

ANALYSIS OF EMPLOYEE RETENTION STRATEGIES AND FACTORS: A CASE STUDY OF IT SECTOR

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Abstract: *The high turnover of employees is a significant difficulty that is encountered by businesses all around the world. The research has concentrated on the information technology industry. Any company worth its salt will tell you that its employees are its most valuable asset, and it simply cannot afford to lose its most valuable performers. Implementing successful retention tactics is a priority for many companies as they work to keep talented employees on staff. A high employee turnover rate would, as a result, have an effect on the organization's productivity as well as its capacity to remain in business. The purpose of this research is to investigate the influence that retention strategies have on employee turnover in the information technology industry in India. It was decided to conduct the research in the National Capital Region (NCR) in Delhi. As part of this research, other factors such Welfare Benefits, Personal Satisfaction, and Organizational Culture, all of which are considered to be connected with Employee Turnover, was also explored. In this research, the proxy variable that best reflects employee turnover is participants' intentions for how long they plan to remain with the company. Previous study that was carried out by a variety of academics shown that the real turnover rate is determined by an employee's desire to either remain or quit the company.*

Keyword: *Employee reward programmes, compensation, work life balance, financial rewards, welfare programmes, job commitment.*

1. INTRODUCTION

Employee Retention is a process in the present scenario of high economic growth and development and rapid globalization, the fight for talent is becoming increasingly intense. A significant asset for every company is their talent pool or human resource pool. What will happen to the company if these talents or workers leave the organization in a short length of time to pursue other opportunities? The corporation invests a significant amount of money in its HR practices, which includes recruiting, selection, and training programs. As a result of the unpredictability of retention trends and the cutthroat competition that occurs on a global scale, businesses are realizing that they need to improve their understanding of the supply-demand equation in order to collect effective strategies to attract and keep top competent employees. In the best of all possible worlds, employees in human resources would adore their jobs, get along well with their coworkers, work diligently for their employers, be well compensated for their efforts, have adequate opportunities for promotion, and enjoy flexible work schedules, allowing them to tend to the needs of their families and personal lives whenever it was necessary and never quitting their jobs. But then there is the real world, and in the real world, employees do leave their jobs for a variety of reasons, including but not limited to the

following: they want a higher salary, they are not interested in the working conditions provided by the company, they despise their fellow employees, they require a change, or their spouse is offered a dream job in another state. However, it is becoming more challenging for companies all over the world to recruit, inspire, and retain substantial talent. Employee retention is essential to the long-term health and prosperity of any firm. Companies all around the world struggle with a significant obstacle known as employee turnover (James, Leena; Mathew, Lissy). The retention rates continue to rise, and as the competition for talent continues to heat up with each passing year, it is becoming increasingly important for businesses to ensure that they have the right to ensure that their human resources are encouraged to remain with the company for the maximum amount of time or until the completion of the project. Retention rates are still on the rise. Keeping an existing staff productive and happy is good for both the firm and its workers.

The capacity of a company to keep hold of its human resources is referred to as employee retention, and it is becoming an increasingly significant concern for businesses. Any company's retention rate is heavily impacted by factors such as organizational culture, compensation and benefits, work-life balance, and overall job satisfaction. The article discusses in depth the many techniques that may be used to reduce employee turnover and identifies the primary contributors to an employee's decision to resign from their position. The paper provides an in-depth analysis of the factors that contribute to employee retention, including remuneration, health and wellness benefits, training programs, skills recognition, superior and subordinate relationships, career development, and more. Additionally, the paper assists the reader in comprehending the significance of effective communication and employee encouragement for the purpose of retaining employees.

2. RELATED WORK

Employee turnover has been a big concern for IT staff, according to Gaan (2011). IT workers have a higher than average propensity to leave their current employer to work for another, it has also been noted. Employee Retention means taking action to enable workers to work for the full amount of time in the company. Retention is described as an organization's voluntary move to create an atmosphere that includes long-term employees (Chaminade, 2007). The primary aim of retention techniques is to stop the organization's loss of qualified workers.

Allen and Meyer (1990), people are departing the firm at a very rapid rate, which is attributed to a high degree of stress as well as a lack of prospects for advancement, according to what was reported. As both the world and technology continue to evolve, human beings are finding it more difficult to maintain a state of mental tranquility and contentment. Everyone is rushing to mature and advance their skills in an extremely condensed amount of time, which is causing a great deal of pressure and unease at the present moment. As a result of the increased level of rivalry that exists inside the company, each and every worker puts in extra effort to demonstrate their value to their superiors, in the hopes that they would reward their efforts with promotions and other forms of recognition. However, the workers tend to forget that in their haste to achieve

this goal in the company, they are really bringing restlessness and stress into their daily routines, both of which will be detrimental to their health once a certain amount of time has passed. Because it entails a chain of repercussions beginning with the discontent of the personnel and culminating in the leasing of the organization and the inadequacy of the organization, attrition is known as the cycle of failure.

Avanesh (2011), According to the findings of their research, even while businesses are attempting to improve these areas, there is always something that gets overlooked, which is one of the primary reasons why organizations have employee turnover. According to the vast majority of the available pieces of research, it is possible to draw the conclusion that employee turnover is a significant challenge for today's businesses. In the field of information technology, the business process outsourcing (BPO) sector is the one that is seeing a disproportionately high rate of employee turnover. The boring work and the availability of individuals with lower levels of expertise are the primary contributors to the high rate of employee turnover in the business process outsourcing (BPO) sector. BPOs tend to recruit workers of lower quality, and they stick to the same processes and functions year after year, which may become quite boring for the individuals doing the work.

According to Anitha (2014), The retention of skilled workers is a major issue for many companies, who suffer ongoing losses of personnel with relevant experience and face significant difficulties in doing so. The most qualified job seekers on the market are recruited by companies; however these companies are unable to keep their highly trained personnel for an extended length of time. When a person gives an organization one hundred percent of their effort, they have certain expectations from the company as well. When those expectations are not met, workers have a tendency to quit the business sooner within a very short amount of time. If the management of the business are unable to determine the reason why these individuals are leaving the organization, then none of the retention methods will ever be successful for them.

Das and Baruah (2013), It was mentioned that an acceptable set of employee retention tactics need to be implemented in order to keep the competent individuals. The company's workers should be regarded as its distinguishing assets since they consistently generate a profit and serve as an asset that does not suffer from depreciation. Employees with specialized knowledge are the asset from which a company consistently benefits in terms of financial returns. The importance of the role of staff retention cannot be overstated for any given firm. The adoption of retention tactics creates a road for firms to maintain themselves in an environment that is highly competitive. In order for the business to maintain its presence in the market, many models have been shown to be of great assistance. Researchers have shown a relationship between employee turnover and the sources of recruiting (Anitha, 2014). They give less priority to ensuring that skilled workers are retained in the organization. Employees are what keep a business running, yet management often fails to recognize or appreciate their contributions.

Strauss et al. (2001), discovered that the company has to make regular changes to the management system in order to remain competitive. The management team has to devise measures for employee retention in order to keep the critical workers on board. The most productive employees remain with the company, while the least productive employees depart, which is beneficial for the business. This kind of turnover is known as functional turnover. When workers leave an organization, the company often experiences a loss of business as well as the connection it has with its customers. The loss of personnel has a significant negative impact on

the productivity of the firm; hence, it is essential to keep the valued staff that we have. In order to maintain one's position in the market, it is essential to develop successful retention methods. Every company and organization derives its ability to compete successfully from its workforce. If workers of the business depart, the organization is confronted with a significant loss of creativity, which may result in delayed service, deteriorated production, and other problems.

In his study, Cottrell (2012), established that there should be a psychological contract written between the employee and the employer between the two parties. Both the employer and the employee are responsible for providing feedback to one another and demonstrating their commitment to one another. If this psychological contract, which is signed between the employer and the employee, is broken, then the employee is more likely to resign from their position with the company, or the employer may request that the employee resign from their position with the company. When it comes to the promises made by the employer in order to keep the workers in the company, the employees have a highly negative attitude toward the employer. It has been observed, for the most part, that corporations do not live up to the psychological contract that they have made with their workers, which is one of the primary reasons why individuals quit an organization to work for a rival. This results in not only the loss of a valuable human resource but also the knowledge about the company's operations that the employee was carrying with them when they left.

3. SCOPE OF STUDY

According to a survey by NASSCOM, the most significant barrier to the expansion of the information technology sector is the dearth of critical personnel. It is only when an organization is able to attract, develop, reward, and keep individuals who have the skills and knowledge to approach customers and stakeholders in creative ways and take advantage of the opportunities that a globalized market offers that we can say that the organization has achieved success. Only if every worker formulates and accomplishes objectives that contribute to both their own and the company's success, will an organization be able to realize its full potential and fulfill its mission. A high employee turnover rate is regarded to be a severe problem that affects corporate organizations. This problem is often caused by a lack of incentive and recognition for exceptional performance as well as the absence of possibilities for career progression. Turnover of employees incurs costs, both directly and indirectly, and these costs are often very substantial for a great number of firms, which has a significant impact on the financial success of a company. The time, energy, and money spent on recruiting, selection, and training of new employees are all included in the direct cost of the project. The term "indirect cost" refers to a variety of variables, including an increased workload; the costs associated with working extra for coworkers, and decreased productivity due to poor employee morale. Managers in today's businesses are aware of the fact that a high employee turnover rate reduces the effectiveness of the organization and increases the costs incurred by the business. This problem may be solved by implementing proper motivators, which will reduce staff turnover, boost employee morale, and increase employee performance.

4. OBJECTIVE OF RESEARCH

The previously published research was helpful in outlining the goals. The necessity to identify the gap that is now present in the IT Services Industry was also a factor that assisted in the process of determining the goals.

In order to reach a conclusion on the goals, the factors that play a role in the employee behavior of the IT Services Industry have been taken into consideration and investigated. The following is a list of the goals of the research:

1. To conduct an investigation into the elements that plays a role in the retention of personnel working in the information technology sector in India.
2. To conduct an investigation of the steps that the company has taken to keep its personnel inside the Information Technology (IT) Services Industry in India.
3. To conduct an investigation into the demographic elements that have a role in the staff retention rates of the IT Services Industry in India.
4. To examine and contrast the perspectives of employees and employers with regard to the retention of workers in the information technology industry in India.

Problem Statement

In the modern business environment, firms adopt preventative measures in order to develop employee retention strategies. Improvements in employee engagement and increased staff support for important company projects may be achieved with the assistance of retention strategies. Although businesses are making efforts to include numerous strategies that will strengthen the loyalty and dedication of their workers as well as their readiness to be highly productive, the employee turnover rate continues to be fairly high despite these efforts. Although practically all companies have rules and methods that are almost identical to one another, the extent to which these policies and strategies are effective in retaining employees varies greatly from company to company. As a result, it is of the utmost importance to comprehend and pinpoint the aspects that have the most significant impact on employee retention in accordance with the expectations of the workforce.

Employee Retention Model

The organization's long-term advantages and profitability are directly tied to its ability to keep knowledgeable personnel. This makes staff retention an extremely important factor. Keeping our best employee on board promotes increased product sales, satisfied customers, happy coworkers and reporting authority, successful progression planning, and deeply ingrained organizational knowledge and learning: The following are some potential factors that may encourage an employee to remain with an organization for an extended period of time: work schedule flexibility, personal development, personal development, compensation, work life balance, top performer, recognition and rewards, superior-subordinate relationship, training and career development, job characteristics and job commitment, financial rewards and welfare programmes, less compensation packages and benefits. And the following are some potential factors that could lead to an employee leaving their position, including frequent job rotations, a lack of support from superiors, a lack of importance placed on professional growth and development, a lack of equality or favoritism, ineffective organization communication, timely increments and promotions, and personal reasons.

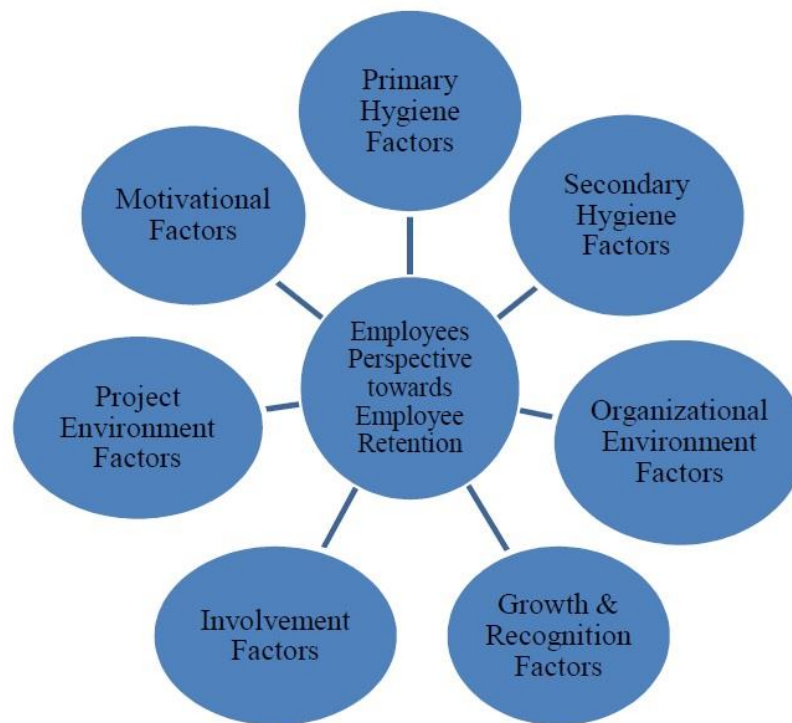


Figure 1: Employee Retention Model

Employee Retention strategies of IT Industry:

Employee reward programmes:

The primary goal of incentive programs at a company is to compensate workers properly for the job that they have performed. This is the reason why these programs exist in the first place. The primary purpose of reward management in business organizations is to encourage the workers within that specific organization to put in long hours and do all in their power to succeed in reaching the goals that have been established by the company. In the context of commercial enterprises, "reward management" can refer to both monetary benefits, such as pay, and non-monetary benefits, such as increased job responsibilities, employee recognition, and employee training and development. Financial benefits, such as pay, are one type of reward management. The importance of employee reward programs can be understood by considering all of the methods that companies use to entice prospective workers to join their workforce. These methods include offering competitive salaries, bonuses, incentive pay, benefits, and employee growth opportunities such as opportunities for professional development and training. It has been shown that incentive programs are quite effective in motivating workers, which in turn leads to an improvement in the performance of the firm as a whole. Employees are eligible for a variety of incentives, including intrinsic rewards, extrinsic rewards, financial rewards, non-financial awards, performance-based rewards, and membership-based benefits, among others, depending on the organization they work for.

Flexible working hours:

When it comes to maintaining workers of any age, job flexibility is quite important. appeals to personnel of all ages in the company. Several studies shed light on the relevance of job flexibility, which includes changes in programming that allow for greater individualization of working hours, workloads, roles, and duties, as well as areas that revolve around family obligations. Workers who have job flexibility alternatives report having the highest levels of personal commitment, aggregation, satisfaction, productivity, loyalty, and mental

capability at any age, according to studies that show that "flexibility" empowers people to facilitate a healthier balance between work and personal obligations. This is something that requests to all ages of human resources describe that workers having job flexibility alternatives report having. A worker who is allowed some leeway in the working conditions at their place of employment is more likely to remain with the company than one who is required to work the standard 8 hours per day, five days per week.

Timely Promotions and Bonus:

Promotional chances may be seen as the extent to which workers believe they have the potential to advance their careers inside the company and get promotions as a result of their efforts. In the vast majority of circumstances, a substantial number of workers are interested in working for the company in which the possibilities of getting promoted are clearly visible. Stoner et al. (1995) argued that a company with a policy of promotion within helps to derive satisfaction from employees if promotion is offered fairly to the right people. However, unfair promotion can cause dissatisfaction; consequently, the criteria and method for promotion must be fair. Additionally, management should provide salary or wage to their employees according to what the job deserves rather than what management thinks he or she will accept. According to Dockel (2003), managers should provide their staff with not just money benefits but also non-financial rewards such as opportunity to advance within the firm. The majority of the times, workers who do not perceive the prospects for getting promoted become unmotivated, and as a direct consequence of this, they are required to quit the firm. One of the Herzberg motivators is promotion, which not only provides opportunity for advancement within a company but also has the potential to improve employee retention.

Performance based Bonus:

A performance bonus is an extra kind of remuneration that is offered to a human resource as a monetary reward for attaining certain aims or accomplishing predefined milestones. This type of bonus may also be referred to as an incentive bonus. A performance bonus is additional money on top of regular earnings. These bonuses are often given out after a review of an employee's performance as well as a study of the tasks that the person has accomplished over a certain amount of time. Performance incentives may be distributed on a consistent schedule, such as once a year, twice a year, or even once a month. It's also possible that you'll only have access to them during certain time windows, possibly to encourage you to put in more work for a certain project or a crucial assignment.

Employee Engagement:

Employee engagement may be defined as the degree to which workers are enthusiastic about their jobs and give their full attention to the tasks at hand. Employees who are engaged in their work are an indication of an organization's success. When human resources are engaged, they are actively working and expressing themselves in a way that is holistic across their physical, cognitive, and emotional identities. When it comes to human resources, this is a crucial aspect for the vast majority of companies who want to increase their employee retention rate. It makes it possible for the organization to achieve a higher level of performance and obtain an edge over its competitors. Workers that are engaged enable more benefits, learn more and quicker, and are more creative. As a result, engaged employees improve customer satisfaction, human resource retention, organization productivity, and profitability.

Employee Referral Plans and programmes:

A program known as an employee referral program is one in which current workers are given the opportunity to recommend members of their personal and professional networks, such as friends and family, for employment opportunities inside the company for which they now work. Referrals from current workers are one of the most effective ways for companies to identify and recruit top candidates from within their own pool of contacts. An employee referral program may be a useful tool for employers in terms of recruitment, since recommended applicants often cost less, can be hired more quickly, and remain in their employment for a longer period of time than other types of recruits. The greatest referral programs make it easy for recruiters to find better candidates and make it easier for human resources to feel passionate about promoting their friends to the company.

5. DATA ANALYSIS

On a scale from 1 to 5, with 1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree, the opinion of the workers is acquired, and the mean value and standard deviations are determined. Table 3 reveals that the mean values are in the following range: Employee Engagement (3.9821), Employee Referral Plans and Programs, Employee Reward Program (4.0537), Flexible Working Hours (3.9967), Timely Promotions and Bonus (3.8000), Career Development Program (3.9740), Performance-based Bonus (3.7935), and Performance-based Bonus (3.7935). 4.0715, Presents Given on a Few Occasions Employee Recreation at 3.8488, and Making Management Efficient and Easily Accessible at 3.9461.

According to the findings of the study, it can be deduced that the majority of workers give their lowest priority to employee reward programs and employee referral plans and programmes, as well as flexible working hours regardless of gender. This is in contrast to the fact that the majority of workers give their highest priority to timely promotions and performance-based bonus strategies of retention. The majority of male workers are very content with the employee referral plans and programs offered by the business, whereas the majority of female employees are satisfied with the career development programs offered by the organization. Therefore, we are able to deduce from the analysis that the employees believe the organization should place a greater emphasis on these retention strategies, such as flexible working hours, employee rewards, and career development programs, in order to raise the level of satisfaction among employees, which in turn will lead to an increase in the number of employees who choose to remain with the company.

Satisfaction level of Employee Retention Strategies based on Gender

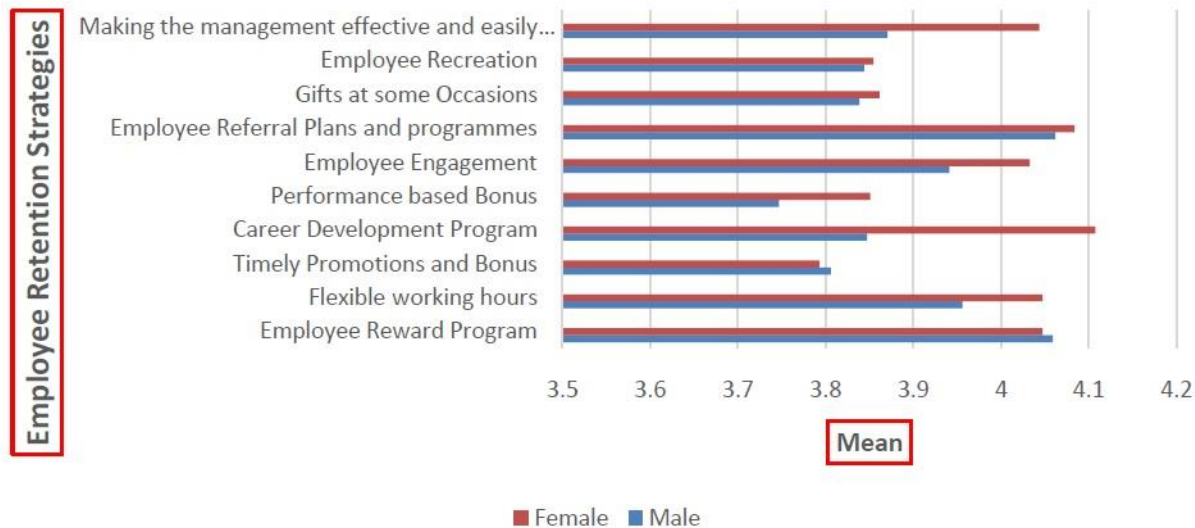


Figure2: Satisfaction level of Employee Retention Strategies based on Gender.

6. CONCLUSION

Because it has an impact on how well employees do their jobs, employee retention is a key factor in the success of any firm. According to the findings of this study, employee retention strategies, such as employee reward programs, flexible working hours, employee training, performance-based bonus, employee recreation, and career developmental programs, all have a positive effect not only on employee retention but also on employee performance. It is essential for businesses to do all they can to keep hold of their best employees since this directly impacts their capacity to continue operating successfully. Despite the fact that this research made an effort to uncover all of the characteristics that are associated with staying for a long time in an organization as well as the factors that impact leaving an organization, the results were mixed. According to the findings of the study, employees ranked compensation, work schedule flexibility, and work life balance as the most significant factors in determining whether or not they would remain with the company. On the other hand, employees ranked a less generous compensation package and benefits, inequality and favoritism, and a lack of emphasis on professional growth and development as the most significant factors in determining whether or not they would leave the company. According to the findings of the research, the organization should place a greater emphasis on these retention strategies, which include flexible working hours, employee rewards, and career development programs, in order to increase the level of satisfaction felt by employees, which in turn will increase employee retention.

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