

## AN ANALYSIS ON EMPLOYEE-ATTRITION IN IT INDUSTRY

**Vinaya Saraf**

*PhD Scholar, NWIM Studies & Research, Savitribai Phule Pune University, India.*

**Dr. Milind Arun Peshave**

*Professor, AISSMS College of HMCT, Savitribai Phule Pune University, India.*

### ABSTRACT

*Employee attrition is referred as reduction in number of employees in an organization. For IT industry, employee attrition has become a known challenge since last 2 decades. Employees leave the organization for various reasons. A few reasons are, demand of high salary, change in technology or role, professional challenges etc. High attrition leads to expense over multiple attributes and functions in the company. Recruitment, Training and Development costs increases overall cost on the employees.*

*The core reason of this attrition could be mismatch in expectations of organization and expectations of employees from each other. This study aimed to analyze the attrition reasons as well as understand the expectation of employees from the organization.*

*The research used the data that was collected from experienced IT professionals in different categories based on their experience level and position in the organization hierarchy. Research questions covered the inputs on employee expectations and major attrition reasons.*

*Although the data was limited to a few IT company employees from Nagpur, Pune and Mumbai (cities in Maharashtra), Managers and candidates share similar views and perspectives on 'professional aspirations' aspect to be a major reason of attrition.*

**Keywords:** *IT Industry, Attrition, Recruitment, Retention*

### INTRODUCTION

Employee attrition is gradual yet deliberate reduction of employees in an organization. This decline in number of employees over a period is defined as Rate of Attrition. Employees leave company due to non fulfilment of the expectation from the organization in return of the service towards their job.

Employees leave the organization for various reasons. The cause could be higher salary in other organization, family mobility, technology preference, higher position etc. This dissatisfaction prevails at individual level and no organization can have control over it. However, attrition leads to losses and extra expense to the organizations. Organizations spend lot of time, resources and efforts in training and developing the employees to increase the efficiency level of their work. If employee leaves the company, he needs to be replaced with another one. This process demands same investment of time, efforts, and resources in recruiting a new one and train him. Most of IT organizations today are being hit badly with high rate of attrition resulting in various productivity and quality related issues. Hence it has become critical to hire a right candidate for a job position.

High rate of employee attrition directly indicates frequent changes in the team and resources. These changes are not welcome by the service seekers of the organization. Frequent changes in the

resources leads to decline in quality of the service deliverables. Hence not only cost but quality and productivity is hampered.

That is why it is important for organizations to know the attrition reasons and the techniques that could avoid or reduce the rate of attrition.

One of the fundamental retention techniques could be to maintain healthy relationship with employees. Employee-employer relationship plays a vital role at any workplace. A strong and healthy employer-employee relationship results in employee feeling respected, encouraged, and supported. Satisfied employees are more likely to work their hardest and stick with their jobs for the long duration.

Yet, attrition is a result of non-fulfillment of employee expectation from the employer or from the job. Every individual has his own professional and personal goals in life. Both of which are directly related to the organization he works for.

Hence, it's important to map the expectations of the organization and expectations of employees. Expectations or interests mismatch becomes the root cause of dissatisfaction in the job and employee fails to perform his desired duties. This leads to attrition. The moment employee realizes that his professional goals are not matching with organization's goals, he cultivates the belief that he is not a right fit for the job. He starts looking out for job opportunity outside the organization.

Sometimes, role offered to the employee and role he ends up working on, has a huge difference. This new role does not help employee to enhance his professional skills and this demotivates him to stick to the team or organization. Lack of learning opportunities happen to be parallel reason for employees to leave the role. Many such requirements mismatch may lead to attrition.

This paper is an attempt to know the expectations of employees and employers at various levels on different aspects of employment. The paper also aims to know the attrition reasons in the industry.

## REVIEW OF LITERATURE

Corey Harris (Walden University 2018) researched on "Employee Retention Strategies in the Information Technology Industry" and mentioned that "Productivity declines when employees voluntarily leave an organization"

Dr. Shikha N. Khera<sup>1</sup> , Ms. Karishma Gulati<sup>2</sup> (Delhi 2012), concluded in their study on "Human Resource Information System and its impact on Human Resource Planning: A perceptual analysis of Information Technology companies" that Being an information system of human resources, it can store voluminous data about the employees, that not only helps in identifying the occupied and unoccupied positions but also whether the person at particular position is fit for the job or not.

Hardik P. K. ( 2016) , researched on "a study on employee attrition: with special reference to Kerala IT Industry". His research examined the relationship between organizational factors and attrition of IT professional's. The result can conclude that the organizational factors played significant role in predicting the variance in turnover intention (attrition) of Kerala IT professionals. Therefore, the HR managers in IT organizations may take into consideration the problems with organizational factors of their workers to reduce the turnover intention of the skilled employees.

Bodjrenou Kossivi, Ming Xu, Bomboma Kalgora (May 2016) published "Study on Determining Factors of Employee Retention". The study concluded: Employees are the most valuable assets of an organization. Their significance to organizations calls for not only the need to attract the best talents

but also the necessity to retain them for a long term. Broad factors are development opportunities, compensation, work-life balance, management/leadership, work environment, social support, autonomy, training, and development.

Brijesh Kishore Goswami, Sushmita Jha (April 2012) in their study on “Attrition Issues and Retention Challenges of Employees” have stated that, Organizations planning should be giving close attention to why attrition is occurring in the pre-set. To ignore why people are leaving the organization is to ignore the organization’s greatest asset – its people. People are needed to accomplish the task, but people are more than just tasks they perform. They are dreams, hopes, ambitions, creativity, and innovation. To recognize and cultivate these valuable assets is one of the surest ways to build an organization that leads rather than follows in domestic and global markets. Thus, Organizations should create an environment that fosters ample growth opportunities, appreciation for the work accomplished and a friendly cooperative atmosphere that makes an employee feel connected in every respect to the organization. Retention plans are an inexpensive way of enhancing workplace productivity and engaging employees emotionally. Proficient employees keep the quality up and business operations run smoothly along with the cost saving in the longer run paper.

S.Guru Vignesh, V.Sarojini, S.Vetrive (Jan 2018), in “Employee Attrition and Employee Retention- Challenges & Suggestions” state that, retention plans are an inexpensive way of enhancing workplace productivity and engaging employees emotionally. Proficient employees keep the quality up and business operations run smoothly along with the cost saving in the longer run

## OBJECTIVES OF THE STUDY

- 1: To analyse the reasons of employee attrition in the IT industry
- 2: To analyze perceptions of managers and candidates on expectations of candidates from the organization.

## DATA COLLECTION AND RESEARCH METHODOLOGY

This section refers to the data collection methods and data sources used to carry out this study.

### Data Collection:

The study is conducted among working IT professionals of two different categories. This categorisation mainly was focused on experience level and role in the organisation. It was important to know the views of candidates who seek for the job for various reasons as well as the views of interviewers involved in the process of hiring the candidates. The research study involves reference of both primary and secondary data.

### Primary Data

Primary data is collected through a field survey with the help of a structured self-administrated Questionnaire. The survey consisted of close ended questions by the means of convenience sampling. The scaling technique installed in the questionnaire is 5-point rating scale. Total 120 respondent were IT professionals belonging to the organisations from Nagpur, Pune and Mumbai cities in Maharashtra.

### Secondary Data

Secondary data is collected by referring to the Journals, research papers and published data in the form of books and newspapers.

### Type of Research

The research paper adopted the descriptive research design methodology.

### Sample Design, Sample Size and Sampling Method

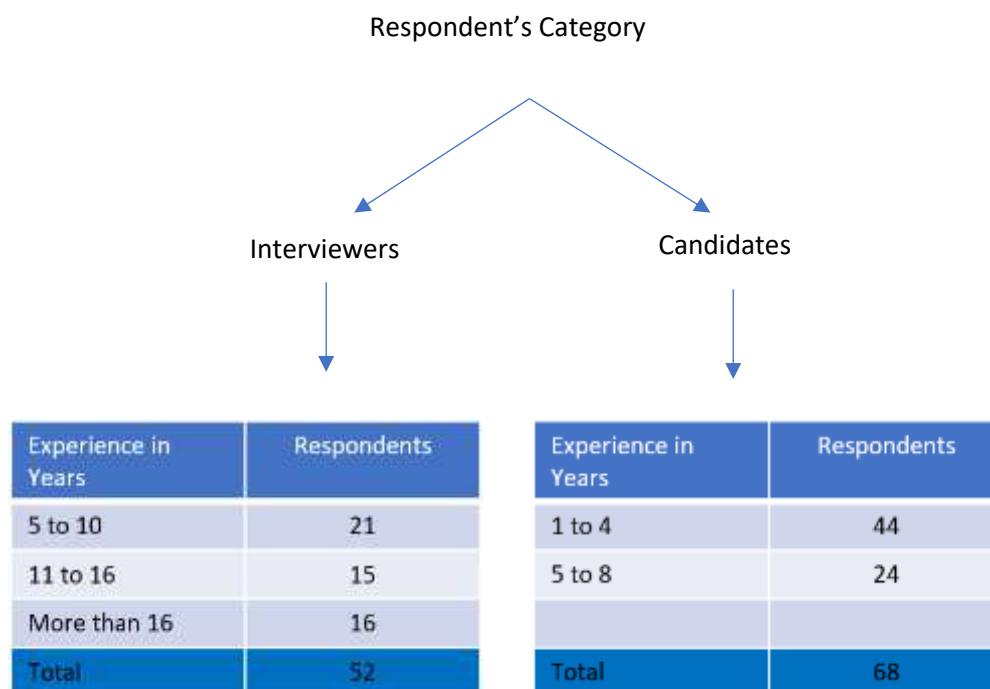
The sample selected for the study is an Indian Information Technology Industry. The nature of the sample is restricted to working professionals in Information Technology sector and is collected through the convenience sampling technique. The sample size was 120 respondents.

### Limitations and Disclaimer

The research outcome is purely based on the experience, opinion, and the understanding level of the respondents. There is a scope of difference in results if the organisations under the survey are varied in geographical location. There may be limitations to generalize the findings of the survey completely.

## DATA ANALYSIS AND INTERPRETATION

The respondents of the survey were categorized in two categories. Below is the summary:

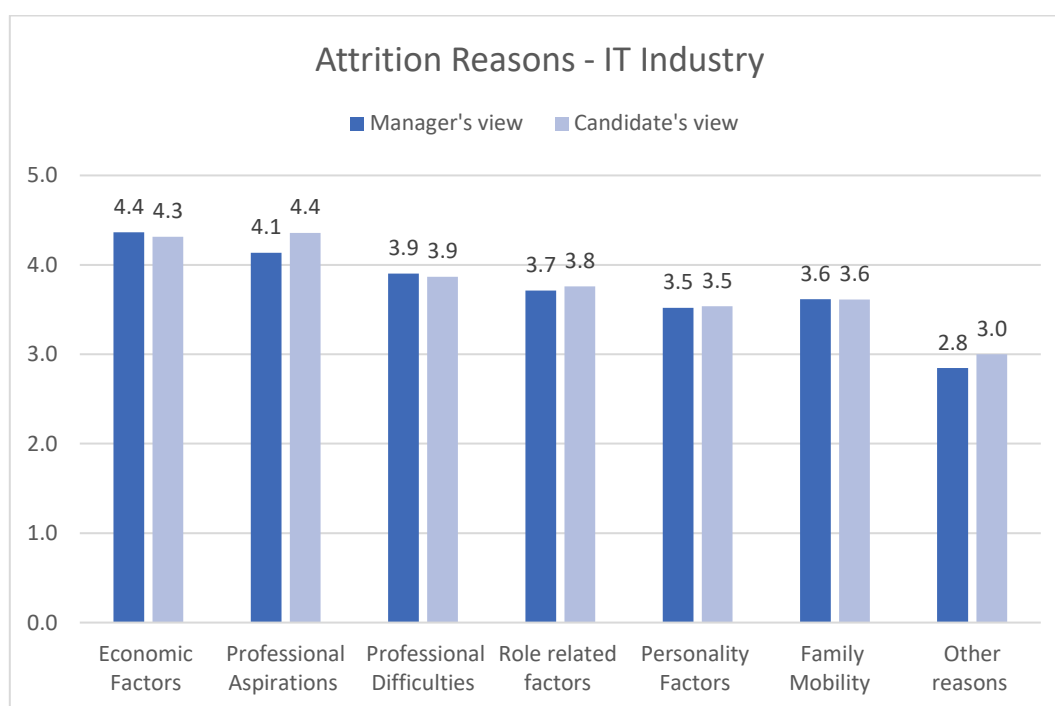


### Attrition Reasons

The survey was made to know attrition reasons in IT industry based on individual's experience who are working in IT industry. Respondents category is mentioned in the table above.

Based on literature review data, below are the parameters defined that were defined for this survey.

- **Economic Factors** -Salary and Perks
- **Professional Aspirations** - Technology, Domain, Role and Designation, Onsite opportunity
- **Professional Difficulties** - Inadequate Training, Poor performance, Difficult Manager, Stressful timelines, No independence, Conflict between organization goals and personal goals
- **Role related factors** - Lack of challenges, Lack of learning opportunities, Lack of excitement and Innovation
- **Personality Factors** - No motivation, High urge of change to tackle the boredom and fatigue
- **Family Mobility** - Need to cater dependent family members in different geographical location, Marriage, Change in Spouse's work location
- **Other reasons** - Health issues, Higher education



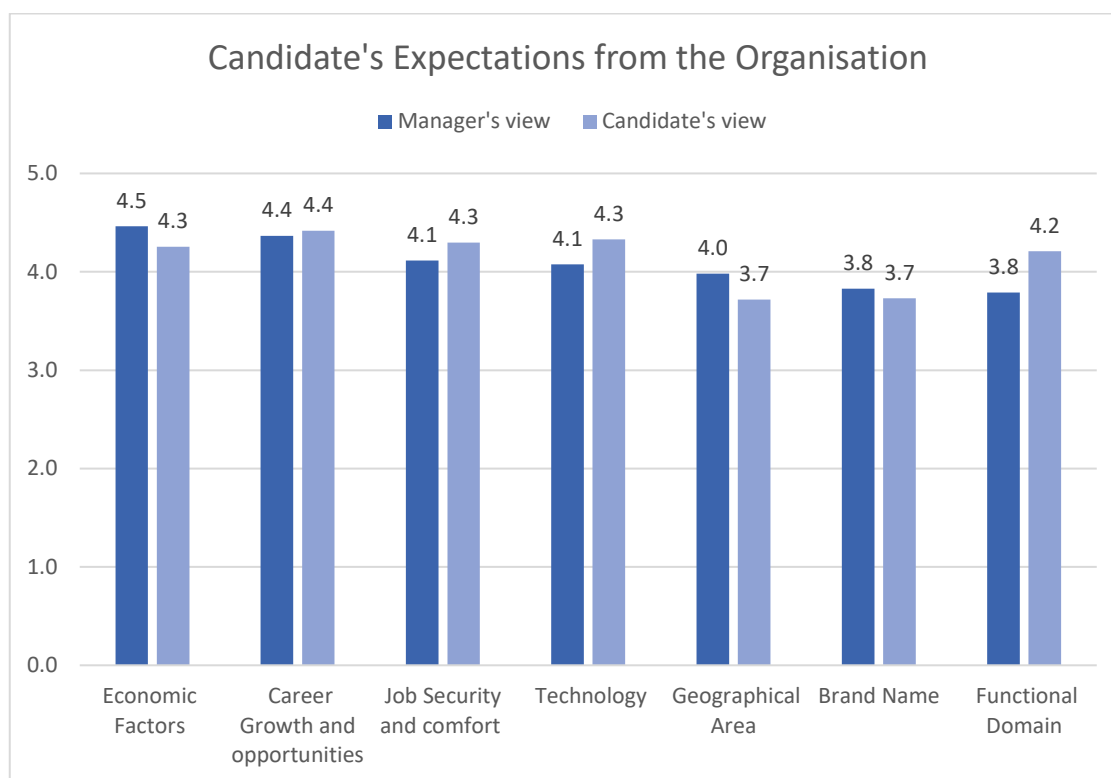
#### Interpretations:

- Economic factors and professional aspirations appear to be the most influencing factor for all the IT professionals who decide to leave the organization.
- The next and significant reason for attrition is Professional Difficulties. I.e. failure to perform in the job because of various reasons like, lack of training, difficult manager, stressful timelines, No independence, and unhealthy work culture etc.
- There is a significant difference of perceptions in Manager's view and candidates view regarding Professional Aspirations. Most of the IT professionals look for enhancing professional capabilities and its only possible when the organization provide the opportunity.

#### Candidate's Expectations from the organization

The survey included the questionnaire to record the expectations of candidates while appearing for the interview. Below are the parameters those were listed to select the preferred factor.

- **Economic Factors** - Salary, Perks
- **Brand Name** - Organization's good will, MNC
- **Technology** - Latest Technology, Unique Technology, Simple/ adoptable Technology
- **Functional Domain** - Comfort of using earlier experience, Urge to learn new domain for further growth
- **Career Growth and opportunities** - Designation, Role, Opportunity to work outside India
- **Job Security and comfort** - Scale of the organization, Scope of having internal recruitment opportunities, Organization having multiple operation hubs in different parts of the world)
- **Geographical Area** - Ease of commute, Dependent family member's location, Climatic conditions.



#### Interpretation:

- Career growth and opportunities are most preferred factors along with economic factors for all candidates who seek to have job.
- Despite of high demand of IT professionals in India, Job Security is second best factor for the candidates.
- There is a significant difference of perception between managers' and candidates on Functional Domain to be an important criterion to select employment opportunity. Senior professionals give a less importance to the functional domain whereas juniors think it's one of the essential factors to consider for their career development.

## SUGGESTIONS AND RECOMMENDATIONS

Survey respondents who possess more than 12 years of experience give emphasis on a few points. Culture of a workplace, relationship with immediate lead, company policies are major factors to

influence employees' day to day work life. If an employee feels respected as an individual, supported and appreciated for his work, he is happy to work for longer time.

Below are a few recommendations to cater the expectations of the employees and retain them:

- Clearly state and convey the job description and expectations to the candidate so that chances of employing a wrong hire are less.
- Understand and note the expectations of candidates while hiring. This helps in mapping the job requirements to his current and future needs that may arise. The needs could be professional aspirations or any personal need resulting from changes in his personal life.
- Use and provide best technology platform to work. This can be achieved by using or replacing old technologies by new ones as and when required.
- Provide competent yet fair growth opportunities to all the employees. Do not hold employees at one position just because he or she is best at it.
- Organizations to provide all sorts of training to the employees that may help them perform very well in their job.
- Acknowledge and appreciate good work by individuals as well as teamwork.
- Provide independence – every individual should have independence to decide upon and implement his work approach or pattern. Manager or immediate lead should consider the work pattern of a team member and support or correct it whenever needed.
- Organizations can offer fringe benefits including medical insurance to the employees to make them feel secure and comfortable in the work premises.
- Have trust and respect each employee for his engagement with organization.

## CONCLUSIONS

Research findings suggest that attrition reasons in IT organizations primarily revolve around professional growth and challenges in the organization. Although economic factors happen to be the most influential factor, professionals may settle for second best criteria of their preference that is career growth and supportive work policies in the organization.

On the other hand, candidates who aspire to have a better job than the one in hand are more interested in securing the next job. Young talent wants to work on latest technology and functional domain. IT professionals who are young career makers are less influenced by Brand name or geographical area.

Most of the IT professionals look for challenging role and position in the organization. Candidates as well as senior professionals believe that challenging work motivate them to maintain the interest in the work life.

Employees as well as organizations must be clear with their expectations regarding the job profile. Any sort of mismatch leads to discrepancy and employees may fail to perform at their job. This eventually leads to attrition.

Organizations should state the requirements and expectations unambiguously. This helps candidates decide upon to accept the job position or not. This eventually avoids further conflicts in the employment terms.

Further this research can make more detailed conclusions over “mapping of candidates’ expectations with organizations’ requirement” by collecting the data focusing on all the steps of recruitment and selection process.

## REFERENCES

- Hardik P. K. (2016) , “a study on employee attrition: with special reference to kerala it industry”. *IMPACT: International Journal of Research in Business Management*. 75-82
- Bodjrenou Kossivi, Ming Xu, Bomboma Kalgora ( May 2016), Study on Determining Factors of Employee Retention. **Open Journal of Social Sciences**, Vol.4 No.5, May 30, 2016
- Brijesh Kishore Goswami, Sushmita Jha (April 2012), “Attrition Issues and Retention Challenges of Employees” , *International Journal of Scientific & Engineering Research* Volume 3, Issue 4, April-2012 1 ISSN 2229-5518
- Vivek Sinha, (March 10, 2011) - Attrition is Indian firms’ new worry – Vivek Sinha, *Hindustan Times*, (March 10, 2011) Lucknow Edition
- Sabitha Niketh (March 2008 ), Attrition: A Global Problem, *HRM Review*, March 2008 Issue, Pg. no. 64-67, ICFAI University Press, Hyderabad
- S.Guru Vignesh, V.Sarojini, S.Vetrive (Jan 2018), Employee Attrition and Employee Retention- **Challenges & Suggestions.**, Conference: International Conference On Economic Transformation with Inclusive Growth-2018, At Chennai
- Manju Dhillon , June 2016, Attrition In Indian IT Sector , *International Conference on Recent innovations in Science, Technology, Management and Environment*, P 371-377
- Brijesh Goswami and Sushmita Jha (2012). “Attrition Issues and Retention Challenges of Employees”, *International Journal of Scientific & Engineering Research*, 3, 4.
- Attrition’s a Blessing for ITeS Companies – Devina Sengupta, *Economic times*. (August 9, 2011)
- Attrition: A Global Problem- Sabitha Niketh, *HRM Review*, March 2008 Issue, Pg. no. 64-67, ICFAI University Press, Hyderabad
- K. Malar Mathi and G. Malathi (2012), “Analyzing the causes of Attrition in IT industries – opinion of Employees and Employer”, *Asia Pacific Journal of Research*, 1, 4.
- Mirchandani Bharti (Aug 2016) , “A study of employee attrition in small and medium enterprises causes and consequences”, Chapter 3 – 7, *Shodhganga*
- Shahani Naveen G, Sept 2012), “Impact of retention of employees a critical study of selected software companies in Mumbai reference time 2008 to 2012”, *Sinhgad Institute Of Management*, chapter 2 - 7
- Corey Harris ,Walden University 2018, “Employee Retention Strategies in the Information Technology Industry” and mentioned that “Productivity declines when employees voluntarily leave an organization” , Chapter 2 -6
- Dr. Shikha N. Khera1 , Ms. Karishma Gulati2 ,Delhi 2012, “Human Resource Information System and its impact on Human Resource Planning: A perceptual analysis of Information Technology companies” , *IOSR Journal of Business and Management (IOSRJBM)*
- Dr.Ravi.B ( June 2016) ,“Recruitment and Selection Process in IT industries” , *International Journal of Creative Research Thoughts*, P 223-232
- Principles of Management, 2018, T. Ramasamy, Himalaya Publishing House, Chapters 1-4, 7
- Research Methodology,2019, C R Kothari, Gaurav Garg, New Age International (P) Limited, Publishers,4th Edition, Chapter 2-4
- Natalie Govaerts, 2011, Influence of learning and working climate on the retention of talented employees, Centre for Research on Teaching and Training, KU Leuven, Leuven, Belgium, pages 35,38