



Attrition Analysis in a Leading Sales Organisation in India

Mamta Mohapatra

International Management Institute, New Delhi, India

Amisha Gupta

Birlasoft, New Delhi, India

Nikita Lamba

Genpact, New Delhi, India

Abstract

Employee attrition is one of the major factors that affect overall business performance. Organizations incur huge costs in terms of lost productivity and expertise, recruitment as well as training costs. For this reason, they are struggling hard to find and extirpate the causes for high attrition. These causes may vary with industry and location. This paper aims at finding the causes of attrition in a reputed sales organization with its presence in all major cities in India. Using convenience sampling method, a sample size of 120 was taken for data collection. This sampling method was used to ensure that the employees from all regions, tenure range, business units and grades are included. After conducting the attrition and exit interview analysis, the major reasons for attrition across all tenure ranges, grades and regions was found. After the data analysis, it was found that workplace politics, role stress, supervisor-related issues, better working opportunities and personal problems like relocation predominantly contribute to job dissatisfaction.

Key Words: Attrition, productivity, recruitment, role ambiguity, training cost

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Introduction

Sales industry is very competitive and dynamic. Employees are unwilling to seek a career in this industry due to constant changes and uncertainty. This makes it difficult for the employers to find the right fit at the right time. Lauren Weber, referring to a Harvard Business School report, says that job positions in sales industry are difficult to close. Also, the recruitment costs to replace the employees are huge. This makes it very important for the employers to find the factors that contribute to attrition and retain them.



Major objective of the study was to find out the factors that influence attrition rate amongst the employees in a sales organisation in India. A reputed sales organisation with offices spread across India was chosen for the study. The average headcount of the company was about 1200 with 17.09% attrition in FY-15 (an increase of 27.04% over that in FY-14). To get the responses, the employees who left the organization in FY-15 were interviewed. After the data analysis, it was found that workplace politics, role stress, supervisor-related issues, better working opportunities and personal problems like relocation predominantly contribute to job dissatisfaction.

Types of Employee Turnover

Internal turnover occurs when an employee leaves the current positions, and joins another in the same organisation. According to Peter Principle, the potential of the employees are assessed based on their current performance, which does not necessarily indicate their performance level at the next position. This is the biggest downside of internal turnover, and thus it should be monitored effectively. The external turnover, on the other hand occurs when an employee leaves the current organisation due to a number of factors. These factors (across all grades, tenure and location) are discussed in this paper.

Voluntary turnover occurs when the employee leaves the organisation or current position by choice. The reason can be pay-related issues, better offers or other personal problems. For better analysis, only the factors that lead to voluntary turnover are kept under consideration in this paper. When top performers leave the organisation, dysfunctional turnover occurs. In this case, huge opportunity costs are incurred by the organisation. Also, due to the loss of expertise, companies try to prevent this type of turnover. However, functional turnover does not lead to huge costs because employees with no unique skills or poor performance leave. Companies pay more attention to external, voluntary and dysfunctional turnover.

Literature Review

Organisations incur huge costs for training and replacement, loss of expertise and inconsistent performance when an employee leaves. Thus, examining factors that contribute to high employee attrition is important. (Marshia, LaPlante, Allen, Metcalf, 2005) A number of researchers have conducted studies to find such factors. According to Bassett-Jones and Lloyd (2005), the employees get influenced more by intrinsic factors like the desire to get recognised from the line manager. However, the impact of these factors varies with experience, gender, location and performance. The experienced sales people are influenced more by work problems and inexperienced by supervisor-related issues, recognition and workplace politics (Russ and McNeilly, 1995) The inexperienced sales employees often chose a job that has better growth and income opportunities and are thus swayed more by them. These factors may or may not work in isolation to produce discomfort among the employees. Also, the senior management should have a better control on the employees. According to a study conducted by Darr, (2003) to understand the impact of control and autonomy on sales engineers, it was found that inability to produce the required profits was directly attributed to the performance of sales employees.

To reduce the dissatisfaction among the employees, it is very important for the senior management to understand the complexity of their job and keep realistic goals. Factors such as role ambiguity (differences in the perception about the role of the employee and of the organisation) also influence employee attrition. The employees are given promotions but low responsibilities or no promotion with high responsibilities (Feldman & Weitz, 1988). These career plateaus may lead to high absenteeism and low confidence due to low-performance. Sale

employees are in contact with their customers round the clock. Higher customer dissatisfaction or stressed customers can often de-motivate the sales employees to the extent that they choose to leave the company. Due to role overload, it is possible that employees choose not to undergo necessary trainings or the organisation might not provide the same at the time of job transition. Thus they are unable to perform to their full potential. Workplace Politics, a major concern across the industries, is known to be stressor in personal as well as professional lives of the employees (Vigoda, 2003). In order to understand its influence on sales employees, we need to clearly define this term. According to Bozeman (1996), politics is exercised when one asserts power on others in his/her own interests. Ferris and King (1991) tried to measure the relationship between politics and human behaviours like coercive influence and manipulation. The paper tries to measure the impact of such variables on the employees in sales.

Methodology

The survey was conducted through semi-structured telephonic interviews; 3 months after the employees received their full and final settlement letter. This method of data collection provided scope for asking further follow-up questions to explore the views and responses better. About 205 people who left in FY-15 were kept under consideration. Using convenience sampling method, a sample size of 120 was taken for data collection. This sampling method was used to ensure that the employees from all regions, tenure range, business units and grades are included.

Findings

Attempt has been made to analyze the data according to regions to get a comparative view.

1. Region wise attrition analysis:

Table 1 : Attrition rate for each region in FY-14 and FY-15

Region	FY'14	FY'15
East	7.86%	10.24%
North	17.14%	25.85%
South	27.14%	20.98%
West	25.71%	27.32%
HO	22.14%	15.61%

Source: Author's own

As can be seen from Table 1 above, highest level of attrition has occurred in the western region in FY'15 but in FY'14 it was in the southern region. Whereas the lowest attrition rate for both the years is in the eastern region.

Table 2: Percentage of people leaving the organization in each region

	Workplace politics (%)	Role ambiguity (%)	Supervisor-related issues (%)	Better working opportunities (%)	Personal problems like relocation (%)
North	12	25	19	19	25
South	9	41	7	8	35
West	19	44	11	15	11
East	25	25	25	13	12
HO	37	25	25	13	--

Source: Author's own

Table 2 shows the percentage distribution of attrition due to various reasons such as workplace politics, role ambiguity, supervisor related issues, better working opportunities and personal problems. The highest attributable reason is role ambiguity (44%) in the western region and lowest is better working opportunities in the South (8%).

Attrition in the organization is impacted by a number of factors, which are explained below:

Workplace politics

In HO, centralized decision making fostered a culture of bureaucracy, which required employees at different locations to seek approvals from Head Office. This caused dissatisfaction due to lower autonomy levels.

One more factor which became prominent was performance appraisal. The performance management was primarily driven by achievement of business objectives. This focus on achievement of business targets for distribution of rewards in appraisal process ended up disengaging the employees. It is increasingly needed for the organization to carry out KRA based appraisal making developmental agendas central to the performance management process rather than driven by outcomes only. A major number of respondents feel the lack of defined process and turnaround time leads to wasted efforts, haphazard data flows thereby increasing the cost of lost customers. For many respondents, inefficient processes hampered their ability to improve. This lowers the employee morale and causes them to look for better opportunities elsewhere.

Role ambiguity

The organization provided IT and printing services to its customers. These verticals worked in collaboration due to which there was no clear distinction between the two. In a few cases, it was observed that the employees hired for IT Services were eventually moved to printing service, with no formal trainings. This caused dissatisfaction amongst the employees which contributed to the increase in attrition levels of the organization. Also, the company followed multiple reporting relations with different people at different locations. Lack of clear lines of authority and relationships due to multiple directions from supervisors from different geographical locations caused conflicts to occur leading to higher dissatisfaction and increased employee turnover.

Supervisor-related issues

Lack of acknowledgement and autocratic style of management increased the level of dissatisfaction amongst the employees. Also, the employees of the organization felt that the compensation level did not commensurate with the level of stress they endured. At times, it was observed that the over bearing style of management of the supervisor impacted the self-esteem thereby fuelling their intention to quit.

Better working opportunities

In East and HO Region, there were no formal product trainings given in the organization which led to lack of adequate knowledge and skills in the employees to provide better customer service. Lack of learning and development initiatives in the company does not provide employees with the platform to improve their current knowledge thereby increasing their frustration levels. Hence, they start looking for better working opportunities in competitor companies.

Personal problems like relocation

The organization was expanding its operations in south region in India where it was developing alternative channels to grow its business. The employees were asked to relocate to many remote locations which caused major disruptions in their work life integration. Many respondents, particularly in tenure range of more than 3 years, cited relocation issues as the major reason for leaving the organization. In North Region, the major problem faced by the sales representatives was hectic work schedule. The employees were expected to work post office hours and there was no flexi timing policy in the company which hampered the work life balance of the employees. The corporate culture was shaped in a manner where the productivity levels were associated with number of hours spent at work. This caused the employees to either disengage due to burnouts or leave.

2. Grade Wise Attrition in FY-15

The sales employees were at six grade levels: E1, E2, E3, M1, M2 and M3. M3 level employees had the least attrition rate and are thus not taken into consideration. Also, the tenure range of the employees is divided into 4 categories: 0 to 6 months, 6 months to 1 year, 1 to 3 years, and more than 3 years. It was observed that due to lack of growth opportunities, employees at E3 level leave the organisations the most. There were no internal job postings or properly defined career plans for employees in the organisation.

Table 3: Attrition Rate for each grade region wise

Grade	North	South	East	West	HO	Average
E1	13.21%	20.93%	4.76%	25.00%	12.50%	15.28%
E2	30.19%	30.23%	23.81%	23.21%	31.25%	27.74%
E3	28.30%	32.56%	28.57%	30.36%	28.65%	29.69%
M1	26.42%	13.95%	38.10%	19.63%	12.00%	22.02%
M2	1.89%	2.33%	4.76%	1.80%	15.60%	5.28%

Source: Author's own

The maximum attrition seems to have happened at M1 level in the East region (38.10%) and lowest at the M2 level (1.89%) in the North region as can be seen from Table 3. Analysis across levels indicates lowest attrition levels (5.28%) at M2 level ranging between 1.89% to 15.60% and highest at E3 level (29.69%) ranging between 28.30% to 32.56%.

3. Tenure wise attrition analysis

Table 4: Attrition Rate for each tenure range in each region

Tenure Range	North	South	East	West	HO	Average
0 to 6 months	22.64%	13.95%	9.52%	14.29%	15.63%	15.21%
6 months to 1 year	15.09%	16.28%	nil	25.00%	12.50%	17.22%
1 to 3 years	47.17%	30.23%	52.38%	35.71%	40.63%	41.22%
more than 3 years	15.09%	39.53%	38.10%	25.00%	31.25%	29.79%

Source: Author's own

Table 4 shows, maximum attrition occurred in the eastern region with employees having a tenure of one to three years and lowest being nil again in the eastern region with people having six to one year of experience.

Table 5: Percentage of people in each tenure range with reasons for leaving

Tenure Range	Workplace politics (%)	Role ambiguity (%)	Supervisor-related issues (%)	Better working opportunities (%)	Personal problems like relocation (%)
0 to 6 months	7.04%	15.55%	16.00%	60.00%	1.41%
6 to 12 months	8.40%	5.80%	56.00%	27.00%	2.80%
1 to 3 years	28.10%	45.60%	5.60%	12.00%	8.70%
more than 3 years	33.70%	50.70%	1.90%	5.90%	7.80%

Source: Author's own

Table 5 indicates that maximum people with zero to six months of tenure in the organization left for better work opportunities (60%) and least due to personal problems like relocation (1.41%).

At the early stage in an organisation i.e. 0 to 6 months and 6 to 12 months, employees leave mostly because of supervisor related issues, career potential in the organization and for better offers. As they gain experience, they pay more attention to issues stemming from work related conditions and office politics. Initially, the employees try to understand the work well, and as they do, they understand where all the components of politics reside. Also, as they progress, they identify the problems that create role ambiguity. In the table given above, the percentage of people leaving because of role ambiguity, workplace politics, and personal problems increases with tenure. For the other two, the percentage is decreasing.

The attrition rate is high for the employees who have spent 1 to 3 years in the organisation. As the tenure of the employees increased, due to lack of a well-defined job construct, there was no clarity about the job expectations, requirements and approach to be undertaken to complete the task allocated. Lack of information and ambiguity had fuelled the intention to quit. Also, there was no congruence between grade of an employee and job responsibilities, the pressures that the employees experienced were not compatible with the responsibilities of the position. Role ambiguity and increased performance pressures are the primary reason for exhaustion and job related burn-outs for employees with 1-3 years of experience. The CRM software used in the organization, as per the feedback, is not user friendly and due to the lack of flexibility in the process of order locking led to many lost customers thereby increasing the difficulty in meeting the targets. All these factors contribute in triggering disengagement causing the employees to seek better opportunities.

Discussion and Conclusion

The paper highlights the importance for sales organizations to realise their attrition rates and identify factors leading to it. The sales employees directly interact with the customers on daily basis. For more satisfied customers, removing job dissatisfiers is considered essential. Thereafter, the results of the survey are discussed. The survey identifies some variables like politics, role ambiguity and supervisor related issues that play a major role in influencing the attrition rate in a sales company. The impact of these variables for employees in different locations (facing different problems), different tenure range and grades is discussed. However, there are a number of limitations to this study. The impact of these variables across genders, educational background, experience range and performance levels can be measured. After an in depth analysis, the results can be generalized in the context of sales industry in India. This data can be helpful for the organisations which are striving to identify the influencers in employee attrition amongst their sales people. It can help the companies design better retention strategies, thereby, reducing attrition costs.

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Authors' Profile

Mamta Mohapatra, her prior assignments include Manager in Gregg's of Enfield, London, and Fellow, Institute for Integrated Learning in Management, New Delhi. She has been involved in training and consultancy activities with a number of public as well as private sector organizations including Bharti Telcom Ltd., Cyber Media India Ltd., Triune Projects Ltd., NTPC, Numaligarh Refinery, Pepsi Foods Ltd., DVVNL, Everest Industries Ltd., Delhi International Airport Pvt. Ltd., MMTC, NSPCL, EIL Tata Power, Tata Communications, Vodafone, Dena Bank, Indian Overseas Bank, Allahabad Bank, Canara Bank, REC, IOCL, ONGC amongst others. She is a certified HR Competency Assessor. She has acquired expertise and training skills from Harvard Business School on Participant Centered Learning with special focus on teaching through case method. She has, to her credit, a number of published research articles in reputed journals and four books in the area of Performance Management, Leadership, Capability Building and General Management. Her professional interests include Applied and Action Research in, Cross-cultural Management, Comparative Industrial Relations, Strategic Human Resource Management, Employee Engagement, Organization Restructuring and Management of Change.

Amisha Gupta is working as Management Trainee, Corporate HR, Birlasoft, New Delhi, India.

Nikita Lamba is currently working as Manager, L & D Team, Genpact, New Delhi, India.