

## Employee Retention Strategy

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*Abstract*— Employee Retention is one of the key challenges faced by IT Organization. Employees are the assets of any organization and organization cannot afford losing its key performers. Effective retention strategies can reduce employee turnover and increase retention within an organization. Key employees are the instrument for overall growth and development of an organization. Thus, for retaining best employees, an organization has to design appropriate strategies. The present paper is to identify the major causes for employee turnover and analyse the factors involved in retaining employees and also study the most prominent employee retention strategies adopted by the organization. For this purpose, primary data for the research is collected with the help of questionnaire and secondary data collected through books, research papers, online journals, project reports and internet. The sample of the study is 120 employees. The outcome of the study is expected to help the HR Managers of the IT Organizations in minimizing the attrition rate by developing effective retention strategies.

**Key words:** Employee Retention, Employee Turnover, Attrition

### I. INTRODUCTION

Employee retention is a process in which the employees are encouraged to remain within 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. If the employees feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees.

Organizations are facing the challenge of employee retention due to increased competition in the market. It is crucial for organization to hire competent employees to gain a competitive advantage in the market. However, retaining competent employee is more important than hiring. Organizations are always searching for talented employees and spent time and money on their employees for future return aspects. Factors like lack of skilled workforce, economic growth and employee turnover demand to devise policies to increase employee retention. It is hard to measure the exact cost associated with turnover for organizations. When an employee departs from an organization, he/she brings out with him all the information about the company, clients, projects and past history, very often to competitors.

The current study is aimed to analyze the employee retention strategies. It is imperative for an organization to develop an environment within the organization to motivate employees to stay in the organization. The organizations are also concerned about the costs associated with employee turnover, which is usually 2.5 times greater than the salary of an individual. However, organization facing employee

turnover may not bear the cost of this situation in monetary terms only. If we assume that the overall workload remains constant, the short time burden on the remaining employees will increase and will have a negative impact on their motivation. In long run the organization losses the long-time employees that possess specific knowledge, know-how and skills. The cost is the shape of customer loss, productivity loss and business should also be considered. Moreover, the hiring of new employee is associated with additional expenses. These expenses are incurred in the form of advertising, screening, verifying credentials, interviewing and training of new employees etc.

Employee retention consists of procedures through which employees are boosted to become part of the organization for a longer period of time until he/she gets retired or until the project gets completed. For achieving individual as well as organizational goals, it is very much essential to retain talented employees. The HR manager must know how to attract and keep good employees because these are the employees who can make or break the organization's goodwill. Successful employee retention does not rely on a single strategy. The decision of an employee to stay in the organization is effected by a number of factors depending on a variety of elements like the individual's age, the family situation, mentoring, career and learning opportunities, good benefits, networking and the external job market or job title.

Talented and good employees are asset of an organization. Retaining talented employees is highly important for the long-term growth as well as success of the business, but the retention of employees has become the major problem facing today's organizations. The cost of hiring new employee varies and it includes a wide variety of expenses such as advertisements, recruiters 'salaries and reimbursements of candidates 'expenses. The company also incurs the various start-up costs of replacing an employee such as administrative expenses and training. Thus, it is necessary to retain the talented employees not because of the costs incurred on them by employers, but also because of the required output they give to the organization. Poaching and job-hopping has become the order of the day. As the Organization began to feel the impact of the rise of voluntary employee turnover, employee retention strategies emerged.

### II. STATEMENT OF THE PROBLEM

IT industry is characterized by acute shortage of skilled IT professionals. In this context poaching and job-hopping has become the order of the day resulting in high level of attrition among Organizations. Retaining critical workforce in the Organization is therefore a challenge posed by HR Managers of IT Organizations. The study aims at providing relevant information required by HR Managers to devise Retention strategies specific for leading IT Companies (Shalom Infotech, DCS Global Info, Intelligent Soft Solutions, and GLIDERSOFT Technologies) in Chennai.

### III. OBJECTIVES

- To identify the strategies for retaining employees in leading IT companies at Chennai.
- To find out the major causes for the employee turnover.

### IV. REASONS FOR EMPLOYEE TURNOVER

#### A. Job is not what the Employee Expected to be

Sometimes the job responsibilities don't come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.

#### B. Job & Person Mismatch

A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won't be able to perform it well and will try to find out reasons to leave the job.

#### C. No Growth Opportunities

No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.

#### D. Lack of appreciation

If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in job.

#### E. Lack of Trust & Support in Co-Workers, seniors & Management

Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in.

#### F. Stress from overwork & Work Life Imbalance

Job stress can lead to work life imbalance which ultimately many times lead to employee leaving the organization.

#### G. Compensation

Better compensation packages being offered by other companies may attract employees towards themselves.

#### H. New Job Offer

An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth

and learning etc. can lead an employee to leave the organization.

### V. RESEARCH METHODOLOGY

The present study adopted the descriptive research design. Regarding the population, 120 employees were considered as sample in which 30 employees are taken from each company. Data regarding employee perceptions on employee retention practices were collected by using Convenience Sampling method. The primary data was collected through questionnaires which were filled by the employees of the company. The variables used in the study are career advancement and opportunities, superior support, work environment and facilities, work pressure, rewards and recognition. For analyzing the major determinants of employee retention, the secondary data was gathered from the books, research papers, online journals, project reports and internet.

### VI. LIMITATIONS OF THE STUDY

- Due to time constraint and administrative issues of the organization, the samples size had to be restricted.
- The respondents might not have disclosed their actual opinions on certain issues related to the organization which could be confidential in nature.

### VII. DATA ANALYSIS

A questionnaire was designed in order to collect respondent opinion on their perceptions regarding ER strategies in the organization. The questionnaire mainly consisted of closed-end questions and likert scale technique has been used. The responses from every respondent for each determinant are scored on a five point scale i.e.; Highly Satisfied, Satisfied, Neutral, Dissatisfied and Highly Dissatisfied. Higher scores in each determinant indicate the high level of impact on employee retention and lower scores indicates less impact of determinants level of job satisfaction. The questionnaire was consisted of 30 items, excluding demographics were asked from the respondents, which were related to the determinants taken in the study. Data collected from the study were presented and analyzed using MS-Excel applications. The responses of the various respondents have been given below

S.No	Major Factors	Responses				
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
1.	Career Advancement and Opportunities	20	39	28	15	18
2.	Superior support	32	25	30	17	16
3.	Work Environment and facilities	15	40	31	21	13
4.	Work pressure	11	15	22	30	42
5.	Rewards and Recognition	13	18	25	29	35

Table 1:

### VIII. CAREER ADVANCEMENT & OPPORTUNITIES

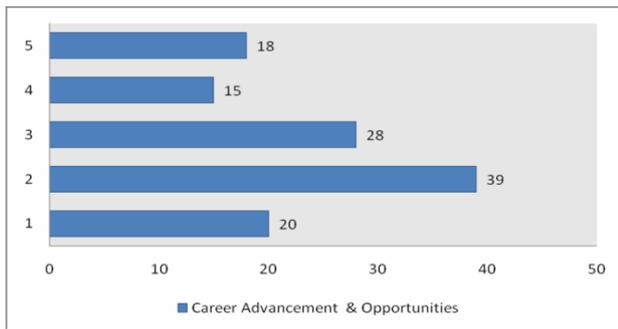


Fig. 1:

Out of 120 respondents, the overall response of IT Employees with respect to career advancement and opportunities is 32.5% respondents were satisfied and 16.7% of respondents were highly satisfied which indicates that there are better career advancement and opportunities in those IT companies.

#### A. Superior Support

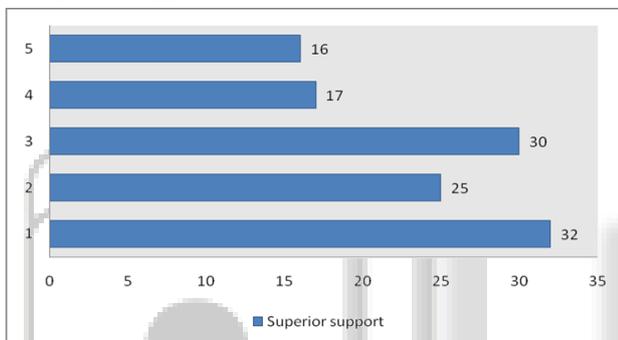


Fig. 2:

Out of 120 respondents, the overall response of IT Employees with respect to superior support is 26.7% respondents were highly satisfied and 20.8% of respondents were satisfied which indicates that there is good relationship between superior and employees in those IT companies.

#### B. Work Environment & Facilities

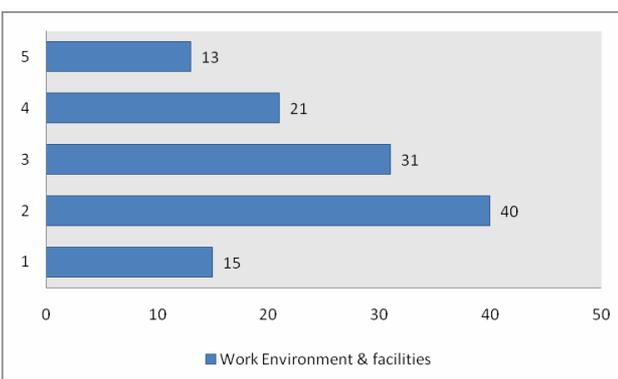


Fig. 3:

Out of 120 respondents, the overall response of IT Employees with respect to work environment and facilities is 33.3% respondents were satisfied and 12.5% of respondents were highly satisfied which indicates that employees feel comfortable with the working environment and satisfied with the facilities provided by those IT companies.

#### C. Work Pressure

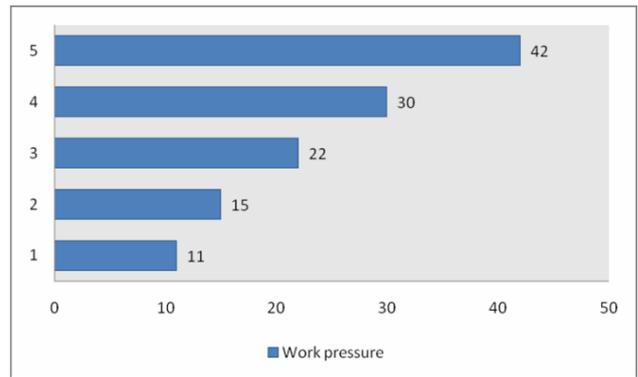


Fig. 4:

Out of 120 respondents, the overall response of IT Employees with respect to work pressure is 35% respondents were highly dissatisfied and 25% of respondents were dissatisfied which indicates that employees are overloaded with work in those IT companies.

#### D. Rewards & Recognition

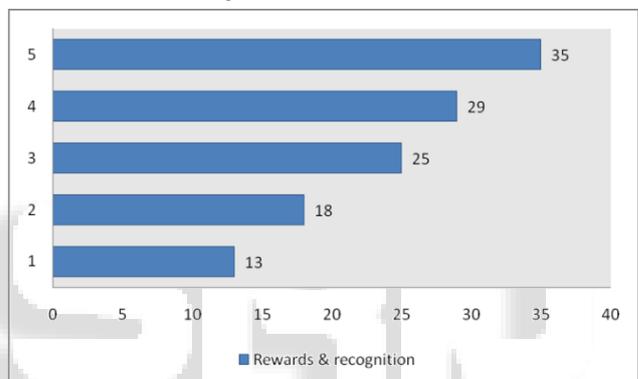


Fig. 5:

Out of 120 respondents, the overall response of IT Employees with respect to rewards and recognition is 29.2% respondents were highly dissatisfied and 24.2% of respondents were dissatisfied which indicates that the employees are not rewarded for their performance in those IT companies.

### IX. FINDINGS

In this study it is understood that, there are three retention variables which influences most for retaining employees are Career advancement and opportunities, Superior support, Work environment and the remaining two retention variables such as Work pressure, Rewards and recognition are least influencing for employee retention in IT companies.

### X. SUGGESTIONS

- 1) The organization should provide stress free work environment for employees by providing flexible working hours through job sharing, week-end off and work from home so that the people enjoying their work, make work place cheerful and fun-filled as possible.
- 2) The knowledgeable and skilled employees must be rewarded by the company for their best performance by giving periodical raise in salary and promotion.

## XI. CONCLUSION

Employee turnover increases the attrition rate and reduces the retention of employees. Retention of the employees reduces the cost of the product, increase productivity and condense brain drain of the particular industry. The exponential growth of IT sector has prompted the Organization to focus on employee centered employment relationship to hold back the employees. The employee retention has been quite challenge for IT-units and HRD should focus on Work pressure, Rewards and recognition retention strategies. Organizations have to provide their employees with the best career advancement and opportunities, supervisor support, working environment, work pressure, rewards, and recognition and should work on them. In this way, it will help the employees to put their best in the organization.

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