Chapter 4: Causes and Consequences of Employee Attrition

4.1 Introduction

Organizations generally bewail the challenges, which have to be faced frequently by them as a result of turnover of employees. Some consider that attrition is actually not always destructive for an organization. Some suggest that some level of attrition is actually valuable and necessary for growth and development of an organization. Positive and negative gust of attrition on productivity and profitability depend on type of attrition and its intensity. If input of an employee in service is affecting the efficiency and prosperity the company in a non positive manner of and also terrifying pressure on the work traditions and team fortitude, the organization benefits with attrition of such employee.

The attrition of unproductive employee is termed as ‘Good attrition’ and signifies less productive employee leaving the organization voluntarily. The problem with such argument is that going away of an employee usually cannot be controlled by putting in place employee friendly policies and typical recourse in extinction of the services of such employee with the company. Considering the fact that the above action is essentially an unpleasant exercise at the workplace, it is difficult to call it as valuable. Moreover, this so called good attrition also brings forward the inefficiency of the organization in placing the precise worker, as well as providing guidance to them to make dynamic. If the exit of certain employee causes a slowdown, temporarily, it may be, in stipulations to work connection and productivity; it is referred to as ‘Bad attrition’. It is important to calculate it continuously, take remedial actions so as to be reliable with the overall business plan. To face attrition, organization should enclose retention policies, which are employee centered and encourage good relationship between employee and employer. sky-scraping attrition imply that convinced essential skill is at risk or not available because of exit of employees. Non availability of skills, results in calamity of the projects, income etc also get unfavorably exaggerated. In addition to the inevitable reasons like resignation, retirement, death or disability, there are many causes. The causes of attrition vary according to the temperament of industry, the echelon of human resources and character of duty.
4.2 Causes of Employee Attrition

**Ergonomic discomfort**

The apparent frequent and key reason is the ‘ergonomic discomfort’ faced by the employee and ‘serviceable incompatibility’ between the administration and the workforce.

**Lack of Ability**

Many a times, an employee finds him incapable and inefficient among others and also among the superiors to cope up with, and an employee may not be in a position to meet up with the employers requirements. It is also not necessary that every employee cannot get company where production is easily sold in market. If the employees have to work hard to sell the commodities in the market and may or may not succeed to required extent, the employees feel quite depressed and try to search another company, where the situation of production and marketing is better enough and employees are satisfied and quite pleased with their hard work.

**Monetary Security**

Persons employed in private sector are very much focused on their insecurity and market conditions. Usually stability is the situation, which is generally favored by persons at high status, but in most spirited market conditions, destiny of industrial units remains uncertain and any company having sound financial status may be destabilized by the wrong decisions of the management. Similarly, person working at very senior position may be removed from the job for any reason of dispute or obliging any person of political or personal relations. Every person working in private sector tries to save money and remains alert to get higher remuneration in the same or other company.

Money accumulated in the form of securities is helpful for meeting the requirements in uncertain conditions and proper investment can also act as a source of additional income. At some stage, the talented and knowledgeable person can establish his own company or in partnership with some person of equivalent interest. Thus money serves as the security to the person and tries to add any event of high compensation and other benefits. In some cases, such persons are also connected in the administration in view of high apparition of prospecting business. In case any company intends to open its branch in foreign country, than in that case senior and
trustworthy persons are given priority in view of their ability as they are of such expertise that they can manage even in unpleasant conditions.

In the existing situations, brilliant and understanding persons have strong view that remaining in one company for prospecting business is not fine in personal interest and one must remain moving in search of new avenues. In many conditions, transplantation of talented persons remain most profitable as facing the challenges productively having relevance for the company and person able to save from unpredictability is rewarded to essential extent. This trend in business sector has watered down the permanency for the interest of the industry.

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**Policy, Practice and treatment of the employer**

Attrition is caused mainly due to the policy, practice and treatment of the employer in the organization. The policy is directed towards continuing only those employees that are fruitful and to dispense other Employees are made to work in ‘Graveyard Shifts’ that means in simple language that the employees are made to work at odd hours, including midnight and pre-dawn hours.

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**Lack of Proper Opportunities:**

Usually persons selected for any definite task in the company on the basis of academic and professional qualifications are promised to be given deliberate task to expose their abilities to benefit the company, but after joining the company they are given lower task in the same unit or other unit, where the opportunities of exposure of the talent is largely absent. Such situations usually happen in campus interviews and persons have high ambitions to join the company in the hope to get massive opportunities to work for the success of company and also for personal benefit. After joining the company, the person is assigned task of least interest and exposure of talent is not possible. New entrants in the company join for gaining experience is compulsory field and such experience is helpful in getting improved opportunities in the same company or elsewhere. After joining the company, the work assigned remains other than the promised, which discourage the person, as getting experience in the required field becomes impossible and person so selected feels being cheated.

Companies have their own limitations as every person cannot be assigned tactical task of exposure of talent but the current feels quite discouraged and firms up mind to seek
other opportunities. Even the persons are given promised role in the company, but still the situations become indisputable for attrition. The person selected for specific task is imparted training for ability building and skill development, but the situation in which the employee has to work remains quite disturbed. In sales department, the persons engaged in the company are given the task to drive the commodities and laid down target, which is difficult to be achieved by the person in the beginning. Usually the targets of sales are fixed for new entrants and in the beginning; seniors also help in adjust with the market conditions.
The market trends remain fluctuating due to other factors beyond the capacity of company and the employee. In case an area is wrapped up with severe famine conditions, sales of various commodities become impossible in the market, as the prime issue before the people remains survival. In such a situation, company takes fitting decision to change the affected area and person is given new area not affected with the problem. In many cases, where the company has no compassionate consideration and stress upon the person to stick on to the target as the commodity for sales is related to high class persons, who are least affected with dearth conditions.

The person assigned the task feels quite relieved with the positive decision making of the company and works in the newly assigned area with zeal to cover requisite target with hard work for being new area. The sensitive attitude of seniors encourages the employee, but in cases where the seniors are unable to submit the realistic position before the management and continue to harass the employee for non-adherence of targets, it becomes difficult for the person to remain in the environment. Usually business persons remain susceptible over the natural features and understand the local problems, but in situations, where the management is not aware with the problem and counsel the employee for unrealistic issues.

Usually companies try to keep the employee occupied in the assigned tasks for total work duration and continue to have evaluation of work of each person. The employee engagement process where areas of engagement are spelt out and assessment is regular feature of assessment of work performance. The response of each employee to engagement schedule is not uniform, as some treat it as a measure to adopt harassment tactics, but others feel it quite genuine. Employee engagement is seen through comprehensive framework but treated as one of the issue for attrition.

**Uncertainties faced by the employee**

Attrition is also caused by number of uncertainties faced by the employee in working environment, such as non improvement in career and absence of chance to put across his own views and achieve mental and functional growth, particularly in the absence of adequate human resource policies in the organization and even the employees working for rational more time feel quite goaded with such job conditions. The
environment of such nature encourages an employee to search for some protected position causing attrition from present position.

**Work Environment**

Customarily, every employee working, harbor in his mind the ambition of sterner stuff and remains well aware that business sector is most competitive, where survival of the company is directly linked with hard work resulting into more production and productivity which ultimately results into high profits. Usually every business unit earns good amount of profits with the hard work of employees. Such mindset helps every employee to remain devoted to work. Every business unit having a good working environment encourages employee to remain careful working for the benefit of the company. Such workplace creates an urge in peer environment, where competition makes to look for possibilities and opportunities for self succession. In business houses, where such environment is missing, the employee starts thinking negatively and realizes that continuance in the company may negatively affect his career. Beginning of such feelings in employee compels to think for substitute job and the end of such thinking change into attrition.

**Position of an Organisation**

An employee is smart enough to understand the career advancement options in the company within a short span of time and also the working conditions of persons also helps in scheming the view to leave the company at the earliest. There are instances, where the already existing employees search for other jobs, which is known to new entrant within no time and attrition environment in any company, creates impression in new entrant to start searching new place of work. If the business group is incapable to face the destructive market with all possible efforts and financial position starts distressing, employees prefer to leave the company at the earliest. Employees joining any company would know about the internal issues after entry into the company. Thus the attrition is a continuous feature with no end to the situation and employees try to get better company for safe and secured future.
**Relationship with Superiors:**

Every employee in a company is junior to somebody and has to work under the supervision of the senior person. Even the manager of any unit is answerable to the board and such association is one of the striking factors for attrition. Usually any employee of a company gets wide-ranging response from the senior, where some persons guide their juniors quite faithfully and even the flimsy issues are communicated in very trouble-free and available manner. The employee also feels honored in such environment and remains always enthusiastic to get appropriate guidance. The response of an employee in such an environment is quite elevating and works with obsession and vigor to provide best results. The employees in other state of affairs get cold reply from seniors and every time they are warned for negligence even for regular matters. The employee is made-up to work in the leadership of senior and expect able direction for every issue of performance. Employee is generally less equipped with the business issues and has various issues of verdict at various spell. It has been observed that seniors watch the actions of juniors closely and dishearten for minor negligence. The employee in such situation feels quite depressed and feels the work environment not suitable to him. The attitudinal behavior of the seniors compels the employee to change the company. And also Usually talented person try hard to attain position to show his performance, but seniors do not allow to move forward for appliance of ground-breaking ideas for better performance of the company, such person realize that lingering in presented position would litter its talent and availing such occasion to show his presentation is difficult, such circumstance also compel to leave the place at the initial and search other place, where exposure of his aptitude is possible. Usually new person is treated as missing maturity and recommended changes are treated as unfeasible and may direct to great loss. In another situation, the junior is highly qualified and well aware of the technical aspects of the task, but remains unsure to introduce such innovation. The senior persons are engrossed with the inferiority complex and in case of direction, the response of the superior remains quite cruel and even quite disappointing. Instead of appropriate direction, the person is reminded of his education and proficient qualifications and disheartened through various modes. This issue is connected with human deeds, where senior always pose his knowledge and stay period before the newcomer and reminded to understand the work quite carefully. Even negligible mistakes of such person are reported to the manager along with the comments to have personality of high credentials and not
taking interest in work. In some cases the manager is capable to recognize the problem and modify the job of such person and entrust issues to picture his talent.

The condition is such environment becomes perfect and the person is given chance to depict talent and capability to work quite proficiently. In absence of such situations, an individual feels quite worn out with the environment and decides to search for different job. Number of persons unable to expose their talent and hunt for a different job is quite high. Any person is considered for increase in remuneration, where his role is cherished by seniors and given free hand to work more than the targeted. There is some minimum target of the quantified tasks, one is expected to attend and in case an employee is able to insert to production with his hard work, the senior searches to point out the defect or production of inferior quality of products. Such a matter is quite unsatisfactory for the person intending to work hard, but instead of support and admiration, warned for the mistake and cautioned to remain observant in future. This type of approach of seniors is quite painful to the person who intends to work hard and enhance the output.

**Work Fatigue in Job**

Work atmosphere and stress over the employees is one of the factor of attrition in India, as many industries are not in a position to create suitable work place for the employees. In some cases, where the working conditions are quite difficult like to remain standing in front of machine, where the temperature remains too high or too low, resulting to tiredness and also developing various diseases in view of impressive conditions. This is usual situation that after prolonged work, the employee feels quite distressed and wants rest for long duration. In many cases, the person is not capable to look after the family. In view of prolonged fatigue and uneasiness, some employees start taking drugs to remove pain and tiredness, which become steady practice and have adverse effect on body and mind of the person. Some persons take intoxicating contents to forget fatigue, which has a negative effect on the performance after some years. In such situation, employees try to search for new job, where working conditions are not that stressful. Inspite of constant inspection at the work place, the conditions are such that they can’t be changed.

**Stress in job**
Stress is another problematic issue, where the employees feel quite troubled with the attitude of managers and seniors. The employees are warned for minor issues and are asked to pay for various lapses due to carelessness resulting in loss to the industry. Usually employees remain cautious over their task and try to work quite alertly, but human error is unavoidable and is unnoticed in true spirit of work. Stress is the situation, where employees are unsympathetically ill-treated in the existence of others and are also not allowed to react for the situation. In such conditions, employees generally prefer to search for new job, which is possible not for all the employees but for technical and talented persons. The managers and seniors lose their anger for minor issues, which can be avoided with suggestive direction or affectionate manners to work in the manner, where chances of lapses are minimum or can be completely avoided, with cautious approach. Employees work for the prosperity of the industry and remain loyal to the seniors for every task, but anesthetized attitude is quite disturbing for company as well as for employees. Attrition of one expert person is harmful for the business scenario and should be tackled suitably.

**Inclination towards Change**

Usually pioneering ideas and new technology are considered as a terror of disturbing the existing system. Even the management is nervous in adopting new approach in production, change in ingredients and revision in marketing policies. Talent is also most varied, as there are some persons, remain interested in new experiments, but general view of the company is different. In many cases, total team become against such person and leave the place for such person inevitable. The same person, ensuing in the proposed innovative idea and positively changing the financial condition of the company, becomes an issue of concern for earlier company. Thus attrition is not only the result of frustration and non-suitable environment, but inclination to adopt novelty is also the demanding reason.

**Globalization and liberalization**

Globalization and liberalization have created surroundings for increased industry scenario as well as availability of talent in various disciplines. It has made the entire world as one. Such talent is not only meeting the country requirement but also moving out for better prospects. There are some fast rising sectors and foreign direct
investment are paying attention to various global companies to start their production units in India, as part of multi-national companies or making joint venture with Indian companies, as Indian market is quite vulnerable in various spheres and produced merchandise are cheaper and easily available in view of low labor and material cost. Every foreign company establishing in India, is trying to keep talent from India in view of higher skill and lower emoluments in comparison to their foreign harmonize. The attrition is resultant impact of large number of companies being established in India. In export oriented business activities, there are strict conditions of fulfillment of various conditions imposed by respective country governments which are to be fulfilled by the companies.

**Expectations of talented persons**

Expectations of talented persons are on an increase, in view of the fact that attraction of higher remuneration and other benefits are necessary to remain connected with one company to gain experience and help in booming the company. This is certainly true that existence of talented persons is largely associated with prosperity of companies and payment associated with high production, quality product and prosperity of company are the measures to provide constancy associated with promotion and high remunerations to the persons able to prosper the company with hard work, efficient work practices and use of innovative technology.

**Personal Problems of Employees:**

Personal problems of employees have major role in attrition, as person employed in company can work freely, when the personal issues are within the acceptable limit. There are various unexpected problems faced by the employee, where taking continuous leave becomes difficult for continuance in the job. In corporate sector, short leave is accommodated with slight adjustment and such situations are common in the business sector. In case of some serious problem faced by the employee, the charge is given to the next senior person. The management is considerate about the personal problems upto a particular extent and in such cases, the person feels quite pleased with the caring view of the management. But situation is not similar in each company, as there are companies where person need to attend the assigned task as per indicated time schedule, where day or night has no concern. This problem is of
universal nature and each person has to bear the unpleasant time conditions in company working round the clock. Usually personal problems are beyond the controllable limit and person is compelled to leave the job in helplessness, as remaining out for long duration is not acceptable to the norms of the company for various reasons. In such a situation, employee exaggerated with problems prefers to leave the job.

Little span for Career Advancement:
Career advancement is main magnetism for the employees of business sector, which is possible through higher proficient studies, as well as with admirable work performance. Usually persons join service after attaining requisite professional courses and join service in the hope to upgrade them by getting time for further studies and better opportunities in the business sector. Qualification is the fundamental feature for making the person entitled for senior position in the professional sector. The joining of job is not only important but also attraction is to gain working experience of necessary duration. After joining the service, employee finds it difficult to meet both the ends, as working for total duration keeps the person fatigued and further studies become difficult. In such a situation, the employee prefers leave the job for the further studies and this is genuine cause of attrition for betterment. The business company has to suffer for the exit of brilliant person and has to search for new person. In a fast growing business sector, a person with high talent can easily get the job but company has to suffer and search for new person to continue work without any distraction if that person leaves the job.

Career advancement is the situation, which is connected for better opportunities for the artistic person. After joining the company, the employee always searches for promotion in the same company and such opportunities are only possible with the attrition or development of the business. The employee has to evaluate his own situation in the company about his future career advancement with high talent and skill. This situation differs from company to company, as every company is not capable to provide higher position to the person who is working at lower position in the company.

Career advancement and higher remuneration related issues have direct link with the financial performance of the company. In most competitive market conditions, some companies get enhanced opportunities to boost production, as the market has bent to absorb increased production. With liberalization and international agreements, it has become possible to export the product to the fullest as companies have elevated possible of career advancement. But every company is not capable enough to have higher production for both Indian and foreign market.

**Limited Scope for Displaying Creative Skills of Employees:**
Some business groups remain cognizant for coverage of imaginative skills of their people and support for mounting more imaginative skills in their employees. Such setting is helpful in adopting revolutionary ideas for prospecting the commerce and human resources of such companies feel quite confident with artistic opportunities made accessible to them. Similarly, some forthcoming business groups keep funds for study and expansion, which helps in implementation of new foodstuffs in the market. Research and expansion is helpful in compliance of hi-tech inputs and producing new varieties in the market. Most of the organizations do not take attention in research and development, which is most vital issue for nourishment of business group. Workforce working in such industries feel quite painful for not getting appropriate support from the industry and remain effortful to move to such companies, where revelation of their talent is possible. This is also one of the issues of attrition and trailing potential persons. Even in normal execution, companies cheering their employees to portrait talent for pioneering scientific inputs, helpful in introducing new and striking variety. Employees while working in various sphere of industry develop new ideas, but the director or management has no conjecture to consider such ideas. Some managers dishearten such persons having imaginative skill and put forward or warn to put a ceiling on their attentiveness on the prescribed task and not to diverge their mind in silly things. The persons in such work atmosphere feel quite distressed and try to drift their ideas to other persons without disclosing the details. In many situations, such skilled persons are furtively invited for disclosure of their skill and may be recommended to join their company for better opportunities. This is one of the way of attrition, where skilled person feel quite dismayed and search opportunities for suitable platform for revelation of artistic ideas. Some industries in secret pay the compensation to such person on one time basis, as the experienced person has no resources to prepare copyright proposal and get the benefit for such innovation. Such person feels quite confident with admiration of the talent and also not aware of the mode to adopt suitable way to get gratitude of the ability. Usually talented persons could not benefit such plateful hands to remain truthful in total process and provide the advantage of pioneering idea or variety. Usually talented persons feel quite disheartened with lack of admiration of their skill, which can benefit the industry appreciably. There are many barriers t to get benefit of skill of the individual through unreasonable means.
Alternative Domestic Opportunities:

Attrition is flourishing in India because alternative opportunities subsist in the business sector due to beginning of new units. Attrition problem is serious in some of the developing industries, in addition to government companies, private companies has vast market to cover within the nation and outside. There is a hard-hitting competition among the companies and talented persons need to adopt new opportunities. On the other side the private sector is mounting fast in terms of number and area coverage in most spirited market conditions. In such situations, talented persons are always engraved in finding better opportunities resulting in better remunerations and other benefits. Employees are well aware of conditions like the salary and other benefits in comparison to other industries. People prefer stability and where the work atmosphere is favourable and there are enormous opportunities of better remunerations and promotions connected with the work performance. The salary and other benefits have become intolerant for individual and group of employees keeping lick with the production and productivity as well as the sound financial performance of the company. Some companies are well aware of attrition problems and take suitable measures to minimize the same problem with appropriate measures. In fast growing companies, attrition has become grave issue and sensible companies are able to overcome the problem to great extent.

Lateral Poaching of Qualified and Skilled Persons:

In the most aggressive market, new companies are mounting and existing with the help of competent and trained persons, who are very well l aware of the diplomacy of subsistence of companies, where off hasty decisions in monetary and construction areas can devastate the company. The management is very well aware of all the expected conditions and grasp out their activities in most careful manner. Broadminded financial aid to new units is part of administration policy, where various benefits in the form of land and financial assistance are certified quite generously and this is one of the reasons for growth and development of new companies in the country. Usually various manufacturing units having low innovation and efficiency for want of brilliant persons, remain in touch with the knowledgeable and performance oriented persons in affluent industries and attract such persons on
compensation and other payback on reciprocally settled conditions. In such activities, efforts are taken to grow and develop the industries which are weak. It is well acknowledged fact that it is not the lented persons run the company alone, but they play fundamental role in prospering the company, if other conditions of the performance are favorable. Adding up to amplify in production, quality and marketability are the factors, which keep sustainability of the company, where policy issues are the existing factors to maintain the flow of the product at the cost lower than that is existing in the market. These issues require talented persons for which the pains of the company remain stable to hunt persons through advertisements, personal contacts and establishing top secret linkages with the familiar persons. Such persons are well aware of the fact that survival of new industry is not an easy task and person who leaves the company can be treated as downgraded to strive in new company. Such issues
Remain testing tasks, but persons take threat for better salary and key hold over the company. If the planned arrangement is victorious to endure new company, the image of such person is not only uppermost in the industry but also the demand of such person increases in the market. More often than not companies take up all fair means to establish new company, as nutrition of new company with new staff may not help in facing the challenge of big companies having all probable possessions and resources. The brilliant and skilled person remains in demand for variety of reasons and the terms are settled mostly in favor of the person and not of an industry. The well established companies need to remain watchful over illegitimate practices of companies, who want to velocity up rapidity of their industrial unit by creating injury to other industrial units. The attrition has reached to quite perilous level, where appointments through advertisements are exploratory issues, but primary idea remains to encourage talented and experienced persons for institution and speeding up of pace of progress. In industrial sector, no issue persist of fair and unfair means, as every thing is fair, if the industry is functioning efficiently without any barriers. Companies are well aware of fraudulent means and take corrective measures, but compelling any person who intends to depart for better projection is complicated task. Luring artistic and qualified persons has become chief factor of business, where role of furtive efforts remains result oriented and company losing talent suffer to extent. It takes substantial time to revitalize the pace of work to necessary extent. Big manufacturing units survive with attrition problems without much devastation to work culture, but this problem is quite severe to small units, where limited staff remains to direct total task and one important person who leaves the unit has grave impact on the monetary status of the company. Therefore, attention is the proper way to keep the key persons intact with the industry. Some talented and skilled persons remain indulge in the chore of poaching by having good link with similar persons and take benefit from industry by gathering the provisions for taking their share in the task. All such situations prevail mainly for the motive that brilliant persons comprehend their significance in the prosperity of the industry and put forward resignation on false grounds for getting better opportunity in other industries. They are very much aware of the fact that the management would add to their remuneration for retaining them.
Conclusion
Thus main reasons of attrition other than general like retirement, death, disability, etc, which are not within the control of the management, are the issues of concerns to the business and company. It is basic trait that every employee of any industry is a servant, irrespective of its grade and capability. The person having good credit worthiness is treated politely, while others who deviate in thinking are shown the door to leave the company. Such situation becomes hazardous as the person was not treated well in the presented organization, and he may act as a head in other organization with recognition of talent.

4.3 Consequences of Employee Attrition
Attrition in business sector is quite alarming, where as retirement is the natural and continuous process and company also remains very much careful while filling up the vacancy through promotion or direct recruitment or any other source of internal recruitment as per policy of the company. Even in case of promotion, lower position becomes unoccupied, which is also equally important. In all other cases, the recruitment process become inevitable at the earliest as the short term array for passing on the task to any person in addition to his own task cannot continue for a longer period of time. In small business units, the problem of early placement becomes of utmost importance. The Effects of attrition are positive as well as negative.

4.3(1) Negative Consequences of Attrition

Unfulfilled Daily Functions

Many of the unconstructive possessions of revenue relate to quality of performance but the "Encyclopedia of Business" focuses that the companies having a higher turnover need to adhere to all the obligatory daily functions. The work or task has a requirement of 12 workers while only 8 workers are there on the job now it is the duty of the company how to go for the adjustment so as to deal with the unfulfilled daily functions. Decreased Performance

Decreased performance of employees at work place is one of the powerful effects of turnover. If workers leave or are removed from the job and new workers are
appointed than in that case workers with little experience are not effective enough to sell products of higher values and convey optimized services to the organization.

**Costs**

High turnover results into High costs. Whenever an employee leaves the organization his place is to be filled by appointing other person. A good amount of money is required to be spent in the process of losing one employee and appointing the other one. It was an estimation which was done by the Rain Maker Group that replacing an employee cost about one half of the salary of the unskilled worker. Whereas replacement cost of highly skilled worker is 3-5 times of the annual salary. At the time of discussion about the training cost exit interview cost, marketing of fresh openings and Background and drug check is a necessity.

**Lower Knowledge Base**

High turnover of the employee’s results in lower knowledge base. If the employees continuously go on changing the job it is not harmful only to the employees but also to the organization. Employees Lack knowledge and expertise while in an organization it indicates that the employees have a very short background.

**Revenue**

Employee turnover has an undeviating effect on the profits and prosperity of the company. For example, as per “Organization Science" magazine, the approximate outlay of a vanished employee earning $8 per hour at a retail chain store is $3,500 to $25,000. The main contributors are hire expenses, schooling labour, and Decline in sales. Evidently, the returns collision can be much superior and that depends on the business, if employee is paid with good salary and position than that is the investment done by the company without expecting any return... The cost involved in the entire recruitment and selection process need to be taken into account. Which may also include the charges paid in making use of job placement services. Added costs not only end in vanished efficiency but also a lost patron bottom.

**Low Workplace Morale**
Employee Morale is highly affected by higher turnover rate. A sky-scraping yield pace can effect in squat worker morale. This shoot when overloaded workers who not only have enlarged workload but also have additional errands because of anon availability of an energetic or qualified workforce. Fresh workers are not invulnerable. The morale of the new staff would also be low as they face difficulty in adapting to the new environment... Continuance of this nature of work background can upshot in the concern resulting into added tough time in catching and observance of premium faculty.

**Deteriorating Product or Service Quality**

Poorer output and poorer worth of job would effect since a fuss in every day operation as there is less no. of employees or unproven employees this is principally exact in industry anywhere where recurrence and calm intensity participate a superior responsibility than modernism. As in case, a clerk who is a new entrant to the hotel is unable to provide with efficient services as he is not much aware of the organization norms This is clear in situation as minor provide refund from out of order down dispensers. Although this being an apparently tiny concern, there might be a great effect on buyer fulfilment.

**Reduction in Marketing Return on Investment**

With the constant effort in attracting new customers and marketing expenses the ROI is not high as the organization is not in a position to satisfy customers and they are getting rid of customers and their recommendations to others due to raw workers or lower product quality.

**Management Frustration**

An Individual who manages rapidly is aggravated by frequently spinning exit of employees. In vend, for example, The Company spends a lot of time and money in recruitment ads selection of new employees and they are not concerned with the training and development of the employees who are currently working in the organization .It contributes to these recruits getting saddened by saying goodbye to the company. Plus inadequately operational and urbanized human resources set added
burden on the director to labor hands-on in the industry. This takes away the manager from his managerial and administrative duty.

**Distractions**

Solitary the most evil effect of elevated turnover is Distraction from the important and routine administrative activities...The services of consultants are also taken by some organization to bring about decline in the turnover rate. When assets are devoted to spot on high turnover, you are not able to diversify your work, advertising to fresh patrons and getting better on recital.

**4.3(2) Positive Consequences of Attrition**

Attrition is not always unconstructive, but it also has several affirmative outcome. a few of the constructive consequences embrace the following;

**Addition by Subtraction**

If turnover of Employees is trailing an entity who is a "terrible performer," the bang can be priceless to the organization. In minor labour environment, even if single character who all the time complains and gossip have a pessimistic upshot on organization self-esteem. While For the left over workforce, the going away of a member of staff with a downbeat approach is like a gulp ofspanking new air. For the big business possessor, it means relief from headache and tension caused by the employee.

**Gaining Fresh Ideas**

Many a time Employee turnover is fruitful to the organization. When he or she is substituted with some one else in the organization with a person who brings something beneficial to the organization. An employee who has been working in the organization foe longer period of time but their s a mismatch between his contribution and time than in that case replacement with new blood brings new and innovative ideas and inventive thinking. Avoiding Painful Decisions. If trade has been rebellious for a little moment, you possibly will mull over enchanting the uninvited act of leasing somebody depart. A sensitive member of staff possibly will notice the script on fence and hunt for service in another place sooner than to make a concluding
verdict. If the Payment made to a worker mismatch the salary, There is alternative to replace him with a new appoint at a much poorer wage to condense overheads.

**Improving Diversity**

Looking to advance organization assortment, going away envelop the mode to build change. Having a principally masculine labour force, Feminine workers should be hired. It brings personality of a diverse traditions or race. Depending on personality and forbearance echelon of modern workforce, firstly provide them with some assortment training to make the change as smooth as possible for all.

**Employee Upgrade**

Upgradation of employees have effect on the turnover. When an employee whose performance is not upto the mark is replaced with the new employee it gives positive results. Some managers easily point the low performer workers and indulge them to cease, whereas at times the administration is very negligent and they never comprehend the under performance of the workers till he leaves. An alternative appear without delay generate better results.

**Fresh Perspective**

A little height of turnover is normally superior for an association, since it allow for bright information and perspective to come into. A concern having workers who have been working since long role has steadiness, but it may be deficient in alertness of novel customs to look at possessions. Technological co, for in case, do good to from turnover that grades in more tech-savvy, entrepreneurial-minded workers who stare at the bazaar in a diverse beam. This advantage of turnover facilitates a concern stay practical in its fruition as contrasting to react to frantic situation.

**Removal of Negative Influence**

Turnover of manager or greatly dominant workforce with pessimistic attitude is favourable. Companies may have high turnover and may not comprehend until exit interviews that manager is a major contributor to countless of the things. A nasty administrator can force good workforce away. Furthermore, a self-confident and
concerned employee may cause contemporaries and co-worker to seek out other service if he is unconstructive or stiff to work with.

**Salary Reduction**

Organizations occasionally lay off workers with high salaries. They use it as a technique to slash outlay during harsh monetary era. A number of them propose premature retirement strategy to lucid highly paid employees and restore them with new, less-experienced and less-costly workers. The idyllic turnover marks when a greatly compensated, low-performing member of staff quits and his place is taken by a profolic and affordable employee.

**Recompense of latest acquaintance**

Entry of new employees is accompanied by latest acquaintance which develop new skills and open with the various areas for investment for the organization.

**Benefit of innovative technology**

With the introduction of new technology the cost of the product is reduced resulting into increased demand and income of the product.

**Prologue of latest ideas**

New ideas not only help in growth and development of the product but also supports establishment of new joint ventures.

**Lesser negative impact of groupism**

If the members present in the group are not comfortable with even a single member in the group than in that case they have to be alert enough when they are in group and if such a person leaves than the people are at ease.

**Reduction in surplus staff**

If excess staff is laid off it will not only reduce the maintenance cost of those employees but also there will be reduction in the total cost.

**Probability of bringing in creativeness & modernism**
Innovative workers introduce an innovative technique of working, new methods and may think in a different way all this will endorse uniqueness and newness in the organization.

**Creation of a vigorous and aggressive environment in the organization**

Fresh workers tend to be more bloodthirsty and old recruits may learn from them. This creates a vigorous and bloodthirsty situation in the organization.

**4.4 Conclusion**

Attrition affects the business firm gravely, as the employees assigned the task is not fully competent to handle the task with same aptitude and capability. Usually, the employees attain requisite know-how and ability of respective task avoid giving out their victory tricks with equals and any replacement remains non-capable to attain the expertise level of earlier duration. Even the knowledge and skill are the key factors of success and such people get better opportunities in same or other companies. Companies try their best to hang on the talent with all probable measures mainly for the motive that space created may generate serious harm to business.