

Chapter 6

Evaluating the Impact of Employee Attrition on Organizational Performance Through MIS Analytics

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ABSTRACT

Businesses in a variety of sectors are very concerned about staff attrition or the leaving of personnel from an organization. An overview of the complex issues surrounding employee attrition is given in this chapter, and possible solutions are also looked at. The study explores the main causes of employee attrition, such as job discontent, a lack of opportunities for professional advancement, an unsatisfactory work-life balance, and problems with organizational culture. Organizations can obtain significant insights into the tangible repercussions on their entire performance by analyzing the consequences of attrition, which include decreased productivity, knowledge loss, and increased recruitment expenses. It also covers workplace policy, leadership, and employee participation in creating a healthy work environment that reduces Attrition.

INTRODUCTION

Attrition can be seen as the organic decrease in the workforce caused by employee resignations. In contrast, the attrition rate is the rate at which the number of employees decreases as a result of premature resignations. Oddly, so many businesses don't have clear target plans to lower Attrition or a clear definition of the expenses involved, given that Attrition is becoming a global plague for software companies. It appears that a lot of businesses consider Attrition to be a necessary aspect of doing business (Abbassy, 2020). However, in actuality, Attrition is a crucial area where the HR department can take the

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lead and effect a real change that can be assessed in monetary terms versus predefined targets (Abbassy & Abo-Alnadr, 2019). Attrition should not be accepted as a necessary part of doing business; rather, it should be acknowledged as a growing issue that requires close examination (Acharya et al., 2024). In this regard, the human resources department can play a key role by taking the initiative to measure Attrition, investigate its causes, develop solutions, and ultimately aim for improved performance through lower Attrition (Arumugam et al., 2022a).

Attrition is the loss of employees for various reasons in an organization. It is generally understood in many forms and has also been studied by Lee and Kim (2023). but the most quoted forms are Attrition through voluntary resignation and Attrition through retirement (Ghozali, 2024). Voluntary resignation is a situation where employees decide to leave their organizations for several reasons like career advancement opportunities, dissatisfaction over the workplace, or simply personal reasons (Verma et al., 2022). Attrition through retirement occurs when the employees retire from their employment after the completion of a career (Arumugam et al., 2022b). Usually, their retirement is scheduled. It is also important to point out that while the same term can be used about customer loss in marketing and selling, this paper will describe employee-initiated Attrition, with an emphasis placed on voluntary resignation when they have decided to leave (Arumugam et al., 2020). Such Attrition is not only inevitable but also part of any organization's natural life cycle since people seek new challenges and respond to changes in their personal and professional priorities, which is also discussed by Saha and Acharya (2021). When high levels of Attrition based on resignation start happening, though, such could indicate a more specific issue within an organization, either with the employee engagement in that organization or compensation; there could also be terrible management practices which would show on organizational performance (Ead & Abbassy, 2022). It shows how organizations can address the causes of Attrition to minimize negative impacts and create a more stable and motivated workforce (Ghozali, 2024).

Employee attrition has become one of the costliest and apparently intractable human resource issues facing many IT companies. In a field where innovation, competitiveness, and cost-effectiveness are all highly valued, the ongoing attrition rate is a major source of worry for both managers and organizations (Hameed et al., 2020). The relentless Attrition among IT staff seriously threatens the organization's competitive advantage, resulting in the loss of many possibilities despite having creative HR procedures and regulations in place (Kadiresan et al., 2019). According to attrition research, the IT sector experiences significant attrition rates of 15% to 25% annually, which translates to the departure of nearly all project staff in a two- to three-year period and complicates project implementation (Kiran & Arumugam, 2020). Studies reveal that businesses with lower attrition rates routinely beat their competitors (Kadiresan et al., 2016). There is a direct link between high competitiveness and low employee attrition. Thus, an IT company's ability to retain employees as well as attract, develop, and reward them is a major factor in determining its success (Okafor and Nwachukwu, 2022).

The increasing call for expert IT professionals worsens the problem of workforce attrition, especially since virtually all business organizations are starting to integrate technology into most aspects of their operations, as discussed by Venkateswaran et al. (2023). This surge in demand elevates pressure on companies regarding retaining the IT workforce; losing specialized employees can greatly disrupt operations (Kadiresan et al., 2019). Employee attrition is a key threat to the general success of any organization as it leads to less productivity, more operational costs, and a reduction of competitive edge (Köseoğlu et al., 2022). In such a situation, as people leave organizations, particularly the experienced ones in the IT sector, the daily driving knowledge and expertise behind that are taken away, and a lot of time and effort is incurred to recover the same thing or replace those employees and train the new ones at the same

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