A STUDY ON EMPLOYEE RETENTION STRATEGIES IN SELECTED COMPANIES OF IT INDUSTRY IN CHENNAI CITY

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Abstract:

Retention of the employee is not a matter of report or record maintained by the organization. It is about the understanding of employees concerns and helping at the right moment. Most of the organization forced to decrease the attrition rates, which leads to a focus on employee retention. It 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 valuable for an organization as well as the employee. This study is conducted to understand the employee retention strategies in selected IT companies in Chennai city. The study has adopted both analytical and descriptive type of methodology. The study primarily depended on primary and secondary data. Sample has been collected from 150 respondents.

Introduction:

In the competitive business scenario, employee retention turns into a major issue in every organization. For instance, if an employee leaves the organization, the management needs to incur additional expenses on recruiting, hiring and training a new employee. Therefore, it is essential for any organization to implement an employee retention strategy to hold their top talents for a prolonged period of time in the organization. It is also to be noted that most of the organization invests time and money to prepare a brand-new joiner, build him/her to confront the corporate workplace at equivalence with the prevailing employees to accomplish the

organizational goals. So, the formulation of a right retention strategy enables the management to save cost as well as helps in developing a sustainable competitive advantage.

Review of literature:

Tews et al., (2013) focused on the impact of fun activities and fun manager support on staff performance and revenue in the hospitality industry. Fun activities include initiatives such as social events, productivity competitions, team building activities, public celebrations of work achievements, and personal indicators. In turn, managerial support for fun reflects whether managers, in general, allow or encourage employees to have fun at work. The study found that fun activities have a positive impact on performance and fun support management has a positive impact on reducing revenue. Interestingly, Fun Manager support has negative effects on performance. So, whether the fun will ultimately pay off depends on the type of fun and the desired human resource effects.

Rathi and Lee (2017) investigated supervisor support with organizational commitment, turnover objectives, and life satisfaction, by examining the mediating role of Quality of Life (QWL). The results indicated that supervisor support is positively related to quality of work life. Furthermore, the quality of work life is found to be positively correlated with organizational commitment and life satisfaction, while there is a negative correlation between work quality and turnover objectives. In conclusion, the results showed that quality of work life mediated by combining supervisor support with organizational commitment, turnover objectives, and career satisfaction.

Factors of Employee Retention Strategies:

- **Compensation:**

"Salary and benefits policies are not being used strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment." Compensation act as a critical factor for increasing employee commitment and in reducing managerial turnover.

- **Training and development:**

In most of the cases, the organization always invests on its employees in the form of training and development, from whom they expect to return and give output on its investment. It is one of the vital retention techniques incorporated to keep their employees.

- **Rewards/Recognition:**

The reward provides an opinion that employees are valued within the organization. Also, recognition is vital for each worker/employee, wherein they experience that they are valued, recognized and appreciated in the workplace.

- **Work-Life balance:**

Work-life balance is one of the necessary factors that can affect the decision of employees to stay within the company. Furthermore, providing emotional support to employees through work-life balance reduces their intention to leave the company, and it can be seen that there is a direct relationship between employee stay decision and work-life balance. Therefore, companies need to improve "harmonious" stability between work and life in order to improve retention.

- **Work environment:**

This encourages commitment and provides an acceptable work environment for the company. Furthermore, they must implement substantial human resource policies to satisfy and retain employees by providing adequate privacy in the workplace. There was strong evidence that organizational sound control in the work system complements the motivational level of employee commitment over a long period of time, and that a favorable work environment helps retain employees.

- **Job satisfaction:**

Job satisfaction encompasses provides a substantial effect on the level of absenteeism, productivity, commitment and performance. Furthermore, job satisfaction not only enhances the retention of personnel's; however, but it also reduces the cost of hiring new employees.

- **Welfare:**

Welfare facilities can be considered as a technique to improve retention within the organization. Benefit insurance or pensions are generally low-income. If you receive employer-provided insurance (medical, dental and life), maternity leave, tuition-funded training and education, or employer-provided childcare, the margin benefits will be equivalent to one.

- **Communication:**

Retaining employees is highly motivated by effective communication techniques between leaders / managers and employees. The collaboration and communication strategy allows retention issues surrounding employees being satisfied with their jobs. Importantly, communication strategies related to career development and management are essential for retaining current employees and activating employees to the fullest potential.

- **Career Development:**

Personal and professional development is an issue that determines the retention of employees, which is noticed by the promotion opportunities in the company. Most studies highlighting career development opportunities should positively increase employee involvement in staying in a company. Opportunities for promotion and improvement are an important reason for employees to decide to leave or stay in a company. It is also identified as an important component for career development opportunities. They are development plans, internal promotion and accurate career previews.

- **Management/Organizational support:**

It has been established that management plays a decisive role in employee retention and that there is a direct link between employee retention and managerial behavior. The impact of management in retaining employees can be considered from two angles, namely leadership style and management support. Involving employees in decision-making encourages them to stay in a company. Support oversight from managers as a contributing element to retaining employees.

- **Respect/Fairness:**

Respect is an important element that helps companies retain their employees. Respect treatment is the primary form of providing essential equipment for work, and listening to employees' recommendations and recognizing good work is seen as a central variable for staying with their companies. Diversified workers also face additional roadblocks, which affects their retention. Managers need to understand what each generation has designed and provide a growing workplace based on mutual respect and emphasize capacity building.

- **Organizational effectiveness:**

The organizational effectiveness is realised through the employee engagement in the organization. It is focused on the capacity to access resources from their**,** it is also connected to the ability to access resources and absorption of resources and thus access to organizational objectives**.**

Statement of the problem:

The competition in the IT Industry is putting high pressure on companies to provide a shield for exclusive talent in a marketplace where demand exceeds supply. The competition for hiring new talent is very high; therefore, organizations have to rethink the strategies to recognize and retain talent. The competition to attract and retain human capital is highly thought provoking in the Indian business environment. Therefore, modern management is more concerned with retaining valuable and talented staff. Not only in the IT sector, but also in other primary industries that spend huge sums of money on recruiting and training skilled workers, child boomers and General X are also seeking stiff competition as they begin to retire amid a shortage of skilled labor. Millennials completely dominate the IT industry. Retaining talented employees in the IT sector is the most important thing as a result of brain drain. They have to work extra hours to make up for the work of the resigned employee. Indian IT professionals are in demand all over the world. Because employees have a lot of job opportunities, they expect job change, and this can cause frustration among companies. Retaining quality people for human resources managers of IT systems. The study aims to provide relevant information on the factors affecting the retention of employees in the Indian IT sector and the strategies used by IT companies to retain its employees.

Need and Importance of Employee Retention in IT Industry:

The major challenge confronted by the Indian IT industry is retaining the talented employees not attracting the prospective employees. The organizations need to understand that employees are the backbone of an organization. The key challenge facing the IT industry today is to recruit and retain the best skills for the company. Retaining employees is the most essential goal for any company because hiring talented candidates is more important to management, but their retention is more important than recruiting because a large amount of money is spent on the orientation and training of new employees. When employees leave the job, the company loses not only employees but also customers and clients who were loyal to the staff, product knowledge, current plans, competitors and organization history. Thus, companies make great efforts to attract talented employees and retain them in the company. There are many aspects that affect retention, and it is important to understand the expectations of employees so that they can

stay longer and perform better. The purpose of this study is to identify the different factors that affect the retention of employees in an organization.

Research Methodology:

The study has adopted both analytical and descriptive type of methodology. The study primarily depended on primary and secondary data. The descriptive methodology, focus as on defining the conceptual issues, whereas the analytical methodology used to ascertain various factors influencing employee's retention strategies in the IT industry and to measures the organizational effectiveness of the determinants. The study is conducted in two stages, i.e., with a preliminary survey, followed by the main research. The main purpose of the research is to investigate the impact of employee's retention strategies on organizational effectiveness in the IT industry.

Objectives of the study:

1. To study the factors influencing employee retention strategies in the IT industry

2. To understand the influence of employee retention strategies of organization on the personal factors of the employees

3. To analyse the relationship between organizational factors on the perception of employees' retention strategies

Data Collection:

Both secondary and primary has been collected for this study. Primary data is collected form the employees working in the IT industry, Chennai using structured questionnaire method and observation method. Secondary data was collected from journals, magazines, publications, reports, books, articles and booklets.

Limitations of the study:

The limitations of the study were listed below
1. The study conducted is limited to selected IT Companies located in Chennai city.
2. The data is collected from selected IT companies based on employee's perception and the opinions are subject to change over a period of time.
3. The study was based on a specific sample size within a particular location, and not generalizable in nature.
4. The sample size is limited to 150, which represents a small number compared to the millions of workforces who are currently employed in the IT industry. Though they are representative; the population may not express their true feeling while responding to the questionnaire based on the prevailing conditions of employee retention strategies in their organization.

Analysis and Discussion:

H1 = There is no significant relationship between employee retention strategies on employees' alignment

Table 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395[a]	.561	.170	.93961

From the above table it is found that that R value is0.395, R square valueis0.561, adjusted R square is 0.170 and standard error of the estimate is .93961. This explores that the independent variable have 56.1% variance over the dependent factor employee alignment.

Table 2: Anova

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.641	11	11.604	10.816	.000[b]
	Residual	95.351	108	.883		
	Total	112.992	119			

Source: Primary Data

From the above table it is clearly found that the F value is 10.816 and the P value is .000. Hence there is a significant relationship between retention strategies and employees' alignment in the organization.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.669	.868		1.922	.057
	Compensation	-.145	.187	-.074	-.777	.039
	Training and Development	.087	.222	.044	.393	.695
	Rewards and Recognition	.295	.208	.142	1.418	.019
	Work-life balance	-.137	.194	-.069	-.704	.483
	Work environment	.488	.204	.243	2.395	.018
	Job satisfaction	-.081	.204	-.040	-.396	.693
	Welfare	-.315	.197	-.160	-1.602	.112
	Communication	-.021	.192	-.011	-.111	.912
	Career development	-.375	.204	-.186	-1.839	.049
	Management / Organizational support	.420	.204	.208	2.060	.042
	Respect / Fairness	.112	.063	.164	1.785	.077

Source: Primary Data

From the above table it is found that compensation (Beta value -.074), training and development (Beta value .044), rewards and recognition (Beta value .142), work-life balance (Beta value -.069), work environment (Beta value .243), job satisfaction (Beta value .040), welfare (Beta value .160), communication (Beta value -.011), career development (Beta value -.186), management organizational support (Beta value .208) and respect/fairness (Beta value .164). The factors that compensation (P value = .039), rewards and recognition (P value = .019), work environment (P value = .018), career development (P value = .049) and management organizational support (P value = .042) are statistically significant at 0.05 significant level.

H2 = There is no significant relationship between employee retention strategies on improvement of employees performance

Table 4:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360[a]	.430	.741	.38090

From the above table it is found that that R value is 0.360, R square value is 0.430, adjusted R square is 0.741 and standard error of the estimate is .38090. This explores that the independent variable have 43.0% variance over the dependent factor improvement of employee performance.

Table 5:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.648	11	2.786	10.461	.000
	Residual	205.944	108	1.907		
	Total	236.592	119			

From the above table it is clearly found that the F value is 10.461 and the P value is .000. Hence there is a significant relationship between retention strategies and improvement of employee performance in the organization.

Table 6:

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.958	1.276		3.102	.002
	Compensation	-.132	.275	-.047	-.482	.631

	Training and Development	.421	.327	.148	4.287	.000
	Rewards and Recognition	-.107	.306	-.036	-.351	.726
	Work-life balance	-.166	.285	-.058	-.584	.561
	Work environment	-.187	.299	-.065	-.626	.532
	Job satisfaction	.421	.300	.146	5.407	.000
	Welfare	.098	.289	.034	.338	.736
	Communication	-.122	.282	-.043	-.432	.667
	Career development	.103	.300	.035	.343	.732
	Management / Organizational support	-.458	.300	-.156	-6.526	.000
	Respect / Fairness	-.295	.092	-.297	-3.189	.002

From the above table it is found that compensation (Beta value -.047), training and development (Beta value .148), rewards and recognition (Beta value -.036), work-life balance (Beta value -.058), work environment (Beta value -.065), job satisfaction (Beta value .146), welfare (Beta value .034), communication (Beta value -.043), career development (Beta value .035), management organizational support (Beta value -.156) and respect/fairness (Beta value -.297). The factors that training and development (P = .000), Job satisfaction (P = .000) have positive relationship with improvement of employee's performance as well as the factors of management organizational support (P = .000) and respect/fairness (P = .002) have negative relationship with improvement of employee's performance respectively.

H2 = There is no significant relationship between employee retention strategies on team building

Table 7:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.387[a]	.150	.064	1.37520

From the above table it is found that that R value is 0.387, R square value is 0.150, adjusted R square is 0.064 and standard error of the estimate is 1.37520. This explores that the independent variable have 15.0% variance over the dependent factor team building.

Table 8:

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.078	11	3.280	5.734	.000
	Residual	204.247	108	1.891		

	Total	240.325	119			

From the above table it is clearly found that the F value is 5.734 and the P value is .000. Hence there is a significant relationship between retention strategies and team building in the organization.

Table 9:

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.259	1.261		3.376	.001
	Compensation	-.532	.269	-.185	-1.978	.049
	Training and Development	.004	.328	.001	.011	.991
	Rewards and Recognition	-.302	.304	-.099	-.995	.322
	Work-life balance	-.036	.285	-.012	-.126	.900
	Work environment	-.073	.298	-.025	-.244	.808
	Job satisfaction	.496	.297	.170	1.668	.048
	Welfare	.698	.288	.034	2.342	.000
	Communication	-.464	.281	-.022	-1.229	.019
	Career development	.174	.298	.059	.582	.561
	Management / Organizational support	-.109	.302	-.037	-.362	.718
	Respect / Fairness	-.292	.092	-.290	-3.189	.002

a. Dependent Variable: teambuilding

From the above table it is found that compensation (Beta value -.185), training and development (Beta value .001), rewards and recognition (Beta value -.099), work-life balance (Beta value -.012), work environment (Beta value -.025), job satisfaction (Beta value .170), welfare (Beta value .034), communication (Beta value -.022), career development (Beta value .059), management organizational support (Beta value -.037) and respect/fairness (Beta value -.290). The factors that compensation (P = .049), communication (P = .019) and respect/fairness (P = .002) have negative relationship with team building as well as the factors of job satisfaction (P = .048) and welfare (P = .000) have positive significant at 0.05 significant level.

Suggestions:

- The organizations ought to create a positive employee experience to attract and retain employees in a highly competitive job market. The well-structured employee experience leads to high levels of work engagement, work enthusiasm, job involvement and employer brand commitment.

- Employee companies need to update human resource practices by digitizing all employee-related tasks and make proper use of technology in regulating performance reviews, hiring, internal boarding, processing pay, employee self-service and more. Without paperwork on boarding, online access to compensation and benefits information makes it easier and more flexible for employees to manage data.

- Employment Management should treat employees as well as clients in order to improve engagement, retention and experience in the workplace. Superiors or immediate supervisors should support them and provide a solution to their problems to act more effectively.

- Companies need to provide flexibility to employees for collaboration so that employees can connect remotely with technologies and manage project / work online. This allows them to share the work progress of each task with team members.

- Management should be transparent and conduct impartial performance reviews, compensation offers, training and development sessions and follow-up plan for employees to establish a clear and objective culture.

- Objective is to align the goals of the organization's employees very efficiently and thoroughly with organizational objectives. It promotes interactions between employees and managers to create a healthier work environment.

- S IT sectors are always inspiring millennials, followed by General Z Millennials with innovation. Technology enabled the work environment to enhance the creativity and efficiency of employees. This allows management to retain employees for longer periods of time.

- Placement Management should also strive to recognize the best performing employee to improve the workplace experience. Reputation and recognition in the workplace motivates employees to be more productive and motivates them to work harder.

- Companies need to ensure the proper selection of managers and leaders. In most cases, employees leave not because of the organization, but because of their bad bosses.

- The organization must accept the opportunity for socialization, team building and bonding activities play an important role in retaining employees.

Conclusion:

The study inferred that IT companies, offering competitive and alluring salary are also one of the problems when it comes to retaining their employees as they feel a little difference in their pay they shift from their organization to another over a short period, since IT companies feeling recruiting or replacing the new employee cost is too high while comparing to retaining the existing employee. Improving retention is an important issue for every IT company to establish in the competitive business world, and companies are trying to redefine HR policies and practices to retain employees for the long term. Factors influencing retention in the IT sector in this study include compensation, training and development, rewards and recognition, work-life balance, work environment, job satisfaction, well-being, communication, career development, management or organizational support and respect / honesty. From the above factors, the system can increase their productivity and profitability. In particular, compensation, optimal work environment, and communication can improve retention, so retention has a positive impact on organizational performance. In the end, the IT industry needs to find a way to retain employees to achieve greater organizational goals. Also, the organization needs to understand the potential

pitfalls that prevent employees from leaving. There is no single policy to retain the IT sector and
staff who are constantly striving to improve human resources practices.

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