

# “Employee Loyalty and Attrition”



Weekly Learnings 23 / 2024

A spate of recent articles caught my attention. IKEA computed that it lost 5000 USD when a worker quit, so it started paying more.

The cost of attrition is high in every industry. In customer facing roles, the cost of attrition is about 6 months.

My learnings:

0. Employees are volunteers today, they have volunteered a few months or years, treat them as volunteers.

1. Attrition is a fact. It was 19 pc in 2022 and 13.75 pc in 2023. It will happen to every company; no company is impervious to it. If you don't have attrition, it means your people don't have CV value in the open market. Industries with highest attrition are financial services at 32 pc, Pharma at 19, FMCG at 18 pc.

2. Talent is distributed better than in the past. Talent is not the purview of large companies anymore, so talent will keep moving as opportunities open. Data shows that large company attrition is higher than small company attrition, same for recruitment.

3. 90 pc of your people are looking for a job this year. More than 50 pc of managers are looking for a job.

4. 20 pc of workers experience daily loneliness at work. That number is 25 pc for employees working from home. Younger employees experience more loneliness.

5. The cost of leaving a job is more attractive than the price of staying in a job.

6. We mistake loyalty for individual or boss loyalty, in fact loyalty to the institution is what counts. Many companies, especially Indian companies don't think like this. Even MNCs are thinking individual loyalty.

7. Employees want internal mobility via role change, they want flexibility, they want stable employment and an enhanced CV via soft skills building and achievements. Having a good boss who is fully engaged and adds value increases engagement.

8. We only talk of white-collar attrition, in fact blue collar attrition is worse. A study puts blue collar attrition between 8 and 24 pc. Blue collar workers also want progress. Many blue-collar workers in India have migrated to a Gujarat or a Maharashtra. They want housing as a perk, companies that offer housing have lower attrition. India will create 90 mn jobs till 2030, of which 70 pc will be blue collar, so it's the right time to address it.

9. In the past a company managed careers of the top 10 pc of its people. Today the balance 90 pc refuses to accept this grading or ranking.

The fact is in a growth economy, companies need people, people don't need companies. Security for the millennials doesn't fly. The promise of long-term perks don't work.

It's a here and now situation. Be authentic and treat the person on his or her mindset.

Data from every industry shows recruitment and retention are both challenges in every industry.

This is a fact, and we cannot beat it as leaders and companies. What the employee seeks is a continuously moving target and 99 pc of companies will play catch up. By then the horses have left the stable!!

Shiv

[www.shivshivakumar.com](http://www.shivshivakumar.com)

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IKEA Foundation invests €48 million in India to 'sustainably power' health centres by 2026

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**Ikea lost \$5,000  
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● SKILLS PREFERRED OVER ACADEMIC CREDENTIALS

# Firms hiring more freshers with no formal degrees

MANU KAUSHIK  
New Delhi, June 13

**INDIAN COMPANIES ARE increasingly hiring freshers with no formal degrees, according to a new report.**

In 2024, for instance, the recruiters across the country hired 11% freshers without any degree as compared to just 4% last year, said the report by foundit (previously Monster).

The report also revealed that there has been a substantial increase in the demand for fresh graduates.

While the demand for freshers with bachelor's degrees has risen from 59% in 2023 to 71% in 2024, the hiring of post-graduates dropped considerably — from 37% in 2023 to 18% in 2024.

"We're seeing a clear trend where startups and other companies are increasingly valuing skills over just academic credentials.

"This shift means that young professionals need to focus on acquiring relevant skills to stand out in the competitive job market.

"To bridge this gap, there's a pressing need for better learning and development initiatives within our educa-

## HOW THEY STACK UP

Top functions in demand

(% share of fresher jobs)



Source: foundit, figures for May 2024



Average fresher salary (LPA in ₹)



tional system," said Sekhar Garisa, CEO of foundit.

As per the report, startups in the IT services and Internet industry lead in fresher hiring with 23% and 22% of jobs directed to new graduates, respectively.

In addition, the foundit data shows that in May 2024, the freshers were mostly hired by companies based out of metros.

For instance, Delhi NCR (21%) topped the list of cities with highest job postings for freshers.

This was followed by Ben-

galuru (14%), Mumbai (8%), Chennai (8%), Pune (8%), and Hyderabad (8%).

In terms of functions, the software and hardware roles accounted for the highest share of entry-level positions at 32%.

The other functions where most of the freshers' recruitment took place in May 2024 were sales & business development (14%), HR & admin (8%), healthcare (8%), and marketing & communications (8%).

"IT companies, particularly in the hardware and software sectors, are showing intent to

hire freshers, signalling a shift in hiring strategies in India.

"This trend is largely driven by ongoing restructuring efforts within the industry, focusing on adopting technologies, optimising, enhancing innovation, ensuring scalability.

"The Indian IT, recruitment, and BFSI (banking financial services and insurance) sector are particularly seeking tech talent skilled in cloud computing, data science, artificial intelligence (AI), and cybersecurity," the report said

Ramesh K

in Wimbledon to...



**Header: Employers who faced challenges in recruiting and retaining staff over the last 12 months**

<b>% that found recruiting challenging</b>	<b>% that found retaining challenging</b>
<p><b>By market</b></p> <p>39% APAC average 50% Global average 34% India</p>	<p><b>By market</b></p> <p>33% APAC average 40% Global average 33% India</p>
<p><b>By company size (number of people)</b></p> <p>29% 1 to 10 33% 11 to 50 36% 51 to 250 33% 251 to 500 26% 501 to 1,000 36% 1,001 to 4,999 38% 5,000 or more</p>	<p><b>By company size (number of people)</b></p> <p>30% 1 to 10 27% 11 to 50 27% 51 to 250 31% 251 to 500 31% 501 to 1,000 37% 1,001 to 4,999 37% 5,000 or more</p>
<p><b>By industry</b></p> <p>29% Business Services</p>	<p><b>By industry</b></p> <p>27% Business Services</p>



41% Energy & Natural Resources	47% Energy & Natural Resources
34% Financial Services	29% Financial Services
51% FMCG (Fast Moving Consumer Goods)	54% FMCG (Fast Moving Consumer Goods)
31% Healthcare	30% Healthcare
37% Industrial / Manufacturing	40% Industrial / Manufacturing
44% Insurance	30% Insurance
35% Leisure, Travel & Tourism	30% Leisure, Travel & Tourism
29% Life Sciences	38% Life Sciences
33% Media & Agency	31% Media & Agency
59% Not For Profit	53% Not For Profit
35% Professional Services	31% Professional Services
32% Property	23% Property
29% Public Sector	29% Public Sector
38% Retail	37% Retail
26% Technology & Telecoms	25% Technology & Telecoms
44% Transport & Distribution	38% Transport & Distribution
[Stats]	
openness	Job-seeking status



# Ramping Up the Workforce

**TOP SECTORS:** Logistics, construction, ecommerce, retail, realty, auto and auto components, healthcare, hospitality, banking, steel, chemicals, electronics, garment

**PROFILES IN DEMAND:** BPO/customer care, delivery and warehouse executives, data entry operators/back office, driver, field sales, security guards, facility management staff, stewards and chefs, stitching machine operators, welders, carpenters, fitters, electricians.

## CITY-WISE VACANCIES:

Delhi	11.6%	
Bengaluru	11.2%	
Mumbai	10.4%	
Hyderabad	6.4%	
Pune	5.8%	
Chennai	5.4%	
Noida	4.9%	



## THE BIG REASONS

Business growth across segments; post-pandemic surge in services demand

Skill gap and dearth of skilled/semi-skilled resources

High average monthly attrition of 8-24%

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Data source: Billion Careers, Betterplace