

A STUDY ON ANTECEDENTS OF ATTRITION BEHAVIOUR IN IT COMPANIES

Priya .S*

Abstract

IT industry has created career opportunity for youth and is a front runner in employment diversity by employing a large force of women and men. These IT and ITES employees who are getting many benefits should love their job but in reality they leave for many reasons. The rate of attrition in IT sector is around Twenty percent. It could prove fatal to the growth of Indian IT sector. It is essential for an IT company to know why employees leave. The attrition behaviour among the employees are influenced by attractive compensation, work life imbalance, career advancement, or even an appraisal system and the list goes on. The managers of the organisation should understand the importance of retaining existing experienced employees at their organisation.

Key Words – Career Change, Compensation, Attrition, IT Organization, Turnover, Attrition.

Introduction:

IT industry has created career opportunities for youths in the age group of twenty to thirty five years and a front runner in employment diversity by employing a large force of women and differently abled persons. Persons employed in IT are relatively paid well and cared for by their employers. They are given training at the expense of employer, get global exposure (when it is necessary to provide delivery from outside India) and some get paid leave for enhancing their educational status. Some have get flexible work schedule and ample chances for advancement. Some employers even offer stock options as an incentive to their employees. These IT and ITES employees, who are getting so many benefits should love their job, work hard for their employers and never leave. But in reality, they do leave for so many reasons, like for money or better job option or even for just changes. The rate of attrition in the IT sector is around 20% (The global average is 24% with U.S at the top with 42% attrition). If this trend continues, it could prove fatal to the growth of Indian IT sector and make a dent in the Indian GDP. **As two sides of a coin, attrition has two views. Employees'**

*Assistant Professor, Department of MBA, NMS S.Vellaichamy Nadar College Nagamalai Madurai. Email: ppriyasonu@gmail.com

point of view and Employers' point of view.

Almost all the IT companies recruit people with consistent record in academics. Also, they look for some additional skills such as speaking and writing skills in English and good communication skill. All IT companies want their employees to be hard workers and at the same time want them to be smart workers, with multi tasking ability. This multi tasking ability is required at a later stage in the company to handle more than one project at a time.

For an IT company it is considered that technology and process are the two key elements. Apart from that, the workforce is also another key element. So all the IT companies of repute consider their work force vital to their organization and declare them as their most important asset. They create favourable work environment for their employees, keep the motivational level high to maintain consistent performance. Some organisations even offer company shares as bonus to retain them. Competitors and venture capital companies take away experienced professionals by offering better position and salary. This kind of poaching is a common practice in this industry and is another reason for attrition rate. The unplanned exits of employees result into cost and time over run for the employers. It is the wish of every employer that, HR professionals redesign HR policies to retain employees in the organisations, without compromising cost competitiveness.

Every employee in the IT industry has been motivated during their training to love their work. But the motto among the IT workforce is, "Love your work, not your company; because you never know when your company stops loving you".

IT employees join the industry for the higher salary package and perks like, free meals, free transportation etc and also the 'work for fun' tag it wears. But, after joining, they are baffled by the work monotony, lopsided working hours and high stress work culture. In the long run, physical strains like sleep disorder, depression etc. set in. In case of call centres, even learning foreign accent and handling abusive calls take their toll. After working for some years, nearly 20 percent of the employees leave the industry as they could not cope with this stress and strain. The percentage of attrition is even higher in case of female employees (30% to 35%). They leave even for trivial reasons like, non cooperation from male employees. Many female employees leave after marriage, yielding to social pressure and irregular working hours.

Attrition Rate and its Types

The attrition rate has always been a sensitive issue for all organisations. Calculating employee turnover rate is not that simple, as it seems to be. No common formula can be used by all the organisations. A formula had to be devised keeping in view the nature of the business and different job functions. Moreover, calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root of the problem by going back to the hiring stage. Many firms may not include attrition of fresher's who leave because of higher studies or within three months of joining. In some cases, attrition of poor performers may also not be treated as attrition. Calculating attrition rate:

Attrition rates can be calculated using a simple formula:

$$\text{Attrition} = \frac{\text{Number of employees who left in the year}}{\text{Average employees in the year}} \times 100$$

Besides this, there are various other types of attrition:

- **Fresher attrition** that tells the number of fresher's who left organisation within one year. It tells how many are using the company as a springboard or a launch pad.
- **Infant mortality** that is the percentage of people who left the organisation within one year. This indicates the case with which people adapt to the company.
- **Critical resource attrition**, which tells the attrition in terms of key personnel like senior executives leaving the organisation.
- **Low performance attrition**: It tells the attrition of those who left due to poor performance.

Review of Literature:

Kulshreshtha, et al., (2005)¹, develops a theoretical model for employees' contribution and compensation and explores the problem of attrition from an economic point of view. Model based on the characteristics of the employees and the organisational environment. Employee value and employee cost to company; motivation and salary hike.

Prado (2009)² mentioned that the potential job losses will exert tremendous pressure on IT professionals and make them feel their jobs are at risk. As a result, they are more likely to consider other job alternatives.

Quan and Cha (2010)³ found that IT professionals in the non-IT industry have a higher likelihood of turnover than those in the IT industry as IT professionals in the IT industry. The turnover culture among the IT professionals is caused by the role ambiguity and role conflicts.

Pawan et al., (2009)⁴ revealed so many reasons for employee turnover. These are monotonous work, stressful work environment, adverse working conditions, lack of career development opportunities, and better job opportunities for the employees in Indian call centre industry.

Ammu (2009)⁵ identified that the attrition in BPO companies are higher in India. The important causes for their attribution are job related factors, system-related factors and personal factors. The Employees Relationship Management is the mantra an organization to retain their employees.

Tattersall et al., (2006)⁶ showed that work-life balance, organizational culture and lack of equal opportunity are barriers experienced by women IT professionals in the region. The lack of supporting social networks, mentors, promotion prospects, adequate training and development suggest reasons why women often experience 'glass ceilings' during their mid-career progression.

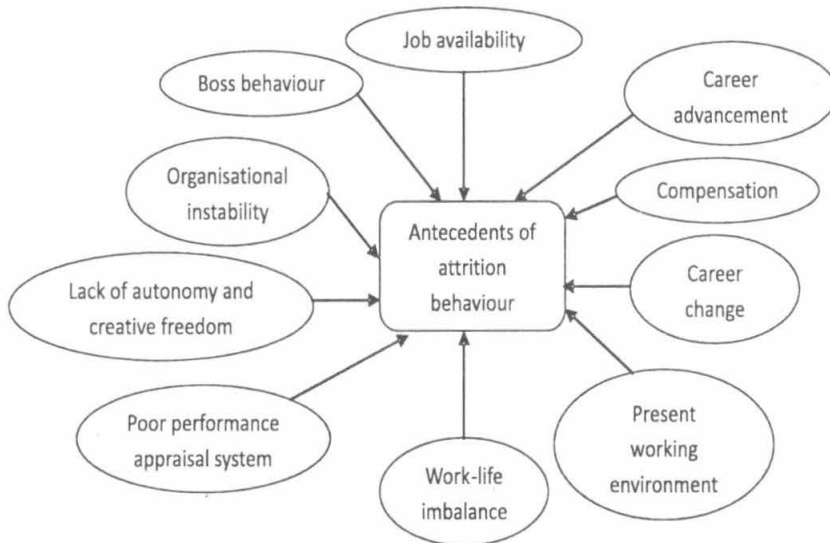
Jins and Radhakrishnan (2012)⁷ identified six responsible factors for employee attrition. These are work specific attrition, HR policy of the organization, boss behaviour with sub-ordinates, prevailing economic forces, fellow employee influence and opportunities in the society.

Statement of the Problem

The Indian IT sector has witnessed significant transformation in the last decade. What started as a mere data entry task to some U.S companies has now grown into a multibillion dollar industry of IT services, software production, engineering and R&D services and IT enabled BPO service etc. But this tremendous growth, according to industry sources, is going to be hampered by the looming manpower crisis. The IT & ITES business is struggling to contain the attrition problem. The HR professionals of the industry are facing the challenge of coping with high attrition rate and retaining the employee strength, which has a negative impact on the overall

performance of the industry. Attrition may diminish if the harmful characteristics of the job are taken care of. However, that does not mean employees augment their readiness to stay in the same organization. Thus different set of factors emerge for attrition and preservation respectively. (Jins Joy .P & R.Radhakrishnan 2012)

Proposed model for Antecedents of Attrition Behaviour



Objective of the Study

Based on the proposed research model, the objective of the present study is confined to examine the various antecedents of attrition behaviour among the employees.

Research Design

Since the present study has made an attempt to explain the various antecedents of attrition behaviour among the employees, it is descriptive in nature. The required data for the present study is collected with the help of a questionnaire. The determined sample size of the study (1057) is distributed among the population on the basis of the stratified proportionate random sampling. The identified strata of the present study are the company. In total, 642 male and 415 female employees were selected as the sample of the study.

Analysis and Interpretation:

Table 1: Employees' View on Variables in Job Availability

Sl.No	Variables in JA	Mean scores among respondents in		
		Male	Female	
1.	High demand	3.2388	2.5414	2.4514*
2.	Plenty of job opportunities	3.4588	2.6616	2.8218*
3.	Job availability	3.3301	2.7302	2.3916*
4.	Faster growth of the industry	3.2644	2.4881	2.7304*
5.	External market opportunities	3.0917	2.3917	2.6039*
6.	Onsite opportunities	3.1773	2.2886	2.8011*

*Significant at five per cent level.

The highly viewed variable in JA by the male employees are 'plenty of job opportunities' and 'job availability' since its mean scores are 3.4588 and 3.3301 respectively. Among the female employees, these two are 'job availability' and 'plenty of job opportunities' since its mean scores are 2.7302 and 2.6616 respectively. Regarding the view on variables in JA, the significant difference among the male and female employees have been noticed in their view on all variables in JA since their respective 't' statistics are significant at five per cent level.

Table 2: Employees View on Variables Career Advancement

Sl.No.	Variables in CA	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Outside opportunities to learn and grow	3.1173	2.8845	0.8473
2.	Exploring other options	2.8094	2.3051	2.1192*
3.	No career advancement in the present job	2.9167	2.5088	1.5891
4.	No role models in the organization	2.7336	2.4779	0.9241
5.	Existing ambiguity	3.0884	2.5117	2.0976*
6.	Lack of career planning drives in the present job	3.1073	2.6266	2.0334*

*Significant at five per cent level.

Among the male employees, the highly viewed variable in CA are 'outside opportunities to learn and grow' and lack of career planning drives in the present job' since its mean scores are 3.1173 and 3.1073 respectively. Among the female employees, these are also the same but with the mean scores of 2.8845 and 2.6266 respectively. Regarding the view on variables in CA, the significant difference among the male and female employees have been noticed in the case of 'exploring other option', 'existing of ambiguity' and 'lack of career planning drives in the present job' since their respective 't' statistics are significant at five per cent .

Table 3: Employees View on Variables in Compensation (COM)

Sl.No.	Variables in COM	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Aspiration for higher remuneration	3.8891	3.6044	0.5199
2.	Aspiration for better benefits	3.9096	3.5244	1.3842
3.	Aspiration for better welfare measures	3.6887	3.3969	0.7318
4.	No standardized compensation system at present	3.7133	3.5051	0.4717
5.	Seeking for better compensation plan	3.7133	3.5051	0.4717
6.	Seeking for often salary revision	3.8244	3.6026	0.5219
7.	Attractive salary from others	3.9173	3.7344	0.4088
8.	Motivated financial concerns from others	3.8643	3.6562	0.3941

*Significant at five per cent level.

The highly viewed variables in COM by the male employees are 'attractive salary from others' and 'aspirations for better benefits' since their mean scores are 3.9173 and 3.9096 respectively. Among the female employees, these two are 'attractive salary from others' and 'no standardized compensation system at present' since their mean scores are 3.7344 and 3.7141 respectively. Regarding the view on variables in COM, the significant difference among the male and female employees have not seen in all variables in COM since their respective't' statistics are not significant at five per cent level.

Table 4: Employees View on Career Change (CC)

Sl.No.	Variables in CC	Mean scores among respondents in		't' statistics
		Male	Female	
1.	For educational pursuits	3.6087	3.0245	2.3919*
2.	Leave for higher studies	3.5143	3.1473	2.0244*
3.	Wish to explore new avenues	3.5099	3.0456	2.3545*
4.	Desire tend to switch another career	3.6697	3.0117	2.8919*
5.	Mismatch of personality and present job	3.5842	3.3919	0.5949
6.	Present job is not challenging	3.6403	3.2241	1.7341

*Significant at five per cent level.

The highly viewed variables in CC by the male employees are desire tends to switch another career and present job is not challenging since their mean scores are 3.6697 and 3.6403 respectively. Among the female employees, these are 'mismatch of personality and present job' and present job is not challenging since its mean scores are 3.3919 and 3.2241 respectively. Regarding the view on variables in CC, the significant difference among the male and female employees have been noticed in the case of our out of six variables since its 't' statistics are significant at five per cent level.

Table 5: Employees' View on Present Working Environment (PWE)

Sl.No.	Variables in PWE	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Constant change in work environment	3.7734	3.1171	2.5088*
2.	Uncertainty in the work environment	3.5089	3.0071	2.3911*
3.	New process in the work environment	3.2114	2.6086	2.4641*
4.	Shifting of projects	3.0949	2.5142	2.1166*
5.	Additional responsibilities put pressure	3.3994	2.8084	2.0344*
6.	Highly stressed environment	3.2776	3.0996	0.4193
7.	Difficult to adjust	3.4154	2.9902	2.2996*
8.	Frustration to continue the present job	3.6602	3.1173	2.4088*

*Significant at five per cent level.

The highly viewed variable in PWE by the male employees are 'constant change in the work environment' and 'frustration to continue the present job' since its mean scores are 3.7734 and 3.6602 respectively. Among the female employees, these are frustration to continue the present job and constant change in the work environment' since its mean scores are 3.1173 and 3.1171 respectively. Regarding the view on variables in PWE, the significant mean differences among the male and female employees have been noticed in the case of seven out of eight variables in PWE since its 't' statistics are significant at five per cent level.

Table 6: Employees View on Variables in Work-Life Imbalance (WLI)

Sl.No.	Variables in WLI	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Overwork	3.0949	3.8991	-2.8089*
2.	Forced work time	3.2011	3.6082	-1.5144
3.	Early-morning night shifts	3.4409	3.8442	-1.6082
4.	Much pressure on performance	3.6611	3.8073	-0.4514
5.	Personality conflicts	3.6089	3.5088	0.2494
6.	Disorganized supervisors	3.8041	3.6884	0.3917
7.	Gossip	3.5124	3.8084	-0.8042
8.	Harassment	3.2245	3.8973	-2.4109*
9.	Poor team work	3.0991	3.6889	-2.2969*
10.	General insensitivity	3.1443	3.6227	-2.0911*

*Significant at five per cent level.

The highly viewed variables in WLI by the male employees are disorganized supervisors and much pressure on performance since its mean scores are 3.8041 and 3.6611 respectively. Among the female employees, these are over work and harassment since its mean scores are 3.8991 and 3.8971 respectively. Regarding the view on variables in WLI, the significant difference among the male and female employees have been noticed in the case of four out of ten variables in WLI since its 't' statistics are significant at five per cent level.

Table 7: Employees View on Poor Performance Appraisal System (PPAS)

Sl.No.	Variables in PPAS	Mean scores among respondents in		't' statistics
		Male	Female	
1.	No clear about performance parameters	3.7788	3.0781	2.5189*
2.	Poor appraisal process	3.8099	3.1786	2.6091*
3.	Accumulation of regrets due to appraisal system	3.6684	3.2089	2.0441*
4.	Dissatisfaction on redressal	3.7387	3.1882	2.5464*
5.	Under value the worthiness of employees	3.6904	3.0441	2.6227*

*Significant at five per cent level.

Among the male employees, the highly viewed variable in PPAS are poor appraisal process and no clear about performance parameters since its mean scores are 3.8099 and 3.7788 respectively. Among the female employees, these are accumulation of regrets due to appraisal system and dissatisfaction on redressal since its mean scores are 3.2089 and 3.1882 respectively. Regarding the view on variables in PPAS, the significant difference among the male and female have been noticed in all five variables in PPAS since its respective 't' statistics are significant at five per cent level.

Table 8: Employees View on Variables in Lack of Autonomy and Creative Freedom (LACF)

Sl.No.	Variables in LACF	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Lack of empowerment in job	3.8441	3.2734	2.4086*
2.	No creative freedom in job	3.6542	3.1773	2.0569*
3.	No motivation on creativity	3.7372	3.2676	2.1973*
4.	No participative system	3.6091	3.3441	0.9769
5.	Work as per the direction	3.8041	3.2679	2.2674*
6.	No improvement in self confidence	3.8673	3.0145	2.8868*

*Significant at five per cent level.

The highly viewed variables in LACF by the male employees are no improvement in self confidence and lack of empowerment in job since their mean scores are 3.8673 and 3.8441 respectively. Among the female employees, these are 'no participative system' and 'work as per the direction' since its mean scores are 3.5441 and 3.2679 respectively. Regarding the view on variables in LACF, the significant difference among the male and female employees have been noticed in the case of five out of six variables in it since their respective't' statistics are significant at five per cent level.

Table 9: Employees View on Variables in Organisational Instability (OIS)

Sl.No.	Variables in OIS	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Low management values	3.8084	3.1044	2.7717*
2.	Poor work culture	3.7993	3.1708	2.6023*
3.	Poor work practices	3.6887	3.0565	2.2997*
4.	Lack of crediability of organisation	3.8217	3.3024	2.3088*
5.	Unstable work environment	3.9096	3.2144	2.5117*
6.	Treat to future change	3.8144	3.3049	2.2991*

*Significant at five per cent level.

The highly viewed variables in OIS by the male employees are unstable work environment and lack of credibility of organisation since its mean scores are 3.9096 and 3.8217 respectively. Among the female employees, these are 'threat to future change' and 'lack of credibility of organisation' since their mean scores are 3.3049 and 3.3024 respectively. Regarding the view on variables in OIS, the significant difference among the male and female employees have been noticed in their view on all six variables in it since their respective't' statistics are significant at five per cent level.

Table 10: Employees View on Variables in Boss Behaviour (BBR)

Sl.No.	Variables in BBR	Mean scores among respondents in		't' statistics
		Male	Female	
1.	Autocratic leadership	3.6087	3.0341	2.3919*
2.	Torturing and teaching supervisor	3.5996	3.0173	2.2086*
3.	No participation in decision making	3.7793	3.1255	2.4818*
4.	No recognition and value	3.6509	3.2397	2.0672*
5.	Differential treatment	3.5944	3.0173	2.1886*
6.	Frequent transfers	3.6243	3.2884	1.6881

*Significant at five per cent level.

The highly viewed variable in BBR among the male employees are 'no participation in decision making' and 'no recognition and value' since their mean scores are 3.7793 and 3.6509 respectively. Among the female employees, these are 'frequent transfers' and 'no recognition and value' since their mean scores are 3.2884 and 3.2397 respectively. Regarding the view on variables in BBR, the significant difference among the male and female have been noticed in the case of five out of six variables in BBR since their respective 't' statistics are significant at five per cent.

Results and Discussion

The antecedents of attrition behaviour among the employees are studied with the help of job availability, career advancement, compensation, career change, present working environment, work-life imbalance, poor performance appraisal system, lack of autonomy and creature freedom, organizational instability and boss behaviour. The viewed variable in job availability by the male and female employees and plenty of job opportunities and job availability respectively. Regarding the view on variables in job availability, the significant differences among the male and female employees have been noticed in the case of all six variables in it. The included six variables in job availability explain it to a reliable extent. The level of view on job availability is higher among the male employees than that among the female employees.

The levels of view on career advancement among the employees are studied with the help of six variables. The highly viewed variable in career advancement by the male and female employees is 'outside opportunities to learn and grow'. Regarding the view on variables in career advancement, the significant difference among the male and female employees have been noticed in the case of exploring other options, existing ambiguity and lack of career planning drives in the present job. The level of view on the career advancement among the male employees is slightly higher than that among the female employees.

The highly viewed variable in compensation by the male and female employees is attractive salary from others. There is no significant difference among the male and female employees regarding their view on variables in compensation. The included variables in compensation explain it to a reliable extent. The level of view on compensation among the male employees is slightly higher than that among the female employees.

Among the male and female employees, the highly viewed variables in career change are 'desire tends to switch another career' and 'mismatch of personality and present job' respectively. Regarding the view on variables in career change, the significant difference among the male and female employees have been noticed in the case of for educational pursuits, leave for higher studies, wish to explore new avenues, and desire tend to switch another career. The level of view on career change is higher among the male employees than that among the female employees.

The highly viewed variable in present working environment by the male and female employees is constant change in work environment. Regarding the view on variables in present work environment, the significant differences among the male and female employees have been noticed in the case of seven out of eight variables in it. The level of view on the present working environment is higher among the male employees than that among the female employees.

Among the male and female employees, the highly viewed variables in work life imbalance are disorganized supervisors and over work respectively. Regarding the view on variables in work life imbalance, the significant difference among the male and female employees have been noticed in their view on over work, harassment,

poor team work and general insensitivity. The levels of view on work life imbalance are higher among the female employees than that among the male employees.

The highly viewed variables in poor performance appraisal system by the male and female employees are seen in the case of poor appraisal process and accumulative of regrets due to appraisal system respectively. Regarding the view on variables in it, the significant differences among the male and female employees have been noticed in all five variables in poor performance appraisal. The level of view on the poor performance appraisal is higher among the male employees than that among the female employees.

Among the male and female employees, the highly viewed variables in lack of autonomy and creative freedom (LACF) are no improvement in self confidence and lack of empowerment in job respectively. The significant differences among the male and female employees have been noticed in the case of view on five out of six variables in LACF. The level of view on LACF among the male employees are higher than that among the female employees. In the case of view on variables in organizational instability, these are noticed in all six variables. The highly viewed variables in organizational instability among the male and female employees are unstable work environment and threat to future change respectively. The level of view on organisational instability is higher among the male employees than that among the female employees.

The highly viewed variables in boss behaviour by the male and female employees are 'no participation in decision making' and 'frequent transfers' respectively. The significant differences among the male and female employees have been noticed in their view on five out of six variables in boss behaviour. The level of view on boss behaviour among the male employees is higher than that among the female employees.

Conclusion

It is essential for companies to know why an employee leaves and the difference between an avoidable and unavoidable departure. IT companies should concentrate more on this and ensure that they retain their key employees. The attrition behaviour among the employees are higher at the IT industry. It is highly influenced by the

attractive compensation, work-life imbalance, career advancement, poor performance and appraisal system, lack of autonomy and creative freedom and job availability. The level of attrition behaviour is noticed as higher among the male employees than that among the female employees. The managers of the organization should understand the importance of retaining the existing experienced employees at their organization. They have to plan appropriate retention strategies according to the level of expectation of their employees in order to increase the productivity and the performance of the companies.

References:

1. Kulshreshtha, Ashutosh Kumar, T. Krishna (2005), "Economic Model for Optimum Attrition Rate", IIMB Management Review, 17 (2), pp.103-108.
2. Prado, P.V., De Souza, C.A., Takaoka, H. and Rehinhard (2009), "Contracting Outsourced Information Technology Services in Brazil", Journal of Global Information Technology Management, 12 (4), pp.52-71.
3. Quan, J. and Cha, H.S., (2010), "It Certifications, Outsourcing and Information Systems Personnel 'turnover', Information Technology and People, 23 (4), pp.330-351.
4. Pawan S. Budhwar, Arup Varma, Neeru Malhotra and Arinandan Mukherjee (2009), "Insights into the Indian Call Centre Industry: Can Internal Marketing Help Tackle High Employee Turnover?", Journal of Services Marketing, 23 (5), pp.351-362.
5. Ammu Anantharaja (2009), "Causes of Attribution in BPO Companies: Study of a Mid-size Organization in India", The IUP Journal of Management Research, 8 (11), pp.13-27.
6. Tattersall, A., Keogh, C., Richardson, H.J. and Adam, A., (2006), "Women and the IT Work Place-Issues from North West England. In Encyclopedia of Gender and Information Technology, Idea, Group Publishing, Hershey, PA, pp.1252-1257.
7. Jins Joy, P. and R. Radhakrishnan (2012), "Employee Attrition: Marketing of Financial Products", SCMS Journal of Indian Management, December, pp.65-74.