EMPLOYEE RETENTION STRATEGIES IN INDIAN SOFTWARE INDUSTRY

G Ajay Kumar* and Dr. M. Srinivasa Reddy**

*Research Scholar and **Professor,Department of Management Studies, Sri Venkateswara University, Tirupati.

Abstract

The increasing rate of employee attrition and the problems the employers and the HR managers face in retaining 'good' and 'performing' employees in the absence of a set of employee retention strategies are simply compounding. The major purpose of this paper to examine the agreement of employees working in software companies in Bengaluru city for the employee retention strategies. 375 software employees were been interviewed and asked to give their opinion for the employment strategies viz. a) Management/Organisational Strategies, b) Orientation Strategies, c) Communication Effectiveness Strategies, d) Reward and Recognition Strategies, e) Employee Benefit Strategies and f) Employees Ideas and Suggestion Strategies. Findings of the study show that agreement level is high for communication effective strategies among all retention strategies for both male and female employees. It can be concluded that agreement level for employee retentions strategies is higher for female employees than male employees, however there is no significant difference between male and female employees' level of agreement for employment retention strategies.

Keywords:Employee, Management, Retention, Strategies, Software etc.

I.   INTRODUCTION

The fast developing knowledge economy coupled with the information technology during the last two decades has totally changed the complexion of our business and employment relations. The globalized economy and the labour market have further added new dimensions to this phenomenon. India has taken advantage of this growing trend entering the IT sector of economy and industry. Though the Indian is fast responding and taking the challenge head on and competing effectively in the new IT dominated global market the industrialist-employer in the IT industry are facing another challenge, namely, finding suitable people to recruit to the jobs being generated by them. When and where they are able to find people who can meet their expectations, they are facing the new challenge that this is coming their way in the form of retaining the people working with them. In fact, recruitment and retention are two sides of the same coin. Economically and financially employee retention, of late has acquired greater significance. It is much more costly and time consuming to find the right replacements.

Resultantly the employee retention has turned out to be a critical challenge to the employers. They have become very sensitive to the problem of employee retention. Researchers also are seized of the situation and getting involved in this challenge. Studies by researchers in the US have enabled the employers to benefit in managing the attrition and retention. Both the industries and researchers are greatly concerned with designing and developing different strategies for effectively retaining the people already in employment. Roger E. Herman and Gregory P Smith have written at length on the Employee Retention Strategies during the last two decades and the industrial organizations that have followed them had immensely benefitted. It must however be admitted that the employers who have gained knowledge of those employee retention strategies have been putting them into practice in Indian organizations as well – old and new, traditional manufacturing and modern knowledge based information technology industries. But research on the Employee Retention Strategies in practice in Indian industries and perceptions of their managers and employees toward the employee retention strategies in practice are not attempted and reported.

The increasing rate of employee attrition and the problems the employers and the HR managers face in retaining 'good' and 'performing' employees in the absence of a set of employee retention strategies are simply compounding. There may be some managers who may be writing on employee retention strategies regularly in newspaper columns drawing from their knowledge and experience. But there is a recognized absence of empirical researcher on the subject. With a view to bridge this gap in verified knowledge on employee retention strategies in Indian industries this study was undertaken. For this the IT industry in Bengaluru was selected, considering its fast growth and urgency of the problem of employee retention. The purpose of this research study, in other words, is to bring out a fresh and indigenous knowledge on Employee Retention Strategies in practice in the sunrise industry of Information Technology industry in Bengaluru.

II.   REVIEW OF LITERATURE

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome.

A distinction should be drawn between low-performing employees and top performers, and efforts to retain employees should be targeted at valuable, contributing employees.Employee turnover is a symptom of deeper issues that have not been resolved, which may include low employee morale, absence of a clear career path, lack of recognition, poor employee-manager relationships or many other issues. A lack of satisfaction and commitment to the organization

can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed.Allan (2004) highlighted the accrued benefits of retention strategies to include reduction in cost of labour turnover, keeps company knowledge, saves interruption of service/production; improves organizational goodwill, enhances efficiency of business and operation, However, Mitala (2003) in his work on retention strategies and recruitment provided what should be the focus of any retention strategy in this part of the world – Africa which are job security, competitive pay, education and training or going education, recognition and reward, placement, job involvement and adequate facilitation work environment and leadership style.

Cynthia (2007) was of the opinion that for meaningful retention strategies, efforts should be made to understand the various reasons why employees leave their organization. He identified this to include; job is not what the employee expected to be, no growth opportunities, job and person mismatch, lack of appreciation, lack of trust and support for co-workers, stress form over work, work life imbalance, poor compensation package and new job offer. These reasons were supported by Arik (2011) but went further to divide it into two i.e. pull and push factors where the factors within the organization that make employees to leave are called push while those factors outside the organization within external environment are called the pull factors. Lincoln (1996) suggested the following basic practices which should be kept in mind in the course of developing strategies retention; hire the right categories of people, make employees realize that they are the most valuable asset of the organization, avoid open confrontation but repose faith, trust and respect them, provide feedback, keep their morale high and vary bonus from position to position.

Agrawal et al (2003)suggested that the work place must be conducive for learning and at the same time informal, full of fun, excitement and passion so that employees can learn, experiment

and relieve stress. Gayathri et al (2012)said that frustration and constant friction with their superiors or other team members are the real reasons of most employees leaving an organization and identified mentoring, well equipped safety environment, potential and prospective roles, encouragement and recognition and competitive compensation as the significant variables that influences employee retention.

Employee engagement and retention lead to higher customer satisfaction and loyalty especially in the services sector. Reasons that lead to employee engagement which not only comprise of pay/compensation and benefits but also factors like good working conditions, flexible work timings, cooperative teams, good bosses, culture and values of the organisation (Devi 2009).
Various reasons cited regarding employees decision to stay were organizational culture, support from peers and superiors, growth opportunities, issues related to compensation, employee engagement activities, training and development, positive work environment and good working conditions (Satyawadi, Joshi, & Shadman, 2011).

Training, employee empowerment and rewards leads to high performance work practices at workplace and help retain employees (Osman M. Karatepe 2013).Employee rewards, employee autonomy and image of the company play a major role in employee retention and commitment in the organization (Gberevbie, 2010).However, there are many studies identifying the causes for employee retention and only few studies were carried on assessing the employee perception for various retention strategies.

III. RESEARCH OBJECTIVES

1. To examine the perception of employees working in software companies towards employee retention strategies.

2.   To examine the differences in the perception of employees for employeeretention strategies with reference to gender.

IV.   RESEARCH HYPOTHESIS

H01:   Employees perception for employee retention strategiesdo not differ with respect to their gender.

V.   RESEARCH METHODOLOGY

To achieve the above objectives of the study, 375 employees from various software companies in Bangalore city were been selected conveniently as sample and were been asked to give their opinion for various employee retention strategies. The researcher has framed the questionnaire based on the topic and also have cross referenced Mr.Smith's Book - 401 Proven Ways To Retain Your Best Employees, since the reasons why employees leave their jobs and organizations were found to be similar in Indian industries. The study incorporates various statistical tools like mean, standard deviation and t-test analysing the data.

VI.   RESULTS AND DISCUSSION

The major purpose of the study is to examine the perception of employees in software companies towards various employee retention strategies. In the study, six employee retention strategies were identified as a)Management/Organisational Strategies, b) Orientation Strategies, c) Communication Effectiveness Strategies, d) Reward and Recognition Strategies, e) Employee Benefit Strategies and f) Employees Ideas and Suggestion Strategies. Employees have admitted their agreement level for employee retention strategies on a 5 point Likert scale as strongly agree to strongly disagree. Higher the value higher the agreement level and vice-versa.

Table-1 shows the average agreement level of employees for six identified employee retention strategies and also shows the variability in the perception of employees for these strategies. It is evident from the Table-1 that agreement level of employees is high for communication effectiveness strategies with a mean value of 4.46; further the variability in employee agreement level is also low with a standard deviation of 0.25. Employees benefit strategies is next strategy for which the employee agreement level is high with a mean of 4.26, however the variability in perception is slightly higher with a standard deviation of 0.32. The average agreement level for management or organisational strategies, employees ideas and suggestion strategies, orientation strategies, and reward and recognition strategies is 4.22, 4.08, 3.91and 3.55, respectively with the variability of around 0.48, 0.47, 0.23 and 0.49, respectively. Employees' agreement level varies greatly for reward and recognition strategies with a standard deviation value of 0.49.

Table-1: Descriptive Statistics for employee retention strategies

Strategy Type	Mean	Std. Dev.
Management/Organizational Strategies	4.22	0.48
Orientation Strategies	3.91	0.23
Communication Effectiveness Strategies	4.46	0.25
Reward and Recognition Strategies	3.55	0.49
Employee Benefit Strategies	4.26	0.32
Employee Ideas and Suggestion Strategies	4.08	0.47

**Table-2: Differences in agreement level for employee retention strategies
with reference to gender**

Strategy Type	Male		Female		T-Value	Result
	Average	Std Dev	Average	Std Dev		
Management/Organizational Strategies	4.19	0.51	4.26	0.44	-1.03	Insig

Orientation Strategies	3.90	0.27	3.92	0.18	-0.50	Insig
Communication Effectiveness Strategies	4.43	0.26	4.48	0.23	-1.28	Insig
Reward and Recognition Strategies	3.55	0.50	3.55	0.48	0.04	Insig
Employee Benefit Strategies	4.26	0.33	4.27	0.31	-0.11	Insig
Employee Ideas and Suggestion Strategies	4.07	0.46	4.09	0.49	-0.33	Insig

Table-2 shows the employees' agreement level for employee retention strategies with respect to their gender. It is found that the patter of agreement level is same for both male and female employees. Both male and female agreement level is high for communication effective strategies with a mean of 4.43 and 4.48, respectively. Employee benefit strategies stands next in relation to the agreement level of male and female with a mean of 4.26 and 4.27, respectively. The next important employee retention strategy is management/organization strategies with reference to the agreement level of male and female with a mean of 4.19 and 4.26, respectively. The agreement level of male employees is greatly varying for reward and recognition strategies with a standard deviation of 0.48, in case of female employees; agreement level varies greatly for employees' ideas and suggestion strategies with a standard deviation of 0.49. Overall, the agreement level of female employees for employee retentions strategies is higher than the male employees. However, obtained t-values shows insignificant differences between the agreement level of male and female employees for employment retention strategies at 5 percent level of significance.

VII. CONCLUSION

1. This study examines the perception or agreement level of employees of software companies for employee retention strategies.

2. The study highlights that employees' agreement level is high for communication effective strategies among all the employee retention strategies.

3. On segmenting employees based on their gender, study highlights that the agreement level is high for communication effective strategies among all retention strategies for both male and female employees.

Based on the above observations it can be concluded that agreement level for employee retentions strategies is higher for female employees than male employees, however there is no significant difference between male and female employees' level of agreement for employment retention strategies.

VIII. SUGGESTIONS & RECOMMENDATIONS

1. The organizations should concentrate on Rewards & Recognition strategies in order to put a robust employee retention policy.

2. Organization should give utmost importance for Employee orientation strategies since the employees would be adapted to Organization's culture, environment & Technology by Training employees on Policies, Procedures, Projectsetc.

3. The organizations has to put a mechanism to consider Employee ideas and suggestions by which innovation and competitive spirit amongst employees be developed. This makes the employees feel belonging ness towards the Organization which will aid in retaining employees.

REFERENCES

1. Agrawal N.M and M.Thite, 2003. "Human Resource Issues, Challenges and Strategies in the Indian Software Industry", International Journal of Human Resources Development and Management, vol.3, No.3.

2.   Allan Price (2004): Human Resource Management, 2nd ed. Thompson learning, London.

3.   Cynthia D. Fisher, Lyle F. Schoenfeldt, James B. Shaw (2007): Maintaining Human Resources 5th ed. Dream-tech Press, New Delhi.

4.   Gayathri, R. G.Sivaraman, R.Kamalambal, 2012. "Employee Retention Strategies In BPO"S-An Empirical Investigation", Interdisciplinary Journal of Contemporary Research In Business, Vol,3, No.12.

5.   Gberevbie, D. E. (2010). Organizational retention strategies and employee performance of Zenith Bank in Nigeria. African Journal of Economic and Management Studies. 1(1), 61-74.

6.   Karatepe, Osman M. (2013), "High-Performance Work Practices, Work Social Support and Their Effects on Job Embeddedness and Turnover Intentions," International Journal of Contemporary Hospitality Management, 25 (6), 903-21.

7.   Lincoln, J. R., & Kalleberg, A. L (1996): Commitment, quits, and work organization in Japanese and U.S. plants. Industrial and Labor Relations Review, 50(1): 39-59.

8.   Lynch, L. M. (1991): The role of off-the-job vs. on-the-job training for the mobility of women workers. American Economic Review, 81(2): 151-156.

9.   Mitala, John (2003): Recruitment and Retention Strategies and Development of Professional Standards, fifth Global Forum on reinvesting Government and Capacity Building Workshop, Mexico.

10.   Piyali Ghosh and Rachita Satyawadi, 2013. "Who stays with you? Factors predicting employees' intention to stay" International Journal of Organizational Analysis Vol. 21 No. 3, 2013 pp. 288-312.

11.   Prasetya, Arik dn Masanori Kato 2011. The Effect of Financial and Nonfinancial Compensation to The Employee Performance. International Research Syposium in Service Management, Jogjakarta.

12. Rama Devi, V. 2009. "Employee engagement is a two way street": Human Resource management International digestVol. 17 NO. 2, pp. 3-4.