
A study about the Employer's perspectives towards factors influencing Employee Retention in IT Service Industry



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Technology is unfolding on many fronts. Innovation in the IT Industry is said to happen when some new attributes are added to the existing technology. IT companies are recognizing the need and importance of innovation and growth in the economy. The development in the field of technology is fueling the growth of all other industries. The emerging innovation in the technology is actually disrupting the business functions and process. This disruption in the technology is bringing the growth curve down of the companies. A big challenge to accept and adopt this disruption is faced by the industry. Due to the rapid change in the digital arena some of the companies are facing it as a big time challenge to cope with the change.

There are many factors on which employee retention is depended and identifying this factor at the right time and implementing it rightly is much more crucial. As rightly said that every story has two sides, the same way the other side of employee retention is employee turnover, which means the total number of employees parting every year with the organization. It can be voluntary leaving the organization or Involuntary parting with the organization. There are different policies that encourage the employees to stay with their organization for a longer period of time. Retaining employees does not mean that the organization should or need to retain each and every employee rather it means to retain those employees who have proved to be the best employees for the organization, for example, employees who are good performers, loyal to company rules and policies, contributing towards the growth of the company etc.

As said by David Sirota that "You can't expect people to be committed, to be loyal to an organization, to be engaged in an organization, or to want to stay in an organization if the company doesn't care about them."

Key Words : Employee Turnover, Retention Strategies, Attrition, Retaining Employees etc.

One of the fastest growing industries is the Information Technology Industry. The Indian IT industry is growing, although faster and has gained a lot of equity in the global market. IT industry in India comprises of the software industry and the information technology enabled services industry. Both of them have added a lot of revenue and advantage to the Indian economy. Technology has proven to be quite beneficial for the citizens of the country. With the development of technology in the world, it has become easy and efficient to be connected every time with others. Works or jobs that used to take days to time to be done by the employees of any organization are being done in just a few hours today all because of technology development. With the growth of our economy and the development of the technology, a large number of opportunities are available in the market. Competition with the organizations has increased so much that each company needs to have the competitive edge to survive for a longer period of time. India has been identified as the as the largest sourcing destination for the Information

Technology Industry. The IT Industry contributes a lot towards the social and economic transformation of the country. IT Industry has provided a completely new look to India on the global platform. This industry is accelerating the economic growth of India. India has a unique selling proposition when it comes to IT Industry in the global sourcing market, as the competitiveness in providing the IT services from India is two to three times less than any other country in the world.

Technology has made many works of the human being easy and fast. Technologies are created and developed to improve the human being's life. Companies use the technologies to become more effective and efficient. Technology is helping the organizations deliver what the customers desire for the organization. Organizations are using these technologies to do things more creatively. With the development of the smart devices, millions of people are connected every second of the minute. In the early days, the computers used to be without the networking capabilities. But today we can access any data

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from anywhere or can send loads of information any corner of the world through the Internet or external devices. Today internet has changed almost everything. Because of the high speed, inexpensive and easily available nature, the Internet has made it easier for the people to access information. With the high demands in IT, development is happening very rapidly. It is helping people to do business differently. But technology doesn't change things overnight; there are many projects that fail in the beginning.

Literature Review

All over the world, retaining skilled employees is a big concern in almost every industry. Managers are facing an increasingly high rate of attrition in the organization. The business environment is becoming more competitive and they keep making skilled employees as their competitive edge. Employee retention is important as this helps in sustaining the environment. Employee retention is important for organizational growth. Recent studies have proved that employee retention of the highly skilled employees is becoming a difficult task for the management of the organization. Employees of the IT industry are being attracted by the other organizations in the market. The rival companies are ready to attract and employee the employees of the other organizations. The competitive organization offers better package and policies to attract the best skilled employees.

According to Anitha (2014), organizations are continuously losing on the skilled employees and are facing a big challenge in retaining these employees. Organizations recruit the most skilled candidates from the market, but they are not capable of retaining these highly skilled employees for a longer period of time. The employees who put their hundred percent have some expectations from the organization as well and the organizations do not satisfy the employees they tend to leave the organization sooner in a very short period of time. If the managers of the organization are not able to identify the reason why these employees are leaving the organization, then they will never succeed with any of the retention strategies.

Das and Baruah (2013) stated that a set of appropriate retention strategies need to be used in order to retain the skilled employees. Employees need to be treated as the differentiating assets who are profitable always and act as the non depreciating asset of the company. Skilled employees are that asset whose rewards organizations reap every time. Role of employee retention is important for each and every organization. Adopting to the retention strategies makes a path for the organizations to sustain in the competitive environment. Various models have proven to be beneficial for the organization to survive in the market. Researchers have linked employee turnover with the recruitment sources said Anitha (2014). They pay less attention towards the retention of the skilled

employees. Employees run the organization but at times the organizations forget to treat them well.

Anitha (2014) said in her study that the employee turnover occurs when the employee leaves the organization and that vacant position needs to be filled with the equal or similar capable candidate. Replacing the existing employees is costly and also has a destructive impact on the organization. Thus the management should work on the reduction of the movement of the employees from the organization, particularly those employees who are crucial for the operation of the organization said Sherman et al. (2006). Retention is a voluntary action by the organization so as to retain the employees for a longer period of time. Loss of employees has an adverse effect on the productivity and service of the organization. Retention of high performing employees is attracted and employed by the organizations said Budhwar et al. (2003). But it may happen that the employee will leave the organization as the other rival companies will hire the employee.

Objectives

1. To study and analyze the psychographic factors influencing the retention of employees in the IT Service Industry in Bengaluru.
2. To conceptualize and prioritize the different Factors influencing Employee Retention.

Hypotheses

H01: Opportunities for career growth provided by the organization does not significantly influence Employee Retention.

H02: Employee Retention is not significantly influenced by the remuneration provided by the organization if it's at per industry standards.

H03: Employee Retention is not significantly influenced if opportunities resulting Promotion are available in the organization.

H04: Good and healthy Working Environment does not significantly influence Employee Retention.

H05: Stress reduction programs like yoga, meditation, health care, etc. conducted by the organization does not significantly influence Employee Retention.

H06: Flexibility in Working Hours emphasized by the organization does not significantly influence Employee Retention.

H07: Respect & Fair Treatment received from managers and other employees does not significantly influence Employee Retention.

H08: Opportunities available to develop New Skills does not significantly influence Employee Retention.

H09: Promoting Work Life Balance by the organization does not significantly influence Employee Retention.

H010: Approachable and co-operative supervisor does not significantly influence Employee Retention.

Methodology

For the above study both Primary and Secondary data were collected and used to analyze the relevance of retention strategies. For Primary data a Questionnaire (containing 10 questions related to the psychographic factors) was prepared and distributed among the HR's of different companies and to collect secondary data comprehensive review of existing literature i.e., Journals, Books, Magazines, Internet and Newspapers was undertaken to know the contemporary attrition and employee retention scenario.

1. Career Growth

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.363	4	4.591	3.245	.018
Within Groups	77.820	55	1.415		
Total	96.183	59			

H:Career Growth will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.018$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, Career Growth significantly impact the retention of employees.

2. Remuneration

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	21.144	4	5.286	3.874	.008
Within Groups	75.039	55	1.364		
Total	96.183	59			

H:Remuneration will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.008$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, Remuneration significantly impact the retention of employees.

3. Opportunities resulting Promotion

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.088	4	6.522	5.117	.001
Within Groups	70.095	55	1.274		
Total	96.183	59			

H:Promotion will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.001$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, Promotion significantly impact the retention of employees.

4. Healthy Working Environment

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.430	4	5.608	4.182	.005
Within Groups	73.753	55	1.341		
Total	96.183	59			

H:Work Environment will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.005$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, Work Environment significantly impact the retention of employees.

5. Stress Reduction Programs

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.793	4	4.948	3.563	.012
Within Groups	76.390	55	1.389		
Total	96.183	59			

H:Stress Reduction programs will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The

table reveals that p value is less than the α value. In fact, since $p = 0.012$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, stress reduction programs significantly impact the retention of employees.

6. Flexibility in Working Hours

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	25.189	4	6.297	4.878	.002
Within Groups	70.995	55	1.291		
Total	96.183	59			

H:Flexible Work Hours will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.002$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, flexibility in working hours significantly impact the retention of employees.

7. Respect and Fair Treatment

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.016	4	6.504	5.098	.001
Within Groups	70.168	55	1.276		
Total	96.183	59			

H:Respect & Fair Treatment will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.001$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, respect & fair treatment significantly impact the retention of employees.

8. Opportunities to develop New Skills

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.104	4	4.526	3.188	.020
Within Groups	78.079	55	1.420		
Total	96.183	59			

H:Opportunities to develop new skills will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is less than the α value. In fact, since $p = 0.001$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, opportunities to develop new skills significantly impact the retention of employees.

9. Work Life Balance

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.274	4	2.818	1.826	.137
Within Groups	84.910	55	1.544		
Total	96.183	59			

H:Work Life balance will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is more than the α value. In fact, since $p = 0.137$ is more than $\alpha = 0.05$, the null hypothesis is accepted and the alternate hypothesis is rejected. That means, work life balance significantly does not impact the retention of employees.

10. Approachable and Cooperative Supervisor

ANOVA

Your comments on employee retention efforts by your firm

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.693	4	4.923	3.540	.012
Within Groups	76.490	55	1.391		
Total	96.183	59			

H:Approachable and Cooperative supervisor will not influence the efforts by the organization towards employee retention variable. The level of significance set by us is 5%, i.e., $\alpha = 0.05$. The table reveals that p value is more than the α value. In fact, since $p = 0.012$ is less than $\alpha = 0.05$, the null hypothesis is not accepted and the alternate hypothesis is accepted. That means, work life balance significantly impact the retention of employees.

Prioritization of the Factors

The standardized regression coefficients (i.e. Beta) is a measure of how strongly each predictor variable influences the criterion variable and higher the Beta Value the greater is the impact of the Predictor variable on the Criterion variable.

Below table reveals that β value for factor 3 is the highest, i.e., 0.199. In fact, the variable, i.e. opportunities resulting promotion has high impact on the retention of employees. Similarly, the β value factor 5 is the lowest, i.e., 0.014. It means, this variable stress reduction programs has the least impact on the retention of employees. Thus, out of the seven positive variables identified, on the basis of degree of influencing positively, the priority list is as follows; factor 3, factor 10, factor 7, factor 1, factor 6, factor 4 and factor 5.

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	.354	.763	
1. Opportunities for Career Growth provided by the organization	.145	.230	.125
2. Remuneration provided by the organization should be as per Industry Standards	-.008	.217	-.007
1. Opportunities resulting Promotion are available in the organization	.219	.254	.199
2. A good and healthy Working Environment for the employees	.042	.290	.038
3. Stress reduction programs like yoga, meditation, health care etc. conducted by the organization	.012	.152	.014
4. Flexibility in Working Hours is emphasized by the organization	.103	.177	.112
5. Respect & Fair Treatment received from managers and other employees	.149	.243	.137
8. Opportunities available to develop New Skills	-.025	.234	-.025
9. Promote Work Life Balance in the organization	-.016	.170	-.017
10. Supervisors are Approachable and co-operative in nature	.180	.267	.144

Conclusion

It has been observed and researched that an organization where the employees are not valued or their skills are unutilized prolifically or they are not heard, would lose them out to other organizations. This creates a lot of chaos in the minds of employees and employer unable to decipher the root cause for attrition. From the study it was found that retention of employees is largely dependent on four components i.e. Competition, Environment, Growth, Relationship and Support. It is imperative on behalf of Employer to motivate the employees on all factors in order to retain the employees. Staying with the organization for a longer period of time not only benefits the organization but also the employee.

This study helped in exploring the measures taken by the employers. The findings made it very clear that there is no single approach that can be used to retain employees. Also the old age strategies are proving to be outdated and ineffective with gen X,Y and millenials. With the massive changes in the work and the workplace, it has become important to work on executing the retention strategies rather than them just being on papers. Retention is a combination of various factors which vary in their importance from organization to organization. Today organizations have realized that the success of the business is determined by the quality of the talent of the overall workforce. Recruiting and retaining the skilled and talented employees is a very difficult task and consumes a lot of time and efforts of the organization. Often the cost associated with employee turnover is ignored by the employers which results in a huge loss to the organization. IT executives are reporting higher turnover rates these days and that the employer should work and concentrate on the retention strategies rather than hiring strategies.

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