A STUDY ON EMPLOYEE ATTRITON: WITH SPECIAL

REFERENCE TO KERALA IT INDUSTRY

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ABSTRACT

In India, IT sector has developed valuable trademark equity for itself in the global markets and offers a variety of services, products and technologies. Information technology industry in India includes IT services and software industry, BPO (Business Process Outsourcing) and ITES (Information Technology Enabled Services). The aim of this study was to identify the key organizational factors contributing to the attrition of IT employees in Kerala. This study was based on both primary and secondary data. In this study, data from 381 IT employees were used. Regression analyses were used to examine the factors that affect the attrition of IT workers. The regression analysis shows that, the organizational factors such as Organizational Commitment, Work Environment and Work Place Stress are the significant factors affecting the attrition of IT industry.

KEYWORDS: Attrition, IT Employees, Organizational Factors

INTRODUCTION

Human resources are most vital assets of an organization and it refers to the individuals within the organization who make a valuable contribution to management system. Hence managing human resources is a part of the general management and is important to the success of all types of organizations. The high attrition rate is one of the important HR challenges which most organizations face today.

Attrition may be defined as gradual reduction in membership or personnel through retirement, resignation or death (Brijesh Kishore Goswami and Sushmita Jha, 2012). In a human resource context, it refers to the percentage of employees leaving the organization for whatever reasons (Jack j Phillips, 2008). Employee's personal factors, organizational factors, work related factors and their financial conditions determine whether an employee will leave the organization.

Organizational Factors and Attrition

IT employee's attrition is influenced by several key factors that are internal to an organization. These factors are Organizational Commitment, Work Environment, and Work Place Stress (Amir Hossein Ghapanchi and Aybuke Aurum, 2010).

Figure 1: Organizational Factors and Attrition

In IT organizations, employee's attrition creates different kinds of problems. When IT professionals leave an organization, the professionals themselves take specialized skill, knowledge and understanding of particular business operations and information systems with them (Hy Sockel and Brenda Mak, 2004). Hence, for replacing a skilled IT employee, the IT organization has to pay out more money on employee's annual salary, which includes direct recruiting cost and training costs. High rates of employee turnover can lead to lower worker productivity. IT professionals who have more experience in a certain company will be more aware of the organizational policies, goals and how to perform their roles in the company

REVIEW OF LITERATURE

Organizational Commitment

Organizational commitment is recognized as a key organizational factor which is related to the turnover of ITprofessionals (Blau and Boal, 1989), because it measures the degree to which an employee identifies with, connects to, and supports the organization. Organizational commitment is defined as the degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization (Stephen P. Robbins, 1999). Sohrab Ahmad et al (2010) also identified that the organizational commitment has significant impact on turnover intentions of IT professionals. Hence, employees with lower levels of commitment are less satisfied with their job and likely to leave the organization. The higher levels of commitment often correlate with high levels of productivity and performance.

Work Environment

One of the main turnover factors within the work place is working environment. Workplace environment highly influences employee satisfaction which in effect directly affects the turnover intention of employees. (Rana et al, 2009). Hence, if the IT employees perceive the work environment is less secure, they are more likely to be unhappy and leave the organization. Employees who work in unsuitable work environment are often frustrated. Thus working in poor work place conditions may lead to reduced productivity and the loss of skilled workers.

Work Place Stress

Job stress has been a much and widely talked about phenomenon in the IT industry. Job stress is a dynamic condition in which an individual is confronted with an opportunity, constraint or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important (Stephen P., Robbins, 1999). The nature of job of the IT professionals are extremely time-bound, client-oriented and technology concentrated. The trends in turn, coupled with many factors, contribute towards stress. These factors are role overload, technical constraints, long working hours,

and work overload. Some of the symptoms of work place stress may include depression, anxiety, fatigue; absenteeism.Studies found that there is a positive relationship between work stress and turnover intention (Muhammad Imran Qureshi *et al*, 2013; Chathurani and Sangarandenya, 2008). Firth et al (2007) also found that job related stress make employees to quit the organization.

OBJECTIVE OF THE STUDY

To identify the key organizational factors contributing to the attrition of IT employees in Kerala.

RESEARCH HYPOTHESIS

Ho: There is no significant relationship between IT employee's attrition and organizational factors

RESEARCH METHODLOGY

Table 1: Research Methodology

Research Type	Descriptive & Exploratory
Data	Primary data & Secondary data
Data Collection	Through Questionnaire
Location of Study	IT Park, Kerala
Sample Size	381
Data analysis Methods used in the study	Descriptive Statistics, Regression Analysis.
Scaling Method	Likert Scale "Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, Strongly Disagree=1"

Sucre: Author generated table.

ANALYSIS AND RESULTS

Demographic Profile of the Respondents

Table 2: Demographic Profile

Attributes	Category	% of Respondents
Gender	Male	60.4
	Female	39.6
Age	20 - 24 Years	37
	25 - 29 Years	34.60
	30 - 34 Years	17.30
	35 - 39 Years	3.9
	> = 40Years	7.10
Designation	Software Development Managers	3.10
	Software Developers	13.60
	System Analyst	13.90
	System Administrator	15
	Web Designer	9.4
	Project Leader	6.8
	Project Trainees	7.6
	Programmers	22.8
	Technical Assistant	8
Experience	1- 5 years	57.20
	5 - 10 Years	27.30

	10 - 15 Years	10.50
	15 - 20 Years	5

Source: Primary Data

Mean Scores

Table 3: Overall Mean Scores of Organizational Factors

Variables	N	Mean	SD
Organizational Commitment	381	3.385	.896
Work Environment	381	3.511	.933
Work Place Stress	381	3.625	.934

Source: Primary Data

Table 3, highlights the overall mean and standard deviation values of organizational factors. Out of three organizational factors, work place stress shows the highest mean value (mean = 3.625, SD =.934) followed by work environment (mean = 3.511, SD =.933) and organizational commitment (mean = 3.385, SD =.896).

Regression Analysis

To find out the organizational determinants of attrition, regression method was used. In the regression analysis, the dependent variable was attrition and the independent variables were organizational commitment, work environment and work place stress.

Table 4: Regression Model Summary: Organizational factors on Attrition

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637[a]	.406	.402	.52769
a. Predictors: (Constant), Work Place Stress, Work Environment, Organizational Commitment				

Source: Primary Data/SPSS output

From the regression model summary table (Table 4), the R square value is.406 and adjusted R - square value is.402. The R - square value of 0.406 indicating that the three given organizational determinant variables explain about 40.6 % of the variance in attrition.

Table 5: ANOVA (Organizational Factors and Attrition)

ANOVA[s]					
Model		Sum of Squares	DF	Mean Square	F	Sig.
	Regression	71.862	3	23.954	86.023	.000[a]
	Residual	104.979	377	.278		
	Total	176.841	380			
a. Predictors: (Constant), Work Place Stress, Work Environment, Organizational Commitment					
b. Dependent Variable: Attrition					

Source: Primary Data/SPSS output

The ANOVA table (Table - 4) implies that the F – statistics (86.023) is large and the corresponding p - value is =.000 which is less than 0.05. Therefore null hypothesis reject and alternative hypothesis will accept. Found was *there is*

significant relationship between IT professionals attrition and organizational factors

Table 6: Regression Coefficient: Organizational Factors on Attrition

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
(Constant)	1.517	.222		6.844	.000		
Organizational Commitment	-.233	.092	-.144	- 2.522	.012	.480	2.084
Work Environment	-.019	.060	-.017	-.321	.049	.536	1.865
Work Place Stress	.824	.056	.714	14.622	.000	.660	1.516
a. Dependent Variable: Attrition							

Source: *Primary Data/SPSS output*

As depicted in the coefficient table (Table 6) the estimates of the regression model coefficients for $\beta0$ is 1.517, $\beta1$ is - 0.233, $\beta2$ is - 0.019 and $\beta3$ is 0.056. Therefore, the estimated regression model is;

Y (A) = 1.517+ - 0.233 (X1) + - 0.019 (X2) + 0.824 (X3) +E

Where A = Attrition

X1 = Organizational Commitment

X2 = Work Environment

X3 = Work Place Stress

From the table regression coefficient for organizational commitment is -.233, which implies that one unit variation (increase) in organizational commitment results in -.233 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is - 2.522 and significant at.000, shows that organizational commitment had negative impact on attrition.

The regression coefficient for work environment is -.019, which implies that one unit variation (increase) in work environment results in -.019 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is -.321 and significant at.000, shows that work environment had negative impact on attrition.

The table regression coefficient for work place stress is.824, which implies that one unit variation (increase) in work place stress results in.824 unit variations (increase) in turnover intention level if other variables independent are kept constant. The t value is 14.622 and significant at.000, shows that stress had positive impact on attrition.

The result also shows that all the three organizational variables are significant to predict the turnover intention of IT employees.

Based on coefficients table, (Table 6), VIF statistics are less than 5 and none of tolerance value less than 0.2**.**This indicated that there is no serious multicollinearity problem among the determinants variables of the regression model. Hence it is reasonable to say that the estimated regression model is valid.

FINDINGS AND SUGGESTIONS

The objective of the study fulfilled with the help of regression analysis. The result of the regression analysis indicated that the organizational determinant variables like organizational commitment, work environment and work place stress are significantly related to attrition of IT professionals.

Figure 2: Regression Model for Organizational Factors and Attrition
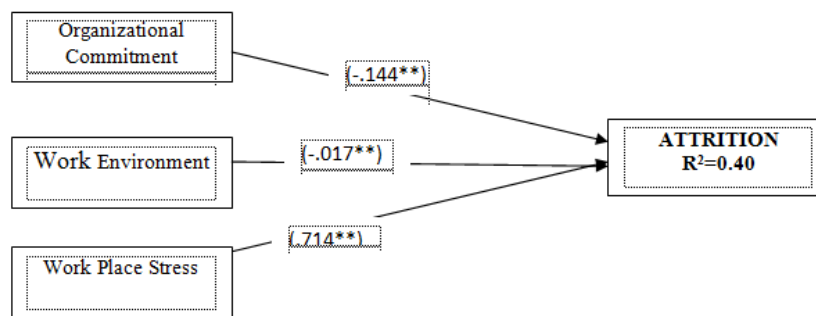
*** Significant at 0.01 level*

***Source:** Primary data/Author generated Significant at 0.01 levels*

From the regression model, it can be seen that the most important organizational determinant of attrition is work place stress (beta=.714) followed by organizational commitment (beta=.-.144) and work environment (beta= -.017)

From the regression analysis, the most significant organizational predictor of employee attrition in Kerala IT industry is work place stress. In IT organizations, work place stress can lead to problems for the individual and the overall working atmosphere. The physical consequences of work place stress are high blood pressure and high level of cholesterol and can result in heart disease, ulcers and arthritis. The psychological consequences of high level of stress are anger, anxiety, depression, nervousness and tension. The outcomes of this psychological stress in turn, leading to lowering self esteem, resentment of supervision, inability to concentrate and make decision and job dissatisfaction. The work place stress also adversely affects the employee behaviour which include under eating or overeating, sleeplessness, increased smoking and drinking. From the study, it was found that the IT professionals in Kerala perceive relatively high level of work stress. Therefore, the IT organization in Kerala should adopt strategies for reducing stress in the work place.

Organizational commitment is another significant organizational predictor (beta= -.144) of IT employee's attrition. An employee who is committed to the organization has values and beliefs that match the organization, a willingness to exert and work for the organization and desire to stay with the organization. Also workers with low level of commitment are less satisfied with their work and are more likely to leave the organization. Organizational commitment is closely related to motivation. IT workers who are intrinsically motivated are more likely to report a higher level of the affective organizational commitment to the organization (Jason Bennett Thatcher et al, 2006). This leads to lower turnover. It was reported that employees who had been working in Kerala IT industry perceive relatively low level of commitment. Thus, the better way to increase the organizational commitment is employee motivation.

Another important organizational predictor is work environment (beta= -.017). A positive work environment is important for IT employees. Working environment include the physical work conditions like resources offered for the

workers to do his/her job, the facilities available, comfort and safety.

Although, the regression model for organizational factors explained 40.6% variance in IT employee's attrition, it is important to note down that 59.8% of variance remain unexplained. It indicated that there are some other predictors of IT employees' turnover intention. These organizational factors may include organizational culture, company size and human resource practices.

Based on the findings of the present study some recommendations can be suggested for HR managers. The past studies indicate that managers have the greatest impact on employee retention. Therefore this study used by HR managers is a frame for examining the most important retention factors to retain their skilled employees.

- Fair compensation/pay plays a vital role in attracting and retaining skilled IT employees because talented employees generally demand higher wages. Hence Organizations should carry out periodical compensation surveys and should ensure that their compensation policies help in retaining and motivating for higher performance.

- Ensure a very positive work environment-If at all possible make sure that the working environment of employees' work place is clean, bright and attractive. Also work place is required to have the best equipment, devices and machinery. Some of these include; lap tops, tablet computers, Bluetooth and latest software.

- To build organizational commitment, HR managers should be care about policy making, career management.

- In order to reduce work place stress of IT professionals;

    - Organizations should conduct Counselling programs,

    - Ensure that workloads are in line with workers' capabilities and resources

    - Conduct stress management workshops

    - Having fun at work and Outing and Celebrations.

CONCLUSIONS

The research examined the relationship between organizational factors and attrition of IT professional's. The result can conclude that the organizational factors played significant role in predicting the variance in turnover intention (attrition) of Kerala IT professionals. Therefore the HR mangers in IT organizations may take into consideration the problems with organizational factors of their workers to reduce the turnover intention of the skilled employees.

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