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Employee Retention Challenges and Strategic Dimensions Towards it Sector: A Study

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ABSTRACT

The study explores to identify the main challenges of retention management strategies in IT sector companies. Employees are willing to change the company due to certain uncomfortable activities generated in work timings and job flexibility. The hyper competitive IT sector environment experiencing a fierce competition for skilled employees. Increase in the productivity with quality rests in the key performers so retaining of key performers is important. Employee retention problem is highly persisted in the IT sector. According to recent surveys IT sector is facing the critical challenges on the recruitment and retention of best talent. The main objective of this study is to know the importance of employee retention and challenges in the IT sector by measuring the retaining factors based on the analytical study based on recent research suggestions is carried out on employee retention with the questionnaire surveys on the selected IT companies in Hyderabad. This study also emphasis on the employee retention and job flexibility relation. So, all the factors are categorized in to five sub- factors to explain the challenges of employee retention.

Keywords: Employee retention, Job flexibility, Challenges.

1. INTRODUCTION AND LITERATURE REVIEW

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. With the effect of globalization in the world Long-term health and success of any organization depends upon the retention of key employees. Two out of 5 IT leaders and IT professionals say their organization struggles with retaining IT talent. Nearly 70 percent of IT leaders note that this is a widespread challenge across their IT department and no specific skills are more fleeting than others. A high rate of turnover among top performers can have far-reaching

effects across all areas of business. The IT sector is playing prime role in generating revenue as well as in providing direct employment to around 2.3 million people in India According to the industry body NASSCOM, Indian IT sector is estimated to provide direct employment to around 10 million by 2020 India's human capital advantage has been one of the prime reasons for the rapid growth of the IT sector. Post-recession, the IT sector has seen tremendous growth and today the market has become extremely competitive. Talent attraction and talent retention has become a major challenge for the employer's IT sector has been the most attractive sector to work which provides an admirable work environment, attractive compensation and rewards along with good career growth opportunities. The economic downturn shows impact on IT companies in the form of huge salary cuts, downsizing, and reduction of incentives Motivation and retention of valuable employees leads to the success of business in turbulent environment.

The present scenario is quite complex where employers are facing the difficulty of attracting and retaining talent due to availability of more job opportunities. High recruitment costs, loss of expertise, decrease in productivity and lower quality are the results of employee turnover. Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joined, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stay in an organization for the maximum period of time. Research says that most of the employees leave an organization out of frustration and constant friction with their superiors or other team members. In some cases, low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors. It is the responsibility of the line managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day. Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively.

2. REVIEW OF LITERATURE

Cran (2012), the biggest challenge facing an organisation is keeping or retaining top talents (valued employees), considering today's workers attitudes and changing times. Retaining talent refers to employers' efforts to create an environment that engages employees for the long term and ensures that they keep desirable workers in order to meet business objectives (Masibigiri & Nienaber, 2011; Frank, Finnegan & Taylor, 2004). However, if employees are not satisfied with these efforts they can leave. Therefore, retention results from mutual satisfaction between employees and employers and occurs voluntarily (Kontoghiorghes & Frangrou, 2009). It is because of the significant importance of talent retention as a strategic tool to ensure work-performance superiority that it continues to top the list of priorities of CEOs (Kumar & Arora, 2012).

Siegfried Jr (2008), lack of proper communication to eliminate uncertainties could also make employees leave: "If there is bad news be honest and let employees know what the plan is as soon as

possible;” and that “The longer people sit in an uncertain situation, the more likely they are to start taking those phone calls and start looking around”. Establishing proper communication between managers and subordinates is paramount to retention. Benefits and pay may be additional incentives or ways but not main reasons for employees’ retention. For instance, communication, employee absenteeism, and productivity were found to go concurrently and poor communication is one of the main reasons for employee turnover (Drost, 2010). Leadership is another key factor to employee retention (Masibigiri & Nienaber, 2011). They argue that leadership play an important role in the needs of employees, manager-leader must communicate with employees regarding their needs; likes and dislikes. As soon as employees think that their values are incompatible with those of their organisations, they are prepared to leave. Furthermore, ongoing leadership skill development from the Top bottom is very crucial, since people do not leave their jobs but leave their leaders (Cran, 2012). Scott (2012) states that employers must focus retention efforts on their highest performers in order to thrive in today’s economy.

Lochhead and Stephens (2004) emphasis that skills, experience and corporate memory are lost when business losses employees: Consequently, productivity, profitability and quality of product and services are affected depending on the nature and magnitude of the loss, which is a critical management issue. It is important to point out that most of the retention practices (Recognition and Rewards; Compensation and Benefits; Training, Professional Development, Career Planning; Recruitment and Orientation; Healthy Workplace or Wellness Programmes; Work-life Balance; Job Design and Work Teams; Employee participation and Communication) listed in the HR literatures including (Lochhead and Stephens, 2004) are factors that inspire and build motivation (motivation factors). Ashby and Pell (2001 cited in Lochhead and Stephens, 2004) argue that inflexible companies characterised by dominant and autocratic organisational culture are likely to have dissatisfied employees not minding how fantastic the incentives to stay might be. Again, in evaluating disutility from work effort arising from different external constraint (care for sick family member or children) that draws on someone’s energy and work concentration.

Delfgaauw and Dur (2008) reported a remarkable difference in the number of workers that move from private sector jobs to public sector job where flexible work arrangement is highly practiced than those that move from public to private sector.

3. RESEARCH GAP

Most of the studies regarding employee retention and its factors have been under taken in the context of business organizations. There is not much research work is carried out in the context of retention challenges and strategies. My study comes across the challenges and strategic dimensions of employee retention towards IT sector. This makes the companies to attract its employees to retain in their company.

Objectives

- To study the importance of employee retention in the current changing socio-economic scenario in Indian IT sector.
- To analyses the challenges in the IT sector and measure the retaining factors of employee retention.

Hypothesis

- H1: There is no significant difference impact of Job flexibility (shifts) and employee retention.
- H2: There is no significant difference impact of Freedom of work on employee retention.
- H3: There is no significant difference impact of Career growth and employee retention.
- H4: There is no significant difference impact of On-sight opportunities and employee retention.
- H5: There is no significant difference impact of Stress relief programs (weekend games) and employee retention.

4. METHODOLOGY

Structured questions are used to ascertain details of respondent such as age, sex, working experience, and designation were given to 100 Employees from top IT companies out of which 56 were male 44 were female. A survey was done with the help of structured questionnaire on organization Retention challenges and Strategic dimensions given to 120employees of 10 top IT companies of Hyderabad city out of which only 100 respondents response has been collected. Close ended questions on 5 point likert scale were given to respondents from which the respondents had to select the suitable choice (ranging from Excellent, Good, Satisfactory, poor and very poor).

5. FINDINGS

Table 1 indicates the percentage of the sample drawn based on gender. 56% of respondents were male and, 44 % were female. It was found that in terms of designation, total percentage of Research is 41% out of which 30% are having 1-5 years of experience, 11% are having 6-10 years of experience. Total percentage of coding is 29% of which 20% are having 6-10 years of experience, 9% are having 11 yrs to 15 years of experience, Total percentage of Development is 22% out of which 20% are having 11 to 15 years of experience, 02% are having 16 to 20 years of experience, Total percentage of Testing is 8% out of which 8% are having 16 to 20 years of experience.

Table 1
Demographic Variables (Sample Size 100)

<i>Age</i>	<i>No. of Respondents</i>	<i>Percentage Value</i>
19-25	8	08.00
26-35	81	81.00
36-45	5	05.00
Above 45	6	06.00
Gender	No. of Respondents	
Male	56	56.00
Female	44	44.00
Work Experience	No. of Respondents	
1 to 5	39	39.00

(Contd..)

Age	No. of Respondents	Percentage Value
6 to 10	24	24.00
11 to 15	20	20.00
16 to 20	17	17.00
Designation	No. of Respondents	
Research	41	41.00
Coding	29	29.00
Development	22	22.00
Testing	8	08.00

1. Job Flexibility Timings and Employee Retention

Table 2
Descriptive

S.No.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	14	3.5714	.85163	.22761	3.0797	4.0631	2.00	5.00
2	24	3.6667	1.23945	.25300	3.1433	4.1900	1.00	5.00
3	35	3.7714	.94202	.15923	3.4478	4.0950	1.00	5.00
4	25	3.4800	1.19443	.23889	2.9870	3.9730	1.00	5.00
5	2	4.0000	1.41421	1.00000	-8.7062	16.7062	3.00	5.00
Total	100	3.6500	1.06719	.10672	3.4382	3.8618	1.00	5.00

Table 3
ANOVA
Job Flexibility and Employee Retention

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	1.577	4	.394	.337	.853
Within Groups	111.173	95	1.170		
Total	112.750	99			

The Table 2 explains about Mean and Standard deviation of Job Flexibility and Employee Retention. The table 3 explains about impact of Job Flexibility and employee retention and here Anova Significant value is .853 so there is no significant Different Impact of Job Flexibility on employee retention Hence Ho null hypothesis is accepted.

The respondent opinions that scheduling a Flexi timing and work from home for decrease the stress from the work timings related issues and if company welcome the suggestions feedback for effective retention. Here calculated value level of significance is greater than standard level of significance I.e. $0.853 > 0.05$. Which implies that Null hypothesis is accepted. So, there is no significant difference impact of Job flexibility on employee retention, From the above situation Employee retention factor flex timing and work from home (Dependent) provides job flexibility opportunities in work timings which helps to retain employees in to organisation.

2. Freedom of Work and Employee Retention

Table 4
Descriptive

S.No.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	10	3.0000	1.56347	.49441	1.8816	4.1184	1.00	5.00
2	16	3.4375	1.31498	.32874	2.7368	4.1382	1.00	5.00
3	23	3.6522	1.40158	.29225	3.0461	4.2583	1.00	5.00
4	30	3.2000	1.56249	.28527	2.6166	3.7834	1.00	5.00
5	21	3.0952	1.44585	.31551	2.4371	3.7534	1.00	5.00
Total	100	3.3000	1.45297	.14530	3.0117	3.5883	1.00	5.00

Table 5
ANOVA
Freedom of Work

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	5.236	4	1.309	.610	.656
Within Groups	203.764	95	2.145		
Total	209.000	99			

The Table 4 explains about Mean and Standard deviation of Freedom of work and Employee Retention. The Table 5 explains about difference between Freedom of work and employee retention and here Anova Significant value is .656 so there is no significant Different Impact of Freedom of work on employee retention Hence Ho null hypothesis is accepted.

The respondent opinions that Freedom of work will make the employees to act freely in the organisation and stress a raised from it, which lead to the employee engage with the company.

Here calculated value level of significance is greater than standard level of significance i.e. $0.656 > 0.005$ Which implies that Null hypothesis is accepted So, there is no significant difference impact of Freedom of Work on employee retention From the above analysis, we interpret that Freedom of work (dependent factor) on an employee retention.

3. Career Growth and Employee Retention

Table 6
Descriptive

S.No.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	10	4.3000	.48305	.15275	3.9544	4.6456	4.00	5.00
2	11	3.2727	1.19087	.35906	2.4727	4.0728	1.00	5.00
3	31	3.7097	1.13118	.20317	3.2948	4.1246	1.00	5.00
4	20	3.9500	.94451	.21120	3.5080	4.3920	2.00	5.00
5	28	3.7857	1.06657	.20156	3.3721	4.1993	1.00	5.00
Total	100	3.7900	1.04731	.10473	3.5822	3.9978	1.00	5.00

Table 7
ANOVA
Career Growth

<i>Particulars</i>	<i>Sum of Squares</i>	<i>DF</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	6.257	4	1.564	1.452	.223
Within Groups	102.333	95	1.077		
Total	108.590	99			

The Table 6 explains about Mean and Standard deviation of Career Growth and Employee Retention. The Table 7 explains about difference between Career Growth and employee retention and here Anova Significant value is .223 so there is no significant Different Impact of Career growth on employee retention Hence Ho1 null hypothesis is accepted.

The respondents feel that Career growth is important to get motivation to do work for the organisation and Managers discuss job related issues to employees and separate management policies are implemented it would give effective retention and Management. And Here calculated value level of significance is greater than standard level of significance i.e. $0.22 > 0.05$.

Which implies that Null hypothesis is accepted so there is no significant difference impact of Career growth on employee retention.

4. On Site Opportunities and Employee Retention

Table 8
Descriptive

<i>S.No.</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error</i>	<i>95% Confidence Interval for Mean</i>		<i>Minimum</i>	<i>Maximum</i>
					<i>Lower Bound</i>	<i>Upper Bound</i>		
1	13	3.3846	1.12090	.31088	2.7073	4.0620	2.00	5.00
2	21	3.6190	1.11697	.24374	3.1106	4.1275	1.00	5.00
3	22	3.8182	1.29601	.27631	3.2436	4.3928	1.00	5.00
4	21	3.7619	1.04426	.22788	3.2866	4.2372	1.00	5.00
5	23	3.6087	1.07615	.22439	3.1433	4.0741	2.00	5.00
Total	100	3.6600	1.12115	.11211	3.4375	3.8825	1.00	5.00

Table 9
ANOVA
On Site Opportunities

<i>Particulars</i>	<i>Sum of Squares</i>	<i>DF</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	1.850	4	.463	.358	.838
Within Groups	122.590	95	1.290		
Total	124.440	99			

The Table 8 explains about Mean and Standard deviation of On site opportunities and Employee Retention. The Table 9 explains about difference between On site opportunities and employee retention and here Anova Significant value is .838 so there is no significant Different Impact of On site opportunities on employee retention Hence Ho1 null hypothesis is Accepted.

The respondent's opinion that On site opportunities gives motivation to learn process related task and make them self motivated, giving enthusiasm to do work which lead to employee retention can be observed from analysis report. Here calculated value level of significance is greater than standard level of significance i.e., $0.838 > 0.005$, which implies that Null hypothesis is accepted so, there is no significant difference impact on On site opportunities on employee retention. From the above analysis on site opportunities gives motivation and voluntary decision making would make employees to balance their work and life and lead them to achieve their goals.

5. Stress Relief Programs and Employee Retention

Table 10
Descriptive

S.No.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	16	3.4375	1.36473	.34118	2.7103	4.1647	1.00	5.00
2	17	3.5882	.79521	.19287	3.1794	3.9971	2.00	5.00
3	32	4.0000	1.16398	.20576	3.5803	4.4197	1.00	5.00
4	31	3.8710	1.20394	.21623	3.4294	4.3126	1.00	5.00
5	4	4.2500	1.50000	.75000	1.8632	6.6368	2.00	5.00
Total	100	3.8100	1.16943	.11694	3.5780	4.0420	1.00	5.00

Table 11
ANOVA
Stress Relief Programs

Particulars	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	5.101	4	1.275	.330	.450
Within Groups	130.289	95	1.371		
Total	135.390	99			

The Table 10 explains about Mean and Standard deviation of Stress Relief Programs and Employee Retention. The Table 11 explains about difference between Stress Relief Programs and employee retention and here Anova Significant value is .450 so there is no significant Different Impact of Stress Relief Programs on employee retention Hence Ho1 null hypothesis is accepted.

The respondent opinion that variable job flexibility policies or management police's like Stress Relief programs (weekend activities, funny games) gives relaxation and decrease the stress level of employee that influence the employee retention. Stress from work arising is balanced by implementing temporary assignment and activities by organisation. Here calculated value level of significance is greater than standard level of significance i.e. $0.450 > 0.05$, which implies that Null hypothesis is accepted So there is no significant difference impact of Stress Relief Programs on employee retention.

6. CONCLUSION

The purpose of this study was how IT' companies Retention challenges and Strategic Dimensions have impact on employee's retention. The study found high efforts provided by IT' companies in Hyderabad to

retain existing employees and present job flexibility policies are appreciated by maximum of employees This study can help the top-management encourage Career Growth and On site opportunities in IT companies that may better develop their employee's retention and thus meeting organizational goals and objectives.

Hence it is observed that organizations should aim at developing effective employee retention policies and practices which improves employee work timings, shifts and schedules. Employee job flexibility and working areas have impact on employee productivity and retention. Job flexibility have a significant impact on employee retention. Organization has aim to design integrated approach to employee retention which includes best retention strategies like conducive motivation and voluntary decision making flexible timings and work from home facility, Freedom of work, Stress Relief Programs, for attaining competitive advantage in business environment.

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