EMPLOYEE ATTRITION IN IT INDUSTRY - A COMPARATIVE STUDY

V. Chandrasekharan*   Dr. R. Ganapathi**
*Ph.D Research Scholar, Department of Commerce & Management, Dravidian University, Andhra Pradesh.
**Assistant Professor, Directorate of Distance Education, Alagappa University, Karaikudi.

1. Introduction

Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.

Many corporations trumpet the slogan, "People are our most important asset". This is admirable, but it takes hard, consistent work in policies, statements and actions for those people to believe it. Similarly, many companies post eloquent values statements which mention people, team work, integrity, respect, dignity, etc. Again, these fine items must be backed up in practice to be believed. Otherwise they become jokes when the CEO salts his next speech with them. The nineteenth century belief is that employees need their companies more than a company needs them is dangerously dated. In today's marketplace, it is a seller's market. Motivated, qualified and capable employees are the ones who are selling. One of the foundation stones of companies which attract, retain and motivate high performing employees is a positive and valuing attitude toward them. In this era of monster mergers and mega corporations, it is all too easy for top management to see employees as expendable resources to be hired and fired at will according to the current short-term business plan. A doubt can creep into a work force which undermines its efforts, and this can cause employees to look for work elsewhere when opportunity arises. The internal and external situations that cause organizational turnover are vast and complex. Organizations can do little to control the country's economy or an employee's preference for mobility. An enterprise can, however, design internal culture, structures, strategies and programs that retain valuable employees.

To accomplish this task it is necessary to determine which specific components constitute a strategic retention program for a particular organization. Additionally, individual employee differences, along with current market realities, require examination for alignment with corporate goals. Which factors need to be aligned to ensure retaining qualified and productive employees? Are there programs that, if initiated, will assist an organization in reducing turnover? Retention and turnover issues are the result of very complex and multifaceted phenomenon. There is not just one strategy, methodology or program that is the definitive answer to turnover issues and retention of valued employees. A comprehensive retention strategy is needed.

The world's most successful companies make employee retention a top priority. These companies use a variety of financial and non-financial incentives to attract and keep the best employees. They also know how to create appealing corporate cultures and sustain morale during difficult times. Key employee retention is critical to the long term health and success of your business. Managers readily agree that retaining your best employees ensures customer satisfaction, product sales, satisfied coworkers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

2. Need and Importance of Employees in Organiztional Productivity

Employees are the most vital part of the organization's productivity. Effective utilization of human capital will result in optimum achievement of organization's objectives. Some of the key performance indicators for employees including the Employee's clarity on role, responsibility and expectation, development of qualitative staff, tracking and measuring the performance, assessment of promotion criteria and process, ensuring the outline internal capability and identify gaps on skills competencies and behavioral aspects and developing KPI's for each department & employee's strategic objective for organization's growth.

To build quality and synergy in the organizations, the need for pertinent employees who can fullfill and excel in every activity they undertake is important to achieve the vistas. Retaining employees and workforce management are regarded as most typical task ahead for the HR managers in the era of competitive scenario. The quality of the employees in organizations, their enthusiasm, commitment and level of satisfaction which they are feeling in their jobs, sense of satisfaction over treatment are significant factors influencing the firm's productivity, level of service, reputation and survival of the employees. Employees, along with financial and material resources, contribute to the production and distribution of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that

monetary and material resources are harnessed to achieve organizational goals. But these efforts attitudes and skills have to be sharpened from time to time to optimize the effectiveness of employees and to enable them to meet greater challenges. This is where human resource management lays a crucial role. The significance of employees in the organizational context can be understood with four levels which they perform. These include corporate level, professional level, social level and national level.

3. Conceptual Overview of Employee Attrition

The word "Attrition" refers to scaling down of employees in an organisation. It occurs because of retirement, resignation or death of the employee. There can be many reasons for an employees to leave an organisation like he may be getting higher job position in some other company or he may want to change his profession or he may leave an organisation for higher studies, etc. Attrition in business can mean the reduction in staff and employees in a company through normal means, such as retirement and resignation, the loss of customers or clients to old age or growing out of the company's target demographic. This type of reduction in staff is one way a company can decrease labor costs: the company simply waits for its employees to leave and freezes hiring. Such a method contrasts with more more severe labor-reduction techniques, such as mass layoffs. Waiting for attrition naturally is usually better for company morale. However, it can also have a negative impact on the employees that remain if the duties from the eliminated positions are transferred to them with no pay increase. It can also limit promotions within the company if these jobs are eliminated, which can result in further attrition and turnover.

Attrition can also refer to a business or professional losing customers. Customer attrition generally has a negative effect on the company's profits and growth. To learn more about this type of attrition, and for examples from the financial industry of how to reduce it. Employee attrition may be linked to broadly two parameters- extrinsic and intrinsic. The former include factors like pervasive job dissatisfaction, distrust and disengagement (Pfeffer, 2007). Mitchell et al. (2001) indicated that, job search and the consequent turnover intention, is not related to the employee dissatisfaction, as it is linked to job. It may be pertinent to note here that scholars have distinguished between "job searching" from "leverage-seeking search" in the sense that the former is linked to change of the jobs, the latter is indicative of available job alternatives as a leverage against the present employer such that his/her present organization shall strive to make a better counter-offer and make efforts to retain him/her (Boswell et al., 2004).

Other extrinsic factors accountable for employee attrition include low commitment, and prevalent job alternatives proposed by March and Simon (1958), as cited in Mitchell et al. (2001) and Trevor (2001). However, in some other studies conducted by Michael Spector (1982) derived from job search (e.g., perceived alternatives) contribute little to prediction models. Apart from these, other factors which have been attributed to employee attrition are availability of ample job opportunities in the market, due to company closure, feeling of job insecurity in the current job, technological obsolescence, higher pay offered by the rivals, better promotion opportunities with other employers, better perks associated with the future career options, perceived brand image of the competitors; "cohort effects" (Evetts, 1992, as cited in Finegold et al., 2002); Hobo syndrome (defined as the tendency of individuals to change jobs as a practice (Ghiselli, 1974, as cited in Boswell, 2004) and so on.

Factors like poor interpersonal relationship with the supervisor and/or peers, personal factors like work-family role conflicts (as cited by Mitchell et al., 2001 & Pfeffer, 2007); weather, amenities and general culture of the location (proposed by Mitchell et al., 2001); off-the-job events (like spouse relocation or an unsolicited job offer at hand (proposed by Lee et al., 2004); preference for a particular location, opting/possessing for higher education and knowledge up gradation (proposed by Maurer, 2002); age of the individual employee concerned, where the younger employees were more prone to initiate quitting rather than their older counterparts (cited by Finegold et al., 2002); little or minimal work-life balance being offered by the organization (Mathieu & Zajac, 1990 as cited in Spreitzer et al., 2002).

Organizational Affective Commitment (Meyer et al., 2004) and Affective Commitment to the Supervisor (Both, of these factors viz. Organizational Affective Commitment and Affective Commitment to the Supervisor) were found to have a negative correlation vis-à-vis turnover, in a study of Stinglhamber et al. (2003).

The Kelly Global Workforce Index 2012 survey 'The Autonomous and Empowered Workforce' conducted by global workforce solutions leader, Kelly Services reveals that more than half of all workers in India (52%), (globally 53%) feel it is more important to change jobs and a wattrition 61% Indians consider it to be an asset for career growth and advancement. Only 40% Indian workers regard a career-for-life with one employer as relevant in the modern workplace (slightly better than global average of 31%). Attrition can bring losses to an organisation as a whole. Therefore job attrition can be very costly to the organisation because it takes lot of time, efforts and resources to train and develop employee, so that they work effectively and efficiently for that particular organisation and in case employees leave their jobs it cause great loss to the company because then they have to train another employee with all the sources again.

Hiring top-quality individuals is an important task on its own, but essential to any manager's ongoing process is a critical retention strategy. The term 'employee retention' first began to appear with regularity on the business scene in the 1970s and early '80s. Until then, during the early and mid-1900s, the essence of the relationship between employer and employee had been (by and large) a statement of the status quo: "You come work for me, do a good job, and, so long as economic conditions allow, I will continue to employ you". It was not unusual for people who entered the job market as late as the 1950s and '60s to remain with one employer for a very long time "sometimes for the duration of their working life".

From The study made by Pradeep Ahlawat(2004) on 'Managing IT personnel' has opined that, job content and compensation emerged as the most important reasons for men leaving their last job, whereas the study on women in information technology industry shown that, job content came second only to money. In the study made from field survey, the author has opined that, compensation and benefits was the first factors considered by all the respondents on the importance rating scale. Another indication suggested by Pradeep Ahlawat are the job content and performance appraisal system which were found as very important attributes, both were least satisfied by the industry in this respect.

From the Information Technology Industry Side
- Information technology industry meets out the customer demands
- Information technology industry adopt the newcomers in generously
- Information technology industry gets the experience, trained manpower
- Time and resource is being saved by the information technology industry for the new recruits
- Information technology industry mingle out the diffusion between the middle and line staff
- Information technology industry vision is being nurtured
- Information technology industry supremacy is being safeguarded
- Customer demand is met with new product and in time.
- The surfacing of skill domination and supremacy of the chair power stops.
- Information technology industry saves money, time etc.

From the Employee Side
i) Employee getting the scope of wider choice of jobs and designations
ii) Employee get new avenues for learning and self grooming
iii) More monetary and fringes benefit
iv) Job-attrition is a precursor to the future of careers
v) More identity in the information technology industry
vi) Visions of the information technology industry collide with own ambition.
vii) Getting rid of restriction of inner qualities and to get a substantial raise and title upgrade.

The incidence of job-attrition varies not only in respect of the individuals but also in terms of occupations, professions, functions and organizations. Moreover, the practices of job-attrition vary from country to country. Further, the incidence employee attrition varies from sector to sector. It is reported that, the incidence of employee attrition is lower in the public sector in India, where as it is higher in the private sector.

The frequency of job-attrition also depends on the pace of growth of a particular individual in the past and the scope of advancement in future. The frequency of job-attrition also varies with the phase of career. Normally, the tendency to change a job is much stronger in the earlier phase of one's career than at a later stage. The frequency of job-changing is also said to be higher, in the case of people, with higher educational and professional qualifications than their peers and colleagues with lower academic achievement.

Employee attrition has assumed to be very high especially in the area of IT/information technology sector. Quitting an organization does not create qualms or convulsions. Self-serving motives and climb to the executive hierarchy at an accelerated pace in double quick time has substituted concern for loyalty and longevity. As frequent moves necessitate a new work environment, different sets of people, diverse locations, dissimilar class of stakeholders the need to enhance emotional maturity, equilibrium and change in mindset has accelerated the process of knowledge acquisition, skill development and grasp for IT-related issues.

Employee attrition has shown extremely evident due to the following reasons.
- Aspirants are vague about the nature, type and potential of the new venture.
- The skill set required to grasp the new job.

Research Paper
Impact Factor: 4. 695
Peer Reviewed & Indexed Journal

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

- Inadequate knowledge of the market, the product and the type of service which could be offered to the clients.
- The structure of the job and the organization, the product and the service needed by the customer.
- The nature and type of customer and the pattern of demand.
- The volume of financial resources in the shape of seed capital and working capital and working capital required.
- Poor knowledge of mainstream activity, the selling prospects and the cash flow prospects in the new venture.
- The rules of the game and the tricks of the trade required to deal with the new people and problems.
- The nature, type and level of infrastructure required for conducting the activity.
- Lack of detailed knowledge of the processes involved in the new business activity.

The present research study on Employee attrition in Information technology industry is a extensive in depth survey on the job-attrition scenario in Indian software industry with special reference to three software companies. The study is bounded to the employee attrition scenario and analysis on the impact of select factors on employee attrition in the three software companies. Further, the study is restricted to the select branches of these three software companies operating in Hyderabad.

4. Objectives of the Study
The study concentrates on the analyzing the reasons for employee attrition. The study concentrates on studying the impact of employee attrition on the basis of job satisfaction, role conflict, work life balance of the employees.

5. Methodology of the Study
The study is based on the primary and secondary data sources. The primary data is collected from the respondents from the three select companies, where as the secondary data is collected from the annual reports of the three companies where the employee attrition rate is prelevant.

6. Analysis of the Study
The results emerged from the study are presented below.

A. Employee Attrition Scenario In Indian Information Technology And It Industry
Top Indian IT companies are facing high rates of attrition in recent times. According to a survey done by the US-based research firm Technology Business Research (TBR)[1], barring Tata Consultancy Services (TCS), others big companies have reported a 14% rise in the attrition rates in the fourth quarter ending December 2013. This is much higher than a year ago. At the same time, high rate of employee attrition also indicates that the market is recovering.

The TBR data suggests that while Cognizant showed a 10% attrition rate in Q4 2012, in Q4 2013, the rates were up 14.5%. Wipro ITs has also seen nearly a 4% jump in its attrition rates at 16.3% in Q4 2013 from 12.9% in the previous year's last quarter. Infosys attrition rates jumped 3% from 15% to 18% in the last one year. Tech Mahindra and HCL have also seen a substantial rise in attrition in Q4 2013 from the same period a year ago. Only TCS saw a slight reduction in its employee attrition rate pegged at 10.9% from 11.2% a year ago.

A source reported to Business Line that despite firms increasing efforts to boost employee morale, employees are joining competing firms for a slightly higher salary. The report points out that majority of the attrition are happening among the junior-level information technology engineers. These engineers are not only seeking opportunities in the Indian IT firms, but are also moving to global IT services companies that have been building delivery centers in India. Currently companies such as dell and Capgemini have increased their headcounts in India and attracted a lot of talents from domestic IT firms. Some of these companies are also looking at higher-level skills in emerging technologies and client management for their service delivery models.

B. Employee Attrition (Employee Attrition Rate) in TCS
Comparative study is made on the 7 years annual reports of Tata Consulting Services Company. The period from 2007-08 to 2013-14 is taken into consideration. From the comparison on year wise attrition rate, it is observed that for the period 2007-08, company has reported 12.78% and this value has been decreased to 2008-09 with 11.24%. In 2009-10 periods, marginal increase has been reported. 2010-11 periods has shown 14.38% of attrition rate which is highest among the 7 select year periods. Attrition rate has been decreased to 12.19% for the period 2011-12%. And for the period 2012-13, the attrition rate

---

[1] *Data retrieved from the editorial column published in India Today Magazine, February27, 2014. Source retrieved from http://www.cxotoday.com/story/ Indian-it-sees-high-attrition-as-market-rebounds/*

has reached to lowest with 10.54% and again for the period 2013-14, employee attrition has shown11.30%. Overall, the figures clearly revealed that, the company has reported 12.04% attrition rate at an average for 7 years.

Table 1: Attrition Rate In Tata Consultancy Services Company

S. No	Year	Attrition rate
1	2007-08	12.78
2	2008-09	11.24
3	2009-10	11.87
4	2010-11	14.38
5	2011-12	12.19
6	2012-13	10.54
7	2013-14	11.30

Source: Annual reports of Tata Consultancy Services

C. Employee Attrition (Employee Attrition Rate) in Infosys

Comparative study is made on the 7 years annual reports of Infosys Company. The period from 2007-08 to 2013-14 is taken into consideration. From the comparison on year wise attrition rate, it is observed that for the period 2007-08, company has reported 13.04% and this value has been decreased to 2008-09 with 11.10%. The decrease trend is very similar to Tata Consultancy Services Company.

In 2009-10 period, increase in the growth rate has been reported. 2010-11 period has shown 17.00% of attrition rate which is highest among the 7 select year periods. Attrition rate has been decreased to 14.70% for the period 2011-12%. And for the period 2012-13, again, the attrition rate has increased to high with 16.30% and again for the period 2013-14, employee attrition has shown exceedingly with 18.7%. Overall, the figures clearly revealed that, the company has reported 14.89% attrition rate for an average of 7 years.

Table 2: Attrition Rate in Infosys Company

S. No	Year	Attrition rate
1	2007-08	13.04%
2	2008-09	11.10%
3	2009-10	13.40%
4	2010-11	17.00%
5	2011-12	14.70%
6	2012-13	16.30%
7	2013-14	18.7%

Source: Annual reports of Infosys Company

C. Employee Attrition Rate in Wipro Technologies

Comparative study is made on the 7 years annual reports of Wipro Technologies Company. The period from 2007-08 to 2013-14 is taken into consideration. From the comparison on year wise attrition rate, it is observed that for the period 2007-08, company has reported 18.05% and this value has been decreased to 2008-09 with 13.02%. The decrease trend is very similar to Tata Consultancy Services Company and Infosys Company. In 2009-10 period, a marginal increase in the growth rate of attrition has been reported. 2010-11 period has shown 24.01% of attrition rate which is highest among the 7 select year periods. Attrition rate has been decreased to 19.5% for the period 2011-12%. And for the period 2012-13, again, the attrition rate has increased to high with 13.70% and again for the period 2013-14, employee attrition has shown exceedingly with 15.4%. Overall, the figures clearly revealed that, the company has reported 16.85% attrition rate for an average of 7 years.

Table 3: Employee Attrition Rate In Wipro Technologies

S. No	Year	Attrition rate
1	2007-08	18.5%
2	2008-09	13.2%
3	2009-10	13.6%
4	2010-11	24.1%
5	2011-12	19.5%
6	2012-13	13.7%
7	2013-14	15.4%

Source: Annual reports of Wipro Technologies

7. Conclusions and Suggestions

- Information technology industry is one of the core industries which have given significant contribution to India's GDP. As the growth of industry benefits the nation as well as the company's employees, managing the employees efficiently, identifying the root causes for employee attrition and reducing the impact of employee attrition on the employee productivity is the focal point of success for software companies.

- With regard to employee attrition scenario in TCS, it is observed that, there is a consistent marginal decrease in the attrition rate, which is a good sign for the company. Further, another significant factor which has given less impact to TCS is, the lessening of attrition rate benefited the company , as the financial growth of the company increased in the last 4 years. With regard to Infosys, the attrition rate has found consistently high for the last 3 financial years. Further, it is observed that, the company has reported 14.89% which is higher than the TCS. Whereas, Wipro has shown consistent decline in the attrition rate in the last 3 years. Further, the attrition rate has shown slightly high in comparison with the other 3 companies despite there is a steady decrease in the attrition rate. This shows the evidence that, Wipro technologies has been focused to reduce its attrition rate better than the other two companies.

- With regard to profile of sample respondents and the employee attrition scenario among the sample respondents, it is clearly observed that, majority of the sample respondents found working in Junior level cadre and having the majority of the age group lies between 30-40 years, further, With regard to shifting of jobs, it is observed that, junior level is more prone to shift from jobs, there is a clear evidence that, employee attrition rate has found high in Junior Level. As majority of them were found working under Project mode, the software companies must need to reformulate the recruitment policy especially for project mode. As the project mode is based on the limited time period, companies need to make HR policy that should suit to better performer to continue with new projects. This will reduce the attrition rate especially in junior level.

- From the survey, it is observed that, majority of the software employees were found in the income range of below 3.5 lakh per annum, the survey result has proven that, income range was found as one of the most influencing factor effective the employees intention on employee attrition for better opportunity. Further, the commuting time of the software employees was shown more than 1 hour. Hence, it is to recommend to the 3 software companies that, commuting factor has to be considered as one of the important parameters while making the schedule for shift system for employees. This will help both the company and employee to use the appropriate time for the company.

References

1. Bruce Fallick, Charles A.Fleischman and James B.Rebitzer(2006), "Job-attrition in Silicon Valley: Some evidence concerning the micro foundations of a high-technology cluster", The Review of Economics and Statistics, Vol.88, No.3, August, 2006,pp:472-481.
2. Wall Street Journal report on "Strategic Human resource management and Employee attrition poll", report found at www.careers.wsj.com , a site from Wall street Journal Interactive Edition.
3. Khatri N, Budhwar, Pawan, Chong TF (1999). Employee turnover: bad attitude or poor management? Singapore: Nanyang Technological University.
4. Drucker, P. F. (1980). Managing in Turbulent Times.Collins, Reprint edition (2003). 60-71, 225-231.
5. Pettinsky, T.L. & Shih, M.J. (2004) Knowledge Nomads: Organizational Commitment and worker mobility in Positive Perspective. American Behavioral Scientist. 46 (6).791-807.
6. Chew R (1996). Excessive labor turnover: the case of clerical staff in Singapore. Int. J. Manpow. 14(9): 32-40.
7. Bhargava, H. & Aacharya, A. (2006). Burnout prevention & employee retention an analysis, ICFAI Journal of Organizational Behavior, 28- 37.
8. Charles Koeber(2002), "Corporate restructuring, downsizing and the middle class: the process and meaning of worker displacement in the new economy", Quality Sociology, vol.25, Issue2, June edition, pp.217-246.
9. Lee, G. J. & Rwigema, H. (2005). Dynamism in the process of employee turnover. International Journal of Human Resource Management, 16(9), 1671-1690.
10. Branham, L.(2004), "Hidden Resasons Employees Leave: How to recognize the subtle signs and act before it's too late, New York: American Management Association.
11. Aspray W, F Mayadas and M Vardi(2006), "Globalization and Offshoring of Software: A Report of the ACM Job Migration Task Force", Report of the ACM Job Migration Task Force, Association for Computing Machinery, Year 2006.
12. Fan Zhou et al.(2009), "Reputation incentive or economic incentive? An empirical study on job-attrition behavior of independent directors", frontiers of Business Research in china, Vol.3, Issue 3, pp: 393-412.
13. Shrivastava and Purang P(2009), "Employee perceptions of job satisfaction: comparative study on Indian banks", Asian Academy of Management Journal, vol.14, pp:65-78.

14. F Chiang et al.(2010), "The moderating roles of job control and work-life balance practices on employee stress in the hotel and catering industry", International Journal of Hospitality Management, vol.29, Year 2010, pp:25-32.
15. Subha T(2014), "A study on Employee attrition in the BPO sectors with reference to Coimbatore City", International journal of Scientific Research, vol.3, Issue 3, March, 2014, pp.1-2.
16. Data retrieved from http://articles.economictimes.indiatimes.com/2014-03-05/news/47933741_1_fmcg-sector-job-satisfaction-kelly-services-india
17. http://www.investopedia.com/terms/a/attrition.asp#ixzz4p9kQLXS0.
18. Follow us: Investopedia on Facebook