

Assessment of Employee Retention Strategies among it Employees

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Abstract: Employee attrition is one of the major problems faced by the IT industry throughout the globe. IT industry investing huge money on HR department in the way of recruitment, selection, training and reward etc. One of the most valuable asset of any organization is the people who directly or indirectly achieving the goal lay down by the organization. Human resource management is always go-getting to maintain most valued asset namely employees. It is essential that employee motivation that are necessary to be provide to the employees, so that organization goals are fulfilled. The cost of the company invests on employee and contribution of the employee to the company is a matter of concern. If employees contribution to the company is less when compared to cost invested by company on behalf of employee. So this type of attrition is welcomable. If contribution of the employee towards company is high when compared cost invested by the company on behalf of employees is less. This attrition is viewed as serious. So the company must focus on retention management. So HR department must plan and devise the new strategy to retain the employees. The new strategy of employee retention can be enhanced and attrition of employees can be decreased.

Key words: Intrinsic Motivation • Comfort • Involvement • Work Life Compatibility

INTRODUCTION

Today changes take place every business. Due to competitive world, technology changes very fast. People are also very fast to change their behaviors, life-style. Moreover their jobs too. They are switching their job too easily from one company to another due to hike salary, job security, promotion etc. Organization are exposed to peril of their know ledged employees being grabbed by the rival company. Attrition determines a heavy loss to the employer. Because company investing huge amount of money regarding advertisements, recruitment, training, education etc to the employees. So retention is the major issues for IT companies. So HR department concentrating the cost of the company investing on employee and making the effort to decrease employee attrition to implement retention Strategies.

Review of Literature: Moore (2000)[1] says that the life of IT employees was allied with role overload, work tiredness

persuade forecaster of employee attrition. Guthrie (2001)[2] showed that employee commitment has emphasizes only when the organization has to create atmosphere that motivation and escalated the skill level of organization was practiced by high involvement work practices. To maintain and retain the relationship of employees in permanent status companies are investing more on recruitments, providing job security to employees, promotion and career development vice versa. To maintain and retain the relationship of employees for shorter period companies are concentrating more on hike pay and other benefits (Agarwal and Ferratt, 2001). The socialization process in the work environment makes the shrink the feelings of role ambiguity and role conflict (King *et al.*, 2005). According to Loquercio (2006) [3] most of the employees prefer stable job. Sometimes employees get dissatisfied in present job due to propelled factors such as organization Size, salary benefits, location of the company, organization policy, empowerment, management, organization strength. Chin-Yao Tseng and

Michelle Wallace (2009) says that the retention of employees influence the following factors are-Salary hike; training and development; encouragement; appreciation; challenging work; novelty and inventiveness; management style; sovereignty and job satisfaction. Recent day IT companies are paying more salary and more additional benefits to retain employees (Shruti, Sabarwal and Pankaj Mishra, 2010).

Objective:

- To identify the dimensions of retention of employees of IT companies and their influence on attrition level of the employees of IT companies.

Hypothesis: There is no significant influence of factors of retention on attrition level of employee of IT companies

Justification of Selecting it Industry: IT industry is one major revenue generation companies in India and its more added values to India's GDP; moreover it is one of sources to decrease the unemployment in India. India has tie with United States of America and European countries in it business. According to Nasscom –Mc Kinsey report 2012, the IT and ITES industries offer employment About 1100000 peoples and also offer employment to around 2.75 million workers. With balanced employment of male and female. Female are also employed in it companies prompting Nasscom to consider that women's involvement in software services will go up 16 percent by 2015 [4-6].

Justification of Selecting Chennai: Chennai is one of the metropolitan cities in India. Chennai's cost of living, employment opportunities, know ledged human resource, state government policy, infrastructure, availability of skilled and non skilled employees and other facilities are influencing factor and it is the one of the eye catching location for global software patrons.

Research Methodology

Research Design: Descriptive Research Design

Sources of Data

Primary Data: The data was collected through survey and the primary source of the employees of it companies.

Secondary Data: Sources from journals, research reports, research papers, conference proceedings, magazines, websites, newspaper.

Sample Plan: Simple random sampling.

Sample Size: For academic and effective result the target employees base of 500.

Pilot Study: The questionnaire was randomly distributed to 50 of the samples.

Statistical Tools: Exploratory factor analysis, multiple regression analysis.

Period of Study: 2012-2013.

Usefulness of Research: This is very much useful for IT organization because nowadays attrition is the alarming signal of every IT industry. Businesses suffer a lot and they are not in a position to capture the business market. So they lose their market share. Employees are poaching by the rival companies. So IT industry has plan for retention management. So organizations have to device a policy, formulate and implement the strategies to retain employees for success of business in competitive environment.

RESULTS AND DISCUSSION

In order to identify the dimensions of retention of employees of IT companies, the exploratory factor analysis has been employed. The principal component method of factor analysis was carried out with Eigen values greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table 1. The results of Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO=0.592) and Bartlett's test of Sphericity (chi-square value= 0.0027; significance=0.000) indicates that the factor analysis method is appropriate.

There are four independent groups which are extracted accounting for a total of 67.32 per cent of variations on 20 attributes. The each of the four factors contributes to 21.72 per cent, 17.54 per cent, 15.07 per cent and 13.49 per cent respectively.

Factor-I: From the results, it is inferred that out of 20 attributes, seven variables have their high, relatively tightly grouped factor loadings on factor-I. This factor consists of:

Table 1: Dimensions of Retention of Employees in it Companies -Exploratory Factor Analysis

Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	• Opportunity for personal growth and development in my job position.	0.83	2.14	21.72	Intrinsic Motivation
	• Opportunity in my job position to give help to other people.	0.78			
	• Feeling of self-esteem a person gets from being at my position.	0.68			
	• Authority connected with my position.	0.72			
	• Feeling of self fulfillment a person gets from being in my job.	0.63			
	• My role at the current job position.	0.59			
	• Prestige of my job position inside the organization.	0.74			
II	• Amenities like housing, conveyance, medical benefits provided.	0.74	1.82	17.54	Comfort
	• Opportunity to develop close friendship in my job position.	0.64			
	• Salary offered for my job position.	0.78			
	• Facilities provided for effective working.	0.83			
	• Security of my job position.	0.69			
III	• My overall involvement in the work.	0.77	1.39	15.07	Involvement
	• Sense of accountability for a person at my job position.	0.68			
	• Opportunity in my job position for participation in the determination of methods and procedures.	0.59			
	• Opportunity for independent thought and action.	0.71			
IV	• Feeling of worthwhile accomplishment in my job position.	0.72	1.07	13.49	Work Life Compatibility
	• Opportunity one gets to move ahead in life and become fairly well-known and well-off.	0.64			
	• Consideration given by the government to this profession.	0.57			
	• Prestige of my job position outside the organization.	0.65			
Cumulative % of Variation				67.32	
Cronbach's Alpha					0.84

Source: Primary and Computed Data
 Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 Rotation converged in 9 iterations.

Table 2: Influence of Factors of Retention on Attrition Level-Multiple Regressions

Factors of Retention	Regression Coefficients	t-value	Sig
Intercept	1.214**	3.569	.000
Intrinsic motivation (X ₁)	.472**	3.952	.001
Comfort (X ₂)	.439**	3.847	.001
Involvement (X ₃)	.416**	3.795	.000
Work life compatibility (X ₄)	.397**	3.589	.001
R ²	0.66		
Adjusted R ²	0.64		
F	6.194		.000
N	500		

Source: Primary and Computed Data
 Note: **Significance at one per cent level

- Opportunity for personal growth and development in my job position (0.83)
 - Opportunity in my job position to give help to other people.(0.78)
 - Feeling of self-esteem a person gets from being at my position.(0.68)
 - Authority connected with my position.(0.72)
 - Feeling of self fulfillment a person gets from being in my job.(0.63)
 - My role at the current job position.(0.59)
 - Prestige of my job position inside the organization.(0.74)
- Hence, this factor is named as “Intrinsic Motivation”.

Factor-II: is formed with:

- Amenities like housing, conveyance, medical benefits provided.(0.74)
 - Opportunity to develop close friendship in my job position.(0.64)
 - Salary offered for my job position.(0.78)
 - Facilities provided for effective working.(0.83)
 - Security of my job position.(0.60)
- These variables are named as “Comfort”.

Factor-III: This factor includes:

- My overall involvement in the work.(0.77)
- Sense of accountability for a person at my job position.(0.68)
- Opportunity in my job position for participation in the determination of methods and procedures.(0.59)
- Opportunity for independent thought and action.(0.71)

These variables are named as “Involvement”.

Factor-IV: This factor is formed with:

- Feeling of worthwhile accomplishment in my job position.(0.72)
- Opportunity one gets to move ahead in life and become fairly well-known and well-off.(0.64)
- Consideration given by the government to this profession.(0.57)
- Prestige of my job position outside the organization.(0.65)

This factor is named as “Work Life Compatibility”.

The Cranbach’s alpha of the scale was 0.84 indicating that each measure demonstrated acceptable internal consistency. It is inferred that intrinsic motivation, comfort, involvement and work life compatibility are the factors behind retention of the employees of IT companies.

In order to study the influence of factors of retention on attrition level, the multiple linear regressions has been applied and the results are presented in Table 2. The factors of retention are considered as independent variable and the attrition level is considered as dependent variable. The results indicate that the coefficient of multiple determinations (R^2) is 0.66 and adjusted R^2 is 0.64 indicating the regression model is good fit. It is inferred that about 64.00 per cent of the variation in dependent

variable (Attrition Level) is explained by the independent variables (Factors of Retention). The F-value of 6.194 is significant at one per cent level indicating that the regression model is good fit.

The results show that intrinsic motivation, comfort, involvement and work life compatibility are positively and significantly influencing the attrition level at one per cent level. Hence, the null hypothesis of there is no significant influence of factors of retention on attrition level of employee of IT companies is rejected.

CONCLUSION

Attrition of employees in the organization is the most serious issue of the IT companies and it affects the goodwill and augmentation, success of the organization especially in the feature of IT organization has spent in recruitment and education and training of employees.. Employee retention is the only influencing factor and the organization has to design the retention factors based on the employee level. The most important aspect of inculcating the retention culture is to emphasize upon the employees that the company values them. Culture of retention should prioritize the I-I-I model i.e. Introduce-Inculcate-Involve. The details are as follows: Introduce to the employees that the company holds high degree of attachment towards them values them and believes in sustaining them.Inculcate the culture in the company communicating to the employees that retention of employees is not just a segregated task of the H.R, but is the responsibility of the whole family. Season the work culture that is in sync with the philosophy of retaining the employees. Involve employee more in planning retention strategies as coworkers understand better than supervisors

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