



Received: 11-06-2023
Accepted: 21-07-2023

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Employee Attrition in IT- Industry: A Study

¹ Deepthi Poreddy, ² M Sambaiah

¹ Research Scholar, Department of Commerce and Business Management Chaitanya (Deemed to be University)
Hanamkonda, Telangana, India

² Research Supervisor, Department of Commerce and Business Management Chaitanya (Deemed to be University)
Hanamkonda, Telangana, India

Corresponding Author: **Deepthi Poreddy**

Abstract

The world today is experiencing the era of “Big Quit” or the Great Resignation. This trend has clutched India as well, the top IT companies are witnessing mass employee exodus over past few years. The aim of the study is to find the evolution of IT and causes of employee attrition and also minimising the rate of attrition in one of the top most multinational company Infosys at Hyderabad region in India. Employee attrition will have a significant impact on organisations strengths and weaknesses. Organisations also

face a difficulty in retaining skilled talented employees and create a vacant position. It has been noticed that there are many reasons for attrition like increasing number of opportunities with high pay, career advancement and other personal reasons. This study examines types of attrition, causes for maximising the attrition rate and suggestions for minimising the attrition rate. Secondary data is used for this study.

Keywords: Attrition, Employees, Causes, Industry

1. Introduction

Employee attrition is the departure of employees from the organisation for any reason voluntarily or involuntarily, including resignation, retirement, termination and even death. Employee attrition is a natural process of gradual reduction of employees through various reasons like resignation, retirement, and other reasons like lack of professional growth, career advancement, hostile work environment, declining confidence in company’s market value, weak leadership and some personal issues. Employee attrition refers to gradual but deliberate reduction in staff members that occurs as employees leave accompany and are not replaced. Attrition is an inevitable part of any business which comes in a time when employee wants to leave the organisation for either personal or professional reasons. Some forms of attrition cannot be avoidable like if any employee is retiring or moving to another city, state or country. Employee attrition occurs when the size of the workforce faster than they are hired, and it is often outside the employers control.

There are various factors which affect the employee attrition like:

- Personal motivation.
- Professional motivation.
- Workplace challenges.
- Poor employee to job fit.

2. Review of Literature

Dr. G. Hemalatha, Rashimalalu Swati Vinod (2022) ^[6] in their article titled” A study on employee attrition in IT sector, Hyderabad” highlighted impact of high attrition rate on organisation in increasing cost of recruitment and training and also some initiatives taken bt IT companies in recent years to control employee attrition.

Sonal Gupta and Sukhvir singh (2021) in their study titled “Employee attrition and retention strategies: a comparative study of leading IT companies examined various trends of attrition and present human resource strategies and initiatives in leading IT companies and also underlined the causes of attrition.

Dr. M Ganeshan (2020) ^[2] in his study titled “Impact of Human resource management practices on employees intention to leave organisation” described the affect of employee attrition on financial status, and various factors influencing employees to take decisions.

Kishori singh, Reetu singh (2019) ^[5] in their research article described various causes of attrition from different dimensions and various roles of leadership styles in controlling attrition has been undertaken.

Dr. K. Malar Mathi & Mrs. G. Malathi (2019) in their study titled “Analysing the causes of attrition in IT industries-Opinion of employee and employer” described that attrition can be reduced by simply gaining commitment and dedication from employees and also suggested that companies can decide on the proper solutions based on analyses and attainment of employee loyalty.

James M.j and Faisal (2013) ^[3] in their study “Empirical study on addressing high employee attrition in BPO industry focussing on employee salary and other factors in Karnataka and Kerala states of India” described that employee salary is the major factor affecting high attrition rate in BPO companies.

Choi sang long, Panniriky Perumal, Musibau akintunde Ajagbe (2012) ^[1] in their research article “The impact of human resource management practices on employee turnover intention: a conceptual model” described specific challenges of HRM practices and also dependent variables of turnover intention by employees and provide what management need to know and expect various avenues available for the future consideration.

3. Need for the Study

The purpose of the study is to identify various causes of employee attrition, as many organisations cost significant amount of money to replace employees. Many studies have been done on attrition, however no reasons were found behind the increase of attrition rate in IT industry.

4. Objectives of the Study

1. To overview the evolution of IT industry in India.
2. To study the concept of attrition and types of attrition.
3. To identify the causes and rate of employee attrition in Infosys.

5. Evolution of IT Industry in India

Indian IT industry was initiated in Mumbai in the year 1967 with the establishment of Tata Consultancy Services who was taken partnership with US clients Burroughs corporation which began India's export of IT industries. The first software export zone, SEEPZ- The precursor to the modern IT Park was established in the year 1973 in Mumbai. More than 80 percent of country's software exports were from SEEPZ in 1980s. Within 90 days of establishment, the Task Force produced an extensive background report on the state of technology in India and the IT action plan with 108 recommendations. The Task Force could act quickly because of built upon the experience and frustrations of state governments, central government agencies, universities, and the software industry. Much of what is proposed was also consistent with the thinking and recommendations of international bodies like World Trade Organisation (WTO), International Telecommunication Union (ITU), and World Bank. The growth of IT companies like Wipro and Infosys in 1966 and 1980 made revolution in IT industry in India with abundance of trained manpower and by attracting talented and competitive businesses by cashing in Y2K and the dot.com boom to be recognised globally for delivering software services. The IT industry in India

comprises of Information Technology Services, Consulting and Outsourcing. IT industry is defined as the design, development and management of computer based information systems. The Information Technology Industry in India has become the most popular industries in the world economic growth and competitiveness characterised by Economies of scale and limitless demand.

5.1 IT Industry in Telangana

The IT industry in Telangana was first initiated in Hyderabad was started in the year 1987 by Satyam Computer services Ltd by brothers Rama Raju and Rama Linga Raju, during the period of Rajiv Gandhi as Prime minister with a intention of giving Hyderabad a start in Information Technology and Exports, the project was started by APIIC during the tenure of Netherumalli Janardhan Reddy as Chief Minister of Andhra Pradesh along with the participation of various companies like L&T, Raheja corporation, Ascendas IT park, Vandenberg corporation, Peepul Capital, Divyasree Infrastructure, Lanco hills technology Park. Later chief ministers of Andhra Pradesh initiated different developmental activities in Hyderabad IT industry naming The Hyderabad information Technology and Engineering, Health informatics and Bioinformatics business (HITEC CITY). Telangana has a momentous amount of software export in India, and majority are determined in Hyderabad with largest technology giants like Google, Apple, Face book, Microsoft. The number of start-ups in Telangana has raised 200 in 2016 to 2000 in 2022. The IT exports in Telangana stands in second position in India at Rs.183,569 crore in FY2021-22. Telangana exports also contribute to 11% of India's total exports.

5.2 IT Industry in Hyderabad

Hyderabad is a capital city of Telangana with different cultures and mixed traditions started transforming into cyber-city with India's popular IT and ITES hubs. Hyderabad is the fourth largest popular city in India with a population of 7 million residents within city and 10 million residing in the entire region. IT industry in Hyderabad was started after the establishment of Satyam computer services ltd in the year 1987. Present Hyderabad is with largest technology giants like TCS, Google, Apple, Facebook, Microsoft, Infosys and Wipro. In Hyderabad the central region of business is in Financial District, HITEC city, Madhapur suburb, Kokapet sez and Salarpuria sattva knowledge city. Hyderabad IT industry employed 7, 78,121 employees as of 2022 with more than 1500 companies. Hyderabad stands second place in IT exports in FY 2021-22. The Hyderabad IT industry has tremendous change with the initiated a special economic zone called Hyderabad information Technology and Engineering, Health informatics and Bioinformatics business (HITEC CITY) by the chief minister N. Chandrababu Naidu along with Larsen and Tourbro Limited through its special purpose vehicle, L&T Info city Ltd and erstwhile Andhra Pradesh Industrial Infrastructure corporation with 300 acres of land. It has given the opportunity for small and medium enterprises starting from 2500 sq ft onwards. After Bangalore, Hyderabad is the fastest growing metropolitan city and stands second place in Information Technology, BPO s, and Pharmaceutical industries.

6. Concept of Attrition

A fresh wave of changes in employee and employer attitudes has been brought about by the rapid globalisation and rise of the IT sector, fundamentally changing their relationship. The stability of tenure, which was formerly a highly valued quality among employees and steadfastly recognised by enterprises, is now a thing of the past. Today's workers don't stay with companies for very long; instead, they move fast up the corporate ladder in quest of the fulfilment and progress they desire. Employees nowadays are determined enough to leave jobs, creating a new attrition culture, in contrast to the past when they were reluctant to resign even a frustrating job despite an unfulfilling career for fear of the consequences. Today's employees don't stay with one company for very long; instead, they actively hunt for other employment opportunities to further their careers and meet their personal goals.

6.1 Definition of Employee Attrition

Employee attrition is defined as the natural process by which employees leave the workforce through resignation for personal reasons or retirement and are not immediately replaced.

The term attrition refers to the phenomenon of voluntary resignation or exit of employees from the organisation. Attrition also refers to decrease in the number of employees caused by leaving the organisation and are not replaced. Turnover is the term traditionally used in research to describe about employee separations from the organisation. Turnover explain the movement of individuals hiring and separations over a particular period.

6.2 Measurement of Attrition

Attrition is measured based on how many employees left the organisation compared to the average number of employees employed in that year. The rate of attrition is calculated as the ratio of the number of employees who have left during the year to the average number of employees in the organisation during the same year. Some researchers viewed employee attrition by calculating the number of employees left during the year by the total number of employees and multiplying it with 100. Attrition rate for employees for external bench marks is calculated by the following formula.

$$\text{Employee Attrition} = \frac{\text{Number of employee separations in the year}}{\text{Average number of employees in the year}} \times 100$$

6.3 Types of Employee Attrition

There are five types of employee attrition:

1. **Voluntary attrition:** Voluntary attrition takes place when employee leaves the organisation on his own will. Pull factors like higher emoluments, better opportunities for growth and promotion are responsible for this kind of attrition.
2. **Involuntary attrition:** Involuntary attrition takes place when the employees leave the organisations due to some negative forces or push factors like faulty promotion policy, biased performance appraisal etc.
3. **Compulsory attrition:** It takes place due to the rules and regulations of the government and that of the organisation as well. It includes attrition taking place due to attaining the age of retirement, completion of tenure etc.

4. **Natural attrition:** It takes place due to the causes and factors that are beyond the control of the individual and organisation. These factors include end of the life, insanity etc.

7. Employee Attrition in Infosys

Infosys is an Indian multinational information technology company that provides consulting information technology and outsourcing services. The company was founded in Pune and is headquartered in Bangalore. Infosys is the second largest Indian IT company after TCS by 2020 revenue figures and 60th largest public company in the world, according to Forbes global 2000 ranking. The company changed its name to Infosys technologies private limited in April 1992 and Infosys technologies limited when be company came a public limited in June 1992 and renamed as Infosys Limited in June 2011. Infosys has recorded the highest attrition rate of 27.7 percent till March 2022. The COVID-19 pandemic is being seen as the biggest factor being higher attrition rates. Despite of the crisis Infosys reported a 12 percent increase in the net profit.

8. Causes of Employee Attrition

There are two different types which cause the increase in employee attrition they are:

1. **Internal Causes:** These causes are pertaining to the internal environment of an organisation. Therefore, they are controllable.
 - a. **Salary:** Insufficient salary, delay in payment, no or delayed increment, wage compression.
 - b. **Promotion:** Biased promotion or delayed promotion.
 - c. **Transfer:** Forceful promotion, transfer to a placed employee is not willing to go.
 - d. **Workplace Infrastructure and amenities:** lack of hygiene, lack of basic facilities like water, canteen, etc.
 - e. **Task:** Monotony of task, labour mismatch, team issues, lesser job autonomy.
 - f. **Instability in leadership:** Leading to confusion related to direction and commands which generate frustration among the workforce.
 - g. **Lack of flexibility:** lack of flexibility in timing, choice of task and introduction of new technology and employee's incompetency to learn and understanding.
 - h. **Lack of job security:** Fear of being expelled, retrenched or terminated, faulty performance appraisal, underestimation of performance, power distance and politics, communication gap between management and workforce.
2. **External Causes:** There are various external causes which are beyond the control of an organisation as they belong to the external environment. These causes may be related to better pay, chances of promotion, better perks and more fringe benefits in other organisations.
3. **Individual/ Personal Causes:** Personal causes like end of life, marriage, pregnancy, shift of family, mental imbalance, over sensitivity, wish to go abroad, attrition of the group members, education.

9. Conclusions

Attrition is inevitable, it will always prevail, it can only be minimised. Intrinsic factors are equally and sometimes more important than extrinsic factors while controlling attrition, effective leadership to a great extent may be helpful to

control attrition, attrition does not always have a negative impact on the organisation. If there are growth opportunities employers will themselves convey the same and their silence means there is no scope of growth in the organisation. IT industry is very fast-growing sector but facing a big challenge of high attrition rate because of various causes that could adversely affect the attrition of employees and are not easy to manage due to rustling of staff.

10. References

1. Choi sang long, Panniruky Perumal, Masibau Akintundle Ajabe. HRM practices on employees turnover intention: A conceptual model. 2012; 4(2):629-638.
2. M Ganeshan. Impact of human resource management practices on employee intention to leave organisation. 2020; 11(4):970- 978.
3. James MJ, Faisal U. Empirical study on addressing employee high attrition rate in BPO industry. 2013; 2:7-13.
4. Malar Mati'hi K, Malathi G. Analysing the causes of attrition in IT industries-opinion of employee and employer. 2022; 1(4):1-20.
5. Kishori singh, Reetu singh. A study on employee attrition: Effects and causes. 2019; 2(8).
6. Hemalatha G, Swathi Vinod R. A study on employee attrition in IT sector, Hyderabad. 2022 8(8):69-74.
7. [www. Infosys.com](http://www.infosys.com)