

A Review: Attrition's Impact on Small and Medium Scale Software Development Organisation

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Abstract— an attempt has been made to highlight the benefits and drawbacks of staff churn in the IT sector. Considering the dire circumstances facing the world, there are countless opportunities for gifted individuals who are skilled, talented, and capable people. When given a fair chance, employees begin to move from one organisation to the next. These days, employee attrition is seen as the primary source of dispute for all businesses due to its detrimental effects on the workplace, productivity, profitability, and meeting deadlines for hierarchical targets. Traditionally, attrition of any kind is thought to incur costs. Furthermore, an organisation can only profit from staff attrition under specific circumstances, depending on the functioning.

Keywords— *Employee Attrition's Impact, Small and Medium Scale, Software Development, Organisation, Hierarchical Targets.*

INTRODUCTION

The term "employee attrition" refers to the departure of workers from a firm or organisation due to a variety of reasons, including retirement, illness, resignation, death, or other health issues, etc. In traditional corporate operations, employee attrition is typically expected; a high incidence of employee attrition can lead to manpower shortages and work-related issues. There are four main categories of employee attrition, and it is always beneficial to analyse every angle in order to understand why businesses are unable to keep their best workers.

(i) Voluntary – when an employee resigns from the company on their own reasons which might be personal or related to health will fall under voluntary.

(ii) 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.

(iii) 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.

(iv) 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.

Fewer workers, outside of the public sector, begin and conclude their careers with the same organisation. One major issue that organisations are facing more and more these days is employee churn. When an employee leaves an organisation, they also take with them the critical abilities and credentials they acquired during their employment, particularly in knowledge-based industries where these assets are frequently the source of a company's competitive advantage. All in all, a company should make limiting staff attrition a need in order to consistently outperform its competitors. Every industry has its own rules and requirements for an acceptable and sustainable attrition rate. It can get harder to bring in new business and keep the ones you already have as attrition rises. When talented workers depart the company, production declines until and unless they are replaced with someone with a similar skill set. Additionally, the morale of the remaining staff members declines and the team begins to struggle with heavier workloads and more pressure to

perform. An organisation will experience a difficult and expensive transition as a result of the increased expense of hiring new staff, covering their training, and integrating them. The percentage of workers who leave an organisation within a specific time frame as a result of employee attrition is also referred to as the churn rate; this figure also includes workers who are dismissed within that specific time frame. While high employee attrition rates are tolerable for untrained workers, they can have a detrimental effect on an organisation due to the higher costs associated with onboarding new hires. Highly skilled industries typically have low churn rates, and businesses deploy lucrative employment contracts and other tactics to prevent certain forms of employee turnover (Jaya Sharma, 2015). Formulas for figuring out the rate of staff attrition:

$$\text{"ATTRITION RATE (\%)} = (\text{Total Employees} \div \text{Number of Resignations}) \times 100\text{"}$$

Employers who monitor attrition rates are able to identify trends and determine when staff retention is at its highest or lowest from one season to the following.

LITERATURE REVIEW

In a 2018 Walden University study on "Employee Retention Strategies in the Information Technology Industry," Corey Harris noted that "When employees leave an organisation voluntarily, productivity declines."

In their research study "Human Resource Information System and its impact on Human Resource Planning: A perceptual analysis of Information Technology companies," Dr. Shikha N. Khera¹ and Ms. Karishma Gulati² (Delhi 2012) came to the conclusion that, as an information system for human resources, it can store a vast amount of data about the employees, which not only helps in identifying the occupied and unoccupied positions but also whether the person at a particular position is fit for the job or not

A study on employee attrition, with particular reference to the Kerala IT industry, was conducted by Hardik P. K. in 2016. His study looked at the connection between organisational characteristics and IT professionals' attrition. The findings indicate that organisational characteristics were a major predictor of the variation in Kerala IT professionals' intention to leave their jobs (attrition). Therefore, in order to lower the intention of talented personnel leaving, HR managers in IT organisations may take into account issues with organisational elements of their workers.

Bodjrenou Kossivi, Ming Xu, and Bomboma Kalgora's study "Determining Factors of Employee Retention" was published in May 2016. The study's conclusion was that an organization's most important asset is its workforce. Because of their importance to companies, it is imperative to both attract and keep the greatest staff over the long run. Development possibilities, pay, work-life balance, leadership and management, work environment, social support, autonomy, training, and development are broad elements.

According to Brijesh Kishore Goswami and Sushmita Jha's study "Attrition Issues and Retention Challenges of Employees" (April 2012), organisations should closely monitor the reasons behind employee attrition in the pre-set. Ignoring the reasons behind employees' departures amounts to ignoring the company's most valuable resource: its workforce. Although individuals are necessary to do the mission, they are more than just tools. They are aspirations, imaginations, hopes, and inventiveness. One of the most reliable methods to create a company that leads rather than follows in both local and international markets is to identify and nurture these important assets. thus, Companies should cultivate a culture that offers plenty of room for advancement, recognition for tasks completed, and a warm, team-oriented environment that helps workers feel fully integrated into the company. Retention programmes are a low-cost means of raising employee engagement and productivity at work. Effective workers maintain high standards of quality, ensure seamless business operations, and reduce costs over time for the company's paper.

According to S. Guru Vignesh, V. Sarojini, and S. Vetrive's Jan. 2018 article, "Employee Attrition and Employee Retention-Challenges & Suggestions," retention programmes are a low-cost means of raising

workplace output and fostering emotional engagement among staff members. Effective personnel maintain the standard of quality and ensure seamless corporate operations, ultimately resulting in cost savings over time. Based on literature review data, below are the parameters defined that were defined for this survey.

- Economic Factors -Salary and Perks
- Professional Aspirations - Technology, Domain, Role and Designation, Onsite opportunity
- Professional Difficulties - Inadequate Training, Poor performance, Difficult Manager, Stressful timelines, No independence, Conflict between organization goals and personal goals
- Role related factors - Lack of challenges, Lack of learning opportunities, Lack of excitement and Innovation
- Personality Factors - No motivation, High urge of change to tackle the boredom and fatigue
- Family Mobility - Need to cater dependent family members in different geographical location, Marriage, Change in Spouse's work location
- Other reasons - Health issues, Higher education

THE REASONS WHY EMPLOYEES LEAVE

A terrible manager Vice President of Recruiting at JPMorgan Chase Wendy Duarte Duckrey once said, "Most people don't quit their jobs; they quit their managers." When Gallup surveyed more than a million American workers, they found that the most frequent reason for workers to quit was a bad boss 75 percent of those who departed of their own will did so because of their boss rather than the work itself.

(i) Non-competitive benefits and Compensation- Despite HRM regulations prohibiting employees from discussing compensation, many nonetheless do so and compare their income to that of their colleagues. When employees believe their salary is competitive and meets industry standards, they put more of their attention into their work and spend less time looking for other high-paying jobs outside of it. When incomes are cut, high performers in the hierarchy depart, and low performers at the bottom take over. These days, comprehensive benefits are essential. Better health and life insurance that covers all eventualities, along with include it in pay, can raise employee morale and create a happy work atmosphere. If the business is listed, its employees who surpass a predetermined time frame for stock options should be given.

(ii) Job matters- Experts have identified a number of factors that contribute to a high employee attrition rate, including excessive levels of stress and pressure, lack of employee well-being, nature of work matters, career opportunities, and job security. The opportunity to grow and progress is essential to having outstanding representation. High performers who feel trapped at their current job will likely look for opportunities for professional advancement at other companies. The jobs prevent the workers from becoming creative in their workplace. Over time, it may result in tedious work and boredom. Most employees thought their job descriptions were boring, tiresome, and irrelevant most of the time or occasionally, and very few of them had anything to do with their jobs. Workers who are routinely overwhelmed by their responsibilities or who operate in environments of extreme pressure may eventually leave the company.

(iii) A Bad Rating bias- Workers also depart the company when they obtain a lower performance rating than they had anticipated. When they compare their performance to that of their coworkers, they also feel underappreciated and unrewarded, while others are overrated. These kinds of problems arise when managers display such prejudice. Recency bias is the tendency for managers to concentrate on the most recent period rather than the entire time period when evaluating an employee's performance.

(iv) Corporate Culture- If you want to retain the best employees, it's imperative to establish a positive, people-centered corporate culture. However, it's equally important to bring in the right individuals first and hire based on cultural fit.

(v) **Rewards and Recognition-** Workers are worn out. Employee recognition is a "low-cost, high-impact exercise," but few employers take it into consideration, and the majority of employees do not feel valued at work, according to Gallup. Retention and employee morale are impacted.

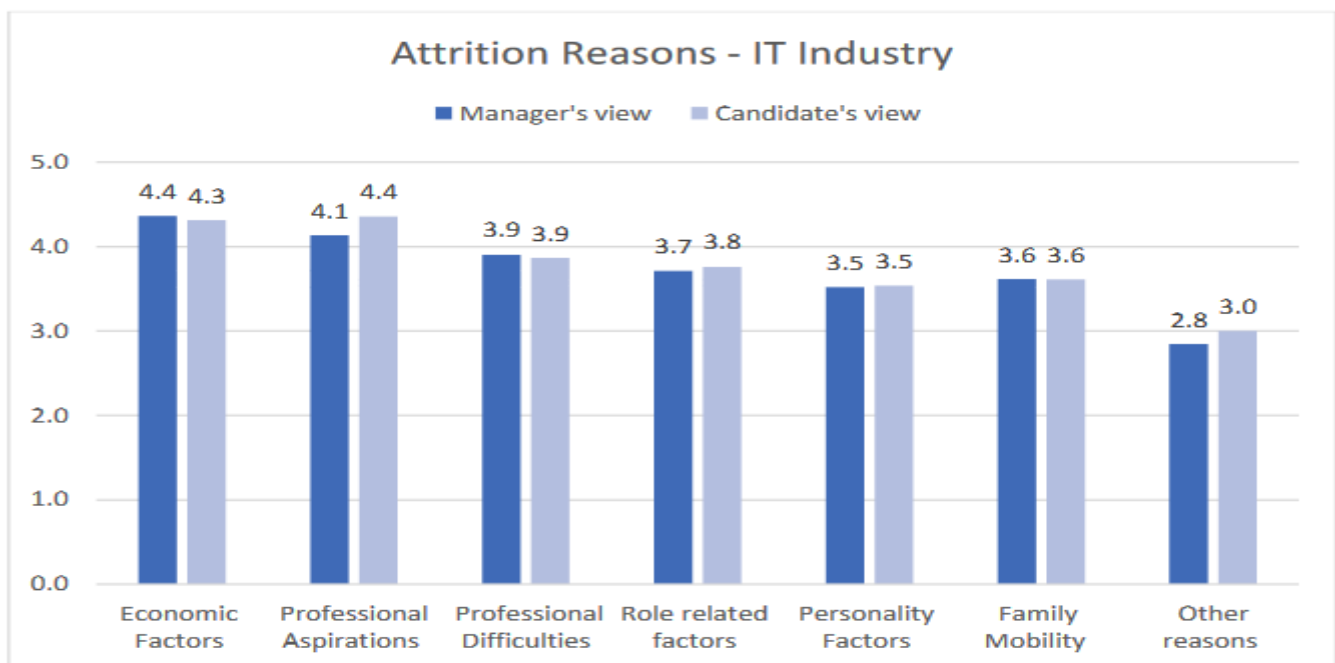
DATA COLLECTION AND RESEARCH METHODOLOGY

(i) **Data Collection-** Two distinct kinds of active IT professionals participate in the study. The experience level and position within the organisation were the primary focuses of this classification. It was critical to understand the perspectives of interviewers who participated in the hiring process as well as those of candidates who apply for jobs for a variety of reasons. The research study makes use of both primary and secondary sources of information.

(ii) **Primary Data-** A field survey is used to gather primary data, and a structured self-administrated questionnaire is used to assist. Convenience sampling was used to create the survey's closed-ended questions. A 5-point rating scale is used as the scaling method in the questionnaire. A total of 120 respondents were IT specialists from Maharashtra's cities of Nagpur, Pune, and Mumbai.

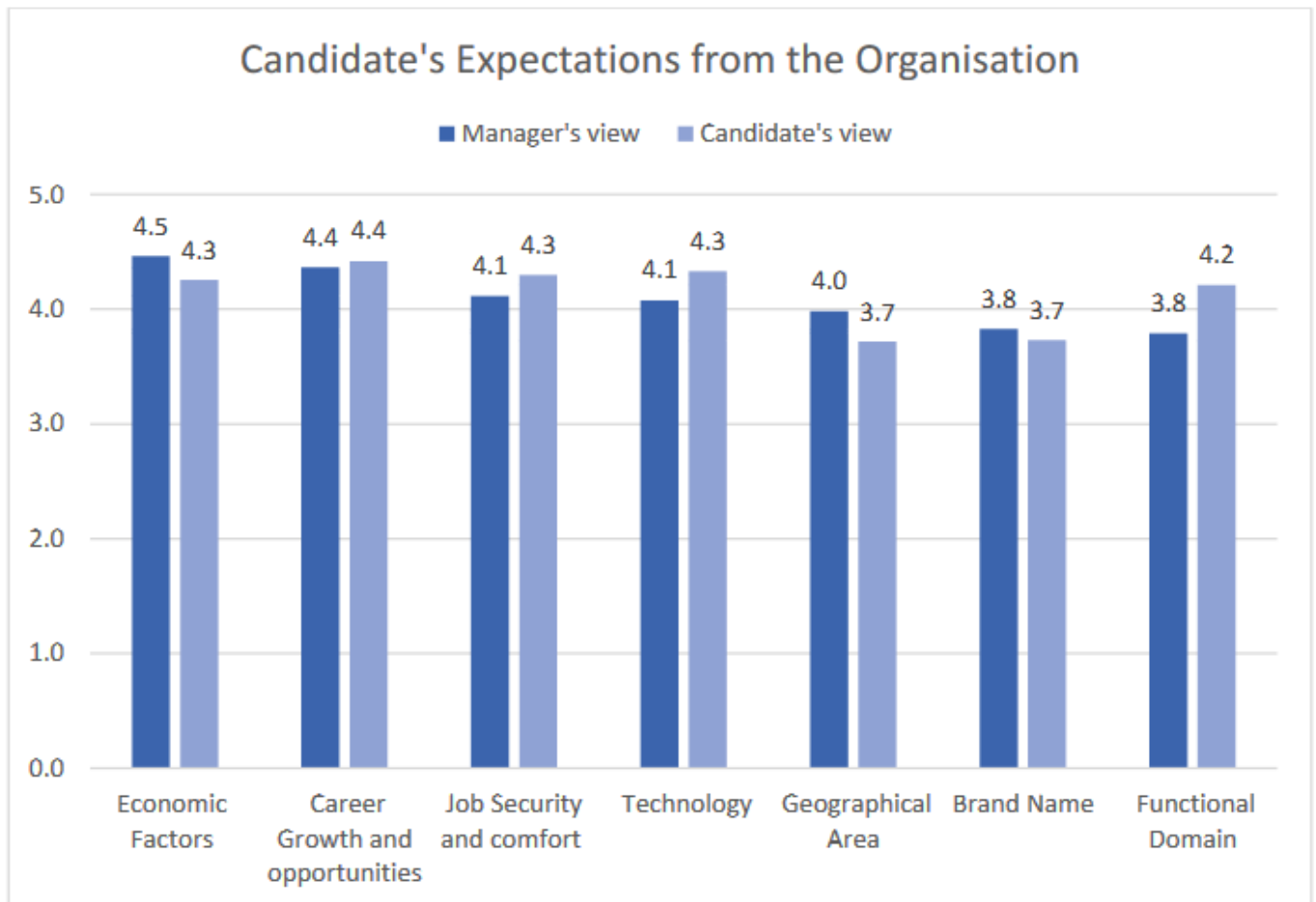
(iii) **Interpretations-** For any IT professional who chooses to quit the company, financial considerations and career goals seem to have the biggest impact. Professional difficulties are a significant reason for attrition. i.e., the inability to perform well at work due to a variety of factors, such as inadequate training, a challenging management, tight deadlines, a lack of independence, a toxic workplace culture, etc. The manager's and the candidate's assessments of the candidate's professional aspirations diverge significantly. The majority of IT workers seek to advance their careers, and this is only feasible when their employers offer them the chance.

(iv) **Candidate's Expectations from the organization-** A questionnaire to document candidates' expectations when they appeared for the interview was included in the survey. The parameters that were listed in order to choose the preferable factor are listed below.



- Economic Factors - Salary, Perks
- Brand Name - Organization's good will, MNC
- Technology - Latest Technology, Unique Technology, Simple/ adoptable Technology

- Functional Domain - Comfort of using earlier experience, Urge to learn new domain for further growth
- Career Growth and opportunities - Designation, Role, Opportunity to work outside India
- Job Security and comfort - Scale of the organization, Scope of having internal recruitment opportunities, Organization having multiple operation hubs in different parts of the world)
- Geographical Area - Ease of commute, Dependent family member's location, Climatic conditions.



CONCLUSION

As a result, the demand and supply for technical workers have fully widened due to the great attrition movement, forcing employers to offer excessive incentives in an effort to get as many of these workers as possible. It's clear that rather than getting better, the skills gap will only get worse. Workers prefer working in an atmosphere where CEOs are personable and trustworthy, management is approachable, information is transparent, and instructions are easy to understand. The overall culture of your organisation either draws in new hires or drives away existing ones. Which of these departs? If employers don't reduce employee attrition and boost employee attractiveness, otherwise contented workers might be inclined to leave as their options grow. In spite of their own growth, organisations need to make sure they are providing enough raises and upholding industry standards. This is because businesses can only expand if they have a sufficient number of skilled workers in their industry, and part of a hiring strategy should be determining an applicant's cultural fit.

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