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Sales Attrition Analysis using Sales of Product Life Cycle Framework: A Case Study in a Financial Institution

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Abstract
Employee attrition is a common issue for businesses that needs to be mitigated. This study aimed to determine the sales attrition causes in Bank Y at different life cycle stages and provide recommendations to reduce the attrition. A qualitative method with a case study approach was applied in this research. Data was collected using interviews, psychometric tests, and from internal documents. Following descriptive and psychometric analyses, the causes of sales attrition in stages 1, 2, and 3 were personality reasons, inability to meet the target, and not receiving a promotion, respectively. To resolve these issues, we proposed that Bank Y conduct profiling during the hiring process and work, train the new hires, and transform the KPIs and incentives systems based on the sales staff profile. This study provides practical strategies and valuable information for human resource management to reduce employee attrition.

INTRODUCTION

Employee attrition refers to the normal process by which employees leave a workplace due to various factors, including low salary, personal reasons, low job satisfaction, or poor business environment. The rate of employee turnover is higher than the rate of hiring. When an employee leaves the workplace, the company loses money because the position remains vacant and leads to the company's loss. Employee attrition is classified into two types, i.e., voluntary and involuntary attrition (Alduayj & Rajpoot, 2018). Voluntary attrition happens when employees decide to leave the company of their own will, even though the company makes an effort to keep them on board. This type of attrition can be due to job offers from other companies or early retirement. In contrast, involuntary attrition occurs when a company decides to let go of its employees for various reasons, such as poor performance or organizational needs.

Employee attrition affects all businesses, including those that value their employees. These businesses do not hesitate to make significant investments in their employees by offering extensive training and a positive work environment. However, they also lose talented workers due to voluntary attrition. Hiring replacements is another problem that costs businesses a lot of money because it involves hiring, training, and interviewing new employees. SHRM further reported that the high cost per hire of new employees reached $4129 (Raza et al., 2022).

Peng (2022) reported that after working for six months, almost 33% of new hires leave the workplace. According to the Bureau of Labor Statistics in 2021, the employee attrition rate, a measure of people who leave the workplace, is 57.3%. The survey also indicates that the employee attrition rates in various businesses are around 19%. In general, a company should aim for a 90% employee retention rate, and attrition should be less than 10% (Dayforce, 2021; Raza et al., 2022).

Attrition also becomes a challenge for Bank Y, an Indonesian bank that offers small-ticket size loans for individuals. The management had a perspective that the business was going well, as reflected by the high profit margin. Nevertheless, they acknowledged that sales attrition was high but acceptable. Overall, the attrition rate across the life cycle was 60%. Our analysis further revealed that the pattern of sales attrition in Bank Y resembles that of sales from a product life cycle, where specific patterns were identified across different timelines. These patterns occurred in three stages of sales attrition, which were on Month-on-Book (MOB) 3, 12, and 24. We hypothesized that each attrition stage was driven by different reasons. Therefore, the aim of this study was to identify the causes of sales attrition in Bank Y at different stages and provide recommendations to mitigate the attrition.

Employee attrition

Employee attrition is defined as the gradual decrease in employees that occurs when they retire, resign, or are not replaced. Internal attrition happens when an employee is promoted to another position within the same company, while external attrition occurs when an employee resigns to work for another company (Raza et al., 2022). Attrition is different from turnover, which usually involves direct replacement of the outgoing employee (Lamramot et al., 2022). In the case of attrition, the company chooses not to fill the position left by the departing employee, either for reasons of retirement, resignation, or because the position is no longer deemed necessary (Vignesh et al., 2018). The decision not to replace employees can be based on a variety of factors, including cost-saving efforts, organizational restructuring, or changes in business strategy that reduce the need for certain positions.

There are various causes of attrition, ranging from internal factors, leadership instability, lack of opportunity, lack of job security, external factors, and individual factors. Internal factors are related to the internal environment of the workplace, such as tasks, resources and facilities, promotion, and salary. Meanwhile, external factors come from outside of the working environment and cannot be controlled by the workplace. For example, offers of better salary, benefits, or careers in another workplace. The individual factors could be related to education, marriage, moving abroad, and pregnancy (Negi, 2013; Singh & Singh, 2019).

Managing employee attrition well is the key to maintaining a stable and productive workforce. A stable and positive work environment can increase overall employee satisfaction, which in turn will create a healthier work culture and support sustainable business growth (Wai et al., 2024). Moreover, effective attrition management not only helps reduce costs and improve employee retention but can also provides long-term benefits to the organization. Sinha et al. (2014) revealed that by maintaining a reasonable attrition rate, companies can ensure that they have an experienced and skilled workforce, which can contribute to increased productivity and innovation.

Al-Tamimi (2023) explains that by understanding the factors that affect employees' decisions to resign, management can develop policies and programs that increase employee engagement and loyalty, for example, a positive work environment, career development programs, and better work-life balance. In addition, as reported by Faster Capital (2024), companies can utilize attrition data to identify trends and patterns that may not be directly visible, leading to informed decision making.

The sales of product life cycle

In this study, the sales of the product life cycle is employed as the framework in analyzing sales attrition in Bank Y. This approach was chosen since the challenge of attrition can be derived from the product life-cycle model as previously reported (Smither, 2003). The four stages of product life cycle are introduction, growth, maturity, and decline (Fig 1). The introduction is the initial phase, during which the product makes its market debut. The main goals of marketing initiatives in this phase are to raise awareness and encourage early adopters to try the new product. The growth phase refers to the rapid increase of sales and profits as the product gains market acceptance. In this phase, marketing strategies shift to building brand recognition and expanding distribution. In the maturity phase, sales continue to rise but at a slower rate than in the growth phase. The market becomes saturated, and competition intensifies. Marketing focuses on maintaining market share and possibly finding new uses for the product. Lastly, sales begin to decrease in the decline phase as the product becomes outdated or as new products emerge. Marketing strategies shift to either revitalizing the product or phasing it out of the market (Cox, 1967).

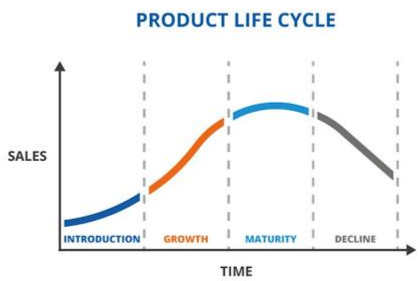

Figure 1. Sales of Product Life Cycle (Taken from Apiary Academy, 2025)

METHODS

This research employs a qualitative research method with a case study approach. Primary data was collected via interviews with 1,500 sales employees and 400 sales managers in Bank Y, as well as psychometric tests (Dominance, Influence, Steadiness & Conscientiousness (DISC) and leadership tests). The interviews were conducted to obtain information about KPIs and incentive systems. Meanwhile, secondary data was obtained from internal documents on the hiring process, sales performance (revenue and number of customers), and sales productivity (retention, attrition, promotion, and development). Numerical data was analyzed descriptively, while a psychometric approach was used to analyze the employees' traits, motivation, values, and cognitive ability.

RESULTS AND DISCUSSION

Possible causes of attrition in stage 1

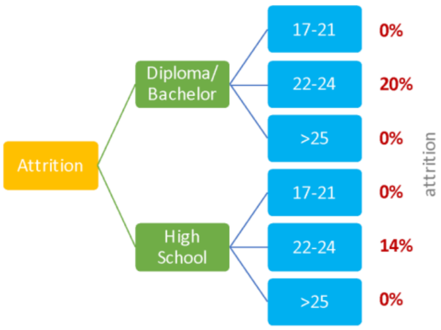

Figure 2. Sales Attrition in Stage 1 based on Education and Age Range

In stage 1, or the 3-month working period after hiring, we identified a sales attrition trend related to age and performance. Employees who left the company (leavers) in this stage were those in the older age group (22-24 years old), irrespective of their educational background (Fig 2). The early leavers also had significantly lower performance than employees who stayed (stayers) in stage 1 (Fig 3).

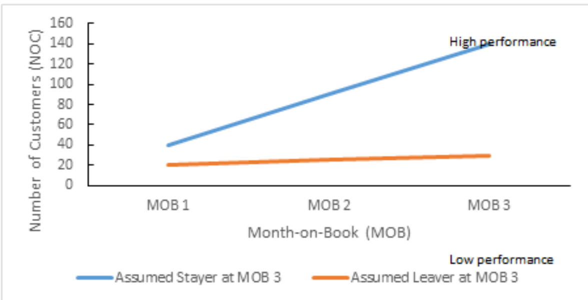

Figure 3. Sales Performance Within The First 3 Month-on-Book (MOB)

In this study, the DISC was used to assess the attributes of the sales staff. The DISC is a set of well-researched attributes to improve work performance, including sales (Fekete, 2024; So et al., 2020). The recognition of DISC patterns of behavior can be employed as an instrument of a strategy to maximize work performance by disclosing individual capabilities and behavior types, along with information on job preferences and priorities. It can also be utilized to learn how to work well with colleagues with distinct preferences and priorities. As a result, everyone can build effective relationships with their colleagues and boost their quality of work (Fekete, 2024; So et al., 2020). The DISC assessment revealed that the early leavers had low dominance, steadiness, influence, and conscientiousness, as well as high social recognition. The interview results further indicated that many sales staff took the sales position because they wanted to make a decent living while staying close to their village and families. The high social recognition may be a proxy for those who have bigger dreams and want to move to the city. Thus, they may find the sales role does not match their goals and opt to leave their jobs. Aligning with this study, others have also reported that social recognition is one of the reasons for employee attrition (Kelchtermans, 2017; Okeke et al., 2019).

Possible causes of attrition in stage 2

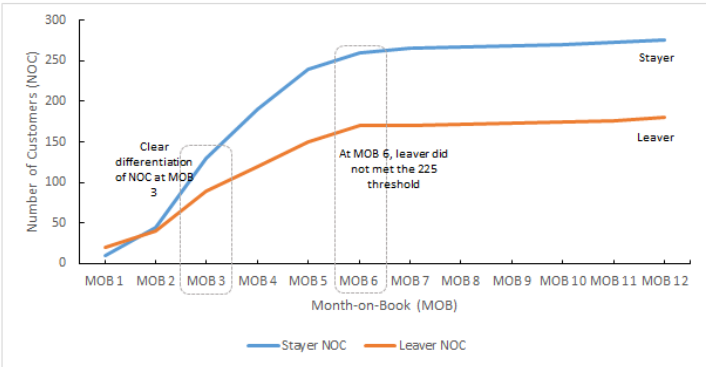

Figure 4. Comparison of Customer Numbers Gained by Stayers and Leavers Within Month-on-Book (MOB) 12

In stage 2, or the 12-month working period after hiring, no demographical difference between stayers and leavers was observed. On the other hand, there was a marked difference between them in terms of performance. Those who left in stage 2 had lower performance at MOB 3 and 5 and a significantly lower number of customers (Fig 5). In particular, leavers in stage 2 could not meet the 225 NOC targeted by the company, while stayers could exceed the target. The psychometric analysis showed two types of sales staff in Bank Y: hunter and farmer. Those with a hunter profile have more ability to gain a higher number of customers (293 at MoB 12), especially in the early period. Although those with a farmer profile had a lower number of customers (289), they had a higher loan size (IDR 1,400,000) compared to the hunter profile (IDR 900,000). This different profile in the sales workforce has been well-documented previously, and this information was further used to assign them according to their strengths (Bolander et al., 2021; DeCarlo & Lam, 2016; Peasley & Hochstein, 2024). This step is vital to achieving sales goals.

Possible causes of attrition in stage 3

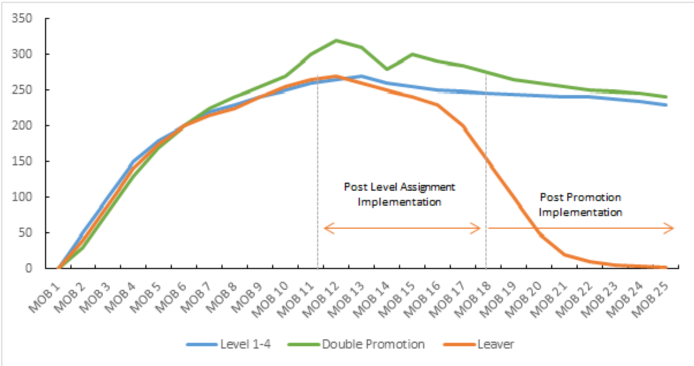

Figure 5. Comparison of Customer Numbers of Sales Staff on Level 1-4, Who Received Double Promotion, and Those Who Left Within Month-on-Book (MOB) 25

Twenty-four months following hiring, it was evident that the leavers in stage 3 were top-performers with a higher number of customers, but they did not receive a promotion to full-time employees. In contrast, those who received a promotion tend to stay (Fig 5). The dissatisfaction of the employees made them leave their jobs. This finding is corroborated by Čiarnienė et al. (2010), who reported that satisfaction with career opportunities is one of the important factors that affects employees' perceptions of their jobs and their overall satisfaction within the organization.

At the time of the study, two promotion schemes were applied in Bank Y. First, there was an upgrade scheme where those who reached specific achievements would receive upgraded compensation and better benefits. Nevertheless, their status remained as contract staff. The second scheme was a promotion scheme. Within MOB 18-24, Bank Y would promote the sales staff to become full-time sales employees of the bank. The promotion schemes were based on two different KPIs, namely KPIs for upgrade and full-time promotion. For upgrade promotion, the sales staff needed to achieve number of customers, repayment rate, and sales audit rating, which accounted for 80% of the KPS. Additionally, they needed to conduct credit socialization to customers, comprising 20% of the KPI grade. KPIs for full-time promotion were set differently. Number of customers, repayment rate, and sales audit rating each had a weight of 20%. On the other hand, credit socialization to customers held the highest weight parameter, i.e., 40%. Those who have successfully earned an upgrade promotion could not be promoted to full-time employees since their socialization to customer was low.

Strategies to mitigate sales attrition

As attrition in stage 1 occurred due to personality reasons, namely suitability to the sales position and culture, Bank Y should conduct candidate profiling during the hiring process and hold training for new hires about job fit and culture. The bank should hire staff with positive dominance, steadiness, influence, and conscientiousness, but with low social recognition. Candidate profiling during the hiring process has become one of the strategies to enhance selection processes by avoiding certain profiles that have the tendency to withdraw or quit, thereby reducing the risk of sales attrition (Kim & Ployhart, 2018; Márquez-Hermosillo et al., 2023). However, companies must also be careful in implementing candidate profiling since it is plausible that candidates may fake personality measures (Birkeland et al., 2006).

Attrition in stage 2 happened due to the inability to meet targets. Since we identified hunter and farmer profiles on the sales staff, where each of them has their own strengths (the hunter is strong in gaining new customers while the farmer is excellent in obtaining higher loan sizes). Information about this distinct profile should be taken into account in KPI weightage and incentive systems. A NOC-based system should be used for sales staff with a hunter profile, and a sales amount-based system should be used for those with a farmer profile. KPI functions as a measure and evaluation of an organization's or an individual's performance towards achieving the goals that have been set previously. KPI also serves to provide transparency, improve employee focus and performance, and assist in better decision-making (Hakimovich, 2024; Van De Ven et al., 2023). By applying the KPI system according to the sales staff's strengths, they will be more motivated in their work, allowing them to increase business revenue.

In stage 3, attrition occurred due to the inability to obtain a full-time promotion. As stated in the previous paragraph, this problem could be solved by transforming the KPI system to match the sales staff's profile. Changes in the KPI system will enable the top performers to reach full-time promotions, thereby ensuring their satisfaction and the desire to stay at the company. This is in line with the findings that job satisfaction is one of the crucial factors related to employee retention (Frye et al., 2018; Irabor & Okolie, 2019). However, job satisfaction does not always play a significant role in reducing employee attrition, especially when it is not combined with other factors such as work engagement.

Significance of the study

The root causes identified in this study serve as a foundation for the researchers to formulate strategies to mitigate sales attrition in Bank Y. Thus, the results of this study can be used to design more targeted retention policies, i.e., KPI adjustments and better career development opportunities. By understanding the factors that cause attrition, Bank Y can take steps to improve employee satisfaction, which will ultimately promote overall productivity and company performance. If employee attrition rates can be decreased, it will help companies reduce recruitment and training costs while retaining valuable knowledge and skills within the workplace. In a broader perspective, the insights gained from the study enrich knowledge related to sales attrition and provide crucial information related to human resource management for companies.

CONCLUSION

This case study identifies causes of sales attrition according to the sales life cycle: (a). Stage 1: personality causes, (b.) Stage 2: inability to meet target, and (c.) Stage 3: did not receive promotion. These root causes can be solved by profiling candidates during hiring and work, providing training to the new hires, and modifying the KPIs and incentives system based on the sales staff profile (hunter or farmer profile). These recommendations should be taken into consideration by Bank Y to reduce employee attrition. This study also sheds light on practical approaches that can be used to decrease employee attrition and, at the same time, gives insights for human resource management, which are applicable to other businesses.

Interest Conflicts

The authors declare that there is no conflict of interest concerning the publishing of this paper.

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