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EMPLOYEE PERCEPTION ON RETRENCHMENT IN THE IT SECTOR WITH REFERENCE TO COIMBATORE

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ABSTRACT
Retrenchment has become a significant concern in the Information Technology (IT) sector due to rapid technological advancement, automation, artificial intelligence, economic slowdown, organizational restructuring and changing market demands. This study focuses on employee perception of retrenchment in the IT sector with reference to Coimbatore. The study aims to identify the major reasons for retrenchment, analyse its impact on employees financial and mental well being and examine the re- employment opportunities available for retrenched employees. The study also found that retrenchment significantly affects employees by causing financial instability, stress, anxiety, emotional pressure and job insecurity. The study suggests that IT companies should focus on reskilling, employees support programs and transparent workforce management to reduce the negative impact of retrenchment.
KEYWORDS: *Retrenchment, IT Sector, Employee perception, Financial Well- being, Mental Well- being, Job Insecurity, Re-employment Opportunities, Coimbatore.*

INTRODUCTION

Retrenchment has become one of the major challenges faced by employees in the modern corporate world, especially in the Information Technology (IT) sector. The IT industry is considered one of the fastest-growing sectors that contributes significantly to economic development, employment generation, innovation, and global business operations. However, due to rapid technological advancement, automation, economic fluctuations, organizational restructuring, and changing market demands, many IT companies have adopted retrenchment practices to reduce operational costs and maintain profitability. Retrenchment refers to the termination of employees by an organization due to business-related reasons rather than employee misconduct.

The IT sector in Coimbatore has experienced substantial growth with the establishment of software companies, business process outsourcing units, start-ups, and multinational corporations. The city has emerged as an important IT hub in Tamil Nadu due to the availability of skilled manpower, educational institutions, and technological infrastructure. Despite this growth, employees in the IT sector face uncertainty regarding job security because of changing business environments and technological transformations. Companies are continuously adopting automation, artificial intelligence, cloud computing, and digital transformation, which reduce the requirement for manual work and create pressure on existing employees to upgrade their skills. Employees who fail to adapt to these technological changes may become vulnerable to retrenchment.

Economic recession and global competition are also major factors contributing to employee retrenchment in the IT industry. During periods of financial crisis or reduced business demand, companies often attempt to minimize costs by reducing their workforce. Project cancellations, client losses, mergers, acquisitions, outsourcing, and restructuring activities further increase the chances of layoffs in the sector. In many cases, retrenchment affects not only entry-level employees but also experienced professionals. This situation creates insecurity among employees and influences their productivity, morale, and organizational commitment.

REVIEW OF LITERATURE

Mirjam Ndahafa Puye-Ipawa Tuvadimbwa (2025) found that retrenched employees faced financial, health, and employment problems during COVID-19 and adapted through cost reduction and migration. **Bill Joyce (2024)** stated that universities should balance retrenchment with long-term planning and maintain effective communication with stakeholders. **Rosemary Boateng and Prince Onyinah (2023)** highlighted retrenchment as a multidisciplinary research area with growing importance in business and social sciences. **Andrijana Ristovska and Ljupco Eftimov**

(2021) found that organizational changes increase employee stress, fear, and anxiety when support is lacking. **Manisha Purohit (2016)** concluded that employee turnover can be reduced through better management, training, flexible work, and reward systems.

OBJECTIVE

- To analyse the impact on retrenchment on employee financial and mental well-being.

RESEARCH METHODOLOGY

This study used a quantitative research method to study the impact of retrenchment on employees' financial and mental well-being in the IT sector. Primary data was collected through a structured questionnaire using Google Forms.

A total of 353 respondents participated in the study. The respondents were selected using convenience sampling method. Data was collected from IT employees during a certain period of time.

The collected data was analysed using percentage analysis, mean analysis, and chi-square test to understand the impact of retrenchment on employees.

DATA ANALYSIS AND INTERPRETATION

TABLE 4.1
Demographic Information of Participants

VARIABLES	PARTICULARS	FREQUENCY	PERCENT
Age	Age 21- 30	255	73
	Age 31- 40	65	18
	Age 41-50	25	7
	Age 50 +	8	2
Gender	Male	209	59
	Female	144	41
Education	Diploma	16	5
	UG	144	41
	PG	191	54
Designation	Software Developer	73	21
	Testing Engineer	32	9
	System Analyst	71	20

INTERPRETATION

The demographic profile shows that the majority of respondents (73%) belong to the age group of 21–30 years, indicating that young employees are highly represented in the IT sector. Respondents aged 31–40 years constitute 18%, while 7% belong to the age group of 41–50 years. Only 2% of respondents are above 50 years, showing lower participation from senior employees.

Regarding gender, 59% of the respondents are male and 41% are female, which indicates that male employees are comparatively higher in the IT sector.

Based on educational qualification, the majority of respondents (54%) are postgraduates, followed by 41% undergraduate degree holders, while only 5% hold diploma qualifications. This indicates that most employees in the IT sector possess higher educational qualifications.

With regard to designation, 21% of the respondents are Software Developers, 20% are System Analysts, and 9% are Testing Engineers. This shows that Software Developers form the major group among the respondents in the IT sector.

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TABLE 4.2
GENDER AND EMOTIONAL PRESSURE

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi Square	14.283	4	.006
Likelihood Ratio	15.315	4	.004
Linear Association	.353	1	.552
N of Valid Cases	353		

H_1: The relationship between Gender and Emotional Pressure of employee.
Calculated X^2 value: 14.283
Degree of Freedom: 4
Significance Level: .006

INTERPRETATION
As the calculated X^2 value (14.283) is significant (.006) at five percent level, there exist a relationship between Gender and Emotional Pressure of employees. Hence Null Hypothesis is rejected.

TABLE 4.3
SALARY AND FAMILY EXPENSES

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi Square	53.658	16	.000
Likelihood Ratio	57.594	16	.000
Linear Association	1.446	1	.229
N of Valid Cases	353		

H_1: The relationship between Salary and Family Expenses of employee.
Calculated X^2 value: 53.658
Degree of Freedom: 16
Significance Level: .000

INTERPRETATION
As the calculated X^2 value (53.658) is significant (.000) at five percent level, there exist a relationship between Salary and Family Expenses of employees. Hence Null Hypothesis is rejected.

DISCUSSION
The study reveals that retrenchment has a significant impact on employees' financial and mental well-being in the IT sector. Most employees experience stress, anxiety, emotional pressure, and job insecurity due to retrenchment. The findings also show that younger employees are more affected because they form the major workforce in the IT sector. The chi-square analysis indicates that there is a relationship between gender and emotional pressure, and also between salary and family expenses of employees. Employees with lower salary levels face more difficulty in managing family expenses during retrenchment. The study further highlights that rapid technological changes, automation, and economic slowdown are the major reasons for retrenchment in the IT industry.

SUGGESTIONS
- IT companies should provide regular training and skill development programs to employees.
- Organizations should offer counseling services to reduce employee stress and anxiety.
- Companies should maintain transparent communication before taking retrenchment decisions.

CONCLUSION
The study concludes that retrenchment greatly affects employees' financial stability and mental health in the IT sector. Employees face stress, emotional pressure, job insecurity, and difficulty in managing family expenses after retrenchment. The study also found that technological advancement, automation, and economic conditions are the major causes of retrenchment. Therefore, continuous skill development, employee support, and effective organizational policies are necessary to reduce the negative impact of retrenchment and improve employee well-being.

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