

1 in 4 Indian employees set to switch jobs as growth picks up

Highest global attrition rate anticipated among Indian employees, forecasting a spell of crisis for employers

- *Global firms face a threat of rising employee turnover, with 161.7 million employees set to leave their current organizations*
- *India set to experience the highest rate of attrition globally, pegged at 26.9%*
- *Average turnover rates forecast to be higher in countries where market prospects are better, led by the emerging markets*
- *Indian employees concerned about fairness of their compensation (55%) and the ability to achieve their career objectives*
- *Study identifies the five factors that drive employee loyalty*

New Delhi / Mumbai, June 7, 2013: Global management consultancy, [Hay Group](#), has conducted new research, in association with the Centre for Economics and Business Research (Cebr), which finds that globally, 49 million more employees will leave their employers over the next five years compared to 2012. The study, ***Preparing for Take-Off***, covers 700 million employees in 19 countries worldwide; and is based on a unique Hay Group macroeconomic model that analyses the main factors affecting employee turnover across the globe.

The study finds that global firms will face an imminent threat of rising employee turnover, as a result of expected improvement in economic and labor market conditions in the next five years. As growth builds and employment opportunities increase, the worldwide employee turnover is set to accelerate in 2014, after having barely moved between 2010 and 2012. India finds itself in the eye of the storm, with a predicted employee turnover of 26.9 per cent (in the organized sector) in 2013 – the highest attrition rate globally.

Globally, the number of workers taking flight is expected to reach 161.7 million in 2014 – a 12.9 per cent increase in people leaving compared to 2012. Average employee turnover rates over the next five years are predicted to rise from 20.6 to 23.4 per cent, and the number of global departures in 2018 will stand at 192 million.

Mohinish Sinha, Leadership and Talent practice leader, Hay Group India, explains, “Indian economic growth is set to pick up, and this will be warmly welcomed by businesses. But the upturn will come with a risk – driven by an ambitious middle class, employers at India Inc are likely to face a talent exodus in the coming year. Already, we see employees around the country starting to seek new job opportunities as growth returns and labor markets begin to pick up.”

Mark Royal, senior principal at Hay Group, comments: “The turbulent labor market associated with the economic downturn has held down turnover rates in many firms. But as the economy recovers and global employment becomes less volatile, dissatisfied workers are a significant flight risk for organizations across the world. To keep high value employees from leaving in search of more favorable work arrangements, firms must address engagement and enablement challenges.”

Mass migration in the Asia-Pacific

Average turnover rates are forecast to be higher in countries where market prospects are better – so employees in emerging markets will continue to have opportunities and be among the first to take flight¹. The Asia-Pacific will experience its largest spike in employee turnover levels this year, as employment growth and wealth creation continue energizing an aspirational and mobile workforce. Organizations in the region will experience the highest increase in turnover rates worldwide, rising from 21.5 to 25.5 per cent over the period 2012-2018 – growth of nearly a fifth. India is expected to lead the region in turnover rates at 26.9 per cent; this figure is expected to go up further in 2014 to stand at 27.5 per cent.

Mohinish Sinha comments, “Make no mistake, we are in the eye of an employee turnover storm. In order to protect employee retention, organizations in India must give serious thought to what drives employee commitment. This is the right time for them to focus on employees with mission-critical skills, as well as high potentials and those holding crucial roles.”

Table 1: A comparison of expected turnover rates for 2013

Country	Rate of turnover – 2013
India	26.9%
Russia	26.8%
Indonesia	25.8%
Brazil	24.4%
US	21.8%
China	21.3%
UK	14.6%

Asian employees concerned about compensation and career

Based on information from over 5.5m employees across the world, Hay Group conducted a detailed analysis of its employee opinion database. This identified the five factors, which are the most consistent predictors of employee engagement and commitment² – confidence in leadership; an opportunity for career development; autonomy; supportive work environment; and, appropriate compensation. Employees planning to stay in their company for more than two years score their employers over 20 percentage points more favorably on these five factors than those employees who are aiming to leave in the same period.

In the Asia Pacific, including in India, over 60 per cent of employees are supportive of the direction and goals of their organizations, and have confidence in the senior management. Three in every four Indian employees also feel that they have adequate authority, as well as they are supported in being innovative and creative.

At the same time, Indian employees expressed concerns about the fairness of their compensation (55 per cent) and the extent to which benefits meet their needs (48 per cent). One in every three employees expressed concern over a lack confidence in being able to achieve their career objectives with their current employers (37 per cent); as a result, they are concerned about opportunities for learning and development (39 per cent) and supervisory coaching for their development (36 per cent).

Explains **Mohinish Sinha**, “A significant number of Indian employees have expressed concern over their firms’ ability to provide the five retention factors – especially when it comes to the opportunity for career development. Organizations need to give serious thought

to how they stack up against these factors now before the job markets begin to improve. Those who don't are likely to find employees exiting in increasing numbers as more opportunities become available."

Mark Royal comments: "With retention a growing concern for organizations, not just for key high performing employees, but also core employees, understanding the factors that drive commitment and loyalty among employees is essential for managing increasing turnover risks in the months and years ahead. Now is the time for organizations to understand where they stand on and tackle these influences, to keep employees from taking flight."

Ends

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Notes to Editors

Please note: this research should be credited to 'global management consultancy, Hay Group', and not 'Hay' or 'Hays', which are separate and unrelated organizations.

¹ Graph 1

The arrow indicates the sharpest increase in turnover.

Global employee turnover and number of employees, millions



Source: Hay Group, Cebir analysis

² Key retention factors

Based on an analysis of their employee opinion database, Hay Group has identified five key factors that differentiate "stayers" (those committed to the company for more than two years) from "leavers" (those planning to leave in two years or less). More information can be found at <local internet address>.

1. **Confidence in the organization and its leadership:** A positive forward view has become more

difficult for many firms to create amid uncertainties arising from continuing economic challenges.

2. **Room for grow:** Employees have become increasingly aware that they are responsible for managing their own careers.
3. **A fair exchange:** If organizations want employees to do and deliver more, it's essential that they have confidence that they are valued as people, that their extra efforts are recognized and appreciated.
4. **An environment for success:** As employees are being asked to do more with less, they need to feel that they are working "smart" as well as hard.
5. **Authority and influence:** Critical to optimizing work processes, especially in dynamic environments where goals and objectives are frequently changing.

About the study

Hay Group in association with the Cebr analyzed economy-wide employee turnover in over thirty countries in order to identify the macroeconomic and labor market factors affecting levels of turnover. These factors include employment growth, average job tenures, the industrial mix in each country and indicators of labour market rigidity such as regulations upon hiring and firing. Data were drawn from a variety of sources such as the OECD, IMF, World Bank and World Economic Forum. Hay Group and the Cebr then used their global macroeconomic forecasts, along with Hay Group employee opinion survey data, to estimate developments in turnover for the nineteen study countries.

Hay Group has one of the world's largest databases of corporate culture and employee opinion. All of Hay Group's norms are updated annually and include data from over 5.5 million employees from more than 350 companies around the world across a wide range of industries.

About Hay Group

Hay Group is a global consulting firm that works with leaders to turn strategies into reality. We develop talent, organize people to be more effective, and motivate them to perform at their best. With 85 offices in 49 countries, we work with over 7,000 clients across the world. Our clients are from the public and private sector, across every major industry, and represent diverse business challenges. Our focus is on making change happen and helping organizations realize their potential. For more information, please visit: www.atrium.haygroup.com/in