A Study on - Employee Turnover in IT Sector with Special Emphasis on Wipro and Infosys

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Abstract: *All businesses, large and small, have some way of keeping track of their finances. Businesses are constantly looking for more ways to keep expenses low. One factor that is often overlooked, however, is the cost of employee turnover. The biggest challenge faced by Indian IT Industry is not attracting the prospective employee but retaining the talent as high turnover is back to a serious concern. . In India over the past few years, the ITES sector has been growing in leaps and bounds. This has also posed certain Human Resource challenges to the practitioners and the biggest challenge of them happens to be the retention of the ambitious and the transitory workforce in these sectors. This paper explains some causes of high employee turnover, who it affects the most, and ways companies can decrease employee turnover in order to cut hidden costs. Organizations in India must give serious thought to what drives employee commitment. Employee turnover has been a never ending problem faced in Indian organizations due to no fairness compensation, less opportunity in career growth, dissatisfaction with superiors and so on. Hence it becomes very necessary for human resource managers to understand the factors that prompt employees to quit an organization.*
Keywords: Employee turnover, Retaining, Organization, Compensation.

I.   Introduction

Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover.

In a human resources context, turnover or labor turnover is the rate at which an employer gains and losses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door." Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover can be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers

Types of Employees Turnover
1. Internal vs. external turnover:- Internal turnover involves employees leaving their current position, and taking a new position with the same organization. Both positive (such as increased morale from the change of task and supervisor) and negative (such as project/relational disruption,) effects of internal turnover exist, and thus this form of turnover may be as important to monitor as its external counterpart.
2. Skilled vs. unskilled employees:- Unskilled positions often have high turnover, and employees can generally be replaced without the organization or business incurring any loss of performance. However, high turnover rates of skilled professionals can pose as a risk to the business or organization, due to the human capital (such as skills, training, and knowledge) lost.
3   Voluntary vs. involuntary turnover:-
    Involuntary- In this case, the employee ceases to work for the company due to being laid off or terminated. It could be because the company is trying to cut costs, or the employee has violated company policy. Voluntary turnover is when an employee terminates employment on their own accord. There are several possible causes:-relocation ,going back to school ,starting a family ,taking care of an elderly relative .
    Employee Turnover is the Percentage of a company's employees who leave during a specified period. Although it is most often expressed at annual turnover rate, the calculation can be done for shorter or longer periods. Employees quit for many reasons but, in general, there are five important areas that motivate people to leave their jobs.

1. Poor match between the person and the job

2. Poor fit with the organizational climate and culture
3. Poor alignment between pay and performance
4. Poor connections between the individual, their coworkers ,and the supervisor
5. Poor opportunities for growth and advancement

Measuring employee turnover
Employee turnover rate is calculated by using the formula,
Employee Turnover rate = (No. of separations/Total number of employees)*100
Experienced workforce (Stability Index) is being retained and is calculated as follows,
(Number of employees with one or more years service now / Number employed one year ago) * 100

II.   Litreture Review

Researchers have comprehensively studied on employee turnover attitudes. They give their efforts to develop and understanding of employee attitudes. Employee leave organization with specific reason. In an attempt to clarify the relationships among various attitudinal antecedents of turnover, Tett and Meyer (1993) they perform meta-analysis on 178 samples from 138 studies. They work on the relationships between job satisfaction, turnover intention, organizational commitment and actual turnover (Tett and Meyer, 1993). In their research they state that organizational commitment and employee job satisfaction both objects are perform independently in employee turnover. In this both object employee job satisfaction is more effective then organizational commitment. Means as per Tett and Meyer research employees job satisfaction is a major part in their job.

Lee, Holtom, Mc Daniel, Hill and Mitchell (1999), also done a research on this topic. They strongly argue that only attitudinal findings are not sufficient to explain this issue. They do a more then 17 years research on this topic and suggests that many employee left current organisation without any specific reason. Hom, Caranikas-Walker, Prussi and Griffeth (1992) start a meta-analysis on employee turnover. As per them opinion only employee job satisfaction is not important but some times external economical issues or employment rate are also play important role in employee turnover. Generally as per current theory employee low job satisfaction is a major reason for leave organisation. But as per Lee et al (1999) there are new theories are needed to explain the different situation and reason. Some need to find out possible reason for which & why people leave the organisations.

The psychological viewpoint and goal is showing different object such as job dissatisfaction, employee demography and organisation not full fill their commitment are the main issue in employee turnover (e.g. Discenza & Gardner, 1992; Joseph & Ang, 2003). This research show important and insight reason for why IT employee leave their job and change organisation frequently. Recent organizational behaviour and psychological result show that actual reason behind employees turnover are salary package levels, Promotion, mobility, and skill demands and jobs availability (Hom & Kinicki, 2001; Trevor, 2001).
Psychological research's show that employee turnover is individual factors. It is show that employee leave their job due to job dissatisfaction or employee work place or organisational commitment. This research has show why IT employees leave their current organisation.

Jing and Klein (1999), they reported that In fortune 500 firms IT employees job turnover ratio is 25 To 35%. Moreover, Human resource management have a facing a key issue of IT employee job change ratio (e.g. Niederman, Brancheau and Wetherbe, 1991). This research is same focus on attitudes leading to purpose to employee turnover finding as reported by Tett and Meyer (1993).
The study of "IT Retention: The social context of turnover among information technology professional Lee (2002)". This study was focus on social support from employee's colleagues and company's management. If they give a support each other then company minimize employee turnover. That means social supports are also play a important role in employee turnover. If employee got this support then they neglect other object like job satisfaction, wedges or organisation commitment. So as per Lee, social support is a most important part in employee turnover.

William H. Price & Richard Kiekbusch & John Theis in his study on causes of employees turnover have talked about the causes and the implementation. Further he highlighted that providing a challenging job, and offering realistic promotion opportunities. Other variables that have less impact are schedule input, insurance and family income. Good communication and job satisfaction.
 Beri G.C., Human Resource Tata McGraw New Delhi, in his study on the cause of factor
influencing turnover and retention of staff and retention problems for professional have talked about the Working hours, workload and work schedules which are also common concerns to both groups. In addition, career development, promotion and 4appreciation of contribution were important retention factors, while a supportive professional environment, reduction in workload and working hours and more flexible work patterns were important to consultants.

Cari McLean, Labour Management in Agriculture, in her study knowing the reason why workers leave or edge in improving working condition and have talked about dissatisfaction with work or working condition, select and train new personnel, conducting workers satisfaction survey, find specific problem area to watch and improve Cosenza, Robert M.in his study on the causes of the cost of employees turnover due solely to unfairness in the workplace and have talked about the effect of unfairness upon an employee's decision to leave their employer and the financial to employer due to voluntary turnover. Further he highlighted Recruiting and retaining the best and the brightest Remove the barriers and biases which create unfair workplace.

Moore, in her study on the cause of an informative report regarding employees turnover and retention on the causes of high employee turnover which affect the most, and the companies can decrease employees turnover in order to cut the hidden cost. Further she highlighted the poor management, low pay, boring repetitive work, with no opportunity for advancement, high turnover of employees is a symptom of a mismanaged company.

Causes of High and low employee turnover

High turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations or poor candidate screening). The lack of career opportunities and challenges, dissatisfaction with the job-scope or conflict with the management has been cited as predictors of high turnover.

High rate of turnover may lead to decrease in:
1. Productivity
2. Service delivery
3. Spread of organizational knowledge

Low turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. However, the predictors of low turnover may sometimes differ than those of high turnover. Aside from the fore-mentioned career opportunities, salary, corporate culture, management's recognition, and a comfortable workplace seem to impact employees' decision to stay with their employer.

A little rate of employee turnover may result into: Bringing in new ideas and skills from new hires, Better employee-job matches, More staffing flexibility, Facilitate change and innovation.

Factors affecting Employee Turnover in Indian IT Industry

- Push Factors / Controlled Factors: Push factors are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations.
- Pull Factors (Uncontrolled Factors):- Pull factors are those reasons that attract the employee to a new place of work. In some papers pull factors are named as uncontrolled factors because it is out of the control of organizations. Various pull factors derived from literature are: high salary, career advancement, new challenge and interesting work, job security, good location of company, better culture, life-work balance, more freedom/autonomy, well reputation of organization, vales, more benefits, good boss.
- Personal Factors:- Personal factors such as health problem, family related issues, children education and social status contributes in turnover intentions.

Turnover in India

India is likely to witness attrition rates of up to 25 per cent in 2016 Fresher-level attrition is expected to be around 12-14 per cent while at senior-level it will be in the range of 8-10 per cent, according to a survey by job portal Wisdom Jobs.

"The survey reinforces the gut-feel in the recruitment industry that 2016 will see huge employee turnover in most sectors. This churn can primarily be attributed to job seeker optimism arising from a stable economy leading to a spurt in opportunities," said Wisdomjobs.com . Mid- and lateral-level attrition is pegged to grow to 15-20 per cent and key role attrition is expected to touch 7 per cent during the year.

The sectors that are expected to get severely impacted are IT, ITES and software as these segments are expected to witness attrition of 25 per cent or more at entry-level positions, the survey said.

Meanwhile, industries like FMCG, pharma and aviation exhibited a comparatively lower attrition rate at 18 per cent, 12 per cent and 15 per cent, respectively. The sectors that would see the least rate of attrition are automobile and infrastructure at 8 per cent and 10 per cent, largely due to lack of industry growth.

The causes of these high attrition rates include poor workplace engagement, unsatisfactory work environment and poor salary structures and appraisals. Additionally, office politics and restricted career growth are also among reasons for switching of jobs by employees.

Moreover, 65 per cent of the respondents said upbeat job market and improved economy is influencing them to change jobs.

The survey added that the 'Make in India' campaign is gaining steam and thus affecting the traditionally less affected manufacturing sector.

Attrition rate of top IT companies for the year 2015 Infosys

- India's second-largest technology outsourcer Infosys attrition rate is at 19.9%.
- Wipro : Attrition rate is 21.1%

III.   Causes of Employee Turnover in Wipro Tech Ltd

1. **The economy** - In exit interviews one of the most common reasons given for leaving is the availability of higher paying jobs. In a better economy the availability of alternative jobs plays a role in turnover, but this tends to be overstated in exit interviews.
2. **The performance of the organization** - an organization perceived to be in economic difficulty will also raise the specter of impending layoffs. Workers believe that it is rational to seek other employment.
3. **The organizational culture** - much has been written about organizational culture. It is sufficient to note here that the reward system, the strength of leadership, the ability of the organizations to elicit a sense of commitment on the part of workers, and its development of a sense of shared goals, among other factors, will influence such indices of job satisfaction as turnover intentions and turnover rate.
4. **The characteristics of the job** - some jobs are intrinsically more attractive than others. A job's attractiveness will be affected by many characteristics, including its repetitiveness, challenge, danger, perceived importance, and capacity to elicit a sense of accomplishment. A job's status is also important, as are many other factors.
5. **Unrealistic expectations** - Another factor is the unrealistic expectations and general lack of knowledge that many job applicants has about the job at the time that they receive an offer. When these unrealistic expectations are not realized, the worker becomes disillusioned and decides to quit.
6. **Demographics** - empirical studies have demonstrated that turnover is associated in particular situations with demographic and biographical characteristics of workers. But to use lifestyle factors (e.g. smoking) or past employment history (e.g. many job changes) as an explicit basis for screening applicants, it is important for legality and fairness to job applicants to verify such biodata empirically.

IV.   Causes of Employee Turnover in Infosys

Most environmental contributors to turnover can be directly traced to management practices. Turnover tends to be higher in environments where employees feel they are taken advantage of, where they feel undervalued or ignored, and where they feel helpless or unimportant. Clearly, if managers are impersonal, arbitrary, and demanding, there is greater risk of alienation and turnover. Management policies can also affect the environment in basic ways such as whether employee benefits and incentives appear generous or stingy, or whether the company is responsive to employees' needs and wants. Management's handling of major corporate events such as mergers or layoffs is also an important influence on the work environment afterwards.

Some turnover is demographically specific, particularly for women who are balancing significant work and family duties at the same time. Such women (or men) may choose to leave a company instead of sacrificing their other interests and responsibilities in order to make the job work out. Some women elect to quit their jobs at childbirth, rather than simply taking a maternity leave. Women's perceptions of their career paths might also be tinted by their awareness of the glass ceiling, which may lower their level of commitment to any particular firm, since they believe they're not in contention for top-level jobs. These factors translate into higher turnover rates for women in many companies.

Retirement of experienced employees can cause high rates of turnover and extreme loss in productivity There are certain Reasons for switching over to other companies. According to various surveys conducted among IT employees, the following are the reasons for attrition.

- Fairness of their compensation
- No proper career objectives
- Dissatisfaction with superiors
- Work pressure and exhaustion
- Organization climate
- Emotional turmoil
- Personal reasons
  Ways to reduce attrition
- Pay attention to develop people management skills of Managers because employees are leaving their managers instead of Organization.

- Keep employees happy and productive.
- Setting the right compensation and benefits is important too. Work with human resources to get current data on industry pay packages, and get creative when necessary with benefits, flexible work schedules and bonus structures.
- Focus on Capability and creating an eco system where people development is at the fore – front of leadership mindset.
- Engage employees over and beyond their day to day job and ensure that their insecurities and vulnerabilities are addressed appropriately.
- Provide growth opportunities and communicate it to the employees.
- Managing expectation of employees is a key. It is essential to align employees and emphasize on the inevitability of building competencies / capabilities rather than having a single minded focus on vertical growth.
- Provide opportunities for skill up-gradation through training intervention or internal job assignment / movement. Career Pathing plays a key role. It would serve the purpose if all employees who have spent 18-24 months in the system are pro-actively spoken and asked for their career preferences to bring about a spark and end Monotony of work.
- Effectiveness of Reward & Recognition - work hard and party harder is the mantra in IT/ITES industry. Celebrating success is a key. Strong reward & recognition framework keeping in view the context and levels also plays a critical role in employee retention.
- Hiring the right kinds of people can reduce attrition.
- Effective training techniques can help reduce attrition rates.
- Provide some hike for employees who are working in Onsite.

V. Conclusion

It was found through the analysis that most of the industries have faced the problem of turnover because of dissatisfaction with work or working condition, the Working hours, workload and work schedules, incentives, salaries and the facility which are provided to the worker is not up to the marks. From this study "Employee Turnover: Present scenario of Indian IT Industry" reveals that most of the IT companies even the top most companies are facing turnover due to many factors. The most important of all is Compensation, because plenty of opportunities are there in the market for experienced, well qualified employees if they switch over to other companies and they will pay more. There are many push, pull and personal factors are involved and initiating the thought of turnover among employees. IT companies should be alert and frame some necessary strategies to reduce attrition so that they can reduce the expenditure of employees for recruitment, training and development.

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