

ANTECEDENTS TO EMPLOYEE ATTRITION AND ITS IMPACT ON ORGANIZATIONAL PRODUCTIVITY OF I.T. ORGANIZATIONS IN TAMIL NADU

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Abstract

Employee attrition has long been regarded as a crucial human resource management (HRM) factor that detrimentally influences the growth and development of organisations. Management of organizations face significant difficulties in performing critical tasks due to the attrition of their employees. Employee attrition is a universal anomaly affecting all industries, and almost all employers face this issue today. Attrition has a negative impact on the organization's Production Process, Profits, Growth, and Reputation, as well as causes process delays and a smaller order book. In organisational culture studies, the necessity of recognising the fundamental causes of attrition and controlling the circumstances leading employees to leave an organization by conducting a careful and in-depth examination has assumed great significance. In the current climate of intense competition, retaining employees has become the greatest challenge for businesses. Frequently, job satisfaction refers to workers' contentment with their jobs, their favourability toward their jobs, or specific aspects or facets of their jobs. Past research has demonstrated that job satisfaction has a substantial effect on employee attrition. Organizational commitment is a measurement of an employee's attachment to the organisation. Research indicates an association between organisational commitment and job-related behaviours such as work attrition, job satisfaction, intention to leave, behavioural changes, work motivation, work performance, etc. This study investigates the effect of factors such as organisational commitment and job satisfaction on employee attrition. The study hypothesises that organisational commitment and job satisfaction have a direct influence on the antecedents of employee attrition in Information Technology (I.T.) sector, which has a negative effect on the organization's sustainable productivity. The study employed descriptive research methodology and employed a quantitative survey instrument developed by the author to collect data from employees. The study included 1040 I.T. employees in the Chennai Region of Tamil Nadu. The research employed a stratified random sampling technique to carefully select employees for the study. Seven factors were identified in the study as antecedents to employee attrition in I.T. sector. The Job Satisfaction Scale created by Dubey, Maini, and Uppal (1989) has been utilised to measure employee Job Satisfaction. Similarly, "Three Component Model of Commitment" (Allen & Meyer 1993) was used to measure employee organisational commitment. Using a 13-item questionnaire developed by the author, the effect of attrition on organisational sustainability was measured. The study found that the top factors influencing employee attrition in the I.T. sector were job stress, personal factors, leadership and management, and reward and compensation. Job satisfaction

and organisational commitment were positively correlated with employee attrition's causes. Lastly, the causes of employee attrition had a substantial effect on the organisational sustainability. Realistically, employee attrition cannot be completely eradicated; however, attrition rates can be reduced to acceptable levels through interventions, counselling, and training.

Keywords: Attrition, Turnover, Commitment, Satisfaction, Organizational Productivity

1. INTRODUCTION

Human resources are frequently described as an organization's most important asset (Coulson-Thomas, 1993). Human resources are the collective knowledge, innovation, leadership, entrepreneurialism, and management skills possessed by an organization's employees. It is a vital organizational asset, and how it is utilised affects the overall performance of businesses. Every organisation consists of individuals. Acquiring their services, enhancing their abilities, empowering and motivating them to achieve higher performance levels, and guaranteeing that they sustain their organizational commitment are crucial to achieving organisational goals.

Businesses across the world tend to place a high value on retaining skilled and productive employees (Anderson, 2005). The performance of employees affects the quality of customer service (Taylor and Bain, 2003). In an organization with high employee turnover, results in monetary loss would be high due to recruitment expenses and decreased productivity during the time it takes for new employees to complete the learning curve (Atchley, 1996). Regionally or nationally high attrition rates also contribute to wage inflation, as compensation levels spiral upwards in an effort to retain existing employees and recruit new ones (Economist Intelligence Unit (EIU), 2007).

2. BACKGROUND

Attrition refers to the reduction of employees within an organisation (David et al. 2015). It occurs due to the employee's retirement, resignation, or death. There are a variety of reasons why an employee may leave an organisation, such as obtaining a higher position at another company, desiring a change in profession, pursuing further education, etc. (David et al. 2015). Attrition can result in a substantial setback for an organisation. It takes a considerable amount of time, effort, and resources to train and develop an employee so that they can work effectively and efficiently for a particular organisation. If employees leave their jobs, the company suffers a significant loss because it must then train another employee using all the same resources.

Therefore, attrition is extremely harmful (David et al. 2015).Attrition can result in a substantial setbacks for an organisation. It takes a considerable amount of time, effort, and resources to train and develop an employee so that they can work effectively and efficiently for a particular organisation. If employees leave their jobs, the company suffers a significant loss because it must then train another employee using all the same resources. Therefore, attrition is extremely harmful for the growth and productivity of an organization.

Dhal and Nayak (2015) have investigated how high attrition rates result in a chronic cycle. They concluded that attrition has negative impact on the company's ability to operate in a competitive environment. According to the research of Raja and Kumar (2016), the tangible costs of employee turnover include recruitment, hiring, selection, and training expenses.

The study also demonstrated that managing time, service efficiency, quality, and service-related issues will incur additional training costs, and until the replacement of the right employee, the cost of his position and knowledge will be a burden on the organisation. Sunanda (2017) concluded in her study that a firm's organisational climate must be positive, with a conducive work environment, less pressure, good leadership, and increased career opportunities in order to reduce employee turnover.

She went on to say that a positive attitude will be fostered by good career opportunities, thereby assisting organisations in retaining their employees. Rajasekhar and Prasad (2018) have found that employee attrition is a common occurrence, as evidenced by the conclusion of a study indicating that employees are more likely to leave their jobs if they have access to more lucrative opportunities, such as higher pay and better educational opportunities. In a study with 624 software professionals in the Chennai, Prasad and Suresh (2020) found that employee attrition has negative impact on project delivery and productivity of the organization.

3. ATTRITION IN I.T. SECTOR IN INDIA

As the Covid-19 clouds dissipate, a few market experts estimate that the Indian IT industry has been dealing with an average attrition rate of approximately 25% in recent years (Singh, 2022). In the last quarter of fiscal year 2022, the majority of Indian IT service providers reported an employee turnover rate of over 20%. During the March quarter of FY22, Infosys reported an attrition rate of close to 28 percent, while Wipro reported an attrition rate of 23.8 percent (Mohaptra, 2022). It exceeded 20 percent for the majority of mid-tier IT service providers.

4. OBJECTIVES OF THE STUDY

The main objectives of the study are given below:

- To identify, analyse and evaluate the factors that influences the attrition of employees in I.T. sector.
- To analyse the impact of job satisfaction and organizational commitment on the factors influencing attrition of employees in I.T. sector.
- To study the impact of employee absenteeism on organizational productivity in in I.T. sector.

5. HYPOTHESIS

H1: Job satisfaction significantly impacts attrition of employees in I.T. sector.

H2: Organizational commitment significantly impacts attrition of employees in I.T. Sector.

H3: Organizational productivity is impacted by attrition of employees in I.T. sector.

H04: There is no significant differences in the mean rating among different categories of demographic variables like gender, age, marital status, education and experience on the factors influencing employee attrition in I.T. sector.

6. RESEARCH DESIGN AND METHODOLOGY

This study employs a descriptive research design based on both primary and secondary data. The population of the study is comprised of employees of information and technology (I.T.) sector organisations in the state of Tamilnadu, India. The respondents of the study included I.T. employees with designation ranging from Software Analyst, Software Developer, Software Engineer, Team Lead, Project Manager, etc. The study used simple random technique in sampling design.

The survey instrument consisted of three major scales namely Factors Influencing Job Attrition, Satisfaction with Job, Commitment to Organization and Organizational Productivity. A 24 items questionnaire designed by the author was used to measure the Factors Influencing Attrition of Employees. Job satisfaction was measured using the 20 items scale developed by Dubey, Maini and Uppal (1989). The organizational commitment was measured using 18 item scale developed by Allen and Meyer (1993). All the items in the scale were measured using Likert Scale with values ranged from 1 to 5 which were codes as 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree.

Prior to the main study, a pilot study was conducted with a representative sample of 50 respondents. The reliability and validity of the survey instrument was ensured by conducting Split-Scale test and exploratory factor analysis (EFA) respectively. Final data were collected from all the respondents by contacting them over online mediums as well as personal meetings.

1200 questionnaires were sent to respondents working across different I.T. companies in the Chennai Region, Tamilnadu. Nonetheless, only 1040 questionnaires were considered for the final analysis after filtering the unfilled and partially filled questionnaires by respondents. Therefore, the response rate was 86.6%.

Table 1: Demographic characteristics of respondents (N=1040)

Variable	Category	Frequency	Percent
Gender	Female	538	51.70
	Male	502	48.30
Age	Below 25 years	388	37.30
	26 – 35 years	506	48.70
	Above 35 years	146	14.00
Education	Graduate	936	90.00
	Post Graduates	104	10.00
Experience	Below 1 year	122	11.70
	1-5 Years	606	58.30
	6-10 years	228	21.90
	Above 10 years	84	8.10
Marital Status	Unmarried	492	47.30
	Married	548	52.70

With respect to gender profile of the respondents of the study, 51.70% were Female and 48.30% were Male. 37.30% of respondents were below 25 years of age and 48.70% were aged between 26 years and 35 years. Only 14.00% of respondents were from age of above 35 years. 90.00% of the respondents hold graduate degree. Majority of the respondents of the study have experience between 1-5 Years (58.30%). 8.10% of respondents have experience above 10 years. 52.70% of the respondents were married and 47.30% were Unmarried.

7. DATA ANALYSIS AND DISCUSSION

The values of the descriptive statistics of the variables of the study are presented in Table 2. The measures included in the analysis were mean, standard deviation, skewness and kurtosis. The Table also shows the results of reliability analysis using reliability coefficient namely Cronbach’s Alpha. The value of Cronbach’s Alpha above 0.6 indicates that the scale is reliable and can be comfortably used for statistical measurements (Hair et al. 2011).

Table 2: Descriptive Statistics and Reliability Analysis

S. No.	Variable	N	M	SD	Skewness	Kurtosis	Cronbach’s Alpha
1	Organizational Policies	4	2.11	0.40	0.06	0.19	0.734
2	Growth Potential	3	3.47	1.04	-1.02	-0.40	0.860
3	Work Environment	5	2.56	0.48	0.41	-0.15	0.735
4	Human Resource Factors	2	2.39	0.92	0.90	-0.02	0.864
5	Trust Factor	5	3.03	0.55	-0.57	-0.62	0.725
6	Compensation	2	2.88	0.63	-0.51	-0.66	0.802
7	Job Stress	3	3.73	0.94	-0.57	-0.57	0.806
8	Factors Influencing Job Attrition	24	2.85	0.51	-0.24	0.41	0.814
9	Satisfaction With Job	17	2.42	0.76	0.34	0.55	0.759
10	Normative Commitment	6	3.13	0.46	-0.03	-1.28	0.851
11	Continuance Commitment (CC)	6	2.78	0.62	-0.14	-1.08	0.815
12	Affective Commitment (AC)	6	2.66	0.55	-0.14	-0.36	0.773
13	Commitment to Organization	16	2.84	0.44	-0.17	-1.11	0.782
14	Organizational Productivity	13	2.53	0.413	-0.536	2.547	0.861

N = Number of Items; M = Mean; SD = Standard Deviation

Among the different variables influencing job attrition, Job Stress (M=3.73, SD=0.94), Growth Potential (M=3.47, SD=1.04) and Trust Factor (M=3.03, SD=0.55) were top rated variables with mean value of above 3. Organizational Policies (M=2.11, SD=0.40) and Human Resource Factors (M=2.39, SD=0.92) were lowest rated variables. Normative Commitment (M=3.13, SD=0.46) was found to be predominantly high among the respondents compared with Continuance Commitment (M=2.78, SD=0.62) and Affective Commitment (M=2.66, SD=0.55). Overall Commitment to Organization was optimal (M=2.84, SD=0.44). Similarly, Satisfaction with Job was mediocre (M=2.42, SD=0.76). The mean rating for Organizational Productivity was little over 2.5 with standard deviation of 0.413.

In addition, the skewness and kurtosis values of all study variables fall within the threshold range of -2 to +2, indicating that the questionnaire meets the normality criteria (Cain et al. 2017).

8. TESTING OF HYPOTHESIS

H1: Job satisfaction significantly impacts attrition of employees in I.T. sector

H2: Organizational commitment significantly impacts attrition of employees in I.T. sector

Pearson Bivariate Correlation Analysis

The level of association between Job Satisfaction, Organizational Commitment, and Factors Influencing Attrition of Employees was determined using Pearson bivariate correlation analysis.

Table 3: Pearson Correlation Bivariate Correlations

Factors	Job Satisfaction	Commitment to Organization	Attrition of Employees
Job Satisfaction	1		
Commitment to Organization	0.168**	1	
Attrition of Employees	0.098*	0.168**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Pearson bivariate correlation analysis (Table 3) was conducted to identify the level of association between Job satisfaction and Attrition of employees in I.T. sector. It can be seen from the Table 3 that there is a significant correlation between Job satisfaction and Attrition of employees in I.T. sector ($r=0.098$) and the level of significance was 0.01. Thus, the hypothesis that “Job satisfaction significantly impacts attrition of employees in I.T. sector” was accepted as the p-value is less than 0.05.

Similarly, Factors Influencing Attrition of employees in I.T. sector and Commitment to Organization are significantly correlated ($r=0.168$). The level of significance was 0.01 level. There is a significant level of positive correlation between Factors Influencing Attrition of employees in I.T. sector and Commitment to Organization ($r=0.168$) and the

level of significance was 0.01. Thus, the hypothesis that “Organizational commitment significantly impacts attrition of employees in I.T. sector” was accepted.

H3: Organizational productivity is impacted by attrition of employees in I.T. sector.

Regression analysis was conducted to measure the quantum of relationship between factors influencing attrition of employees in I.T. sector and organizational productivity. From table 4.23, on the basis of the value of R square, it is understood that 36.0% of variance in the outcome variable can be explained by the independent variable and the value of R Square is significant (Pallant, 2005:153).

Table 4.23: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.60	0.36	0.35	0.330

a. Predictors: (Constant), Factors Influencing attrition of employees

Further, the statistical significance of the model from the ANOVA analysis showed that the reached statistical significance [F= 292.19, $p = 0.000 < 0.05$]. Thus, it is confirmed that the model is valid.

Table 4.24: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	31.920	1	31.920	292.195	.000
Residual	56.587	1038	.109		
Total	88.507	1039			

a. Predictors: (Constant), Factors Influencing Attrition of employees

b. Dependent Variable: Organizational Productivity

The Coefficients results (Table 4.25) show the contribution of the variable “Factors Influencing Attrition of employees” to the outcome “Organizational Productivity”. “Factors Influencing Attrition of employees” has made statistically significant contribution, by accounting for 60.1 per cent of variations on “Organizational Productivity” ($r^2 = .601, p = .000 < .05$).

Table 4.25: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.809	.102		7.931	.000
Factors Influencing Attrition of employees	.605	.035	.601	17.094	.000

a. Dependent Variable: Organizational Productivity

Based on the regression analysis, the hypothesis “Organizational Productivity is impacted by attrition of employees in I.T. sector” was accepted as the p-value is less than 0.05.

H04: There is no significant differences in the mean rating among different categories of demographic variables like gender, age, marital status, education and experience on the factors influencing employee attrition in I.T. sector.

9. CONCLUSIONS

The results of the analysis provide some important managerial implications in terms of the influence of factors influencing attrition on organizational productivity. Similarly, the study established that organizational commitment and job satisfaction impacts attrition of employees. Traditionally, individual level attitudes and behaviour determine the attrition and turnover intentions. However, organizational policies and human resource planning of organizations are also casting significant impact on employee attrition. According to market experts, the key to reducing the attrition rate in the Indian IT sector is to implement measures that are motivated to contribute to the employees' immediate and long-term growth on a fundamental level.

The results of the present study confirm the findings from several previous studies. Consistent with the findings of Gaan (2011) that Job dissatisfaction may lead to employee attrition, this study has also found that if the factors in employee attrition are taken care of, employee satisfaction and their commitment toward organization could be enhanced. The findings of this study that Stress remains as an important contributor to employee attrition is in line with past studies (Ho et al. 2010). They concluded from their study that improper work life balance, poor relations with co-workers, and stress at work are a few important push and pull factors. Considering the impact of employee attrition on organizational productivity, this study suggests establishing employee effective retention straits to benefit both employees and organizations.

10. LIMITATIONS AND FUTURE SCOPE

Due to operational constraints, this research was conducted in a restricted geographical region, namely Chennai. This research was limited to employees of IT firms located in the Chennai region of Tamil Nadu, India. This study relied primarily on primary data collected from the perceptions of different profile factors of I.T. company employees, and the scope of data collection was limited to conceptual model. There is a possibility of bias in perceptions due to geographical and other factors like socio-economic and cultural conditions. The study can be further strengthened by conducting across different verticals of services industry and comparisons can be made with the results of I.T. sector. This work is a part of an ongoing research in which the effect of different demographic variables on attrition factors will be analysed in future studies.

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