

# Determinants Of Employee Retention In Select Indian It/Ites Companies

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**Abstract :** The HR practitioners have got a challenge in retaining the best employees in the dynamic environment like IT industry. Organizations are unable ensure the IT professionals in retaining them longer period and there is uncertainty or gap that is existing in between the top management and IT professionals. This gap or uncertainty may be happened by influencing of several factors. Amongst them perceived and alternatives factors of the IT professionals are prime. These factors influence the IT professionals to stay or not to stay. This paper tries to document the practices followed by a select Indian IT companies in managing perceived alternatives factors and also highlights options of the IT professional show they respond to the policies.

**Keywords:** Alternative factors, IT Industry, Influencing Factors IT Professionals, Retention, Perceived factors, Practice.

## 1. INTRODUCTION

in this competitive scenario, employees are the intellectual assets and any organization cannot afford losing its assets. Andrew Carnegie, 19th century industrialist, who is known for having built most powerful corporations in US commented as "Take away my factories, plants, ships, transportation and my money but leave me my key people, within two or three years, I will have them all again". This comment shows that the importance of retaining the key employees. Retention management in today's world requires a completely new approach that should be most flexible rather than rigid. A globally present and managed firm, the HR manager of such a firm will have to constantly monitor the best talent available in the firm at different work places. He will have to consider the changing needs of his talented resources so as to provide those appropriate opportunities. This requires thinking ahead of time and considering career development path of the concerned talent. The most talked about methods of retention include employee delight at an appropriate stage of his career. The most successful organization has already surmounted these challenges in respect of retention. According to Get Les McKeon, employee retention is defined as "A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. The costs associated with turnover may include lost customers, business and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring and training the new employee just to get back to where you started." Perceived alternatives refer to the perceived favorableness of different jobs and ease with which alternate employment can be obtained (Chen, Hue, & Seigo 1998). Several preeminent of models of turnover indicate that job opportunities influence job turnover behavior. Including model developed by March and Simon (1958) Price (1977) and Mobley, Horner and Hollingworth 1978. Quit decisions are more likely when individuals perceive that they could obtain a different job that would provide them higher levels of job satisfaction (Hulin, Roznowski, & Hachiya, 1985). Thus, perceptions about the availability of jobs will directly influence beliefs about the

expected utility of conducting a job search process (Hom & Griffith, 1995). Employees with more education are the most likely to switch jobs (silvers & Lara valentica, 1990). Similarly relevant work experience may allow workers to progress to better jobs in the labor markets. Workers who believe that their education or work experience provides them with more job alternatives will have stronger beliefs about the expected utility of withdrawal. Mobley (1997) proposed that if the expected utility of withdrawal is perceived to be positive, workers will search for other jobs. If a person believes that the costs of quitting are outweighed by the benefits and if the costs of searching for a new job are not prohibitive, the person will search for new alternatives. Thus, the higher the perceived utility of quitting, the greater the search for alternatives. The results of Hom et al (1984). Support this relationship by demonstrating that the expected utility of searching and quitting directly impacted search intention. The results of Hom and Griffith 1991 again support this relationship as the structural path between expected utility of withdrawal and job search was positive and significant. Comparative alternatives: Mobley (1977) proposed that if a worker is able to identify job alternatives the individual will subsequently compare the various options. The Hom and Griffeth(1991) results support this idea with a significant path association between retention and comparative alternatives. The proposed model therefore indicates a causal relationship retention and comparative alternatives. Under the Mobley (1977) model if a worker is able to locate an alternative that is perceived to be better than the current position, the individual will terminate the employment relationship. Hom et al (1984) validated this relationship by demonstrating that comparison of alternatives accounted for a significant unique variance in turnover intention. From the past research, it is identified that several factors would influence the employee retention across the industries. In this paper, the focus is on perceived and comparative alternatives which would influence more on the IT professionals. After pilot study the perceived and comparative alternatives have been studied with the factors like- tenure of employment, intentions of employee, job commitment, impulsive behavior, employee recognition and feelings of obligation.

## 2 REVIEW OF LITERATURE

There are pertinent studies on retention how companies should retain their current manpower. Some excerpts are as follows: March & Simon's (1958) the relationship between

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S.No	Factor Vs Employee Retention	DF	LOS( $\alpha$ )	Table Value ( $\chi^2$ )	Calculated Value ( $\chi^2$ )		H0H1	
					TCS	CTS	TCS	CTS
1	Tenure of the Employment	1	5%	9.35	8.90	15.13	H0	H1
2	Intentions of Employee	1	5%	9.35	20.18	11.89	H1	H1
3	Job Commitment	1	5%	9.35	0.49	0.16	H0	H0
4	Impulsive Behavior	1	5%	9.35	13.06	1.5	H1	H0
5	Employee recognition	1	5%	9.35	12.70	1.55	H1	H0
6	Feelings of Obligation	1	5%	9.35	11.89	0.47	H1	H0

alternatives and turnover on an individual level has been researched "on ease of movement" and focused on the link between job satisfaction, perceived alternative opportunities and turnover. Later, researchers began to focus on the role of both actual and perceived opportunities in explaining individual turnover decisions. Mobley et al (1979) found that over time there have been a number of factors that appear to be consistently linked to turnover. An early review article of studies on turnover by revealed that age, tenure, overall satisfaction, job content, intentions to remain on the job, and commitment were all negatively related to turnover (i.e. the higher the variable, the lower the turnover). Boxall, Macky and Rasmussen (2003) have conducted a study of retention variables for New Zealand employees in which they state that the variables are multidimensional. Lockwood and Anari (1997) concluded the following factors as crucial retention strategies for IT professionals in the USA and U.K. In order of their importance, the study revealed money (base salary plus bonus and stock options); the chance to learn new skills (i.e. those that the market values); the reputation of the organization in technology; and working conditions (e.g. physical, colleagues & boss, casual dress) as some of the important factors. Among retention strategies that were particularly successful in maintaining a low turnover rate, one of the solutions suggested was an increase in salary. Samuel and Chipunza (2009), the main purpose of retention is to prevent the loss of competent employees from leaving the organisation as this could have adverse effect on productivity and profitability. However, retention practices have become a daunting and highly challenging task for managers and Human Resources (HR) practitioners in a hostile economic environment. One of the traditional ways of managing employee retention and turnover is through organisational reward system. William and Werther (1996) explain reward as what employees receive in exchange for their contributions to the organisation. This reward could come in form of salary, promotion, bonuses and other incentives. When the reward system is effectively managed, it helps in achieving organizations corporate objectives, and maintains and retains a productive workforce.

### 3 DATA ANALYSIS AND FINDINGS

320 employees are selected from 2 MNCs, 60% of who are in the age group of 26-35 years and out of the total sample 56% are male and 44% of respondents have an annual income above Rs 100000. Respondents opinion was sought regarding the workload given by the company 51% respondents opine that the perceived factors like., tenure of employment, intentions of the IT professionals and Job commitment influence IT professionals to stay with the organizations for longer period. From the research it is identified that Job commitment does not have strong relationship between this factors. As far as comparative

alternatives in IT professionals concern, Impulsive behavior, employee recognition, and feelings of obligations studied for greater understanding of retention factors. All the comparative alternative factors shown high impact on retention of IT professionals. are male and 44% of respondents have an annual income above Rs 100000. Respondents opinion was sought regarding the workload given by the company 51% respondents opine that the perceived factors like., tenure of employment, intentions of the IT professionals and Job commitment influence IT professionals to stay with the organizations for longer period. From the research it is identified that Job commitment does not have strong relationship between this factors. As far as comparative alternatives in IT professionals concern, Impulsive behavior, employee recognition, and feelings of obligations studied for greater understanding of retention factors. All the comparative alternative factors shown high impact on retention of IT professionals.

### 4 OBJECTIVES OF THE PAPER:

1. To Study perceived alternatives and their influence on retention of IT professionals.
2. To study comparative alternatives and their influence on retention of IT professionals.
3. To provide suggestions and recommendations to retain IT professionals.

### 5 HYPOTHESES:

#### 5.1 PERCEIVED ALTERNATIVES:

1. (H1) Tenure of employment of IT professionals would influence retention.  
(H0) Tenure of employment of IT professionals would not influence retention.
2. (H1) Intentions of employee of IT professionals would influence retention.  
(H0) Intentions of employee of IT professionals would not influence retention.
3. (H1) Job commitment of IT professionals would influence retention.  
(H0) Job commitment of IT professionals would not influence retention.

#### 5.2 COMPARATIVE ALTERNATIVES:

4. (H1) Impulsive behavior of IT professionals would influence retention.  
(H0) Impulsive behavior of IT professionals would not influence retention.
5. (H1) Employee recognition of IT professionals would influence retention.  
(H0) Employee recognition of IT professionals would not influence retention.

6. (H1) Feelings of obligation of IT professionals would influence retention.  
 (H0) Feelings of obligation of IT professionals would not influence retention.

## 6 DATA ANALYSIS:

Table: Consolidated statement of Chi-Square values of perceived and comparative alternatives Vs retention: In this paper, perceived and comparative alternatives have been studied with the factors like- tenure of employment, intentions of employee, job commitment, impulsive behavior, employee recognition and feelings of obligation. Amongst factors except factor of job commitment remaining all factors shown that positive relationship with IT professionals retention. As far as tenure of employment of the IT professionals concern, there is no such importance given towards the IT professionals. Theoretically, tenure of employment in any organization, the survival and success of an organization hinges on the performance of its members. An important aspect that determines employees' performance at work is their organizational tenure (i.e., the time that an individual has spent in an organization) because generally display higher levels of performance as they gain organizational tenure (Mc Daniel, Schmidt and Hunter 1988). Mobley et al (1979) pointed out, at an aggregate level the relationship between economic factors such as employment levels or job vacancies and turnover has been well established. Further, intentions and turnover is consistent and generally stronger than the satisfaction-turnover relationship, at an individual level, the labor market approach emphasizes expected utility and rational economic choice among employees and the perceived availability of alternative job opportunities. The factor of tenure of employment highly regarded as it got relationship with retention and plays vital role in retention of the IT professionals. Further, intentions of IT professionals are completely external image of the organization. When employee perceives the outsiders viewed their organization positively, the IT professionals' identification with the organization is increased. The respondents opined very positively about their intentions to stay with their organizations. Hence, the image of the organization influences the intentions of the employees to stay in the organizations which influence the retention of the IT professionals. IT professionals both in organizations opined that Image of the organization would influence their intentions to stay. Hence, it is recommended that both organizations should strive to keep their image in the competitive arena. Impulsive behavior is one of the dangerous parameter when it creates impulsive actions. IT professionals opined that impulsive behavior linked with retention. Hence, it is suggested that premeditative activities could be developed in both organizations to control the attrition of the IT professionals. Employee recognition can be given in many ways. Many studies on the work place have shown that being recognized for achievements. It has considerable impact on employee satisfaction. From the analysis it is found that the factor "employee recognition" possesses significant employee relationship with IT professional's retention. Improving recognition process is essential and should be viable benefits and acknowledgements.

Employee feelings of obligations refer the normative commitment and loyalty to the organization. Positive feelings make the employees to retain longer period in the

organizations. There is a positive relationship between the factors feelings of obligation and retention of the IT professionals. Hence, it is recommended that similar feelings of obligation may create more professionalism, commitment to achieve the targets. As far as job commitment concern in both TCS and CTS, the respondents opined that there is no direct relationship in between job commitment and retention of the IT professionals. Hence, no comment offered in this aspect.

## 7 CONCLUSION:

This paper has thrown some inputs on how IT organizations in India are influenced by perceived and alternative factors would influence in retention of IT professionals. This study attempted to by examining the various factors like - tenure of employment, intentions of employee, job commitment, impulsive behavior, employee recognition and feelings of obligations. The success of organization has got relationship with tenure of employees. Employee cost is one of important factor in IT organizations. Therefore, in order to reduce the cost and to have success rate in completion of IT projects tenure of employment plays important role. Ensuring longevity would be helpful to have success in IT organizations. Secondly, an intention of the employees also leads to have high retention of employees. The positive intention of the IT professionals would be completely based upon external image of organization. Therefore, external image is an important factor in retaining IT professionals. More feelings of obligations towards also has got positive relationship with employee retention.

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