

# Employee Turnover and Attrition in India: An Overview

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**Abstract-** Employee turnover refers to number or percentage of human resource who leaves an organization and is replaced by new human resource. The possible reasons of human resource turnover are high workload, job insecurity, no career opportunity and development, less payments and job satisfaction. Research article indicated the industry-wise proportionate voluntary staff turnover of employees working in different sectors across the country. Study highlighted attrition of employees based on their levels and designation (hierarchy) in the organization. Study is based on secondary data collected from secondary sources including annual reports, survey reports and internet. An exploratory cum descriptive research was carried out. Data collected has been properly presented with the help of tables and graphs as and where applicable.

## I) INTRODUCTION

Employee turnover refers to number or percentage of human resource who leaves an organization and is replaced by new human resource. The possible reasons of human resource turnover are high workload, job insecurity, no career opportunity and development, less payments and job satisfaction. One of major reasons for the human resource turnover is job satisfaction. Most employee turnover studies are typically focused on employees, leaving from rather than entering in to the organisation. A wide range of causes behind employee turnover have been identified which interpret that high amount of voluntary turnover adversely effects organisational effectiveness. However, employee turnover may not always adversely effects organisational effectiveness because it allows infiltration of new skills, ideas and new technological knowhow into the organisation and all of these have positive effects on organisational efficiency. Human Resource is a set of

individuals who make up the workforce of an organization, business sector or economy. Human Resource turnover refers to the number or percentage of

Human Resource who leaves an organization and is replaced by new Human Resource.

## II) RESIGN DESIGN

### A) Objectives of study

- To study industry-wise voluntary staff turnover and attrition in different sectors in India
- To study voluntary attrition by levels

### B) Methodology

- Research Design: Exploratory cum Descriptive design was used.
- Study is based on secondary data collected from secondary sources including annual reports, survey reports and internet.
- Data collected has been properly presented with the help of tables and graphs as and where applicable.

## III) ANALYSIS AND DISCUSSIONS

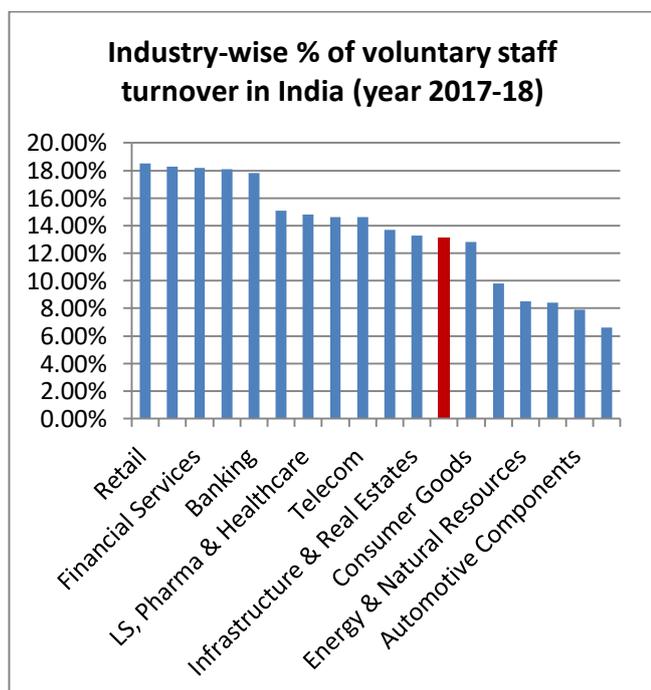
- A) Industry-wise proportion of voluntary staff turnover among companies across India (year 2017-18)

Industries	Percentage
Retail	18.50
Insurance	18.30
Financial Services	18.20
Professional Services	18.10
Banking	17.80
ITES	15.10
LS, Pharma & Healthcare	14.80
Information Technology	14.60
Telecom	14.60
Transport & Logistics	13.70
Infrastructure & Real Estates	13.30
Overall Average	13.10
Consumer Goods	12.80
NGO / NPO	9.20

Energy & Natural Resources	8.50
Engineering / Manufacturing	8.40
Automotive Components	7.90
Automotive	6.60

Source: [statista.com/statistics/737996/average-voluntary-staff-turnover-by-industry-india/](https://www.statista.com/statistics/737996/average-voluntary-staff-turnover-by-industry-india/)

Graph showing industry-wise proportion of voluntary staff turnover among companies across India (year 2017-18)



Above data indicated industry-wise (sector-wise) proportion of voluntary staff turnover experienced in different companies in India during the year 2017-18. As seen, overall rate of staff turnover in India accounted to 13.10% during the year. However, some of the industries in India experienced higher rate of voluntary staff turnover compared to overall domestic average. These industries / sectors included retail, insurance, financial services, professional services, banking sector, information technology enabled services, life sciences – pharmaceutical – healthcare, information technology, telecommunication, transport & logistics and infrastructure & real estates.

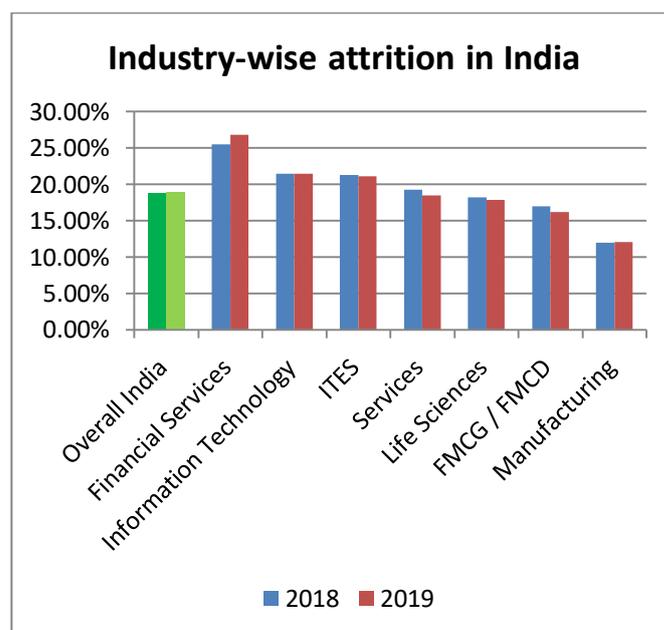
On other hand, some of industries rather witnessed lower rate of voluntary staff turnover compared to overall domestic average. These industries included consumer goods, non-government organizations / non-profit organizations, energy & natural resources, engineering & manufacturing, automotive components and automotive sector.

B) Industry-wise attrition in India

Industries	Percentage in year 2018	Percentage in year 2019
Overall India	18.80	18.90
Financial Services	25.50	26.80
Information Technology	21.50	21.50
ITES	21.30	21.10
Services	19.30	18.50
Life Sciences	18.20	17.90
FMCG / FMCD	17.00	16.20
Manufacturing	12.00	12.10

Source: 2020 Deloitte Touche Tohmatsu India LLP (2020 Deloitte India Workforce and Increment Trends Survey March 2020), page 13.

Graph showing industry-wise attrition in India



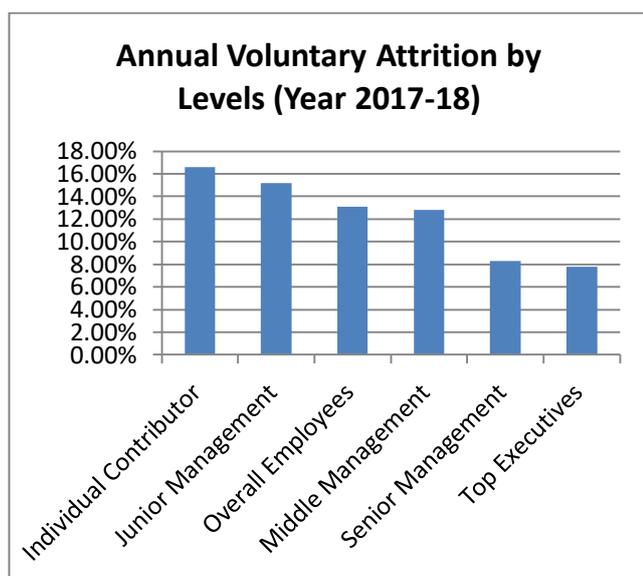
Above data indicated industry-wise (sector-wise) attrition rate witnessed in India over a period of two years, 2018 and 2019. As seen, overall rate of attrition in India increased marginally from 18.80% to 18.90% from 2018 to 2019. Industries such as financial services and manufacturing sector experienced marginally increase in attrition rate from year 2018 to 2019. On the contrary, industries such as information technology enabled services, services sector, life sciences and FMCG / FMCD experienced marginally decline or drop in attrition rate over a period of two years.

C) Annual voluntary attrition by levels (year 2017-18)

Voluntary Attrition by Levels	Percentage
Individual Contributor	16.60%
Junior Management	15.20%
Overall Employees	13.10%
Middle Management	12.80%
Senior Management	8.30%
Top Executives	7.80%

Source: KPMG in India’s Annual Compensation Trends Survey 2018-19, April 2018, page 14

**Graph showing annual voluntary attrition by levels (year 2017-18)**



Above data indicated voluntary attrition of staff based on their designations / levels of hierarchy during the year 2017-18. As seen, individual level contributor accounted highest at 16.60% followed by junior management level experienced attrition at 15.20%. However, overall employees had attrition rate of 13.10%. The senior level and the top level executives experienced lowest level of attrition (each less than 10%).

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