

A STUDY ON EMPLOYEE TURNOVER IN IT SECTOR WITH SPECIAL EMPHASIS ON CHENNAI

Mrs. Juby Thomas, Author
Research Scholar, Department of Commerce,
VISTAS University, Pallavaram, Chennai

Prof. Dr. M. Kavitha, Corresponding Author
P.G. Professor & Research Supervisor
Department of Commerce,
VISTAS University, Pallavaram, Chennai

ABSTRACT

The concept of employee turnover in IT sector has attained significant attention in recent years. The study shows that organization culture has a direct effect on employee turnover. The objective of the study is to know the organizational culture that effect on employee turnover and to identify whether the employee mental level satisfaction causes employee turnover. The study states that there is a significant difference between organization culture and employee turnover. If employees of the IT sector voluntarily quit, it will be a great loss to the organization as well as it may be one among the negative factor in the road map for a 5 trillion economy in India

Keywords: Employee turnover, Organization Culture
Mental Satisfaction...etc

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. It is a huge concern of many companies, employee turnover is very costly, 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 a company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are the 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. The different types of employee turnover found in IT sectors are:

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.

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.

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

Review of Literature :

1. Eric Schulz, Sanjib Chowdhury, David Van de Voort (2013) The human capital of a firm as manifested by employee knowledge and experience represents a key resource of a firm's capabilities. Prior empirical studies have found that firms composed of high levels of human capital experience superior firm performance. Human capital theory proposes that an individual's general or firm specific human capital is positively related to compensation. However, empirical studies examining firm specific human capital's association with higher employee compensation have been inconclusive. The current study proposes that firm specific human capital be categorized as task specific and non task specific. Employees accumulate task specific human capital through duties conducted in their current position. Non task specific human capital represents experiences gained in prior positions to an employee's current job within the firm. Utilizing human capital data from 38,390 employees representing 76 firms in the IT sector, this study examines the association between forms of human capital and employee compensation at different levels of firm productivity. Results show that task specific human capital is associated with higher employee

compensation. In addition, firm productivity moderates this association.

2. Marianne J. Koch, Rita Gunther McGrath, (2016). Despite the consistency with which the theoretical and normative connections between human resource management practices and firm-level performance outcomes are made, empirical studies that link the two are sparse. This paper presents results from a study of 319 business units that addresses this gap. Hypotheses are derived from a resource-based perspective on strategy. Positive and significant effects on labor productivity are found for organizations that utilize more sophisticated human resource planning, recruitment, and selection strategies. These effects are particularly pronounced in the case of capital-intensive organizations.

3. Jennifer Aden Murnane, (2017) Organizational citizenship behaviour, when part of a leadership development program, can have an impact on an organization's culture and can impact measurable, tangible business outcomes. Striving for increased organizational citizenship behaviors as a component of leadership development programs can be beneficial in realizing greater organizational human capital and business impact, such as job satisfaction, reduced turnover, organizational effectiveness, and increased customer satisfaction. The associated steps for integrating organizational citizenship into a leadership development program and measuring it are outlined.

4. John E. Delery, Dorothea Roumpi, (2009) The resource based view (RBV) of the firm has been consistently used as a backdrop in strategic human resource management (SHRM) research and has the potential to bridge the 'micro-macro' divide. The tension between the SHRM and the strategic human capital literature, however, signifies that RBV has not reached its potential. In this paper, it begins with a brief review of the conceptual logic linking human resource management (HRM) practices and firm outcomes that aim at highlighting the different treatment of RBV in the SHRM and strategic human capital literatures. It then proposes a conceptual model that suggests that HRM practices are not simple levers that enable firms to create sustainable competitive advantage, as most of the strategic human capital research postulates. On the contrary, it

argue that HRM practices can contribute to a firm's sustainable competitive advantage not only by enhancing employees' ability, and offering motivation and opportunities, but also by shaping supply side and demand side mobility constraints.

5. Mousumi Bhattacharya, D. Harold Doty, Thomas Garavan, (2009) In contrast to the traditional focus of HRD on human capital accumulations it examine the issue of variability in human capital investment. Drawing on Real Options Theory, it theorize that larger firms and firms that are faced with greater organizational risk will create a greater number of options in terms of human capital investment decisions resulting over time in greater variability in labor costs. Based on a large sample of U.S. firms and longitudinal data, it found that labor cost variability was positively related to organizational risk and firm size, but negatively related to capital intensity. These relationships are significant even after controlling for employment variability. Overall, it found that in the long term, firms with greater variability in labor costs achieved better performance. Implications for strategic HRD theory and practice are discussed.

6. Alex Bryson, Andy Charlwood, John Forth, (2006) This article investigates the relationship between worker voice practices, employee perceptions of managerial responsiveness and labour productivity. It argues that managerial responsiveness is a critical but under-investigated variable in the study of the relationship between worker voice, human resource management and performance. Our results suggest that managerial responsiveness to worker voice does lead to superior labour productivity. However, this relationship is only found in non-union workplaces and there is little relationship between formal voice regime and productivity. One important implication of this finding is that more responsive management will result in improved productivity, so policy interventions should focus on how to motivate managers to become more responsive to their employees.

7. Patrick M. Wright, Gary C. McMahan, (2011) The field of strategic human resource management has seemingly rediscovered human capital with increasing research focused on human capital as a mediator in the relationship between HR practices and performance. In this paper it

review human capital definitions and measurement approaches within this literature. It then identify some of the issues emerging with human capital research. Finally, it propose some future directions for research on human capital in organisations.

8. Taesung Kim, (2015) The current research examined the structural relationship between organizational investments in employee development and career development interventions, organizational human capital, and organizational long-term performance in the Korean business context. Four research questions are examined using the survey data with 469 sample corporations from the Human Capital Corporate Panel (HCCP) 2009 data set (the data set collected and shared for research purposes in Korea). The statistical strategies included measurement testing and examination of the predictive and mediating relationships between the variables, followed by the effect size comparison. The results of the statistical analyses indicated that the positive impacts of employee and career development interventions on organizational process and customer competencies are fully mediated by improved organizational human capital. That is, no statistically significant relationship between the learning interventions and organizational long-term performance was established without the critical mediating role of human capital. Based on the empirical findings, this research suggested implications for practice and recommendations for future research.

9. Edoardo Della Torre, Christopher D. Zatzick, David Sikora, Luca Solari, (2017). It assess the influence of workforce churning on the relationship between organisational human capital and labour productivity. Building on collective turnover research and human capital theory, it examine how the components of workforce churning (i.e., voluntary turnover, involuntary turnover, and new hires) influence the relationship between existing human capital and labour productivity. Further, it examine how this influence varies according to a firm's technological intensity. Our data come from 1,911 Italian manufacturing firms and reveals that collective voluntary turnover negatively affects the relationship between organisational human capital and labour productivity regardless of an organisation's level of technological intensity. In contrast, collective

involuntary turnover enhances the relationship between human capital and labour productivity, and its effect is even stronger for organisations with more technologically intensive operations. Finally, our results suggest that the integration of new hires disrupts the relationship between human capital and productivity, particularly for firms with technologically intensive operations.

10. Dana B. Minbaeva,(2017). Despite the enormous interest in human capital analytics (HCA), organizations have struggled to move from operational reporting to HCA. This is mainly the result of the inability of analytics teams to establish credible internal HCA and demonstrate its value. In this article, it stress the importance of conceptualizing HCA as an organizational capability and suggest a method for its operationalization. It argue that the development of HCA within an organization requires working with three dimensions of HCA: data quality, analytics capabilities, and strategic ability to act. Moreover, such work must be undertaken on three levels: individual, process, and structure.

OBJECTIVES OF THE STUDY

1. To analyze the factors affecting employee turnover
2. To know the organizational culture that effects on employee turnover.
3. This study also identifies the employee mental level satisfaction and tension that causes employee turnover.

HYPOTHESIS OF THE STUDY

H0: There is no significant difference between organization culture and employee turnover.

H1: There is significant difference between organization culture and employee turnover.

H0: There is no significant difference between employee mental level satisfaction and employee turnover

H1: There is significant difference between employee mental level satisfaction and employee turnover

STATEMENT OF THE PROBLEM

Employee turnover in IT sectors has rise to 13.2% in the recent survey. Which may be one among the factor of the road map for a 5 trillion economy in India? India is mixed economy, where private, public and government sector plays a major role for the development of the nation. One among these sectors include IT. IT sector plays a major role in uplifting the GDP of the nation. So it may affect the nation if the Employee turnover rises in the IT

SCOPE OF THE STUDY

The present study is conducted in IT parks of Chennai, and it is done to decide the different reasons for employee turnover in IT sector like due to mental pressure, work load, lack of facilities, insufficient pay scale, etc.

METHODOLOGY OF STUDY

The current study is based on primary data collected from 250 respondents from the different areas of Chennai . A well-structured questionnaire was designed to collect the information from the respondents.

Sampling Plan

This call is for defining the target population to be surveyed. In this research the sampling unit was the IT professionals.

Sample size: In this survey the sample size designed was 250 heads within the working communities.

Sampling procedure: We adopted Intercept interview and questionnaires method for collection of primary data, as it is not possible to take appointment from a large number of respondents. Purpose of this research was told to respondents and questions were explained to them in case there was any need for understanding any particular question. There had been no personal bias or distortions were allowed while recording the responses. We have also used information from previous study and through articles for secondary data collection.

LIMITATIONS OF THE STUDY

- It is difficult to convenience some officers why this study is done.
- Sample size is restricted to 50.

- Location was far
- Office timings were inconvenient.

TESTING OF HYPOTHESIS

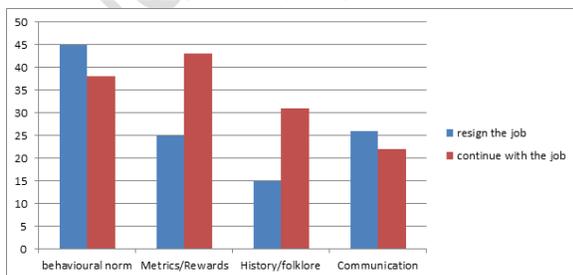
H0: There is no significant difference between organization culture and employee turnover.

H1: There is significant difference between organization culture and employee turnover.

TABLE SHOWING RELATION BETWEEN ORGANIZATION CULTURE AND EMPLOYEE TURNOVER

Organization Culture	Resign from the Job	Continued with Job	Total
Behavioral Norma	45 37.60 (1.45)	38 45.40 (1.20)	83
Metrics/Rewards	25 30.81 (1.09)	43 37.19 (0.91)	68
History/folklore	15 20.84 (1.64)	31 25.16 (1.36)	46
Communication	26 21.75 (0.83)	22 26.25 (0.69)	48
	111	134	245

FIGURE SHOWING RELATION BETWEEN ORGANIZATION CULTURE AND EMPLOYEE TURNOVER



$$\chi^2 = 9.175, \quad df = 3, \quad \chi^2/df = 3.06, \quad P(\chi^2 > 9.175) = 0.0270$$

The calculated value of Chi-square = 9.175

Critical value of Chi-square for 3 df at 5% significance is 7.815

Since the calculated value is greater than the table value, we reject the null hypothesis with 95% accuracy. Therefore there is significant difference between organization culture and employee turnover

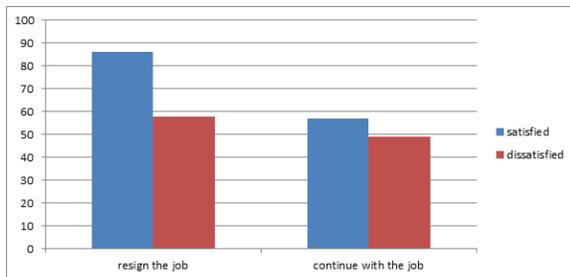
H0: There is no significant difference between employee mental level of satisfaction and employee turnover

H1: There is significant difference between employee mental level of satisfaction and employee turnover

TABLE SHOWING EMPLOYEE MENTAL LEVEL OF SATISFACTION AND EMPLOYEE TURNOVER

Employee mental level of satisfaction	Employee turnover		
	Resign the job	Continue with the job	
Satisfied	86 82.37 (0.16)	57 60.63 (0.22)	143
Dissatisfied	58 61.63 (0.21)	49 45.37 (0.29)	107
	144	106	250

FIGURE SHOWING EMPLOYEE MENTAL LEVEL OF SATISFACTION AND EMPLOYEE TURNOVER



$$\chi^2 = 0.883, \quad df = 1, \quad \chi^2/df = 0.88, \quad P(\chi^2 > 0.883) = 0.3475$$

The calculated value of Chi-square = 0.883

Critical value of Chi-square for 3 df at 5% significance is 3.841

Since the calculated value is less than the table value, we accept the null hypothesis with 95% accuracy. Therefore there is no significant difference employee mental level of satisfaction between and employee turnover

FINDING AND SUGGESTION

The major findings from the study are:

- Organizational culture affects employee turnover in IT sector, If the organizational culture is rigid.
- Employee turnover are not much affected by the mental satisfactory level of employee because every employee are professionally qualified and oriented
- Majority of respondents are satisfied with their professional life
- Work environment should be professional as well as employee friendly
- Work stress should diversified with better workload division
- Majority of the respondents leave the profession due to the organizational culture.

CONCLUSION

The study reveals that there are many factors which play a role in the employee turnover rate of a company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, organization culture etc. The main objectives taken for the study are – organization culture and mental level of satisfaction. The study comes to an end stating that there is a significant relationship between the employee's turnover and organization culture. Hence, organizations need to concentrate on the employee's needs and improve working conditions in order to retain their employees. If employees of the IT sector voluntarily quit, it will be a great loss to the organization as well as it may be one among the negative factor in the road map for a 5 trillion economy in India

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