Hrm Practice On The Retention Of Employees Of Information Technology Sector.
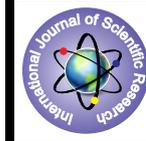
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ABSTRACT

Retention is identified as the second biggest HR challenge to critically meet the business demands beyond tomorrow. Organizations can use a combination of four strategies viz., pay, benefits, learning and development, and work environment to create and retain a pool of talented employees. Successful companies assign the same importance to employer branding as they give to product branding which help them become an employer of choice. They constantly invent new ways of retention. Now more than ever in the history of business, it is imperative for the organizations to manage people well. The shift from the industrial age to the knowledge worker's age is sweeping the country in fact the whole world. In today's information economy, people's knowledge, skills and relationships are an organization's biggest asset and main source of competitive advantage. People related costs have risen to more than two thirds of organizational spending.

Introduction

Many corporations trumpet the slogan, "People are our most important asset".

This is admirable, but it takes hard, consistent work in policies, statements and actions for those people to believe it. Similarly, many companies post eloquent values statements which mention people, team work, integrity, respect, dignity, etc. The world's most successful companies make employee retention a top priority. Now more than ever in the history of business, it is imperative for the organizations to manage people well. The shift from the industrial age to the knowledge worker's age is sweeping the country in fact the whole world. In today's information economy, people's knowledge, skills and relationships are an organization's biggest asset and main source of competitive advantage. People related costs have risen to more than two thirds of organizational spending. Increasingly, talent attraction and retention is viewed as a significant driver of share holder value and bottom line results.

Literature review

Kehr (2004), in his research explains that the implicit retention factors in spontaneous, expressive and pleasurable behaviour and can be divided into three variables; power, achievement and affiliation. Power refers to dominance and social control. Achievement is when personal standards of excellence are to be met or exceeded and affiliation refers to social relationships which are established and intensified. Implicit and explicit retention factors relate to different aspects of the person, but both are important determinants of behaviour. Previous researches suggested several factors which play pivotal role in employee retention.

Cappelli (2000). The factors which are considered and have direct affect are; career opportunities, work environment, work life balance, Organizational justice, and existing leave policy and organization image. Employee are stay and loyal with such organization where employee have value, sense of pride and work to their full potential Cole (2000). The reasons to stay employee in organization are organization reward system, growth and development, pay package and work life balance. Employees retaining is the most imperative target for the organization because hiring of qualified candidate is essential for organization but their retention is more important than hiring, because a huge amount is spending on the orientation and training of the new indicated employees. Research finds that the cost of replacing of old employees with new is estimated up to twice the employee annual salary. When Employee leaves the job, organization lost not only employee, but also lost the customers & client who ware loyal with the employee, knowledge of production, current projects, competitor and past history of the organization. Organizations make enormous efforts to attract handfuls of employees and sustain them in the organization. In today's business scenario only high salary and designation is not significant for employees to retain them in the organization, but

others factors also play important role in their retention. The intent of this research is to how the organizations retain the talented employees in the organization focusing on the factors i.e. career development, leave policy, leadership style, work environment, remuneration & rewards, Organization Justice, and performance appraisal, and this research also helpful to know the determent that why employees leave the organization.

J Kickul (2001) in his research said that Entrepreneurial organizations have undergone substantial workforce changes and transformations during the last two decades in order to compete successfully on a global scale. The ability to attract and retain reliable and competent employees has become a key component in developing an effective and sustainable competitive advantage.

Dana Shilling (2000) in the research said that there are two sides to the retention story: the extent to which competitors will seek to recruit your employees, and the extent to which employees will accept or reject those offers. There is not much you can do about the first side, other than have your top managers and professionals sign employment agreements that prohibit them from going to work for a competitor.

Osteraker (1999) in his research explained that the employee satisfaction and retention are considered the Cornerstone for success of organization. Past study divided it into social, mental or physical Dimension. The grouping is based on social contacts at works, characteristics of the work task or the physical and material circumstances associated with work. The retention factors of the mental dimension are work characteristics, employees are retaining by flexible tasks where they can use their knowledge and see the results of their efforts.

Mobley et al (1979) in his research stated that the relationship between intentions and turnover is consistent and generally stronger than the satisfaction-turnover relationship, although it still accounted for less than a quarter of the variability in turnover. Much of the research on perceived opportunities has been found to be associated with intentions to leave but not actual turnover.

Weinberg (1997) states that: "Most companies relied in the past on two traditional strategies for managing turnover. First, they raised wages until the situation stabilized. If that didn't work, they increased training budgets for new hires and first-level supervisors. These solutions don't work anymore.

Statement of the problem

In this technological age, where the IT sector is booming, one has to confront various issues. One of them is attrition. The problem is extremely acute in the IT industry, with employees joining and quitting in short periods. Employee turnover leads to loss of skilled man power, loss in productivity, loss in market share and profitability. Therefore retaining employees has become an issue that needs a lot of focus.

It has become necessary to retain employees and conduct satisfaction survey to check their motivation level. This study facilitates IT Companies to identify reasons for its increased turnover and take corrective action.

Scope of the study

The study was conducted keeping in mind the various employees working in Information Technology in and around the city of Bangalore. The employees mainly belonged to the various operational divisions such as Programmer, data operator leader etc. The opinions of the respondents were taken by contacting them personally through interviews and telephonic conversations. The research would focus on studying the opinion of the respondents on the retention initiatives taken by the management of respective organizations. This study would definitely help HR heads of the Information Technology sector identify their shortcomings and strategize for their revolutionary human resource growth and development.

Objectives

The objectives of the study were as follows:

· To analyze the various issues/dimension lower attrition rates in Information Technology Industry in Bangalore.
· To analyze the various retention strategies in IT industry.
· To analyze employee opinion on satisfaction level of the employees in Information Technology Industry.

Research Design

The study was based on descriptive research design and involved administering questionnaire as a tool for research by taking the response of the employees working in various Information Technology Industries in Bangalore. In order to fulfill the objectives of the study, the data was collected from both the primary and secondary sources, namely:

Primary data:

The primary data was collected by means of questionnaire administration. The respondents were contacted through personal interactions outside their organizations as well as through telephonic conversations/interviews.

Secondary Data:

The secondary data was collected from internet resources, journals, Magazines, etc.

The Population

The population of the study included all employees working in Information Technology Industry in Bangalore.

The Sample

The sample consisted of 100 employees from Information Technology Industry in Bangalore. The respondents were contacted through personal interactions outside their organizations as well as through telephonic conversations/interviews.

Sampling Method

Convenience sampling was used to collect the opinion of the respondents.

Data Analysis

The data collected from the study were analyzed by the use of SPSS and MS-EXCEL applications. Data interpretation was done using statistical tools such as mean scores, standard deviation, t-test, chi-square test etc.

FINDINGS OF THE STUDY
Profile of the Respondents:

Out of the sample of 100 respondents, the profile details of the respondents can be represented by table 1.

Items		Frequency	Percent (%)
Gender of Respondents	Male	69	69
	Female	31	31
	Total	100	100

Age Group	20-30 yrs	36	36
	30-40 yrs	23	23
	40-50 yrs	29	29
	50-60 yrs	12	12
	Total	100	100
Annual Income	<1 Lakh	9	9
	1-2 Lakhs	34	34
	2-3 Lakhs	44	44
	>3 Lakhs	13	13
	Total	100	100
Number of Dependents	None	4	4
	1	32	32
	2	30	30
	3	17	17
	>5	13	13
	Total	100	100
Marital Status of Respondents	Married	28	28
	Single	72	72
	Total	100	100

Table 1 depicts that most of the respondents are in the age-group of 20-30 years, and fall in the annual income category of Rs 1-3 Lakhs. Majority of the respondents had no dependents in their family, followed by 40% having one dependent. Apart from these (72%) of the respondents were single.

Factors influencing employee retention in Information Technology Industry in Bangalore

Employee retention in Information Technology Industry in Bangalore is influenced by a number of factors such as, HR policy, organizational image, responsibility, job difficulty, supervisory support, etc. In this study, a list of ten variables was identified relevant for analyzing respondent perceptions on retention strategies taken by their employers. The respondents were asked to rank the importance attached to the variables with respect to the five shops on a five point scale. Score '1' was assigned to the case where the event asked was "true to almost no extent, '2' to "True to small extent", '3' to "True to some extent", '4' to "True to a great extent", and '5' to "True to very great extent". Based on the ranks assigned mean score and the corresponding standard deviation were calculated and the findings for the same are presented below in table 2;

Table 2: Variables influencing employee retention in Information Technology Industry in Bangalore

Sl No.	Hygiene factors (Environmental factors)	Mean	SD	Rank
1	Company policy and administration	4.5	0.001	8
2	Relationship with superior	4	0.0023	9
3	Work conditions	3	0.053	10
4	Salary	2.75	0.479	2
5	Relationship with Peers	3.15	0.761	7
6	Personal life	3.75	1.279	1
7	Relationship with Subordinates	4.5	0.001	3
8	Security and status	2.75	0.747	6
9	Recognition	3	2.365	4
10	Responsibility and motivation	3.5	1.34	5

It is evident from above that, Company policy and administration, Relationship with superior, Personal life, Relationship with Subordinates, Responsibility and motivation were having higher mean scores amongst factors influencing employee retention. Dimensions such as Salary, Security and status had low mean scores. Work conditions, Relationship with Peers and Recognition had moderate scores.

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It is further observed that, the respondents have ranked group cohesiveness, followed by Salary, Relationship with Subordinates, Responsibility and motivation were identified as the most needed dimensions influencing employee retention in Information Technology Industry .

Role of Hygiene (Environmental) factors variables on Retention Dimensions

While analyzing the data, an attempt was made so as to analyze the influence of select demographic variables viz., gender, age, marital status, income level and number of dependents on the ten dimension influencing employee retention. The influence of the these demographic variables on employee perception regarding retention dimensions were analyzed by chi-square test using the following hypothesis;

Ho: Respondent Environmental variables have no significant association with retention dimensions.

H1: Respondent Environmental variables had significant association with retention dimensions.

The above hypothesis was tested at 5% significance level and the results are tabulated as follows:

Table 3: Chi-square Table depicting association of Hygiene factors variables with retention dimensions

Hygiene factors (Environmental factors)	Gender	Age	Marital status	Annual Income Level	No. of dependents
Company policy and administration	13.31	29.43 (P value= 0.005)	13.42	23.42	13.31
Relationship with superior	9.872	6.883	9.928	19.54	8.505
Work conditions	6.243	17.177	16.824	22.465	18.051
Salary	8.965	28.697 (P value= 0.093)	12.33	14.763	17.130
Relationship with Peers	16.236	16.932	6.329	27.466	28.356
Personal life	12.243	18.213	27.857	12.495	15.216
Relationship with Subordinates	14.638	17.856	22.418 (P value= 0.033)	27.276	9.745
Security and status	19.276	18.745	8.456	6.376	23.567
Recognition	26.876	12.336	32.05 (P value = 0.001)	9.455	16.438
Responsibility and motivation	29.375	33.784	18.954	26.483 (P value =0.090)	18.947

Hence it is clear from the above table that, age of the respondents had a significant association with the retention variable Recognition and Responsibility and motivation. Personal life had significant association with retention dimensions such as Security and status and recognition to IT industries. Annual income level had significant association with peace of mind. Other demographic variables had no significant association with various retention dimensions.

Discussions
· Other reason for joining the company is that people want to work for an organization that stands for something beyond profitability i.e. they want to work for a socially responsible company.
· The level of motivation is low due to monotony, stress and lack of simulation towards performing a job.
· There is improper match between work pressure and compensation package.
· Not employing training program creates gap in skills.
· There is less career growth for employees within the company.
· The employees do not understand the Companies way of working completely.
· They are not happy with the reward system of the company.
· Even the support from management is not that good.
· Respondents are of the view that technical type of mentorship should be given

Conclusion
Since employee turnover rate is high, retention strategies can be used to bring the attrition rate down to a normal level. Overall, the employees are not satisfied with the performance and reward system of the company. Some of other common factors affecting employees' satisfaction and the likeliness to leave were not many opportunities for career growth and development and infrastructure.

Interactions with their superiors are good but through personal interview they revealed that information sharing was lacking. The employees' also believe that that the training given to them is not adequate to perform their tasks. Though recognition for an individual's performance is 70%, the reward system is weak and is not sufficient enough to keep them motivated to continue working for the company.

These conclusions indicate that company should identify their critical employees; understand their needs with regards to career and the environment at work and must create a satisfying professional life at the organization and also be able to continuously meet the expectations and needs of these employees. It is through proactive efforts that the company can reduce the likelihood of losing the critical employees.

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