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Factors Influencing Attrition in IT Industry – A study with reference to IT Companies in Chennai

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ABSTRACT:

Attrition is a terminology which is buzzing over the industry specifically the IT industry. When a skilled employee leaves the organization then there is a chance of having Skill-Gap which leads to a vacuum. World markets are getting to be aggressive with time which has influenced the work culture. The nearness of a dynamic workforce, rising unevenness in the free market activity of qualified employee and expanded accentuation on work life balance have made difficulties for chiefs and human asset division.

HR department and the vertical heads are keen in reducing Attrition in the organization which will in turn results in maximum productivity, growth and progress of the organization. The present article throws light on the factors influencing attrition in IT industry, Distinctive kind of work environment have been considered and appropriate variables were concentrated to portray a reasonable investigation.

KEYWORD: Attrition, Retention, Attrition in IT Industry, Factors Influencing Attrition

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INTRODUCTION:

Attrition, in a corporation, refers to reduction or decrease within the size or strength of the team, or a gradual reduction parturient occurring through numerous means that apart from firing workers. The attrition rate plays a vital role in an organization. High attrition rate of employees in a corporation may be a serious concern as the employees are the back bone of any organization. Loosing talents will in turn result in performance issue and this not to be taken lightly as this cause financial and threat to the organization growth and maturity by increasing the system vulnerability and risks. According to the previous researches it is observed that, there are 12 categories of costs related to turnover that need to be taken into account. These include costs for: exit, new recruits, training and development, Employee benefits, Salaries, induction, loss of productivity, loss of experienced resources, replacement costs, quality problems, and customer dissatisfaction.

Due to high attrition rate, value of the organization will increase due to coaching, development, socialization and alternative prices on the staff. BPO, paramedical, natural philosophy, etc. area unit few organizations, whose work is generally keen bout information employees, wherever rate of attrition is largely high. Once attrition happens, the remaining duties and responsibilities will burden staff and maneuver to alternative corporations. The potential for employment managers with further duties with no increase in pay, this might cause even gift managers or staff to promotion could exist once positions area unit retired because of attrition. Worker morale will suffer.

LITERATURE REVIEW:

Leigh Branham 2006[1] has given about the purposes behind attrition in the book titled '7 hidden reasons employees leave: He strongly believes that the attrition of employees is both a straight forward and an intricate issue. A considerable lot of the elements that add to their exit are under the control of the administrators. The author has derived the push factor which are influencing the attrition. The creator sorts out the explanations behind's leaving to seven classes, for example, (I) the activity or work environment not up to the expectation (ii) the bungle amongst employment and individual (iii) No proper training and feedback system in place (iv) excessively few development and career opportunity (v) feeling deceived and unrecognized (vi) worry from work and work life unevenness (vii) loss of trust and trust in senior pioneers. He depicts how to perceive the behavioral indications of each explanation behind leaving and how to distinguish the hierarchical obstructions lo tending to the issue. The connection between organization methodology, directed activity and results is one of the vital messages of this book.

Kiran Kumar 2008[2] watches that weakening control is currently going past HR strategies because of increment in competition and intense talent lack. A high rate of attrition for the most part extends a negative picture of the organization. Alluring compensation bundle isn't the main driving component for containing whittling down. Factors, for example, regularity, employee's possibilities for higher studies, heart of experts in a specific industry have additionally prompted raising levels of employment bouncing. The BPO and IT parts have the most elevated weakening rates and it is quick spreading to different branches of services like, aviation, finance (BFSI domain), engineering and pharma.

Malar Mathi K and Malathi 2013[3] in their study entitled "Employer and Employee Perception on Job Attrition in IT Industry". Analysis's was done from 500 employees and 50 employers. The samples were collected through questionnaire method, and the toll used was Mann-Whitney U Test. The major finding of Analysis was the opinion of Employee and employer differ from each other with regard to attrition. Those issues are Non motivational issues, work stress, Non adjustability and No freedom to upgrade, career hurdle, recognition and job. So the research is concluded that the management should consider the above caused to reduce employee attrition. Management should implement some new activities and innovative HR practices in order to solve issues regarding employees which will be for the management to reduce attrition and to increase employee attitude to sustain with their current organization.

Lichia Yiul and Raymond Saner, 2014[4], in their study entitled "Talent Attrition and Retention: Strategic Challenges for Indian Industries in the Next Decade", found that the industries should do more to strengthen the bonding of internal social network and should focus on Job satisfaction and organizational commitments to ensure talent retention through competence development and career planning. Both the remedies can be concurrently implemented through an effective and robust learning and development infrastructure which addresses both the individual development needs and the company's strategic choices.

Gaps in the Literature: In both foreign and Indian literature works on Attrition the researcher identified 2 unaddressed issues namely.

1. Is there any measurement to determine the exact number of factors responsible for employees attrition

2. Whether the derived factors ate independent among themselves to validate the attrition. In order to address these issues the researcher intended to conduct the research with the following objectives.

OBJECTIVE OF THE STUDY:

Objective of this study is to understand the factors influencing Attrition in IT industry. This study is carried out with reference to the IT companies in Chennai.

HYPOTHESIS:

There is no significant difference among the factors influencing attrition in IT industry.

RESEARCH METHODOLOGY:

The survey is conducted among in general among all the IT companies. The Indian IT industry is operating at high speed having the destination in the different metropolis. The study focuses on the major reasons for frequent shifting of the companies, organizational culture, organizational health index, coping mechanisms. The study mainly focuses on the Emotional intelligence and its sub-titles namely self-emotion appraisal, Others' emotional appraisal, Use of emotion, Regulation of emotion.

This study is based on both primary and secondary data. The primary data is collected through a structured questionnaire based on the literature reviews the researcher selected the sample through convenience sampling method.

The sample size was determined by considering the number of employees responding to the questionnaire. The scholar attended 42 meetings of the IT companies which were attended by 4270 employees belonging to respective companies. The repetitive responses of employees are avoided. It was decided to collect responses from more than 10 percent of a total number of employees who attended the meetings. A total of 500 questionnaires were circulated to the employees. The population from which the sample was sourced consists of employees in IT industry. Size of the population cannot be decided because of the enthusiasm of employees at preliminary stages. Convenience sampling was utilized with individual subjects representing individual sampling units. This method has been suggested as satisfactory for theory testing purposes **Mittal 1995[5].**

Out of 500 questionnaires circulated, only 420 questionnaires were returned by the employees. The scholar contacted the remaining 80 employees repeatedly but there were no encouraging responses. After scrutinizing the 420 responses, it was found that 67 questionnaire was not completed properly. So, only 353 responses were considered for the research. Hence the exact sample size of the study is 353...

DATA ANALYSIS:

All data analysis was conducted using SPSS V-15. Sample means standard deviation and N are presented in the analysis chapter for all the variables of the study. The data were screened in

order to obtain the variance between various reasons responsible for the employees shifting to a different organization, Emotional intelligence, organizational culture, and organizational health index and coping mechanisms. Factor analysis, cluster analysis, one-way analysis of variance, Karl Pearson's co-efficient of correlation, t-test, ranking analysis are discussed here.

ANALYSIS & DISCUSSION:

Factor Analysis for Reasons Responsible For Employees Shifting To another Organization in IT Companies

The researcher applied EFA on the 14 variables to reduce them into predominant factors, explaining the reasons responsible for employees shifting to another organization in IT companies. The factor analysis has given out as Table with assurance for sample size and normal distribution.

Table 1.0 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.473
Bartlett's Test of Sphericity	Approx. Chi-Square	978.769
	Df	91
	Sig.	.000

The Table indicated that the value of the KMO is 0.473 and it is further confirmed through the Chi-square value and sphericity.

Table 1.1 Communalities

	Initial	Extraction
SAO1	1.000	.779
SAO2	1.000	.589
SAO3	1.000	.469
SAO4	1.000	.732
SAO5	1.000	.824
SAO6	1.000	.573
SAO7	1.000	.655
SAO8	1.000	.630
SAO9	1.000	.731
SAO10	1.000	.364
SAO11	1.000	.760
SAO12	1.000	.430
SAO13	1.000	.370
SAO14	1.000	.669

Factor Analysis revealed that the fourteen variables influencing the employees shift to another organization expressed the range of variance 0.364 to 0.824. Therefore it can be inferred that the 14 variables have their variance limit of 36.4% to 82.4%, which is a significant limit.

Table 1.2 Total Variance Explained

Component		Initial Eigen values			Rotation Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
dimension0	1	2.138	15.274	15.274	1.934	13.811	13.811
	2	1.990	14.212	29.486	1.808	12.913	26.724
	3	1.697	12.121	41.607	1.714	12.243	38.967
	4	1.535	10.964	52.572	1.612	11.512	50.479
	5	1.215	8.681	61.253	1.508	10.773	61.253
	6	1.000	7.140	68.393			
	7	.942	6.730	75.123			
	8	.776	5.542	80.665			
	9	.669	4.776	85.442			
	10	.563	4.023	89.465			
	11	.534	3.815	93.280			
	12	.382	2.725	96.005			
	13	.333	2.380	98.385			
	14	.226	1.615	100.000			

From the above Table, it is projected that fourteen variables are diminished into five important factors to reveal the component variables. The following Table ensures the individual loading of variables with individual variances 13.811, 12.913, 12.243, 11.512 and 10.773 and the total variance 61.253%. This shows that the fourteen variables influencing the employees to shift to another organization are reduced into five predominant factors to represent their respective underlying variables. The following information clearly explains the variable loadings in each factor.

Table 1.3 Rotated Component Matrix [a]

	Component				
	1	**2**	**3**	**4**	**5**
Compensation is considerably higher	.819				
Prefer an organization balancing work and life of the employees	.716				
Responsibility and independence (freedom) are important to decide the place of work	.638				
Value that the company policies and procedures that are vital in deciding the organization		.879			
Job is more secured		-.751			
Fewer options for higher education		.408			
Jump in the career attracts me			.639		
Comfortable conditions is an important factor for deciding the work place			-.567		
Good place to work is one which provides opportunity for learning			.563		
Respect and recognition is very much essential to continue in an organization				-.771	
Technical skills are very essential to work in IT company				.725	
Organization with efficient seniors attracts much					-.802
Prefer to take more challenging work					.540
Believe corporate image is value to its employees					.424

From the above Table, it is found that the first factor comprises of three variables namely:

Compensation is considerably higher (0.819)

Prefer an organization balancing work and life of the employees (0.716)

Responsibility and independence (freedom) are important to decide the place of work (0.638)

Therefore the first factor is called as **"Compensation"**

The second factor comprises of three variables namely:

The company policies and procedures are vital in deciding the organization (0.879)

Job is more secured (-0.751)

Fewer options for higher education (0.408)

Therefore the second factor is called as **"Policies and procedures"**

The third factor comprises of three variables namely:

Jump in the career attracts me (0.639)

Comfortable condition is an important factor for deciding the workplace (-0.567)

Good place to work provides opportunity for learning (0.563)

Therefore the third factor is called as **"Career attraction"**

The fourth factor made-up of two variables namely:

Respect and recognition is very much essential to continue in an organization (-0.771)

Technical skills are very essential to work in IT Company (0.725)

Therefore this factor is called as **"Learning opportunity"**

Organization with efficient seniors attracts much (-0.802)

Prefer to take more challenging work (0.540)

Believe corporate image is value to its employees (0.424)

Therefore this factor is called as **"Efficient colleagues'"**

FINDINGS & CONCLUSION:

Though there are several factors influencing attrition it is clearly observed that there are some key factors which play a vital role in influencing attrition they are.

1. **Higher Compensation:** Once the employee gains experience and expertise in a Technology he is being attracted by the other employer in the Job Market and get opportunity with higher compensation and retaining the employee becomes a challenge for the current employer as they might have their own Budget constraints.

2. **Suitable Policies and Procedures:** Each and every employer will have their own policies and procedures some might be able to adopt themselves to the environment and some might not which also leads to attrition.

3. **Career Attraction:** Goal oriented employees are attracted towards career and they look for growth in each and every opportunity they take up. These type of employees expect a clear roadmap to be set for them when they join itself, if not they are attracted towards different opportunity and this leads to attrition

4. **Learning opportunity:** Learning is a Key in IT profession and IT Engineer should have an attitude to learn till the time he is in IT field, so any IT profession will always look at an opportunity to learn any new technology in the market and upgrade his skills. If his current employer is not into the latest technology and if they have not given an opportunity to upgrade his skills then he starts looking out for opportunities and that leads to attrition.

5. **Efficient Colleagues:** Efficient colleagues also seems to be an expectation of a potential employee, if not it leads to attrition.

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