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## Employee Attrition in IT Sector and its effects on an organization

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**Abstract:** This research paper titled Employee Attrition and its effects in IT Sector is an attempt to acknowledge the merits and demerits of employee attrition. Looking at the worldwide serious situation, there are ocean of opportunities for gifted people who are skilled, talented, capable people on the planet, and given a decent possibility, employees start moving with one company then onto the next. Employee Attrition is viewed as the main point of contention for all companies nowadays, considering its unfavorable impacts on work environment, workplace productivity, profitability of the company, and achieving hierarchical targets on schedule. Any sort of attrition is classically perceived to have a financial expense. Additionally, it is workable for an organization to utilize employee attrition to its advantage only in certain conditions, depending on that the working costs are managed without giving any mass layoffs.

**Keywords:** Employee, Employer, Attrition, Organization, Company

### INTRODUCTION

Employee attrition is defined as employee leaving the organization or a company through any of the following ways such as Layoffs, Resignation, death, or other health conditions – disorders, retirement, failure to return from a leave of absence etc. Employee attrition is generally expected in conventional business operations, a high level of Employee attrition rate can cause complications to work and a lack of workforce.

Employee attrition is of 4 different types in general and upon analysing it all possible aspects will always benefit to acknowledge why organizations are failing to retain their employees

- Voluntary – when an employee resigns from the company on their own reasons which might be personal or related to health will fall under voluntary.
- Involuntary – when an employer ends the employment of the employee which is called as Layoffs which is usually used weapon to reduce staffing costs also when they no longer need this position as well as underperforming resources are also washed-out.
- External movement – when an employee moves from the present company to another company for work to get a higher pay or the job that aligns with their career path.
- Internal movement – when an employee takes up new role inside the same organization whether to work in different business unit or when they accept a promotion which in returns benefits the company and the employee.

Less number of people who start and end their career in the same company apart from the government sector. Employee attrition is one significant problem these days organizations were suffering to a greater extent. While leaving organization they also take essential skills and qualifications that he or she developed in their tenure especially in the knowledge-based industries, which is often the source of competitive advantage for the business. All together for an organization to persistently have a higher upper hand over its opposition, it should make it an obligation to limit the employee attrition. Every industry has their guidelines and standards for sustainable and

justifiable attrition rate. As the attrition continues to increase, it may become increasingly difficult to add and retain the existing clients.

When skilled employees leave the organization the productivity sinks until and unless they are replaced with the similar skillset, morale of the existing employees suffers to a greater extent and the team starts struggling with increased work pressure as well as workloads. The add in recruitment of the new employees and their training cost, assimilation of new employees will make tough and extravagant transition for an organization.

The percentage of employees that leave an organization in a particular time period due to the employee attrition at times termed as the churn rate, which also includes employees who are fired in that particular term. An excessive attrition rate can negatively affect an organization due to additional cost for onboarding new employees, although high rates of employee attrition is acceptable for unskilled employees. Churn rate is generally low in the sectors that employ highly skilled employees, and organizations use moneymaking employment agreements and other strategies to stop some types of employee attrition (Jaya Sharma, 2015)

Formulae to calculate employee attrition rate:

“ATTRITION RATE (%) = (Number of people leaving ÷ Total number of employees) x 100”

Keeping a tab on attrition rates, employers can pick out the patterns and helps them to figure high or low points in employee retention. from one year to the next year.

## REASONS FOR EMPLOYEE ATTRITION

### A bad boss

**"Most people don't quit their jobs; they quit their managers," (Wendy Duarte Duckrey, vice president of recruiting at JPMorgan Chase).**

Gallup polled over one million workers in the United States and discovered that leaving a terrible boss was the most common reason for workers to leave, with 75% of those who left voluntarily doing so because of their boss rather than the job itself.

### Non-competitive benefits and Compensation

Even though the human resource management policies say employees are not supposed to discuss about their payroll they tend to do it and compare it with peers.

When they feel their compensation is up to the industry standards and competitive, they focus and spend more time on their work and less time scoping of other high paying opportunities outside in the job market. Paying less salaries, the employees in the top hierarchy leave and low performers who are at bottom take up their jobs.

Well-rounded benefits are crucial these days, better health and life insurance which covers all the possibilities and including that in the compensation will boost morale of the employee which makes their environment positive apart from that If the company is listed employees who cross certain defined period stocks options should be provided.

### Job matters

Apart from job security, job satisfaction, nature of work matters, career prospects, extreme levels of stress and strain and lack of employee well-being are some of the reasons cited by experts as factors leading to high employee attrition rate.

The chance for development and advancement is vital for holding great representatives. Top performing workers that vibe stuck in their present place of employment are probably going to search for professional success openings in different organizations.

The positions don't permit the employees to be innovative at their work environment. It can lead to monotonous work and boredom in the long run.

Around majority of the employees found their position profiles dull, exhausting and unimportant for the most part or now and again, and just few of them related to their work. Employees who are frequently overpowered with the responsibility or experience outrageous pressure circumstances at the workplace regularly will end up leaving the organization.

**A Bad Rating bias** – Employees also leave the organization when they receive a low rating than they have expected for their performance and also they compare with other colleagues feel that they are unrewarded and undervalued and others as overrated these kind of issues occurs when managers exhibit one of such bias

- Recency bias - When reviewing an employee's performance, managers tend to focus on the most recent time period instead of the total time period.
- Primacy bias - While reviewing the employee performance, leads focus on details accomplished preliminarily in the association, like first intuition.
- Halo/Horns Effect bias - Allowing one good or bad trait to overshadow others, i.e., letting an employee's congenial sense of humour override their poor communication skills.
- Leniency bias occurs when managers give favourable ratings even though they have employees with notable room for improvement.
- Similar-to-Me bias - the inclination to give a higher rating to people with similar interests, skills and backgrounds as the person doing the rating.
- Idiosyncratic Ratter bias - When managers evaluate skills, they're not good at, they rate others higher. Conversely, they rate others lower in things they're great at.
- Gender bias - When giving feedback, individuals tend to focus more on the personality and attitudes of women. Contrarily, they focus more on behaviours and accomplishments of men. This exacerbates gender bias, growth/promotion opportunities, and the pay gap.
- Law of Small Number bias – Its erroneous thought that the qualities of a small example intently look like those of the fundamental populace.

For instance, you could have an incredible group brimming with high-performing people, however one individual is taking care of crafted by four others. Normally, you give that individual a higher rating than the others and give the others a lower rating. Sadly, it would seem even your group's most horrendously awful entertainer is among the best in the whole association. In this way, with regards to all-inclusive exhibition, apparently your staff is about normal.

**Company culture** - It's critical to maintain a healthy, people-centred company culture if you want to keep your finest staff. But it's also critical to hire for cultural fit and bring in the proper people before that.

- **Rewards and Recognition** - Employees are exhausted Employees don't feel valued or recognized according to Gallup, Employee recognition is a "low-cost, high-impact exercise," but few employers consider it, and most employees do not feel valued at work. Employee morale and retention are affected.

If you look attrition at experience level, the Impact of attrition in terms of experience shows different perspective all together. Segregation of Employees According to their experience.

**Entry level (1 - 4 years)** They come to the organizations directly after completing the college with lot of expectations that are created around them but when coming to reality it is completely different, they experience different situations in adjusting to work culture and environment. Many of them leave the company for higher studies which they dreamt of, they primarily come for the initial experience in the company to enhance their skills to a greater extent. Few leave when they don't get the desired domain such as testing, development, support according to their skillset and after the training if they are not engaged in any project which means they stay on bench for a longer period, even after allocating to the project few are not engaged, wanting a different work environment will also be a reason behind attrition.

**Middle level (5 - 12 years)** Monetary benefits and promotion means a lot to this category, opportunity career advancement within the company is one important aspect when the employees find that there is no room to grow, they start searching for job growth and career advancement, Positive workplace is must if they didn't get along with their boss always tend to leave from the existing job or try to change the project if the policies work for them within the organization. Mid-level employees need some attention when they feel that they are not supported and when their work is not appreciated, they always wait for better opportunity to leave the organization.

Client side working opportunities

**Senior level (13 - above years)** At this level of experience people look for stability (job security) in more recognition money alone doesn't matter to them, because they will be behind the bleeding edge, when the workplace policies are too rigid which doesn't favour them in taking any decisions. Along with work life balance also, when they're not facilitating work-life balance.

**Loss to company**

The entire business process is impacted when an employee resigns from the company. It's a lot riskier when something like this happens out of nowhere. There is no optimal time to prepare the new worker who will take over the job, and the entire group suffers as a result. It can be easily identified in the group's overall execution decrease. This could result in a significant shift in the client relationship. Clients interact with company employees, and those who leave unexpectedly may raise suspicions in the minds of clients.

There might be delay in project timeline and its deliverables which impacts client satisfaction and their confidence on the team and the company. Abrupt wearing down of employees may cause difficulties in managing day-to-day tasks. Even large organisations struggle to manage with their projects when employees leave. Getting minimal data and overseeing day by day errands becomes difficult because they can't be controlled by a small current group that has been abandoned. Companies have a notice time to ensure a smooth transition, but if this is not the case, representatives who depart abruptly result in unmanageable daily schedules.

It isn't just representatives who are looking for job; even organisations are looking for skilled professionals. When a company's weakening rate is high, it has a negative impact on the company's brand. The human resource department says it's difficult to recruit appropriate candidates for the organisation because rivals are leaving because of the weakening rate. Although the reasons may change, a negative image neutralises the situation in the company. Involves lot of cost to the company as recruiting new employees takes time because like to like employees will not be available also moulding the new employees making them accustomed to the working environment and make them deliverable apart from this the regular procedures such as knowledge transfer, access to the systems, software's etc will result in good time.

Many organisations have distinct employee progression strategies, and a larger constant loss rate means you're missing out. Employee advancement initiatives need a lot of time and money. When there is dissatisfaction within the organisation because of employees departing, it affects everyone's advancement interaction. The money spent on the employee who is on leave is squandered; it also has an impact on other employees who are called in to fill in for the absent employee, affecting their career plans and development. These plans are well-organized and achieving the goals will need dedication and time. A mid-course correction usually entails the loss of previously completed work, which benefits no one.

If the speculations are more about the attrition within or outside the organization reputational damage might come into the picture which harms the harmony of the employees and the company.

**WAYS TO REDUCE EMPLOYEE ATTRITION**

We find employee attrition to be advantageous only when employees with less productivity rate leave the company. It is the utmost responsibility of the human resource and all the levels in management of the company to reduce the count of employees leaving the organization with high productivity rate and make sure that we have best workforce required for running the business.

Mostly explanation of issues, disappointment of the employee that they have faced a can be expected and are known only at the time of when they leave the company. A solid measure to realize how fulfilled the employees ought to be, work inside the company. An exceptionally strong way utilized by company is overview technique which is nothing but the survey's here the information of the representatives are kept secret and few companies even recruit different associations for the reports and analysis of their organization. These studies are worked around boundaries that shows how agreeable employees are functioning in the association. These overviews likewise help to draw out the trouble spots which ought to be decisively dealt with by the company.

For the most part employees move from the companies as they feel feeble before the power. Leads/managers are answerable for their rating and criticism which makes representatives uncertain. An exceptionally compelling framework is 360-degree input which includes subordinate giving criticism regarding managers to the company. This will make an equilibrium and even determination many issues that are between the colleagues.

Assuming that the justification behind high weakening is higher pay or advantage with the contender it ought to be tended to right away. This should be possible by having a pay strategy which is at standard with different contenders. This will make you stay up with the contenders and hold your present ability. Generally, industry pay is a decent scale to gauge your pay strategies, advantages and advantages, likewise have a significant impact here as they are hold as beyond all doubt by representatives as the pay is.

**Healthy Attrition**

Coming to the positive side of the employee attrition it also benefits the company, team in different following ways. When employees leave the organization the human resource team acquire new blood in the organization which open doors for fresh ideas, thoughts, technologies. Generally representatives Those who are a part of the organisation grow acclimated to the working atmosphere and become conceited. This signifies a lack of danger and, most importantly, no ground-breaking ideas. When they go, there will be room for those who are high-risk takers, preventing the company from becoming stale.

There are times when employees stay within company for an extensive time, which could imply that they're nearing the peak of their pay scale. This means that these individuals are being paid much more than other employees who are doing similar work but are also relatively new. The excessive costs result in monetary weight, which is a problem for the most part not distinguished on an ordinary run of the organizations.

There are a few employees in the company who act and work against the culture and even have an impact on the working environment. Such personnel will even go to great lengths to influence the loyalty of other employees and their attitude toward the organisation. This could indicate that they are working to destabilise the company from within. When such employees depart the organisation, they bring better than bad with them.

Employees that have been sluggishly chipping away at a task for a long time in an organisation. They are the reasons behind poor performance and delayed development. When they depart the organization, the group becomes much more efficient, and the attrition time is greatly reduced. This translates to lower costs and happier clients.

There might be employees who doesn't obey and care for the policies set by the company which makes a brand for the company. Whenever solid moves are made against such employees to leave because they were negatively influencing the brand name, a strong message would be sent. and work environment gets better.

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There are huge factors to set a culture inside a company the most impact is the one which has clear correspondence. At the point when there is two-way correspondence there is less grapevine channels and all data is reached across on the correct way. Employees and employers will help when whatever must be conveyed is immediate and contacts the perfect individual on schedule.

There isn't anything more significant than giving worker time when they intend to leave the association. Post-employment surveys are the most ideal way to discover what the representatives need and what are the primary justifications for why they have chosen to leave. Workers are straightforward and dauntless when they come for the post-employment survey and they express the genuine explanations behind them leaving, these can be utilized to make changes in the approaches or amend what botches the association is making simultaneously. Some of the time at these meetings solid representatives are held inside the association by fixing things and by tolerating their requests. Organizations work for an enormous scope, and it is a not unexpected peculiarity of representatives joining and leaving associations. Anything is overabundance is generally impeding and in this way associations ought to continuously remember that they have a solid reaction to weakening. They ought to have a solid boundary to ascertain their steady loss rate. It ought to continuously be contrasted with the enterprises whittling down rate and no case it ought to be higher than that. Assuming it is higher, it is consistently helpful that amendment measures are taken. Wearing down in any event, when disadvantageous can be overseen when the organizations have an arrangement for them. A solid methodology to manage wearing down rate is encouraged to all associations.

## METHODOLOGY

It is a customary practice to question the employees on why they leave an organisation. But this is one of the comparatively lesser attempts that is from the perception of the employers. What is their opinion on the employee expectations, triggering points, tolerance levels and turnover?

The present paper is based on the methodology of personal interviews of Team Leads and Managers, who bagged around 12+ years of experience, that were conducted in the entities of IT sector. Due to the pandemic, the meetings were conducted over online platforms. The cardinal aspect of this paper is its unique approach of not boxing everything within a set of questionnaires but to let them air out what their experiences have got to say. It is like Open-ended interview. The main reason for this methodology is that there are profound nuances whenever it comes to handling the qualitative aspects like Workplaces Human Resource Management and it is not a crude science. Therefore, this generalized discussion can give something that is novel and may add to the existing literature in some way or the other by acting as a supplement for the already established points. The conclusion that is presented is a flash report of their experiences.

## DISCUSSION AND CONCLUSION

Thus, the Great attrition movement has completely widened the gap between the Demand and supply of technical employees, Employers have been forced to use excessive incentives in order to recruit as many of them as possible. It's apparent that the skills shortage is only going to become worse before it improves.

Employees value an environment where management is accessible information is open, executives is approachable and trustworthy, and direction should be clear and understandable. Employees are attracted to your company because of its general culture, or they are turned away because of it. Which of these methods gets you what you desire and need for the success of an organization? Other good employees

leave Otherwise satisfied employees may also be tempted to quit as their options expand If the organizations do not stop employee attrition and increase employee attraction.

Organizations must make sure that they are giving enough hikes and meeting industry standards irrespective of their own growth because organizations grow only when they have enough skilled employees in their line of business and cultural fit should be a part of hiring strategy so that they can be aligned with organizations goals and culture.

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