# A Study on Employee Attrition in IT sector, Hyderabad

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*Abstract -* **Employee attrition is one of the key concerns in today's Organizational structure inspite of many changes which are existing in the external environment. Attrition is an inevitable part of any business. Employee attrition is said to be a natural process where there is a moderate depletion in the number of employees through retirement, resignation for personal reasons and death. Thus they are not immediately replaced. Few forms of attrition are not avoidable, like is an employee is retiring or is moving to some other city. But after a certain threshold, attrition can make a big dent in an organization. When an employee is well trained and well adapted leaves the organization for some reason, it creates an empty space in an organization (there is a vacuum in the organization). This space is a great difficulty for Human resources personnel to fill in the gap that has occurred.**

**There are various steps which are taken to reduce the employee attrition rate, and this has now become a pivotal challenge for today's Manager. It has been observed that there are many undisclosed reasons for employees to leave a job like lack of career advancement, change in new opportunities, anticipating higher pay or any other personal reasons. This study helps in knowing the attrition rate among IT employees working in Hyderabad.**

*Index Terms* **– Attrition, Retention, Managers, Employees and Organization, IT Company.**

## INTRODUCTION

The IT business is anticipated and speed at which the organizations are extending has a significant part in Attrition. The plan for the development of this industry was not planned. The availability of the required infrastructure is planned partially. In our country we start the business and afterward foster the foundation. All the significant IT organizations have confronted these real factors. The specific reasons for attrition are fluctuated in nature and it is fascinating to know why individuals change occupations so rapidly. Indeed, even today, the major justification changing Job is for higher pay and better advantages. Yet, in consider focuses the reasons are numerous and it is likewise a fact that for interesting reasons individuals change occupations. Simultaneously the steady loss can't be credited to workers alone. The employees always evaluate the management values, work culture, work practices and credibility of the organization. The Indian organizations do experience issues in getting the organizations and hold it for quite a while. There are consistently good and bad times in the business. When there is no concentration and without field-tested strategies, non-accessibility of the missions makes individuals excessively fast move out of the association. Working climate is the main source of Attrition. Employees anticipate extremely professional methodology and international working environment. They anticipate friendly, agreeable and learning climate. It implies bossism; rigid guidelines and stick approach won't suit the companies. Employees expect for freedom, opportunity, and great treatment from the bosses, great consolation, good encouragement, and motivation. Most likely the Job positions today bring heaps of work-related pressure and stress is high. The Employees leave the work in case there is an excess pressure on performance or any work-related pressure. Employees take time to adjust to new work environment, work expectations and stresses. The movement from one Job to other is common. They move only when they find it difficult to adjust. Monotony is also a major factor for attrition. Employees look forward for other Jobs where there is less pressure of sales and targets. The relations at workplace can also create discontent among employees and may be the reason for Attrition.

## LITERATURE REVIEW

(Mathi & Malathi, 2016)has researched on "Analyzing the Causes of Attrition in IT industries -Opinion of Employee and Employer ", to understand the high attrition problem. The research was conducted on It professionals in Chennai. The research methodology

was descriptive research and proportionate sample is taken for analyzing. A sample of 500 employees and 50 employers were studied using questionnaire with open ended questions. The data was analyzed by Fried Man Test. The findings of the study suggest that both employee and employer had a common opinion with respect to organizational and family related problems but different opinions in HR and Job related problems. Thus, the difference of opinions has to be considered in order to reduce the attrition rate and increase employee attitude in order to sustain in the organization.

(Kumar & Melba, 2017) researched the reason for women Employees attrition in IT Industries with respect to the level of job satisfaction, retaining the employees, safety measures, working conditions & work life balance. A sample of 523 respondents was taken as a sample and descriptive research design was adopted. The reasons and the causes of attrition at Technopark Thiruvananthapuram were studied using a Questionnaire. Factor Analysis was a statistical tool used. Retention strategies have to be used by the company which includes Changes in work Requirements, compensation Policies & improvement in working conditions to sustain in the organization.

(Tandon et al., 2020) The Information Technology (IT) Industry is growing rapidly and transforming the business standards of tomorrow. IT Industry has already gained a lot of traction at the global level shifting towards the fourth industrial revolution (industry 4.0) by adhering to cutting-edge technologies through digital transformation. As per the reports received for India, IT spending is expected to reach US$94 billion in 2020 itself. But it is seen that high attrition rates or the turnover ratio of employees is impacting the performance of the IT Industry drastically. While a certain rate of attrition is natural and even desirable as it aids organizations in infusing new talent and managing margins, attrition that is regrettable (critical talent, high performers, employees trained in latest technology areas) leads to a major cause of concern as the cost associated with replacement can be great and the time lost in recruiting new employees may affect business. The authors have conducted both qualitative and quantitative exploratory research to understand the various factors that affect employees' decision when they decide to leave or stay. Survey/interviews/focused group

discussion of 140 respondents from different industries in which the majority of respondents were from IT Industry were conducted. Cronbach alpha, one sample T-test, Group tests and independent sample tests were applied to check the validity of the constructs. Reliability test relating to compensation, organization culture, career development, work life balance was done. It was concluded and also suggested that the organizations that have good culture, positive working conditions and career growth have less attrition and better employee morale as compared to their counterparts. © 2020 Mattingley Publishing. All rights reserved.

(Thirulogasundaram & Kumar, 2012) It has been observed that professional software employees retention become a challenge for software Industry in India as the attrition rate has been significantly increased in recent years. The main objectives of this paper assessment of Individual and Propel concern for Job Attrition on Software Industry. Primary data were collected from 100 employees from 10 software Industry using questionnaire methods. The results indicate that all factors (Individual and Propel) have contributed in the employees' attrition intentions. However, some facets of individual factor have significantly contributed in attrition intentions. Introduction Global outsourcing and the astounding amount of foreign direct investment pouring into China, Russia, and India have created tremendous opportunities and competition for talented software professionals in those countries. The downside of this increased competition is a rising rate of attrition, particularly in India. Fiscal first-quarter 2010 results filed by Infosys, Wipro, and TCS listed attrition rates between 7.6% and 17.7%. Vendors that we have interviewed place the numbers much higher, at 25%–60%, while an April 2011 Business Week article estimated an attrition rate of 60%, with some India service providers experiencing up to 80% attrition. It is not easy to find out as to who contributes and who has the control on the attrition of employees. Various studies/survey conducted indicates that everyone is contributing to the prevailing attrition. Attrition does not happen for one or two reasons. The way the industry is projected and speed at which the companies are expanding has a major part in attrition. For a moment if we look back, did we plan for the growth of this industry and answer will be no. The readiness in

all aspects will ease the problems to some extent. In our country we start the industry and then develop the infrastructure. All the major software companies have faced these realities. If you look within, the specific reasons for attrition are varied in nature and it is interesting to know why the people change jobs so quickly. Even today, the main reason for changing jobs is for higher salary and better benefits. But in call centers the reasons are many and it is also true that for funny reasons people change jobs. At the same time the attrition cannot be attributed to employees alone. The employees always assess the management values, work culture, work practices and credibility of the organization. The Indian companies do have difficulties in getting the businesses and retain it for a long time. There are always ups and downs in the business. When there is no focus and in the absence of business plans, non-availability of the campaigns makes people too quickly move out of the organization. Working environment is the most important cause of attrition. Employees expect very professional approach and international working environment. They expect very friendly and learning environment. It means bossism; rigid rules and stick approach will not suit the call center. Employees look for freedom, good treatment from the superiors, good encouragement, friendly approach from one and all, and good motivation. No doubt the jobs today bring lots of pressure and stress is high. The employees leave the job if there is too much pressure on performance or any work related pressure. It is quite common that employees are moved from one process to another. They take time to get adjusted with the new campaigns and few employees find it difficult to get adjusted and they leave immediately. Monotony sets in very quickly and this is one of the main reasons for attrition. Youngsters look jobs as being temporary and they quickly.

(Gupta, 2013) Attrition word is very dangerous now a day for any organization those are working like BPO's, because staff attrition (or turnover) and absenteeism represents significant costs to most organizations. It is odd, therefore, that many organizations neither measure such costs nor have targets or plans to reduce them. However, it seems to be one of the areas in which HR can make a difference -and one that can be measured in quantifiable, financial terms against targets. The study is focused on recruitment and

retention challenges that the IT/BPO industry currently faces and to examine ways to reduce high turnover rates among first year Employees in the leading Domestic Call Center based in Indore. According to the Department of Human Resources (MSource BPO, Indore), turnover rates for permanent Agents/Executives were 15.6% in 2009 and 35% in 2012. Department of Human Resources which also tracks attrition of temporary employees measured the turnover rate for temporary employees to be 77% in 2012. The monetary cost of such high turnover is enormous.

(Priya et al., 2019) The main objective of this research has been the description of the state of affairs or problems as they exists and are being faced at present by BPO employees as well as employers. Therefore a systematic and organized methodology has been formulated for the research study. A survey technique has been used to obtain the required information. The population for this study comprised of employees working in select BPOs in the National Capital Region, New Delhi. A sample size of 1200 was chosen for this study. Random sampling technique has been used to gather data from the respondents, because of which respondents from diverse age group, gender; marital status etc. has been selected, but were restricted only to entry and first level managers, where the attrition is highest. The questionnaire has been designed to tap the demographic variables including age, education, gender, marital status, and tenure of the respondents. It has also gathered information about the factors responsible for attrition, such as the overall job satisfaction, pay satisfaction, organization commitment and turnover intentions of BPO employees. Statistical Package for the Social Sciences (SPSS) version 11.0 has been used for the statistical analysis.

(Loganathan & Ashwini, 2017) Attrition is a critical issue and pretty high in the industry these days. It's the major problem which highlights in all the organizations. Though the term 'ATTRITION' is common, many would be at a loss to define what actually Attrition is, "Attrition is said to be the gradual reduction in the number of employees through retirement, resignation or death. It can also be said as Employee Turnover or Employee Defection" Whenever a well-trained and well-adapted employee leaves the organization, it creates a vacuum. So, the

organization loses key skills, knowledge and business relationships. Modern managers and personnel administrators are greatly interested in reducing Attrition in the organization, in such a way that it will contribute to the maximum effectiveness, growth, and progress of the organization.

(J & Faisal, 2013) Globally competitive organizations will depend on the uniqueness of their human resources and the systems for managing human resources effectively to become successful. Outsourcing is a management process in the globalized business context that has been well understood, tried and tested by successful organizations across the world. The issue of employee attrition/ turnover has been found to be making huge economic impact on the Business Process Outsourcing organizations located in the states of Karnataka and Kerala. The present study aimed at addressing high employee attrition in the above sector by identifying the Critical Factors which causes high attrition. The data has been collected through a structured questionnaire survey. The study identified 13 factors affecting high employee attrition in BPO industry using Factor Analysis. Also multiple regression analysis was applied to analyze the collected data. It is found that the attrition factor employee's salary has emerged as the most critical factor affecting high attrition in the BPO sector of the above two states.

(Kumar Dhal & Nayak, 2013) Employee turnover reflects a company's internal strengths and weaknesses. New hires need to be constantly added, further costs in training them, getting them aligned to the company culture, etc. all pose a challenge. Organizations also face difficulties in retaining the remaining employees as well as attracting potential employees. High attrition rates also lead to a chronic or systemic cycle. All this has a significant impact on the strength of a company in managing their business in a competitive environment. This study is conducted to find out the main causes which increase the employee turnover in BPO companies and to find out the way to control attrition. This study was conducted in BPO companies at Bhubaneswar.

(Suresh et al., 2020) Analyzing customer attrition in the retail banking industry allows banks to quantify the likelihood of a customer closing their account. With the onset of online banking services, it has become important to both understand the latent behavioral patterns behind attrition and predict the event of attrition well before losing a customer. Presently, attrition models measure hard attrition, the event of a customer closing their account. By introducing a new latent probabilistic response variable, soft attrition, we aim to identify customers that tend towards attrition, which (i) increases the comprehensiveness of the customer base that is likely to churn, (ii) improves capability of predicting attrition events early, and (iii) helps identify key features associated with attrition. This paper introduces and evaluates methods that help redefine the attrition response variable and proposes techniques that improve on the existing attrition models, specifically in the retail banking industry.

## OBJECTIVES OF THE STUDY

The primary objective is to study the attrition in an IT company.

Data Analysis:

Data Collection: A structured questionnaire is the main tool used for collecting quantitative primary data. The scaling techniques used in the development of questionnaire used in the study are: nominal scale, Likert type scale under interval scale, itemized rating and rank-order scale under ordinal scale and word association under disguised structured scale. For the primary data collection, a well-structured questionnaire has been developed and pre-testing of the questionnaire has been done by choosing 50 employees (respondents) from different levels of IT organization on a random basis from Hyderabad city. Reliability analysis for the questionnaire used in the present study has been done with a sample of 50 respondents and found that the reliability is good. The secondary data related to the study have been collected from different sources including text books, articles published in journals, newspapers, periodicals National Association of Software Companies (NASSCOM) websites, Mckinsey study reports, company websites, government's IT department sites doctoral research thesis and various other related sources.

| Variable | Category | Percentage |
|---|---|---|
| Age ( in years) | | |
| 20-25 | 15 | 15% |
| 25-30 | 60 | 60% |

| 30-35 | 20 | 20% |
|---|---|---|
| Above 35 | 5 | 5% |
| Total Experience (in years) | | |
| 0-3 | 21 | 21% |
| 3-6 | 44 | 44% |
| 6-9 | 24 | 24% |
| Above 9 years | 11 | 11% |
| Tenure in current Job | | |
| 1-3 | 58 | 58% |
| 3-5 | 33 | 33% |
| Above 5 years | 9 | 9% |
| Gender | | |
| Male | 65 | 65% |
| Female | 35 | 35% |
| Marital Status | | |
| Single | 72 | 72% |
| Married | 28 | 28% |
| No of Children | | |
| 0 | 75 | 75% |
| 1 | 20 | 20% |
| 2 | 5 | 5% |
| Education | | |
| UG | 45 | 45% |
| PG | 55 | 55% |

The respondents when asked "The attrition is one of the main problems in your organization". They replied Strongly Agree (40%), Agree (23%), Can't Say (10%), Disagree (12%) and strongly disagree (15%). "What according to you is the most important reason for attrition?" The replies were Lack of proper work environment (13%), Remuneration is not according to skills (39%), Lack of rewards for performance (22%), Lack of job rotations (15%) and no vertical growth (10%).

"Which of the following reasons can be accounted for the high rate of attrition in your organization? The replies were Poor pre-program preparation (18%), Lack of motivation (43%), Longer bench times (15%), Transport issues (12%), Access issues (2%), Inappropriate targeting (7%), Breach for non – attendance (3%).

According to you, which of the following solutions can help check attrition in the company? The reply were Bring positive changes in work environment (17%), Provide development and skills training (15%), Enhance the competence of managers (6%), Provide equal work opportunity to employees (12%), Provide opportunity to employees to earn rewards (13%), Create a performance-based reward system (30%) and tackle and solve employee issues in real time (7%).

Salary is the primary concern of people considering whether or not to stay with an organization. They replied Strongly Agree (20%), Agree (10%), Can't Say (25%), Disagree (30%) and strongly disagree (15%).

What impact does your organization have due to high rate of attrition?. The replies were Recruitment Cost (51%), Project Delivery effected (5%), Loss in terms of training cost (32%), Organization reputation (10%) , Knowledge leak to Other organizations(2%).

How will it help the organization if the rate of attrition is checked? Training and development (48%), Flexible work options (10%), Long service incentives (24%), Employee grievance forum (8%), Environment of open discussion (10%).

As an employee do you feel that the rate of attrition can be lowered? Yes (86%) and No (14%).

Are you satisfied with the initiatives taken by HR Department of the organization to reduce to rate of attrition in the organization? Yes (65%) and No (35%). Are you aware of various retention policies of the company? Yes (82%) and No (18%).

Proper training is provided to you to do your job effectively. Strongly Agree (15%), Agree (21%), Can't Say (8%), Disagree (15%) and strongly disagree (41%).

Are you satisfied with the salary and benefits provided by the company as compared to your experience? Yes (72%) and No (28%).

Would you consider working again for this company in the future? Yes (55%) and No(35%) and not answered (10%).

The department's executive leadership maintains an open – door policy and obvious close contact with all personnel. Strongly Agree (25%), Agree (27%), Can't Say (12%), Disagree (20%) and strongly disagree (16%).

Did the company help you to fulfill your career goals? Yes (65%) and No (35%)

The HR Department promotes job satisfaction by making sure people are placed in the right job, with the right orientation, training, tools and resources. The

reply were Strongly Agree (32%), Agree (30%), Can't Say (13%) Disagree (15%), strongly disagree (10 %). Are you satisfied with your work and position in the organization? They replied Yes (84%) and No (16%). The Bond system for employees is helping in managing attrition rate in the IT Company. Yes (91%), No (9%).

## FINDINGS

The study major findings reveal that the employer's understood attrition is the main problem in the organization. About 39% of the employees said remuneration is the reason for Attrition, secondly lack of performance and Lack of Motivation (43%). Performance-based reward system (30%) can be a solution for attrition in the company can be to create a performance-based reward system.

Employees also disagree that salary is the primary concern of people considering whether or not to stay with an organization (45%).

It has been found that 48% of respondents say that according to them training and development is the best retention practice adopted by the company, while 24% says Long service, incentives are the best practice by company and 8% agree with employee's grievance forum.

From the survey it is found that 65% employees say that they are satisfied with the initiatives taken by HR Department of the organization to reduce to rate of attrition in the organization

The study shows proper training is not provided to them to do their job effectively.

## CONCLUSION

IT companies in India are taking steps to counter the rising levels of attrition. Companies are beginning to realize the importance of factors other than salary with which to motivate their employees to stay for example appropriate development opportunities are available to employees, and that they are kept aware of their likely career path with the organization. The impacts to the organization due to high rate of attrition are increased cost of hiring and recruitment, and Expensive training wasted on employees who are leaving. If the rate of attrition will be checked then Production and efficiency of the organization will increase and more revenue would be generated. A healthy work environment, continuous employee learning, work-life balance, recognition and corporate brand building are some of the key initiatives taken up by IT companies in recent years to manage attrition.

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