



## ORIGINAL RESEARCH PAPER

Commerce

### Employee Retention Strategies in IT Industry, Puducherry

**KEY WORDS:** Employee Retention, Retention Strategy, Entry Level professionals, Mid level professionals, Senior Level professionals.

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#### ABSTRACT

In India over the past few years, the IT Industry has been growing in leaps and bounds. This has also posed certain Human Resource challenges to the IT employers to retain the ambitious and the transitory workforce in these sectors. This paper attempts to trace out the factors influencing retention, importance of employee retention and various retention strategies followed by the IT firms to retain their employees. Interview schedule is used to collect the information from 30 employers of IT Industry in Puducherry. From the results it is concluded that the retention strategy at entry level and mid level professional, providing work convenience is considered to be the effective strategy to retain employees. Retention strategy at senior level professional, work/life effectiveness is considered to be the effective strategy to retain employees.

#### Introduction

Employee attrition is one of the chronicle busters in IT industry. Organizations are strongly striving or struggling for retaining manpower in all possible ways. It is a great botheration among employers to design and implement retention policy. Employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. The process of retention is not as easy as it seems. There are so many tactics and strategies used in retention of employees by the organizations. Retaining a positive and motivated staff is vital to an organization's success. High employee turnover increases expenses and also has a negative effect on company morale. Implementing an employee retention program is an effective way of making sure key workers remain employed while maintaining job performance and productivity.

#### Literature Review

**Koustab Ghosh and Sangeeta Sahney (2010)**, diagnosis the organizational, social and technical subsystem elements that moderate the turnover of junior and middle level managers in the company. The SAP-LAP framework has been adopted as the diagnostic instrument of organizational analysis. The findings show that organizational socio-technical factors have an impact on managerial retention. **Saket Jeswari and Souren Sarkar (2009)**, explores the relationship between the psychological empowerment and organizational citizenship behavior and the impact on employee decision to quit or stay. Extends the theoretical framework and draws implication for those employees enjoying psychological empowerment and exhibiting organizational citizen behavior having intention to quit or stay. **Eva Kyndt, Fillip Dochy, Maya Michielsens, Bastiaan Moneyaert (2009)**, focuses on the organizational and personal factors that influence employee retention. The result shows a large positive contribution of appreciation and simulation of the employees, individual differences, leadership skill and seniority have positive relationship with employee retention. **R. Nirmala, (2004-05)**, identifies the reasons for employee attrition and bring out the retention factors that helps the organization to retain the employees. To retain employees the management should take initiative to make employees feel a sense of belongingness by fair pay and better growth prospects.

#### Objective

The Specific Objective of the study is to trace out the factors influencing employee retention and retention strategy followed by employers to mitigate employee attrition problem in IT firms of Puducherry.

#### Hypothesis

There is no significant difference in the opinion of the employer on factors influencing employee retention with respect to age, gender and marital status of the employer.

#### Methodology

The study is based on empirical analysis, primary data is collected from 30 IT employers, and interview schedule is used for data collection. Census Survey method is used for data collection and area under study is Puducherry.

#### Demographic profile of the respondents

Employer's representatives in the organizations either administrative officer or HR manager were approached to elicit their views on the chosen problem. To have better understanding about the respondents, demographic profile of the respondents were collected. The Table 1 below shows the demographic profile of the respondents with regard to their age, gender, marital status and education.

**Table 1 Demographic profile of the Employer's Representative**

S.No.	Personal Profile	Attributes	No. of Respondents	Percentage
1.	Age	26-35years	17	56.7
		36-45years	10	33.3
		46-55 years	3	10.0
2.	Gender	Male	24	80.0
		Female	06	20.0
3.	Marital status	Married	25	83.3
		Unmarried	05	16.7
4.	Education	Post graduate	23	76.7
		Technical education	07	23.3

Source: Primary Data

Out of the sample size 30, majority (56.7%) of the respondents fell in the age category 26 to 35 years; it was not surprising as the industry was characterized by young lot as their primary work force. That among the total respondents majority (80%) are male respondents. Since majority of the respondents fell in the age group 26 to 35 years, 25 (83.3%) respondents were married. Classification based on the educational qualification shows that 23 (76.7%) respondents completed post graduation.

#### Importance of employee retention

Employee retention in an organization has various significance. The following are the reasons why it considered to be important viz., more effective and transparent recruitment, reduction in costs, maintaining better staff morale, etc. Table 2 shows the descriptive statistics, mean and standard deviation along with rank related to importance of employee retention.

**Table 2 Descriptive Statistics relating to importance of employee retention**

Importance of employee retention	Mean	Standard Deviation	Rank
More effective and transparent recruitment	3.40	1.303	IV
Reduction in costs	3.77	0.971	II
Maintaining better staff morale	3.07	1.337	VII
Enhanced goodwill of the company	3.40	0.894	IV
More constructive development of the organization's knowledge base	3.43	0.774	III
Effective communication system	3.93	0.868	I
Creation and up gradation of HR information system	2.80	1.297	IX
Sound and attractive wage policy	2.97	1.497	VIII
Utmost care in employees recognition	3.17	1.416	VI

Source: Primary Data

From the table 2 it is understood that the managers considered the importance of employee retention in the following order effective communication system (3.93), reduction in costs (3.77), more constructive development of the organization's knowledge base (3.43), more effective and transparent recruitment (3.40), enhanced goodwill of the company (3.40), utmost care in employees recognition (3.17) and maintaining better staff morale (3.07). The managers neither agree nor disagree the factors sound and attractive wage policy (2.97) and creation and up gradation of HR information system (2.80) as importance of employee retention.

### Factors influencing retention

Employee's retention can be influenced by many factors in an IT firm. The factors are remuneration, organizational environment, growth and career, inter-personal relationship, moral support etc. Descriptive statistics mean and standard deviation along with rank were calculated for these factors and results were given below.

**Table 3 Descriptive Statistics relating to factors influencing retention**

Factors influencing retention	Mean	Standard Deviation	Rank
Remuneration	3.20	1.159	V
Organizational environment	3.36	1.065	I
Growth and career	3.33	1.174	II
Inter-personal relationship	3.33	1.167	II
Moral support	3.23	1.139	IV

Source: Primary Data

It is inferred from the table 3 that the factors organizational environment, growth and career and inter-personal relationship were the factors which highly influences the employee retention in IT industry as the mean score are 3.36 and 3.33 respectively.

### Perceptual difference of employers on factors influencing employee retention with regard to their age, gender and marital status

To find out the perceptual difference of employers on factors influencing employee retention with regard to their age ANOVA is used and with regard to gender and marital status independent sample t test is used. The results were given below.

**Table 4 Perceptual difference of employers on factors influencing employee retention with regard to their age, gender and marital status**

Factors influencing employee retention	Age		Gender		Marital Status	
	F	ANOVA Sig.	t value	P value	t value	P value
Remuneration	0.833	<b>0.445</b>	1.619	0.122	1.192	<b>0.824</b>
Organization environment	1.146	<b>0.333</b>	1.290	0.022*	1.812	<b>0.437</b>
Growth and career	1.202	<b>0.316</b>	0.867	0.015*	1.646	<b>0.929</b>

Inter-personal relationship	0.378	<b>0.689</b>	1.537	0.001*	0.850	<b>0.518</b>
Moral support	0.176	<b>0.839</b>	2.297	0.012*	1.868	<b>0.468</b>

Source: Primary Data Level of significance at 5% \*p value is significant

By taking confidence level at 95% and level of significance at 5%, P value is not significant for age as p value for all factors were more than 0.05, the null hypothesis is accepted and hence it is interpreted that there is no significant difference in the perceptual difference of the employers on factors influencing employee retention with regard to age. P value is significant for organizational environment, growth and career, inter- personal relationship and moral support with regard to gender as p value for these factors is less than 0.05, the null hypothesis is rejected and hence it is interpreted that there is significant difference in the perceptual difference of the employers on factors influencing employee retention with regard to gender.

### Employee Retention Strategy at different levels of employees

Retention strategies mean the policies and plans that organization follow to reduce employee attrition and ensure employees are engaged and productive for long period. Employees in the IT companies are usually categorized into three levels they are entry level professionals, mid level professionals and senior level professionals. The retention strategies followed by organization are also varies according to the category of employees.

#### Retention strategy for entry level professionals

Entry level professionals in IT firms includes team leader, programmer analysts, software developer, software engineer, junior developer etc., and the retention strategies followed to this group includes appreciating and recognizing a well done job, recognizing professional and personal significant events, providing benefits, perks etc.

#### Retention strategy for mid level professionals

Mid level professionals in IT firms includes senior project manager, project head, technical head, senior quality analyst, project leader, etc., and the retention strategies followed to this group includes appreciating and recognizing a well done job, benefit program for family support, providing training and development, personal growth and opportunities, etc.

#### Retention strategy for senior level professionals

Senior level professionals in IT firms includes chief executive officer, chief operation officer, chief finance officer, chief technical officer, etc., and the retention strategies followed to this group includes providing work/life effectiveness, understand employee needs, encouraging professional training and development etc. To find out among the strategies which strategy is mostly followed by the organization at different levels, the descriptive statistics mean and standard deviation along with rank were calculated and shown in Table 5.

**Table 5 Descriptive Statistics relating to retention strategy at entry level, mid level and senior level professionals**

Different Levels of Employees	Retention strategies	Mean	Standard Deviation	Rank
Entry Level Professionals	Appreciating and recognizing a well done job	3.20	1.472	II
	Recognizing professional and personal significant events	2.97	1.402	V
	Providing benefits	3.17	1.392	III
	Providing perks	2.87	1.383	VI
	Providing workplace convenience	3.40	1.070	I
	Employer support in tough time and personal crisis	3.17	1.440	III

Mid Level Professionals	Appreciating and recognizing a well done job	3.27	1.461	II
	Benefit program for family support	2.80	1.324	V
	Providing training and development	2.97	1.351	IV
	Providing personal growth opportunities	3.00	1.339	III
	Providing workplace convenience	3.47	1.196	I
Senior Level Professionals	Providing work/life effectiveness	3.63	0.850	I
	Understand employee needs	3.10	1.348	V
	Encouraging professional training and development	3.20	1.375	III
	Encouraging personal growth	3.13	1.408	IV
	Provide an environment of trust	3.30	1.466	II

Source: Primary Data

Table 5 indicates that the variables providing workplace convenience and appreciating and recognizing a well done job are the most followed retention strategy for to retain entry level professionals as the mean scores are 3.40 and 3.20 respectively. The same variables as in the case of entry level professionals providing workplace convenience and appreciating and recognizing a well done job are the most followed retention strategy at to retain mid level professionals as the mean scores are 3.47 and 3.27 respectively. The variable providing work/ life effectiveness and providing an environment of trust are the most followed retention strategy to retain at senior level professionals as the mean scores are 3.63 and 3.30 respectively.

### Major Findings of the study

Among the factors influencing retention, organizational environment, growth and career and inter-personal relationship were considered to be the most influencing factors in retaining employees. Perceptual difference of employers with regard to age, gender and marital status the factors organizational environment, growth and career, inter- personal relationship and moral support has got significant difference with regard to gender. Retention strategy at entry level and mid level professional, providing work convenience and appreciating and recognizing a well done job are considered to be the effective strategy to retain employees. Retention strategy at senior level professional, work/life effectiveness and providing an environment of trust is considered to be the effective strategy to retain employees.

### Suggestions

Based upon this study the following were the suggestions on employee retention strategy in IT industry

- Implementing the retention strategy is required; however the measurement of the effectiveness of strategy gives way for better understanding of the company's position.
- It is a known fact that cost of hiring is higher than cost of retaining the employee. Hence the firms should ensure that they spend time and resources for their retention program for their employees.
- IT Policy in Puducherry can include regarding retention strategies to be followed by IT industry.

### Conclusion

Employee retention has become a major concern for corporate nowadays. Now organizations are recognizing that their competitive advantage lies not with capital or physical resources but rather with their human resources. To retain its employees organization has to make retention strategies as per the requirements of employees at different levels viz., low level, middle level and senior level which will be very helpful in retaining the employees. The organization should concentrate to provide better organizational environment, growth and career opportunities and a cordial inter-personal relationship which will boost the employees to remain in the same organization for a longer period which makes the business to progress in the right path.

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