

Strategies for Employee Retention and The Influencing Factors: A Study with Reference to the Selected IT Companies in West Bengal



Arnab Kumar Samanta
Faculty member,
Dept.of Commerce & BBA,
Netaji Mahavidyalaya,
Arambagh, Hooghly,
West Bengal

Abstract

Employee Retention is one of the key challenges faced by IT Organizations in India. Retaining the talented employee as high turnover is serious concern for organizations now days. Employees retaining is the most imperative target for the organization because hiring of qualified candidates is essential for organization but their retention is more important than hiring because a huge amount is spending on the orientation and training of the new employees. When employees leave the job, organization lost not only employees, but also lost the customers and clients who were loyal with the employees, knowledge of production. There are many factors that can make the employees to stay long back and perform well. The main aim of this study is to highlight the different factors that affect the retention of employees and formulate some strategies for retention of employees working in IT companies, West Bengal and also indicate some suggestions and recommendations for employees' retention in IT sector.

Keywords: Employee, Retention, Strategies, IT Companies.

Introduction

One of the most critical issues facing organizations today is to retain the employees especially in the Information Technology (IT) sector. Even though more and more IT companies are coming up, the turnover rate is considerably high compared to other industries. Gone are the days when organizations could hire the best talent and expect them to stay on board until retirement. When the organization looks for a replacement there is certain amount of intangible costs in addition to loss in productivity. : The information technology industry is faced with a shrinking pool of skilled employees causing demand to increase for these employees. This places organisations under pressure to devise retention strategies to retain these employees. Retaining employees is very important in any organization. Employee retention can be termed as the process when an employee is encouraged and agreed to remain in the same organization for a long or maximum period of time. It becomes more pertinent in the Information Technology industry to retain the key performers. Successful organizations recognize the worth of retaining their best employees and continuously look for innovative ways to do so. Employees leave for various reasons which include ambiguous and unchallenging role, poor supervision, inadequate peer support, and limited career growth, lack of recognition, limited control over work, perceived pay in equity and perception of more favourable opportunities in other companies. Employee retention strategies should be taken into account so that an individual stays in an organization for the maximum period of time. The organization is completely at loss when these employees leave. Losing employees means losing knowledge, capital, skills, and experience. Loss of talented employees is loss of productivity and revenue. The Indian IT sector attracts foreign direct investment (FDP) but if employees are not retained by the organizations then it will affect the employment relationship with the foreign countries and it will affect the economic growth of the country

Aim of the Study

The paper tried to make an attempt to investigate and analyze those factors which influenced directly or indirectly on the decision taken by the employees to stay long back in the present company and accordingly to perform well and also formulate and provide some strategies for the

employees to retain who are working at IT companies in Kolkata, West Bengal.

IT sector in India

IT Industry in India is viewed as growth engine of Indian economy, contributing in increase of Gross Domestic Product (GDP), urban employment and exports. India's IT Industry contributed major share to GDP. Over last 10 years the IT Industry has grown at an annual rate of 30 percent. According to NASSCOM's (National Association of Software and Services Companies) Indian IT Industry provide direct employment to 2.8 million and indirect employment to 8.9 million workers in 2012 and now IT industry employ 10 million workforce in 2014-2015. As per NASSCOM report published in May, 2017, Industry will remain a major net hirer in FY 2018; There is a continuing gentle deceleration in net hiring growth rate (but with a growing base) as industry focuses on innovation, enhanced efficiencies and lower. Hiring continues across the sector. FY 2017 saw 1,70,000 added; Q4 FY 2 2017 alone saw gross hiring of over 50,000 by top 5 companies. The total direct employees involved in this sector are 3860000 in the FY2017 and it is expected to reach the figure at 6500000 in the FY2025. The market size of the industry is expected to rise to USD 225 billion by 2020 considering India's competitive position, growing demand for exports, Government policy support, and increasing global footprint. The domestic revenue of the IT industry is estimated at US\$ 38 billion and export revenue is estimated at US\$ 117 billion in FY17.

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. US\$ 150 billion Indian IT industry's export revenue to grow at 7-8% and domestic market revenue is projected to grow at 10-11 per cent in 2017-18.

Background of IT industry in West Bengal

People are an organization's most valuable asset and this is especially true in the service sector like IT industry. Kolkata known as the dead city is finally turning to attract IT companies to set up their shops. The Govt. of West Bengal is playing major role in attracting more and more IT companies. Various initiatives have taken by the government to improve and position Kolkata as an IT hub. Government has allotted vast space for IT set ups at salt-lake, Rajarhat - Newtown area. Tata Consultancy Services (TCS), a leading IT services, sets its new software development campus at Rajarhat in the year 2014-15 which is spread over 40 acres of land and have over 16,500 seats with an investment of approximately Rs1,350 crore. The Rajarhat campus will offer TCS employees a worldclass and holistic work environment with facilities like amphitheatre, auditorium, cafeterias, libraries, temporary accommodation and large green open spaces. The campus will house fitness facilities like tennis courts, basketball court and gymnasium for employees. Infosys and Wipro have both been sitting on their

allotted plots in Rajarhat-New Town. for the last nine years. Wipro's first campus, in Salt Lake's Sector V, is an SEZ. It was set up in 2005. Wipro chairman is making visit to Kolkata frequently and has announced to increase wipro's manpower to 7000 in Kolkata where 60% will be working in BPO and 40% on IT sector. As of 2011, the state has 22 formally approved special economic zone (SEZ) Of these, 17 are related to information technology (IT) or IT-enabled services (ITES) Recently Infosys has announced to start construction of a development centre in Kolkata, which will have a capacity to seat around 1,000 people. Cognizent has a large set up here with 2000-3000 people. Key occupiers in Rajarhat are TCS, IBM, Capgemini, Ericsson, Accenture, Cognizant, Genpact and HCL Tech etc with large amount of employment opportunities for IT professionals. Recently TCS has leased about 0.7 million sq ft at Ecospace in Rajarhat. Government has set three software technology park. There are private technology park like Infinity, The Bengal park etc.

Significance of the study

Employee retention is effort by organization to maintain a working environment which supports current staff in remaining with the company. Employee retention refers to the various practices and policies which make an employee stick to organization for a longer period of time. In an organization customer satisfaction, organizational performance in terms of increased sales, satisfied colleagues and reporting staff, effective succession planning etc., is dependent upon the ability to retain the best employees in any organization. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. If a person is not satisfied by the job he is doing, he may switch over to some more suitable job. In today's environment it becomes very important for organizations to retain their employees. Retention is not only important just to reduce the turnover costs or the cost incurred by a company to recruit and train. But the need of retaining employees is more important to retain talented employees from getting poached. 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.

Review of literature

Persis Mathias (2001), states that it is the hard work to engage Indian software talent by the Software industry which is spawning ground for IT professionals. Retention of employees is a major task before HR professional managers. AMR (attract, motivate, retain) is a big concern IT industry. B.K. Punia and Priyanka sharma (2008) highlighted that in current economic scenario the variables like induction programme, scientific job analysis and fair & skill based distribution of work assignments are the key factors in influencing the employees retention intentions in industrial organizations in general and the IT sector in particular study highlighted the influence of age on employees position as significant

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factors in employee retention. Gberevbie (2008) has mentioned that employee retention strategies refer to the plans and means, and a set of decision-making behavior put formulated by the organizations to retain their competent workforce for performance. Browell (2003) defines employee retention as 'keeping those members of staff that one wants to keep and not losing them from the organisation for whatever reason, especially to the competitors'. Browell (2003) further explains that key employees are those who hold positions that are critical for the success of the organisation, for example, technical positions. These are the types of positions that are seen as a source of competitive advantage. McKeown (2002) expands on Browell's view about employee retention by mentioning that retention should be aimed only at top performing employees, and not those with a lower performance. Milkovich and Newman (2004) have clearly stated that among all types of reward, monetary pay is considered one of the most important and significant factor in retention. Taylor, C. R. (2004) describe in a study that retention is an effort by which an employer make some good policies to retain talented employees for achieve the organization goals and success. Increasing numbers of organization mergers and acquisitions have left employees feeling displeased from the companies that they work and haunted by concerns of overall job security. As a result, employees are now making strategic career moves to guarantee employment that satisfy their need for security. On the other hand, employers have a need to keep their stuff from leaving or going to work for other companies. In fact, companies that offer employee development programs are finding success with retaining workers (Logan, 2000). Minu Zachariah and Dr. Roopa T.N (2012) indicated that there are personal reasons for leaving the organization; Organizational factors that influence employee to stay back in the current organization, personal factors that influence employees to stay back in the current organization, attitude of employees towards work and work relationship and expectation of IT professional from organization. To retain employees Google provides freedom and flexibility of movement across projects. Google encourage employees spent twenty percent of their time to participate and ideate projects other than primary ones. These promote innovations in product development and foster inter-team communication. The career movement programme has been launched by Infosys named as 'Path Finder' which is an internship programme to help employees to know different career streams available in the organisation and choose according to their aptitude (Roy & Ghosh, 2010). Roshidi Hassan (2014) identified that there are various factors that affect the turnover intentions of employees. These factors include organizational commitment, job stress, job characteristics, promotion opportunities, pay level and rewards, quality of work-life and job satisfaction. Job stress is the most significant factor influencing turnover intentions. Mathimaran and Anand Kumar (2017) recommended that organization must give proper remuneration to the employees in order to retain them for a long

period of time and it should focus on their smooth workload to reduce the stress on the employees. IT organization has to make retention strategies like rewards and recognition, pleasant working environment, skill recognition, support learning, training and development opportunities, mentoring and coaching sessions, good compensation structure, providing flexi-timing facilities and annual performance appraisal to retain its employees (Samanta, 2017). Rahman, Lavanya & Parvathi Devi (2018) suggested that certain variables include training and development, recognition/reward for good performance, a competitive salary package and job security are crucial in influencing employees' decision to either leave or remain in an organisation. organizations should create good opportunities for the growth of the employees within the organization and provide them effective training programs. Employees who wish to depart an organization are to be considered as brand ambassadors of an organization's reputation or goodwill.

Objectives of the Study

The current study is carried out with the objectives to identify and analyze the various factors those influence the retention of employees and to suggest some of the effective employee retention strategies for the IT Companies.

Research Methodology

For conducting the present study, Five companies of IT sector were selected for collection of primary data in Kolkata region, West Bengal. Total 250 respondents from middle level management were selected for the study. A structured questionnaire has been used to collect primary data from selected respondents. Secondary data has been collected from various books and websites and journals. The researcher targeted survey by administering a structured questionnaire for 250. The data was analyzed with the help of SPSS 17. The tool used to analyze the data included Exploratory Factor Analysis. The questionnaire consists of both open ended and closed ended questions. It consists of different parts- Demographic information, Reasons for employee leaving the organization, Job and Organizational factors Convenience sampling method was used to collect the data. The questions are properly framed to abstract the information regarding their retention.

Factors of Retaining Employees

Skill Recognition and Effective Performance Appraisal Practices

Recognition is defined as "special notice or attention" and "the act of perceiving clearly." Providing skill recognition of personal job accomplishments is an effective retention strategy for employees at any age (Yazinski, 2009). Studies indicate fulfilling peoples need for acceptance by acknowledging individual work accomplishments prolongs employment of employees (Redington, 2007).

Learning & Working Climate

Since learning and development opportunities appear crucial for the retention of talented employees (Arnold, 2005; Hytter, 2007; Walker, 2001), an organisation must establish a

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supportive learning and working climate. In general it refers to the environment wherein employees both learn and work. More specifically, the concept could be described by referring to: guidance and appreciation at work; pressure of work; the amount of empowerment and the responsibility that employees experience; choice in job tasks and development; provision of challenging and meaningful work; and advancement and development opportunities.

Job Flexibility

Job flexibility is vital for retaining employees of any age (Boomer Authority, 2009). Researchers describe the importance of employment flexibility such as scheduling variations that better accommodate individual work times, workloads, responsibilities, and locations around family responsibilities (Cunningham, 2002; Pleffer, 2007). Studies show that "flexibility" empowers individuals to facilitate a healthier balance between work and personal obligations, something that appeals to all ages of employees.

Training & Development

Training is a key retention factor for employees at any age. Statistical evidence indicates job training is a critical factor for personal (behavioral) and professional (technical) development (United States Department of Labor, 2009). A study stated that good Training and development exercises can high up the rate of retention because by the training they achieve their as well organizational goal in time and will be benefited to rewards (Montgomery, J.D. 2006) The availability for all employees having access to training and development programs is critical in facilitating organizational growth, particularly with performance and technological improvements (Boomer Authority, 2009).

Career Development

The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999).

Cost Effectiveness

The provision of cost-effective "flexibility" options is critical in the retention of all employees despite disparity in age, position, skill/knowledge level, and duration of employment (Eyster, et al., 2008; McIntosh, 2001).

Leadership

A study on employee retention and engagement stated that good Leaders plays very key role in the success of an organization because their quality motivated and induce the sub-ordinate to do well. And retain for longer periods of time. For example, Leaders and subordinates are so much correlated with each other to discuss their level of engagement (Elicker, J. D., Levy, P. E., & Hall, R. J. 2006).

Organizational Culture

A research conducted on retention of employees stated that culture cannot be static rather

it's dynamic which should be reframed and reformed as per the business environment. New ideas, new theories and new believes can be implemented. The organizational culture is vital factor to retain employee so the organization always strive for the betterment of the working culture. New policies and practices can be implemented there. (Vlachos, I.P. 2009).

Compensation Structure

The most important aspect relating to the retention, the structure for compensation should be revised as per the natures and responsibilities of the jobs and market conditions.

Some different retention strategies can be followed by the IT companies-

1. Subsidized Food and Transportation: provide transportation facility to all the employees from home to office at subsidized rates or even at zero cost. Lunch is also provided free of cost.
2. Group Medi-claim Insurance Scheme: Personal Accident Insurance Scheme: provides adequate insurance coverage for Hospitalization expenses arising out of injuries sustained in an accident.
3. Arrangement of accommodation: Some of the companies provides shared accommodation for all the out station employees
4. Recreation, Cafeteria, ATM, gym: The recreation facilities include pool tables, chess tables and coffee bars, well equipped gyms.
5. Personal Health Care: some of the IT companies may provide the facility for extensive health check-up or Regular medical check-ups.
6. Performance Incentives: Bonuses and incentives are paid after every quarter if the employee sustains in the organization and he gets extra rewards if his performance exceeds the target assigned to him.
7. Communication: If an organization wants to gain sustainability by improving employee commitment, satisfaction, and retention, it should evaluate how it communicates with its employees. An effective communication can help in resolving various issues of an organization.
8. Autonomy of job: Autonomy and individuality in job makes them to act freely which leads to high involvement and commitment which leads to employee retention.
9. Lack of alternatives and location: Beliefs about the unavailability of jobs outside the organization and the proximity of the workplace relative to one's home.
10. Advancement opportunities: The amount of potential for movement to higher levels within the organization.
11. Fair & equal Treatment with Employees: It's a good piece of strategies for retention which have great influence upon the all level of employees and workers to think about to stay on the present work assignment.

Employee retention in selected IT companies

Rawat, (2013) identified the main focus of TCS is on individual talent, aptitude and interests. To established such environment TCS provides cross domain experience i.e. the employee can function across different functional domain, varied industry

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verticals, services and different technology platform. This helps employee to identify the domain best suited for them as well as gives corporate advantage of talent pool of expertise. Intel corporation conduct seven seminars for all the employees have first year in company focusing on corporate culture, values and business ventures. TCS has put in place a comprehensive academic interface programme (AIP), Paternity leave for adoption of a girl child, a choice of working in over 170 offices across 40 countries in a variety of areas.

Wipro launched a employee retention plan under which employees who have more than two year span in company can pursue their post graduation from VIT vellore, Pune Symbiosis, BITS Pilani. The company earlier launched a Distinguished Member of Technical Staff programme, under which it offered engineers an equal opportunity with business degree graduates to climb up the ranks. Wipro has adapted strategy 'Wings Within' programme where existing employees get a chance to quit their current job role and join a different firm within WIPRO.

Infosys had launched "Pathfinder," which is a career movement programme. As apart of this initiative, 23,000 people have gone through career workshops to understand more about their options. The management says that it is trying to provide employees with internship programs to test waters across different career streams available internally and move around according to their aptitude. (Roy & Ghosh, 2010). While recruiting new employees, Infosys took adequate care to identify the right candidates. On the qualities that Infosys looked for in a candidate, Nilekani said, "We focus on recruiting candidates who display a high degree of 'learnability'.

Accenture introduced a theme 'defining success your way to retain women employees. The programme includes women mentoring programme, Accenture women network, defining success forum, employee resource groups and training and development programmes. Adobe follows a continuous process of appraisal rather than yearly process.

Cognizant's employee development efforts are focused on attracting and retaining talented individuals, building a diverse workforce and offering effective programs to advance successful careers. They are committed to providing attractive compensation, benefits and working conditions. They're also committed to continuous learning, so our employees can stay current with the latest technologies and develop important leadership skills. Our award-winning learning and professional development arm, Cognizant Academy, offers a broad curriculum tailored to the needs of employees at various stages of their careers.

Deloitte provide customized career option for employees on the basis of their career stages while Acuity bear expenses for job related expenses.

Recommendation

The organization must give proper remuneration with friendly working environment and career development opportunities to the employees in

order to retain them for a long period of time. Appreciation of skill and performance acts as the energy booster to the employees and induces them to achieve higher performance standards. The employees are feeling over burden towards the workload. Thus, the organization should focus on their smooth workload to reduce the stress on the employees. motivate the employees to stay back with the organization by providing whole job experience to the employees to maintain their interest in their work. The relationship between employees and management has to improve.

Limitations

The study is limited to IT companies in West Bengal and by the findings of the study can't be generalized to other organization. The study was carried out in the state of West Bengal thus its findings can't be generalized to other areas due to geographical variation. Some of the respondents are hesitating to give whole hearted opinion or views. Respondent's opinion may change from time to time and the response is respected to variation depending upon the situation and the attitude of the respondents at the time of the survey.

Conclusion

Providing the situation of 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 training and Development, recognition of skills/reward for good performance, learning & working climate, organizational culture, a competitive salary package and job security and flexibility. But the importance of other variables should not be avoided or underestimated when formulating a retention policy. It is observed that organizations should aim at developing effective employee retention policies and practices which increases employee commitment level, loyalty and engagement. Organizational culture and compensation have a significant impact on employee retention. Organization has aim to design integrated approach to employee retention which includes best retention strategies like conducive organizational culture, adequate competitive pay package, non-monetary motivation and effective employee development programs for attaining competitive advantage in business environment. The organizations should concentrate on Rewards & Recognition strategies in order to put a robust employee retention policy. The organizations has to put a mechanism to consider Employee ideas and suggestions by which innovation and competitive spirit amongst employees be developed. This makes the employees feel belonging ness towards the Organization which will aid in retaining employees. Literature and best practices indicate that if employers treat their employees as valued contributors, the employees will stay. If employees leave the organization on regular basis, it will hinder the growth of organization in a bad way so it is must to have employee retention for best business achievements.

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