

An Analysis of Employee Retention tactics and factors, with particular reference to the IT sector

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Abstract

In a company, employee retention is crucial because it has an impact on productivity. The goal of this study is to determine how various employee retention tactics, such as performance-based bonuses, flexible work schedules, timely promotions, and career development programmes, affect both employee performance and retention. The study's findings indicated that employee retention techniques had a favourable impact on both employee performance and retention. As employees are expensive to acquire and difficult to retain, the theoretical framework of this study would encourage businesses and their employers to consider them vital resources. Researchers and academics could also benefit from the study's understanding of the significance of staff retention in a firm. This study's main goal is to identify and analyse the key determinants that influence employee retention. The following broad factors were examined in-depth in this study: health and wellness benefits, personal growth, compensation, work-life balance, recognition and rewards for top performers, superior-subordinate relationships, training and development, job characteristics and job commitment, monetary rewards, and welfare programmes. Data from 615 self-administrative questionnaires were collected in total, and SPSS v20 software was used to analyse the data.

Keywords: *Employee reward programmes, compensation, work life balance, financial rewards, welfare programmes, job commitment.*

1. INTRODUCTION

Employee retention is a process that is growing more and more important in the current environment of rapid globalisation, significant economic growth, and development. Any organization's greatest asset is its talent or human resource. The company spends a lot of money on its HR practises, including recruitment, selection, and training programmes. What would happen to the company if these employees or talents left the

company abruptly in search of better opportunities? Organizations increasingly realise the need to better comprehend the supply-demand dynamic in order to gather effective strategies to attract and retain top qualified individuals as a result of uncertain retention trends and fierce global competition. In an ideal world, human resources would enjoy their work, collaborate closely with their co-workers, and give their employers their all. But there is also the actual world, and in the real

world, people do leave either because they need a change, require more money, detest their co-workers, want better working circumstances, or because their spouse finds a dream job in another state. Any organization's long-term health and performance depend heavily on its ability to retain employees, yet doing so is getting harder and harder for businesses all over the world to do. Employee turnover is a significant issue for businesses worldwide (James, Leena; Mathew, Lissy). Retention rates are still rising, and as the competition for talent grows more fierce every year, it is crucial for businesses to make sure they have the right people in place.

2. Review of Literature:

Employee retention techniques and factors have been the subject of numerous research up to this point. The firm is focusing on employee-centered employment relationships to hold back the employees as a result of the Information Technology sector's explosive growth in India over the past few decades. Retention tactics and determinants have also been the subject of a sizable body of literature. Review of the studies' related literature provided information on the topic and assisted in identifying any gaps in the literature that might be addressed by other study.

ShouryKuttappa found in several forums throughout the world, the importance of HR Policies & Practices in the shifting business environment of the twenty-first century has been discussed. There is undoubtedly growing awareness that these management-related issues cannot be ignored any longer. A "one size fits all" strategy for human resource practises is also no longer acceptable. Numerous well-known experts have started looking into this area, and they have found a lot of fascinating information. The analysis looks into a few particular HRM practises and policies to determine how they affect the people who make decisions in this area. It aims to

highlight how HR practitioners view these aspects in comparison to the rest of the globe.

Poonam Madan, Jasleen Kaur Bajwa found that in the current environment, keeping employees with companies for extended periods of time has become essential for the good of both the firm and the individual. An key factor that aids in employee retention and improved performance is motivation. The right career prospects, working conditions, remuneration benefits, and supervisor assistance must be offered to the employees if a business wants to keep the best and most suited workers. This study article aims to investigate and comprehend staff retention tactics used often in the banking sector. The study aids in identifying the various methods used by the banking industry to keep and maintain its workers.

Daniel Esemegbere (2010) conducted a study to empirically examine employee retention strategies and its performance in the Nigerian banking sector over the period 2000 – 2005. The author used questionnaire and structured interview to obtain data. The study revealed that the organization if implements employee retention strategies such as regular salary package employee participation in decision making will have a good retention system.

Horwitz et al. (2003) said that Human resource managers of skilled firms still link compensation packages to their important and innovative employee retention tactics. Second, it's believed that one of the most important elements affecting employee retention is the availability of professional growth possibilities. It is advised that a business engage in the growth of its personnel if it wishes to strengthen its relationship with them.

According to Akuoko, O. K. and Ansong, F. (2012), investigated on role of employee retention strategies played in companies because it affects workforce" performance.

This investigation looked at several employee retention techniques and how they affected workers' productivity. Simple random sampling was used to select five organizations. They were divided into two service organizations and three production groups. It was revealed that the impact of staff turnover on businesses frequently exposed extensive effects and could jeopardise efforts to achieve organizational objectives (Hill and Jones, 2001). The investigation discovered that employee retention tactics helped workers commit to organizational goals, revealing their allegiance to their employer. Additionally, it was discovered that when employees were kept on board, their knowledge helped the business they worked for grow its operations (Butler, P. and Glover, L., 2007).

3. Scope of the study:

The lack of vital talent, according to a NASSCOM assessment, is the main obstacle to the expansion of the IT business. Organizations may only be deemed successful if they are able to draw in, nurture, reward, and keep talent that can think creatively about how to interact with customers, stakeholders, and seize opportunities in a globalised market. Only if each employee sets and achieves goals that support both personal and organisational success will an organisation be able to reach its full potential. High staff turnover is thought to be a severe problem for businesses, and it frequently results from a lack of incentives for good work and opportunity for career growth.

4. Significance of the Study

The significance of this study may be seen in the overall picture of the IT sector in recent years, where, on the one hand, frighteningly high personnel turnover has had a significant negative impact on the company. Numerous empirical studies have been conducted on different parts of the globe in relation to various concepts of human resource management, but prior studies have revealed a gap in that the

majority of literature sources only address the issue of retention by focusing in-depth on retention factors and strategies that organizations can use to motivate employees. Despite the significant value placed on the idea of retention tactics, it is important to concentrate on raising the retention rate in the information technology sector. This study intends to investigate patterns of workplace retention factors and strategies in IT and to investigate the relationship between employee retention and retention indicators, such as performance, commitment, satisfaction, engagement, and morale. The study's conclusions will help managers better understand what drives employee motivation and how putting these motivational factors into practice can boost employee retention while also enhancing job performance, morale, and happiness.

5. Objectives of the Study:

1. To identify the factors influencing Employee Retention Management in IT Industry.
2. To study the employee retention strategies of IT Industry.
3. To analyze how those employee retention strategies, affect employee retention.

6. Hypothesis:

Hypothesis1: There is no significant difference between the perceptions of employees of IT companies with regard to employee retention strategies.

Hypothesis2: There is no significant difference between the perceptions of employees of IT companies with regard to employee retention factors.

7. Research methodology and Statistical tools used for Data Analysis:

The information gathered from primary and secondary sources is combined,

collated, analysed, and evaluated after the fieldwork. The data are analysed using statistical techniques and sample data. The mean and standard deviation were used to calculate the weights and percentages of the responses. IT staff retention satisfaction levels are examined using sophisticated statistical methods including the ANOVA test, percentage analysis, Kruskal-Wallis test, and Cronbach Alpha tests.

8. Discussion on Pilot Study

The primary purpose of the pilot study was to evaluate the proposed questionnaire. This type of pilot survey is being conducted with the intention of creating a structured questionnaire that will be more relevant and practical for the research. A pilot survey has been carried out to pre-test the questionnaire's validity and reliability. The results of the Pilot Survey detail how participants responded and expressed their opinions regarding both the questionnaire and the study's potential contributions to the industry. From IT firms, a sample of 40 respondents was chosen. The pretest was then used to look for any discrepancies in the survey instruments. The data was statistically

examined to determine a coefficient, demonstrating that the questionnaire is 95.1% reliable, that is (0.951).

9. Analysis and Discussions:

9.1 Employee Retention Factors of the IT Industry:

Retaining competent people is crucial to the organization's performance and long-term advantages. Our best employee's continued employment ensures product sales, client pleasure, pleased co-workers and those in positions of reporting responsibility, efficient advancement planning, and deeply ingrained organisational knowledge and learning: The following are some potential determinants of an employee's long-term retention in an organisation: flexibility in work schedules, personal growth, compensation, work-life balance, recognition and rewards for top performance, superior-subordinate relationships, training and career development, job characteristics and job commitment, monetary incentives and welfare programmes, and lower compensation and benefits. Table.1 - Factors that make the employees to stay Long time at the organization (Ranking the factors)

Test Statistics

Table 1

	Factor	Company (N=615) Mean	Rank	df	Chi-Square Value	Asymp. Sig Value
1	Work Schedule Flexibility	3.7545	2	4	9.792	0.044
2	Health and wellness benefits	3.8602	5	4	2.859	0.582
3	Personal Development	3.8049	6	4	1.316	0.859
4	Compensation	3.7431	3	4	3.080	0.545
5	Work life Balance	3.9122	1	4	4.280	0.369
6	Top performer Recognition and Rewards	3.7626	10	4	4.183	0.382
7	Superior-Subordinate Relationship	3.8618	4	4	5.830	0.212
8	Training and Career	3.8683	8	4	4.898	0.298

	Development						
9	Job Characteristics and Job Commitment	3.8862	9	4	4.357	0.360	
10	Financial Rewards and Welfare Programmes	3.7919	7	4	3.203	0.524	

a. Kruskal Wallis Test.

10. Results and Discussions:

According to the data in Table 1, it can be deduced that the majority of employees place a high value on work-life balance, schedule flexibility, and compensation management, while placing a low value on top performance recognition and rewards, job qualities, and dedication as retention factors.

The Kruskal-Wallis test was used. Since all retention factors that cause employees to stay with an organisation for a long period have calculated Chi-Square values that are smaller

than tabulated values and significance levels above 0.05 for all factors. As a result, there are differences in how employees score on different retention criteria that influence how long they stay with a firm. Therefore, we can deduce from the analysis that the employees believe the company should offer and develop work schedule flexibility in accordance with employee convenience, implement effective compensation and benefits, and give significance to work-life balance factors that are helpful to improve employee satisfaction and they retain long in the company.

Table.2 - Factors influencing the employees to Leave from the organization (Ranking the factors)

S.No	Factor	Company (N=615) Mean	Rank	df	Chi-Square Value	Asymp.Sig Value
1	Less Compensation Packages and Benefits	3.9122	1	4	0.014	0.993
2	Frequent Job Rotations	3.7546	8	4	4.457	0.108
3	Lack of support from superiors	3.7919	7	4	3.486	0.175
4	Lack of importance for professional growth and Development	3.8683	3	4	0.428	0.807
5	Lack of effective working conditions	3.8049	6	4	4.521	0.104

6	Conflicts with Other Employees	3.8602	5	4	1.222	0.543
7	In equality or Favouritism	3.8862	2	4	0.117	0.943
8	Ineffective organiza tioncommunication	3.8618	9	4	4.166	0.125
9	Lack of Increments and Promotions	3.7545	4	4	2.991	0.224
10	Personal Reasons	3.7431	10	4	3.383	0.184

a. Kruskal Wallis Test.

According to the data in Table 2 above, it can be deduced that the majority of employees give the lowest importance (low rank) to personal factors, ineffective organisational communication, and frequent job rotation factors of retention while giving the highest significance (high rank) to factors of inequality and favouritism, low compensation and benefits, and lack of importance for professional growth and development.

The Kruskal-Wallis test was used. Since all retention factors that cause employees to stay with an organisation for a long period have calculated Chi-Square values that are smaller than tabulated values and significance levels above 0.05 for all factors. As a result, different retention variables that cause employees to leave firms are ranked differently by employees. It is clear from the analysis that the employees believe the company should develop and implement an effective compensation package and benefits, give importance to the equality principle and avoid favouritism, give importance to professional growth and development factors, and give significance to employee retention.

Employee Retention strategies of IT Industry:

According to Agrela, et al. (2008), firms must concentrate on retention-related initiatives in

order to develop and succeed. According to studies, retention techniques that successfully meet the requirements of every employee improve an organization's capacity to respond more skillfully to ongoing organizational change. According to research, trends shaping contemporary retention methods go beyond the typical pay and benefits package and compensation, embracing employee motivation as one of the major variables to accommodate the workforce's diversity and length of service in the firm.

Employee reward programmes: In a company organisation, rewarding people equitably for their efforts is the major goal of incentive programmes. In business organisations, reward management is mostly used to encourage employees to put in a lot of effort and do their absolute best to meet the goals that the company has established. In corporate organisations, reward management includes both monetary benefits, such as compensation, and non-monetary rewards, such as employee recognition, staff training and development, and increasing work responsibility.

The importance of employee reward programmes is in everything they do to entice potential workers to join their company, including compensation, bonuses, incentive pay, perks, and possibilities for professional

development and training. Reward programmes have proven to be quite effective at motivating employees, which in turn improves performance across the board for the firm. Organizations offer a variety of rewards to employees, including financial, non-financial, performance-based, membership-based, and intrinsic and extrinsic incentives.

Flexible work Hours: Flexible work schedules are important for keeping on board workers of any age. attracts workers of all ages. The importance of employment flexibility is described in several studies in terms of programming variations that better make individual working hours, workloads, positions, duties, and regions around family responsibilities. A healthier balance between work and personal obligations can be facilitated by "flexibility," according to studies. Human resources describe that workers who have job flexibility options report having the highest levels of personal commitment, aggregation, satisfaction, productivity, loyalty, and mental capacity at any age. An employee who has more flexibility at work is more likely to stick around than one who is completely restricted to the 8-hour, 5-day workweek.

Timely Promotions and Bonus

Promotional opportunities refer to how likely an employee believes they are to advance and be promoted within the company. In most circumstances, a sizable proportion of employees are eager to work for a company where the chances of promotion are clearly visible. According to Stoner et al. (1995), a company's internal promotion policy can increase employee satisfaction if it is offered fairly to the right candidates; however, unfair promotions can lower employee satisfaction. As a result, the criteria and method for promotions must be fair. In addition, management should pay employees what the job warrants rather than what it anticipates they will accept. According to Dockel (2003), managers ought to provide their staff members

with non-cash benefits as well, such as chances to advance within the company. The majority of the time, demotivated employees who do not perceive prospects for advancement are compelled to leave the company. One of Herzberg's motivators is promotion; it provides chances for advancement inside a company and can help with retention.

Performance based Bonus

A performance bonus is a type of additional remuneration given to a human resource in exchange for meeting specified goals or specific objectives. A performance bonus is additional compensation above and beyond regular salary that is often given after an employee's performance is assessed and their assignments from a given time period are examined. Regular performance bonuses can be given on a yearly, biennial, or monthly basis. In order to encourage extra work for a certain project or important assignment, they could also be made available just for a limited time.

Employee Engagement

Employee engagement is a metric used to determine how motivated and committed employees are to their work. Employee engagement is a sign of an organization's success. Engagement denotes the activity and expression of human resources on a general physical, cognitive, and emotional level. Most firms use it as a key human resource factor to increase company retention rates. It enables a firm to perform better and acquire a competitive advantage. Staff engagement increases productivity, learning, and creativity, which boosts customer happiness, employee retention, organization productivity, and financial success.

Employee Referral Plans and programmes:

A programme known as an employee referral programme allows employees to recommend members of their networks, such as friends or family, for open positions inside their

company. Employee referral is a technique used internally to identify and hire the finest people from the networks of current workers. Employers can use an employee referral programme as a recruiting technique because referred individuals are often easier, quicker, and less expensive to hire than traditional

recruits. The greatest referral programmes may encourage employees to refer their friends, enable recruiters to offer a better candidate experience for referrals, and facilitate the hiring of top-notch new team members for the company.

Table 3– Satisfaction level of Employee Retention Strategies based on Gender

Employee Retention Strategies	Mean			Standard Deviation		
	Male (340)	Female (275)	Total (615)	Male(340)	Female (275)	Total (615)
Employee Reward Program	4.0588	4.0473	4.0537	0.90691	0.05553	0.03679
Flexible working hours	3.9559	4.0473	3.9967	1.06200	1.04355	1.05392
Timely Promotions and Bonus	3.8059	3.7927	3.8000	1.05761	1.11261	1.08168
Career Development Program	3.8471	4.1073	3.9740	0.95171	0.90817	0.93222
Performance based Bonus	3.7471	3.8509	3.7935	1.13440	1.06176	1.10283
Employee Engagement	3.9412	4.0327	3.9821	0.93573	0.91760	0.92803
Employee Referral Plans and programmes	4.0618	4.0836	4.0715	0.95581	0.91436	0.93681
Gifts at some Occasions	3.8382	3.8618	3.8488	0.98679	0.99771	0.99095
Employee Recreation	3.8441	3.8545	3.8488	1.08725	1.05017	1.06998
Making the management effective and easily accessible	3.8706	4.0436	3.9461	0.97809	0.87853	0.93810

On a 5-point Likert scale (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, and 5-Strongly Agree), the employees' opinions are gathered, and the mean value and standard deviations are computed. The median values are displayed in Table 3 as Employee Referral Programs and Plans 4.0537, Flexible Working Hours 3.9967, Timely Promotions and Bonuses 3.8000, Career Development Program 3.9740, Performance-based Bonuses 3.7935, Employee

Engagement 3.9821, 4.0715, Presents at Certain Occasions Making the management efficient and accessible 3.9461, employee recreation 3.8488, and management accessibility 3.8488.

From the analysis, it can be deduced that most employees, regardless of gender, give timely promotions and performance-based bonus strategies of retention the highest priority,

while giving these strategies the least preference are employee reward programmes, employee referral plans and programmes, and flexible working hours. Female employees are content with the organization's career development programmes, whereas the majority of male employees are very satisfied with the plans and programmes for employee referrals. So that we can deduce from the

analysis that the employees feel the company should focus on these retention methods flexible working hours, employee awards, and career development programmes in order to raise the level of employee satisfaction and hence increase employee retention.

Analysis - ANOVA Test:

Table 4- Satisfaction level of Employee Retention Strategies based on Gender

Employee Retention strategies	Company (N=615)		F Value	Significant Value
	Mean	SD		
Employee Reward Program	4.0537	0.03679	0.025	0.874
Flexible working hours	3.9967	1.05392	1.220	0.270
Timely Promotions and Bonus	3.8000	1.08168	0.20	0.886
Career Development Program	3.9740	0.93222	0.635	0.426
Performance based Bonus	3.7935	1.10283	1.445	0.230
Employee Engagement	3.9821	0.92803	1.582	0.209
Employee Referral Plans and programmes	4.0715	0.93681	0.081	0.776
Gifts at some Occasions	3.8488	0.99095	0.089	0.765
Employee Recreation	3.8488	1.06998	0.016	0.900
Making the management effective and easily accessible	0.8785	0.93810	4.989	0.026

To determine the significant difference between companies, a one-way ANOVA test is used. The calculated F values are shown in Table 4 as follows: Employee Reward Program (0.025), Flexible Working Hours (1.220), Timely Promotions and Bonus (0.020), Career Development Program (0.635), Performance-based Bonus (1.445), Employee Engagement (1.582), Employee Referral Plans and Programmes (0.081), Gifts at Some Occasions (0.089), Employee Recreation (0.016), and Making the Management Efficient and Accessible (4.989). We accept the null hypothesis since the F Calculated values are lower than the Tabulated values. It can be

concluded that there is no significant difference between the attitudes and perceptions of employees of IT organisations with regard to "employee retention methods" because the estimated significance value is greater than 0.05 for all retention strategies (based on Gender).

11. Conclusion:

In a company, staff retention is crucial since it has an impact on productivity. According to the results of the current study, employee reward programmes, flexible work schedules, staff training, performance-based bonuses, employee recreation, and career development

programmes all have a favourable impact on both employee performance and retention. 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 of the characteristics associated to staying in an organization for a long time and factors that affect 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.

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