

DEPARTMENT-SPECIFIC ATTRITION RATE OF EMPLOYEES

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ABSTRACT

Reduction in the number of employees in an organization is referred to as employee attrition. Employee attrition has become a recognized problem for the IT sector over the past 20 years. Workers depart from the company for a variety of reasons. Among the causes include the need for high pay, changes in technology or roles, obstacles in the workplace, etc. High attrition increases the cost of several firm characteristics and functions. The primary cause of this attrition may be a mismatch between employee expectations of the company and those of one another. This study sought to identify both the expectations of employees from the company as well as the reasons for attrition. Non-probability sampling and the quota technique of sampling were used to collect information from the manager of human resources as well as the various divisions inside the organization. Managers and employees shared similar opinions and perspectives on the "professional goals", despite the fact that the data was limited to a small number of IT company employees from Hyderabad. The study arrived at certain conclusions that professional development and organizational problems are the main causes of attrition in IT firms besides economic aspects.

Keywords: Employee attrition, IT company, professional goals.

1. INTRODUCTION

Employee attrition is a good indicator of an organization's internal strengths and weaknesses. The need for more workers is ongoing, which raises the costs of hiring, training, and integrating new hires into the workforce. Likewise, businesses struggle to both retain existing staff and recruit new ones. Yet, a company that experiences too little attrition may also struggle to find new personnel or ideas. The IT department, followed by HR and sales, has the highest attrition rates among all the departments. The Administration department has the lowest attrition rate. Indeed, when employees quit a firm for personal reasons, both the department they are working in and the business they are employed by will be affected. Also, organizations tend to always struggle with attrition. Organizations can retain their personnel for a longer period of time by using appropriate methods that are taken and put into practice. Workers depart from the company for a variety of reasons. The reason may be a higher wage at another company, family mobility, a preference for new technology, a higher position, etc. This unhappiness is a personal phenomenon that no organization can effectively manage. Attrition causes organizations to suffer losses and incur additional costs, though. Employers invest a lot of time, money, and effort in training and developing their staff members to improve the effectiveness of their work. In the event that one employee departs the company, a new employee must be hired. The same time, effort, and money must be put forward in this procedure to find and train a new applicant.

2. LITERATURE REVIEW

When researching "Employee Retention Techniques in the Information Technology Sector," Corey Harris (Walden University 2018) found that "Productivity drops when individuals voluntarily leave an organisation."

In their study, "Human Resource Information System and its Impact on Human Resource Research on "a study on employee attrition: with special reference to Kerala IT Industry" was conducted by Hardik P. K. in 2016. His study looked at the connection between organisational characteristics and IT professional attrition. We can draw the conclusion from the data that organisational characteristics were crucial in predicting the variation in Kerala IT professionals' intention to leave their jobs (attrition). Hence, in order to decrease the intention of talented personnel leaving their firms, HR managers in IT organisations may take into account concerns with organisational elements of their employees.

"Study on Identifying Determinants of Employee Retention" was published by Bodjrenou Kossivi, Ming Xu, and Bomboma Kalgora in May 2016. The analysis came to the conclusion that an organization's most important asset is its workforce. Their importance to businesses necessitates more than just attracting the top people but also the need to keep them around for a while. Development possibilities, pay, work-life balance, management and leadership, workplace culture, social support, autonomy, training, and development are broad factors.

3. OBJECTIVES OF THE STUDY

1. To identify the motives of employees' reasons for leaving the company.
2. To understand, what effect an employee's resignation has on his/her coworker.
3. To identify which department has the highest and lowest percentage of attrition.
4. To know the effect of Hybrid Working model on attrition rate.

Research Methodology

Qualitative research is a research method that involves collecting and analyzing non-numerical data in the form of interviews, and questionnaires through open-ended questions. The method of research used is qualitative research where interviews are conducted among a selected sample group.

Sampling Method and sample size

Here the non-probability sampling is taken and Quota method of sampling was done and the data from the specific departments in the company, and from the Human Resources manager. The sample method will be stratified selected. The sample size for this research is 50.

Limitations of study

- The research was confined to only to employees who are aware of hybrid working model.
- Few respondents may deny while facing/answering the questions.
- Some HR professionals unable to answer for few questions as things should be confidential to the organization.

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- The time constraint may be a possible limitation.
 - Some significant information may not there due to unwillingness to disclose.

The original English meaning of attrition, which was connected to spiritual repentance, was accepted as the metaphorical meaning of the mediaeval Latin etymon attrition, which means "hardship, affliction."

The number of employees departing an organisation within a specific time frame, such as monthly, quarterly, or annually, is measured as attrition rate. Attrition rate is often referred to as churn rate. According to a few market analysts, the attrition rate in the Indian IT sector has recently reached an all-time high and is currently averaging over 25%. Over the past few quarters, a large number of Indian IT companies have reported high attrition rates. For instance, Infosys reported an attrition rate of 22.5 percent for the third quarter of FY22, compared to 22.7 percent for Wipro. TCS had an attrition rate of 15.3% within the same time period, compared to Mindtree's 21.9 percent.

The attrition can be calculated by using the formula:

$$\text{Attrition rate} = (\text{No. of separations} / \text{Avg. No. of employees}) \times 100.$$

Attrition comes in four different flavors. They are

1. Explicit attrition
2. Unwilling attrition
3. Employee attrition
4. Attrition by demographics

The majority of the time, if attrition is demographically or voluntarily specific, it occurs for business-related reasons, when the employee becomes unsatisfied with the business or their job function. It also occurs when an employee is forced to quit a company for personal reasons, such as pursuing more education or moving. Women typically quit their jobs when they get married, when they have children, when they opt to take care of their families, or if they feel unprepared to handle work after giving birth. Many millennials quit their jobs after realizing the company's reputation and brand in the market. They then search for another job at a reputable organization.

Then there is involuntary attrition, in which the employer fires or terminates the employee due to problems with his work or for breaking any of their policies. Internal attrition is the term for when workers leave their current positions within a company.

When the attrition rate is both low and average, it is referred to as a good attrition rate. To have a desirable attrition rate, businesses should aim for a 10% or lower rate. Keep in mind that this number varies from company to company and industry to industry depending on the circumstances

- average attrition rate
- Low attrition rate;

Impact of attrition on company:

Having attrition or the staff turnover, affects the production and the performance negatively to the organization. It costs too much to the org., again to hire or fill the vacancies and takes time. The cost of attrition to an organization can be as high as 250 percent of a top performer's annual compensation, according to Dr. Britt Andretta's LinkedIn Learning Course: Organizational Learning and Development. Also, a skilled employee or the higher position employee or manager leaving the company impacts a lot on the company. Finding a candidate with that background and familiarity with the business is challenging. That's why every company should have the succession plan for the important positions. Some indirect impacts on the company because of their

employees leaving the company, are as follows.

- **Team dynamics:** Today's employees operate in groups and are responsible for ensuring effective collaboration. A team's ability to perform effectively can be hampered by the death of a single member, which can lead to output losses.
- **Acquired knowledge:** Employees who stay with companies for a long time often pick up skills and expertise on the job. When an employee departs, they take with them all of their acquired knowledge, which is challenging to replace.
- **Employee morale and engagement:** When employees leave a business, it can have a detrimental impact on their coworkers' morale and engagement. It can have significant effects on productivity, although this impact is frequently ignored.
- **Culture:** Employees that stay with a business for a long time tend to adopt the culture of the company. The loss of such employees and their replacement by others might cause a cultural conflict inside the company, affecting effective collaboration and employee engagement.
- **Extended productivity:** As employees grow more familiar with their roles, their productivity rises over time. Businesses sometimes find it challenging to maintain a constant level of productivity, even when departed employees are substituted by others. This is especially true for employees who have worked for the company for a long time.

Finance department:

In the finance sector or finance employees, the employees keep on changing and attrition mostly happens with the millennials. Only about 10% of them intend to continue in their current positions with the same company for an extended duration. 40% of the employees leave the company within 6 months from their joining into the company. The others typically work for a maximum of 17 months before leaving to job for other organizations, which hurts the business by costing money to hire and train new employees. Though how much ever candidates says that they will be loyal to the company, and work for them longer time, it doesn't happen in action.

One third of the finance professionals work more than 40 and 48 hours per week that is like 70 and maximum 100 hours per week which doesn't give them work life balance. It stresses them a lot and can't have time for themselves and family. In the end, they become unhappy with both their job and the company. Working people struggle to balance job and family life, according to the findings of a Pew Research survey from 2022. Working mothers and fathers reported that balancing these obligations was extremely or very challenging for 58 percent and 43 percent, respectively. Burnout, stress, health difficulties, and the destruction of marital and family connections are all negative consequences of an unbalanced work/life balance.

IT department:

Engineers who are burnt out are twice as likely to leave their jobs as those who are not stressed. Burnout isn't the only reason why people hand in their laptops and say their goodbyes to their coworkers. Exits among tech and IT personnel are caused by a lack of career advancement, a lack of flexibility in terms of working hours, toxic work cultures, and a sense of being underpaid or

unappreciated. Increased talent development possibilities were also mentioned by survey respondents. Seventy-five percent of respondents said their company placed a higher priority on new hiring than on retaining existing personnel.

Burnt-out and unhappy workers are searching for a career move after a year of remote working, with academics warning of a 'talent exodus' that could cost corporations up to \$23.9 billion. Tech employees were even more likely to be exploring a career move, with 58 percent of IT and computer workers indicating that they were considering a shift.

Ninety-seven percent of data engineers feel burnt out, according to a Wakefield Research survey of 600 data engineers. Employees are planning to leave in droves after "losing touch" with their bosses during the pandemic, with IT workers being the most likely to go. 78 percent of the 600 data engineers polled said they wished the job "came with a therapist" to assist with stress management. Almost 80% of those polled said they were thinking about changing careers entirely. Burnout must become "every organization's top priority," according to the survey's authors, if top talent is to be retained in the long run. The researchers stated, Data engineers put in extra time to make up for the discrepancy between results and expectations, according to the study. Yesterday's heroes are quickly forgotten when there is a new deliverable to meet. Burnout, anxiety, and even depression can result from working long hours.

According to research by HR software business Personio, four out of ten employees (38%) in the UK and Ireland planned to change jobs in the following six to twelve months or once the economy had steadied, with 55 percent of 18 to 34-year-old expecting to do so.

HR leaders were more than twice as likely as employees to rank their company's assistance for career growth as "excellent" (64 percent vs. 30 percent), as well as support for work/life balance (70 percent vs. 53 percent) and mental and physical wellness (68 percent vs. 44 percent).

Hybrid work model

BYOD (bring your own device) and CYOD (choose your own device) are two prominent remote work trends that work well with a hybrid work style. Allowing employees to work on their own devices from home or at the office helps cut IT costs. Employees are more at ease with their own devices than with those provided by their employers. As a result, these restrictions may be able to assist in increasing production. Prior to the pandemic, just 8% of remote-capable employees worked entirely from home, with the remaining one-third having a hybrid work arrangement.

Then the pandemic struck, forcing the vast majority of remote-capable individuals to work from home in some capacity, with up to 70% working exclusively from home in May 2020.

Let's fast forward to the month of February 2022. The majority of remote-capable employees continued to work from home at least part of the time, but the split became virtually even: 42% had a hybrid schedule, and 39% worked totally from home.

When asked where they plan to work long term, remote-capable employees acknowledged that a hybrid work schedule will be the prevalent office arrangement going future, according to their employer's intentions. About 53% anticipate a hybrid arrangement, while 24% anticipate working entirely from home.

These developments will create an office atmosphere unlike any we've seen before, with the number of individuals working remotely at least part of the week virtually doubling from pre-pandemic levels.

Employees are generally pleased with the direction in which these adjustments are heading.

Undoubtedly, the majority of workers have developed a desire for the flexibility of working remotely, which has turned into a future expectation. Clearly, most employees have formed a preference for remote work flexibility, which has evolved into a future expectation. While permanent plans for remote flexibility are increasingly popular, a significant proportion of employees will still be denied the flexibility they desire.

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According to academics, employers' optimism may be blinding them to a "looming productivity drought." HR professionals were more upbeat in their reporting: 52% of respondents said staff productivity had increased since the epidemic, roughly equivalent to 33% who said it had decreased.

"This optimism could be dangerous; if employers don't recognize that a productivity drought is occurring, they're less likely to take actions to address it - and this could cost them a lot of money," the researchers stated. The availability of flexible working arrangements is becoming a stronger motivator for people's career selections.

According to Harvey Nash's 2021 Technology and Talent Study, work location and remote working have surpassed strong culture and leadership as the top three most significant characteristics for tech workers when looking for a new job.

According to White, offering a flexible combination of remote work and in-office time could provide "the best of both worlds for individuals and companies alike," by fostering the strong and supportive culture that many employees crave in the aftermath of the events of 2020.

When the hybrid model was still in its early stages, one of the most prominent concerns was that it would have a negative influence on employee retention. Organizations concerned that if their employees didn't show up to work every day, they wouldn't be able to form strong bonds with their coworkers or become committed to the company's objective.

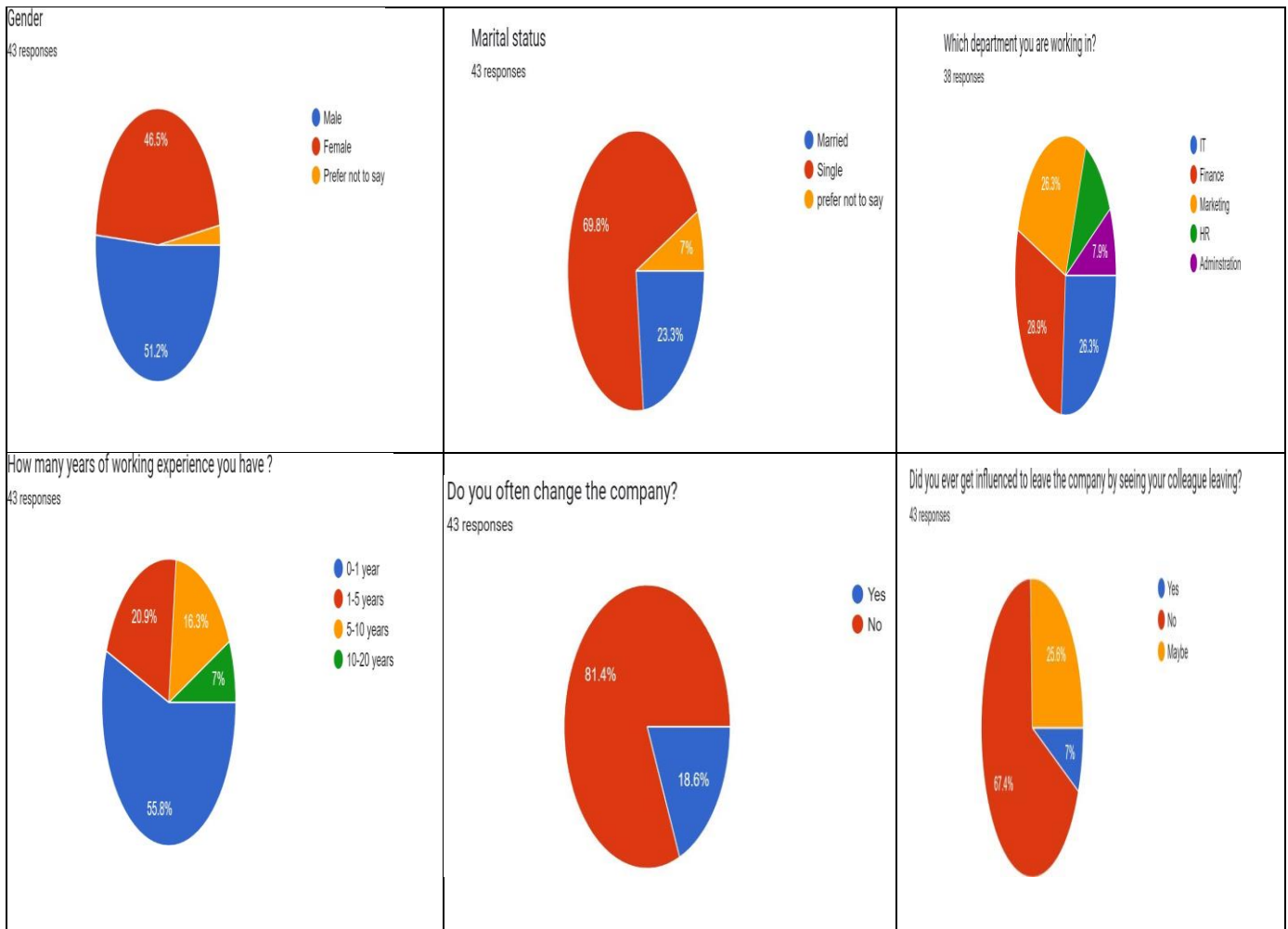
Employees are ready to act for flexible work alternatives, according to the survey, with 39 percent eager to bargain with employers, 24 percent willing to move professions, 14 percent willing to relocate, and 13 percent willing to take a 10% pay drop.

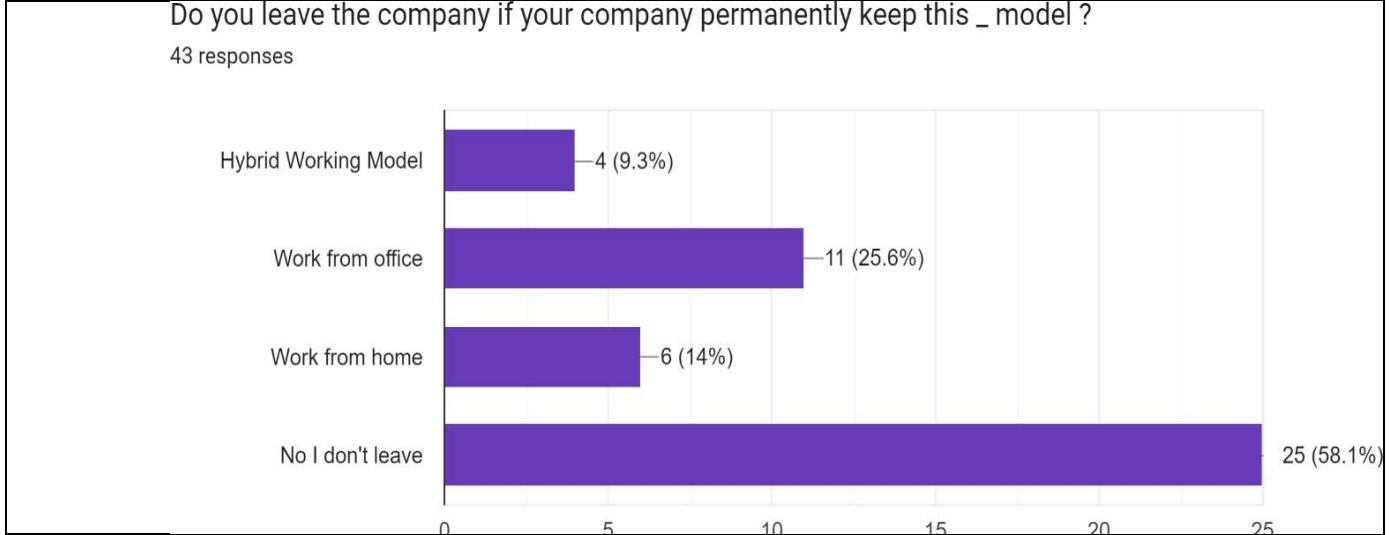
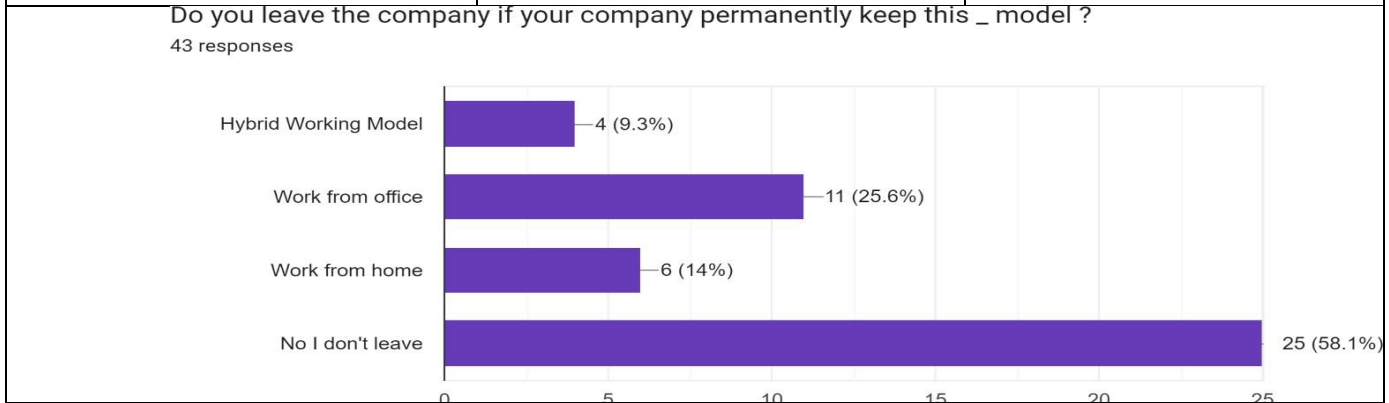
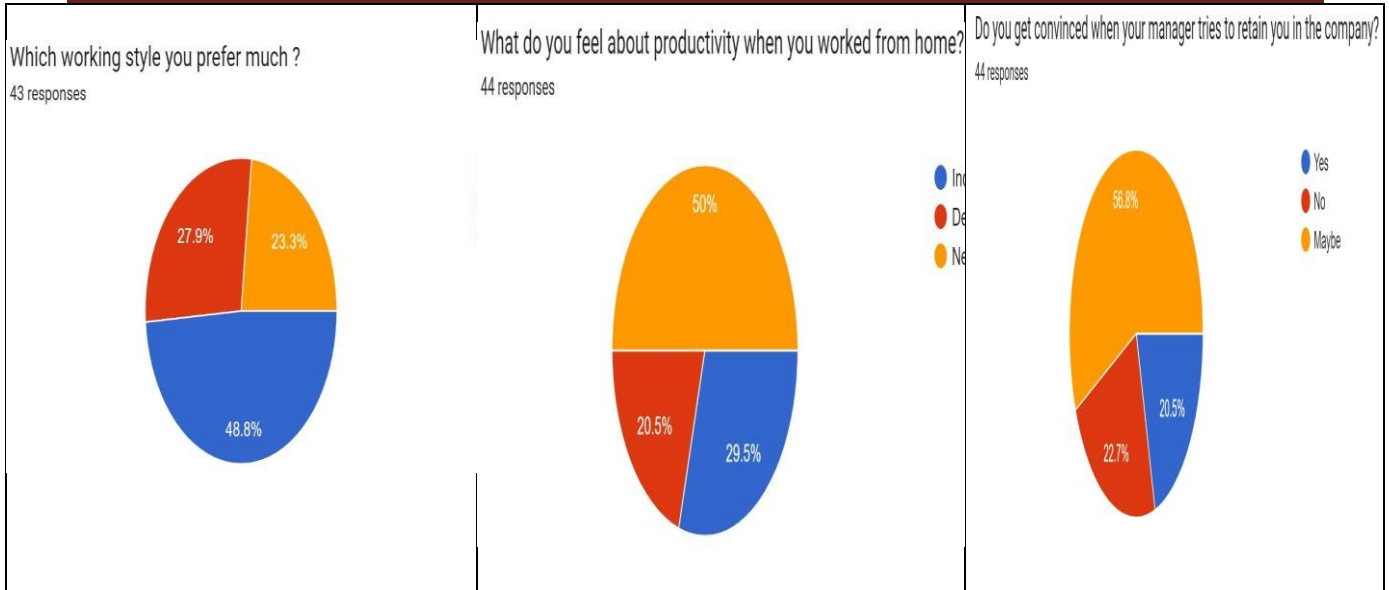
It's probably accurate to claim that increased retention rates and a greater ability to attract top talent are two significant advantages of hybrid working.

"Obtaining this right may be the key for organizations in employee retention under threat – and for job candidates seeking to recruit new talent, proving that one's business is affiliated with the new deal notion could send out a strong message which helps them grasp the involvement of the techies they need," said White.

"It's not unexpected that people are looking to change jobs as the economy improves," said Seychelle, "since many people have stayed put and put job changes on wait while the labor market has been more uncertain."

Not only will workers have more opportunity and confidence to leave their employment for pastures new when the economy heals and people have more faith in the labor market, but exhaustion and anger with lack of employer assistance during the epidemic may push them out.





Why Attrition matters?

The success of your business depends on the retention of your personnel, and the attrition rate is the indicator of how successfully you are doing this. The performance of your business may be negatively impacted by employee turnover. Because of this, it's critical to understand your attrition rate's current situation. The expense of hiring is where the first effect is felt. After all, some sources claim that the cost of replacing a highly qualified professional might range from 120% to more than 200% of their annual income.

Their departure will have an effect on others who work close to them. This frequently has the effect of giving already overworked team members more work. Additionally, their departure may have an adverse effect on employee morale, stress levels, and employee burnout, as well as the company's overall business performance.

Every time a member of a team departs, the dynamics of the group alter, which can negatively impact the employer brand and employer value proposition of the organization (EVP). For instance, when a company has a history of high turnover, recruiters frequently report that it is difficult to find new employees.

Find the reasons why people are leaving:

While knowing your company's attrition rate is vital, particularly if the figure has changed dramatically over time, understanding why people are leaving is more crucial.

There is nothing you as a business can do if employees leave because they are forced to—they are moving to a new place, changing careers, or their family circumstances are driving them to move.

However, workers don't always quit because they have to. They might be forced, either consciously or because something in your company isn't quite right. If that occurs, it is important to consider what led them to leave so you may make amends.

Can Having a High Attrition Rate Be Beneficial?

It's not always a good thing to have a low attrition rate. Some businesses with low attrition rates eventually get stale since no new employees are bringing in fresh perspectives. In a similar vein, it may be tricky to persuade a difficult employee to leave a company.

It can lower productivity and morale throughout the company if someone is not a good cultural fit for the company or their position. If they go, it might be for the best. However, a high attrition rate is typically unfavorable.

Best practices for employee attrition: What to do when employees quit:

Although it is painful to lose talented employees and expensive to find replacements, it is also shrewd to part ways with them amicably. If your termination procedures are properly recorded and your employee records are current and simple to find, it will be simpler. and after they are prepared to do so.

Personio's HR analytics and reporting are extremely beneficial because of this. It's an efficient way to monitor employee satisfaction while keeping a watch out for any discord, dissatisfaction, or complaints. By doing this, you may address problems before they affect your top achievers.

But it's not only a good idea. It might eventually aid in improving employee retention and lowering your attrition rate. After all, the goal is to retain customers and help your organization grow by bringing them on board. Our goal is to support HR professionals in doing it on a daily

basis.

4. CONCLUSIONS

Research findings suggest that attrition reasons in IT organizations primarily revolve around professional growth and challenges in the organization. Although economic factors happen to be the most influential factor, professionals may settle for second best criteria of their preference that is career growth and supportive work policies in the organization.

On the other hand, candidates who aspire to have a better job than the one in hand are more interested in securing the next job. Young talent wants to work on latest technology and functional domain. IT professionals who are young career makers are less influenced by Brand name or geographical area. Most of the IT professionals look for challenging role and position in the organization. Candidates as well as senior professionals believe that challenging work motivate them to maintain the interest in the work life.

Employees as well as organizations must be clear with their expectations regarding the job profile. Any sort of mismatch leads to discrepancy and employees may fail to perform at their job. This eventually leads to attrition. Organizations should state the requirements and expectations unambiguously. This helps candidates decide upon to accept the job position or not. This eventually avoids further conflicts in the employment terms.

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