

“Employee Attrition: A challenge for Indian IT organizations”

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Abstract –

Attrition rate of employees is very high in IT organizations where work is mostly dependent on the knowledge on the knowledge of employees. IT (Information Technology) sector being a service sector, employee plays an important role in the organization development. Through IT sector is booming in India, it is constantly facing the problem of employee's attrition, which is 25% to 30% every year. Through this study an attempt has been made to focus on the causes of higher rate of employee's attrition in IT organization. This study focused on the impacts of attrition on the IT organization. A review has been taken of the various measures undertaken to overcome the challenge of high attrition and focused on the positive effects of retention measures on the IT organization.

Key Words- *IT organization, Employee attrition, Causes of attrition, Retention strategies.*

I. Introduction –

Attrition is explained as reduction in the number of employees through retirement, resignation etc. The rate of shrinkage in size or number of employees is known as attrition rate. Employee attrition is one of the critical problems which are faced by the HR officials of IT organizations. In an ideal situation, an employee's consider multiple comfort level while working for their organizations, for example, goodwill or market image of the organization monetary compensation, opportunities for career development, working conditions, behaviour of colleagues etc. On the basis of some survey studies it is observed that, 70% of the working population in Indian organizations is not satisfied and happy at all with their current job due to one of the aspect, mentioned aforesaid, which is not fulfilled while working in an organization which caused higher attrition rate.

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In earlier days, it was not important for the organization whether their employees are committed or not, but today's, globalized and liberalized economy era, the organization cannot afford to lose its best employees to competitors. Therefore, there are various employee retention practices or strategies have been implemented by the HR department of the IT organizations. Through this study an attempt has been made to take a review of causes of employee attrition, impacts of attrition on the organizations, and a review has been taken on the various measures, and its positive effects on the IT organizations.

II. Importance of the study –

Attrition of employees in IT sector takes place due to several reasons, and also non fulfilment of their expectations from the management of organization in return of services provided to them. Being one of the major and important sectors in the Indian economy it is very important to focus on the various causes of high rate of employee attrition, its consequences and the various measures undertaken by the IT organizations to overcome the challenges of employee attrition. The present study based on the primary survey which focused on the various aspects of employee attrition in IT organizations situated in Pune city which is well known as important IT hub in India.

III. Review of Literature –

- 1) U. V. Panchal, (2012), has discussed on the various challenges raised due to higher attrition rate in IT organizations. Through the study author has discussed on the attrition rate of employees in Indian IT organization and its causes and consequences. Author has focused on the associated cost with high attrition rate such as – recruitment cost, training cost etc. In the opinion of authors, retaining employees has always proved to be useful in many organizations rather than to find out new and efficient talent. Author has concluded that, for the achievement of organizational goal and its overall development, HR manager should give close attention to why attrition is occurring in the present.
- 2) S. C. Kundu and N. Gahalawat, (2015), have attempted to establish the relationship between various retention practices and perceived organizational performance and innovation performance. Through the study authors have observed the positive relationship between development and empowerment and

innovation performance. Authors have explained the theoretical background of employee attrition and retention. Through the study authors have also discussed on some important retention measures implemented by the IT organizations. Implications for HR PR actioners and further researcher are discussed in this study.

- 3) Shine David, (2015), has focussed on the problem of high attrition rate of employees in IT sector. Through the study author has found that, organizational culture, working conditions lack of opportunities for career development intensity of work pressure etc. are some of the major reasons of high attrition rate of employees in IT sector. To overcome the problem of attrition, author has suggested that, management of IT organization should have to maintain employee oriented organizational culture with good and positive working conditions, low work pressure and should provide opportunities for career development to the employees.
- 4) S. Z. Nasir and N. Mahamood, (2015), have attempted to identify the impact of HRM practices on employee retention and attrition rate in IT organizations. Through the study authors have focused on the factors that make employees to commit to serve their present organization. Through the study authors have observed positive correlation between employee retention and supervisor support reward and recognition work life policies etc. Authors have also discussed on the effects of employee's retention factors on organizational competence.

IV. Objectives of the study –

- 1) To understand the causes and consequences of employees attrition in IT organization.
- 2) To focus on the impact of employees attrition on the organization.
- 3) To understand the various measures undertaken by the IT organizations to overcome the challenge of employee's attrition.
- 4) To know the effects of retention measures on the organization.

V. Research Methodology –

A descriptive research method has been adopted for the study purpose. Primary information was collected with the help of questionnaire from the HR officials of selected IT organizations. Secorder information was collected through various study papers,

article, and books. Sample percentile method has been followed for they analysis of primary information.

VI. Size of the sample –

The sample population consisted of 50 HR officials selected from 10 IT organizations (10 IT organizations × 5 HR officials = 50). Convenient sampling method has been followed to select HR officials.

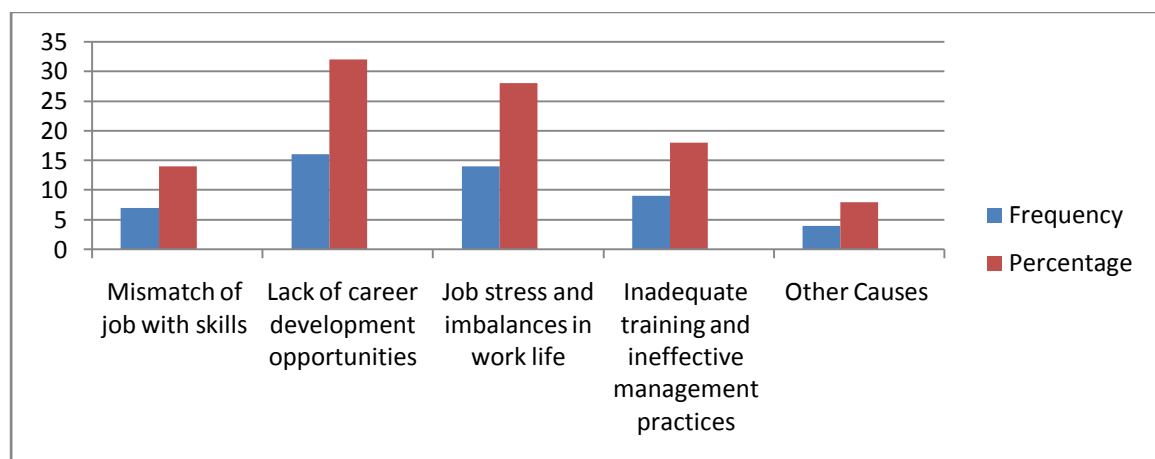
VII. Geographical Area of the study –

Pune city is the geographical area of the study. Pune city is well known as an IT hub in India.

VIII. Results and Discussion –

**Table No.1
Major causes of employee attrition in IT organizations**

Particulars	Frequency	Percentage
Mismatch of job with skills	07	14
Lack of career development opportunities	16	32
Job stress and imbalances in work life	14	28
Inadequate training and ineffective management practices	09	18
Other Causes	04	08
Total	50	100



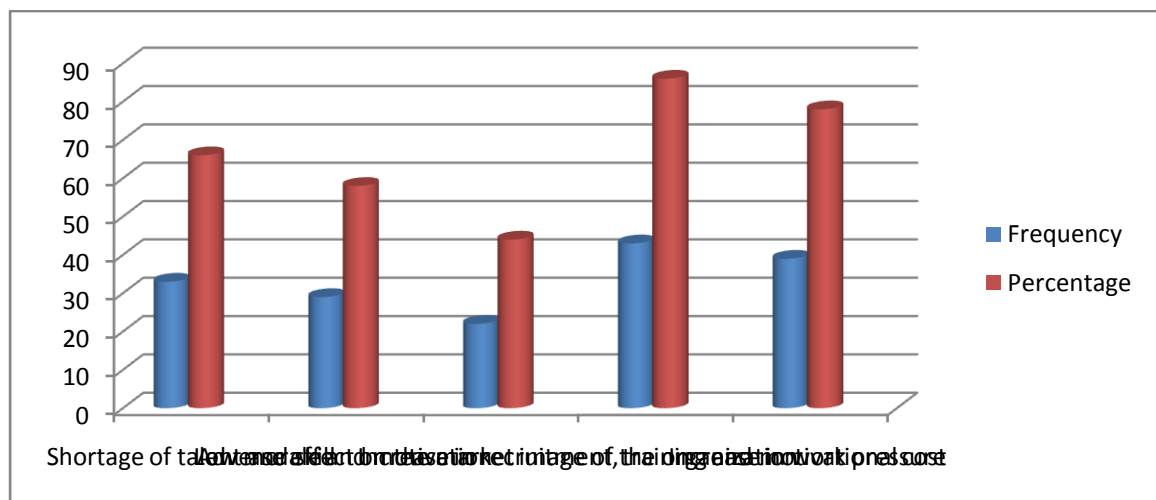
There are some major factors that cause low morale and absenteeism contribute to high attrition rate of employees in IT organizations. As per the collected information, it is found that according to the 14% respondents, the jobs that are too demand or not

challenging enough and not matching with their present skill, and therefore, employee become discouraged and quit their organization. In the opinion of 32% respondent's lack of career development opportunities is also one of the major causes of high attrition rate. In this situation employee feel that there is no possibility of promotion, they lose interest in their jobs and leave organization. 28% respondents have opined that job stress and imbalance in work life is the major cause of high attrition, in the opinion of 18% respondents, inadequate training and ineffective management practices cause for high attrition rate. Without proper training employees feel that they may lose in their positions and leads to poor job performance also poor management practices could lead to high attrition as well. According to the 8% respondents, apart from the above stated causes there are some other causes of attrition such as, monotony job, odd working hours, inadequate monetary compensation etc.

Table No.2

Impacts of employee's attrition on the organization (Multiple Responses)

Particulars	Frequency	Percentage
Shortage of talent and skill	33	66
Low morale and motivation	29	58
Adverse effect on the market image of the organization	22	44
Increase in recruitment, training and motivational cost	43	86
Increase in work pressure	39	78

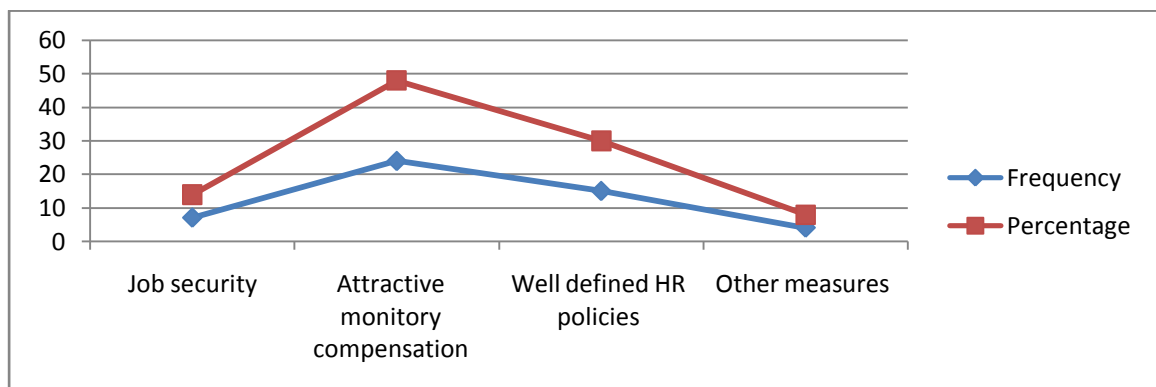


As per the collected information, 66% respondents have stated that, due to high attrition rate there is a shortage of talent and skill which may be adversely affected on the organizational performance. In the opinion of 58% respondent's low morale and motivation of employees may also adversely affected on the organization. Low morale shows the presence of mental unrest. 44% respondents have stated that, high rate of employee attrition may adversely effect on the market image and prestige of the organization. Majority of the respondents (86%) have opined that, due to high attrition rate there is an increase in recruitment, training and motivational cost. It may disturb the yearly budget of the organization. 78% respondents have opined that, due to high attrition rate, the organization may face excessive work stress on the other employees.

Table No.3

Measures undertaken to overcome the challenge of employee attrition

Particulars	Frequency	Percentage
Job security	07	14
Attractive monitory compensation	24	48
Well defined HR policies	15	30
Other measures	04	08
Total	50	100



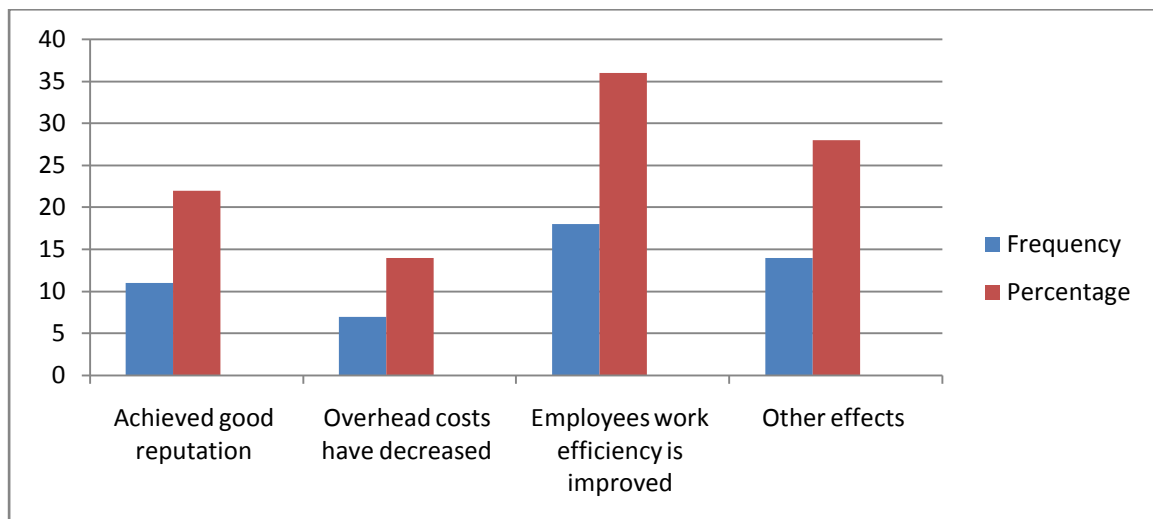
As per the information provided by the respondents, 48% of them have stated that their organization is providing attractive monitory compensation to the employees. With a view to retain them in the organization for a longer period. 14% respondents have stated that, they have assured their employees about their job; it means management have provided job security to the employees. To retain the employees in the organization, well-

defined HR policies have implemented by the management stated by 30% respondents. Apart from these measures, involvement of employees in the decision making process, recognition of merits and rewards, opportunity for creativity, systematic work appraisal etc. are also some of the important measures stated by 8% respondents.

Table No.4

Effects of retention measures on the organization

Particulars	Frequency	Percentage
Achieved good reputation	11	22
Overhead costs have decreased	07	14
Employees work efficiency has improved	18	36
Other effects	14	28
Total	50	100



As stated by the 22% respondents, due to effective implementation of retention measures organization have achieved good reputation and good image in the market. 14% of the respondents have stated that, overhead costs have decreased due to various employee retention measures. Employee’s work efficiency has improved due to retention measures stated by 36% respondents; and according to 28% respondents there are some other positive effects on the organization, such as – some organization has gain high level of competency absenteeism has reduced and majority of the employees are now working with their maximum potentials. It means, there are many positive effects on the IT organizations due to proper and effective implementation of retention measures.

IX. Suggestions –

- 1) There should be frequent interviews by the management officials with employees independently and keeping them confidential for best results.
- 2) There should be good career prospects within an organization to retain employees for longer duration. Management officials should have positive attitude in this regard.
- 3) Innovative retention measures should be taken to make communication and strong relationship with employees. Supervisor should be transparent and comfortable in this regard.
- 4) Management should recognize the need for employee's personal time off. Giving employees the time to keep their personal life in place is very important for retention of employees.
- 5) The IT organizations should pay attractive monetary benefits to the employees according to their ability and talent.
- 6) There should be good organizational culture with positive working conditions with low work pressures.

X. Major findings and conclusion –

- 1) Employee attrition is one of the major challenges faced by IT organization in India due to many reasons such as- lack of development opportunities, poor management practices, lack of training, monotony job, etc.
- 2) There are many adverse impacts of attrition of employee observed through the study. Shortage of talent and skill, increase in various costs like recruitment cost, training cost, motivational cost, etc. are some of the major adverse effects observed through the study.
- 3) It is found that, different practices practiced by the selected IT organizations to retain employees in the organization. These practices are - provide job security, attractive monetary compensation, good and effective HR policies, etc. These practices are preferably implemented in the organization.
- 4) Through the study it is observed that, there are some positive effects of retention measures on the organization's performance and market image and prestige of the selected IT organizations.

On the basis of collected information, it is concluded that, the issue of employee attrition can be found in many IT organizations, but escaping this issue is not a concept that is unattainable. The challenge of employee attrition can be removed by simply gaining the commitment and dedication from the employees; and there should be effective implementation of HR policies, there should be employee friendly and employee oriented culture with good working conditions. Management should make efforts reduce the attrition rate at a great extent and try to increase employee attitude in order to sustain in the organization.

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