

## **ATTRITION – THE TICKING BOMB**

**Attrition is a complex, systemic, cultural, and leadership challenge with no easy answers. In 2012, according to Towers Watson, Attrition in India was 17 %, higher than salary increase at 11.2 %. At this level of attrition, an organization in 2020 will only have 22 % of the current 2012 employees. Salary increase in 2013 is expected to be 12.4 %, attrition will be higher.**

**Attrition is at all levels, more in junior customer facing jobs. Attrition in the banking, financial and Insurance sectors was 30 %, IT services 28 %, retail and consumer goods 16 %, retail store level 30 %, Healthcare 10 % and Hi tech 14 % according to the same report.**

**What is the impact of high attrition? High attrition erodes consumer and customer loyalty, hurting brand reputation. High attrition creates a middle management competence vacuum. Middle management carries the execution load in a company and is process guardian. High attrition fosters middle management that's tasted neither success nor failure switching every two years. Weak middle management delivers poor execution and faulty, corner cutting processes. Weak middle management, forces senior management to work a**

**level lower, maybe forsaking the bigger picture. A weak middle management means poor mentorship of entry-level managers, hurting long-term leadership development.**

**Why do we see high attrition? The first is economic; new industries open up when GDP grows faster than 5 %. Talent in established industries is raided to staff newer industries. FMCG is the talent bank in India, funding telecom, retail, health, and entertainment industries. The next reason is 'hurried aspiration'. Everyone is in a hurry to be a young VP or a young CEO or own the latest car and television or take that exotic holiday. This 'hurried aspiration' forces people to take risks with their loans, and anyone with an EMI payment greater than 25 % of his take home salary is constantly in the job market, to reduce that to below 10 %. 'Hurried aspiration' is fuelled by average headhunters who create insecurity and peer pressure by transacting CVs between managers and firms. Next, Performance evaluation is loose and incomplete, more on potential and less on merit. "Hurried aspiration" is driven by a mirage to take it easy faster, relax and put the feet up.**

**What do Indians value at work? The top five factors are: Job security, Career advancement, Base pay and title, Learning and development, Organization Reputation.**

**A company must grow, if it doesn't, people leave citing 'not happening' and 'no career growth'. Growth gives employees CV value. Learning and development is the Achilles heel in India. Companies do not invest significantly in training and developing and is the first reason quoted by exiting employees. The cost of training and development is miniscule, sadly the first item cut in tough times. On the job learning from their leaders is something young people value. Leaders in India must coach young employees; this will lead to higher engagement, better performance and lower attrition.**

**The world will see a talent shortage by 2021. America, Canada and Europe will see a deficit of 12 million people to fill roles. India with 2.1 million, Indonesia with 1.5 million and South Africa with 1 Million will be the top three countries with a talent surplus by 2021. This is an opportunity to develop global leaders.**

**Culturally we need to change, we should value contracts, which we don't do today. Our contracts are social in nature and less legal or economic. Employees will need a moral compass of right and wrong -joining competition, refusing to join a new firm at the last minute, burning bridges, etc. all make them seem mercenary, and shallow on values.**

**Companies will need to be flexible, using innovative policies for women, building alumni network as a pool of repeat talent, designing customized career pathways. Firms must think of contracts at junior levels and also differentiating earlier on merit to keep top talent. Companies should build a stronger middle management pool by developing a value proposition for the stayers in the company. And, companies must hold their senior leaders accountable for engagement, coaching and growing talent. Companies should go back to grooming talent with the learn and earn internship programs. Companies are good at identifying the needs, wants and desires of consumers they serve, they should identify the emotional and social needs of their employees. The company purpose is a great start point.**

**Finally, young managers must realize that a good career is a twenty-year journey, if they do not develop strong general skills and deep industry competency, even younger and less costly managers will substitute them. A rolling stone career strategy is a short-term success and a long-term liability for individuals and the company! Are you worried about the long term?**