

Employee Retention- A Real Time Challenges In Indian IT Sector

Manju Dhillon

Research Scholar

Department of Management Studies

Deenbandhu Chhotu Ram University of Science and Technology, Murthal, Sonapat (India)

Email- manjudalal2010@gmail.com

India

Abstract:

Employee retention is most serious issue facing Indian IT sector due to shortage of skilled labor, economic growth and employee turnover. It is not only important to have the best and the most talented employees but it is equally necessary to be able to retain them for long period of time. There are many factors which affects the retention of employee. Today global explosion in business creates more opportunities and people are highly mobile not restricting to particular job. Human resources are the life-blood of any organization. Even though most of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. They are the most vital and dynamic resources of any organization. The purpose of this paper is to review the findings of research papers of various authors to derive the factors that affect the employee retention and different employee retention strategies that are adopted by organizations to retain its employees.

Keywords: Employee retention, IT Industry, Retention Strategies, Retention Factors.

Statement of the Problem

Talented employees have clear expectations of their employer and firm idea about what is required to achieve their career ambitions. As talent becomes more exclusive, it will be increasingly tough to keep great people. Indian IT industry is facing acute shortage of skilled IT professionals. Now large numbers of domestic as well as Multinational Companies setup their development centers in India creating number of job opportunities. The Indian IT professionals are in demand all over the globe. Due to ample of job opportunities available to employee they look for job change and it will cause attrition among organizations. Retaining the quality people have become for HR managers of IT organizations. The study aims at providing relevant information on factors affecting employee retention in Indian IT sector and strategies used by IT companies for retaining its employees.

Introduction

In the current scenario, employee retention has been interest to researcher, employers, and human resources in Information technology industry. The information technology industry is witnessing large scale attrition of talented employees and making retention of critical manpower resources a key challenge for human resources of an organization. Employee retention is the, organizational issues such as training time and investment, costly candidate search are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Employee retention is the technique adopted by organization to maintain an effective workforce and at same time meet organizational goal. In an organization customer satisfaction, organizational performance in terms of increased sales, satisfied colleagues and reporting staff, effective succession planning etc., is dependent upon the ability to retain the best employees in any

organization. Employee retention is a effort by organization to maintain a working environment which supports current staff in remaining with the company. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. If a person is not satisfied by the job he's doing, he may switch over to some more suitable job. In today's environment it becomes very important for organizations to retain their employees. Retention is not only important just to reduce the turnover costs or the cost incurred by a company to recruit and train. But the need of retaining employees is more important to retain talented employees from getting poached. Researchers have shown that in future, successful organizations will be those which adapt their organizational behavior with the realities of current working behavior. Employee retention can be done either directly or indirectly. An employee can be directly retained when a company signs a legal bond with employee for certain period of time. Retention is not a particularly formal process instead it focuses on maintain welcomed environment, member morale and organizational process.

Importance of Employee Retention

When an organization has hired good people, trained them, built them into high performing teams, it does not want to lose them. Given below is some of the rationale that describes the importance of the same:

- A pool of members who are available for organization whenever needed.
- A pool of members who could potentially be future leaders.
- Strong indicators of organizational success.

Organization makes so many efforts to attract and retain its employees. In today's competitive world only high salary and designation is not significant for employees to retain them in the

organization, but some other factors also play important role in their retention. The focus of this paper is to know how the organizations retain the talented employees in the organization focusing on the factors i.e. career development, leadership style, work environment, rewards and recognition, organizational justice, compensation and performance appraisal and different retention strategies adopted by organizations for retaining its talented employees.

Literature Review

The review of the literature is the basis of the research. It gives research work and investigator an understanding of the previous works that has been done and develop his insight. It serves as a foundation upon which all future work will be built. The following are some of the results and viewpoints of other scholars related to this study.

Fitz-enz (1990) recognized that not only one factor is responsible for employee retention, but there are several factors that affect the retention of employees like compensation, rewards, job security, training and development, supervisor support system, work environment and organizational justice. Ganesh (1997) in his research find out two types of factors that affect the retention of employees one is pull factor and the second is push factor. Push factors are dissatisfaction with the work environment, compensation, low employee benefits, lack of challenge, HR policies and lack of career development opportunities. Pull factors are those that attract an employee like higher compensation packages and more challenging work environment. Osteraker (1999) said that employee retention is the key factor for the success of the organization. He divide retention factors into three broad categories, i.e., social, mental and physical. The mental dimension of retention consists of work characteristics, flexible work tasks. The social dimension consists of contacts that employee have with others, both internal and

external. The physical dimension consists of working conditions and pay. Hay (2001) said that there are strategic ways for retaining top talent in the organization. By helping high potential employees have cross functional job for job and work related satisfaction, involvement in decision making, encouraging their ideas and helping them implement them, help in career development moves, skill building through effective and relevant training helps in retaining employees. Walker (2001) identified seven factors that can enhance retention of employee, compensation and appreciation of the performed work, provision of challenging work, chances to be promoted, good working environment, positive relations with colleagues, balance between personal and professional life and good communication system. Dockel (2003) suggested set of specific factors that affect retention of employees. These factors include compensation in the monetary and non-monetary form, job characteristics, training and development opportunities, and support from supervisor, career opportunities, work-life balance and organizational commitment. Kehr (2004) divided retention factors into three variables; power, achievement and affiliation. Power refers to dominance and social control. Achievement is when personal standards of excellence are met or exceeded and affiliation refers to social relationships which are established. Glen (2006) , describes a framework that manager can use when communicating with its employees to know that cause of retention consist of nine different predictors; organizational processes, role challenge, values, work life balance, information, recognition, management, work environment and product or services. Gentry et al (2007) find out that most important factor that affect retention of employees is supervisory support, if they will get that support then they will return that favor through retention. Hytter (2007) found that factors such as personal premises of loyalty, trust, commitment, identification and attachment with organization have direct affect on employee retention. She also explained that workplace factors

such as leadership style, rewards, career opportunities, training and development skills, physical working conditions and balance between personal and professional life has an indirect affect on employee retention. Meganck (2007) in his research recommended ways for reducing attrition. According to him career development considered to be the most important factor. Providing great career development opportunities makes the employees to stay in company for long period of time and enhances their loyalty to the firm. Also creating positive work environment enhances employee satisfaction and retention. Ans De Vos et al (2008) in his research identified HR manager's views and employees view on retention. According to HR managers factor that causes employee retention are career opportunities and financial rewards but for employees social atmosphere, job-content and work-life balance are the factors that cause employee retention. There is one factor that is supported by both is career opportunities.

Deery (2008) in his research suggested ways and methods to improve employee retention like effective recruitment and training and development practices to improve employee satisfaction and retention. Punia (2008) highlighted that in current economic scenario key factors that affect the employee retention are induction program me, scientific job analysis and fair & skill based distribution of work assignments. Study highlighted the influence of age on employee's position as important factor in employee retention. Devi (2009) suggested that for better retention of talented employees organizations must improve pay/compensation and benefits and other factors like good working conditions, flexible work-timing, cooperative teams, good bosses, cultures and value of the organization. Kyndt et al (2010) in his research find out that high potential employees and great leadership attributes have positive correlation to the intention of the employee to stay with the company. Simon (2011) in his research analyze that it is very important to retain employees because organizations have to spend lots of money in the

recruitment and training of the employees. Boyar et al (2012) suggested six reasons that help in explain why individuals leaving their jobs. These factors are family situations, travel distance, job-content, work related stress, relationship with friends and managerial support. It was found that employees who have less financial obligations are more likely to leave the organization. Zachariah (2012) indicated that there are personal reasons for leaving the organization; Organizational factors that influence employee to stay back in the current organization, personal factors that influence employees to stay back in the current organization, attitude of employees towards work and work relationship and expectation of IT professional from organization. Sinha (2012) identified that skill recognition is a very effective retention strategy at any age. Employees can be retained in an organization by providing them good compensation structure. Other retention strategies are providing employee with supportive and learning environment, Flexi timing, training and development opportunities are very important retention strategies for retaining the employees. James (2012) identified some important retention strategies. They include rewards and recognition, training and development opportunities, mentoring and coaching sessions, career planning, flexi work timing, annual performance appraisal, on site and day care facilities. At graduate level flexible work timing is very important retention strategy. Rewards and recognition is very important for retaining the employees. Best way to enhance the employee retention is to understand what employees want from organization. Suhasinin (2013) through his work suggested that employee leave the organization due to dissatisfaction with organizational culture, compensation, lack of motivation and challenging work environment but if the employees are provided with better career development opportunities, environment of openness and trust, effective utilization of employee's skills and management policies regarding rewards and recognition then employee retention can be encouraged. Nazia (2013) suggested that

work load is a reason of employee turnover so the strategies that can reduce work load should be adopted. It can reduced by job rotation, change in work location or by some other recreational activities. Strategies that can provide respect, rewards and recognition should implement in the organization. Welfare measures and grievance handling should be improved. The companies should provide recreational activities and yoga/meditation to its employees. Frequent reviews should be conducted in the organization. George (2015) find out two types of retention factors one at organization level and at job level. Organizational factors are management, pleasant environment, social support and developmental opportunities. Factors at job level are compensation, autonomy, work-load and work life balance. It was found that organizational level factors are more important for employee retention then job level factors Tripathi (2015) suggested that employees can be retained directly or indirectly in the organization. Directly by signing legal bond with the employee or indirectly by following some strategies. He categorized retention strategies at three level low, medium and high levels. At low level employees should be provided with good medium and high levels. At low level employees should be provided with good working conditions and some fun activities, at medium level focus should be at providing them training and development opportunities and at high level they are more interested in family holiday packages provided by company and timely good appraisal. Satpal et al (2016) in his study find out that work environment, family problems, compensation and relation with supervisors are the prominent factors that may be taken into consideration by an employee while planning for job change.

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. The retention of the precious IT workers become difficult day by day due to complex nature and demands of the work and inability of management to understand their need leading them to change their jobs. When an employee is planning to quit then there are some factors that are responsible for his job change. These factors are organizational culture, social support, work -life balance, job stress, relationship with friends, management policies and career opportunities. In the literature review it was find out that compensation, rewards and recognition plays a role in employee motivation which leads to employee retention. Similarly, training and career development was found motivator which leads to retention. The work environment also plays a very important role, it was found out that employees leave job due to work environment. Organizational justices also play a pivotal role in employee retention; if organization wants to retain its employee then it has to follow fairness formula. Employee career advance aspects or promotion opportunities have significant relation with employee retention. The review of literature suggests that good retention is about more than what a company does once an employee has been hired and established within an organization. This paper concludes that companies felt the importance of retention strategies and accepted that without it they won't be able to survive in competitive market. Some benefits like lucrative salary, flexible timing, better work environment and better career growth helps in retention. If any employee is leaving organization then HR department should intervene and know the exact reason for leaving. Organization should aim at developing effective retention practices and policies which increase employee retention.

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