

Employee Attrition: Impact On Career Development Of Employees In The Information Technology Sector

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Abstract

Employee attrition is the process of employees resigning from the company. Company measures the attrition rate by the number of employees resigning every year. There are many reasons behind employee's resignation from the current organization. Career growth, improper work life balance, better job opportunities, better salary, lack of motivation, lack of employee recognition are considered to be the reasons for employee attrition. The author focuses on the impact of employee attrition on the career development of employees working in the IT industry. To analyse the impact of employee attrition, some of the factors considered for career development are tenure, monetary benefits, and job performance influencing employee attrition rate. A structured questionnaire is circulated to sample size of 110 respondents. Multiple regression is used to analyse both dependent and independent variable in the study. The results revealed that tenure and monetary benefits are influencing the employee attrition rather than the performance of employees.

Keywords: Employee attrition, Career development, Information Technology industry

Introduction

Information technology is one of the major propellant of Indian economy. The shape of Indian Information Technology industry has undergone a drastic change in the recent decade. Knowledgeable workers are the primary source for a growing organisation. They bring value to their organisation by using their innovative skills, knowledge and education. These employees are valued as human assets in the IT industry. At present, attrition is a phenomenon impacting IT industry. It brings inevitable challenges among employees in IT industry. Employee attrition means the number of working employees who decides to discontinue to work from an organisation. High attrition rate occurs when an organisation changes in management policies,

company operation and company norms can cause employees to resign voluntarily. Human resource manager has to give intense attention to dissatisfied employees. According to Global Talent Monitor report (2018)ⁱ, employee attrition is the critical driver for the lack of future growth. It is cited that 28 % of employees are seeking for job, 42 % open up for new opportunities and 40 % of employees are dissatisfying with their job. Career oriented development is necessary to achieve for future accomplishments for the employees. Therefore employee switches from one job to another job in search of new opportunities. One of the main reason for employee dissatisfaction is lack of career development. Career development is the process of improving individual abilities for future opportunities in achieving their career path. Considering all these factors, the present research undertakes to identify the impact of employee attrition on career development of employees working in information technology industry.

Objectives

The objective of the study is to analyse the impact of employee attrition on the career development of employees working in the information technology industry. Employee's career development is essential to achieve their personal goals. Despite, attrition causes the employees to resign from the organisation.

Review of Literature

Review of existing literature is important to study the extent of knowledge on particular field. Relevant literature related to impact of employee attrition on career development are discussed below in detail.

Sobia Shujaat, Saira Sana, Dr. Faisal Aftab and Ishtiaq Ahmed (2013)ⁱⁱ has stated that it is essential for employees to identify their competencies in their field of interest. It involves learning new things, taking opportunities and applying their knowledge to achieve their personal goals in his/her career. The purpose of career development is to enhance the performance in the job and up skill for future employment opportunities. Therefore, employees are clear with what they want from their career goals.

Gayathri (2013)ⁱⁱⁱ has found that employee attrition is a serious issue which is not only prevailing in India but across the world. When an organization loses its employees, it loses its skilled professionals and their experience. The magnitude of losses is a critical management issue which

will affect productivity, profitability and service quality. Such difficulties are faced by software companies to retain their existing employees and to attract the potential employees.

Dr. K. Malarmathi and Mrs. G. Malathi (2015)^{iv} has analysed the causes of employee attrition in IT industries for both employer and employee point of view. The study was conducted among IT professional in Chennai city. Friedman test was used to analyse the data. The findings revealed that employees have more HR and job related problems that tend to employee attrition. Major factors that impacts the employee attrition is job performance, salary and lack of career benefits in the company.

Dr. K. Sunanda (2017)^v has analysed the impact of employee attrition in the work place. Attrition is a severe concern among IT professionals in the workplace. Attrition refers to employees resigning their job with or without any intention from their current job. Employee attrition is due to high work load, less monetary benefits and job performance are some of the reasons to quit from the organisation. The Statistical tool used to analyse the data is factor analysis with Cronbach's alpha. It is revealed that employees are leaving the organisation because of lack of career development, company's culture, work condition and lack of trust. It is suggested that, if the organisation has higher growth in career opportunities, then employees will retain their position in the same organisation.

In recent years employee attrition is a hot topic among research scholars. Many research were conducted on employee attrition with other fields to find out the reason for employee leaving the workplace. A limited study was conducted on employee attrition and its impact on career development. Hence, this research bridges the gap to analyse the impact of employee attrition on career development in information technology industry.

Hypothesis

A hypothesis is a presupposition of unknown fact. It is a predictive statement that are related to the dependent and independent variable. The following are the hypothesis tested for the study.

H₁₀: Employee attrition is not influenced by tenure among employees

H₂₀: Employee attrition is not influenced by monetary benefits among employees

H₃₀: Employee attrition is not influenced by job performance among employees

Research Methodology

A structured questionnaire was prepared to collect the primary data for the study. A five point likert scale were framed to analyse the impact of employee attrition on Career Development. Sampling is the representative part of the population. For this purpose, a sample size of 110 respondents had been used in the study. Statistical Package of Social Science (SPSS) version 20 was used to analyse the data to achieve the objective of the study. The statistical technique used for analysing the data is multiple regression.

Analysis and Findings

The objective of the study is to find out the impact of employee attrition on career development of employees working in IT sector. Multiple regression analyses used to assess the relationship between a dependent variable and more independent variables with the intent of prediction. Multiple regression is used to find out the impact of employee attrition on career development has been discussed below with the following tables.

Table 1 Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.622 ^a	.387	.369	.43270
a. Predictors: (Constant), Job performance, Monetary benefits, Tenure				
Source: Computed Data				

From the table 1 it is clear that R= .622, R Square = .387 and adjusted R square = .369. This indicates that independent variables factors influencing employee attrition create 38.7 % of variance on the tenure, monetary benefits and job performance. This leads to the model fit in the following analysis of variance.

Table 2 ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.516	3	4.172	22.283	.000 ^b
	Residual	19.846	106	.187		
	Total	32.362	109			
a. Dependent Variable: Employee Attrition						
b. Predictors: (Constant), Job Performance, Monetary Benefits , Tenure						
Source: Computed Data						

From the table 2 it is clear that the independent variable tenure, monetary benefits and job performance predicts the dependent variable which is employee attrition, $F(3, 106) = 22.283$, $p < .05$. Since the significance of the value is .000 which is less than .05 it implies that the regression model is a good fit of the data.

Table 3 Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.689	.182		3.781	.000
	Tenure	.198	.082	.235	2.425	.017
	Monetary Benefits	.320	.075	.372	4.284	.000
	Job Performance	.121	.067	.164	1.797	.075
a. Dependent Variable: Employee Attrition						
Source: Computed Data						

It is concluded from the above table 3, that tenure ($t=2.425$, $p=0.017$), monetary benefits ($t=4.284$, $p=0.000$) are statistically significant at 5 % level. Since the p value for tenure (0.017) and monetary benefits (0.000) was less than 0.05, indicating that the null hypothesis is rejected. This implies that tenure, monetary benefits are impacting employee's attrition abundantly in the organisation.

Job performance ($t = 1.797$, $p=0.075$) are not statistically significant at 5 % level. Since the p value is 0.075 was more than 0.05, indicating that the null hypothesis is accepted. The multiple regression can be equated as Employee attrition (Y) = $0.689 + 0.198$ (Tenure) + 0.320 (Monetary benefits) + 0.121 (Job Performance)

Recommendation from the study

Employee attrition is a continuing process. Employees do not continue to retain in same position for a longer period. For them the path of career development is much important to achieve their goals. They switch from one company to another to build their career. In order to avoid employee attrition, HR managers has to provide latest training which is required and career development programme to build their career path. To retain employees, HR managers should consider promotions and monetary benefits to the employees in the organisation.

Conclusion

From the study it is concluded that, employee attrition is a severe issue in the organisation. Most of the organizations and their policies are not conducive to the employees to develop their personal career and skills. At present, there is a frequent job hoppers to change from one job to another, not being loyal to one company due to the lack of career development in a company. ^{vi}It is statistically found that average employee tenure in a company is around 3.5 years. Good employees desire to learn new things, nurturing in skills, increase in salary to make them feel comfortable and to seek a hopeful career. Employees switch to the company which satisfies all criteria to achieve career goals. The results revealed that tenure and monetary benefits are statistically significant at 5 % level of significance. Career development is an essential element for employees to retain in a company. Tenure and monetary benefits are the key drivers of employee attrition in a company. Hence, company can retain the experienced employees by satisfying them with the monetary benefits.

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