
A study on employee retention strategies in an it industry

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Abstract: The main aim of this study is to determine the various retention strategies adopted in an IT industry and also to know its impact on employee's satisfaction towards these retention strategies undertaken by them. Here the study involves a descriptive research method as research design and samples for the finding purpose were collected from 180 respondents along with the help of primary data. The research finding was analysed using tools like Frequency analysis, Mean analysis, Independent T-test, One way ANOVA analysis and Regression analysis. Regression analysis is used to identify the employee satisfaction rewards retention strategies in an IT industry. It is evident from the result that the majority of respondent employees are highly satisfied towards the growth and recognition strategies undertaken by IT companies.

Keywords: Retention strategies, IT industry, Employees satisfaction. Entrepreneurship, innovation

INTRODUCTION

A knowledge economy is one that depends heavily on human talents and imagination, the use of life-long learning and adaptation-supported human intellectual resources, the innovative use of established knowledge, and the widespread growth by research and development of new knowledge. The primary resource in the IT industry is knowledge-workers. Through their communication skills, high level of education, and domain awareness, they add value to their organizations. As such, employees in the IT industry are valued human assets and not non-essential cost centres. Many research studies show that globalization, customization of services, quality improvement, improving employability, developing soft skills, attracting and retaining talent, generating motivation, increasing efficiency and developing creativity are the many challenges facing the Indian IT industry. In fact, it is easy to deal with this type of challenge.

Competition with organizations has raised so much that to exist for a longer period of time, each organization wants to have the competitive edge. For any company, an employee is the most valuable asset. So, whether it is a private or public company, in order to be successful on the market, every organization needs employees. Without their passionate and dedicated workers, no organization would live at any cost. One way to nurture the idea that they are not only a worker for the company, but a significant part of the organization should include workers in taking crucial and meaningful decisions. An organization's employees are considered to be an essential resource that not only allows the organization to achieve its objectives, but also to succeed in this dynamic marketplace. Getting the right people at the right place is a mantra to be practiced by any company.

For businesses these days, retaining the best workers should be a matter of great concern. Employee retention refers to the different policies and procedures that encourage a longer period of time for workers to adhere to an organization. The retention of staff is a significant obstacle. Almost every sector is challenged with attrition. And turnover is found to be highest for information technology. Not only because of the remuneration or salary, the talented and skilled employee leave the organization, but there are numerous factors that compel the qualified employees to leave the organization. A proactive measure is taken by many companies to develop retention strategies.

Retention strategies help organizations to promote employee engagement and strengthen the support of workers for key organizational initiatives. Organizations are working towards implementing different ways that enhance employee's commitment and dedication and also their ability to be highly efficient, but the attrition rate is still very high. Each organization has almost identical retention policies and strategies, but the effect of these retention factors varies from company to company. Therefore, identifying and defining the most significant retention variables according to employee preferences is very critical. The study focuses to determine the various retention strategies undertaken in an IT industry and also to determine employees satisfaction towards it. The various employee retention strategies are classified under different components such as motivational factors, primary hygiene factors, secondary hygiene factors, project environment factors, organizational factors, involvement, growth & recognition is being used in the IT industry. Our research idea is based on the rich knowledge acquired

by our peer teams across the university.(Danda, S and Chinnaswami, 2009; Narayanan, Kannan and Sreekumar, 2009; Priya S et al., 2009; Danda and Ravi, 2011; Neelakantan et al., 2011, 2013; Prasanna, Subbarao and Gutmann, 2011; Narayanan et al., 2012; Venugopalan et al., 2014; Krishnan and Chary, 2015; Neelakantan and Sharma, 2015; Ramesh et al., 2016; Manivannan, I., Ranganathan, S., Gopalakannan, S. et al., 2018; Dua et al., 2019; Ezhilarasan, Apoorva and Ashok Vardhan, 2019; Panchal, Jeevanandan and Subramanian, 2019; Rajeshkumar et al., 2019; Ramadurai et al., 2019; Ramakrishnan, Dhanalakshmi and Subramanian, 2019; A.C.Gomathi, S.R.Xavier Rajarathinam, A.Mohammed Sadiq, Rajeshkumar, 2020)

LITERATURE REVIEW

(Zachariah and Roopa, 2012) have studied individual company fit literature, pay satisfaction, organizational culture, work branding, and long-term career growth opportunities are the main issues and challenges in maintaining talent in the Indian business. In a highly competitive, evolving, and fast-growing part of the global services market, it recognizes the need for multi-pronged retention strategies. However, this paper offered an insight into the idea that retention of employees is effective and a structured attempt by employers to build and facilitate an environment that enables current employees to stay employed by providing policies and procedures in place that resolve their driver needs.

(Goud, 2013) has studied that in the face of an ever-growing high rate of employee turnover, retention of eligible employees has been of serious concern to managers. The market climate today has become very competitive, making trained workers the key distinguishing factor for most organizations. This paper would provide a good piece of knowledge on the retention of employees and the benefits that a company would earn from maintaining its only differentiating assets and the employee retention strategies usually implemented by the company is explained.

(Suhasini and Babu, 2013) have studied and explained that the organization seeks to develop successful policies and practices for employee retention that improve the degree of employee involvement, loyalty and engagement. Employee engagement and participation have an effect on the efficiency and retention of employees. Organizational culture and benefits have an important effect on the retention of workers.

(G. Kumar, 2014) have studied and highlighted the retention of skilled employees and the main issue affecting the ITES/BPO sector. Intelligence employees, like many others, are less likely to be committed to the current job system over the long term. This paper recognizes that factors linked to performance appreciation and supervisor support have the greatest effect on the retention of employees.

(ICB-InterConsult Bulgaria Ltd, 2017) have studied the perspectives of relevant literature to determine the reasons and key factors and to define the purpose of employee turnover. This paper also outlines numerous potential methods for minimizing turnover and maintaining workers in organizations. The factors describe the employee turnover phenomenon and discuss sound retention techniques to manage the problems.

(Gaan, 2011) this article aimed at finding special difficulties faced by the IT employees to find the turnover reasons. It has been noted frequently that IT personnel have a stronger than average tendency to leave their current employer to work for another. In this paper the author explained that lack of occupational commitment, job satisfaction and non-attitudinal aspects are the main reason for their turnover.

(Ananthan, 2011) have studied the dynamics of retention of activities and policies in multinational companies and Indian companies in this paper. From the study it is found that there was no disparity between MNCs and Indian companies over retention strategies. The study found that strategies such as management strategies, employee benefit strategies, incentives and appreciation strategies and strategies for ideas and feedback were significantly interpreted in retention strategies.

(Sankar and Mba, 2015) has studied the impact of hygiene factor on employee retention and job satisfaction. It conveys the importance of the hygiene factors that means it focuses on the dissatisfactions of the employees; it mainly takes into consideration the key factors like policies and administration, technical supervision, salary. The researcher conveys that the Hygiene factors create poor retention of employees and no satisfaction towards the job for an employee.

(Kumar and Patel, 2017) the authors have studied that increasing difficulties in retaining skilled, productive employees are the looming problem within the industry and called for the creation of successful strategies for retaining employees within the industry.

(Nagabhaskar, 2014) has investigated motivational factors that influence employee retention and examines their impacts on both organizations and employees. He argues the motivational factors that are crucial in influencing employee retention are financial rewards like salary, remuneration, incentives etc., job characteristics, career development, recognition, management and work-life balance. He also states that the organizations should formulate appropriate retention strategies in a holistic manner to reduce turnover rates, and these require a commitment from employers, but it will be well worth the investment in the long term.

(Garg and Yajurvedi, 2016) have studied Work Life Balance in the IT Sector and revealed that the work life of an employee has attracted great concern. He states that organizations should provide provisions for development of one self, to support family needs, a flexible work culture with management support in order to retain employees.

(Nambuswa, 2019) recognize that employee rewards are very important since they have lasting impressions on the employee and continue to substantiate the employees' perception of their value to the organizations they work with. Moreover, they contend that employees judge the quality of their job in the intrinsic satisfaction and the personal reward they earn from their work.

RESEARCH METHODOLOGY

The employees of the IT industry have been targeted to collect the data for this research purpose. A 5point Likert type questionnaire with demographic profile and statements regarding the employee retention strategies undertaken by the IT industry to determine employee satisfaction has been circulated to 180 employees. Collected data was analysed in SPSS by using tools such as frequency, mean, independent sample t-test, ANOVA analysis and regression analysis.

The sample profile of the study is represented through the following pie charts.

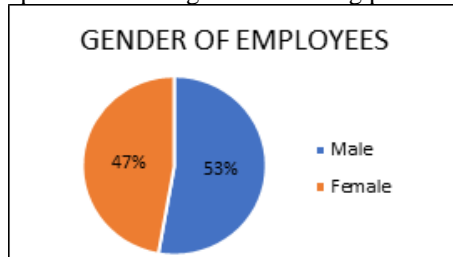


Fig.1: The pie chart depicts the percentage of gender in the sample. 53% of the sample were Male and 47% were Female employees.

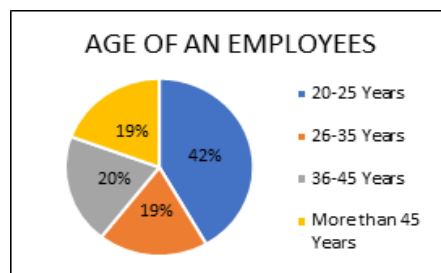


Fig.2: The pie chart describes the age of employee respondents. 42% of employees were between the 20-25 years, 20% for age 26-35 years, 19% for 36-45 years, 19% for more than 45 years.

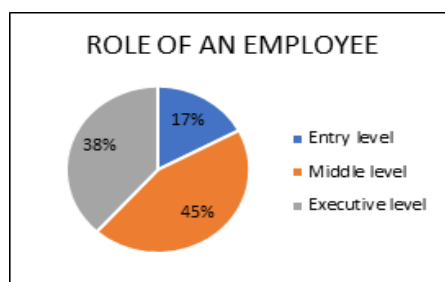


Fig.3: The chart depicts the Role of Sample employees. 17% of respondents were at entry level to work, 45% of them were middle level, 38% of them were at executive level.

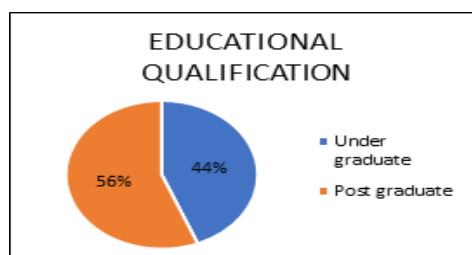


Fig.4: The chart depicts the Educational qualification of sample employees. 44% of employees were undergraduate and 56% were post graduate.

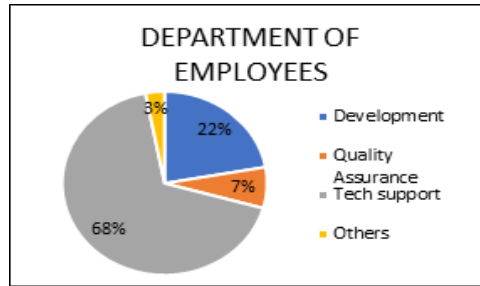


Fig.5: The pie chart depicts the working department of Sample employees. 22% of employees were at development, 7% of them were at quality assurance , 68% of them were at tech support and 3% one of them were at other department.

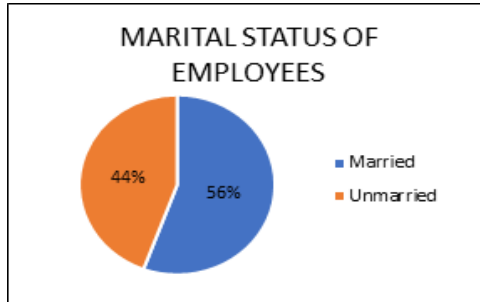


Fig.6: The marital status of sample employees is depicted in the pie chart. 56% of the sample employees were married and the remaining 44% were unmarried.

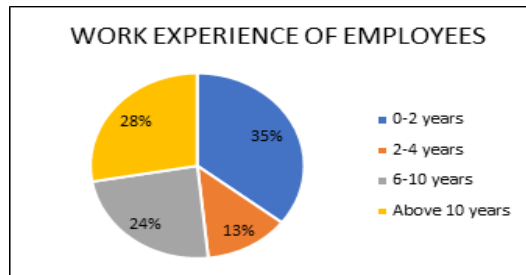


Fig.7: The work experience of sample employees are depicted in the pie chart. 35% of the sample were 0-2 years, 13% of the sample were 2-4 years, 24% of the sample were 6-10 years and the remaining 28% were above 10 years.

Table 1: Mean analysis of Components of Employees Retention Strategies

Components of employee retention strategies	Mean	Rank
Motivational Factors		
Opportunities for Career Growth opportunity provided by the organization.	4.04	1
A sense of Job Security should be experienced by the employees.	3.99	2
A good and healthy Working Environment for the employees.	3.96	3
Opportunity resulting promotions are available in the organization.	3.87	4
Remuneration provided by the organization should be as per Industry Standards.	3.87	5
Primary hygiene factors		
Good welfare measures provided for the employees.	3.96	1
Fringe Benefits -use of telephone, team outing, get together, family involvements etc.	3.81	2
Transport Facility provided by the organization.	3.79	3
Stress reduction programs like yoga, meditation, health care etc conducted by the organization.	3.79	4
Availability of Day Care Facility for working mothers and guardians.	3.76	5
Secondary hygiene Factors		
Focus more on Mentoring Programs for employees.	3.97	1
Organization encourages higher education for employees.	3.88	2
Additional training is provided for different domain jobs.	3.86	3
Project Environment Factors		

Opportunities for new assignments provided by the organization.	4.00	1
Guidance and Motivation provided by the Immediate Supervisor.	3.91	2
Organization focuses on Teamwork and also to develop Leadership Skills in the employees.	3.88	3
Flexibility in Working Hours emphasized by the organization.	3.86	4
Organization has a good Rewards and Incentive System.	3.84	5
Organizational Factors		
Freedom of Employee’s participation in Management to provide their valuable thoughts and ideas.	3.85	1
Open Communication Policy is followed by the organization.	3.85	2
Shorten Feedback Loop like Feedback for every small work done is provided by the superiors.	3.69	3
Involvement / Sense of belongingness		
Opportunities available to develop New Skills.	3.98	1
Organizations' policies and culture creates a positive environment.	3.94	2
Promote Work-life Balance in the organization.	3.85	3
Respect & Fair Treatment received from managers and other employees.	3.83	4
Adequate leave and leave benefits are provided by the organization.	3.81	5
Growth & recognition Factors		
Supervisors are Approachable and co-operative in nature.	3.92	1
Good performance is very well Recognized by the organization.	3.86	2
Performance Appraisal System followed are as per industry standards.	3.85	3
The organization provides adequate Training & Development programs for growth.	3.83	4

Table No.1 Mean score and ranks of components of employee retention strategies. The high mean score are as follows: Under motivational factors is (4.04) for “career growth”, under primary hygiene factors is (3.96) for “welfare measures”, under secondary hygiene factor is (3.97) for “mentor program”, under project environment factors is (4.00) for “opportunity”, under organizational factor is (3.85) for freedom of participation, under sense of belongingness is (3.98) for “development of skills”, under growth & recognition factor is (3.92) for “approachability”.

Table 2: Independent Sample T-test for Demographic profile and retention strategies

Components of Employee retention Strategies	Gender	Marital Status
	T-value	T-value
Motivational Factors		
Career growth	1.256	5.323***
Remuneration	1.198	5.098***
Promotion	1.530	5.664***
Job Security	1.056	4.699***
Working Environment	0.476	3.154***
Primary Hygiene Factors		
Transport Facility	0.212	2.283**
Day care facility	0.517	1.113
Welfare measures	0.585	2.570**
Fringe benefits	0.728	1.923
Stress reduction program	0.601	1.961
Secondary Hygiene Factors		
Additional training	1.009	4.084***
Higher education	0.137	3.345***
Mentoring program	0.513	3.443***
Project Environment Factors		
Flexibility	0.553	4.708***
Team work	0.756	1.974**
Incentives	0.188	3.162***
Guidance & motivation	0.367	3.402***
Opportunity	0.279	5.273***
Organizational Factors		
Open communication	0.711	3.067***
Feedback	0.148	4.025***
Freedom of Participation	0.105	3.330***
Involvement		

Respect & fair treatment	0.109	2.744***
Development of skills	0.174	3.623***
Leave benefits	0.608	4.556***
Policies & culture	0.496	3.886***
Work life balance	0.508	4.464***
Growth & recognition Factors		
Appraisal system	0.040	6.373***
Recognition	0.110	3.470***
Approachability	0.403	2.814***
Training & development	0.517	3.503***
Employees Satisfaction		
Satisfaction towards retention strategy	0.186	6.818***

** 5% Level of significance; ***1% Level of significance

Table No.2 shows the significance value of Independent sample t-test of demographic profile. There is no significant difference between gender with respect to employee retention strategies. There is a significant difference between marital status with respect to employee retention strategies.

Table 3: ANOVA analysis

Components of Employee retention Strategies	Age	Educational Qualification	Department	Work Experience
	F-value	F-value	F-value	F-value
Motivational Factors				
Career growth	10.653***	0.127	6.621***	9.688***
Remuneration	10.248***	0.137	5.806***	10.108***
Promotion	11.872***	0.038	6.223***	11.124***
Job Security	6.790***	0.234	5.472***	6.838***
Working Environment	4.094***	0.159	5.684***	5.310***
Primary Hygiene Factors				
Transport Facility	1.919	0.160	6.325***	4.653***
Day care facility	0.633	1.573	7.152***	1.327
Welfare measures	1.827	2.107	7.608***	2.441**
Fringe benefits	1.536	0.770	6.371***	1.569
Stress reduction program	1.791	0.490	8.236***	2.854**
Secondary Hygiene Factors				
Additional training	5.264***	0.045	6.142***	6.350***
Higher education	3.861**	0.401	5.487***	5.147***
Mentoring program	3.482**	0.414	5.632***	4.271***
Project Environment Factors				
Flexibility	6.691***	0.287	8.528***	8.521***
Team work	2.389	0.247	5.103***	1.766
Incentives	2.383	0.259	6.721***	5.030***
Guidance & motivation	4.209***	0.575	10.694***	5.441***
Opportunity	8.280***	0.316	14.307***	10.272***
Organizational Factors				
Open communication	3.815**	0.275	8.260***	3.397**
Feedback	6.046***	0.016	10.310***	6.238***
Freedom of Participation	2.800**	0.068	7.643***	3.439**
Involvement				
Respect & fair treatment	2.887**	0.074	5.058***	3.734***
Development of skills	4.571***	0.269	7.859***	5.230***
Leave benefits	5.603***	0.844	11.390***	5.191***
Policies & culture	5.306***	0.132	11.724***	4.679***
Work life balance	5.423***	0.001	11.268***	4.519***
Growth & recognition Factors				
Appraisal system	11.184***	0.254	7.532***	10.669***
Recognition	4.332***	0.006	6.926***	3.224**
Approachability	2.562	3.039	8.668***	4.312***

Training & development	5.537***	4.798	7.042***	5.324***
Employees Satisfaction				
Satisfaction towards retention strategy	14.687***	0.017	9.345***	15.339***

****5% Level of significance; ***10% Level of significance**

Table No.3 shows the significance value of Anova analysis for demographic profile. There is a significant difference between age and employee retention strategies. There is no significant difference between educational qualification and employee retention strategies. There is a significant difference between the department and employee retention strategies. There is a significant difference between work experience and employee retention strategies.

Table 4: Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781 ^a	.610	.594	.61024

The above table 4 indicates the regression model predicts the dependent variable significantly well. Here the significance value 'p' is (0.00) which is lesser than 0.05

Table 5: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T value	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.223	0.246		0.906	0.366
	Motivational factors	0.242	0.091	.219	2.651	0.009***
	Primary hygiene factors	-.272	0.106	-.243	-2.562	0.011**
	Secondary hygiene factors	0.179	0.101	.168	1.773	0.078
	Project environment factors	0.256	0.123	0.223	2.080	.039**
	Organizational factors	0.110	.078	0.111	1.405	0.162
	Involvement/sense of belongingness	0.071	0.124	0.058	0.571	0.569
	Growth & Recognition	0.395	0.120	0.323	3.303	.001***
A. Dependent variable : Employee satisfaction						

Table No.5 indicates the regression analysis with B & Beta value for the independent and dependent variables which are assumed. As a thumb rule, we say that "b coefficient" is statistically significant if its p-value is lesser than 0.05. From this analysis it is found that the primary hygiene factor has a negative linear relationship with employee satisfaction. The remaining factors such as motivational (0.219), secondary hygiene (0.168), Project environment (0.223), organizational (0.111), involvement (0.058), growth & recognition (0.323) is having strong positive linear relationship with employee satisfaction.

DISCUSSION AND SUGGESTION

The growth & recognition strategies are the most influencing one which gives greater satisfaction to the employees. To improve the growth & recognition it is necessary to concentrate more checking that the superiors approachable and cooperative with to stay co-operative with their employees, good performance are properly recognized or not, to make the performance appraisal in a systematic way, to provide training and development opportunities to employees who are seeking for career growth eagerly. The suggestions are derived based on the result of the above research; they are as follows:

- To create motivation by providing the employees quarterly promotion cycle to employees.
- To provide yearly retention bonus to employees to retain them.
- To provide early career rewards programs to provide new employees clarity about the growth path within the company for the first few years.
- The provide high pay remuneration can be given to loyal employees who are committed to the organization for long-term and also to newly recruited employees to attract them.
- To seed a sense of job security among the employees by offering a secure working environment, helping out at hardships, timely perks & benefits.

CONCLUSION

The goal of this study is determining the impact of various retention strategies in IT employee satisfaction. The IT industry has faced a lot of attrition which leads to an increase in loss of human capital day by day. It is necessary to take proactive measures to reduce attrition rate. It can be done with the help of proper retention strategies. Here the study had been dealing with various retention strategies, to know the employee satisfaction towards the

retention strategies of the sector. From the result it is suggested that organizations can take strategies focusing more on the growth and recognition aspects of employees to retain them for the longer period, since the employees are more satisfied towards it. By applying all the suggested activities mentioned above in any organizations will improve the employee satisfaction in result it reduces the attrition rate. The retention strategies are playing a major role in saving the employees of the IT industry from attrition and it will continue to do the same in the upcoming years too.

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