



Employee Retention Strategies at Selected IT Organisations, Hyderabad

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

Innovative, efficient and effective strategies of an organisation to retain their best talents are called employee retention strategies; a voluntary attrition is a dysfunctional employee turnover where the best employees of an organisation leave the organisation voluntarily. In the present day scenario voluntary attrition is termed as the great resignation ¹ in the Information Technology (IT) sector, this great attrition has continued since 2020 and is predicted to continue till 2025 so employee retention has become a challenging task for IT sectors to retain their best talents. Every organisation to gain competitive advantage should follow the best retention strategies. At the end of the Year 2022, software industries recorded an average of 20 to 25% ² attrition rate which is the highest record that the IT sector has ever seen in the past 10 years and now in the year 2023 it is 17-18% on average in June quarter and is even predicted to continue in the recession period in top IT industries called Brain drain, so tracking the great talent exodus in IT sector has become a critical and ongoing challenge for the IT industries.

¹ Great Resignation - coined by Anthony Klotz (a professor of business administration at Texas A&M university) for mass exodus.

² 20 - 25% given in 17 th December 2022 business standard e paper by Sunil chanman koti chief executive officer of team lease Digital.

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This paper empirically reviews the various available reviews of literature and research work already done and this paper also reveals that in addition to monetary benefits there are many other retention strategies to retain the best talents. This paper also studies the perception of employees on employee retention strategies and the relationship between demographic factors like gender, age and experience towards employee retention strategies. The data was collected from 100 employees by convenience sampling procedure and the statistical tools like percentage, mean, regression analysis and ANOVA techniques have been used for data analysis. It has been observed that there is a significant difference between the age of employees and intention to stay and there is a significant impact of retention strategies on the intention of the employee to stay back in the organisation. Each employee is unique in terms of their perception towards employee retention strategies. A strong employee value proposition (EVP) can act as the best retention mantra.

Keywords: Great resignation; brain drain; EVP; retention mantra; intention to stay.

1. INTRODUCTION

Employee retention is a phenomenon of actively retaining the best talents by addressing their diversifying needs. Employee retention strategies are an organisation's various policies and practices to stop the potential employee from leaving the organisation. So employee retention can be termed as the organisational ability to retain the best skills within the organisation. Each and every organisation is obliged to spend money and time on a new candidate to recruit, select, train and make him/her competent in his/her role. When such an employee leaves the organisation voluntarily then it causes a great loss to the organisation. The costs associated with it are as follows:

- Loss of skilled and talented employees,
- Decreased commitment of employees,
- Decreased morale of employees,
- Low productivity of the organisation,
- Cost of the manager's efforts to understand the remaining work left by the leaving employee
- Loss in terms of time, like training time, mentor time, staff manager time, etc.

In addition to above losses, it can be observed that an individual staying for a longer time in an organisation becomes more loyal towards the organisation and becomes more familiar with the company's policies whereas the new employee needs time to adjust with other employees, work and policies of the organisation. So the skilled and long standing employees are the worthy assets of an organisation. In the present era there is a significant increase in voluntary attrition even in the leading Information Technology (IT) companies which showed a great attrition rate of 20-25%. Business reports revealed that this

attrition rate of 25% is the highest in 10 years. This attrition is termed as great resignation in the IT sector. The Great resignation was carried out in the IT sector from the year 2020 to 2022 and it is continuing for the present year. The attrition rate is found to be 17-18% on average for the current year 2023. Exhibit 1 depicts the quarterly attrition rates of leading IT companies.

Exhibit 1. Sample of attrition rates in IT companies

TCS company:

December Q3 (FY 22-23) 21.3%,
March Q4 (FY 22-23) 20.1%,
June Q1 (FY 23-24) 17.8%.

Infosys company:

December Q3 (FY 22-23) 24.3%,
March Q4 (FY 22-23) 21.9%,
June Q1 (FY 23-24) 17.3%.

Wipro company:

December Q3 (FY 22-23) 23.8%,
March Q4 (FY 22-23) 19.2%,
June Q1 (FY 23-24) 17.3%.

*Source: www.thehindubusinessline.com and
www.livemint.com*

Exhibit 1 is taken from the different businesses reports. In spite of recession huge attrition rates are seen in Q1 June (FY 23-24). So every organisation has to analyse the reasons for this great resignation. The following factors are the important causes of employee attrition:

- Absence of employee satisfaction in terms of compensatory benefits like salary remuneration and fringe benefits. According to Gardner D.G. [1] a good compensatory strategy is the best retention strategy;

- Lack of job security. Davy J. [2] declared that job insecurity is directly related to job dissatisfaction among employees leading to attrition
- Minimal health and insurance benefits
- Least retirement benefits
- Little or no non-monetary benefits like respect, appreciation and recognition. As per Watson Wyatt investigation about the recognition strategy in many major Industries sectors it was concluded that employees not only expect monetary rewards but also expect recognition from their organisation
- No career growth, according to Prince [3], any organisation to maintain a competitive advantage, it should offer career growth opportunities such as advancement plans, training and promotions to their employees
- No career ladder, work life balance measures etc., are the factors that contribute to employee voluntary turnover.

Organisation to minimise the reasons of attrition should gather the information about the employees perceptions about job and organisational factors from several sources like exit interviews, current employee focus groups, linkage research, predictive turnover studies, qualitative studies etc and should also analyse the losses associated with voluntary attrition. Organisation should also analyse the benefits of employee retention like an increase in organisational productivity, an increase in morale of the employees, an increase in teamwork and the reduction of grievances and complaints. So in the present cutthroat global competition, employee retention is a critical and ongoing challenge for an organisation. Nowadays, employees have multiple apathies like economic, professional and family. Each and every employee is unique. The COVID-19 pandemic has entirely changed the work scenario, people are working from home and hence emotional contact with the employer is missing. Consequently, in the present situation, theory Z by William Ouchi³ may work as an appropriate retention mantra to retain human assets of the organisation. This article sheds some light on the perennial critical ongoing problem of talent retention. This article studies strategies like the competitive monetary system, job security, health and safety measures, training and development programs, human value system, work life

³ William Ouchi; *Explained Japanese management style in his book theory Z which was later published by Asthwappa*

balance, hybrid work culture, moonlight program⁴, ESOP⁵ etc.

2. REVIEW OF LITERATURE

Kumar [4] studied the influence of factors such as working hours, conditions of working environment, training practices and promotion facilities on the retention of employees. By using multiple regression analysis, he found that all the factors had a significant impact on the retention of employees and the promotion opportunities had a maximum positive significant relation with employee retention.

Divya and Sridevi [5] studied the retention factors to minimise the retention as well as the importance of onboarding talents, a talent management strategy to retain the required talents and concluded that there existed a positive relationship between an effective onboarding process and retention of employees.

Murty and Sundar [6] studied the different causes for employee retention and how turnover intentions prevailed among the employees of TCS, Accenture, Wipro, Infosys and HCL. By using ANOVA technique it was found that turnover intentions are not sensitive to the companies and the reason for turnover is the same in all organisations, so the organisation has to implement the best retention strategies to minimise attrition.

Sheshagiri and Gayatri [7] objectives were to find and evaluate the most important factors of retention and attrition in the automobile sector. They adopted descriptive statistics They concluded that 26% of the employees were not satisfied with the workload, 80% of the employees were satisfied with the welfare schemes and recognition strategy of the organisation and 75% of employees were satisfied with the employee engagement and training facilities provided by the automobile organisation.

Akansha [8] listed out many retention strategies and tried to find the relationship between each factor and employee retention. Statistical techniques used are Cronbach's Alpha reliability statistics, T-test, and ANOVA. It was found that the gender of employees had no significant difference on employee retention.

⁴ It is an act of taking a job in addition to once regular employment.

⁵ Employee stock ownership plan

Faisal [9] explained how different types of organisational commitments affected the job characteristics and retention of employees in Qatar. They found that a significant, positive association existed between job characteristic variables and different types of organisation commitments. Autonomy in the job gave more satisfaction to the employees, skill variety, task identity and feedback about employee's performance also gave job satisfaction to the employees of Qatar.

Ayodhyaram's [10] objectives were to study to what extent compensation benefits, training & development and career growth, affected employees in their decision to stay with the organisation. Descriptive research methods like the Chi square test, F-test and T-test were used. He concluded that senior employees got greater personal satisfaction and a greater sense of accomplishment from the work when compared to entry- level employees.

Sheridan [11] studied how organisational culture affected retention rates in about 904 college graduates who were recruited in six public accounting firms. After investigation they found that the cultural values strongly influenced voluntary attrition of the employees and the voluntary attrition rates of the employees significantly affected the organisation's performance.

Amirhossein Ghapanchi and Aybuke Aurum [12] gave systematic review after a research from 1980 to 2008 on employee attrition, after studying 72 different determinants of employee turnover they classified the retention determinants into factors such as job related psychological and environmental factors and also concluded that role ambiguity, role conflict were perceived as most important determinants for IT employee turnover followed by job autonomy, work load, salary, promotion policies and reward system etc.

De Hauw and De Vos [13] investigated psychological contract expectations and career strategy of the labour market in different socio economic contexts and found that during recession period millennials lowered their expectations regarding work life balance and social atmosphere whereas the expectations for high salary, training and career development always remained the same.

Min [14] studied the key variables such as occupational variables (skills and years of experience), organisation variables (firm size and industry) and individual variables (pay scale and job security). A conceptual model was given linking the above mentioned job alternatives and job satisfaction of the warehouse of employees. After empirical analysis he concluded that job security was found to be the most important factor for retaining the employees followed by employee recognition and it was also found that monitoring incentives had little impact on retention of employees.

Kreisman [15] indicated that in addition to compensatory benefits there were many other reasons for employee departure such as lack of equity, lack of recognition, lack of employee being valued, lack of favouritism etc and the researcher also explained the losses associated with the attrition of the employees and he explained that increased motivation and commitment among employees can retain them for a longer period of time.

Thatcher [16] explained employee turnover with a conceptual model that linked perception of employees on internal and external environmental factors in which organisation commitment was taken as mediating variable the author indicated that OC and perceived job alternative demonstrates distinct effects on employee attrition intentions and suggested that positive beliefs and attitude towards job employees and managers may counter external factors that influence employee turnover.

2.1 Objectives

1. To study various retention strategies of software companies.
2. To study and analyse the effect of demographic factors on intention to stay.
3. To study and analyse the relationship between employee retention strategies and intention to stay.

2.2 Hypothesis

H01: When it comes to employee's intention to stay, gender has no significant influence on intention to stay.

Ha1: Gender makes a significant influence on intention to stay.

H02: Age has no significant influence on intention to stay decision of employees

Ha2: Age of the employees has a significant influence on intention to stay decision of employees.

H03: There is no significant difference between the income levels of employees with respect to intention to stay decision.

Ha3: There is a significant difference between the income levels of the employees with respect to intention to stay decision.

H04: There is no significant difference between employee's job designation and intention to stay

Ha4: There is a significant difference between employees' job designation and intention to stay.

H05: Experience has no significant influence on intention to stay.

Ha5: Experience has a significant influence on intention to stay.

H06: There is no relationship between employee retention Strategies and intention to stay

Ha6: There is a relationship between employee retention Strategies and intention to stay

3. RESEARCH METHODOLOGY

It is an enquiry about the perception of employees on the Intention to stay decision based on demographic factors and also how retention strategies affect the intention to stay decision of the employees Primary data is collected with a Self-administered questionnaire which has been offered to different employees working in different software companies. The data was collected by using 5-point Likert's scale.

3.1 Sample Design

Sampling procedure: convenient sampling.

Sample size: The primary data is collected through a self administered mode of questionnaire which was given to 100 software employees.

Sampling techniques: Descriptive One way ANOVA, T-test and Regression analysis were used.

4. DATA ANALYSIS AND INTERPRETATION

Table 1a. T-TEST (Gender VS Intention to stay)

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Intention to stay	Male	58	2.86	1.395	.183
	Female	42	2.95	1.011	.156

Table 1b.

Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Intention to stay	Equal variances assumed	34.822	.000	-.357	98	.722	-.090	.253	-.592	.412
	Equal variances not assumed			-.375	97.998	.708	-.090	.241	-.568	.387

From the above table F value is 34.822, Significant value is 0.00 so the Equal variances not assumed value is - 3.75 with P value 0.708. since P value 0.708 is more than 0.05 which is a significant value the null hypothesis is accepted and the alternative hypothesis is rejected indicating that gender has no significant difference on Intention to stay.

Table 2. ANOVA (Age VS Intention to stay)

ANOVA					
Intention to stay					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	36.313	2	18.157	15.093	.000
Within Groups	116.687	97	1.203		
Total	153.000	99			

From the above table we can observe that F value is 15.093, P value is 0.00. Since P value is less than the significant value 0.05, the null hypothesis has been rejected and the alternative hypothesis is accepted. Hence there is a significant difference between the age of employees and intention to stay.

Table 3. ANOVA (Experience VS Intention to stay)

ANOVA					
Intention to stay					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	89.057	4	22.264	33.078	.000
Within Groups	63.943	95	.673		
Total	153.000	99			

From the above table F value is 33.078 with P value is 0.00 which is less than the significant value 0.05, hence the null hypothesis has been rejected so there is a significant difference between the experience of employees and intention to stay.

Table 4. ANOVA (Income levels VS Intention to stay)

ANOVA					
Intention to stay					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	86.778	2	43.389	63.555	.000
Within Groups	66.222	97	.683		
Total	153.000	99			

From the above table F value 63.555, P value 0.00 which is less than the significant value 0.05, so the null hypothesis is rejected. This ensures that income levels of the employees have a significant influence on intention to stay.

Table 5. ANOVA (JOB designation VS Intention to stay)

ANOVA					
Intention to stay					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81.778	2	40.889	55.689	.000
Within Groups	71.222	97	.734		
Total	153.000	99			

From the above table we can observe that F value is 55.689, P value is 0.00. Since P value is less than the significant value 0.05, the null hypothesis has been rejected. Hence there is a significant difference between job designation and intention to stay.

From the model summary table 6a the adjusted R-square value is 0.912 i.e. the independent variable retention strategies are explaining the dependent variable intention to stay by 91.2%. Hence there is a significant impact of retention strategies on the intention of the employee to stay back in the organisation.

Table 6a. Regression (Retention strategies VS Intention to stay)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.968 ^a	.937	.912	.370

Table 6b.

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	143.304	28	5.118	37.479	.000 ^p
	Residual	9.696	71	.137		
	Total	153.000	99			

a. Dependent Variable: Intention to stay

b. Predictors: (Constant), work life balance of employees, Promotion policy, Ideal physical working condition, best induction program, ESOP Policy, monitoring and Wellness programs, Everest programs like MBA and managerial development talents, best Leadership style, moonlighting policy, hybrid work culture, Opportunity for job enrichment and training and skill development program etc

5. CONCLUSION

The Indian IT sector has grown by leaps and bounds, but at the same time the tendency of employees to switch organisations is also showing an increasing trend. Hiring the competent talents has become one of the important retention strategies of an organisation. Retaining an efficient and effective skilled employees play an important role in the organisation because their skills and competencies are central to the company to pose a challenge to other competitors. In the present hyper competitive environment where India has become the third largest start-up ecosystem, limited available skills have to be scattered, which means that hi-tech is driven by demand. Therefore Organisations have to balance demand and supply of employees. The present studies reveal that employees are unique in terms of their perception with respect to personal factors like gender, age, income level and experience as It has been observed that P values are less than 0.05 which is a significant value. So every organisation should have a unique relevant and compelling retention strategy to retain the required talent.

6. SUGGESTIONS AND RECOMMENDATIONS

- Every organisation should design a best orientation program that greatly affects employee job satisfaction and perception of employees towards job.
- Organisation should conduct stay interviews along with exit interviews. Organisation should link groups and people of the organisation.
- Relationships with the co-workers have to be established by providing mentors and employee referrals, as they foster a team.
- Organisation has to provide realistic information about the job to the employee.
- A strong employee value proposition (EVP) can be one of the best retention strategies. In the present day scenario through an

employee value proposition an employer can positively affect retention and improve recruiting effects, as the EVP includes benefits given to the employees.

- EVP Should be creative and should attract the employees and should be communicated through the company's website advertising and should be also communicated during the interview process so that prospective talents can determine if they would make a good fit into the organisation.
- Provide employees with a road map of success by offering them what they really want like ESOP, mini MBA programs ⁶, moonlight policy, performance bonuses etc.
- During pandemic and after pandemic, as employees are working from home, human contact with the employer is missing, which means that there is a lack of interactive and cyclic progressive human relation between the employee and employer. So organisations should plan for online employee engagement activities (Virtual employee engagement activities like virtual coffee breaks, introducing to the family members, home tour, solving puzzles with remote team members, spreadsheet pixel arts, online office games and virtual birthday parties etc).
- There should be constant reevaluation of employee retention strategies then only the organisations can stay on current market standards in terms of both monetary and non monetary benefits offered to attract employees.

7. LIMITATIONS OF THE STUDY

The accuracy of the analysis and conclusion drawn depends upon the reliability of the data collected from the employees. In the rapidly changing business environment employee perception may be changing accordingly

⁶ A mini Business Management Administration program which lasts less than 15 weeks.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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