A STUDY ON EMPLOYEE RETENTION IMPROVEMENT MEASURES IN IT/ITES SECTOR

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Abstract:

The most critical challenge to the employers especially in new sectors face is the high rate of attrition caused by the scarcity of manpower coupled with continuously increasing demand for manpower. The challenge the employer faces is not just limited to high attrition rate but the more important problem is retaining the performing employees in their jobs and with the organization for a relatively longer period of time. The employer has to deploy all his skills and intelligence in retaining the employees and keeping the attrition rate at a low level. Employee attrition is one of the major problems faced by the IT industry throughout the globe. IT industry investing huge money on HR department in the way of recruitment, selection, training and reward etc. One of the most valuable asset of any organization is the people who directly or indirectly achieving the goal lay down by the organization. Human resource management is always go–getting to maintain most valued asset namely employees. If employees contribution to the company is less when compared to cost invested by company on behalf of employee. The present paper focusing on retention strategies improvement measures by IT companies in Hyderabad city.

Keywords: Work Load, Targets, Compensation, Peer Pressure

Introduction:

Employees are the most valuable assets of any organization. An organization to treasure and do everything possible to keep and safeguard those assets. While employee turnover at the end is inevitable, it should however be minimized to the barest minimum. This is because investments on human capital can only be productive when an employee remains with an organization for a longer period of time.

Human resource managers have a whole lot of work to do in formulating strategies that will not only reduce employee turnover but also eradicate it if possible. This study attempts to clarify views and explanations on employee retention and strategies for retaining employees using relevant literatures and previous views on the concepts.

Top 10 Employee Retention Strategies

1 Build employee engagement	**2** Get recognition and rewards right	**3** Recruit the right employees	**4** Create an exceptional onboarding experience	**5** Provide avenues for professional development
6 Build a culture employees want to be a part of	**7** Offer winning incentives	**8** Manage to retain	**9** Prevent burnout by focusing on employee wellness	**10** Maintain open and ongoing communication

Source: Padhi .A (2020)

Turnover affects system vulnerability not only at the company level but also at the macro level. Due to specific characteristic of the provision of education services in India, Corporate India will continue to witness a high attrition level of its workforce especially of its better educated segment of the workforce. While India might enjoy a "youth bonus", with the youngest median age of its workforce being 26.2 years of age compared to the averages of years of the U.S. (36.9), Russia (38.7) and Japan (44.8) in 2013, India nevertheless suffers a chronic shortage of managers well trained in meeting modern economic and business demands (Vorhauser-Smith, 2012). Only a small percentage of the Indian population is enrolled in tertiary education institutions.

According to the United Nations Human Development Report (2012), India achieved a gross educational enrolment rate in the tertiary institutions of 16.2% during 2002-2011. The small number of highly educated employees simply cannot meet the labour market demands. While the Indian economy continued to expand, this constraining macro condition of its educational system will continue to exasperate the skill shortage and employee attrition. In turn, high employee attrition can hamper the national development strategy and economic performance.

Literarature:

Fansi Temitope (2023) explained Right talents for the right jobs is not only a major challenge; but retaining them is also another great challenge for human resource professionals and management of organizations. To retain and also to have committed employees takes a whole lot of strategies as basically there are no standard HR practices for really managing retention in organizations. From the above reviews, it is found that some studies were focused on the internal factors and some on the external factors ħnflɔĈncħnǦ retention. Organizations are generally advised to design and implement strategies depending on the nature of their businesses and the

industry in which they operate. It is also always advisable that organizations conduct exit interviews for employees that are leaving as it will be highly advantageous to identify the motives and reasons why an employee might choose to leave an organization.

Senthil Kumar (2022) "It is the responsibility of the organisation to retain the employee and satisfy the employee needs which make organisation more effective and helps in productivity. Whenever the organisation provides new technology, the proper training should be given to retain the employees. Since it has the potential for retaining the overtime of employees, their HR practices need to be improved by IT industries. The rate of turnover needs to be monitored continuously and they should be given much importance for formulating the strategies inIT industry because the loss of a valued employee & costs namelygeneral administration, recruitment and trainingare constituted by the talented employee turnoverthat are incurred the growth and success of the industry are hindered.

Oladele et.al (2020) opined that the need to retain the employee is that, as organization has incurred cost on recruitment and has invested huge money on each and every employee for giving training to develop them to fiB for the organization and to improve the ĈfficĥĈncy of the employees, so obviously it is the expectation of the organization to make use of the outcome of the training for its development .

According to Gaan (2011) employee turnover has been a major issue pertaining to IT personnel. It has been noted frequently that IT personnel have a stronger than average tendency to leave their current employer to work for another. Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention strategies is to prevent the loss of competent employees from the organization.

Objectives:

1) To study the Employee Benefits effect on IT retention strategies.

2)   To know the job satisfaction elements impact on retention in IT Companies in Hyderabad city.

3)   To study Organization Culture impact on employee retention strategies.

Hypothesis:

H_{01}: There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

H_{02}: There is no association between hierarchy of the employee and role clarity of his job influencing retention rate.

H_{03}: There is no significant association between employee experience and re-organize the employees will lead to control retention rate.

Sample & Sample Size

The sample consist of software employees in various capacities in Hyderabad city are considered. Employees who have *more than 5 years of experience in* IT operations considered as sample.

The present study was conducted with 150 software professionals of various cadre in IT/ITES sector in Hyderabad city.

FACTOR ANALYSIS (Employee Benefits)

Table 4.12: KMO and Bartlett's values of Employee Benefits

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.813
Bartlett's Test of Sphericity	Approx. Chi-Square	8260.628
	df	21
	Sig.	.000

Factor Analysis is a data reduction technique. It also helps in structure detection among the variables and further helps in studying the underlying crucial factors that cause the maximum variation. Before , researcher proceed for factor analysis, first he tested the eligibility of the data to perform factor analysis by checking KMO-Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.813 >0.7. The below variance matrix indicating 66.58 % (statistically 65% variance valid) variance on tested variable, i.e 34 % of other factors are influencing to decide Employee benefits from company.

Table 4.12.1 :Total Variance table of Employee Benefits

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.568	46.681	46.681	2.568	46.681	46.681
2	1.254	17.907	54.589	1.254	19.907	**66.589**
3	.883	12.608	67.197			
4	.660	9.434	76.631			
5	.605	8.640	85.270			
6	.563	8.047	93.317			
7	.468	6.683	100.000			

Extraction Method: Principal Component Analysis.

Table 4.12.2 : Rotated components matrix of Employee Benefits

	Component	
	1	2
1.Flexible	-.638	-.091
2.Physical	.375	.660
3.Functions	.079	.341
4.Sports	.452	.034
5.Decision	**.984**	-.169
6.Seminars	.662	-.270
7.Mentor	.779	**.809**

Extraction Method: Principal Component Analysis.

The filtered factors for the purpose of Employee benefits point of view , which restrict retention is , 1st factor is employee expecting, company should *encourages them to participate in the decision making process* whenever possible and the 2nd factor is need *mentor to help them for personal development*. If the company is able to provide above two facilities then, IT companies can restrict their retention rate.

H_{01}: There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

Table 4.24.1 : Chi square values of Employee age and Skill enhancement

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	964.062[a]	12	.000
Likelihood Ratio	1011.168	12	.000
Linear-by-Linear Association	443.086	1	.000
N of Valid Cases	509		

a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 3.29.

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null hypothesis.** i.e , if the company will organize frequent skills enhancement program to employees, it leads to control of retention rate.

H_{02}**:** There is no association between hierarchy of the employee and role clarity of his job influencing retention rate.

Table 4.19.1 : Chi square values of Hierarchy and role clarity

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	884.219[a]	8	**.640**
Likelihood Ratio	915.465	8	.000
Linear-by-Linear Association	413.792	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.64.

From the above table chi- square is not significant (sig. value is > 0.05), **Accept Null hypothesis**. i.e , there is no such relation between role clarity of employee depend on hierarchy , which has no such influence on retention rate.

H_{03}**:** There is no significant association between employee experience and re-organize the employees will lead to control retention rate.

Table 4.27.1 : Chi square values of Employee Experience and re-organization

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1111.426[a]	12	**.028**
Likelihood Ratio	1071.620	12	.000
Linear-by-Linear Association	455.925	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 16.26.

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null Hypothesis.** i.e ,re-organize the organization hierarchy and structure according to conditions will control retention rate.

Discussion of Results:

A growing number of successful companies are taking more than their fair share of the talent marketplace and cultivating high performers in key positions through a very different method. Rather than starting with recruiters, they first look inside to match employee experience and aspirations to the company's evolving strategic needs. This doesn't mean that they ignore external talent. They take recruiting seriously, in large part to achieve ambitious growth targets. But their historically low turnover rates let them spend much less time battling churn— and a lot more time outmaneuvering the competition. As the competition for critical talent heats up, organizations must rethink the ways they manage these people. To begin, they must identify the segments of the workforce that drive their current and future growth. Then, rather than focus on metrics and outcomes ("acquisition" and "retention"), they must concentrate on the things that employees care about most:

MEASURES TO IMPROVE EMPLOYEE RETENTION:

Data from exit interviews can be used to develop a casted retention strategy that focuses on particular causes of turnover in your organization. It is worth considering the following elements, all of which have been shown to play a positive role in improving retention:

• **Job Previews** - give prospective employees a 'realistic job preview' at the recruitment stage. Take care not to raise expectations only to dash them later. Advances in technology present employers with increasing opportunities to familiarize potential candidates with the organization before they accept a position.

• **Make Line Managers Accountable** - for staff turnover in their teams. Reward managers with a good record for keeping people by including the subject in appraisals. Train line managers in people management and development skills before appointing or promoting them. Offer re-training opportunities to existing managers who have a high level of turnover in their team.

• **Career Development And Progression** - maximize opportunities for individual employees to develop their skills and move on in their careers. Where promotions are not feasible, look for sideways moves that vary experience and make the work more interesting.

• **Consult Employees** - ensure wherever possible that employees have a 'voice' through consultative bodies, regular appraisals, attitude surveys and grievance systems. This will provide dissatisfied employees with a number of mechanisms to sort out problems before resigning. Where there is no opportunity to voice dissatisfaction, resigning is the only option.

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