IMPACT OF ATTRITION ON INDIAN SOFTWARE EMPLOYEES

Dr. T. Narayana Murty*   Dr. Md Khaja Mouinddin Farokhi**   K. Lakshma Reddy***

*Director, Nimra College of Business Management, Vijayawada,, AP .
**Asso. Professor in Mechanical Engg., Vasireddy Venkatadri Institute of Tech., Nambur, Guntr.
***Asst. Professor in Science & Humanities, Vasireddy Venkatadri Institute of Tech., Nambur, Guntr.

Abstract
The flexible behaviour and attitude of the IT employees in the organization attract the top management to utilize the strategies to retain them at all levels of management so as to dig out the maximum potentials from them without the problem of attrition. Companies introduce the changing management techniques and training infrastructure suitable to all levels of employees to further brighten up the scenario of the organization ensuring the loyalty of employees.

Key Words: Attrition, Employees, Information Technology.

Introduction

Attrition is a normal and uncontrollable reduction in the workforce because of constant stress, retirement, death, sickness and relocation. It refers to the number or rate at which the people leave an organization. It is one method of reducing the size of workforce without management taking any overt actions. The drawback to workforce reduction by attrition is that reductions are often unpredictable and can leave gaps in an organization. Attrition is one of the biggest challenges and it represents significant costs to most organizations. A high attrition reflects poorly on an organization's ability to hold on to its people. The toughest concern for an HR manager is the high attrition rate. Attrition can also be a positive phenomenon in IT industry. Attrition is differentiated between good and bad and termed as desirable and undesirable turnover. The study finds that a few tangible advantages like removal of bottlenecks in the progress of a company, creation of space for the entry of new talents, planting of "ambassadors" in the ecosystem with a positive impact on the growth of organisation and assisting in evolving high performance team emanate from good attrition. Equally profound is the finding that if the proposition of high performers leaving is higher, the attrition is not good or healthy. It is "bad attrition" which will negatively impact the productivity and profitability of the company.

Indian IT industry being an integral part of the global economy needed to be innovative to manage attrition. Many IT companies realize the absolute need of having talented employees to perform the challenging targets. It is observed that technology, finance, marketing, system and processes have to be framed correctly to manage the employees and control attrition. The main task of the organization is to design a suitable job structure for the employees. Many organizations develop a model and apply the same to evaluate job suitability of the employees. Although several approaches have been experimented in the field of human resources management for decades, it is observed that profitability based approach is more successful in controlling attrition to some extent. Selection and placement decisions in HRM are in accordance with the strict principle of matching the individual or personal talents and the specific requirements of job. There is more emphasis on performance appraisals, training and development, employee welfare measures, time management, institutionalizing essential rewards and scope of suggestions from employees with an intention to promote the profitability and productivity of the organization. Eventually, these factors play at large to influence attrition in IT industries and there is a compelling and urgent need for companies to control the malady of attrition. The battle against attrition is more of creating a win-win situation demanding strategy and resourcefulness.

The impact of attrition on business is detrimental to both the bottom line and morale. Attrition involves the loss of employees or the loss of customers. Both the employee turnover and failure to hold the customers over the period of time become a challenge to the managers. When an employee quits the need for replacement arises and the organization incurs some tangible costs. The impact ranges from costs of replacement to management of cultural issues arising in the wake of the new recruits. Productivity and profitability are both impacted either negatively or positively depending upon the type of attrition. Even good attrition is indicative of loss as recruitment is a time consuming and costly affair. Good attrition minimizes the adverse impact on business while bad attrition accentuates the loss. The cost of hiring is sometimes not less than two to three times the salary of the employee. The impact on work progress is tremendous, particularly if a project is underway and one of the key persons decides to leave. It makes a dent on the entire organisational efficiency. The present study entitled "Attrition in IT industry" undertakes the analysis of various factors that persuade an employee to attrite. This study also details the tangible and intangible elements which play a pivotal role in an employee's retention. Employers endeavour in all form and shape to keep the employees motivated but reality deludes them as their consistent efforts go into the drain. This serves as a

driving force for this study which tries to comprehend the reasons attributed to the employee attrition and their different perceptions in the Indian IT industry.

Objectives of the Study

The following are the objectives framed for the study:
1. To know the intrinsic relationship among significant factors influencing attrition.
2. To observe the influence of personal and organizational profile on the factors of attrition.
3. To measure the impact of attrition factors on organizational effectiveness and to offer suggestions for organizational effectiveness.

Methodology of the Study

The methodology of the study is based on the primary data collected through scientifically framed and structured questionnaire to elicit the well-considered opinions of IT employees. Multi-stage random sampling method has been used to collect responses from the respondents. The study has been conducted in two stages forma with a preliminary pilot study followed by the main study. The secondary data were collected from Books, Journals, periodicals, websites and company manuals, files and records. A pilot study is conducted to validate the questionnaire and confirm the reliability of the study. Accordingly the questionnaire was modified to suit the study.

Review of the Literature

In the opinion of author, the issues governing attrition and the challenges involved in the retention of employees are major concern for the IT industry. The compelling fact that in the context of knowledge driven economy is the people who emerge as key competitive differentiators and retaining the talent is a matter of grave concern and assumes greater significance too. Their insights into various issues regarding the problem of attrition and the major challenges being faced in retaining the employees have been provided. Acquiring skilled workforce is not just enough in today's changing economy. Instead, a lot needs to be done to retain them. It also finds that losing knowledgeable and trained employees can cause serious damage to a company's progress and its performance in the market. It also finds that the employees with their dreams, hopes, ambitions, creativity and innovations are the greatest assets of the organization. If the assets are not recognised, the organisation cannot touch the domestic and global markets (Brijesh Kishore Goswami, SushmitaJha, 2012)[1]. Sangeetha Yadav found out the outcome of employee engagement when it is linked with the enhanced employee productivity. The employer of a company needs to engage himself effectively in functions like proper alignment, effective training and development, job rotation, job enrichment etc. But it also needs to be productive. Individual productivity is as important as team productivity. Her research is a conceptual study based on corporate practices and research findings of various behavioural experts. In her considered opinion the employee engagement cannot be directly measured (Sangeetha Yadav, 2011)[2]. In economic slowdown, engaged employees really help companies to keep their customers happy and lead to enhanced productivity (Sangeetha Yadav, 2011)[3]. In today's fast paced business environment, employees strive constantly to achieve business goals within the timeframe. Open mindedness and transparent work culture play a vital role in employee retention (Swati Minz, 2011)[3]. The root causes of attrition and retention in IT industry are identified and analysed the level of employee motivation, satisfaction and involvement. A model for maximising the sustenance of employees in the organisation is generated and concrete recommendations which will eventually be valuable to the organisation to retain their employees for a long-run are offered (Ankita Srivastava, 2011)[4]. Employee engagement is one of the major retention strategies which maximises job satisfaction among the employees and consequently reduces turnover. Various aspects of employee engagement have been examined to assess how to minimise the turnover of employees (Brijesh Kishore Goswami, Sushmita J, 2011)[6].

Discussions And results on attrition rates of indian software employees

Attrition rate also known as a churn rate can be a measure of two things. It is a measure of how many employees leave over a certain period of time. It can be a combination of these two factors. Attrition rate is typically related to the provision of subscription service. Be it a magazine, or cell phone or internet provider, everything depends on forging a stable relationship with the current customers with an aim to protect and grow the bottom line. However, the term can be applied to other types of companies as well. An attrition rate is a good way to measure the growth of subscription services. If the growth rate is more than the attrition rate, it reflects that the company has a net increase in growth. The opposite of course, is also true and a negative rate of growth could signal the need for some type of change.

Although attrition is found to be beneficial in a limited measure to the organization which stands to gain, the gains are transformed into pains when the attrition rate increases beyond a certain level. High attrition rates increase significantly when the investment is made on the employees. Significant investments in time and money need to be made for acquiring employees in any organization. These can never be translated into profit when attrition is high. A comparative study made on

the major factors affecting employee retention observes that the long-term success of IT organisations are heavily depending upon the quality of its workers and worker loyalty. It is one thing to believe that employee loyalty results in positive financial outcomes, it is quite another to quantify those outcomes

Organization links, community links, and organization fit are more important predictors of turnover in India rather than in the US, while community fit plays at large as a more important predictor of turnover in the US. In addition to this observation, the perception of job fit is a more important predictor of turnover in the US than in India. Attrition levels are high primarily due to strong demand in the marketplace, concentration of delivery centres in a few cities, the youthful workforce and some internal process-related issues arising from the rapid growth of the service provider organizations. It observes that all industry participants need to compute attrition in a standardized manner so that the information published by the service providers is comparable on a like-to-like basis..

The reasons for leaving the organisation include both the longer-term concerns and problems which result in a gradual decrease in satisfaction. The more immediate work-oriented "shocks" prompt even the previously-satisfied employees to have a second thought of their commitment to the organization and ultimately leave their jobs. In the author's observation, organizations have to be serious enough to formulate strategies and policies to reduce turnover and retain their valuable employees. Since a large proportion of turnover appears to be avoidable, it is imperative for organizations to determine how best to intervene and thereby prevent at least some degree of turnover.

A comparative study made on employee attrition in India and abroad discusses the factors influencing attrition in software industry. It reasons out the departure of an employee from a company. Certain software companies even hire private HR professionals to study the company's work and find out the cause for the employee's dissatisfaction. An employee leaves his present job lured by the better pay package and good working conditions available. Every company calculates attrition rate and takes measures to reduce it. Companies do not disclose the facts and figures as it may tarnish image of their company in the eyes of its employees and loyal customers. The survey conducted by this study finds out that there are various reasons such as higher pay package in another company, good working condition, and opportunities for growth in new company, change of location problem, and better boss in new company and brand image of new company lead to attrition.

Findings

- Impact of attrition on organization influences the companies in organizational cost, organizational challenges, employee productivity and customer dissatisfaction. Reward, welfare, productivity linked incentives and qualitative factors that include employee welfare and reward system variables influence the reduction of attrition in IT companies.
- Individual related factors like personal constraints, employee migration and self-migration are agreed, disagreed and moderately agreed by 10.5% of employees who seek efficiency. 31.7% are saturated employees and 57.8% are survivors. Maximum employees agree reasonably with the factors in the IT industry.
- There is a significant association between education of employees and their perception of the system related factors of attrition. It is further observed that 57.8% of employees in the professional group are demanding in nature in system related factors.
- Problems and difficulties in organization, employee welfare and reward system, training and development and performance appraisal are factors of attrition significantly associated with the designation of employees. It is further found that 46.2% of employees in the middle management are mediocre in problem and difficulties factors, 52% of employees at the top level management are performers in employee welfare and reward system, 41.6% of employees are belong to middle management are development seekers in training and development. 44% of employees are top level management are diligent employees in performance appraisal.
- Individual related factors and performance appraisal are significantly associated with the experience of employees in IT industry. It is ascertained that 61.7% of employees with 1-3 years of experience are survivors in individual related factors. 64.6% of employees having less than one year experience are diligent employees in performance appraisal.
- Employees with less than one year experience strongly perceive their organizational procedure, employee dissatisfaction, training types. Employees with less than four lakh income strongly perceive the individual performance factors.
- Core policy, organizational procedure and management methodology existing among IT companies reduce attrition to a great extent. Organizational procedure and interpersonal relationship existing in IT organizations reduce attrition considerably.

Research Paper
Impact Factor: 3.853
Refereed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Suggestions
- It is better for the organization to come to terms with the prevailing current market standard in offering the salary benefits. This creates a salubrious atmosphere wherein the employee feels that the company takes care of them and also appreciates the jobs that they do.
- Managers ought to take responsibility of the employee's individual performance and clarify them in case of any difficulties as this might help the employees to be clear of their roles in the organization. This encourages the employees to work within their boundaries and cross functional activities.
- Organization ought to mentor their employees to grow in their career. It is better for the organization to try adopting current emerging technology for formulating course content for training programme to provide a critical frame for technology widening the business through industry associates and networking for employee's retention.
- It is desirable to measure the motivation and morale of employees on regular intervals so that the outcome of such studies be converted into policies, procedure and actionable plan to motivate the employees.
- In today's corporate world, employees choose jobs that provide work life balance. The organization ought to plan their projects in such a way to help the employees spend time for their family and personal errands. This prompts employees to stay on jobs as it blends well with their lives.
- Migration prevailing among IT companies can be reduced by transferring the employees according to co-location process that locates the employees in areas near to his location. This might prevent the employees from job hopping driven by the above reason.
- Company ought to be located strategically where public transport is available and providing company transport is to make sure employees have their work-life balance.
- Organization ought to create the awareness among its employees of the procedures followed in the wake of sexual harassment complaints. This will encourage female retention.
- Retention of employees is indispensable. Nevertheless, retaining the talented employees is not a piece of cake for the HR manager. Hence a trained manager ought to be a stickler to the best HR practices to retain the employees.

Conclusion
Management core policies, organizational branding and interpersonal relationship play a significant role in paving way for retention among employees. The employees in IT companies use their potentiality, knowledge and skills to improve the organizational efficiency and productivity .The executives are able to get favourable and optimistic organizational environment to prevent attrition. Most of the organizations and their policies are conducive to the employees to develop their personal career and skills. Some organizations are working for the benefit of the organizational efficiency instead of focusing on the development of the individual employees which result in attrition. The flexible behaviour and obligible attitude of the IT employees in the organization attract the top management to utilize the strategies to retain them at all levels of management so as to dig out the maximum potentials from them without the problem of attrition. Companies introduce the changing management techniques and training infrastructure suitable to all levels of employees to further brighten up the scenario of the organization ensuring the loyalty of employees. They also meet with the present innovative technological requirements.

References
1. Brijesh Kishore Goswami, Sushmita Jha, "Attrition Issues and Retention Challenges of Employees", International Journal of Scientific & Engineering Research,April-2012, Volume 3, Issue 4, pp:1-6.
2. Bholanath Dutta, Sangeetha Yadav, "Enhanced productivity through effective employee engagement", CRM Institute of technology, dept of management studies, ITM n-Ach,April 2011, vol-5, no-1, and pp: 50-60.
3. Bholanath Dutta, Sangeetha Yadav, "Enhanced productivity through effective employee engagement", CRM Institute of technology, dept of management studies, ITM n-Ach,April 2011, vol-5, no-1, and pp: 50-60
4. Swati Minz, "Employee Retention", The Observer of management Education, July 2011, pp: 37-39
5. Ankita Srivastava, Int.J.Comp.Tech.Appl.July 2011, vol.2 (6), pp: 3056-3065.
6. Dr. T N Murty, Md Khaja Mouinddin Farokhi and S. Annapurna, "Attrition of Employees in Indian IT Sector " , Intercontinental Journal of Human Research Review, Vol.2 Issue-9,2014, Bangalore.