RELATIONSHIP BETWEEN JOB SATISFACTION AND EMPLOYEE ATTRITION: WITH SPECIAL REFERENCE TO KERALA IT INDUSTRY

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ABSTRACT

Information Technology (IT) industry is the world's greatest increasing economic activity and the retention of IT specialists and other technical employees is a particular concern for many employers. Kerala is all set to emerge as the next destination for the IT industry after Bangalore and now the state has become one of the most promising destinations for software development. As a result of this, a large amount of people leave from one organization to the other. This may affect the image and performance of the company. This study investigates the relationship between attrition of IT employees with their job satisfaction in Kerala IT industry. In this study, samples of 381 IT employees were selected. Regression analysis was used for testing research hypothesis. Results of the study indicate that the job satisfaction facets, have contributed in the IT professionals' attrition.

KEYWORDS: IT Industry, Attrition, Job Satisfaction

INTRODUCTION

The high attrition rate is one of the important HR challenges which most organizations face today. **Attrition** is also known as *employee turnover*, or employee defection, is an industrial term used to describe loss of employees or man power (Adhinarayana and Balanaga Gurunathan, 2011). According to Robert L Mathis and John H Jackson, 2012), turnover is a process in which employees leave the organization and have to be replaced. Hence employee turnover and attrition both occurs when an employee leaves the organization.

In IT organizations, employee's attrition creates different kinds of problems. When IT professionals leave an organization, the professionals themselves take specialized skill, knowledge and understanding of particular business operations and information systems with them (Hy Sockel and Brenda Mak, 2004). Hence, for replacing a skilled IT employee, the IT organization has to pay out more money on employee's annual salary, which includes direct recruiting cost and training costs. High rates of employee turnover can lead to lower worker productivity.

Job Satisfaction

Job satisfaction is very essential for organizational effectiveness and if an employee says that he has high job satisfaction, it means that he really likes his job. There are many definitions for the concept of job satisfaction .According to Stephin Robbins (1999), "Job Satisfaction is an individual's general attitude towards his or her job". According to Feldman and Amold (1983), "job satisfaction will be defined as the amount of overall positive effect (or feelings) that individuals have towards their jobs". The evidence from the studies indicates that the more important factors that contribute to job satisfaction in an organization are employees pay, promotion, supervision, benefits, rewards, coworkers and nature of work (Dr. Tanwir Ahmed and Adnan Riaz , 2011; Mosammod Mahamuda parvin and M.M Nurul kabir,

2011).

Determinants of Job Satisfaction

The studies indicate that the important elements that contribute to job satisfaction are pay, promotion, supervision, benefits, rewards, communication, co-workers and nature of work. Nazim Ali, 2012; Samuel Emeka Mbah and C.O. Ikemefuna, 2012)

The following figure shows the determinants Job satisfaction.

**Figure 1: Determinants of Job Satisfaction**

Source: S.S Khanka (2002)

Job Satisfaction and Attrition

Job satisfaction has a variety of effects. These effects may be seen in the context of organizations productivity, absenteeism and turnover.

In fact, job satisfaction has been identified as a significant determinant of employee's turnover intention in IT industry. It has been reported that job satisfaction is the most important predictor of IT employee's turnover intention (Hao Zhou *et al* , 2009; Abdul Rahman *et al,* 2008; Dong-Hwan Cho and Jung-Min Son, 2012; McKnight, B. Philips, Supathanish Termsnguanwong, 2009; and B.C Hardgrave, 2009). The study by Aondoaver Ucho and Ike E. Onyishi, (2012) found that job satisfaction is negatively related to turnover.

The IT employees who were satisfied with their job were more likely to remain in the current organizations. Thus in general, IT professional's job satisfaction is highly associated with employee's intention to quit. So proper job satisfaction helps management in reduced turnover.

The various facets of job satisfaction which resulted to employee turnover are; satisfaction with pay, promotion, supervision, benefits, rewards, coworkers nature of work (Steven G Westland and John C Hannon, 2008; Samuel Emeka Mbah and C.O. Ikemefuna, 2012). The following figure shows the relationship between facets of job satisfaction and attrition.
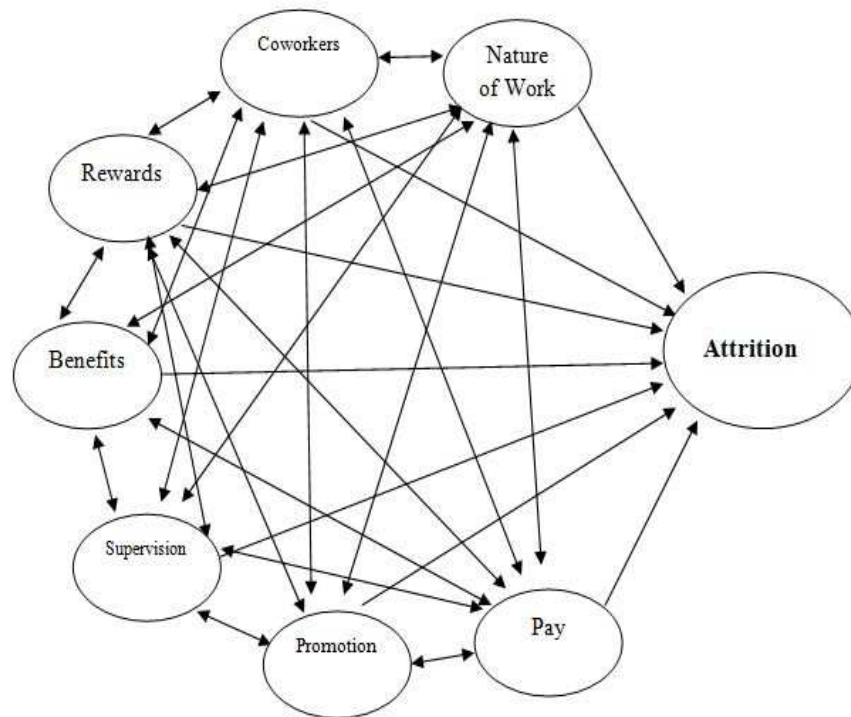
Figure 2: Relationship of Attrition and Facets of Job Satisfaction

Source: Steven G Westlund and John C Hannon

REVIEW OF LITERATURE

Atanu Adhikari (2009), studied about factors effecting the employee attrition. The data collected from several IT and ITES companies located in Hyderabad. The data analyzed by using multivariate techniques like factor analysis and multiple regression analysis. From the study, the factors effecting the attrition of IT employees are; job content, onsite opportunities, job dissatisfaction, company name, and working hour's salary and work life balance.

K.R Sree Rekha and T.J Kamalanabhan (2010) studied about the turnover antecedents in ITES/BPO Industry. The study revealed the factors related to the IT employee's turnover are work environment, organizational commitment, job satisfaction, and job stress.

R. Ganapathi S., Anbu Malar and R., Kanniah (2010) studied about Attrition Rate in Call Centers and BPO Industry. The main purpose of the research was to find out the reasons for increasing attrition rate in Indian BPO industry.The result of the study shows that the various factors on increasing employee attrition are; health issues, lack of career opportunities, poor promotion, no proper communication, inadequate compensation and benefits, poor salary and unnecessary interference of superiors in the employee's matters.

M. Kannan and K. Vivekanana (2012) made a study on attrition software testing professionals. The objective of the study was to investigate the turnover intentions among new entrants in software testing professionals. The study conducted in Chennai. The sample size of the study was 135. The result of the study found that the independent variables like organizational satisfaction, job satisfaction, relationship with supervisor and life satisfaction has significant impact on turnover intentions of software professionals.

Magid Igbaria and Sidney R. Siegel (2002) studied about the reasons for turnover of information systems personnel. Result of the study shows that both role stressors and boundary spanning activities are positively correlated with turnover and job involvement , promo ability , salary , organizational commitment , job satisfaction, promotion , pay are negatively correlated with turnover.

Steven G.Westlund and John C Hannon (2008) made a study about software employee turnover intentions. The main objective of this study was to assess facets of job satisfaction that are most significantly correlated with software employee turnover intentions. From the regression analysis, the result indicated that there is a positive relationship between software developer's turnover intention and the nine facets of job satisfaction.

OBJECTIVE OF THE STUDY

To identify the which facets of job satisfaction are mostly related to the attrition of IT employees in Kerala,

Hypothesis

With justification from the review of literature, the hypothesis formulated as,

H_0: There is no significant relationship between attrition and facets of IT Professional's job satisfaction.

RESEARCH METHODLOGY

Table 1: Research Methodology

Research Type	Descriptive & Exploratory
Data	Primary data & Secondary data
Data Collection	Through Questionnaire
Location of Study	IT Park, Kerala
Sample Size	381
Data analysis Methods used in the study	Descriptive Statistics, Regression Analysis.
Scaling Method	Likert Scale "Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, Strongly Disagree=1"

Sucre: Author generated table.

ANALYSIS AND RESULTS

Demographic Profile of the Respondents

Table 2: Demographic Profile

Attributes	Category	No of Respondents	% of Respondents
Gender	Male	230	60.4
	Female	151	39.6
Age	20 - 24 Years	141	37
	25 - 29 Years	132	34.60
	30 - 34 Years	80	17.30
	35 - 39 Years	15	3.9
	> = 40Years	27	7.10
Education level	PhD	8	2.10
	M. Tech	14	3.70
	B. Tech	63	16.50
	MBA	49	12.9
	MCA	50	50

	PG	105	27.60
	UG	71	18.6
	DIPLOMA	21	5.5
Designation	Software Development Managers	12	3.10
	Software Developers	52	13.60
	System Analyst	53	13.90
	System Administrator	56	15
	Web Designer	37	9.4
	Project Leader	26	6.8
	Project Trainees	29	7.6
	Programmers	87	22.8
	Technical Assistant	29	8
Experience	1- 5 years	218	57.20
	5 - 10 Years	104	27.30
	10 - 15 Years	40	10.50
	15 - 20 Years	19	5

Source: Primary Data

Table 3: Overall Level of Job Satisfaction (Mean and Standard Deviation)

Variables	N	Mean	Standard Deviation	Minimum	Maximum
Pay	381	3.524	.802	1.000	5.000
Promotion	381	3.629	.789	1.000	5.000
Supervision	381	3.669	.765	1.000	5.000
Benefits	381	3.531	.706	1.000	5.000
Rewards	381	3.439	.770	1.000	5.000
Coworkers	381	3.517	.894	1.000	5.000
Nature of Work	381	3.711	.800	1.000	5.000
Attrition	381	3.422	.978	1.000	5.000

Source: Primary Data

Table 3, highlights the overall mean and standard deviation values job satisfaction facets. Out of eight job satisfaction facets, nature of work shows the highest mean value (mean = 3.711, SD = .800) followed by supervision (mean = 3.669, SD = .765), promotion (mean = 3.629, SD = .789), pay (mean = 3.524, SD = .802), befits (mean = 3.531, SD = .706) , coworkers (mean = 3.517, SD = .894) and rewards (mean = 3.439, SD = .770), Attrition (mean =3.422,SD=.978).

Result of Regression Analysis

To determine the greatest influence factors of job satisfaction on turnover intention of IT professionals, regression analysis were carried out.

Table 4: Regression Model Summary: Job Satisfaction facets on Attrition

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.658[a]	.433	.423	.51839
a. Predictors: (Constant), Nature of work, Promotion, Coworkers, Rewards, Supervision, Benefits, Pay				

Source: Primary Data/SPSS output

From the regression model summary table (Table 4), the R square value is .433 and adjusted R - square value is .423. The R - square value of 0.433 indicating that the seven given job satisfaction determinant variables explain about 43.3 % of the variance in the turnover intention of IT professionals.

Table 5: ANOVA Table (Facets of Job Satisfaction and Attrition)

ANOVA						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	76.605	7	10.944	40.723	.000[a]
	Residual	100.236	373	.269	-	-
	Total	176.841	380	-	-	-
a. Predictors: (Constant), Nature of work, Promotion, Coworkers, Rewards, Supervision, Benefits, Pay						
b. Dependent Variable: Turnover Intention						

Source: Primary Data/SPSS output

The ANOVA table (Table - 5) implies that the F – statistics (40.723) is large and the corresponding p - value is significant (<0.05). This result indicates that there is a linear relationship between dependent variable and independent variables.

Therefore, the null hypothesis was rejected and alternative hypothesis accepted. Found was, ***there is a relationship between attrition and seven facts of IT professional's job satisfaction.***

Table 6: Regression Coefficient: Facets of Job Satisfaction on Attrition

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Co linearity Statistics	
	B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
(Constant)	1.955	.236		8.298	.000		
Pay	- .085	.037	- .106	- 2.315	.021	.720	1.388
Promotion	- .011	.033	- .015	- .315	.753	.715	1.399
Supervision	- .049	.036	- .047	- 5.316	.000	.852	1.173
Benefits	.023	.036	.028	.640	.523	.778	1.286
Rewards	.033	.032	.044	1.040	.299	.848	1.179
Coworkers	- .007	.036	- .008	- .192	.848	.859	1.165
Nature of work	- .079	.030	- .103	- 2.612	.009	.978	1.022
a. Dependent Variable: Turnover Intention							

Source: Primary Data/SPSS output

As depicted in the coefficient table (Table 6) the estimates of the regression model coefficients for β_0 is 0.1.955, β_1 is - .085, β_2 is - .011, β_3 is -.049, β_4 is 0.023, β_5 is 0.033, β_6 is -.007, and β_7 is -.079.

Therefore the estimated regression model is

Y (A) = 1.955 + - .085 (X1) + - .011 (X2) + - .049 (X3) +.023 (X4) + .033(X5) + - .007 (X6) + - .079 (X7) + E

Where A = Attrition

X1 = Pay, X2 = Promotion, X3 = Supervision, X4 = Benefits, X5 = Rewards,

X6 = Coworkers and X7 = Nature of Work

From the model, regression coefficient for pay is - 0.085, which implies that one unit variation (increase) in pay results in - 0.085 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is - 2.315 and significant at .000, shows that pay had negative impact on attrition.

The regression coefficient for employee promotion - 0.011, which means that one unit variation (increase) in promotion results in - 0.011 unit variations (decrease) in turnover intention level if other independent variables are kept

constant. The t value is - 0.315 and the significance value is .753 which is in significance, which means that the relationship between promotion and attrition is weak.

The regression coefficient for supervision - 0.449, which means that one unit variation (increase) in supervision results in - 0.449 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is 5.316 and significant at .000, shows that supervision had negative impact on attrition.

The regression coefficient for employee benefits 0.023, which means that one unit variation (increase) in benefits results in 0.023 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is 0.640 and the significance value is .523 which is insignificance, which means that the relationship between benefits and attrition is weak.

The regression coefficient for rewards 0.033, which means that one unit variation (increase) in benefits results in 0.033 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is 1.040 and the significance value is .299 which is insignificance, which means that the relationship between rewards and attrition is weak.

The regression coefficient for coworkers - 0.007, which means that one unit variation (increase) in benefits results in 0.007 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is - 0.192 and the significance value is 0.848 which is insignificance, which means that the relationship between coworker and turnover intention is weak.

The regression coefficient for nature of work - 0.079, which means that one unit variation (increase) in benefits results in 0.079 unit variations (decrease) in turnover intention level if other independent variables are kept constant. The t value is - 2.612 and significant at .000, shows that nature of work had negative impact on attrition.

However, above all variables, supervision shows highest significant result compared to other job satisfaction facets followed by nature of work and pay.

Based on coefficients table, (Table 6), VIF statistics are less than 5 and none of tolerance value less than 0.2.This indicated that there is no serious multicollinearity problem among the determinants variables of the regression model. Hence it is reasonable to say that the estimated regression model is valid.

FINDINGS

The objective of the study was fulfilled with the help of multiple regression analysis. Seven variables namely pay; promotion, supervision, benefits, rewards, coworkers and nature of work were selected for analysis. All these seven jab satisfaction facets were entered in the model as independent variables and turnover intention was put as the dependent variable.

- The result of regression analysis showed that the job satisfaction facets namely pay, supervision and nature of work have significant and negative relationship with turnover intention while the other facets *i.e.* promotion, benefits, rewards and coworkers are not significant.

- The mean value of turnover intention 3.422 on a five point scale indicates that the IT professionals in Kerala IT industry are neither bent on leaving or staying. In other words, turnover intention of IT professionals in Kerala IT

industry is only moderate.

- The study found that the employees' job satisfaction directly and negatively influences the attrition of IT employees indicates that IT professionals who have less job satisfaction is more likely to leave the current organization.

- The present study also found that information technology employee's supervision, pay and their nature of work are the important job satisfaction predictors of attrition and this result supports the study conducted by Steven G Westlund and John C Hann (2008); and Dong-Hwan Cho and Jung-Min Son (2012).

CONCLUSIONS

The present study examined the impact of job satisfaction on turnover intention of IT professional's. The result can conclude that job satisfaction facets like pay, supervision and nature of job are the major contributor of IT professional's attrition in Kerala IT sectors. Therefore the HR mangers in IT organizations may take into consideration the problems with job satisfaction of their workers to reduce the turnover intention of the skilled employees. Also more Information Technology organizations in India now understand the value of sustainability has on their competitiveness, reputation and ability to attract and retain top talent. Hence, many HR managers in IT organizations now identify that the green program in the place of work can promote social responsibility among workers and help to retain skilled employees.

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