

EMPLOYEE ATTRITION RATE IN “IT” INDUSTRY WITH REFERENCE TO HYDERABAD CITY – AN EXPLORATORY STUDY

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Abstract : India today is the world leader in information technology and business outsourcing. Correspondingly, the industry’s contribution to India’s GDP has grown much rapidly. The sector has been growing at an annual rate of 28% per annum. The objective of this article is to find the level of job satisfaction, safety measures, retaining the employees, working conditions & work load and its reason for Employees Turnover in IT Industries. The employee turnover springs up as a vital issue in IT businesses. The researchers had taken 250 respondents as their sample size from universe and descriptive research design was adopted. This research study uses various methods to analyze the reasons and causes for employee turnover in IT businesses. The tools used are Chi-square analysis, weighted average method, T- test and F- test. Based on the analysis and interpretation, it is inferred that the IT Industry has to implement the Retention Plan by compensation Policies, Changes in work Requirements & improvement in working conditions.

Keywords: Level of job satisfaction, safety measures, retaining the employees, Working conditions & work load.

INTRODUCTION EMPLOYEE TURNOVER

Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most companies, Employee turnover is a costly expense especially in lower paying job roles, for which the employee Turnover rate is highest. Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover

CAUSES OF TURNOVER

There are a number of factors that contribute to employee turnover. We explore some of these factors in more detail below.

THE ECONOMY

Some minimum wage workers report leaving one job for another that pays only 50 cents an hour more. Obviously, in a better economy the availability of alternative jobs plays a role in turnover, but this tends to be overstated in exit interviews.

THE PERFORMANCE OF THE ORGANIZATION

An organization perceived to be in economic difficulty will also raise the specter of impending layoffs. Workers believe that it is rational to seek other employment.

THE ORGANIZATIONAL CULTURE

much has been written about organizational culture. It is sufficient to note here that the reward system, the strength of leadership, the ability of the organizations to elicit a sense of commitment on the part of workers, and its development of a sense of shared goals, among other factors, will influence such indices of job satisfaction as turnover intentions and turnover rate.

THE CHARACTERISTICS OF THE JOB

Some jobs are intrinsically more attractive than others. A job’s attractiveness will be affected by many characteristics, including its repetitiveness, challenge, danger, perceived importance, and capacity to elicit a sense of accomplishment. A job’s status is also important, as are many other factors.

UNREALISTIC EXPECTATIONS

Another factor is the unrealistic expectations and general lack of knowledge that many job applicants has about the job at the time that they receive an offer. When these unrealistic expectations are not realized, the worker becomes disillusioned and decides to quit.

DEMOGRAPHICS

Empirical studies have demonstrated that turnover is associated in particular situations with demographic and biographical characteristics of workers. But to use lifestyle

factors (e.g. smoking) or past employment history (e.g. many job changes) as an explicit basis for screening gap applicants, it is important for legality and fairness to job applicants to verify such bio- data empirically.

THE PERSON

These include both personal and trait- based factors. Personal factors include things such as changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. These traits are some of the same characteristics that predict job performance and counterproductive behaviors such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. These traits can be measured and used in employee screening to identify individuals showing lower probability of turnover.

THE INDIAN IT INDUSTRY

The Information Technology (IT) sector in India holds the distinction of advancing the country into the new -age economy. The growth momentum attained by the overall economy since the late 1990s to a great extent can be owed to the IT sector, well supported by a liberalized policy regime with reduction in telecommunication cost and import duties on hardware and software.

EMERGING TRENDS IN THE INDIAN IT SERVICES INDUSTRY

While the global IT players are aggressively scaling up their operations in India, due to the advantages that the Indian industry offers, the Indian IT companies are also preparing to tap the global market. The companies are witnessing significant change with regard to their service offerings and geographical concentration. Today, companies are expanding their service offerings from application development and maintenance to high end services like testing, consulting and engineering designing. Presently, the Indian IT companies are on a hiring spree which indicates their bullishness on their order flows. All the major players have increased their manpower by 15-50%, and the trend is expected to continue further. As a result, the companies are expected to scale up their operations. The Indian IT companies are also vying for inorganic growth, with a quest for newer geographical areas, service of firings, domain expertise, customers and markets

LITERATURE REVIEW

Numbers of reviews had been conducted about the High Attrition Rates: Justification in present Scenario but due to paucity of time, a few snapshots of literature are given here. Lambert (1998) examined that correctional staff was the most important asset for any correctional agency. Many

staff, however, voluntarily quit. The cost of this turnover is high for correctional GIAN JYOTI E-JOURNAL, Vol. 1, Issue 1 (Oct-Nov 2011) organizations. A causal model for correctional staff voluntary turnover is developed and presented to guide future research. Behr et al (2003) analyzed the extent and determinants of panel attrition in the European Community Household Panel (ECHP). They found the extent and determinants of panel attrition to reveal high variability across countries as well as for different waves within one country. Differences were also found when comparing attrition behavior across different surveys running parallel in the same countries, as was the case for Germany and the United Kingdom (UK). Hickman and Colonel (2003) addressed the trend, in recent decades, of increased Army enlisted attrition by reviewing the existing facts regarding attrition. Of greatest concern was attrition from Initial Entry Training (IET) as well as first-term attrition. Although the overall attrition rate came down to 30% in 2003 from its peak of 37%, for enlistees entering service in the Fiscal Years 1994 and 1995, the rate remained very high. The author suggested that attrition be looked at more closely in order to determine the causes and to restructure policies. Darkly and Piskator (2004) performed a literature review on attrition, across military services. They found that an abundance of research has focused on demographic and psychosocial factors impacting attrition. The authors suggested that the next step in attrition research should be to combine the risk factors into one research effort, in order to compare their relative significance. Hendricks (2006) noted that employees with scarce skills are in great demand by the South African government and becoming difficult to source. When these categories of employees are eventually sourced, they become even more difficult for government to retain. It is not only government that is finding it difficult retaining highly skilled employees. The private sector managers also admit that one of the most difficult aspects of their jobs is the retention of key employees in their organizations (Litheko, 2008). Knowledge, skills and contacts that a departing employee takes out of the organization constitutes a huge loss. Pierce and Snyder (2008) explored how person-organization (P-O) ethical fit affects the tenure of employees.

OBJECTIVES OF THE STUDY

1. A study on employee turnover in IT industry.
2. To analyze the safety measures provided by the industry.
3. To know the job satisfaction level of the employee working in the industry.

RESEARCH METHODOLOGY

The Primary data were collected from 250 respondents through structured Questionnaires and it is from Executive and Non-Executive Employees. The secondary data were

used from journals and Newspapers. simple random sampling were used in study and tools used are Percentage analysis, Chi-square test, weighted average method ,F-Test.

ANALYSIS

RESPONDENTS SOCIAL DEMOGRAPHIC FACTORS					
gender of the respondents			designation		
sex	respondents	%	designation	respondents	%
male	145	58	Executive	152	61
female	105	42	non executive	98	39
total	250	100	Total	250	100
age of the respondents			years of service		
age	respondents	%	yrs of service	respondents	%
< 20 yrs	63	25	<5 yrs	96	38
20 – 30 yrs	87	35	5 – 10 yrs	75	30
30– 40 yrs	67	27	10 – 15 yrs	45	18
> 40 yrs	33	13	> 15 yrs	34	14
total	250	100	Total	250	100
monthly income of employees			qualification		
monthly income (rs)	respondents	%	respondents	%	qualification
below 5000	76	30	h.sc	32	13
5001-10000	82	33	Diploma	64	26
10001-15000	45	18	U.G	86	34
15001-20000	37	15	P.G	45	18
above 20000	10	4	above P.G	23	9
total	250	100	total	250	100

SALARY AND JOB SATISFACTION

NULL HYPOTHESIS (H0) : There is no significant difference between salary and job satisfaction level

ALTERNATIVE HYPOTHESIS (H1): There is significant difference between salary and job satisfaction level

Degree of freedom

At the 5 percent level (r- 1) (c - 1)

$$(5-1) (5-1)$$

$$4 * 4 = 16$$

Table value = 7.962

Calculated value = 210.7

CHI-SQUARE TEST TABLE

Factor	Level of significance	Degree of freedom	Table value	Calculated value	Result
Relationship between salary and level of satisfaction with training	0.05	16	7.962	210.7	Rejected

INFERENCE :The calculated value of chi- square (210.7) is greater than the table value (7.962), the null hypothesis is rejected.

Degree of freedom

At the 5 percent level (r- 1) (c - 1)

(5-1) (5-1)

4 * 4 = 16

WORKLOAD AND JOB SATISFACTION LEVEL

HYPOTHESIS (Ho): There is no significance between workload and job satisfaction level

Table value = 7.962

ALTERNATIVE HYPOTHESIS (H1): There is a significant difference between workload and job Satisfaction

Calculated value = 241.9

CHI-SQUARE TEST TABLE

Factor	Level of significance	Degree of freedom	Table value	Calculated value	Result
Relationship between salary and level of satisfaction with training	0.05	16	7.962	241.9	Rejected

INFERENCE :The calculated value of chi- square (241.9) is greater than the table value (7.962), the null hypothesis is rejected.

REASONS FOR LEAVING THE ORGANISATION USING WEIGHTED AVERAGE METHOD

S.NO	FACTORS	X	W	XW	XW/EW	Rank
1	Nature of the job	93	5	465	31	4
2	Problems with management	15	4	60	4	2
3	Maternity	75	3	225	15	3
4	Relocation to another area	35	2	70	4.66	5
5	others	32	1	32	2.13	
	Total	250	15	852	56.8	

INFERENCE

The above table indicates the various reasons for leaving the organization .according to the opinion given by the respondents ,the employee turnover is due to nature of job.

COMPARISION BETWEEN WORKLOAD AND WORKING CONDITIONS OF EMPLOYEE

WORKLOAD AND WORKING CONDITIONS	FREQUENCY	FREQUENCY
highly satisfied	73	33
satisfied	52	37
neutral	45	56
dissatisfied	39	72
highly dissatisfied	41	52
total	250	250
mean	50	50
standard deviation	13.78	15.67

INFERENCE

The comparision between the working conditions of employee in the organization and the workload of employees reveals that the result of the t-test is not significant to each other.hence the work load and working conditions does not coincide

COMPARISON BETWEEN HEALTH & SAFETY MEASURES AND WORKING ENVIRONMENT

HEALTH & SAFETY MEASURES AND WORK ENVIRONMENT	FREQUENCY	FREQUENCY
highly satisfied	47	33
satisfied	43	37
neutral	52	56
dissatisfied	49	72
highly dissatisfied	59	52
total	250	250
mean	50	50
standard deviation	15.67	6
standard error	7.01	2.68

The comparison between the working environment and the health & safety measures provided to the employees reveals that the result of the t-test is not significant to

each other. Hence the work environment has no significance over safety measures.

TRAINING PROGRAM AND EMPLOYEE TURNOVER REASONS

TRAINING PROGRAM	FREQUENCY	REASONS	FREQUENCY
highly satisfied	82	nature of the job	93
satisfied	75	problem with management	15
neutral	67	maternity	75
dissatisfied	15	relocation to another area	35
highly dissatisfied	11	others	32
total	250	total	250

RESULT

F-STATISTICS	1.1026
Degree of freedom	414
Two-tailed p-value	0.9268
95% confidence intervals	
Upper	10.5903
Lower	0.1148

INFERENCE

The relationship between training program provided to employees and the reasons for leaving the organization by employees analyzed using f-test reveals that both has an equal variation.

FINDINGS

1. The demographic factors in the study reveals that the major respondents are male 58%,

the maximum respondents belong to the age group 20- 30 years i.e., 35%, and the majority of respondents belongs to executive level i.e., 61% and the majority of respondents experience is below 5 years and the monthly income earned by majority of respondents belongs to above 10,000 i.e., 33% and the majority of the respondents qualification belongs to undergraduate i.e., 34% .

2. Chi square reveals that there is a significant relationship between salary and level of satisfaction with job.

3. The comparison between the working condition of employees’ in the organization and the work load of employees reveals that the result of the t test is not significant to each other. Hence the work load and working condition does not coincide.

4. The comparison between the working environment and the health & safety measures provided to the employees reveals that the result of the t test is not significant to each other. Hence the work environment has no significance over safety measures.

5. The relationship between training program provided to employees and the reasons for leaving the organization by employees analyzed using f test reveals that both has an equal variation.

CONCLUSION

The researcher has attempted to study some of the factors which may be the possible reasons for an employee to leave the organization. This research will help the organization to make the necessary measures to retain the

employees. This will certainly bring down the causes for employee turnover and helps the management to reduce the employee turnover level. To reduce the employee turnover rate the company has to concentrate more on working condition and Safety measures. So it leads the organization to retain their employees.

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