

An Employees Attrition and Retention of IT and ITeS sectors in Bangalore – an Investigation

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Abstract

The IT and ITES sectors in India provides nearly 10 percent of GDP and it is the largest employer of technical man power. After the introduction of new economic policy in 1991, the growth of IT and ITES sectors has been extraordinary. There are great number of MNCs with Indian and foreign basis in the IT and ITES sectors. The IT and ITES sectors are known for competition amongst themselves. They receive short term and medium term project which they will have to execute with very high degree of efficiency so that they have high profit margin. The IT and ITES sectors are known for the employees switchover from one company to another. There is high degree of attrition among the technological labour force. Since the IT and ITES sectors spent a amount of money on training and development of the Human Resource, every company makes effort to retain the talents in their company. The present paper is attempt to research is on 'Employees Attrition and Retention of IT and ITES sectors with reference to Bangalore, India.

Keywords:Human Resource, Attrition, Retention, IT and ITES.

Introduction

The Information Technology and Information Technology and Enabled Services (IT and ITES) sectors have been playing a very vital role in the Indian economy. The IT and ITES sector has noteworthy involvement to Indian economic growth, its position in providing employment and it contribute to of Gross Domestic Product (GDP) have been on the raise. IT and ITES sector offers employment mostly to knowledgeable, technically qualified capable persons. The young Human Resource (HR) talent is drawn from fresh graduates of technical institutions in India. For this purpose, IT and ITES sector goes on campus placement drives to major engineering colleges and technical universities all over the country. The IT companies compete with one another for choosing the best possible talent employees. The technically talented employees are given training in the IT and ITES sector and the selected human resources are developed to provide operational excellence. Every company in the IT and ITES sector aims at maximizing operating margins. In the process, the companies are facing an undesirable task of talent retention.

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Statement of Problem

The aim of the present paper is to study the factors like role of compensation, personal life, professional life, job satisfaction, attrition and retention of employees. Tata Consultancy Service (TCS) is the market leader accounting for 10.1 percent. In the face of high degree of attrition, talent management and talent retention are the major problem facing the IT and ITES sector.

Significance of the Study

IT is: "the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware." ITES is a form of outsourced service which has emerged due to the involvement of IT in various fields such as banking and finance, telecommunications and insurance. IT companies are those which do projects related to programming, testing, database and other project related works, like TCS, Wipro and INFOSYS are IT companies. But these companies are not self-sufficient in completing their work so they need some help in documentation and other not so technical stuff. So they go for ITES (IT Enabled Services) like call centres and Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO).

Scope of the Study

This study has chosen the IT and ITES sectors employees for to find out the job satisfaction, factors influence to resignation and attrition.

Objectives of the Study

1. To examine the impact of attrition and retention on the operational excellence.
2. To analyze the reasons for attrition and retention in the IT and ITES sector.

Review of Literature

Mohan Kumar R and A. Astalin Melba (2015) have analyzed the reasons for attrition among women workers. They are of the opinion that the level of job satisfaction and happiness, protection procedures and corporate policy on retaining talents plays an important role in female workers continuing with a particular corporate undertaking. The women workers, in general expect more respect from colleagues and team leaders. Better work environment makes the women workers to stay in the same office. Regarding safety for women workers, they expect employees' association to play proactive role.

Setareh Shokat Sadry(2015) has traced reasons at the back attrition for the IT ITES sector and they have taken sample from the IT industries in Pune. They are viewed that higher wages and better opportunities in competing industries as major reasons for attrition.

Akila.R and N. Pamavathy (2014) have studied a sample of HCL Technologies B-SERV partition in Chennai. They have taken up talent retention as the research topic. The authors have concluded the existence of positive association between recognition of the workers' talent and retention. The researchers are of the opinion that recognition of workers' talents make them more committed to their work.

Narmadha K (2014) has highlighted the importance of ITES/BPO Company in India and its effects on the Indian economy. She opines attrition as the major challenge for the ITES sector.

Shrey Kashyap (2014) has proposed to carry out the different factors for break the worker retention in the IT companies. There are different elements that can help to reduce retention of the workers in the IT field and the role and influence of each element's will break the workers retention through bestowing to devising the proper worker retention strategies for the IT companies.

Savneet Kaur (2013) has studied about attrition in IT ITES sector and has suggested various steps the sector has to take to retain talents.

Sneha Mankikar (2013) has observed that attrition is very high at the entry level. He has felt that work pressure and discrepancy of treatment among workers are reasons for attrition.

Vibha Gupta (2013) has done field survey of the IT ITES sector at Indore. The author has focused on difficulties faced in IT/BPO Companies on recruitment and retention. The study is one at Indore. The study is about the ways to decrease high turnover rates of workers among fresh recruits on the domestic call centers. Department of human resources has calculated the turn over for perpetual workers as 15.6 % in 2009. This results in attrition rate of 77 percent and results in huge cost for the companies.

Research Methodology

The present study has been undertaken in Bangalore region in the State of Karnataka. Primary data collection was made by the researcher with the help of the questionnaire. There are nearly seven lakhs employed persons in IT and ITeS sectors in Bangalore. About 2,500 pretested questionnaires had sent by mail (google form) to the employees chosen at random from the IT and ITeS sector. Nearly 900 employees had responded to the mail, and about 400 responses were found incomplete. From the 500 responses, 384 responses are randomly chosen for the study.

Results and Discussion

Appointment in the IT and ITeS sector is mostly done through campus recruitments from the various educational institutions. In the IT and ITeS sectors, many have 'lock-in period' as a condition for

giving orders. Hence, 23.5 percent of the employees are in the age group of 20-25. The expansion, increase in a number of offices and the startup companies result in the growth of employment in IT ITeS sector. The women employees have the tendency to resign their jobs in IT and ITeS sectors.

Figure No. 1

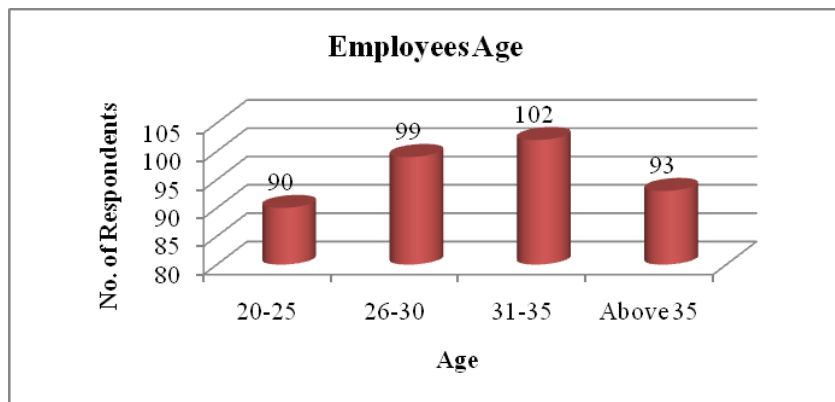


Figure No. 2



Table No. 1

Gender and Job Satisfaction						
			Job Satisfaction			Total
			Poor	Neutral	Excellent	
Gender	Male	Count	45	61	87	193
		Expected Count	47.7	66.8	78.4	193
	Female	Count	50	72	69	191
		Expected Count	47.3	66.2	77.6	191
Total		Count	95	133	156	384
		Expected Count	95	133	156	384

Source: Compiled from primary data and SPSS output

Hypothesis: H₀-There is no association between gender and job satisfaction.
H₁- There is an association between gender and job satisfaction.

Table No.2

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.240 ^a	2	0.198
Likelihood Ratio	3.245	2	0.197
Linear-by-Linear Association	2.127	1	0.145
N of Valid Cases	384		

Inference: From Table No. 2 the calculated value of Chi -Square is found to be 3.240. The P value is 0.198 which is less than 0.05. So, the null hypothesis may be rejected and significant at 5% level of significance. It indicates employees gender and job satisfaction are two dependent variables.

Table No. 3

Gender and Level of Personal / Professional Life						
			Level of Personal / Professional Life			Total
			Poor	Neutral	Excellent	
Gender	Male	Count	62	62	69	193
		Expected Count	63.3	64.8	64.8	193
	Female	Count	64	67	60	191
		Expected Count	62.7	64.2	64.2	191
Total		Count	126	129	129	384
		Expected Count	126	129	129	384

Source: Compiled from primary data and SPSS output

Hypothesis: H₀-There is no association between gender and personal / professional life.
H₁- There is an association between gender and personal / professional life.

Table No. 4

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.843 ^a	2	0.656
Likelihood Ratio	0.844	2	0.656
Linear-by-Linear Association	0.472	1	0.492
N of Valid Cases	384		

Inference: From Table No. 4 the calculated value of Chi -Square is found to be 0.843. The P value is 0.656 which is less than 0.05. So, the null hypothesis may be rejected and significant at 5% level of significance. It indicates employee's gender and level of personal/ professional life are two dependent variables.

Table No. 5

Employees Experience and Rate of Retention						
			Rate of Retention			Total
			Poor	Neutral	Excellent	
Experience	Less than 10 years	Count	29	29	28	86
		Expected Count	25.8	30.5	29.8	86
	11-15 years	Count	24	33	23	80
		Expected Count	24	28.3	27.7	80
	16-20 years	Count	17	27	26	70
		Expected Count	21	24.8	24.2	70
	21-25 years	Count	24	21	27	72
		Expected Count	21.6	25.5	24.9	72
	More than 25 years	Count	21	26	29	76
		Expected Count	22.8	26.9	26.3	76
	Total	Count	115	136	133	384
		Expected Count	115	136	133	384

Source: Compiled from primary data and SPSS output

Hypothesis: H_0 -There is no association between experience and retention.
 H_1 - There is an association between experience and retention.

Table No. 6

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.908 ^a	8	0.767
Likelihood Ratio	4.981	8	0.76
Linear-by-Linear Association	1.055	1	0.304
N of Valid Cases	384		

Inference: From Table No. 6 the calculated value of Chi -Square is found to be 4.908. The P value is 0.767 which is less than 0.05. So, the null hypothesis may be rejected and significant at 5% level of significance. It indicates employees experience and rate of retention are two dependent variables.

Table No. 7

Job Satisfaction and Satisfaction Role on Compensation						
			Satisfaction Role on Compensation			Total
			Not Satisfied	Satisfied	Excellent	
Job Satisfaction	Poor	Count	25	34	36	95
		Expected Count	27.7	34.4	32.9	95
	Neutral	Count	39	54	40	133
		Expected Count	38.8	48.1	46.1	133
	Excellent	Count	48	51	57	156
		Expected Count	45.5	56.5	54	156
	Total	Count	112	139	133	384
		Expected Count	112	139	133	384

Source: Compiled from primary data and SPSS output

Hypothesis: H₀-There is no association between job satisfaction and role of compensation.
H₁- There is an association between job satisfaction and role of compensation.

Table No. 8**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.903 ^a	4	0.574
Likelihood Ratio	2.926	4	0.57
Linear-by-Linear Association	0.185	1	0.667
N of Valid Cases	384		

Inference: From Table No. 8 the calculated value of Chi -Square is found to be 2.903. The P value is 0.574 which is less than 0.05. So, the null hypothesis may be rejected and significant at 5% level of significance. It indicates job satisfaction of employees and satisfaction role on compensation are two dependent variables.

Multiple Regression Model

$$Y = \alpha + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \mu$$

Where Y represent attrition by employees

X₁ - lack of job satisfaction

X₂ - unsatisfactory compensation

X₃ - professional life balance

$$Y = \alpha + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \mu$$

$$Y = 20 + 1.2X_1 + 1.9 X_2 + 0.07 X_3 + \mu$$

$$SE = (10.03) (10.01) (2.47) (0.15)$$

$$t = 1.02 \quad 1.11 \quad 0.63 \quad 0.59$$

$$F = 1.48$$

$$R^2 = 0.94$$

X₁ : For attrition, lack of job satisfaction plays a crucial role. Variable is significant since it falls into 0.05 percent level of significance.

X₂ : For attrition, unsatisfactory compensation plays a vital role. Hence, the variable is significant at 0.05 percent level.

X₃ : For attrition, profession life balance plays a vital role, since the variable is significant at 0.05 percent.

Suggestions

1. The IT and ITES sector is known for its unpredictability. Due to macro-economic changes the profits from the project also vary.
2. The Operating margins supposed to be homogeneous for both the big IT and ITES companies and the budding companies.
3. The operating margins must be well defined so that the dishonorable competitions between the different companies are avoided.

Conclusion

The IT and ITES sectors provides the biggest employment opportunities for the knowledgeable and technological human resource. Due to market fluctuations the operating margins endure a lot of changes. When operating excellence is not homogeneous, many companies are forced to shut. The operational excellence should be standardized and the administrations should be more transparent so that the companies are able to survive even during difficult times. The HR management should be revitalized so that the attrition becomes minimum within the sectors.

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