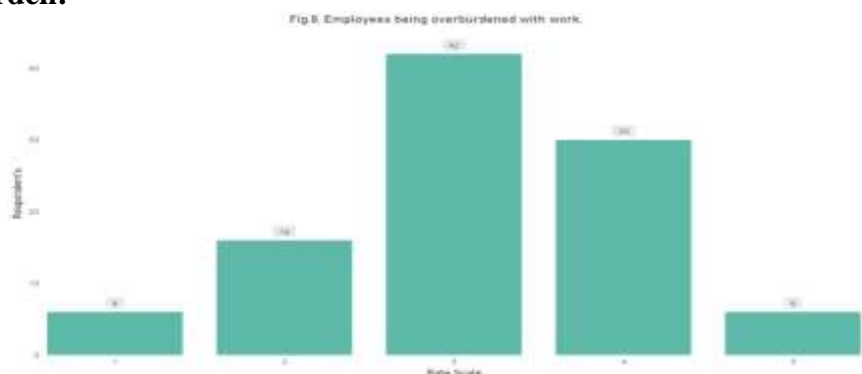
The work environment's role in influencing attrition is explored, revealing a positive internal environment in organizations. The graph indicates a welcoming atmosphere among colleagues, conducive to growth, and emphasizes the supportive role of senior management in many organizations, along with a moderate emphasis on employee skill development. A positive work environment with supportive colleagues and management is recognized as a factor in reducing attrition.

### 7. Dynamics with Reporting Head:



Employees assessed their dynamics with reporting heads on a scale of 1-5, where 5 represents a supportive and encouraging reporting head. Approximately 30% of employees rated their reporting heads as '4,' indicating a supportive dynamic. Supportive reporting heads receive favorable ratings from 30% of respondents, highlighting the importance of leadership in employee retention.

### 8. Overburden:



The graph demonstrates the perceived burden of responsibilities, particularly among freshers unfamiliar with the work environment. Approximately 42% of employees felt a moderate level of overburdening, while 30% experienced a high level of overburdening of responsibilities. A considerable percentage of employees (42%) perceive a moderate level of overburdening, potentially contributing to attrition.

#### **VI Suggestions Based on the Findings:**

- Conduct targeted interventions and support systems tailored to address challenges specific to the Finance domain.
- Implement onboarding programs to ease the transition for freshers during the initial months, enhancing their engagement and retention.
- Develop retention strategies focusing on the early stages of employment, addressing concerns specific to the initial months of employment.
- Emphasize these key factors in organizational policies and practices to create a positive work environment and reduce attrition.
- Assess and modify work-hour policies, ensuring a balance that supports employee well-being and reduces burnout.
- Encourage and nurture a positive workplace culture, emphasizing supportive relationships and mentorship programs.
- Invest in leadership training to enhance the supportive dynamics between reporting heads and employees.
- Evaluate workload distribution, ensure that responsibilities align with employees' capabilities, and provide necessary support and training.

#### **VII Conclusion:**

This study sheds light on the persistent challenges faced by freshers in organizations, ultimately contributing to higher attrition rates. The findings highlight a critical period within the first 1-6 months of employment, during which the majority of attrition occurs. The distribution across professional domains underscores the need for tailored interventions, with the Finance sector emerging as a focal point for potential challenges. Notably, factors such as work hours, a positive work environment, and dynamics with reporting heads play pivotal roles in shaping employees' decisions to stay or leave.

The study focuses on the importance of addressing these challenges early in employees' careers. A comprehensive understanding of the dynamics influencing attrition rates, particularly among freshers, is essential for organizations aiming to build and sustain a loyal, productive workforce. As industries face evolving landscapes and global uncertainties, organizations must proactively adapt their strategies to create conducive work environments, foster positive relationships, and align policies with the unique needs of employees in their early professional journeys. Continuous monitoring and adaptability are key elements in ensuring the long-term retention and success of fresh talent within organizational frameworks.

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