# AN EMPIRICAL STUDY ON EMPLOYEE ATTRITION IN IT INDUSTRIES- WITH SPECIFIC REFERENCE TO WIPRO TECHNOLOGIES

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## ABSTRACT

*High attrition rates or employee turnover has a great impact in managing a business or an organization in a dynamic and competitive environment. Employee turnover or attrition projects a company's inability to retain employees. New employees are to be regularly added which includes training costs, getting them adjusted to the etiquties and culture of the company etc, all create a challenge. Organizations have to retain the remaining employees and attract potential employees. The paper investigates the factors which increase the attrition rates in IT companies and suggest measures to decrease the attrition rates. The data was collected through survey method with questionnaire to the sample of 100 employees in Wipro, Hyderabad.. Reliability of questionnaire was analysed by Cronbach's Alpha and Factor analysis was applied. The results of the study revealed that working conditions, career growth opportunities, organizational culture, work pressure and lack of mutual trust are the causes of attrition IT industry. The conclusion is that organisation should have good organisational culture with positive working conditions, low pressure and higher opportunities for career growth will have negative impact on attrition and increase employee attitude to retain in the organisation.*

**Keywords:** Employee attrition, IT industries, Retention strategies.

**INTRODUCTION:**

Attrition means an employee quitting his current job. Attrition occurs when employees expectations in return of services provided given to organization are not satisfactory it may be from the employer or from the employees. Work load, salary package, benefits, and job performance are some of the attributes that play a significant role in employee turnover.

**History of IT Industry in India:**

Information technology (IT) is one of the fast developing industries in India. It is successful in building a brand equity in today's global market. IT industry has software and information technology enabled services. India is ideal and perfect for providing IT-enabled services. The industry started as Bombay-based conglomerates and started supplying programmers to global IT firms . The revenues of software and services reached $22 billion in 2004-2005. The employee base was one million in the year 2005.

**Reasons for Attrition:**

Job attrition can be very costly to the organization because it take time, efforts and resources to train and develop employee, to make them work effectively and efficiently for that particular organization and in case employees leave their jobs it causes great loss to the firm. Attrition can bring losses to an organisation as a whole. There are several factors for attrition occurring frequently in an organisation. Sometimes, individuals leave their companies because their skills are in demand, and therefore they are taken away by other companies with better pay and benefits. Employees who are in jobs that are too demanding or not challenging they  quit their jobs . Lack of advancement, Lack of growth opportunities within the company, irregular working hours, Family pressure and personal reasons and Lack of promotions may be some of the reasons.

Job factors further include

 1) Stress level: stress levels are high in these jobs.
 2) Attitude of employees: Some people enter the jobs as temporary and change the job when they get in to their own field.
 3) Poaching: Trained and competent employees moving to rival companies.

**LITERATURE REVIEW:**

Review of literature provides a framework from which we  can plan and organize the research and interpret results. It obtains recent and relevant literature and the presentation of this material in a qualitative manner. It helps us to gain knowledge and ideas based on the previous establishment and to know in order to further enhance and upgrade the integration.

Dr. Sneha Mankikar (2013)[2]  explains the presence of infant attrition in IT industry and with so many factors like organisation culture, employee discrimination, job description, stress etc.

According to Dr K. Malar Mathi and G. Malathi [1] the issue of attrition is not a concept that is unattainable. Attrition can be reduced when employees have committment and dedication  towards their work. In depth hiring or exit interviews helps to sustain employees and reduce turn over.

VP Thirulogasundaram and S A Senthil Kumar (2012)[3]  has given individual and propel factors of which the first contributes 17.5%  and the second  only 1.3% in attrition. Individual factor health issues, work stress, education of children, unrealistic expectation from organization etc,.

Mobley, W.H (1977)[5] conducted a study on "Intermediate linkages in the relationship between job satisfaction and employee turnover". The relationship between job satisfaction and turnover is significant and consistent.  Job satisfaction act as a mediating variable for quitting . The concept of behavioral intentions was a key variable.

Porter LW, Steers RM, Mowday RT, Boulian PV (1974)[4]  in a study reported that variations in organizational commitment and job satisfaction, are related to turnover . Job satisfaction measures help to differentiate future stayers from leavers.

Dalton, D.R., Todor, W.D., & Krackhardt, D.M (1982)6 in study on "Turnover overstated: A functional taxonomy" mentioned that too much turnover may be negative but limited amounts of turnover may be positive for the performance of the firm.

Jackofsky, E.F (1984)7 in his paper "Turnover and job performance: An integrated process model" examined that the integration of job performance into predominant process models of turnover.

Abelson, M.A (1987)8 in a study on "Examination of avoidable and unavoidable turnover" has suggested that workers leave either voluntarily or involuntarily. In this article, some involuntary departures from analysis are excluded, while treating all people who leave voluntarily as being similar. Dalton, Krackhardt, and Porter's (1981)9 suggested avoidable and unavoidable turnover .He examined that taxonomy aids in the analysis of turnover. The finding were that unavoidable departures and retentions did not significantly differ on four variables: Commitment, satisfaction, job tension, and withdrawal cognitions. Circumstances for job quits should taken when analyzing the causes of employee turnover.

Aquino, K., Griffeth, R.W., Allen, D.G., & Hom, P.W(1997)10 in a paper on "An integration of justice constructs into the turnover process: Test of a referent cognitions model" proposed a model for clarifying psychological processes of deprivation instigating for quitting. The results show that supervisor satisfaction are negatively related to withdrawal cognitions. The results showed that people may view existing outcomes as temporary because satisfaction may be influenced by what they expect to receive in the future. If they trust the organization can change, then inferior outcomes may not necessarily produce dissatisfaction. If employees do not have belief, poor outcomes can produce negative responses directed inward (stress, depression) or outward (absenteeism, poor performance, resignations).

Batt, R (2002)13 in a study "Managing Customer Services: Human Resource Practices, Attrition Rates, and Sales Growth", examined relationships between high involvement HR practices, attrition rates, and sales growth with a sample of call centers across the United States. The results showed quit rate of 14%. High-involvement HR practices were significantly negatively correlated with quit rate (r = -.28), and quit rate was negatively correlated with sales growth. The results suggest HR practices reduce turnover and increase organization performance.

According to Chandramohan and Vasanthikumari (2006)13 "Attrition: A Predicament for ITES in India" investigated that high attrition rate is a critcal issue for the HR manager. Employees join the company understand the requirement and they start leaving the organization because of work pressure. Attrition rate is increasing due to female employees. Due to attrition recruitment costs, lost productivity costs, Training cost, lost sales costs and hiring costs will increase. Apart from salaries, company should focus on, management tools and strategies to keep their employees satisfied and focus to hold their employees by anti-poaching agreements. Flexible working hours, good career plans for employees, good recruitment methods and balance between performance expectations and growth aspiration can retain the employee.

According to Savneet Kaur (2013)14 there is no particular attrition management solution . Motivation techniques has to be followed keeping in mind the type of employees and goals of the organisation. Attrition should be regularly checked and calculation of cost attached to it.

Caramollah Daneshfard & Kokab Elsadat Ekvaniyan (2012)15 stated job satisfaction is directly and significantly related to employee organisational commitment.

**NEED FOR THE STUDY:**

Organizations should prevent employees from leaving and going to work for other companies as they have to spend again on hiring and retraining new employees. The company has to focus on the need of retaining employees and talented employees from getting poached. The need of study in wipro for employee attrition is due to

1. Rate of attrition in the IT industry is high i.e., 20.3%
2. The cost of attrition is very high and which takes the profits of the company
3. Employee turnover rate is very high in talented employee and can lead to bringing projects to a standstill
4. The cost and time for replacing an employee are increasing and will effect on company reputation.

**SCOPE OF THE STUDY:**

The data collected for the present study is from Wipro technologies in Hyderabad.  There are 3,450 employees in Wipro Hyderabad. Data is collected from employees of age group 20-40 years.

**OBJECTIVES OF THE STUDY:**

1. To study the factors that increase employee attrition in IT sector.
2. To study the associated factors for attrition which can be adjusted to retain employees in Wipro Technologies

**RESEARCH METHODOLOGY:**

**Data collection:**
The primary data was collection was through questionnaires. These questionnaires were given to employees of the select company. Primary data was also collected by  personal interviews from employees and managers. Secondary data includes reports, records and company web sites.

**Sample**
The sample for the study are employees who have more than one year service in the company .The sample size for the study are 100 employees of the select company.
Analysis and interpretation of data was conducted using SPSS version 20 with the help of Kaiser-Meyer-Olkin sampling adequacy and with varimax solution

**INTERPRETATION AND ANALYSIS OF DATA:**

**Table 1: Reliability Statistics**

| Cronbach alpha | Cronbach alpha based on Standardized items | No. of items |
|---|---|---|
| .860 | .845 | 20 |

In order to define the whole questionnaire Factor Analysis was employed which is used as data reduction technique to reduce number of significant parameters. The reliability was  0.886 out of the 21 items taken and highly significant as the value is higher than 0.5.

**Table 2: KMO Barlett test**

| Kaiser-Meyer-Olkin measure of sample adequacy | | .767 |
|---|---|---|
| Barlett's test of sphericity | Approxi. Chi-squre | 820.365 |
| | Df | 210 |
| | Sig | .000 |

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is a statistic that indicates the proportion of variance in variables caused by underlying factors. It should be greater than 0.5 for satisfactory analysis . Value for this set of variables is 0.767 which would be labelled as 'middling' which is useful data for our research. Bartlett's Test of Sphericity the correlation matrix is an identity matrix and whether variables are not correlated.  The Sig. value for this analysis reject the null hypothesis and conclude that there are correlations in the data set that are appropriate for factor analysis. 21 factors selected for measuring attrition contributed 68.35% after factor analysis.

**Table 3: Total variance experienced**

| Comp--onent | Initial Eigen values | | | Extraction sum of squared loadings | | | Rotation sum of squared loadings | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | % of variance | Cumulative % | Total | % of variance | Cumulative % | Total | % of variance | Cumulative % |
| 1 | 6.955 | 33.125 | 33.124 | 6.955 | 33.125 | 33.124 | 3.740 | 17.812 | 17.812 |
| 2 | 3.211 | 15.301 | 48.426 | 3.213 | 15.301 | 48.426 | 3.345 | 15.927 | 33.740 |
| 3 | 1.356 | 6.461 | 54.887 | 1.357 | 6.461 | 54.887 | 3.342 | 15.915 | 49.665 |
| 4 | 1.234 | 5.874 | 60.761 | 1.234 | 5.874 | 60.761 | 1.983 | 9.443 | 59.098 |
| 5 | 1.181 | 5.621 | 66.382 | 1.180 | 5.621 | 66.382 | 1.530 | 7.284 | 66.382 |
| 6 | .949 | 4.519 | 70.901 | | | | | | |
| 7 | .912 | 4.345 | 75.246 | | | | | | |
| 8 | .751 | 3.577 | 78.823 | | | | | | |
| 9 | .721 | 3.432 | 82.254 | | | | | | |
| 10 | .677 | 3.224 | 85.478 | | | | | | |
| 11 | .569 | 2.710 | 88.188 | | | | | | |
| 12 | .459 | 2.186 | 90.374 | | | | | | |
| 13 | .364 | 1.733 | 92.107 | | | | | | |
| 14 | .300 | 1.426 | 93.533 | | | | | | |
| 15 | .270 | 1.286 | 94.819 | | | | | | |
| 16 | .250 | 1.190 | 96.010 | | | | | | |
| 17 | .243 | 1.159 | 97.168 | | | | | | |
| 18 | .203 | .965 | 98.133 | | | | | | |
| 19 | .162 | .772 | 98.905 | | | | | | |
| 20 | .129 | .614 | 99.519 | | | | | | |
| 21 | .101 | .481 | 100.00 | | | | | | |

The rotated component matrix gives the factor loading. Loadings above 0.6 = high and below 0.5 = low. The factor loadings were identified using rotated component matrix. 5 factors organisational culture, working conditions, career growth opportunities, work pressure, trust factors are causing attrition.

**Table 4**

| Working conditions | 3.245 of 15.897% |
|---|---|
| Policies that do not support the employees | 0.832 |
| Gender discrimination | 0.768 |
| Lack of friendly atmosphere | 0.756 |
| More scope in other company | 0.723 |
| Stress in the organization | 0.782 |
| **Career growth** | 3.432 of 15.815% |
| Job monotony | 0.805 |
| Shifts in the work | 0.785 |
| Lack of employee recognition | 0.689 |
| No sense of future direction | 0.679 |
| Employees do not love to work in office | 0.573 |

| **Organization culture** | 3.835 of 18.613% |
|---|---|
| Lesser scope for career growth | 0.789 |
| No incentives to employee | 0.768 |
| Skill development opportunities are less | 0.768 |
| Not promoting respect and fair treatment | 0.685 |
| No regular staff meetings | 0.589 |
| **Trust factors** | 1.530 of 7.345% |
| Employees unable to trust managers | 0.876 |
| Employee cannot be trusted by others | 0.534 |
| **Work pressure** | 1.975 of 9.443% |
| Stress due to work pressure | 0.834 |
| Leader and staff communication is not effective | 0.534 |

**FINDINGS OF THE STUDY:**

This paper help us to find various factors that lead to the attrition of employees. The survey shows different reasons and factors for attrition in IT sector such as high levels of stress because of work pressure which force people to leave their jobs. The work pressure can be reduced by organising social gatherings, cultural activities related to hobbies of employees and creating congenial environment. Lack of trust of employees towards their leaders leads to low motivation levels and lead to attrition. Motivational seminars should be conducted in specified time periods. The results showed that lack of recognition for their work and lack of future growth is one of the reason for attrition. Fair treatment and respect of employee are taken into stake, which thereby lead to no promising services from the side of employees. Gender inequality in the organisation also contributes to attrition. The policies that does not support the staff gradually leads to difficulties in getting the work done as expected and retention of employees. Routine desk job leads to boredom and sluggish in the development of the skills, No self-exploration and growth makes them to leave the job and look for others where they can grow as per interest and develop their skills.

**SUGGESTIONS:**

- Yoga, meditation and physical games should be promoted in break sessions uch activities provide relief from stress.
- Leaders must build trust among employees.
- Proper recognition for retention of employees.
- Employees should be treated fairly with due respect.
- Avoid gender discrimination.
- Career growth and opportunities for skill development of the employee are to be provided.

**CONCLUSION:**

The learning from this paper with a sample of 100 employees to the affirmation of attrition in Wipro Company which is one of the challenging issues. Employees can be retained  Providing the stress busters, deserved recognition and growth opportunities and  work place that improve their skills and growth which balance with the job of the employee and organizational goals helps in retaining the employee and decrease the rate of attrition.

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