



A STUDY ON “IT” EMPLOYEES RETENTION STRATEGIES: EMPLOYER PERSPECTIVE

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Abstract:

Employee retention has never been so critical in the IT industry as it is today. Among acute cloud skill shortages coupled with limited resources to acquire new hires, the only way for the IT industry to escape this mess is to prioritize employee retention and start building a model from scratch. IT professionals can get bored easily, especially if they don't feel challenged by tech projects. IT staff might also feel disengaged from the company due to factors like a low IT budget, unreasonable demands on IT and lack of attention from company leaders. This paper focuses on reviewing the findings of previous studies conducted by various researchers with the aim to identify determinants factors of employee retention. Retaining the employees, especially the performing employees, is very critical to the progressive sectors like the Information Technology (IT) sector. Retaining good or performing employees has been a challenge all along the course of industrialization. Employers have given a lot of significance to this issue in employment relations. New and newer strategies have been designed and developed by them. They have also engaged the experts to study the problem of employee attrition in their organizations and recommend effective retention strategies. Consequently, “employee retention” has become a specialist function in people management and the “retention strategist” a specialist. Especially in the US industries, which are always concerned with hiring the right people and retaining them for longer time to reduce the cost of replacements have often spent lot of time in studying the challenge engaging the specialists.

Keywords: Employee Engagement, Training, Vision, Re-organize, Pay Safety

Introduction:

The pandemic and work from anywhere trend brought in unique cloud challenges. The entire office had moved to cloud premises. You need highly skilled professionals who are pros at managing desktops, infrastructures, data storage, administration, etc.. effectively,

they will start losing motivation and feel frustrated, which can easily lead to burnout. A report by the APA found that employees who are burned out are 2.6 times more likely to look for another job and 63% more likely to take sick days.

The growth in the service sector in India has been led by the IT–ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT–BPO sector in India aggregated revenues of US\$100 billion in FY2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9%.



Figure: Effective Employee Retention by “Keino (2024) “

This sector has also led to massive employment generation. The industry continues to be a net employment generator – approximately added 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. It is interesting to note that approximately 75% of the IT personnel are younger than age 45. Many managers in the IT Industries are in their 20's and 30's therefore making it more difficult to manage and retain them.

Instead of a traditional vacation policy, the company lets employees take time off from a leave bank, in which they can accumulate as many as 60 days off to use as they see fit. This policy has helped with employee retention, particularly by making it easier for female employees starting families to take time off and ultimately return to work.

Literature Review:

Keino (2024) conducted a case study in a medium-sized IT company to assess the effects of diversity and inclusion practices on employee retention. The findings suggest that an inclusive organizational culture significantly boosts employee engagement and retention, underlining the value of diversity and inclusion in creating a cohesive workplace. In conclusion, these studies collectively underscore a multifaceted approach to employee retention, emphasizing the significance of remote work flexibility, technological advancements, mental health support, diversity and inclusion, economic stability through innovative ownership models, and a strong commitment to CSR and sustainability. Each study contributes to a broader understanding of the complex dynamics that influence employee retention in high turnover sectors, offering valuable insights for organizations seeking to enhance their retention strategies.

Krishnaveni (2024) the ability of businesses to retain their people is essential to their ability to continue operating. Although this study made an effort to highlight all the characteristics associated to staying in an organisation for a long period as well as the ones that impact leaving an organisation. According to the study, the most important factors for employees to stay in a company are pay, flexibility in the workday, and work-life balance, while the most important factors for employees to leave a company are a lack of benefits and low pay, discrimination and favouritism, lack of emphasis on professional development, and lack of compensation. According to the research, the firm should focus on these retention strategies: flexible work schedules, employee awards, and professional development programmes. By doing so, it will raise employee happiness, which will lead to a higher rate of retention.

Kattikaran, Jose, and Parackal (2023) in "Talent Management versus Workload-A Creative Revamp for Educational Enhancement," examine the balance between talent management and workload. Their study presents a creative revamp in the educational sector, showing that flexible schedules and stress management initiatives can

indirectly improve faculty retention. By addressing workload concerns and offering creative solutions, institutions can better retain talented educators, underscoring the importance of work-life balance in retention strategies.

Poonam Madan, Jasleen Kaur Bajwa (2022) found that in the present scenario retaining the employees with the organizations for longer duration for the benefit of both individual and organization have become a crucial point. Motivation is an important aspect which helps to retain the employees and perform better. To retain the best and the most suitable employee organization needs to provide proper career opportunities, working environment, compensation benefits and supervisor support to the employees. The objective of this research paper is to investigate & understand employee retention strategies prevalent in banking industry. The study also helps to determine the different strategies adopted by banking sector to retain its employees and maintain them

Research Methodology:

Objectives

- 1) To know IT employee retention issues and concern challenges.
- 2) To identify various factors causing for retention among employees in IT sector.
- 3) The study impact of mentorship on employee retention in IT sector.

Hypothesis

H₀₁: There is a association between age of the employee and taking care of their well beingness by management will have impact on retention rate.

H₀₂: There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

H₀₃: There is no relation between educations of employee and providing “*on the job training*” will control retention rate.

Sample & Sample Size

The Software Employees, HR team associates and Trainees who are working in IT/ ITES companies in Hyderabad. A sample of 150 respondents opinion was collected with the help of structured questionnaire.

Data Analysis:

The data analysis was done with the help of SPSS 20.0 statistical software.

Statistical Analysis:

Factor Analysis (Management Strategy)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	7853.603
	df	21
	Sig.	.003

First the researcher tested the eligibility of the data to perform factor analysis by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.769 >0.7. Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis). Both the sampling adequacy and Bartlett's values are statistically valid.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.431	82.570	82.570	7.431	82.570	82.570
2	1.008	11.195	93.765	1.008	11.195	93.765
3	.223	2.479	96.244			
4	.155	1.719	97.963			
5	.056	.624	98.587			
6	.051	.563	99.150			
7	.017	.185	100.000			

Extraction Method: Principal Component Analysis.

Table 1.2 : Total Variance table of Management Strategy

The below scree plot indicates, pictorial manner of filtered factors with more than 1 Eigen value i.e Two factors in above case.

Table 1.3 : Rotated components matrix of Management Strategy

Factor	Component	
	1	2
33.Retention	.459	-.011
34. Customer Satisfaction	.361	.115
35.Exit Interview	.986	.078
36. Vision	.068	-.023
37.Complaints	.167	-.012
38.Leaves	.668	-.016
39.Re-Org.	-.773	.809

Extraction Method: Principal Component Analysis.

As per above Rotated Component matrix analysis , it is found that correlated values more than 0.6 are considered as influenced factors and the same factor is treated for naming of concern factor.

Table 1.4: Naming of Factors for Management Strategy

Factor No.	Factors Name	Naming of Factor
1	<ul style="list-style-type: none"> ○ Company implements the suggestions given by exit interviews. ○ Management is flexible in sanctioning leave for the social activities of employee's family. 	Stress Relievers
2	<ul style="list-style-type: none"> ○ Management constantly re-organizes the employees and 	Re-structure of company according to needs

	changes decision of the organization.	
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H₀₁: There is a association between age of the employee and taking care of their wellbeingness by management will have impact on retention rate.

Table 2 : Chi square values of Employee age and wellbeingness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1242.141 ^a	12	.930
Likelihood Ratio	1115.077	12	.000
Linear-by-Linear Association	446.956	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.12.

From the above table chi- square is not significant (sig. value is > 0.05), **Accept the Hypothesis.** i.e ,if the management will able to provide good facilities to employees as per their age wise needs, it will able to control the retention rate IT sector employees.

H₀₂: There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

Table 3 : Chi square values of Employee age and Skill enhancement

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	964.062 ^a	12	.000
Likelihood Ratio	1011.168	12	.000
Linear-by-Linear Association	443.086	1	.000
N of Valid Cases	509		

a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 3.29.

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null hypothesis.** i.e , if the company will organize frequent skills enhancement program to employees, it leads to control of retention rate.

H₀₃: There is no relation between educations of employee and providing “on the job training” will control retention rate.

Table 4 : Chi square values of Employee Education and ‘on the job training’

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1223.750 ^a	12	.263
Likelihood Ratio	1075.790	12	.000
Linear-by-Linear Association	457.920	1	.000

N of Valid Cases	509		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.48.			

From the above table chi- square is not significant (sig. value is > 0.05), **Accept the Hypothesis**. i.e the educated employees don't found much importance for on the job training , which is not a impacting factor to control retention rate.

Discussion of Results:

The strategic adaptations necessary for fostering high retention rates in an increasingly globalized and diverse work environment. It not only addresses our core research objective but also contributes valuable insights to the broader academic dialogue on effective human resource management practices in culturally and organizationally diverse settings.

The Hyderabad IT Industry in general and the software and other organisations did face the problem of employee attrition rather very seriously for two important reasons: (1) the high rate of growth of the industry, and (2) scarcity of qualified people (engineers, computer science and computer application graduates. rate was in some cases closet to 50%. This problem was reduced with the increasing number of young person's graduating from new colleges and different retention strategies adopted by the employers. Considering today's scenario the rate of employee attrition in the industry is between 25 to 30% which one may say is still on the higher side. However, the organizations covered under this study claim that the rate of attrition in their organisations is low – in some cases this is single digit figure while in others it is less than 20% .Hence, we tried to find out the reasons for attrition as well as the retention strategies these organisations have adopted to reduce the intensity of the problem rather successfully.

Conclusion:

Our investigation elucidates the criticality of customizing employee retention strategies to cater to the evolving landscape of workforce dynamics, organizational structures, and cultural nuances. The research highlights a pronounced generational divergence in workplace expectations and underscores the efficacy of tailored approaches in SMEs versus larger organizations. Although this study made an effort to highlight all the characteristics associated to staying in an organisation for a long period as well as the ones that impact leaving an organisation. According to the study, the most important factors for employees to stay in a company are pay, flexibility in the workday, and work-life balance, while the most important factors for employees to leave a company are a lack of benefits and low pay, discrimination and favouritism, lack of emphasis on professional development, and lack of compensation.

The factors with respect to Management Strategy to maintain better retention strategy is, providing better stress management practices to employees in terms of making them to enjoy their social life and positively implementing exit interview suggestions followed by re-structure of organization according to changing needs in the organization is an effective management strategies. Infosys recently launched "Pathfinder," which is a career movement program. As a part of this initiative, 23,000 people have gone through career workshops to understand more about their options. The management says that it is trying to provide employees with internship programs to test waters across different career streams available internally and move around according to their aptitude.

Wipro, has been trying to reward employees through a more tangible process by dolling out 5.7 million shares as restricted stock units to its mid-management employees. This was followed up with a band restructuring program that saw 20,000 junior level employees being promoted at a 7-8% salary hike in the second quarter of the fiscal. (Roy & Ghosh, 2010).

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