CHAPTER FIVE
ATTRITION IN INDIA

Selection of talented employees is important and essential for business. Employees are heart and soul of business and also real mechanism for running the business. After selection and placement of employees, the process of adjudging their talent and capability starts. This is true that all the selection processes for searching most talented employees enables the recruiting agency to search best among the available persons and performance of the selected persons is known through various modes, where the capability of person in known by shouldering responsibilities assigned by the management and level of output attained through the selected person.

Job characteristics have significant impact on job outcome, which includes job satisfaction. There are five core job characteristics viz., skill variety, task identity, task significance, autonomy and feedback, which impact three critical psychological states e.g., experienced meaningfulness, experienced responsibility for outcome and knowledge for actual results, which in turn influence work outcomes reflected in the form of job satisfaction, absenteeism, work motivation etc. The basic theme of the business is employee motivation, employees satisfaction and employee involvement.

Life interest and work compatibility leads to prolonged sustenance of job dimensions, as work prospects, accountability, sense of accomplishment, self esteem, job security, interpersonal relationships, working conditions by extending organizational outcomes satisfied, motivated and retained employees. Figure 5.1 reveals job characteristics model to be used as management tool and flexible enough to be used for management of an organization. Typical management involves motivational impact of job redesign for increasing employees level of control and responsibility over their work behaviour and introducing scheme of participation of employees in certain management decisions.

This job characteristics model allows managers to manipulate host job characteristics and investigate likely effects upon the motivation, performance and
sustenance of workforce. Attrition and retention are two dimensions of job characteristics of employees and these conditions can be controlled through suitable measures, but become basic feature of the business management, where the persons working in any company can continue to work, may leave the task or remain in the organization with effective persuasion. Attrition is the situation, where working employee has taken decision to leave the organization and not willing to continue on the same position even after insistence by management.

**Figure 5.1**

_Modified version of Hackman and Oldham's Job Characteristics Model_

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<table>
<thead>
<tr>
<th>Core Job Dimensions</th>
<th>Critical Psychological States</th>
<th>Personal and Work Outcomes</th>
<th>Organizational Outcomes</th>
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<td>Skill Variety</td>
<td>Experienced meaningfulness of the work</td>
<td>High internal work motivation</td>
<td>Satisfied Employees</td>
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<td>Task Identity</td>
<td>Experienced responsibility for outcomes of the work</td>
<td>High quality of work performances</td>
<td>Motivated Employees</td>
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<td>Task Significance</td>
<td>Knowledge of the actual results of the work</td>
<td>High satisfaction with the work</td>
<td>Involved Employees</td>
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<td>Growth Prospects</td>
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<td>Low absenteeism and turnover</td>
<td>Retained Employees</td>
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<td>Participation</td>
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<td>Accountability</td>
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Factors contributing to attrition are quite different from those contributing to retention. Basic model of attrition is given in Figure 5.2, which clearly suggests the personal characteristics as age, education, gender, marital status and tenure along with the negative characteristics of business organization. These situations usually include monotonous nature of job, lack of motivation, poor mentoring, power and politics, dissatisfaction with colleagues, lower career growth, lack of skill variety, irregular working hours, non-recognition of work performance. Single factor or combination of more than one factor can contribute the employee for attrition.

**Figure 5.2**

**Basic model for attrition**
Retention is the situation where factors responsible for attrition are suitably addressed by the employer and help in creating positive conditions, where the employee decides to face the challenges of assigned task and tries to make the environment favourable to the person employed recently or working for years. Basic model for retention of employees is given at Figure 5.3, which reveals responsive attitude of management and encouragement for increasing production and productivity by understanding problems of individual employee and take suitable measure to mitigate the hindrances to possible extent. (1)
5.1 ATTRITION: CONCEPTUAL FRAMEWORK:

All organizations accept some degree of absence and attrition and certain degree of attrition is declarable, as it creates opportunities to introduce new ideas and expertise to the organization and providing career development opportunities for existing employees. Persistently high levels of attrition are costly to individuals, organizations and the economy as a whole. Attrition adversely affects efficiency, productivity, profitability and morale of the organization. In fast moving business world, talented people get significant opportunities as per their academic and professional qualifications.

Talented person as beginner tries to get employment in any business sector according to its capability and intends to get experience or working in such business group to acquaint with the work culture through aptitude to learn. The academic and professional qualifications with experience of working in any business disciplines open enormous opportunities, where remunerations and working position remains basic attraction to the employee. In addition, the working pattern of business group, credit to hard work and better performance are few conditions, which prompt the employee to search for new employment opportunities.

From employer point of view, every key functionary is credit worthy for the organization, as new entrants have innovative ideas with technology support to help the organization to accelerate the work performance in production and productivity, ultimately reflected into high return resulting into low cost of production and face the competitive market quite effectively and confidently. Inspite of all these favourable conditions to the business organization, differentiation in remuneration of efficient employees and higher position are not possible to provide within some reasonable time. The business organization has to maintain equilibrium in all factors of production and giving advantage to employees may not be possible in all the situations.

Close assessments of alternative work practices reveal that labour productivity, increase in organization profitability and reduced attrition have positive correlation. Business management also tries to create conducive
environment to maximize all these factors to possible extent. There is general presumption that there exists a set of high performance work practices, which improve in certain conditions employees well being and lead them to more productivity. This vicious circle continues with the active response of the business management and remaining careful to work performance.

Attrition is a ratio compares on the number of employees of company must replace in given time period to the average number of total employees. A huge concern to most companies attrition is costly expense specially in lower paying job roles, for which attrition of any company reflects in various forms. These can stem from employer as well as from employees, where employer has its own limitations and necessities to allow attrition of persons of some categories. Similarly the employees responsible for attrition submit their resignation in the hope that management would consider increase in remunerations or promotion.

Employees resign for many different reasons and most prominent cause of attrition is the attraction of new job or prospect outside workplace, which pulls them. Other causes of attrition are the dissatisfaction from present job to seek alternative employment. The attrition is combination of various reasons and sometimes domestic conditions compels the employee to return home and search for livelihood, as residing at home becomes necessary. Various push factors have great significance in most resignations, as some close relatives or well-wishers put pressure to leave current job and such person also responds in view of its own wishes.

It is relatively rare for employees to leave job, in which they are happy and even offers of higher pay and other benefits elsewhere may not be that attractive to such employees. Many persons having job satisfaction and have preference for stability prefer to remain in it place and position. In fast moving business sector, group of employees take joint decision in view of persuasion from any business concern to join there and one employee motivate others to have collective approach of living together. Sometimes attrition decisions taken in hast may put adverse impact on future prospects, as status of business group and financial performance has relevance, where leaving the company remains quite humiliating for the person.
There is no set upper limit of attrition, which affects the organization with damaging impact. Everything depends on the type of labour market and availability of suitable persons. Attrition has least problem, where finding employees of requisite qualifications and experience and training to such recruited persons can be quick with high quality. In situations, where attrition affects the quality level of service and filling in vacancies is time consuming and meager options to select talented persons, attrition has significant and long term impact. Attrition is generally referred to high talented persons having significant on production and business.

Attrition is most critical in business organizations, where losing staff to direct competitors or having direct relations with customers with individual employee. Sometimes attrition positively benefits organization, where more effective employee replaces poor performer. Similarly, retirement of senior executive of company allows promotion from existing employees or acquisition of fresh blood to undertake the task. Moderate levels of attrition can also help to reduce staff costs to organization, where business levels are unpredictable in timeframe. In slack seasons, business organizations treat it feasible to fill in vacancy from better person within the specified period.

Decrease in number of employees in an organization for any reason is called attrition, while change in financial status of an organization is termed as financial turnover. Attrition can be known and unforeseen, where known attrition is managed suitably, as the organization remains aware of such situation well in advance and takes desired measures of direct recruitment or promotion. Unforeseen attrition in an organization remains problematic and may affect over the production and financial status of the company. Usually organizations remain cautious of such conditions and take continuous feedback from their managers about the situation.

Attrition refers to the movement of employees in and out of business group, but the term is commonly used only to wastage of employees or number of employees intending to leave. Usually companies keep time limit for leaving the organization, which is usually one or two months. Any employee intending to leave the company has to submit resignation letter before stipulated time as per terms and
conditions of appointment. In such cases, if any employee intends to leave the organization with immediate effect, the management can permit on forfeiture of salary of requisite duration. Usually employees prefer to wait for the time and seek time from new company, where they intend to join.

High rate of attrition causes problems to business organization, as survival in the competitive market remains quite challenging and competing firms avail advantage of such situation. Attrition reflecting over the production create problem to business group in meeting the commitment with other firms having supply contract. In addition, large number of attrition for whatsoever reason, reflects over the goodwill of the group, which is usually termed as decreasing reputation or instability of company.. Termination of any employee is most humiliating situation for the employee and business company. (2)

5.2 CAUSES AND CONSEQUENCES OF ATTRITION:

Organizations generally lament the challenges, which they have to consistently face as a result of turnover of employees. Some consider that attrition is actually not always damaging for an organization. Some suggest that some level of attrition is actually advantageous and necessary for growth and development of an organization. Positive and negative impact of attrition on productivity and profitability depend on type of attrition and its intensity. If contribution of an employee in service has negative impact on productivity and profitability of the company and also demoralizing influence on the work culture and team spirit, the organization benefits with attrition of such employee.

The attrition of ineffective employee is termed as ‘good attrition’ and signifies less productive employee leaving the organization voluntarily. The problem with such argument is that departure of an employee usually cannot be controlled by putting in place employee friendly policies and typical recourse is termination of the services of such employee with the company. Considering the fact that the above action is inherently an unpleasant exercise at the workplace, it is difficult to classify as beneficial. Moreover, this so called good attrition also brings forth the failure of
organization in hiring the right employee, as well as grooming and training to make productive.

If the exit of certain employee causes a slowdown, temporarily, it may be, in terms of work continuity and productivity; it is referred to as ‘bad attrition’. It is important to evaluate it continuously, take appropriate corrective actions and adjust it so as to be consistent with the overall business plan. To counter attrition, organization should formulate retention policies, which are employee centred and promote bonding between employee and employer. High attrition implies that certain essential skills are at risk or not available due to exit of employees. If skills are continually not available, the situation snowballs into a crisis with vital projects, revenues etc getting adversely affected. (3)

5.2.1 Causes of Employee Attrition:

Apart from the unavoidable reasons like resignation, retirement, death or disability, the causes are found to be many and varied. The causes of attrition vary according to the nature of business, the level of employees and nature of responsibility shouldered by them. The obvious common and main reasons are the ‘ergonomic discomfort’ experienced by the employee and ‘functional incompatibility’ between the corporate management and the employees. Very often, an employee finds himself among colleagues and superiors, unable to cope with.

Similarly, an employee may find himself totally out of tune in his functions with the employer’s functional requirements, failing to rise to the expectations of the employer.

Another important and common reason is remuneration, which is not so voluminous enough to bear the brunt and cushion the concussions of his family and social life. A special forum called Cite-HR: Human Resource Management Community and knowledge base has made on employee attrition. The forum provides study materials on the subject to be posted on the site. One such illuminating piece of research work posted on the site sheds light on the subject through a case study in general in respect of the causes and remedies for employee
attrition in the industry. According to the site, employee attrition can be classified as drive and drag attrition.

The drive attrition is caused mainly due to the policy, practice and treatment of the employer in the industry. The policy is directed towards retention of only those employees that are evaluated as productive and to dispense with other. Further according to the site, 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. Such duties bring sense of depression that erodes, in due course, deep in to very marrow of employee efficiency.

It is true that in any industry working round the clock, employees are required to work in odd hours, but such situations can be overcome with reasonable time of each shift and changing duty hours after one week or fortnight, as per feasibility. In such a system, no employee would have grievance, as all the employees, irrespective of status, are working in odd hours. Such kind of conditions at workplace instill in the mind of employee a fear and develop a sense of discomfort, with the work ambience, eventually forcing to search for alternatives.

The drag attrition is the result of number of uncertainties faced by the employee in working environment, such as absence of adequate opportunity for advancement in career and absence of opportunity to express 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 reasonable more time feel quite frustrated with such job conditions. The environment of such nature compels an employee to seek some secure placement causing attrition from present position.

Invariably, every employee intending to work in business sector, harbours in his mind the ambition of sterner stuff and remains well aware that business sector is most competitive, where survival of the company is only possible with hard work reflected into more production and productivity resulting into high profits. Usually every business unit flourishes with the hard work of employees and benefits to them
are possible with increased profit. Such mindset helps every employee to remain devoted to work and prove individual as well as group worthiness with best performance.

Every business unit has working environment and every employee remain cautious to work for the betterment of the company. Such workplace creates an urge in peer environment, where competition makes to look for possibilities and opportunities for self advancement. In business houses, where such environment is lacking and visible view of career advancement is generally absent, the employee starts thinking pessimistically and realizes that continuance in the company may ruin his career. Origin of such feelings in employee compels to think for alternative job and the end of such thinking convert into attrition.

An employee is able to understand the career advancement options in the company within little time and conditions of persons working for some time in the same position also helps in formation view to leave the company at the earliest. There are instances, where the persons remain searching for alternative 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 unable to face the competitive market with all possible efforts and financial position starts disturbing, employees prefer to leave the company at the earliest.

Usually talented person remain effortful to attain position to show his performance, but seniors do not allow to move forward for application of innovative ideas for better performance of the company, such person realizes that remaining in existing position would ruin its talent and availing such opportunity to show his performance is difficult, such situation also compels to leave the place at the earliest and search other place, where exposure of his talent is possible. Some employees express their capability to new company in work performance terms and also able to yield target level of success.
Such issues are most common in business sector, where the person holding some position does not allow new entrant to prove its worth, as such situation may ruin his own position. Usually business sector has also various hurdles for new person to expose new ideas, as managers usually avoid such thinking and turn down such proposal showing as non-feasible and unable to succeed in the approach. Usually innovative ideas and new technology experiments remain struck in the fear of disturbing existing system. Even the management remain most hesitant to adopt 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 remains against such changed pattern. Usually new person is treated as lacking maturity and suggested changes are treated as impractical may lead to great loss. In many cases, total team become against such person and leaving the place for such person becomes inevitable. The same person, succeeding in the proposed innovative idea and helpful in 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 innovation is also the challenging reason.

The management has to balance between the experience and innovation technology, as both the employees are credit worthy for the business prospects. Usually management and experienced head of specific unit treat the existing pattern most suitable for the business prospects. The new entrant having firm confidence over innovative approach feels stagnant to his vision and capability. Such person is appreciated in business market and if able to express the innovation in terms of production or productivity i.e., possible 10 percent increase in production, becomes the challenging situation and succeeding in the task brings the person to attain high position.

Thus main reasons of attrition other than general like retirement, death, disability, etc, which are not within the control of the management, the issues of concerns of attrition are serious responsible for serious concern to the business and
company. It is basic feature that every employee of any business group would remain a servant, irrespective of status and capability. The credit worthy person is treated respectfully and politely, while other are shown the gate to leave the company in case of variation in thinking and approach. Such situation becomes dangerous as the person was not treated suitable in existing organization, may head the unit in other organization with acceptance of talent.

5.2.2 Financial Implications of Attrition:

Attrition in business sector remains quite disturbing, where retirement is the natural process and company remains vigilant for filling up the vacancy through promotion or direct recruitment as per policy decision taken. Even in case of promotion, lower position becomes vacant, which is also equally important. In all other cases, the recruitment process become inevitable at the earliest as the short term arrangement for assigning the task to any person in addition to his own task cannot continue for longer duration. In small business units, the problem of early placement becomes necessary.

Soon after leaving of any employee, the company has to spent money on fresh advertisements for recruitment and also makes payment to placement agency, which handles total process. The internal recruiter take time to understand requisites of vacant posts, build up and employ sourcing strategy for the position. In such cases, difficulty observed in earlier selected person is also clearly spelt out to the process agency. It is quite pertinent that response to advertisement is quite voluminous, where new and experienced persons send their applications to get the position. The placement agency is required to assess the potential of applicants and short listed candidates are called for interview.

The placement agency has to remain transparent in terms of inviting short listed candidates and also to communicate the candidates could not be short listed and not called for interview. Total duration of man hours per positions vary between 30 to 100 man hours for the placement agency, which charges fees of total task from the company. In cases, where pre-employment test to evaluate skills, abilities, aptitude, values and behaviour of the candidates, which is also additive to
recruitment cost. Such tasks are considered essential depending upon the status of position in the business and expectations from the strategic position.

In addition to the cost of recruitment, cost of training has direct bearing over the company. The training cost is different for different positions, where new entrant has to trained for capacity building and skill development in the particular task. The training can be imparted in the classroom, departmental training, cost of training material. The cost is notably higher for certain positions, where research work is also involved or the person has to work for preparation of medicines as per patent specifications. Training in sphere of sales, marketing and result oriented output is altogether different, where the person has to develop talent according to task and market conditions.

Training is generally not restricted to classroom, but practical issues remain quite complicated where the decision making of the person on key position is associated with the fate of the company prosperity. The person holding position in place of earlier person has to show talent better in all spheres of areas of execution. Persons placed at senior positions have to guide their junior, which is only possible, when the person holds command over the basic issues and innovations. Usually deviation from past trends remains quite challenging task for the person in particular and the business group also, as every issue remains associated with the performance.

Interaction with junior persons in the department has various critical issues, as such persons remain well aware of the technical issues and guiding such persons is only possible, when the person is fully equipped with the relevant issues. Taking juniors into confidence and adopting coordinated approach is associated with skill development of the person, which is only possible, when the training was perfect in all related spheres including practical issues, which the person has to handle as head of the unit. The new entrant as subordinate has to take guidance from the senior in all the issues of problematic nature and decision making issues are involved.

Thus cost of training is not limited to equipping the person with the task to be handled but impact on production and productivity are key issues for prosperity
of the company and every decision has direct impact. Training is the most critical factor for the success of the person, which is not only limited to success of the person in performing the assigned task, but also to the extent to the impact over the company in terms of quality and quantum of the product, which is direct responsibility of the person concerned.

Lost productivity cost is also relevant in attrition, as there remains reasonable gap between the departure of the earlier person and positioning of new person, where significant time is lost in recruitment and training. Both these factors are critical and no short cut is possible. Usually, the work is assigned to some person for the duration of vacancy, but such arrangement is quite disturbing and lost productivity, as one person cannot justify two positions and work performance is severely affected for the duration, which even takes further time with new person to understand the task.

Attrition remains painful to the business company, as new person holding the position usually not equal to the earlier person in terms of holding the strategic position. Some business groups are fortunate enough to get best talent as replacement, helpful in prospecting the business to new heights and turning the financial turnover to highest level. In other situation, the replacement is not that much capable to handle to position perfectly to the entire satisfaction of the management. In such situation, the policy decision is necessary at the earliest level to continue such person and wait for developing requisite capabilities to manage the task efficiently.

If the management feels the person sub-standard and unable to perform in requisite manner, it becomes essential to part with such person and there remains two options with the company either to promote the person from existing staff to hold the position or go for another recruitment. Both the situations have long term impact on the company, in terms of business, competition and future plan of expansion. Usually large business companies have many options to carry out corrective measures and manage the position smoothly, but small business companies face the challenge quite seriously, which may result in reverse trend of decay.
5.3 ATTRITION SCENARIO IN INDIA:

Almost all the sectors of business are facing attrition in India, but the intensity and magnitude are different in various business disciplines. The attrition rates are most varied in different sectors, where voice based business process outsourcing has highest attrition problem. Other sectors facing significant attrition problem are pharmaceutical industry, aviation, telecom and information technology sectors. As a result, every organization is striving to put into practice several measures to counter attrition, right from identifying root cause to making right selection and create conducive environment to retain the persons through various known measures.

Pharmaceutical sector has highest attrition rate of around 35 percent, which is matter of grave concern and affecting the companies in production and research. Poaching and high attrition rates have seriously affected the Indian pharmaceutical industry and human resource managers remain in constant search of ways and means to retain their talent to best possible extent. Given the relatively small talent pool available in the pharma industry sector, compared to other sectors, the problem is increasing to become critical to devastating.

Globalization and liberalization have created conditions in India for increased business prospects as well as availability of talent in various disciplines. Such talent is meeting the country requirement as well as moving out for better prospects. There are some fast developing sectors and foreign direct investment has attracted 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 commodities are cheaper in view of low labour and material cost.

Every foreign company establishing in India, is trying to keep talent from India in view of higher skills and lower emoluments in comparison to their foreign counterpart. The attrition trend is also associated with the business activities of few fast growing sectors, where local market has enormous potential to market product within the country and export outside in view of low production cost. 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.

The attrition is highest in pharmaceutical sector in view of large number of companies being established in the country and each want talented persons to handle the task efficiently. Number of pharmaceutical industries and production is presently increasing between 10 to 15 percent per year and half of the pharmaceutical companies have not equipped with their own machinery to produce the patented medicines. This situation has created demand of experienced persons in all the spheres from research, production and marketing of the product in country market and outside after meeting all the conditions of Drug Controller of India.

Attrition problem is resultant impact of increase in pharmaceutical companies and production. The international agreement have helped the Indian companies to export their product in developed and developing countries in view of low cost and quality control. Foreign companies are attracted to India in view of research facilities on animals and human beings, where testing the impact of new medicines is possible in view of not very strict conditions like developed countries. These conditions have created additional demand of pharmaceutical persons to handle the task effectively. Attrition as part of human tendency is attracted at high remunerations with other benefits.

With presence of global companies in India, the situation has become quite critical in terms of business prospects, as multinational companies have edge over Indian companies and have past experience of business in India. The liberalization and globalization have serious long term impact over Indian market, but the present problematic issue is the attrition problem in view of large number of foreign companies entered into India and ready to pay high remuneration for experienced persons. Even Indian companies are also responsible for high attrition, as each senior position in any business company attracts working persons to avail high remuneration in other companies and better position.
The attrition in India can be distinguished into general phenomena and in view of growth of new pharmaceutical companies, where experienced persons are main feature of success. As general phenomena, the attrition rate is almost equal to other business sectors of the country, but growth of new companies has imbalanced the work environment and large number of existing employees remain effortful to new avenues, where high remunerations and prestigious position are the issues of special attraction. The patent approved in India is applicable in all the countries of the world, which is attraction of origin of new companies.

This is also reality that more than half of total registered pharmaceutical companies have no production venue and gets the medicines prepared through other companies having approved machinery and locationl features. This condition is not limited to Indian pharmaceutical companies but various companies of developed nations are getting the medicines prepared through Indian companies due to low cost of manufacturing and world class facilities to be exported in global market. In addition some Indian pharmaceutical companies have established manufacturing units outside India, which has further intensified attrition problem.

The number of persons coming out from educational and professional institutions is able to coup up the demand, but the problem is of experienced persons. In case one person of senior position is shifted from one company to another, the company facing attrition problem has to search another person. Thus the persons are there to manage positions, but the large number of companies is affected with the problem. Even resignation of one person affects about 5 to 10 companies on rotation basis, which is the gist of the problem and there is no end of the problem till the increasing trend of pharmaceutical companies would remain in high volume.

Expectations of talented persons of pharmaceutical industry have increased significantly, in view of the fact that attraction of higher remuneration and other benefits is superceded by all wise thoughts to remain associated with one company to gain experience and help in flourishing the company. This is certainly true that existence of talented persons is largely associated with prosperity of pharmaceutical companies and remuneration associated with high production, quality product and
prosperity of company are the measures to provide stability 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.

Causes and consequences of attrition in India are most varied, where major issue remains higher remunerations, which is certainly a genuine factor, as every person wants reasonable remuneration for the services providing to business company. This issue is quite complicated for the reason that there is no yardstick for the amount in view of services rendered by a person. The services and remuneration can be best associated with the additional production, which is possible with the contribution of one single person. This aspect is also difficult to assess, as the production is possible with the help of machinery and equipment, which contribution of group of persons, can be assessed.

Usually every person as new entrant, joins any company with the help of advertisement and after long selection process, person getting an opportunity to avail any position in any business organization tries to understand the work culture, as part of assignment. After being acquainted with the general features of business company and its capability to pay the remuneration to employees. The salary and other benefits are associated with the services rendered by individual and group of persons and its share in total production process. After assessment of various details about the company and work culture, employ makes up his mind about the satisfaction being attained with the work and remuneration.

The employee has comparatively narrow thinking related to services rendered and remuneration, while the company engaged in production has to consider series of issues for keeping the company survive in competitive conditions and quality of product. In case the company produces items, which are most needed in the market, the production can be further increased to spread area coverage, where all the employees engaged in increasing of the production are also benefited suitably. This situation is not possible with all the companies engaged in production, as there are various companies, where the employees have to struggle to push the produce in the market with varied efforts and succeed to meager extent.
It is also certain that every employ cannot get company where production is easily sold in market. If the company persons are compelled to make struggle to push the commodities in the market ad may or may not succeed to requisite extent, the employees feel quite disheartened and try to search another company, where the situation of production and marketing is better and employee feel quite satisfied with their hard work. This is one aspect of the attrition and employees joining any company could know the internal issues after entry into the company and its status in the market. Thus the attrition is a continuous feature with no end to the situation and employees try to get better company for safe future.

The rate of attrition is higher in India not only with the number of companies coming up every year and employees rush at the side where remuneration is higher, but there are other factors exist in Indian business sector, which play significant role in attrition of very high rate. It is essential to know all the issue responsible for high attrition and consequences of each of the issue of attrition. Similarly the talent is a relative term, which cannot be equal in all persons available for employment and every person cannot get proficiency in every sphere. Person having very honourable position in one business group may not be adjusted in another group, which is also an issue of consideration. (4)

5.3.1 Relationship with Superiors:

Every employee in a company is junior to someone and has to work in guidance of the senior person. Even the manager of any unit is accountable to the management and such relationship is one of the critical factor for attrition. Usually any employee of a company gets varied response from the senior, where some persons guide their juniors quite affectionately and even the delicate issues are communicated in very easy and accessible manner. The employee also feels honoured in such environment and remains always eager to get suitable guidance. The response of an employee in such an environment is quite encouraging and works with zeal and energy to provide best results.

The employees in other situation get very cold response from seniors and every time they are warned for negligence even for regular matters. The employee is
supposed to work in the guidance of senior and expect able guidance for every issue of functioning. Employee is generally less equipped with the business issues and has various issues of decision making at various spells. It has been visualized that seniors watch the activities of juniors closely and discourage for minor negligence. The employee in such situation feels quite discouraged and feels the work environment not suitable to him. The attitudinal behaviour of the seniors compels the employ to change the company.

In another situation, the junior is highly qualified and well aware of the technical aspects of the task, but remains hesitant to introduce such innovations. The senior persons is gripped with the inferiority complex and in case of guidance, the response of the senior remains quite sour and even quite discouraging. Instead of suitable guidance, the person is reminded of his education and professional qualifications and discouraged through various modes. This issue is associated with human behaviour, where senior always poses his experience and stay duration before the newcomer and reminded to understand the work quite attentively.

Even minor mistakes of such person are reported to manager along with the remarks to have ego of high qualifications and not taking interest in work. In some situations, the manager is able to understand the problem and change the job of such person and entrusts issues to expose his talent. The situation is such environment becomes perfect and the person is given opportunity to expose talent and ability to work quite efficiently. In absence of such situations, the person feels quite tired with the environment and decides to seek alternative job. Number of persons unable to expose their talent and seek another job is quite high.

Any person is considered for hike in remuneration, where his role is appreciated by seniors and given free hand to work more than the targeted. Thee are some minimum target of the quantified tasks, one is expected to attend and in case an employee is able to increase production with his efforts, the senior remains in search to point out the defect or production of inferior quality. Such an issue is quite discouraging for the person intending to work hard, but instead of encouragement and appreciation, warned for the mistakes and cautioned to remain cautious in
future. This type of attitude of seniors is quite humiliating to the person intending to work hard and increase output.

5.3.2 Lack of Proper Opportunities:

Usually persons selected for any specific task in the company on the basis of academic and professional qualifications are promised to be given strategic task to expose their abilities to benefit the company, but after joining the company 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 enormous opportunities to work for the prosperity of company and also for self-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 requisite field and such experience is helpful in getting better opportunities in the same company or elsewhere. Private sector search talent with high remunerations and assure for getting better opportunities in time bound manner. But after joining the company, the work assigned remains other than the promised, which discourage the person, as gaining experience in the requisite field becomes impossible and person so selected feels being cheated. Companies have their own limitations as every person cannot be assigned strategic task of exposure of talent but the incumbent 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 compelling for attrition. The person selected for specific task is imparted training for capacity 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 push 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 on realistic basis for new entrants and in the beginning, seniors also help in acclimatize 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 gripped 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 appropriate 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 humanitarian consideration and stress upon the person to adhere to the target as the commodity for sales is related to high class persons, who are least affected with famine 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 sympathetic 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 sensitive over the natural features and understand the local problems, but in situations, where the management is not aware with the problem and warn the employee for unrealistic issues.

Usually companies try to keep the employee engaged in the assigned tasks for total work duration and continue to have evaluation of work of each person. The employee engagement process given in Figure 5.4 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.
5.3.3 Personal Problems of Employees:

Personal problems of employees have significant role in attrition, as person employed in company can work freely, when the personal issues remain within control. There are various unforeseen problems faced by the employee, where taking long leave becomes difficult for continuance in the job. In corporate sector, short leave is accommodated with minor adjustment and such situations are common in the business sector. In case of some serious problem faced by the employee, the grievance is communicated to senior person. The personal problem can be considerable for the management to requisite extent and in such cases, the person feels quite satisfied with the humanitarian view of the management.
But situation is not similar in each company, as person need to attend total assigned task as per indicated time schedule, where day or night has no concern. This problem is of general nature and each person has to bear the adverse time conditions in company working round the clock. Usually personal problems are beyond the manageable limit and person is compelled to leave the job in helplessness, as remaining out for long duration is not acceptable in the company for various reasons. In such a situation, employee affected with problems prefers to leave the job.

### 5.3.4 Little Scope for Career Advancement:

Career advancement is main attraction for the employees of business sector, which is possible through higher professional studies, as well as in the business sector with excellent work performance. Usually persons join service after attaining requisite professional courses and join service in the hope to get time for further studies for getting better opportunities in the business sector. Qualification is the basic feature for making the person eligible for senior positions in the professional sector. The joining of job is also attraction to gain working experience of requisite 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.

Getting job in private sector is not very difficult for professionals and after getting higher professional qualifications, it is presumed to get better position with higher remuneration and prestigious position. In such a situation, the employee prefers to take risk of leaving job for the duration of further studies and this is genuine cause of attrition for betterment. The business company has to suffer for the departure of talented person and has to search for new person. It is usually difficult for the business group to provide light job and accommodate the person for the study duration, as the business sector has its own limitations.

It is also not possible for the business group to accommodate any employee to concentrate over studies and continue to work in the company as both the tasks cannot continue together and employee cannot justify both the tasks without
sacrificing the interest of work of company and of personal career advancement. Therefore, attrition becomes inevitable and such person concentrates over further studies for the course duration and later search for better opportunities. In fast growing business sector, getting job with higher talent is not difficult and it is good from the person point of view, but company has to suffer and search for new person to continue work without any disruption.

Career advancement is the business is another situation, which is associated for better opportunities for the talented person. After joining the company, the employee searches opportunities of promotion in the same company and such opportunities are possible with the attrition or expansion of the business. The employee has to assess the situation in the company about his own future career advancement with high talent and experience. This situation varies from company to company, as each company is not capable to provide higher position to the person, working at lower position in the company.

Career advancement and higher remuneration related issues are associated with the financial performance of the company. In most competitive market conditions, some companies get better opportunities to increase production, as the market has potential to absorb increased production. With liberalization and international agreements, it has become possible to export the product, on fulfillment of requisite conditions and such companies have high potential of career advancement. But every company is not capable enough to have higher production for country and export market.

In pharmaceutical sector more than half of the companies have no manufacturing unit of its own and remain dependent on other companies having such facilities with capability to export the produce on the basis and approved machinery and other conditions. This situation is not only limited to Indian companies, but foreign based companies entrust such task to some Indian companies with sound reputation and approval from Drug Controller of India. Such companies having no industry of its own have meager opportunities of career advancement and
talented persons working in such companies remain watchful for opportunities to get job in companies having better avenues.

5.3.5 **Limited Scope for Displaying Creative Skills of Employees:**

Some business groups remain conscious for exposure of creative skills of their employees and encourage for developing more creative skills in their employees. Such environment is helpful in adopting innovative ideas for prospecting the business and employees of such companies feel quite encouraged with creative opportunities made available to them. Similarly, some prospective business groups keep funds for research and development, which helps in adoption of new products in the market. Research and development is helpful in application of technological inputs and producing new varieties in the market.

Research work has been associated with the patent of the new product, which is helpful in maintaining monopoly of the company for the duration of twenty years and no other group can prepare same variety in the same duration. In the field of pharmaceutical industry, research is most effective tool in getting patent of new drugs and company has privilege to market the produce on monopoly basis. In this sphere, employee of creative skills can prepare other medicines with change in the proportion of same ingredients, which has treatment of other diseases. Patent of such varieties is helpful for the company to introduce another variety in the market and take benefit of monopoly for given duration.

There are some pharmaceutical companies, having potential to introduce new medicines with patent rights, which is possible with dedicated efforts of talented employees. Such industries introduce their new varieties at global level and compete with existing medicines available for treatment of diseases. Most of the pharmaceutical industries do not take interest in research and development, which is most essential issue for sustenance of business group. Employees working in such industries feel quite uneasy for not getting suitable support from the industry and remain effortful to move to such companies, where exposure of their talent is possible. This is one of the issues of attrition and losing potential persons.
Even in normal functioning, companies encouraging their employees to expose talent for innovative technological inputs, helpful in introducing new and attractive varieties. Employees while working in various spheres of industries develop new ideas, but the manager or management has no intuition to consider such ideas. Some managers discourage such persons having creative skills and suggest or warn to restrict their concentration on the prescribed task and not to deviate their mind in silly things. The persons in such work environment feel quite disturbed and try to float their ideas to other persons without disclosing the details.

In many situations, such skilled persons are secretly invited for exposure of their skills and may be suggested to join their company for better opportunities. This is one of the mode of attrition, where skilled person feel quite disheartened and search opportunities for suitable platform for exposure of creative ideas. Some industries secretly pay the remuneration to such person on one time basis, as the skilled person has no resources to prepare patent proposal and get the benefit for such innovation. Such person feels quite encouraged with recognition of his talent and also not aware of the mode to adopting appropriate way to get recognition of the skill.

Patent offices of the country accept proposals from such talented persons and maintain secrecy, as well as provide suitable help in processing the proposal. In cases, where the person is able to get the patent in his own name, many business groups come forward to purchase the patent with suitable remuneration. Usually talented persons could not avail such helping hands to remain honest in total process and provide the benefit of innovative idea or variety. Usually talented persons feel quite disheartened with lack of appreciation of their skill, which can benefit the industry significantly. There are many barriers and cheat to get benefit of skill or talent of the person through unfair means.

5.3.6 Work Fatigue and Stress in Job:

Work atmosphere and stress over the employees is one of the factor of attrition in India, as many industries could not create suitable work environment for the employees. In some cases, where the working conditions are quite difficult to
remain standing in front of machine, where the temperature remains too high or too low, which is responsible for fatigue and also develop various diseases in view of atmospheric conditions. This is usual situation that after prolonged work, the employee feels quite disturbed and want rest for long duration. In many cases, the person is not capable to perform its routine tasks in the family.

In view of prolonged fatigue and uneasiness, some employees are compelled to take drugs to remove pain and tiredness, which become constant practice and put adverse effect on body and mind of the person. Some persons take alcoholic contents to forget tiredness, which is harmful in performance of hard work after some years. In such situation, employees try to search for new job, where working conditions are not that tough. Usually there is regular inspection of the industry in terms of employees conditions and favourable work environment, but some problems are associated with the work conditions, which cannot change.

Stress is another problematic issue, where the employees feel quite disturbed with the attitude of managers and seniors. The employees are warned for minor issues and put on financial loss for various lapses due to negligence, responsible for loss to the industry. Usually employees remain cautious over their task and try to work quite attentively, but human error is possible in some cases and need to be overlooked in true spirit of work. Stress is the situation, where employees are severely abused in the presence of others and not allowed to respond for the situation. In such conditions, employees generally prefer to search for new job, which is possible for technical and talented persons.

Business work is possible in patient environment and employees can be guided to work in suitable manner rather than abusing or punishing with severe modes. The managers and seniors lose their temper for petty issues, which can be avoided with suggestive guidance or demonstrative manners to work in the manner, where chances of lapses are minimum or completely avoided, with cautious approach. Employees work for the prosperity of the industry and remain loyal to the seniors for every task, but harsh attitude is quite disturbing for company as well as
for employees. Attrition of one skilled person is harmful for the business prospects and tackled suitably.

5.3.7 Alternative Opportunities:

Attrition has become serious necessary evil in India for the reason that usually business companies take attrition very lightly and remain indifferent for understanding the consequences of such a situation. In addition, attrition is flourishing because alternative opportunities exist in the business sector due to origin of new units and easy entry of foreign firms. Attrition problem is serious in some of the industries, which are developing fast and in addition to government companies, private sector has vast market to cover within the country and outside. There is tough competition among the companies and talented persons are encouraged to adopt new opportunities at high remuneration and other benefits.

In pharmaceutical sector, government undertakings have completely failed to remain functional and regulatory bodies have recommended for their closure, but government is compelled to provide regular assistance and other relief for keeping those units functional for vested interest. On the other side the private sector is developing fast in terms of number and area coverage in most competitive market conditions. In such situations, talented persons remain effortful to search for new opportunities for better remunerations and other benefits. The salary and other benefits are higher in comparison to other industries and employees remain well aware of such conditions.

Usually persons prefer stability, where the work atmosphere is favourable and there are enormous opportunities of better remunerations and promotions associated with the work performance. The hike in salary and other benefits have become discriminatory for individual and group of employees keeping pace with the production and productivity as well as the sound financial performance of the company. Some prospecting companies are well aware of attrition problems and take suitable measures to minimize the problem with suitable measures. In fast growing companies, attrition has become serious issue and sensible companies are able to overcome the problem to great extent.
5.3.8 Lateral Poaching of Qualified and Skilled Persons:

In the most competitive market, new companies are growing and surviving with the help of qualified and skilled persons, who remain well aware of the tactics of existence of companies, where wrong decisions in financial and production areas can ruin the company. The management of such companies remains well aware of all the prevailing conditions and carry out their activities in most cautious manner. Liberal financial assistance to new units is part of government policy, where various incentives in the form of land and financial assistance are sanctioned quite liberally and this is one of the reasons for growth of new companies in the country.

Usually various industrial units having low production and productivity for want of talented persons, remain in touch with the experienced and performance oriented persons in prosperous industries and try to attract such persons on remuneration and other benefits on mutually agreed conditions. In such activities, efforts are made to prosper weak industries and create harm to well established industries. It is well accepted fact that industry does not run on the talented persons alone, but such persons play vital role in prospering the company, if other conditions of the functioning are favourable.

In addition to increase in production, quality and marketability are the factors, which keep sustainability of the company, where policy issues are the governing factors for maintaining of flow of the product at the cost lower than the prevailing in the market. These issues require talented persons for which the efforts of the company remain constant to search persons through advertisements, personal contacts and establishing secret linkages with the experienced persons. Such persons remain well aware that survival of new industry is quite difficult task and person leaving any prestigious company can be treated as downgraded to work in new company.

Such issues remain challenging tasks, but persons take risk for better remuneration and key hold over the company. If the proposed arrangement is successful to survive new company, the image of such person is highest in the industry and demand of such person increases in the market. Usually companies
adopt all fair and unfair means for establishing new company, as sustenance of new company with new staff may not help in facing the challenges of big companies having all possible resources and assets. The talented and experience person remains in demand for various reasons and terms are settled most favourable to the person and not the industry.

The well established companies need to remain vigilant over illicit practices of companies, who want to accelerate pace of their industrial unit by creating harm to other industrial units. The attrition has reached to quite dangerous level, where appointments through advertisements are notional issues, but underlying idea remains to motivate talented and experienced persons for establishment and acceleration of pace of progress. In industrial sector, no issue persists of fair and unfair means, as every thing is fair, if the industry is functioning smoothly without any barriers. Companies remain well aware of illicit means and take remedial measures, but convincing any person intending to leave for better prospects is difficult task.

Luring talented and experienced persons has become major factor of business, where role of secret efforts remains result oriented and company losing talent suffer to varied extent. It takes significant time to revive the pace of work to requisite extent. Big industrial units survive with attrition problems without much harm to work culture, but this problem is quite serious to small units, where limited staff remains to manage total task and one prominent person leaving the unit has serious impact on the financial status of the company. Therefore, vigilance is the proper way to keep the key persons intact with the industry.

Some talented and skilled persons remain indulged in the task of poaching by having contact with similar persons and take advantage from industries by meeting the requirements for taking their share in the task. Even the managers of the company work for damaging other industries and employ persons to other industries with their personal contract. All such situations prevail mainly for the reason that talented persons understand their importance in the prosperity of the industry and submit resignation on false grounds for getting better opportunities in other
industries. They remain aware that the management would increase remuneration for retaining him on the same of higher position.

5.3.9 Monitory Security:

Persons employed in private sector remain vigilant of their insecurity and market conditions. Usually stability is the situation, which is generally preferred by persons at high status, but in most competitive market conditions, fate of industrial units remain uncertain and any company having sound financial status may be destabilized for wrong policy decisions of the management. Similarly, person working at very senior position may be terminated 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 remain vigilant to get higher remuneration in the same or other company.

Money accumulated in the form of securities is helpful for meeting future requirements in uncertain business conditions and proper investment can be source of addition earning. At some stage, the talented and experienced person can establish own company or in association with some person of similar interest. Thus money serves as the security to the person and tries to avail any event of high remuneration and other benefits. In some cases, such persons are also associated in the management in view of high vision of prospecting business. In case any company intends to open its new branch outside the country, senior and reliable persons are given priority in view of their proficiency to manage even in adverse conditions.

In the existing situations, talented and experience persons have strong view that remaining in one company for prospecting business is not good 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 successfully have relevance for the company and person able to rescue from instability is rewarded to requisite extent. This trend in business sector has destabilized the permanency and stability for the interest of the industry. This shifting in ideology has turned total personal relations and faith in persons.
5.4 ATTRITION IN PHARMACEUTICAL INDUSTRY:

Pharmaceutical industry has serious problem of attrition of about 8 to 10 percent at global level and about 35 percent in India. The pharmaceutical industry has been expanded in the country within a period of four decades i.e., after enactment of Indian Patent Act 1970, which helped the research and patent of new medicines. The Act ensures monopoly to the inventor monopoly over the product for a period of twenty years and any person or institution can manufacture the medicine with the permission of the inventor. This monopoly right is helpful in preservation of intellectual property at global level. The pharmaceutical company engaged in research work is required to retain the person by providing all requisite facilities to keep the research findings secret.

Similar position exists in manufacturing and marketing of the products of specific company. Manufacturing process requires mixing of all the prescribed contents in given proportion and such personnel attaining the knowledge remain most valuable personnel of the firm. The personnel working in marketing of the product attain caliber to push the medicines in the market in effective manner, which is only possible with the help of doctors who have privilege to prescribe medicine to patent of any specific pharmaceutical firm. The marketing personnel manage their task in successful manner with the talent and help the company to expand business. The role of grass root functionaries of pharmaceutical company is the key of success of the firm through sale of product.

The personnel of the pharmaceutical firm engaged in research, manufacturing and marketing activities and handling their respective tasks in most satisfactory manner expect positive response from the company for their encouraging results and in case the response of the firm is not satisfactory as per their expectations, they try to opt for new company. The avenues for such talented personnel are enormous in the industry, as the talented personnel are the success of business and helpful in prospering the business firm. The environment is most conducive to talented personnel intending to shift from one Business Company to another. In many cases, such personnel get contact with secret links offering to join another firm with better position and remuneration.
Pharmaceutical sector is most sensitive industry from attrition point of view, as total business prospects are associated with the talented personnel. Such situation is well known to the business firms as well as the talented personnel and both try to secure their interest to the possible extent. For the business firm the cost incurred in imparting training and expertise to the personnel is quite substantial and the pace of acceleration is seriously disturbed with the departure of talented employee. Accordingly, the business firm takes every possible safeguard to retain the talent to all possible extent. In many cases, the proposed efforts are successful but in some cases, the incumbent firms up in the mind to leave the company.

From employee point of view, the monetary benefits and better opportunities are main attraction in the service and it hardly matters the company is one or another as one has to work efficiently at each level. The main reason of attrition is availability of job in other pharmaceutical firm and one gets higher emoluments and future prospects in the task at changed location. Another reason for high attrition rate is establishment of new companies and their management is well aware that for survival and existence of company, talented personnel are required, which are to be arranged at any cost. This situation lures the employees to avail benefit of the opportunity and in many cases; it becomes recurring feature, as the business company facing problem has to manage trained and experienced personnel to continue the task.

Attrition affects the business firm seriously, as the personnel assigned the task is not fully capable to handle the task with same efficiency and capability. Usually, the employees attained requisite experience and proficiency of respective task avoid sharing their success tricks with colleagues and any replacement remains non-capable to attain the proficiency level of earlier duration. Even the experience and expertise are the key factors of success and such personnel get better opportunities in same or other companies. Companies try their best to retain talent with all possible measures mainly for the reason that vacuum created may create serious harm to business.
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