

FACTORS INFLUENCING EMPLOYEE'S INTENTION TO STAY – A STUDY OF SOME SELECT FIRMS IN IT SECTOR

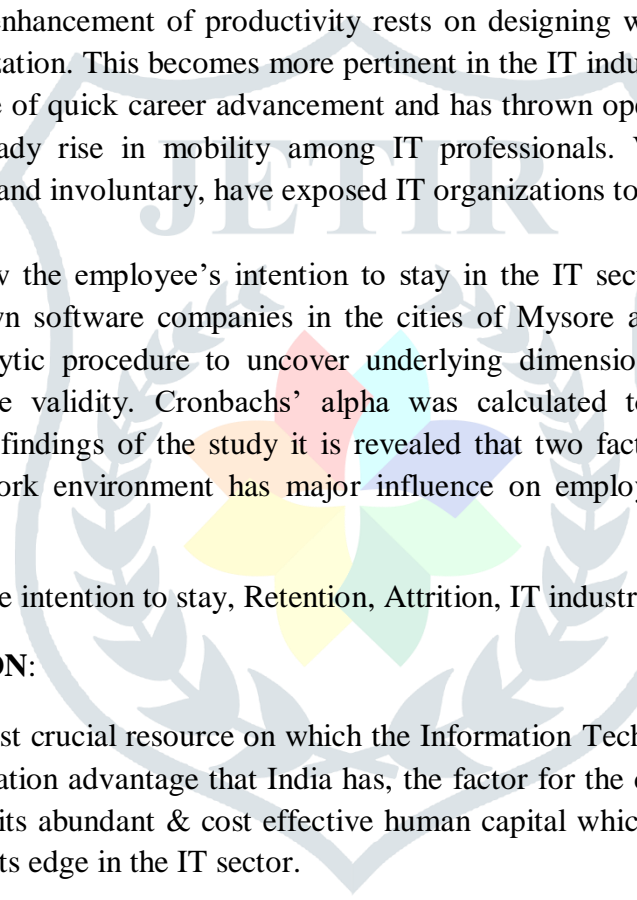
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ABSTRACT

A continuing organizational issue for the management of human resource has been the retention of vital employees. The key to enhancement of productivity rests on designing ways and means to retain key performers in the organization. This becomes more pertinent in the IT industry, which has embraced the modern corporate culture of quick career advancement and has thrown open multiple job opportunities, thus 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?'.


This study aims to know the employee's intention to stay in the IT sector. Data was collected from employees of well known software companies in the cities of Mysore and Bangalore. The data was subjected to factor analytic procedure to uncover underlying dimensions and also for establishing content and discriminate validity. Cronbachs' alpha was calculated to test the reliability of the measurements. From the findings of the study it is revealed that two factors, namely, opportunity for growth and company work environment has major influence on employees' intention to stay in an organization

KEYWORDS: Employee intention to stay, Retention, Attrition, IT industry

1. INTRODUCTION:

Human Capital is the most crucial resource on which the Information Technology (IT) industry in India depends. Next to the location advantage that India has, the factor for the country's immense success in the overseas markets, is its abundant & cost effective human capital which is one of the key asset that has helped India sustain its edge in the IT sector.

India is an important player on the IT map of the world on account of it being an important source of technically qualified and English speaking manpower. One of the most distinctive characteristics of software organizations is that they have only the expertise of their staff as assets with which to trade. The task of a leader in such organizations is therefore to recruit, train, empower and retain the best and the brightest professionals.

As the recovery from the recession begins, the issues of turnover and retention remain at the center of most HR professionals' worlds. Smart organizations know that despite layoffs, voluntary turnover can put an already challenged organization in an even more precarious position in terms of productivity and leadership. As a result, retention continues to be the goal, though pursued a little more quietly than in the past.

Employee turnover is proven to have a general negative impact on organizational effectiveness and reduces profitability. These negative impacts include extensive financial costs, disruption of coworkers, additional work unit stress, reduction in quality of work and diminishing ability to adapt to uncertain

environments. The theory of reasoned action suggested that intention is a psychological precursor to the actual behavior act. This means that an individual's intention to perform or not to perform a behavioral act is the immediate determinant of action. Based on this notion an individual who nurtures the thought of quitting his present profession is more likely to do so if the right condition exists, or if the adverse condition that warranted the thought of intent persists. Therefore although the construct of the study is turnover intention, but the focus of investigation is from the perspective of intention to stay.

This study uses intention to stay as the focal point of the research because the study using intent to stay could be completed earlier since the employees are still around to give appropriate information about their intention, therefore yielding more immediate actionable result. As intention to stay is accepted as the single best predictor of turnover, the effort has been made to understand the relationship between the concept and other variables.

2. LITERATURE REVIEW

Richard Hall(2004): Studied why people leave Organizations? –to understand turnover. Identified Motivational Fit, External Rewards, Cooperation and Trust, Company Direction, Home Life, Workplace Discord are the main causes for attrition. Targeted strategies work better than blanket strategies. Motivational Fit is critical, Realistic job previews, Budding program, training, Career development programs are essential to control attrition.

R.Raman(2006): conducted the study to understand the retention strategies adopted by various Indian BPO companies and propose innovative strategies that companies can adopt to get a better solution to this herculean problem that the BPO industry is facing. He observed that value creation and value enhancement processes of clients, Changing perception of employees from life style to career, Making employees feel that the company cares through effective communication, Clarity in expectations, Giving employees a choice of rewards, Adding value may all help in retaining employees.

Abdul Rahman, S. M. M. Raza Naqvi and M. Ismail Ramay(2008) studied the effect of job satisfaction, organizational commitment and perceived alternative job opportunities on turnover intentions so that an insight to high turnover among IT professionals may be acquired. Out of the 3 independent variables- Job satisfaction, organizational commitment, perceived alternative job opportunities, only perceived alternative job opportunities were found to be strongly correlated with turnover intention.

Prof Dr Lichia Yiu, Ed.D., Prof Dr Raymond Saner, Ph.D.(2011) conducted study to identify level and patterns of labor turnover in India. Identified Salary, Career Advancement, Relationship with Supervisor, Recognition, Job Content, Economic Growth & Talent Competition, and Training & Development Opportunities as the factors causing attrition. Enlarging the National Talent Pool, Nuanced Approach in responding to the Needs of Employees, Addressing Different psychological Makeup of Younger Generations of Employees are some of the potential remedies for employee turnover problems.

Piyali ghosh. Geetika (2006) conducted study to highlight the popular measures to retain IT professionals. Identified, compensation, lack of challenges and opportunities in one's position and dissatisfaction in job as factors for attrition. Also, it was observed from the study that satisfaction in the current job, adequate career development opportunities and security in the present job are the major reasons for an employee to stay in the current job.

Noraani Mustapha, Aminah Ahmad, Jegak Uli, Khairuddin Idris (2010), examined the level of intention to stay and its independent variable employed in the study with the intervention of mediating variables. The study was designed to examine the relationships of its exogenous and endogenous variables. Work-family facilitation and family satisfaction were examined as the first mediating variable and how this mediating variable influenced single mothers' job demand and job autonomy to make decision on their

intention to remain working with organization. The first and second mediators bridged the chain of correlation between the antecedent variables to the research outcome: intention to stay that lastly results in loyalty and cohesion among employees towards their organizations.

Sunil Ramlall(2003)in his study concluded that the factors that most significantly contributed to an employee's satisfaction with a position were similar to the factors that contributed to the likelihood of an employee seeking employment with another organization. The common factors affecting employees' satisfaction and the likeliness to leave were satisfaction with rewards and recognition, task identity, feedback, number of positions held at the company, age, and satisfaction with position as an indicator for likeliness to seek a position with another organization.

3. OBJECTIVE

- To determine the factors that most significantly influence employees' decisions to remain employed at a particular organization in the IT sector.

4. THE STUDY

This is an exploratory study, with the following variables taken for the study:

From the review conducted the following variables have been identified in understanding the employee's intention to stay:

Independent variables – External rewards, Work-life balance, Motivation fit, Work life discord, Co-Operation and trust and Dependent variable – Employee intention to stay.

5. METHODOLOGY

The required primary data is collected through survey method. The survey instrument used in the study is questionnaire. All items were scored along a five point scale rating from 1 to 5. 1 being strongly disagree and 5 being strongly agree. The measures used for respective constructs are reflected in analysis section. Secondary data consists of research articles and internet articles and magazines.

The sample size used in the study is 90 out of which 55 respondents actively participated. The study uses non probabilistic convenience sampling. The data was subjected to factor analytic procedure to uncover underlying dimensions and also for establishing content and discriminate validity. Cronbachs' alpha was calculated to test the reliability of the measurements.

6. ANALYSIS AND FINDINGS

6.1 Descriptive Analysis

The details of mean, standard deviation, skewness and kurtosis for each measurement item are shown in the table below. Observation of the kurtosis and skewness reveals that all the variable items in kurtosis and skewness are less than 10 and 3 points respectively, and thus the data confirms normality assumptions.

Table 6.1.1 : Descriptive statistics

Sln.	Measures	Abbrevn	Mean	Skewness	Kurtosis
1.	Quality of compensation package affects the employee's decision to stay with the organization.	extrew1	4.2545	.288	-.264
2.	Flexible shifts (work from home) option forms a reason for employee to stay with the organization.	wlb1	4.1818	-1.524	3.559
3.	Level of co-operation and trust with supervisor forms a reason for employee to stay with the organization.	wlb2	3.9273	-1.573	2.876
4.	Amount of internal politics/bureaucracy affects the employee's decision to stay with the organization.	work2	3.9091	-.578	.373
5.	Level of challenges in work forms a reason to stay with the organization	mot4	4.2182	.172	-.038
6.	Opportunities for growth and development form a reason to stay with the organization.	extrew2	4.2727	.546	-.527
7.	Company responsiveness to need and request affects employee's willingness to stay with the company.	extrew3	4.1273	.410	1.212
8.	Amount of recognition for work motivates an employee to stay with the organization	extrew4	4.2727	.223	-.404
9.	Training opportunities helps to retain employee in an organization	extrew5	3.9273	-1.809	3.572

Examination of the statistics of the kurtosis and skewness reveals that none of the measures of kurtosis statistics more than 10 points. In similar lines examination reveals that neither does the skewness score of any of the measures exceeds 3 points. This indicates that the data collected meets the nominal conditions and further analysis may be carried out under the assumptions of normality.

6.2 Factor Analysis

Factor analysis was conducted in order to discover the underlying dimensions, to reduce data to stabilize content and discriminate validity. Principle component method for extraction with varimax rotation along with the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity was used as decision criteria specifically KMO statistic of above 0.50, and more than 60% total variance explanation were taken as standard for acceptance factor analysis was conducted for independent variables.

The results of factor analysis were done on independent variables and the results are shown in table with KMO statistics of 0.686 indicate sample adequacy of significance of test of sphericity and a total of two factors were extracted with 63.65% of variation explained. The items pertaining to independent variable and the results of the factor analysis were therefore justified and carried forward and the factor score of the respective dimensions were named.

Table 6.1.1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.686
Bartlett's Test of Sphericity	Approx. Chi-Square 219.816
	Df 36
	Sig. .000

Table 6.2.1: total variance explained.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% Variance	Cumulative %	Total	% Variance	Cumulative %
1	3.104	34.489	34.489	3.104	34.489	34.489
2	2.625	29.162	63.651	2.625	29.162	63.651
3	.962	10.689	74.339			
4	.752	8.356	82.695			
5	.450	5.006	87.701			
6	.395	4.387	92.087			
7	.304	3.378	95.466			
8	.253	2.812	98.277			
9	.155	1.723	100.000			

Table 6.2.2 :Rotated Component Matrix

Sl no	Statements	Abbrevn	Component	
			Company environment	work Opportunity for growth
1.	Quality of compensation package affects the employee's decision to stay with the organization.	Extrew1	.873	
2.	Flexible shifts (work from home) option forms a reason for employee to stay with the organization.	Wlb1	.794	
3.	Level of co-operation and trust with supervisor forms a reason for employee to stay with the organization.	Wlb2	.801	
4.	Amount of internal politics/bureaucracy affects the employee's decision to stay with the organization.	Work2	.790	
5.	Level of challenges in work forms a reason to stay with the organization	Mot4		.632

6.	Opportunities for growth and development form a reason to stay with the organization.	Extrew2		.734
7.	Company responsiveness to need and request affects employee's willingness to stay with the company.	Extrew3		.866
8.	Amount of recognition for work motivates an employee to stay with the organization	Extrew4		.688
9.	Training opportunities helps to retain employee in an organization	Extrew5		.736

6.3 RELIABILITY ANALYSIS

The factor which is called as company work environment(extrew1,wlb1,wlb2,work2) has reliability with Cronbach's alpha of 0.816 was extracted and the results are as shown in the tables below.

Table 6.3.1: : RELIABILITY FOR COMPANY WORK ENVIRONMENT

	Questions	Cronbach's Alpha	Number of Items
1.	Quality of compensation package affects the employee's decision to stay with the organization.	0.816	4
2.	Flexible shifts (work from home) option forms a reason for employee to stay with the organization.		
3.	Level of co-operation and trust with supervisor forms a reason for employee to stay with the organization.		
4.	Amount of internal politics/bureaucracy affects the employee's decision to stay with the organization.		

The factor which is called as opportunity for growth (mot4,extrew2,extrew3,extrew4,extrew5) has reliability with Cronbach's alpha of 0.745 was extracted and the results are as shown in the tables below.

Table 6.3.2: RELIABILITY FOR OPPORTUNITY FOR GROWTH

Sl no	Questions	Cronbach's Alpha	Number of Items
1.	Level of challenges in work forms a reason to stay with the organization	0.745	5
2.	Opportunities for growth and development form a reason to stay with the organization.		
3.	Company responsiveness to need and request affects		

	employee's willingness to stay with the company.		
4.	Amount of recognition for work motivates an employee to stay with the organization		
5.	Training opportunities helps to retain employee in an organization		

7. Conclusion

The findings clearly indicate that opportunity for growth including factors such as challenges, recognition, training opportunities, responses to employee need and request influences employees' intention to stay in an organization and similarly, Company work environment including factors such as compensation, flexible work hours, trust and co-operation with the superior, the amount of politics and bureaucracy influences employees' intention to stay in an organization. It indicates that organizations should identify their critical employees, understand their needs with regards to career, family, education, and community; and be able to continuously meet the expectations and needs of these employees. It is through proactive efforts that the organization can reduce the likelihood of losing the critical employees

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