

EXPLORING EMPLOYEE RETENTION IN IT INDUSTRY IN INDIA: STUDY BASED ON MULTI RESPONSE ANALYSIS

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ABSTRACT

The hyper-competitive Indian business environment is experiencing an intensifying fight for knowledge workers. In order to control employee turnover as a strategic concern, the right retention strategy would need to dually ensure meeting the aspirations of employees and, at the same time, enhancing their productivity and reduce turnover cost. With the aims to provide base to device effective employee retention strategies in IT companies in India the present study explores the organisations' efforts to retain employees; factors prompt an employee to seek alternative employment and employees' reasons to quit an organisation with special reference to IT companies in India. The study has found the difference between organisation efforts toward employee retention and employee's perception to most prompting factors to seek an alternative employment as well as employees' reasons to quit an organisation. The study found the difference between organisation efforts toward employee retention and employee's perception to most

I. INTRODUCTION

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.

Retention is a critical element of an organization's more general approach to *talent management*, which is defined as "the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs" (Lockwood,2006).

Employee retention-need of the hour

In the global business scenario, IT is on the top and particularly an apple of our country's eye. The new age workforce comprises mostly of knowledge workers, who are techno savvy, aware of market realities, materially focused and who have higher propensity to switch jobs. The hyper-competitive Indian business environment is experiencing an intensifying fight for knowledge workers, the key to enhancement of productivity which rests on designing ways and means. The IT industry, which has embraced the modern corporate culture of quick career advancement and has thrown open multiple job opportunities, is experiencing a steady rise in mobility among IT professionals. Varying trends of employee turnover, both voluntary and involuntary, have exposed IT organizations to the vital question: 'who stays with you?' In order to control employee turnover as a strategic concern, the right retention strategy would need to dually ensure meeting the aspirations of employees and, at the same time, enhancing their productivity and reduce turnover cost. The cost of replacement of employee is estimated to be twice an individual's annual salary. Heavy investments in terms of training

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and development, time and other resources are also required to bring new recruits to the desired level of performance because if an employee leave an organisation then it take away the accumulated knowledge with them (Mitchell at el., 2001).

II. LITERATURE REVIEW

The retention practices that work for some companies may not work for another. Continuous monitoring of attrition rates, highly competitive compensation , personalized career plan senior management attention , flexible working arrangements, diversify programmes design to develop retain and promote diverse talent can be a best practices for retaining talent (Stahle,2008).

According to Licha and Raymond, (2008),The major factors which caused employee turnover in India in 2007 was Salary (85%),career advancement (71%) relationship with supervisor (50%), economic growth and talent competition (44%), Job content (43%), Recognition (33%), Training and development opportunities (23%). The areas of intervention that companies took in order to stem the unwanted employee turnover top of the list was Salary increase (80%), career advancement (73%), recognition (63%), Training and Development (37%), Human Resource Policies and Rules (45%).

Compensation and training, has a significant direct effect on turnover investment and the contribution of organization commitment to turnover intentions (Gnanakkan, 2010).

Early opportunities, networking and relationship building, international exposure and building communities outside the companies can be the strategies for retention of well educated, highly ambitious women in developing economies (Hewlett and Rashid, 2010).

The top methods that employers are using in their retention programmes include more careful selection, better compensation and benefits, better orientation and assimilation programmes, coaching, the use of exit interviews, and improved training (Nanchrla, 2008).

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To retain employees Google provides freedom and flexibility of movement across projects. Google encourage employees spent twenty percent of their time to participate and ideate projects other than primary ones. These promote innovations in product development and foster inter-team communication. The career movement programme has been launched by Infosys named as 'Path Finder' which is an internship programme to help employees to know different career streams available in the organisation and choose according to their aptitude (Roy & Ghosh, 2010).

Rawat, (2013) identified the main focus of TCS is on individual talent, aptitude and interests. To established such environment TCS provides cross domain experience i.e. the employee can function across different functional domain, varied industry verticals, services and different technology platform. This helps employee to identify the domain best suited for them as well as gives corporate advantage of talent pool of expertise. Intel corporation conduct seven seminars for all the employees have first year in company focusing on corporate culture, values and business ventures.

Ericson is using overseas assignments as a employee retention strategy. To induct managers with leadership skills in to global talent pool of Ericson Company has posted several Indian executives on overseas. Other than this Ericson's talent management, global mobility programmes and employee engagement contributing to retain employees in India (Parbat, 2015).

Wipro launched a employee retention plan under which employees who have more than two year span in company can pursue their post graduation from VIT vellore, Pune Symbiosis, BITS Pilani. The company earlier launched a Distinguished Member of Technical Staff programme, under which it offered engineers an equal opportunity with business degree graduates to climb up the ranks. The company also partnered with ICFAI for two – year regular programme in professional accounting. The employees will be reimbursed the fee based on their scores (Sood, 2014).

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Some of the employee retention programmes introduced by the companies in India are- Accenture introduced a theme ‘defining success your way to retain women employees. The programme includes women mentoring programme, Accenture women network, defining success forum, employee resource groups and training and development programmes. Adobe follows a continuous process of appraisal rather than yearly process. Deloitte provide customized career option for employees on the basis of their career stages while Acuity bear expenses for job related expenses. Social security system has been launched by NTPC to retain employees while in Godrej group to retain and motivate employees most of the days CEO lunch with employees. Aditya Birla Group has launched deferred compensation programme for young leaders. Mind tree is focusing on contributing to community to attract and retain talent (Sharma, 2012).

III. RESEARCH METHODOLOGY

The study encompasses with the analysis and interpretation of the data related to the employee retention. The purpose of this study is to explore the factors affecting employee retention, employee retention strategies and effectiveness of the strategies of employee retention in IT companies in India.

To achieve the objectives both primary and secondary data had been collected. The instrument used for the primary data collection was structured questionnaire having three multi response statements given as (i) organisation effort to increase retention of employees, (ii) what factors generally prompt an employee to seek an alternative employment and (iii) and employees reasons to quit an organization with dichotomous and categorical scales.

Judgment sampling technique had been followed to select the sample. The companies explored for survey comprised multinational IT companies in India. Sample of 500 respondents (classified on basis of gender, age, income level, years of experience,) had been targeted in the study. Respondents were employees (technical professional) working in IT industry in India.

IV. ANALYSIS & FINDINGS

Organisation Efforts to Increase Retention of Employees:

The results of the question does your organisation make any retention efforts: yes/ no if yes what are their efforts to increase retention of employees: if yes what are their efforts to increase retention of employees the options were: Training, postgraduate programmes, salary hike, overseas opportunities, promotion has been shown in table and fig. 1 case summary. Out of 500 respondents 493 was agreed that their organisation makes retention effort while one respondent has described other than the option given that their company has been using 'retention bonus with one year bond.

The percent of responses shown in table 2 are the numbers of ticks while percent of cases shown in table, are actual responses by the respondents.

39.4 percent of the respondents were agreed that their organisation use training as an employee retention tool. 59.3 percent of the responses were in favor of post graduate programme, 83.6 percent of the respondents chosen salary hike has been used by their organisation to retain employees. 63.1 percent of the respondents were agreed that their organisations are using overseas opportunities to retain employees in IT companies in India. While 78.9 percent was agreed on as their companies are using promotion to retain employees. The result of the analysis shows that the salary hike and promotion are on top of the list that companies are using to retain employees while overseas opportunities, postgraduate programmes are on 3rd and 4th place. The least used practice used by the company to retain employees is training 39.4 percent.

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Table 1: Case Summary Employee Retention Effort by Organisation

Multi response Question	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Employee Retention Efforts by Organisations	493	98.60	7	1.40	500	100.00

Source: Survey Data

Table 2: Employee Retention Efforts by Organisation

Multi response Question		Responses		Percent of Cases
		N	Percent	
Employee Retention Efforts by Organisations	Training	194	12.40	39.40
	Post Graduate Programme	253	16.20	51.30
	Salary Hike	412	26.40	83.60
	Overseas Opportunities	311	19.90	63.10
	Promotion	389	25.00	78.90
Total		1559	100.00	316.20

Source: Survey Data

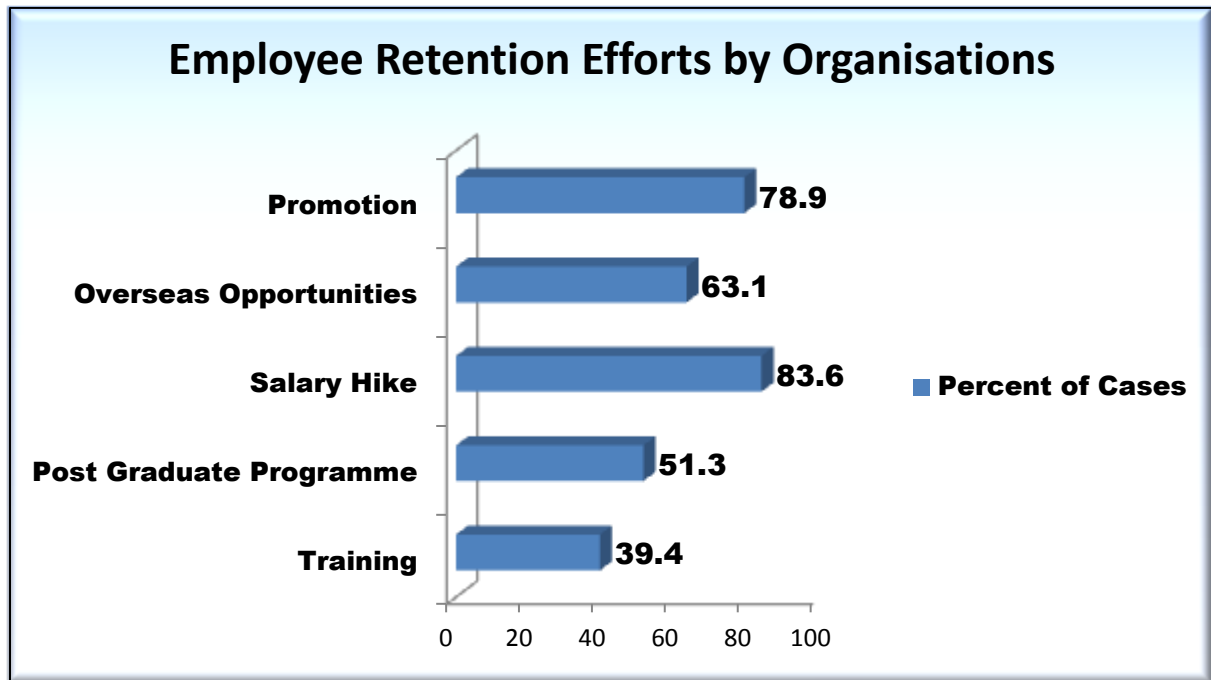


Figure 1 [Developed by Researcher]

Prompting Factors to seek an Alternative Employment:

The question asked to the respondents was: In case of any present job change, what factors generally prompt an employee to seek an alternative employment the options were- Type of work, compensation, lack of recognition, company culture, quality of supervision, working condition, Family Circumstances, Career Advancement Opportunities and Overseas Assignments.

Table 3: Case Summary Prompting Factors to seek an Alternative Employment:

Multi response Question	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Factors Prompt an	500	100.00	0	0.00	500	100.00

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Employee to Seek an Alternative Employment						
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Source: Survey Data

Table 4: Factors Prompt an Employee to Seek an Alternative Employment

Multi response Question		Responses		Percent of Cases
		N	Percent	
Factors Prompt an Employee to Seek an Alternative Employment	Type of Work	351	14.90	70.20
	Compensation	364	15.40	72.80
	Lack of Recognition	156	6.60	31.20
	Company Culture	256	10.90	51.20
	Quality of Supervision	140	5.90	28.00
	Working Condition	219	9.30	43.80
	Family Circumstances	231	9.80	46.20
	Career Advancement Opportunities	395	16.80	79.00
	Overseas Assignment	246	10.40	49.20
Total		2358	100.00	471.60

Source: Survey Data

The result of the analysis has been shown in the table 4 and figure 2 as (79 percent) of the respondents gave preference to the career advancement opportunities, followed by preference to compensation(72.8 percent); type of work(70.2 percent); company culture (51.2 percent); overseas assignments (49.2 percent) ;Family Circumstances (46.2 percent) ; Working Condition (43.2 percent) while lack of recognition(31.2 percent); Quality of Supervision (28 percent) have been preferred as a prompting factor to seek an alternative employment while has been considered by of the respondents.

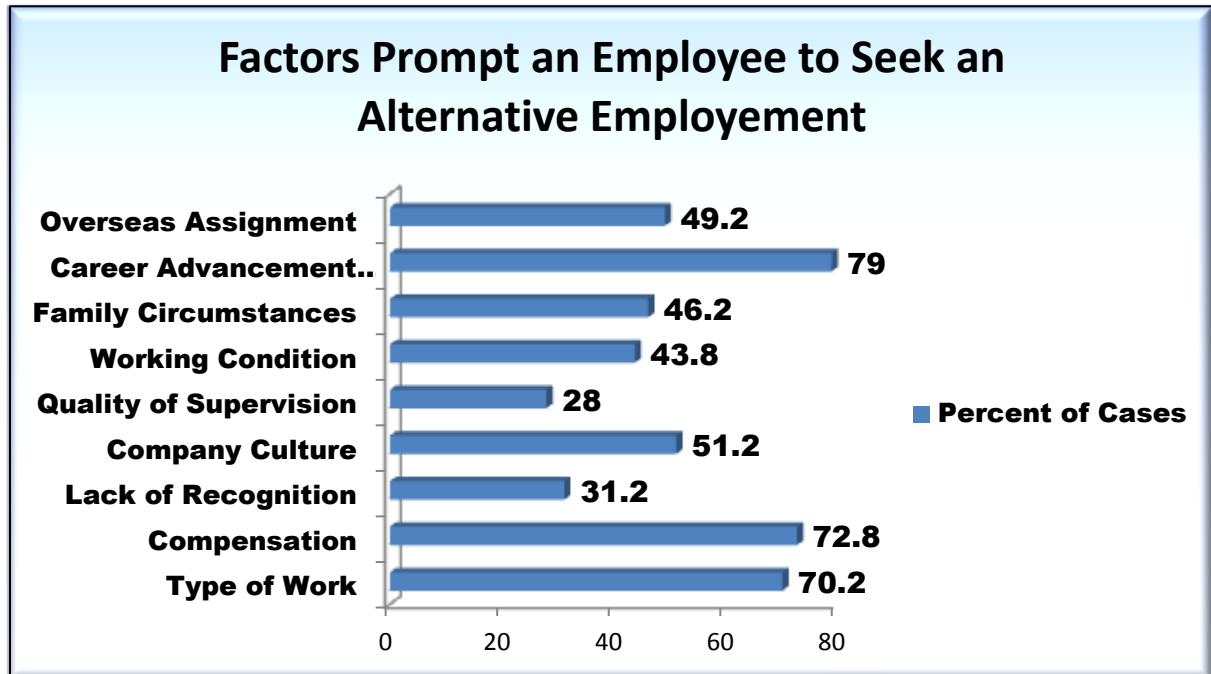


Figure 2 [Developed by Researcher]

Employee Reasons' to Quit:

To analyze why employees left jobs the multiple choice question asked was : Have you left any job , if yes than what was the reason behind that and the options given were : Unsatisfactory salary, adversarial atmosphere, inflexible working hour, location, lack of autonomy, family circumstances, lack of career growth, uncooperative peer group and uncooperative superior.

Table 5: Case Summary Employee's Reasons to Quit

Multi response Question	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Employee's Reasons to Quit	468	93.60	32	6.40	500	100.00

Source: Survey Data

Table 6: Employee's Reasons to Quit

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Multi response Question		Responses		Percent of Cases
		N	Percent	
Employee's Reasons to Quit	Employee who did not quit	195	23.90	41.70
	Unsatisfactory Salary	144	17.60	30.80
	Adversarial Atmosphere	23	2.80	4.90
	Inflexible Working Hour	30	3.70	6.40
	Location	80	9.80	17.10
	Lack of Autonomy	18	2.20	3.80
	Family Circumstances	42	5.10	9.00
	Lack of Career Growth	225	27.50	48.10
	Uncooperative Peer Group	18	2.20	3.80
	Uncooperative Superior	42	5.10	9.00
Total		817	100.00	174.60

Source: Survey Data



Figure 3 [Developed by Researcher]

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Out of 500 respondents 305 responded that they have left job at least once in their career while 195 responded that they did not left means that near about 60 percent of the respondents has left their job. The result given in table 6 and figure 3 shows the top most reason to left job was lack of Career Growth (48.1percent) followed by Unsatisfactory Salary (30.8 percent). Location (17.1percent); Family Circumstances (9 percent) and Uncooperative Superior (9 percent); Inflexible Working Hour (6.40 percent); Adversarial Atmosphere (4.90percent); Lack of Autonomy and Uncooperative Peer Group (3.8 percent) have been found as reasons to quit job in IT companies in India.

V. CONCLUSION

The result of the multi response analysis shows that the salary hike and promotion are on top of the list that companies are using to retain employees while overseas opportunities, postgraduate programmes are on 3rd and 4th place. The least used practice used by the company to retain employees is training 39.4 percent. The findings of the question 'In case of any present job change, what factors generally prompt an employee to seek an alternative employment' it was found that (79 percent) of the respondents gave preference to the career advancement opportunities, followed by preference to compensation(72.8 percent); type of work(70.2 percent); company culture (51.2 percent); overseas assignments (49.2 percent) ;Family Circumstances (46.2 percent) ; Working Condition (43.2 percent) while lack of recognition(31.2 percent); Quality of Supervision (28 percent) have been preferred by IT professionals as a prompting factor to seek an alternative employment. The findings of the multi response question 'Have you left any job, if yes then what was the reason behind that' has shown that the top most reason to left job was lack of Career Growth (48.1percent) followed by Unsatisfactory Salary (30.8 percent). Location (17.1percent); Family Circumstances (9 percent) and Uncooperative Superior (9 percent); Inflexible Working Hour (6.40 percent); Adversarial Atmosphere (4.90percent); Lack of Autonomy and Uncooperative Peer Group (3.8 percent) .

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The study shows the difference between organisation efforts toward employee retention and employee's perception to most prompting factors to seek an alternative employment as well as employees' reasons to quit an organisation. IT companies are focusing more on salary hike and promotion to retain employees while employees' retention intentions can be influenced more by career advancement opportunities as compared to salary hikes. The study may help HR professional to device effective employee retention strategies in IT companies in India.

Career advancement opportunities, training and development, supportive manager, competitive salary, open two way communication, flexi timing, can help to retain IT professionals in IT companies in India.

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