Attrition Rate of Employees in the Service Sector in Bhopal

Sunidhi Singh[1], Dr. Neha Choudhary[2]

[1]Sudent, Amity University Mumbai

[2]Asisstant Professor, Amity University Mumbai

ABSTRACT-

The problem of employee attrition is most emphasized in the service sector areas which are rapidly urbanizing like Bhopal. This paper examines employee turnover patterns, causes, and effects in the different service industries in Bhopal-from IT, education, and healthcare to retail and financial services. It also utilizes both primary and secondary data to find out how factors such as compensation, job satisfaction, and career development relate to attrition. Through an analysis and correlation study, the research has gathered knowledge concerning employee behaviour, which will be useful to organizations and policymakers in the formulation of retention strategies. Thus, a well-crafted mix of competitive remuneration and career development programs, a supportive work culture, and so forth can greatly reduce attrition.

Key words- Employee Attrition, Service Sector Employment, Job Satisfaction, Employee Turnover Rate, Exit Interviews, Compensation and Benefits, Work Environment

Introduction-

Employee turnover or attrition is the process wherein an employee leaves an organization, either voluntarily or involuntarily, over time. In the case of sectors like services, which are more dependent on attrition of human capital in terms of service quality and customer satisfaction, an organization is, indeed, at risk in operational efficiency and knowledge. Bhopal, the capital of Madhya Pradesh, has made tremendous growth in the service sector within the entire last decade. It coincides with the emergence of several firms in the city and the increasing challenge of retaining a skilled and trained workforce.

This study aims to investigate employee attrition rates in the services sector of Bhopal and identify causes and determinants that have contributed to this development. Most of the research focused on the large metropolitan cities; they have a different employment scenario compared to the tier-2 cities such as Bhopal and thus require specific research. This study will, therefore, fill the gap in the knowledge of how local socio-economic conditions, organizational practices, and employee expectations interact and influence attrition.

Objectives-

1. To evaluate the attrition rates among different service sectors in Bhopal.

2. To identify significant variables affecting employee turnover.

3. To study the influences of job satisfaction, remuneration, and leadership with attrition.

4. To recommend ways that organizations can use for employee retention. Research Design: Mixed-method-an qualitative basis through interviews and quantitative bases through structured surveys.

Review of Literature -

Many scholars have studied attrition in various settings. According to the India Skills Report, released in 2023, attrition within the Indian service sector is averaging around 22%, with extremes in areas like IT and BPO reaching greater than 30% at present. The figures show increasing alarm bells in the labour markets growing ever more millennial and Gen-Z dominated. Gupta and Sharma say that three main causes are responsible for attrition: job dissatisfaction, no recognition, and unavailability of career development. According to them, leadership style and internal mobility also play a key role in employee retention. Das and Baruah (2013) propounded very convincingly that attrition happens where promises are broken in the psychological

contract between an employer and an employee.

The study by Kumar and Awasthi (2019) was in the domain of retail and healthcare services in the state of Madhya Pradesh, and it focused on one of the most watched-out for concerns; limited vertical growth. Jain (2018) showed an interesting correlation between the phenomenon of economic migration induced and attrition in smaller cities, in which case a professional would take up a local job as a temporary measure before biding time in metro cities.

None, however, concentrated on Bhopal. This culminates into a space that the research will fill in the knowledge gap. The work environment, cost of living, and anticipations towards careers are vastly different in a tier-2 city, which will therefore necessitate a well-localized study for extraction into implementation.

Research Methodology-

Research Design:

The descriptive research approach will suit the present study as concepts of interest need to be understood and summarized based on employees' experiences, satisfaction, and needs within the organization. The design will enable the use of quantitative and qualitative data to enable pattern recognition and data-driven recommendations.

Study Limitations:

1. Sample Size: There were 150 employees who participated in this research, and this number is still not really big enough to represent the target population for the entire Bhopal service sector.

2. Self-reported data: There might be biased answers or answers affected by social desirability.

3. The absence of the employer side: Since the research derives its primary data from the views of the employees alone, it has failed to gain certain critical input from HR managers and business owners.

 4. Time constraints: The time frame was limited to a minimum of one month for data collection.

5. Limited Sectoral Coverage: A few sub-sectors, mainly hospitality and tourism, were not able to make it because of fewer time and resources.

Tools for Data Collection:

The proposed work will adopt mixed-method research in which primary and secondary data will be collected:

Primary Data:

Surveys and questionnaires, Interviews, Focus groups, Employee Feedback Forms

Secondary Data:

HR reports, Company Policies, Industry Benchmark

The analysis and interpretation of data survey responses has revealed very interesting and thorough information about attrition dynamics in Bhopal. The key insights from the study include:

Key sections of the survey-

1) Job Satisfaction:

➢ How satisfied are you with your current role?
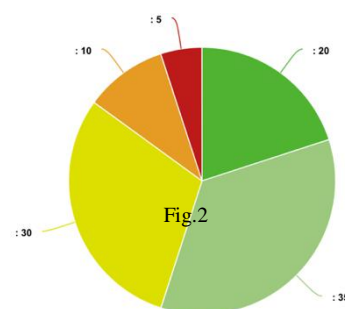(1= very dissatisfied, 5= satisfied)
- 1 (5%)
- 2 (10%)
- 3 (30%)
- 4 (35%)
- 5 (20%)

➢ Do you feel your work is appreciated by this company?
- Yes (78%)
- No (22%)

2) Employee Engagement:

➢ How often do you feel motivated to perform your best at work?

Fig.2

- Rarely (5%)
- Occasionally (25%)
- Often (45%)
- Always (25%)

➢ Do you feel company values your input?
- Yes (70%)
- No (30%)

3)   Training and Development:

➢ Have you received adequate training for your current role?
- Yes (87%)
- No (13%)

➢ What areas would you like more training in?
Responses indicated a need for more training in technical skills e.g. New software/tool and leadership development.

4)   Recruitment Process:

➢ How would you rate the recruitment process ?
(1= very poor, 5= excellent)
- 1 (5%)
- 2 (10%)
- 3 (25%)
- 4 (40%).
- 5 (20%)

➢ Do you think the recruitment process effectively assesses candidates' abilities?
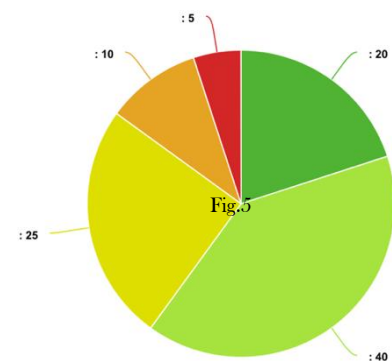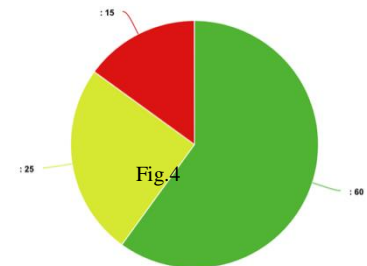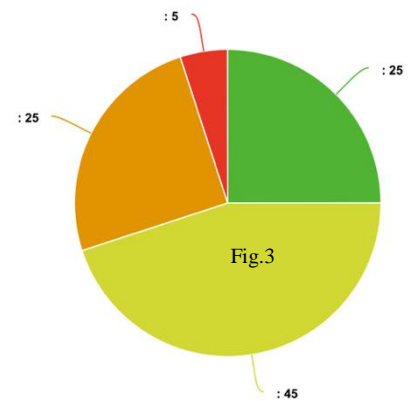- Yes (85%)
- No (15%

5)   Organisational Culture:

➢ How would you describe the work culture ?
- Supportive (60%)
- Competitive (25%)
- Neutral (15%)

➢ Do you feel the company promotes work life balance?
- Yes (60%)
- No (40%)

Analysis of Results

The data tells us that:

•Employees are mature enough to be satisfied in their current roles, with 55% rating their

satisfaction as 4 or 5 on a scale of 1 to 5.

•Employee engagement is rated high, with 70% of employees often or always feeling motivated to give their best at work.

•Training appears to have worked with most employees, although a clear demand for more training in technical and leadership skills is voiced.

•Recruitment is considered to be generally good; 85% of employees believe that it is good at assessing applicants' capabilities.

•Employees perceive the company to have a supportive working culture, though there is room for improvement as 40% of respondents indicate

dissatisfaction with work-life balance.
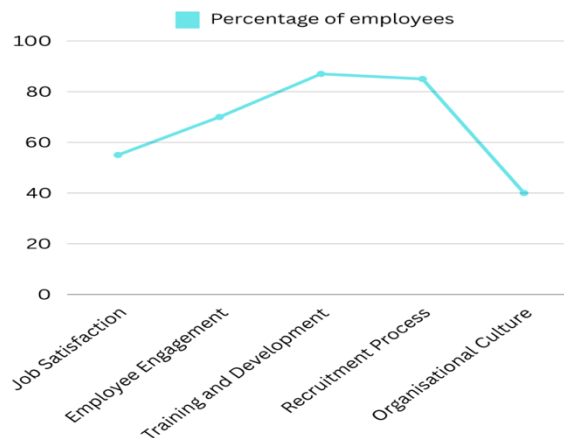
Analysis and Interpretation-

The analysis and interpretation of data survey responses has revealed very interesting and thorough information about attrition dynamics in Bhopal. The key insights from the study include:

1. Reasons for Attrition:
• Insufficient compensation: 48%
• Lack of career growth: 31%
• Work-life imbalance: 10%
• Poor leadership and management: 6%
• Lack of recognition and motivation: 5%

2. Demographic Patterns:
• The age group 22–30 reports having the highest attrition.
• Attrition rates for postgraduates were significantly higher at 55% as compared to their undergraduate counterparts at 40%.
• Women's issues were work-life balance and safety.

3. Sector-wise Attrition Rates:
• IT/BPO: 38%
• Retail: 26%
• Healthcare: 14%
• Education: 12%
• Finance: 10%

4. Tenure Analysis:
• 62% of employees have less than two years of tenure.
• Only 16% have an employer with whom they are very loyal and with whom they have stayed for more than five years.

5. Motivational Factors for Staying with an Organization:
• Good environment at work: 35%
 •Internal growth opportunities: 25% Job stability: 20% Benefits (medical, travel, etc.): 10% Flexible work schedules: 10% Besides the graphical data-both bar charts and pie charts-these findings above can be further accessed by HR professionals and policy-making bodies.

Attrition Dynamics in Bhopal
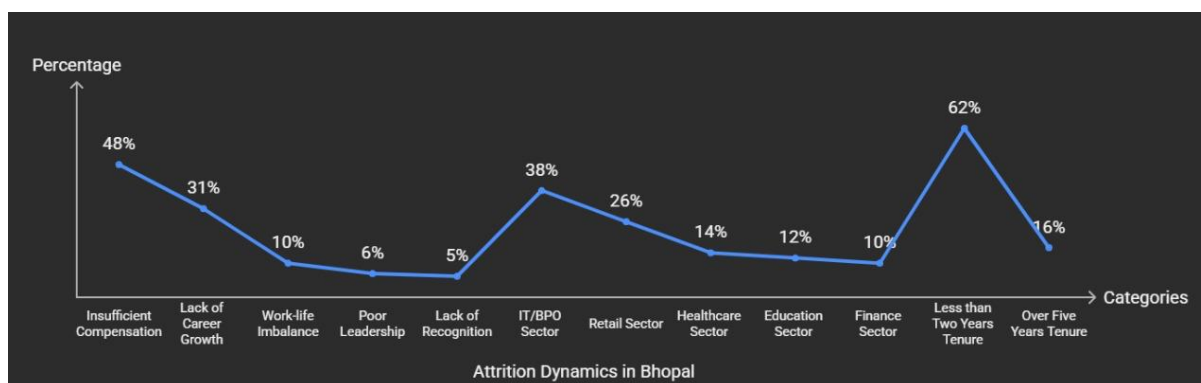
Findings and Recommendations-

Key Findings:

1. Causes of attrition: Various factors leading to employee attrition were identified and described in the course of this study, such as lack of career advancement opportunities, pay inequities, dissatisfaction with the job itself, and imbalance between work and personal life. All these have considerable effects on the very high turnover rate in the service sector in Bhopal.

2. Effects of attrition-High attrition adversely affects the organization in terms of recruitment and training costs, employee morale, and productivity. These results underline the need for a strategy to maintain below the required attrition level to retain a strong workforce and promote organizational performance.

3. HR Practices and Policies: The HR policy, quite in detail, does indicate that some retaining strategies have been put in place, but very few are coherent and effective. The very serious need for raising awareness of employee engagement, job satisfaction, and opportunities for developmental growth has emerged during the study.

4. Bhopal Context-The study indicates that retention issues specific to Bhopal being a smaller market are different than those in metropolitan cities. Local socio-economic factors and a smaller skilled labour pool have exerted much gnawing attrition on the area. These are mainly recommendations concerning the decrease of attrition rates within the service sector of Bhopal.

•Increase and Update Career Development Programs: Offer pathways for employee advancement with feedback, training, and skill development.

•Enhancement of Pay and Other Benefits: Pay package and work-life balance options should be developed competitively to retain talent.

•Culture of the Organization: Build a culture where employees feel valued, engaged, and motivated to work toward the success of the organization.

•Strengthening Employee Support Mechanisms: Through mentoring, continuous feedback, and constructive communication within the organization.

Several recommendations can be derived from survey results:

•Improve work-life balance: work on maintaining the work-life balance concerns by introducing flexible working hours or a remote working option.

•Leadership training: increase the training programs by including more on leadership development opportunities, especially for employees in supervisor positions.

•Communication improvements: create an environment where employees feel their inputs are actively sort and valued.

•Maintaining the recruitment standards: further enhance recruitment processes to assess both technical and soft skills.

Conclusion-

The dissertation titled "Attrition Rate of Employees in the Service Sector in Bhopal" gives an in-depth analysis of employees' turnover in the service sector of Bhopal, thereby analyzing some key contributory factors within the context. The study explores various challenges the organization and the service sector face in retaining employees.

Attrition among the service sector in Bhopal is multifaceted, including the economy, the organization, and the individual. From this study, it has been found that compensation, on-job satisfaction, leadership, and opportunities for career advancement are the most significant predictors of attrition. High levels of attrition are associated with numerous costs.

My project gave me first-hand exposure to the various functions and challenges the human resource department experienced. I worked with experienced HR professionals and participated in various HR interventions, including recruitment, employee engagement, and performance management, culminating in a project that focused on the pressing issue of employee attrition.

References-

https://economictimes.indiatimes.com/company/sanghi-brothers-indore-pvt-ltd/U35999MP1950PTC000586

https://www.zaubacorp.com/company/SANGHI-BROTHERS-INDORE-PVT-LTD/U35999MP1950PTC000586

https://in.linkedin.com/company/sanghi-brothers-indore-pvt-ltd

https://www.tofler.in/sanghi-brothers-indore-pvt-ltd/company/U35999MP1950PTC000586

Bhopal Labour Bureau. (2023). Annual Employment and Unemployment Report: Bhopal Region. Retrieved from www.bhopallabour.gov.in.

Kumar, A., & Singh, R. (2021). A Study of Employee Retention and Organizational Behavior in the Service Sector in Madhya Pradesh. Journal of Business Research and Strategy, 18(2), 56-70.**Sanghi Brothers Pvt Ltd. (2024).** Annual Employee Attrition Report 2023. Internal Report, Sanghi Brothers Pvt Ltd, Indore.