



High employee turnover affecting organization culture – A case study on Key Concepts IT Services LLP

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Abstract: *In this highly competitive Information technology sector there is heavy outflow of employees from one organization to another due to increase in demand. Retaining employees has become biggest challenge for employers. High attrition rate isn't the only problem but leaving employees spoiling organizational culture is. Organization adopted all possible means to recruit best from available talent pool but once the candidate becomes employee, things changes and the moment they communicate with existing employees they also become part of the problem. Organization in study has ineffaceable reputation and needed some input from their employee itself but indirectly for formulation of amicable retention strategy in order to maintain its market position.*

Key words: *Turnover, Attrition rate and Organizational commitment.*

I. INTRODUCTION

Information Technology Sector in India

- IT sector represented 8% of nations overall GDP last year
- IT Industry is 5th Largest Industry in India
- Annual Revenue generated in 2014-15 – 120billion US dollars
- IT sector has 1.7 million direct employment opportunities in India in 2015

Information technology, one of the major industries in India, is chief contributor to the global economic growth (Kanchan, 2016). India is the leading destination for information technology (IT) and information technology enabled services (ITeS) due to its huge talent pool and cost advantage (IBEF). Prime minister has conceptualized a goal of digital India, for the same, Gujarat government has announced a policy for IT sector. Under the new IT policy, new IT parks will be developed in state. The policy along with e-governance policy for a period of 2014-19. The new IT policy looks to take the overall turnover of industry to 75000 Crore by 2020. Easy IT policies made it easier for entrepreneurs to start up new firm, as a result number of Information technology companies are increasing rapidly making more possible opportunities, this develops a thought of relaxed state of mind that if not this organization than other

The major factors for turnover are compensation and easy start-ups. Compensation, because plenty of opportunities are there for experienced well qualified employees and if they switch over to other companies, they will get better pay. There are many push, pull and other factors involved in initiating thought of turnover among employees (Purohit, 2016). Start-ups, because new easy policies motivate employees to start their own venture. Employees join organization to understand the business and once acquired the knowledge leave and start their own.

II. LITERATURE REVIEW

Under the globalized market, a firm's success depends on its innovativeness, adaptability and speed. These all are derived from its own human resources, but employee turnover can jeopardize a firm's efforts. Reasons behind voluntary turnover in IT sector are tried to identify. Among the six plausible considered push and pull factors -- 'higher-salary', 'higher-portfolio', 'higher-company-brand-name' -- these three pull factors chronologically appear to be responsible for IT professional turnover, regardless of age and gender. From an empirical and turnover model, it appears that an employee's attitude towards life and work is a key parameter affecting employee turnover. (Guha & Chakrabarti, 2014).

The turnover of information technology employees represents a key IT management issue. This research study developed and tested a model of how the understudied construct of cognitive engagement amongst IT employees influences their job satisfaction and job performance and ultimately their turnover intention. The final results supported job satisfaction as a determinant of turnover intention. Also, job satisfaction completely mediated the effect of attention, as a dimension of cognitive engagement, on turnover intention. Attention also showed a correlation with job performance and fully mediates the effect of task significance, as a job characteristic, on job satisfaction. (Storm, 2015)

The result from social exchange theory perspective confirms that IT professionals' perceptions of their skill obsolescence, work overload, and the fairness of the rewards they receive directly influence their organizational commitment. Furthermore, their organizational commitment, perceived work overload, and fairness of rewards significantly affect turnover intention. Employees' commitment toward the organization is an essential mediator between the perception that their skills are becoming obsolete and intention to leave the organization (Hayden, 2016).

(Sokel, 2001) had conducted a study on information systems (IS) employees motivation and stated that hidden motivation has an impact on hidden retention, with job satisfaction and perceptions of management on career development as indicator variables for the former, and burnout, loyalty, and turnover intent as indicator variables for the latter. The factors like supervisor leadership style, longer period of stay in organization and compensation have an influence on employee retention .

To attain employee retention in IT sector, the managers need to identify the employees who are passionate about continuous learning and challenges, triggered through a continuous positive employee relationship (Bhatnagar, 2007)

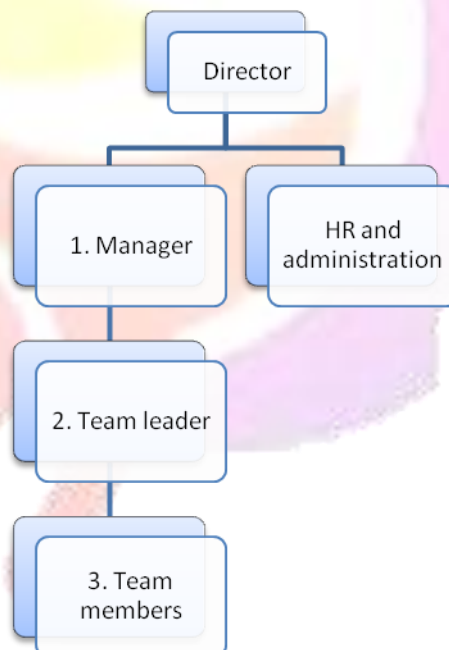
High turnover has been the norm in the IT industry ever since the 1960's, and foreseeable shortages in the IT workforce in the near future make the matter all the more deserving of attention. Indeed, demand for database and network administrators, computer software and hardware engineers, systems analysts, and so on continues to grow, while student enrollment in IT education programs is declining. IT professionals' decisions to stay with their firms or go elsewhere are directly related to job satisfaction and commitment. The greater people's satisfaction with their jobs and emotional commitment to their companies, the more likely they are to stay with their firms. In addition, people are less likely to leave when the job market seems tough or they are approaching retirement. "Job-related factors are probably the most frequently examined factors in studies of IT turnover" (Lo, 2015)

III. CASE PRESENTATION

Company background

Key concepts IT Services LLP is software/ application development, website development, and outsourcing company which has one central goal - "customer satisfaction". Founded in March 2010 at Surat, providing services to small and medium business in local area. The real reward came when company was taken to global level by CEO of key concepts. Company now has their new office in USA. The clientele covers USA, Canada, Germany, Denmark and Australia. The presently works with 58 employees, Led by various managers and all led by three leaders.

Hierarchy



Problems faced by employer

1. *Dissatisfied employees*: Employees whose performances are better, demands unexpected salary hikes. When not increased, resigns or either threats to resign. Increasing salary 100% isn't possible and letting them leave starts spoiling the culture. Leaving employees keeps no stone unturned to affect the reputation of organization inside and outside the organization.



2. *Confidentiality*: Employer can even think of paying deserved candidate better but, even though instructed clearly to keep salary confidential, they don't, resulting in demotivating other employees. This small incident starts influencing employee's loyalty towards organization and results in turnover intention.
3. *Saturday-working is exploitation by employer*: Organization in study has working Saturdays, These working Saturdays makes them feel that they are exploited by employer. For organization, it isn't possible to give Saturday offs to meet projects demands.
4. *Meeting leading to discussion on personal problem*: meetings rather than focusing on organization's growth ends up discussing employee's personal problem. When employee especially female employee are asked for reason for poor performance, either starts crying or end up giving personal problems.
5. *Internal replacement impossible*: organization culture is such that it makes internal replacement almost impossible as the cycle of negativity will never end, if any part of that cycle is promoted. Not promoting the deserving candidates lowers down their motivation.

Problems faced by employees

1. Navigating the culture: Often new employees fail at their new jobs because of poor culture fit. The on boarding process should accommodate new employee's needs, so that they can be accepted into organization quickly.
2. At the time of joining only technical training organization rules and regulations are communicated.
3. Employees do not have privilege to get release from project, even if they don't like or feel they aren't learning enough from the project.
4. Personnel feel, complaining to top management, never been addressed unbiased.
5. Coping with stress and striving for mental health.
6. As one gain experience in IT industry, employee is endowed with more responsibility, under stricter deadlines, managing more people from business units across country and reworking on millions of lines of code to suit the changing patterns of client requirements resulting in stress and consequently turnover intention of talented and experienced employees.

IV. DISCUSSION

Easy IT policies made it easier for entrepreneurs to start up new firm, as a result number of Information technology companies are increasing rapidly making more possible opportunities, this develops a thought of relaxed state of mind that if not this organization than other. Above thought degrades the performance and when questioned for poor performance, either employee resigns or threatens to resign. It is becoming a cycle, and condition is neglected then employee leaves, spreading bad words about organization and increasing salary will motivate other employee to try this practice.

Survey was conducted in the organization in study using questionnaire. The variables were management support, promotion satisfaction, and communication sharing by organization, leadership satisfaction, job satisfaction, turnover intentions, work exhaustion, Autonomy, and recognition by supervisor. The employer listed down the problem before survey and study hence analysis is done according to requirement.

It was found that unlike management students, Information technology courses do not provide any training on interpersonal behavior and professionalism. No matter how talented and expert an employee is, it is crucial to have professional behavior at workplace. If a manager starts wasting their time in providing this very basic training, they will waste their time they would have used for business expansion.

Approaches:

1. Theoretical approach to problem may sound impractical but it is possible, it may take time give results but results are permanent.
2. Anxiety of new place – new employee's level of confidence is always lower as compared to old and employees. They may get easily carried away by gossips, so it is very important to make sure that new employees spend their maximum time with old and loyal employees.
3. Different schedules – Coffee machines and canteens are considered as the places where employee speaks out freely during working hours, negative talk spreads quicker than positive. Lunch breaks can be kept in slots, like different timings for different bunch of employees.
4. Motivational games – Different motivational games can be hold at least twice in a month, with small prizes for winners, this will make their alternative Saturday interesting. This will also help in building positive relations with management.
5. When any employee is scolded, make sure that employee doesn't talk with other employees at least for some hours; this can be done by giving other employees some small task with immediate deadlines.
6. Giving directions to directionless meetings – give some time to employee to remove its frustration or to share their dissatisfaction, one done, formal meeting can be started.
7. Authoritative leadership – the given organization in study requires authoritative leadership style to control employees.



8. Different approach for different employees – all employees have their own mindset, manager needs to understand them first and behave accordingly.
9. Employee's background – maximum employees of the organization in study are unmarried with handsome family incomes. This eliminates need for job and can easily leave job for small reason. Background should be considered at the time of recruitment because by the time organization is done with grooming employee as per needs, employee leaves, causing big loss.
10. Easy leave policies – Employees should be provided flexible and easy leave policies, leaves as a reward for good performance.
11. Making working Saturdays non-working – as maximum employees demanded Saturday off in questionnaire response, this can work in slots, like 1st Saturday off for one group of employees and 2nd for other.
12. Adventure travels or picnics to build positive and friendly environment.
13. Stress breaks as provided by Tata Consultancy Services, Wipro, Infosys and Cognizant.

V. CONCLUSION

Rapid growth in information technology sectors is creating huge employment opportunity in Information technology industry. This has led to good business opportunity but employee poaching and turnover is increasing resulting degrading performance. Our company in study needs to follow suggested approaches to retain the motivated employee and more specific and targeted recruitment process. Employer employee compatibility is pre requisite do meet market requirement. Different approaches are suggested to improve employer-employee relationship and a common platform for their expectations by listing down their problems individually and solution is itself that platform.

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