Research Article

AN OUTLOOK OF ATTRITION IN INFORMATION TECHNOLOGY INDUSTRIES - CURRENT SCENARIO

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ABSTRACT

Attrition is defined as a reduction in the number of employees through retirement, resignation or death and attrition rate is defined as the rate of shrinkage in size or number. Attrition in the BPO industry is twofold. One part of the attrition is where the employee leaves the industry entirely. The other section of attrition is where the employee joins another firm in the industry. Both the sections have separate reasons which need to be identified. Most research has been focusing on attrition issues and antecedents besides consequences. However, the research has not been extended to ascertain behavioural intentions of employees based on the impact of various factors determinants. This research fosters a holistic view.

INTRODUCTION

"A reduction in the number of employees through retirement, resignation or death" "Attrition is the Ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees" Defining Attrition rate: "the rate of shrinkage in size or number"

Interesting Facts about the Indian It Industry

1. The IT sector in India is estimated to have reached a 54 per cent growth in revenue
2. The demand for Indian IT services has been growing at an annual growth rate of 50%
3. The IT industry in India has provided jobs for over 74,400 Indians. This number is continuing to grow on a yearly basis. The Indian IT sector is soon to employ over 1.1 million Indians) 70% of India's IT industry's revenue is from contact centers, 20% from data entry work and the remaining 10% from information technology related work)Indian ITs handle 56%ofthe world's business process outsourcing.

LITERATURE REVIEW

Literature reviews is an account of what has been published in connection with this research. The main purpose is to gain knowledge and ideas based on the previous establishment and get to know what their strength and weakness are in order to further enhance and upgrade the integration.

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Bean, J. P., & Metzner, B. S. (1985), Older, part-time, and commuter students have composed an increasingly larger portion of college student bodies. The reasons why these students drop out of school are not well understood. The purpose of this paper is to describe the rise in nontraditional enrollments, define the nontraditional undergraduate student, and develop a conceptual model of the attrition process for these students. The chief difference between the attrition process of traditional and nontraditional students is that nontraditional students are more affected by the external environment than by the social integration variables affecting traditional student attrition.

Mallette, B. I., & Cabrera, A. F. (1991) also tested Tinto's model on college persistence. Those have typically classified nonreturnees as dropouts. Which argues that such a practice merges together different types of withdrawal behavior whose determinants may vary as a function of the particular departure behavior under consideration. It's also examines whether the determinants of decisions to withdraw from the institution are similar to those affecting decisions to transfer to other institutions of higher education for the 1984 entering freshman class at a large southern institution

Srivastav, A. K. (2010), coded that how organizational climate operates in BPO industry. Six motives of organizational climate were measured in BPO companies. Expert Influence and Extension were respectively the dominant and backup climates. Affiliation was the weakest climate. Exploratory factor analysis of climate motives revealed three meta-climates operating in BPO industry: (1) Brazen Shirking combining

heightened Dependency and de-emphasized Affiliation, (2) Empowered Collaboration representing heightened Extension and de-emphasized Control, (3) Obsession for Expertise combining heightened Expert Influence and de-emphasized Achievement. 70.30% variance explains these meta-climates that reflect the realities in BPO industry.

Chandrasekar, K. (2011), says that Human Resource is considered to be the most valuable asset in an Organization. It continues to play, even in the computer age, when everybody feels that men have a little role to play. It is true that computer, to some extent, does play a role, but programming and feeding such programme require manual operations. In other words, the application of manpower has no substitute and therefore, it has a continuous role to play. The main problem against the manpower development is attrition. The rate of attrition is increasing every day so that production and profit decrease. Noteworthy is the continuously growing rate of attrition among the IT, ITES and other Software based companies. This has made the companies to take up research studies based on their employees, especially to identify the factors of attrition. This research helps to know about the employees' attitude towards the company and the work, also highlighting various other direct and indirect effects of attrition on production, cost, discipline and efficiency in the industry.

Sengupta, S., & Gupta, A. (2012), says that Business process outsourcing (BPO) industry in India is progressing with an unparalleled velocity. Despite the momentous growth and brilliant future, the BPO industry has experienced high attrition rates since inception. There are many factors that lead to attrition in BPOs and much research has taken place time and again. In this study, they made a comprehensive attempt to explore the dimensions of attrition by identifying the factors that lead to it, assessing the contribution of the factors toward attrition, and comparing the dimensions across the various demographic variables.

Statement of Problem & Research Questions

There are negligible studies examining the simultaneous roles (impact) of attrition. The following research gaps were also observed: There are studies galore about statistics on projects, revenue, growth and recession, and emerging markets. However, most research has been undertaken mainly by NASSCOM or Rating agencies. There are hardly any studies using causal models. Research on I.T. industry in India has been predominantly in the areas of operations and marketing management. This research will focus on employee integration and maintenance which is key to HR Return on Investment. The majority of research has been focusing on attrition. . This research addresses the need of studying both attrition and related issues.Most research has been focusing on attrition issues and antecedents besides consequences. However, the research has not been extended to ascertain behavioural intentions of employees based on the impact of various factors determinants.

Research Questions for survey

RQ1: Do certain variables have an effect attrition?
RQ2: Does attrition have an effect on behavioural intentions?
RQ3: Does attrition have an effect on behavioural intentions?
RQ4: Do demographics have an effect on attrition and behavioural intentions?

Objectives of the Research

The primary objective of the research was to study issues related to attrition and retention in IT / ITES companies

The secondary objectives of this research were:

a) To identify factors causing attrition in IT/ITES companies.
b) To study the behavioural intentions (attrition) of employees.
c) To assess impact of attrition on behavioural intentions in IT/ITES companies.
d) To explore suggestions for reducing attrition rates and improving employee retention

Hypotheses

Main Research Hypotheses:

1. **H01.1** Environment factors have no effect attrition.
2. **H01.2** Training and development factors have no effect on attrition.
3. **H01.3** Organisational culture and strategy have no effect on attrition.
4. **H01.4:** Job-specific factors have no effect on attrition.
5. **H02.1** Personal functional factors have no effect on attrition.
6. **H02.2** Personal dysfunctional factors have no effect on attrition.
7. **H03.1** attrition has no effect on behavioural intentions.

RESEARCH METHODOLOGY

Research is defined as a, "scientific and systematic search for pertinent information on a specific topic". The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. Methodology is the scientific procedure adopted to do a market research. It is a systematic way of doing research. The methodology of a research work provides an outline and a frame of how it is conducted. Methodology is defined a "the study of methods by which we gain knowledge, it deals with cognitive processes imposed on research problems arising from the nature of its subject

Sampling Technique

The technique used for the research is probability because the population is finite. The sampling technique selected for the study is convenient sampling technique. The respondents are selected from the total population.

Questionnaire Design

The structured questionnaire for finding causes of Attrition were open ended, closed ended multiple choice, ranking questions are the types of questions used.

Sampling Size

The sample size for this study was 200 employees and 50 employers working in IT companies in Chennai.

Causes for Attrition

Job Attrition can be very costly to the organizations as a whole. The same factors that cause low morale and absenteeism contribute to high Attrition. Basically, if the employees are not interested in their jobs, they will leave.

Being unhappy is not the only reason why workers leave their jobs. There are several other reasons that can contribute to Attrition in the companies. Sometimes, individuals leave their companies because their skills are in demand, and therefore they are lured away by other companies for higher pay and better benefits. However, if unhappiness is the primary reason why employees leave, there is a lot that companies can do to prevent the turnover. The solutions will be discussed later in this research. In this section, the primary focus will be on the causes of turnover.

Some of the more common reasons for high turnover are as follows

Employee's Skills and the Job – One of the major reasons why employees decide to leave their companies is their qualifications for the job itself. Employees who are placed in jobs that are too demanding or not challenging enough may become discouraged and quit their companies. This usually happens when the job descriptions are not clearly communicated to the applicants during the interviews.

Lack of Opportunity for Advancement

In many cases the main reason why an employee decides to leave the company is the lack of advancement. This is also called career plateauing in the Organizational Behavior, fifth edition by Robert Kreitner and Angelo Kinicki. This happens when the job is a dead-end position.

Inadequate Training and Ineffective Management

Other reasons that lead to job Attrition are inadequate training and ineffective management style, directions to do their jobs. Without proper training, workers feel lost in their positions leading to unproductive performance, which may affect the confidence and self-esteem of the individuals .If the managers do not have the 21st century skills, they may overlook the performance of their good employees. This would definitely discourage employees from continuing to work for the same manager and the same company leading to their departure.

Attrition Rates in June 2015 (In Major IT Companies in India)

Company	Employees LEFT	Net Additions	Attrition Rates
Infosys	8553	3336	18.9%
Tcs	15000	5279	16.2%
Wipro	12500	3000	15%

The above data TCS, Wipro & Infosys combined lost roughly over 1,00,000 People between them over the past four quarters. According to Nasscom data, Indian IT Industry hired 14,350 engineers for each billion dollars in revenues during the year ended March 2015. In 2003, the figure was nearly thrice as much at close to 38,000.

Infosys attrition rate

- 22.3% on consolidated basis, 18.9% on standard basis for the year ended March.
- Significantly more than its attrition rate of 13.4% 5 years ago

TCS Attrition Rate

- TCS attrition rate goes to 16.2 percent Versus 15.9 percent in the period under review.
- TCS has consistently seen rise in its attrition rate.

- From sector leader Tata Consultancy Services (TCS) downwards, high employee attrition is an issue at information technology (IT) service companies.

Wipro Arrtition Rate

- It was around 15% at WIPRO in the period of March 2015
- The attrition remained high in the Current Scenario

Factors Influencing Spike

- IT firms are unable to raise pay better hikes due to limited revenue growth
- Experienced workers are preferring next-generation companies to learn newer techs, domain
- IT firms' focus on digital business requires them to hone newer skills
- Better demand for onshore jobs likely to increase contractual employees

Strategies for Retention

Fostering a Culture of Management Concern

Companies today must show an interest in helping people develop to their fullest potential. In addition to reducing bureaucracy, high performing, high-tech companies provide freedom in scheduled hours, and lifestyle choices.Providing Relevant Training– Companies should think of training as career development.

Job Enlargement

Don't lock people into positions because they're "so good at it." Managers must continually ask: "What's the next step for this employee?"

iii) Rewarding Managers

Many companies say they value people and train their management team to cope with people issues. Yet these same managers are too often rewarded solely on their technical skills and financial results.

Strengthening the Team

Marginal performers in management must be weeded out.

Clearly identify the people you want to keep

In recent years, many executives have focused on whom they should get rid of rather than on whom they should keep.

To retain top talent in the future

Executives will need to clearly identify, develop, involve, and recognize key people. Executives who create a dynamic, new human resource model will retain the high-knowledge talent needed to succeed in tomorrow's globally competitive environment.

Findings

1. Employee and Employer feel autocratic management is main cause for organizational
2. Related problems for job attrition.
3. Employee feels Target pressure, Monotonous job and Work stress are main cause of job
4. Related problems for job attrition.
5. Employer feels Monotonous job, Target pressure and No Freedom to upgrade are main

6. Cause of job related problems for job attrition.
7. Employee feels recognization and job imparity are main cause of HR related problem for
8. Job attrition.
9. Employer feels recognization and Career hurdle are main cause of HR related problem
10. For job attrition.
11. Employee and Employer feel Gap personal – work is main cause for family related
12. problems for job attrition

Suggestions

1. Management should change autocratic management style in order to reduce the job attrition.
2. Provide some activity or programme for stress relieving.
3. Repeated Work should be avoided.
4. Provide opportunities for career development.
5. Take steps to reduce the gap in personal- work.

CONCLUSION

Attrition is an issue that can be found is many companies today, but escaping this issue is not a concept that is unattainable. From research, and as reflected in this paper, Attrition can be Flexibility in work / time and Communication flow in the company are the environmental Factors that require greatest attention for improvement. Coaching / mentoring by superiors and Career advancement are the training and development factors that require most attention for improvement. Employee empowerment (powers in decision-making) and Motivation Levels are the organizational culture and strategy variables that require most attention for improvement. Job Life span (job security) and Nature of job assignments are the job-specific variables that require the most attention for improvement.

The mean rating for behavioural intentions indicates a majority rating of "probably continue in the job". The facets of attrition contributing significantly to behavioural intentions (in terms of attrition) was compiled and documented through review of related literature and conceptual framework for research was formulated. When Attrition is suspected within an organization, an accurate measure of past and existing Attrition must occur and the cost associated with turnover must be analyzed. It helped in ascertaining the retention strategies currently being employed by IT companies and related benefits.

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