

## ‘Employee Retention Strategy’: An Innovative and Multifaceted Onus of Management With Reference To SME IT Sector

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**Abstract:** *In modern years, employee retention has materialized as the uppermost defy for majority of the organization. It has become very much vibrant for business to retain, ripen and engross their talent to the unsurpassed promising magnitude. Hence a constant availability of a large pool of endowed and proficient people is crucial to carry out functions. However, employee turnover issue is a critical occurrence within IT industry universally and locally. To curtail this issue, academic attentions have diverted the focus upon the implementation of employee retention strategies. When employees leave the job, organization lost not only employees, but also lost the clients and consumers who were loyal with the employees, knowledge of production, existing projects, competitors and past antiquity of the organization. Organizations make massive exertions to attract capable employees and retain and maintain them in the organization. There are many elements which stimulate retention and it is required to understand employees expectations, that can make them to stay long back and perform well. The present paper seeks to identify the common problems faced by the IT sector in retaining its employees. For the accomplishment of this objective, data were collected from 50 IT Sector employees working with the help of a structured questionnaire.*

**Key Words:** *Employee Retention, Management Factors, Motivation and Pay benefits.*

### 1. INTRODUCTION:

Employee retention is a process in which the employees are stimulated to continue with the organization for the thoroughgoing period of time or until the accomplishment of the mission. Employee retention is constructive both for the organization as well as for the employee. Employees today are dissimilar. They are demanding, eloquent and moreover have prospects in hand. As soon as they feel discontented with the current employer or the job, they switch over to the next job. It is the obligation of the employer to retain their best employees. If they don't, they would be left with no virtuous employees. A good employer should know how to entice and retain its employees. Employee retention would necessitate a lot of determinations, energy, and resources but the results are worth in it. Efficacious organizations realize that an effective employee retention plan will help them brook their leadership and progression in the marketplace. Good organizations make employee retention a core element of their talent management strategy and organizational development process. Those that fail to make employee retention precedence are at risk of losing their top talented people to the antagonism.

Employee involvement, recognition, advancement, development and pay based on performance just get you started in your quest to retain your best. An employee retention program boosts the bottom line and improves customer Satisfaction. Remaining competitive in a tight job market means being able to offer IT talent strong benefits and a positive work culture — neither of these things are possible if the organisation is dealing with constant turnover. The first reason for this is that turnover tends to create a work environment that's less than attractive for potential new recruits. Turnover leads to more turnover, as employees leave because they're frustrated with a work environment that is constantly changing, job responsibilities that always shift, and a lack of the kind of interconnection needed for productivity and collaboration. Word travels fast in job recruit circles, and talented workers will assume the worst if they note that employees are frequently on the move. Secondly, replacing employees isn't cheap. CIO notes that employee turnover costs are as high as 2.5 times the salary of the exiting employee. That's going to be especially considerable in IT, where recruiters must search longer and harder for top talent. Add "soft" costs like a dip in productivity and money spent on training, and you've got a full-blown drain on your company's bottom line.

#### 1.1. Objectives of the study:

- To evaluate the Management factors influencing Employee Retention
- To assess the level of employees satisfaction towards various the retention strategies
- To provide suggestions for the reduction of employee turnover in SME IT sector

**2. RESEARCH METHODOLOGY:**

**2.1. Data collection:**

**Primary data:** Structured Questionnaire has been prepared and circulated among the IT employees and their responses have been collected and analyzed to arrive at the results. The questionnaire was based on Likert scale of five points was used in the questionnaire administered for the studies ranging from strongly disagree to strongly agree.

**Secondary data:** The secondary data was referred through the magazines research articles books and websites.

**Statistical tool:** Data analysis was conducted using IBM SPSS (Statistical Package for Social Science) version 20

**2.2. Limitations of the study:**

- The scope of the study was limited to SME IT sector only.
- The study covered a geographical area of Bangalore urban only.

**3. REVIEW OF LITERATURE:**

Lee, Holtom, Mc Daniel, Hill and Mitchell (1999), also done a research on this topic. They strongly argue that only attitudinal findings are not sufficient to explain this issue and suggests that many employee left current organisation without any specific reason. Hom, Caranikas-Walker, Prussi and Griffeth (1992) start a meta-analysis on employee turnover. As per them opinion only employee job satisfaction is not important but some times external economical issues or employment rate are also play important role in employee turnover. Generally as per current theory employee low job satisfaction is a major reason for leave organisation. But as per Lee et al (1999) there are new theories are needed to explain the different situation and reason. Some need to find out possible reason for which & why people leave the organisations. Lockwood and Ansari (1999) suggested several strategies for retaining key employees which mainly include HR practices. It is worth mentioning that employees of an organization are always at their best position to assess the organization’s HR practices as supported by Mackey and Boxall (2007). Budhwar and Mellahi (2007) declared HR practices as one of the important factors for organizational success and among HR practices recruitment and selection has extreme importance because all other HR practices come after them. Baptiste (2008) added that recruitment must be made according to the organizational needs and its future objectives by keeping in view the retention of the employees. Ali et al. (2000) declared recruitment techniques as the principal source of employee retention. In their article they mentioned that the recruitment strategies like employee referral programs and acquisitions as well as human resource development (HRD) are considered as the chief source for talent retention.

**4. DATA ANALYSIS AND INTERPRETATION:**

Hypothesis with respect to the Management factors:

- Alternative hypothesis: If there are good Incentive facilities in the organisation there will be high degree of employee retention.
- Null hypothesis: Good Incentive facilities in the organisation will not increase the degree of employee retention.
- Alternative hypothesis: Good communication system leads to high degree of employee retention.
- Null hypothesis: Good communication system will not lead to high degree of employee retention.
- Alternative hypothesis: high degree of team spirit increases the percentage of employee retention.
- Null hypothesis Team spirit is not related to employee retention
- Alternative hypothesis: The existence of good leadership in an organisation leads to increase in employee retention.
- Null hypothesis: Good leadership does not increase the employee retention
- Alternative hypothesis: highly experienced employees are assets to the organisation and reduce employee turnover
- Null hypothesis: highly experienced employees refuse to stay in the organisation for a longer period of time

**Table 1:** showing the respondents opinion in response to the questionnaire regarding the questions related to hypothesis on company factors

ANOVA						
Variables related to hypothesis on company factors		Sum of Squares	Df	Mean Square	F	Sig.
communication and interpersonal relationship is more transparent	Between Groups	130.545	3	43.515	1374.746	.000
	Within Groups	12.376	391	.032		
	Total	142.922	394			
	Between Groups	92.400	3	30.800	177.377	.000

communication system is good and transparent	Within Groups	67.894	391	.174		
	Total	160.294	394			
better coordination and team spirit among co-workers	Between Groups	92.724	3	30.908	162.766	.000
	Within Groups	74.248	391	.190		
	Total	166.972	394			
strategies followed to retain employees	Between Groups	93.932	3	31.311	357.389	.000
	Within Groups	34.255	391	.088		
	Total	128.187	394			
company identifies and rewards the leadership qualities	Between Groups	141.497	3	47.166	519.620	.000
	Within Groups	35.491	391	.091		
	Total	176.987	394			
company pays well to the employees	Between Groups	121.121	3	40.374	114.512	.000
	Within Groups	137.856	391	.353		
	Total	258.977	394			
company pays according to employees performance	Between Groups	92.400	3	30.800	177.377	.000
	Within Groups	67.894	391	.174		
	Total	160.294	394			
Pay survey is conducted regularly	Between Groups	116.456	3	38.819	345.162	.000
	Within Groups	43.974	391	.112		
	Total	160.430	394			
employees are made co-owners	Between Groups	112.542	3	37.514	529.512	.000
	Within Groups	27.701	391	.071		
	Total	140.243	394			
company provides attendance rewards	Between Groups	97.119	3	32.373	832.753	.000
	Within Groups	15.200	391	.039		
	Total	112.319	394			

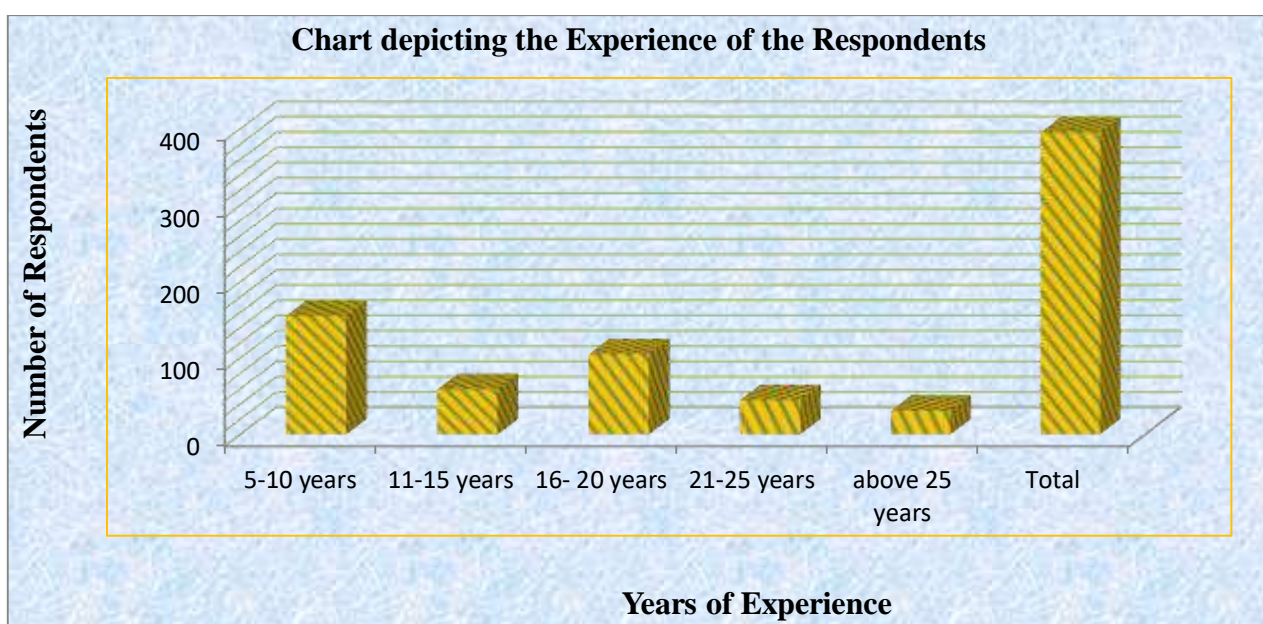
**Inference:** To understand the relationship between the variables relating to the hypothesis on Management factors such as communication and interpersonal relationship is more transparent, communication system is good and transparent, better coordination and team spirit among co-workers, strategies followed to retain employees, company identifies and rewards the leadership qualities, company pays well to the employees, company pays according to employees performance, Pay survey is conducted regularly, employees are made co-owners, company provides attendance rewards with the bondage with the company company identifies and rewards the leadership qualities leading to retention of the employees. Communication and interpersonal relationship is more transparent it is found that the mean square is 0.32 which shows that the result is highly significant hence the alternative hypothesis can be accepted and the null hypothesis is rejected. The next variable being Communication system is good and transparent its mean square is 0.174 which shows that the result is positive and there is high correlation between the variables which results in proving the alternative hypothesis. The next variable under study is better coordination and team spirit among co-workers and it is found that the mean square is 0.190 which depicts that it is highly significant which results in the acceptance of the alternative hypothesis. The next variable under study is strategies followed to retain employees and its mean value is 0.088 it shows that there is a high degree of correlation between the strategies to retain employees and their bondage with the company thus proving the alternative hypothesis. The next variable is company identifies and rewards the leadership qualities with the mean square value of 0.091 which has a high significance depicting that the development of leadership qualities among the employees builds the positive attitude towards the company and allows them to continue for a longer period. The next variable being company pays well to the employees and company pays according to employee's performance with mean square of 0.353 and 0.174 which shows that there is a positive and direct relationship between these variables resulting in the increased bondage with the company. The next variable under study is Pay survey is conducted regularly and the mean square being 0.112 depicting the fact that there is a positive relationship between these variables resulting in the acceptance of the hypothesis. The next variable is the employees are made co-owners which have a mean square of 0.071 which results in the acceptance of the alternative hypothesis and rejection of the null hypothesis. The last variable under study to prove hypothesis on management factors is company provides attendance rewards 0.039 which shows a positive correlation among the variables thus proving the alternative hypothesis and rejecting the null hypothesis. Therefore to prove the hypothesis on the management factors the variables under study prove that there is a positive relationship and a high degree of correlation among these variables thus it helps to prove the alternative hypothesis and rejecting the null hypothesis.

**Table 2:** Table showing the profile of the respondents with respect to their Experience in IT Company in response to the questionnaire

years of experience	Number of Respondents	Percent
5-10 years	155	39.2
11-15 years	59	14.9
16- 20 years	105	26.6
21-25 years	45	11.4
above 25 years	31	7.8
Total	395	100.0

Source : Data Survey IBM Statistics SPSS 23

**Chart Number 2:** Chart showing the profile of the respondents with respect to their Experience in IT Company in response to the questionnaire



**Inference:** from table number 2 and chart number 2 it is shown that the employees with 5 to 10 years of experience is about 39.2%, 11 to 15 years of experience is about 14.9%, 16 to 20 years of experience is about 26.6%, 21 to 25 years is about 11.4% and above 25 years of experience is about 7.8% . This allotment depicts that the company has a right allotment of experienced and fresher’s in the organisation. As the study is on small scale and medium scale IT industry it may not be possible to have too many highly experienced employees to run the organisation as their demand for salary will also be high which the company may not be able to provide for. The small scale and medium scale IT companies can manage with the fresher’s by arranging for a suitable training program for the new joinees to improve their efficiency.

**5. FINDINGS OF THE STUDY:**

- Communication and interpersonal relationship is more transparent it is found that the mean square is 0.32 which shows that the result is highly significant.
- Communication system is good and transparent its mean square is 0.174 which shows that the result is positive.
- Company identifies and rewards the leadership qualities with the mean square value of 0.091 which has a high significance depicting that the development of leadership qualities among the employees builds the positive attitude towards the company and allows them to continue for a longer period.
- Company pays well to the employees and company pays according to employee’s performance with mean square of 0.353 and 0.174 which shows that there is a positive and direct relationship between these variables resulting in the increased bondage with the company.
- One of the Management factors is that it provides attendance rewards is 0.039 which shows a positive correlation among the variables.



- The employees with 25 years of experience is about 7.8% the study is on small scale and medium scale IT industry it may not be possible to have too many highly experienced employees to run the organisation as their demand for salary will also be high which the company may not be able to provide for.

## 6. SUGGESTIONS:

- The company should implement better retention strategies to enhance employee efficiency.
- Retention Strategies should be revised periodically
- The payments can be protracted in order to encourage the employees.
- The company should provide opportunities for career and individual growth through training edification, thought-provoking assignments and more.
- The company should give a chance to employees for contributing in decision making.

## 7. CONCLUSION:

Given the growing needs for organizations to retain its best employees in the face of competition, the findings of the study suggest that certain variables are crucial in influencing the employees' decision to either leave or remain in an organization. Such variables include interpersonal relationship recognition/reward for good performance, a competitive salary package leadership quality and employee experiences. However, the prominence of other variables should not be Under- estimated when formulating a retention policy. It is only a wide-ranging assortment of fundamental and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in IT various organizations.

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- <https://www.bartleby.com/topics/Employee-Retention>
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