

## EMPLOYEE ATTRITION BEHAVIOR-CAUSES AND CONSEQUENCES

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### ABSTRACT

Attrition is one of the major problems faced by HR professionals across the world. It is the most burning issue for HR department, high attrition rates lead to many issues in the boundary of HR people like losing the talents and knowledge, cost related to training & administration, recruitment etc. This is because today businesses are more dependent upon their human assets to survive and thrive. All this has a significant impact on the strength of a company in managing their business in a competitive environment. The employee turnover springs up as a vital issue in IT businesses and causes huge financial loss to the industry. The objective is to find the behavior of IT professionals towards their job in Hyderabad city and what causes to the employee attrition behavior. The Level of job satisfaction, career growth, salary, working conditions, job related stress and personal problems and its reasons for employee attrition. The paper consists of four sections i.e. introduction, review of literature; research methodology; results & discussion and conclusion.

**Key words:** Employee Attrition, employee Behavior, Level of job satisfaction, career growth.

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### INTRODUCTION

According to Reggio (2003), employee turnover “refers simply to the movement of employees out of an organization”. And it is said to be the loss of employees through a number of organizational variables such as type of industry, occupational category, organization size, payment, supervisory level, location, selection process, work environment, work assignments, benefits, promotions, and growth (Mobley, 1982; Arthur, 2001). Each industry has its own standards for acceptable attrition rates, and these rates can also differ between skilled and unskilled positions. Due to the expenses associated with training new employees, any type of employee attrition is typically seen to have a monetary cost. There are many different ways for a company to lose employees, most of which are typically taken into account to ensure that the organization is able to operate efficiently. Attrition refers to the loss of employees due to reasons other than firing and other employer-initiated events.

### REVIEW OF LITERATURE

Ramlall, 2005. Found that employee turnover is an expensive issue to the companies, due to employee turnover companies should bear direct and indirect cost like recruitment, selection, training new people (direct costs). Overtime pay for co workers as well as loss of productivity, (indirect costs). Mobley (1982) suggested that turnover might interrupt job performance when an employee who intended to leave became less efficient and effective. It has been suggested by the following others that the other turnover factors are related to the individual work variables such as demographic variables, integrative variables like job satisfaction, pay, promotion and working condition (Pittman 1975; Mobley, 1982; Arthur, 2001).

Reggio (2003) had asserted that both low levels of job satisfaction and organizational commitment are related to higher rates of turnover. A study had estimated the cost of replacing an executive by 64,000 American Dollar and the cost of unscheduled absence averaging as high as 757 American Dollar per employees (Greenberg and Baron, 2003). Price & Muller (1981) observed that job dissatisfaction influenced actual turnover indirectly through its direct effect on turnover intention. The variables that affect job satisfaction are pay, promotion opportunities, immediate supervisor, fringe benefits, contingent rewards, rules and procedures, relation with co-workers, type of work done, and communication within the organization.

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## METHODOLOGY

In a competitive business scenario, organization growth is constraints in employ and retaining the esteemed workforce. High turnover rate is problematic and have a negative impact on an organization' s performance. This project has made an attempt to study the key factors responsible for employee turnover in the soft ware industry.

## OBJECTIVES

1. To explore the major factor of employee turnover in leading software companies.
2. To find out the correlation of employee turnover and the three parameters used viz: working conditions, job related stress, personal problems and career growth.

## STUDY AREA

The study is based on the responses of the employees of leading software companies.

## RESEARCH DESIGN

The study is quantitative in nature on the basis of four parameter viz: working conditions, job related stress, personal problems and career growth.

## DATA COLLECTION

Data collection was based on the primary data. Total sample size was 120, out of which 40 samples have been collected from employees working in software companies from more than five years, 35 from those who were working here from less than five years, 17 from those who are team leaders of leading software companies and 28 from those who are working here. The questionnaire consists of 24 questions. Initial 4 questions are related with employee' s basic information where as in next 20 questions, 5 questions from each parameter namely working conditions, job related stress, personal problems and career growth.

## DATA ANALYSIS

The collected data were being analyzed using a program called Statistical Package for Social Science. The data analysis is carried out by calculating mean, standard deviation and linear correlation. The difference between means of variable was estimated by using t-test.

**Classification of respondents**

S.NO	DESCRIPTION	RESPONDENTS	PERCENTAGE
1	More than 5 years	40	33.33
2	less than 5 years	35	29.17
3	Team leaders	17	14.17
4	Executives	28	23.33
TOTAL		120	100

(Source: Primary data from survey)

Based on primary data the statistical tools for analysis of data using research methodologies Z, t- tests. The majority of respondents are those who have more than five years of experience, and less number of respondents are team leaders of leading software companies. And their means and standard deviations and calculated values of test statistical values are in below tables.

## ANALYSIS AND INTERPRETATION

**Table - 1**

N=120	Mean	Standard Deviation	Calculated Values of-Z
n=40	42.5	37.4	2.111
n=35	37.7	32.5	1.405

**Table - 2**

N=120	Mean	Standard Deviation	Calculated Value of t
n=17	32.5	27.8	0.368
n=28	34.6	28.5	0.839

Using the tabular values of Z is 1.96 at 5% level of significance and the table value of t is at 16 and 27 degrees of freedom is 1.746 and 1.703 at 10% level of significance For this we conclude that our calculated of Z is smaller than table values for second sample of table1 and that we conclude that the employee will not effect on job related stress. And the calculated value of Z is larger than table value for sample one of table1. And we conclude that employee will effect working conditions. As the same for table2 the calculated value of t is less than the table value of t. Hence the employee will affect personal problems and career growth conditions.

## **EMPLOYEE ATTRITION AND CAUSES**

**Stress from Overwork and Work-Life Imbalance:** It is sobering to consider all the things there are to be stressed about in the workplace — overwork, personality conflicts, forced overtime, disorganized supervisors, gossip, harassment, prejudice and so many others. Workers get stressed when they must sacrifice family time to work extra hours, when they must deal with the insensitivity of some co-workers, and when they really need a personal day but cannot take one because their company does not offer them. These are the people who consistently work late, work through lunch, work through sickness, take work home and express frustration in myriad unhealthy ways.

**Few Growth and Advancement Opportunities:** So much has changed in the worldwide business climate and in the way businesses now operate that the impact of those changes on the careers of individuals working in organizations needs to be acknowledged.

**The Job or Workplace Was Not as Expected** Every day, new hires enter organizations with a wide range of illusions and unrealistic expectations. Some stay and adapt, some disengage and stay, and many disengage and leave. At the root of their disenchantment is an expectation that was not met.

**Inadequate employee compensation:** People want fair compensation, but –contrary to most managers' beliefs – money rarely comes first when deciding whether to stay or go. A certain percentage of people will always chase more income, but the majority of workers look at non-monetary reasons first. Most people want opportunities to grow and learn, to advance in their careers and to work on challenging and interesting projects. They want to be recognized and appreciated for their effort.

**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.

## **INFORMATION TECHNOLOGY SNAPSHOT**

The IT sector has seen the emergence of full service players offering not just traditional services such as application development, maintenance and testing, but also infrastructure facilities, consulting and system integration. The focus of the sector is also now shifting to a vertical-driven approach so that the depth of services is also concentrated upon – not just the breadth of services offered. With the emerging focus on applications of Cloud Computing and new platforms within the domestic market, the services provided by the sector are getting increasingly diversified and this represents an immense growth opportunity for the sector as a whole.

Hiring and retaining critical talent is a perennial challenge for this industry. The sector also faces a concern of the skill-levels of the talent pool that it sources employees from. Although there is an increasing number of institutions that are providing engineering education in the country, the skill level of the graduates remains a concern due to the quality of the education that is imparted in these institutions

## **ATTRITION TRENDS IN INDIA**

According to a new research study, India is expected to top the global attrition rate's list during the year, 2013 making it difficult for the employers in the country to retain talent. As the growth trends firm up in job market, India is set to witness highest attrition rate globally with possibility of one in four employees switching jobs in the country. Indian employees expressed concerns about the fairness of their compensation (55 per cent) and the extent to which benefits meet their needs (48 per cent). One in every three employees expressed concern over lack of confidence in being able to achieve their career objectives with their current employers (37 per cent). As a result, they are concerned about opportunities for learning and development (39 per cent) and supervisory coaching for their development (36 per cent). India is expected to lead the region in turnover rates at 26.9 per cent (in the organized sector) in 2013 — the highest attrition rate globally; this figure is expected to go up further in 2014 to stand at 27.5 per cent.

According to the industry body NASSCOM, Indian IT sector is estimated the attrition rate in the range of 14-25 percent for the fiscal year 2010-2011. Talent attraction and talent retention has become a major challenge for the employers. The Recruiting the right employees is a challenge but motivating and retaining potential employees is an equally important HR function. Selecting and retaining top performers is essential for business success and effectiveness. The scenario today looks quite complex on one hand with increasing work opportunities and seeking of talent by organizations and on the other hand, they find it challenging to retain these key employees. An increase in employee turnover means decrease in productivity, loss of expertise, lower quality thus leading to loss of business opportunities coupled with higher recruitment cost for the employer.

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