

FACTORS AFFECTING RETENTION OF EMPLOYEES'S IN INFORMATION TECHNOLOGY INDUSTRY

Pragya Aparimita¹, Saurabh Verma²

¹Research Scholar Department of Management, NIMS University, Jaipur -303121

²Asst. Professor, Department of Commerce, Upadhi Mahavidyalaya Pilibhit -262001

ABSTRACT

The present study demonstrates factors affecting retention of employees' in the IT companies in National Capital region in India. 600 participants were randomly selected for the survey. The survey was run for three month and a total of 600 respondents or 100% effectively completed their surveys. The results were allocated into ten categories of ten different IT companies in National Capital region in India. The study has recognized that motivational factors do affect the employee retention. It has been found that among six factors, Job satisfaction is the most important factor for retaining employees in the IT companies in National Capital region in India.

INTRODUCTION

Meaning of the word retention is to "Hold". Employee retention is to "hold". Employee retention hence, mean to hold the employees in the company. Every company has its interest in retaining its ability and talented employees on its payroll. This will enable the company to run smoothly compete in their respective market, progress and flourish in the business world in both areas of product and services. This requires creating an environment congenial to the employees in which they can feel essential part of the company and may feel proud to be so. This will make them loyal to the company. If the company feels that he is important to the company, his voice is heard and his superiors pay attention to him, helps to raise his esteem. Company is a set up where individuals work in unison to achieve a common goal. Employees are life line of an organisation and contribute effectively for its smooth and successful running and profit making. Company or the organisation must have various policies and practices which let the employees continue in an organisation for a longer period of time. Browell (2003) defines employee retention as "keeping those members of staff that one wants to keep and not losing them from the organisation for whatever, reason, especially to the competitors. According to another definition employee retention is "an effort" by a business to maintain a working environment, which supports current staff in remaining with the company (www.businessdictionary.com). Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. The present study demonstrates

factors affecting retention of employees' in the IT companies in National Capital region in India.

REVIEW OF LITERATURE

Employee retention refers to the ability of an organisation to retain its employees. A retention rate of 80% usually indicates that an organisation kept 80% of its employees in a given period. However, many consider it as relative to the efforts by-which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome (www.wikipedia.org).

The distinction is made between low performing employees and top performers. Efforts are made to retain valuable and contributing employees.

Sheridan (1992) mentions that the variation in cultural value had a significant effect on the rates at which newly hired employee terminated their employment. The relationship between the employee's job performance and their retention also varied significantly with organisational culture values. It has been realized that the quality of the supervision an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the manager is well-liked or a nice person. Sure, a nice, likeable manager earns you some points with your employees. A draconian, nasty, or controlling manager takes points away from your organisation (www.humanresources.about.com).

Spencer (1982) investigated the relationship between the extent to which employees have opportunities to voice dissatisfaction and voluntary turnover in 111 short-term, general care hospitals. Results showed that whether or not a union is present, high numbers of mechanism for employee voice are associated with high retention rate.

Hason (2009) mentions that a safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys to find out whether they are satisfied and if not what they think needs to be change.

A study conducted by Hausknecht et al., (2009) on 24,829 employees in leisure and hospitality industry showed that job-satisfaction, extrinsic rewards, constituent attachments, organisational commitment and organisational prestige where the most frequently mentioned reasons for staying.

Today employees want to know they are being treated fairly, receiving the highest compensation possible and being appreciated by their employer. Small business must cultivate positive workplace creating above average compensation and benefit packages ensuring top-of-the-line communication and building a team work- oriented attitude among employees. Business that work towards such goals will likely experience higher employee retention rates than those that do not (www.roberthalf.com).

The information technology industry is faced with a shrinking pool of skilled employees causing demand to increase for these employees. This places organisation under pressure to device retention strategies to retain employees (Mohlala, 2012).

Certain practices which are best for employee retention are being enumerated as follows:-Presenting applicants with realistic job previews, using selection tools that can help predict job performance and subsequent retention, socialization, training and development, compensation and reward, effective leadership and employee engagement (www.wikipedia.org).

MATERIAL AND METHODS

For this study ten companies each in IT (Information Technology). These companies were located in Gurgaon area of NCR (National Capital Region) Delhi. Randomly selected sixty graduate employees from each of the ten companies were requested to fill up the structured questionnaire prepared for the study.

Survey method was used for obtaining the objective of the study; results of study were analysing statistically according to Elhance et al., (2003).

ANALYSIS

The statistical tools used for the analysis of data are tables with percentages, t-test and Analysis of Variance (ANOVA) using SPSS 22 package.

HYPOTHESES

H1: A positive correlation exists between remuneration and retention of the employees of IT companies in National Capital region in India.

H2: A positive correlation exists between training & development and retention of the employees of IT companies in National Capital region in India.

H3: Increased work-life conflict has a positive impact on employee retention in the employees of IT companies in National Capital region in India.

H4: A positive correlation exists between Job satisfaction and retention of the employees of IT companies in National Capital region in India.

H5: There exists a positive relationship between leadership and employee retention in the employees of IT companies in National Capital region in India.

H6: There is a significant relation between educational qualifications vs. motivational factors linking to employee retention of IT companies in National Capital region in India.

H7: There is a significant relation between experiences vs. motivational factors linking to employee retention of IT companies in National Capital region in India.

SCOPE OF THE STUDY

The scope of this study is confined to IT companies in National Capital region in India only. This study can help the management to find the weaker parts of the employee feels towards the company and also helps in converting those weaker part in to stronger by providing the best possible suggestions or solutions. This study has a wider for scope in any kind of company since “Retention” is general factor and makes the employees to put forth their sensible difficulties and required factors in the companies. This study can help the management to know for which the reason employees tend to change their job, through frustration factors faced in the companies and also helps to recuperate by providing the best possible suggestions or solutions.

LIMITATIONS

- The study has been taken in IT companies located in industrial in National Capital region in the India; it may not be applicable to other industries/organizations located in other parts and other type of firms like service sector etc.
- The study gives the opinion of the employees in National Capital region in India only.

RESULTS AND DISCUSSION

600 participants were randomly selected for the survey. The survey was run for three month and a total of 600 respondents or 100% effectively completed their surveys. The results were allocated into ten categories of ten different IT companies in National Capital region in India. As the sample size 60 respondents from each IT companies in National Capital region in India were selected and the results about findings have been interpreted in more tentative terms in the study. This is since small sample size may have an impact on the statistical significance of the correlation coefficient. In addition, no lost data was found in any of those responses so this set of data was appropriate for data analysis.

The different motivational factors to retain the employees in the IT companies in National Capital region in India are depicted in Table 1. The results in Table 2 indicated that most respondents were male which had 67.17% against female with 32.83%. The results in age indicated that the major respondents were in a range from 26 to 30 years. The age group of 26 to 30 years had the highest response rate (42%), followed by the age group of 21 to 25 years (25.5%), the age group of 31 to 35 years (14.5%), the age group of 36 to 40 years (10.8%) and the age group of 41 to above years (7.2%) respectively. In academic qualification, graduating at postgraduate level was dominant which had the highest response rate (47.2%), followed by a post graduate (professional) level (32%), and post graduate (academic) level (20%). Working period in the IT companies was largely dominated by the group of employees who have been working from 0 to 2 years (68%), followed by the group of 2 to 4 years (19.2%), the group of 4 to 6 years (8.8%), and the group of 6 to 8 years

(4.0%) respectively. In the salary section, the highest monthly earning was located in the group ranging from Rs. 10000 to 25000 per month (42.2%). The second largest group was under Rs. 25001 to 35000 (33.8%), and the third largest group was from Rs. 35001 to 55000 per month (20.3%), and the fourth largest group was above Rs. 55001 per month(3.7%) respectively.

From the Table 3 and 4, it is clear that job satisfaction has been given first rank for the factors influence the employee retention in the company. The other proposed factors like work life conflict, remuneration, training and development and leadership, Table 5 shows the relationship between different motivational factors and employee's retention in the IT companies. It shows that significant relationship is found between many factors and employee's retention. It is found that involvement between all factors and employee's retention is positive. It is seen from the above table that remuneration, training and development, Work life conflict, Job satisfaction and role as leader has positive and strong correlation with employee's retention at 0.01 significant level.

The hypothesis H1 proposed that remuneration increases the retention level of employees in the IT companies in National Capital region in India. This prediction was supported as shown by the result of Table 6 that Job security has strong and positive correlation with Employee's retention at 0.01 significant levels.

The hypothesis H2 proposed that training & development has a positive impact on employee retention the IT companies in National Capital region in India. This prediction was supported as shown by the result of Table 7 that training & development has strong and positive correlation with Employee's retention at 0.01 significant levels.

The hypothesis H3 proposed that increased Work-life conflict has a positive impact on employee retention the IT companies in National Capital region in India. This prediction was supported as shown by the result of Table 8 that Work life conflict has strong and positive correlation with Employee's retention at 0.01 significant level.

The hypothesis H4 proposed that a positive correlation exists between Job satisfaction and retention of employees in the IT companies in National Capital region in India. This prediction was supported as shown by the result of Table 9 that Job satisfaction has strong and positive correlation with Employee's retention at 0.01 significant levels.

The hypothesis H5 proposed that there is a positive relationship between leadership and employee retention in the IT companies in National Capital region in India. This prediction was supported as shown by the result of Table 10 that Compensation has strong and positive correlation with Employee's retention at 0.01 significant levels.

Salary play an important role in the recruitment process and it is the key factor for influencing the employee for attraction and retention (Williams & Dreher, 1992). According to Stiglitz (1975), Salop & Salop (1976); Milgrom & Roberts (1992), the remuneration can affect organization performance by influencing recruitment and retention in addition to influencing employees.

Many researchers found that getting better job satisfaction can reduce earnings and help keep a constant and provoked labor force. Murray (1999) stated that job satisfaction not only improves the retention of employees but also reduces the outlay of hiring new employees. Various workers studies demonstrated that employees who are satisfied with their jobs are more productive, creative and be more likely to be retained by the organization Kim (2000); Kirby (2000) and Wagner (2000). A comparative study of clearly showed that job satisfaction had its impact on employee retention practices in chemical industry at, Bharuch district (Marathe, 2013).

Grover & Crooker (1995) stated that there is greater organizational obligation if employees had right to use to work life policies and also these employees uttered significantly with lower intent to leave their job. Allen (2001) established that organization that hold up their employees in maintaining incorporation between family responsibilities and work enhances the employee intention in retaining.

There is a significant discussion between scholars and professionals that training and development program has valuable impact on objectives of employee and organizations. Many workers suggested that training opportunities increase in high employee earnings whereas the other claimed that training is an instrument which is beneficial for employee retention (Colarelli and Montei, 1996; Becker, 1993).

Leadership is also a most important factor of the management. It is the trust and faith leaders should have in the employees to build the air of harmony and peace for smooth business operations. The individual in leadership roles within an organization who treat employees with esteem and pride can advancement of the work in the employees. The study by Early and Davenport, (2010) demonstrated that the role of leadership continues to grow germinating in to more managed disciplines in the organizations.

Educational Qualification Vs. Motivational Factors Relating to Employee Retention of IT companies in National Capital region in India

H6: There is a significant relation between educational qualifications vs. motivational factors relating to employee retention. The Table 11 shows relation between educational qualification vs motivational factors relating to employee retention. The calculated ANOVA test demonstrated that there is a significant Difference (at 0.05 levels) amongst the different categories of educational qualification of the respondent with the motivational factors relating to employee retention. So, null hypothesis is accepted.

Experience Vs. Motivational Factors Relating to Employee Retention of IT companies in National Capital region in India

H7: There is a significant relation between experience vs. motivational factors relating to employee retention of IT companies in National Capital region in India and results are

depicted in the Table 12 shows. It was found by ANOVA test that there is a significant Difference (at 0.05 levels) amongst the different categories of experience of the respondent with the motivational factors relating to employee retention. So, null hypothesis is accepted, except experience vs. leadership (at 0.90 levels).

CONCLUSIONS

The main aim of any organization is to earn income. But to attain the maximum profit, the organization should focus more on employees and the ways to retain them for their long run. This study has recognized that motivational factors do affect the employee retention. It has been found that among six factors, Job satisfaction is the most important factor for retaining employees in the IT companies in National Capital region in India. So Organizations' should emphasis more on retaining employee depending on these factors specially increasing job satisfaction level. Again, some of the respondents say that apart from job satisfaction, flexible work schedules, childcare assistance and parental leave along with maternal leave should be given to keeping up their motivational level up.

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Table 1: Motivational factors influence the employee retention

1	Remuneration	Working conditions and salary benefit packages influence the retention process of this organization. My salary is in commensurate with the efforts Input in on my job.
2	Work life conflict	The people in this organization really care about me and what happens in my life. My job does not produces anxiety that make it complicated to fulfil my personal or family duties
3	Training and Development	What method of Induction program is followed in your organization What is your opinion about Induction programme
4	Job satisfaction	When this organization expects me to give 150 %, I usually feel ready and able to do all that I can. In this organization I am expected to do significantly more than that I can do and still maintain high quality.
5	Retention	The future expansion program of the organization influences retention in this organization. I am confident and optimistic about my future with this organization.
6	Leadership	This organisation encourages young employees to take up leadership roles. This organization has a climate where people feel confident to openly express ideas, confront others and discuss problems among themselves.

Table 2: Demographic profile of the respondents

Total no. of respondents IT sector	600	%
Males	403	67.17
Females	197	32.83
Age brackets		
20 -25	153	25.5
26-30	252	42.0
31-35	87	14.5
36-40	65	10.8
41 and above	43	7.2
Educational qualifications		
Graduation	59	47.2
Post-graduation (Academic)	26	20.8
Post-graduation (Professional)	40	32
Years of experience		
0 to 2	408	68.0
2 to 4	115	19.2
4 to 6	53	8.8
6 to 8	24	4.0
8 and above	0	0.0
Monthly income (Rs.)		
10000 -25000	253	42.2
25001-35000	203	33.8
35001 -55000	122	20.3
Above 55001	22	3.7

Table 3: Factors and rank influencing the employee retention

Sl.No.	Factors/Rank	Agree	Partial Agree	Disagree	Total
1	Job satisfaction	310 (51.7)	174 (29.0)	116 (19.3)	600 (100.0)
2	Remuneration	508 (84.7)	72 (12.0)	20 (3.3)	600 (100.0)
3	Work life conflict	323 (53.8)	182 (30.3)	95 (15.8)	600 (100.0)
4	Training and development	537 (89.5)	51 (8.5)	12 (2.0)	600 (100.0)
5	Retention	360 (60.0)	172 (28.7)	68 (11.3)	600 (100.0)
6	Leadership	345 (57.5)	199 (33.2)	56 (9.3)	600 (100.0)

Table 4: Overall Rank of the motivational factors

Sl.No.	Factors	Total	Rank
1	Job satisfaction	335	I
2	Remuneration	237	V
3	Work life conflict	324	II
4	Training and development	225	VI
5	Retention	303	IV
6	Leadership	304	III

Table 5: Correlation between Employee's Retention and Different Factors

Factors	Mean	Std. Deviation	Pearson correlation
Retention	3.00	40.22	0.966
Remuneration	0.00	72.74	0.980
Training	0.00	79.37	0.952
work life conflict	3.00	30.46	0.994
Job satisfaction	4.00	26.53	0.987
Leadership	4.00	39.24	0.967

Correlation is significant at the 0.01 level 2-tailed.

Table 6: Correlations between Employee Retention and remuneration

Factors	Mean	Std.	Pearson correlation
Retention	3.00	40.2	0.687
Remuneration	0.00	72.7	

Table 7: Correlations between Employee Retention and training & development

Factors	Mean	Std.	Pearson correlation
Retention	3.00	40.2	0.976
Training and Development	0.00	79.4	

Table 8: Correlations between Employee Retention and work life conflict

Factors	Mean	Std.	Pearson correlation
Retention	3.00	40.2	0.543
work life conflict	3.00	30.5	

Table 9: Correlations between Employee Retention and Job Satisfaction

Factors	Mean	Std.	Pearson correlation
Retention	3.00	40.2	.521
Job satisfaction	4.00	26.5	

Table 10: Correlations between Employee Retention and leadership

Factors	Mean	Std.	Pearson correlation
Retention	3.00	40.2	0.654
Leadership	4.00	39.2	

Table 11: Educational Qualification Vs Motivational Factors Relating to Employee Retention (Anova test)

Factors	Mean Square	F	Sig.
Retention	4.18	3.98	0.03
Training	3.95	3.35	0.00
Remuneration	4.41	3.00	0.00
work life conflict	2.51	3.33	0.01
Job satisfaction	6.31	3.34	0.00
Leadership	11.47	3.39	0.02

Table 12: Experience Vs. Motivational Factors Relating to employee retention (Anova test)

Factors	Mean Square	F	Sig.
Retention	3.93	4.10	0.01
Training	4.98	4.00	0.04
Remuneration	3.39	3.78	0.00
work life conflict	4.74	5.56	0.00
Job satisfaction	4.22	3.54	0.00
Leadership	9.12	4.39	0.90