



Factors influencing the Employee Attrition in IT Industry of Hyderabad, Telangana

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Abstract:

The causes of employee attrition may be divided into two categories; they are avoidable causes and unavoidable causes. Regarding the avoidable causes, about 54.67% of the employees viewed that dissatisfaction with job is caused to attrition of the employees followed by dissatisfaction with wages (64.67%), Poor working conditions (52%), unsuitable working hours (43.34%), non-Co-operative attitude(49.33%), better prospects not available(44.67%) and unethical attitude of management (43.33%). There is no perception deference among the employees on avoidable causes for employee Attrition is accepted at 5% level of significance.

Key words: employee Attrition, competitive environment, huge costs

Introduction

The word "Attrition" refers to scaling down of employees in an organization. It occurs because of resignation, retirement or due to death of the employee. The employees leave the organization due to many reasons like he may be getting high salary, higher job positions in some other company or he may want to change his profession. Now a days IT industry in India is facing high staff attrition. Employee Attrition means the proportion of number of employees that leave an organization for various reasons such as illness, dissatisfaction with job or wages, marriage, retirement, death during a given period when compared to average number of employees on payroll during the same period. In other words it means the inflow and outflow of labor employed by an enterprise¹. In today's competitive environment, the attrition in a business can affect both the operation of the business as well as morale of employees.

To some extent employee attrition may be allowable, but beyond a certain limit it involves more expense in replacing the employees who left the organization, which includes selection and recruitment costs and training and development costs. It is a great loss for the organization which losses its key performers and it is difficult to replace such key employees.

Causes for attrition

Attrition is a cause for concern for the management in general and the Human Resource department in particular. Attrition can be conceptualized in numerous forms; but the most two prominent forms of attrition are attrition as a consequence of employees leaving an organization, and employees retiring from an organization. Although attrition may also describe trends in sales and marketing; this endeavor will focus upon the former reason for attrition as well as some of the underlying issues associated with people leaving an organization. Attrition is part

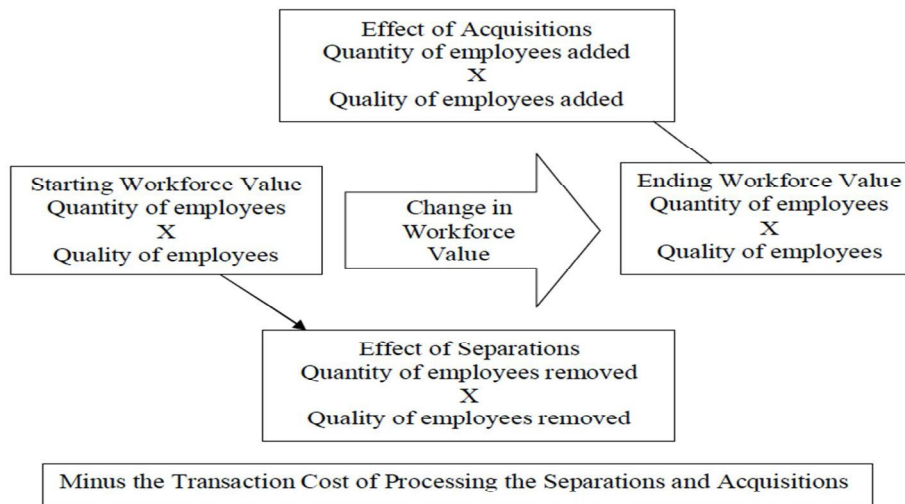
¹ www.investopedia



of the natural life cycle of any organization. A well timed departure of an employee who has contributed years of fruitful service is a time for celebration. Conversely, the early departure of a productive and contributing member of the organization can stimulate an impression of fear and doubt that makes more attrition likely. Attrition rate can be defined as 'the rate of shrinkage in size or number of employees. 'Attrition rate can be understood with the following example. Suppose your firm has an attrition rate of say, 20 percent, it means 20 trained (in some cases, well experienced and efficient) out of every 100 such employees will leave your organization every year. Considering the time and energy spent and huge costs incurred to recruit and train them, we must understand that such a move could

become a major setback for your organization in the current scenario. In a competitive market, a firm with a lesser attrition rate will definitely have an edge over others, for the obvious reason that it need not spend huge amounts year after year for recruiting and training its people. According to Wayne F Cascio and John W Boudreau (2008), decisions affecting the acquisition of new employees (that is, selection decisions) require consideration of the quantity, quality, and cost of those acquisitions. Likewise, decisions affecting the separation of employees (that is, layoffs, retirements, employee turnover) require consideration of the quantity, quality, and cost to produce the separations. Figure 1 shows the diagrammatic presentation of the logic of Employee Attrition.

Figure 1: Logic of Employee Attrition



Source: Wayne. F. Cascio and John. W. Boudreau (2008)

Finds of the study

About 150 employees and 15 employers are randomly selected for the study in Hyderabad city area. Among the employees, about 71 respondents

(47.33%) registered in the age category of 18 to 25 years. About 59 respondents (39.33%) are in the category 26 to 35 years and 20 respondents (13.33%) are in the category of 36-45 years. Both the



environment and job description suit the young professionals who are primary features of the IT industry. Out of the total respondents 92 (61.33%) are male respondents and only 58 (38.67%) are female respondents. Since 65 (43.33%) respondents were married and 85 (56.67%) respondents were unmarried. Around 16 (10.67%) respondents are under graduates, 56 (37.33%) respondents have post graduates and 77 (51.33%) were technically qualified.

Employee attrition is very expensive, obviously it is important for organization to reduce attrition rate. However in order to reduce these rates organization must first understand the causes of employee attrition. The causes of employee attrition may be divided into two categories; they are avoidable causes and unavoidable causes.

Avoidable factors

The causes which can be avoided if the firm takes necessary steps is referred as avoidable causes, these causes are within the control of the firm and it is usually related to job, management and the organization Table 4.12 shows the descriptive statistics, mean and standard deviation along with rank related to causes of employee attrition with regard to the avoidable causes. Table 1 explains the avoidable causes for employee Attrition. It is found from the table that about 54.67% of the employees viewed that dissatisfaction with job is caused to attrition of the employees followed by dissatisfaction with wages (64.67%), Poor working conditions (52%), unsuitable working hours (43.34%), non-Co-operative attitude(49.33%), better prospects not available(44.67%) and unethical attitude of management (43.33%).

Table 1 Avoidable causes for employee Attrition: (N=150)

S. No	Avoidable Causes.	SA	A	N	SD	D
1	Dissatisfaction with job	32.67	22.00	9.33	29.33	6.67
2	Dissatisfaction with wages	28.00	36.67	6.00	22.00	7.33
3	Poor working conditions	26.00	26.00	8.67	22.00	17.33
4	Unsuitable working hours	18.67	24.67	9.33	32.00	15.33
5	Non-Co-operative attitude	27.33	22.00	11.33	18.67	20.67
6	Better prospects not available	22.67	22.00	4.67	32.00	15.33
7	Unethical attitude of management	26.00	17.33	9.33	24.67	22.67
		f-value : 8.752361 p-value : 0.000146				

Ha1: There is no perception deference among the employees on avoidable and unavoidable causes for employee Attrition

Ho1: There is perception deference among the employees on avoidable and unavoidable causes for employee Attrition



Meanwhile, in the table, the ANOVA results show that the p-value 0.000 is less than the alfa value. Thus, the null hypothesis (H_0) 'There is no perception deference among the employees on avoidable causes for employee Attrition is accepted at 5% level of significance.

Descriptive Statistics of perception about avoidable causes

It is clear from the Table 2 that the variable 'dissatisfaction with job' and dissatisfaction with wages' were the major avoidable reasons for the employees to leave the organization as they have the highest mean scores of 3.70 and 3.63 respectively. The least considered causes by the employee are

'poor working condition and better prospects is not available, with a mean score of 3.35, which denotes that it plays the least role in employee attrition. It is observed that the standard deviation of all causes of employee attrition except dissatisfaction with wages are more than 1, this implies the IT employees widely oscillate in their opinion about the causes of employee attrition except the cause dissatisfaction with wages.

Table 2: Descriptive Statistics of perception about avoidable causes

Avoidable causes	Mean	SD	Rank
Dissatisfaction with job	3.70	1//.027	I
Dissatisfaction with wages	3.63	0.958	II
Poor working conditions	3.35	1.012	VI
Unsuitable working hours	3.39	1.007	IV
Non-co-operative attitude	3.45	1.054	III
Better prospects is not available	3.35	1.034	VI
Unethical attitude of management	3.38	1.023	V

Source: Primary Data

Unavoidable causes of employee attrition

The causes which are beyond the control of management and it is purely of personal nature are termed as unavoidable causes. The causes such as marriage, death or illness come under this category. Table 3 reveals the unavoidable causes of employee attrition. It is found that about 50.66% said that marriage is one of the unavoidable causes to employee attrition followed by Accident or Illness (51.34%), Retirement or Death (40.66%), Personal betterment (49.33%) and Employee's roving nature (64%) respectively. The ANOVA results show that the p-value 0.000 is less than

the alfa value. Thus, the null hypothesis (H_0) 'There is no perception deference among the employees on unavoidable causes for employee Attrition is accepted at 5% level of significance. It is inferred from the Table 4 that the causes 'accident or illness' and marriage were the major unavoidable reasons for the employees to leave the organization as they got a highest mean scores of 3.72 and 3.69 respectively. The least considered cause by the employee is 'employee's roving nature', with a mean score of 3.42, which denotes that it plays the least role in employee attrition. It is observed that the standard deviation of all causes of employee attrition except



employees roving nature are less than 1, this implies that there is uniformity of the opinion of IT employees with regard

to all features except the cause employees roving nature

Table 3: Unavoidable causes of employee attrition

Unavoidable causes	SA	A	N	SD	D
Marriage	19.33	31.33	12.00	16.67	20.67
Accident or Illness.	22.67	28.67	7.33	14.00	27.33
Retirement or Death.	11.33	29.33	6.67	34.67	18.00
Personal betterment.	27.33	22.00	11.33	18.67	20.67
Employee's roving nature.	35.33	28.67	6.67	12.00	17.33
f-value : 8.715609 p-value : 0.000305					

Table 4 : Descriptive Statistics of perception about Unavoidable Causes

Unavoidable causes	Mean	SD	Rank
Marriage	3.69	0.998	II
Accident or illness	3.72	0.927	I
Retirement or death	3.65	0.918	III
Personal betterment	3.53	0.923	IV
Employee's roving nature	3.42	1.010	V

Source: Primary Data

Conclusion

Employee attrition is very expensive, obviously it is important for organization to reduce attrition rate. The causes of employee attrition may be divided into two categories; they are avoidable causes and unavoidable causes. Regarding the avoidable causes, about 54.67% of the employees viewed that dissatisfaction with job is caused to attrition of the employees followed by dissatisfaction with wages (64.67%), Poor working conditions (52%), unsuitable working hours (43.34%), non-Co-operative attitude(49.33%), better prospects not available(44.67%) and unethical attitude of management (43.33%). There is no perception deference among the employees on

avoidable causes for employee Attrition is accepted at 5% level of significance. It is found that about 50.66% said that marriage is one of the unavoidable causes to employee attrition followed by Accident or Illness (51.34%), Retirement or Death (40.66%), Personal betterment (49.33%) and Employee's roving nature (64%) respectively. There is no perception deference among the employees on unavoidable causes for employee Attrition is accepted at 5% level of significance. It found from the study that nature of job and working conditions are the most influencing factor in employee preference towards an organization. Thus IT companies have to create and maintain conducive working environment and provide better organized and interesting job to their employees.