Impact Of Age, Experience And Compensation On The Stay Intentions Of Employees: A Case Of The Software Technology Professionals In India

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Abstract: Voluntary turnover intentions are the most rampant HR issue that is being encountered by most of the employers worldwide. Technology companies in India are not new to this issue. While dealing with the issue of voluntary exits from the company, HR personnel also need to understand which categories of employees prefer to remain or stay with the company irrespective of the mass voluntary exits around them. This is the focal point of this research article. It tries to explore what is the association between age, total experience of the employee, monthly compensation and company philosophy on the preference to remain with the same employer. To understand what holds the employee to the company it is necessary to understand certain factors such as age of the employee, the total experience he has in the field of expertise and the association that monthly compensation has on the stay intention of the employee. To understand this relation correspondence analysis is utilized. Data was collected from 942 Software technology professionals from Chennai City.

Keywords: Voluntary turnover, Human Resources, Stay intentions, Age, Experience, Software Technology Professionals, Correspondence Analysis, India

Introduction

Employees are the biggest asset of a company. The growth and sustenance of most of the companies depend on the availability of talented workforce. Employee turnover is a much-discussed topic. All employers spanning different work domains conduct studies and researches as to how to cope with voluntary employee exits. The reason for this study is to basically understand what employees need, what they lack and how to hold them back. Exit interviews provide valuable information about the unfulfilled needs and aspirations of the employees. Since the problem encountered in most cases in voluntary turnover, employees concentrate only on the factors that can be identified to retain the workforce. Or in a deeper sense to control further exits from the company. From a research point of view, any company should utilize the information obtained from exit interviews to understand both aspects. It should throw light on what makes an employee stay for a longer period or why employees simply do not want to leave them along with quitting intentions of other employees. Why do certain employees prefer stay for a longer time? Is this a conscious decision. What could be the rationale behind this? Does factors like age, the total experience of the employee and his philosophy of monthly pay affect his decision to continue with the same employer.

Most of the research studies have tried to establish an association between job dissatisfaction and employee voluntary turnover. It is a wrong perception that low turnover means that employees are happy with their present jobs. It could be because of less opportunities in the job market or the company maintains the golden chain of raising the compensation factor whenever the employees seem to be dissatisfied. This shows that there are certain major factors that clearly determine the stay intention of the employees. In the IT industry where voluntary exit of the employees is a burning HR issue, employers concentrate on techniques and strategies for employee retention. But adequate attention is not given to understand the reasons why certain employees stick to them. In fact, in most of the software technology companies in India, adequate acknowledgement is not given to those employees who choose to remain for a considerable period of time. As explained by various studies employees prefer to leave a company for a plethora of reasons. At the same time, employees prefer to stay with the company for certain distinct reasons. These reasons are the manifestation of certain factors such as age of the employee, the total experience that the employee has acquired and the monthly compensation that he receives. These three are found to have a great impact on the decision that the employee takes while he decides to move on with the same employer. This research article takes into account opinions from 942 software technology professionals based out of the software companies in Chennai City.

Review of Literature

Stay intention of employees

Price & Mueller, 1981 had described the intention to stay as the perception of the likelihood that an employee would continue his association with the present employer for a longer period of time.

Mian (2008) observed that as the employee’s choice of leaving the company is determined by a number of factors, similarly the decision to stay is also determined by certain factors. He observed in his study that not all employees move with crowd. Most of the studies have mentioned that peer pressure matters a lot in determining the stay or quit intentions. Mian’s study was in contrast to these studies and he proved that certain employees do not take decision to move out of the company in spite of the mass voluntary exits but refrain themselves from quitting. He stated that employees who are senior in age than the new generation young employees prefer to stay. Bredin (2006) asserted this view that age factor is really important when quitting intentions develop. Young employees are always of the opinion that opportunities elsewhere are always better than their current job. This motivates them to keep changing their jobs frequently. But employees who are older in age think twice before making a decision to quit. Packendorff (2002) mentioned in his study that employees who are older in age prefer to stay in one job rather than job hopping. Kooij et al (2008) reported that retaining employees who are senior in age has to be considered as an important
strategy considering the loss of young employees due to voluntary exit from the company.

Armstrong-Stassen and Schlosser, 2011; Billingsley and Cross, 1992; Loi et al,2006; Porter and Steers, 1973) in their studies had mentioned that the status of health of an employee, his financial condition and his satisfaction of work will definitely affect his decision to stay in a company. Eisenberger et al., 1986; Rhoades and Eisenberger, 2002; Shore 1995 observed that age factor of an employee must be taken into consideration for understanding their decision to stay. But in this regard not many studies have explored the relationship between age of the employee and the decision to stay. In this respect this research article is a novelty in itself. Stassen (2011) had mentioned the association between total experience of the employee and the decision to continue in an employment. He stated that the number of years of experience that an employee will have a positive relation with his decision to stay or quit the employment. Experienced employees have better information and knowledge base about the employment conditions. Hence, they think well before taking a chance of quitting and searching for employment elsewhere. Cammilleri (2012) had added to this view that in contrast to the less experienced employees, they prefer to move on in the same job for a longer period of time. This could be due to the fact that they are conditioned to their place of work. Their life and family revolve around that job and situation. Thus, they do not want or they are reluctant to change. This is not the case with less experienced workforce.

Pinto (2010) stated that monthly compensation that an employee receives is a crucial factor that determines the stay or quit intentions of employees. This is true in the case of technology professionals in a scenario where every day there are upcoming opportunities for employees elsewhere. Compensation is the determining factor for most employees when it comes to deciding on staying or leaving. This is particularly due to the lifestyle demands. Taylor (2002) stated that monthly compensation is most important when it comes to stay intention. This is because there is always an uncertainty regarding the quitting intention. But in the case of the employee who prefers to move on with the same employer there is no such confusion or uncertainty. The employee is sure that his income is steady and will not be affected as long as his performance is beyond doubt. This makes him take the decision of staying for a longer period of time. Thus, monthly compensation factor is a critical force behind deciding the stay intentions of employees.

Researchers such as Miller and Wheeler (1992) stated that compensation in specific monthly salary is an important determining factor in the stay intentions of employees. Employees particularly talented employees have high hopes and expectations when it comes to monthly pay. They expect perks in financial terms when they do something extraordinary at work Shepherd and Mathews, 2000; Jardine and Amig, 2001). Johari et al. (2012). Steers in his research work mentioned that irrespective of the organizational commitment an employee has towards the organization compensation plays a defining role in the stay intentions of an employee.

### Objective of the Study

1) To examine the association between age and the stay intentions of software technology employees.

2) To explore the relation between total experience of the employee in determining the stay intentions.

3) To study the association between monthly compensation in the determination of stay intention of employees in software technology industry.

### Research Methodology

For the purpose of obtaining responses from the employees a well-articulated questionnaire was employed. Responses were obtained from 942 software technology professionals working in the software companies in Chennai city. Questions were framed so as to understand the perception of the employees with regard to age, how their total experience affects their stay intentions as well as the contribution of monthly compensation factor in their decision to continue or quit the present employment. Correspondence Analysis was the statistical tool that was used in this research article.

### Analysis & Interpretation

**Significant association between age and preference to stay with their company**

Correspondence analysis is applied to ascertain the significant association between age and preference to stay with the present company in Software industry. The following null hypothesis is framed:

Null Hypothesis H 0 1: There is no significant association between age and preference to stay with the present company in Software industry

Table 1 shows the results of association between age and preference to stay with the present company in Software industry.

<table>
<thead>
<tr>
<th>Age</th>
<th>Preference to stay with the present company</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 years</td>
<td>6</td>
</tr>
<tr>
<td>31-40 years</td>
<td>9</td>
</tr>
<tr>
<td>41-50 years</td>
<td>10</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table 1

<table>
<thead>
<tr>
<th>Preference to stay with the present company</th>
<th>Degree of freedom</th>
<th>Chi-square</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 years</td>
<td>12</td>
<td>86.00**</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

**Significant at 1% level**
**Interpretation**

From the correspondent table it is evident that those respondents who are falling in the age group of 41-50 years agree with the preference to stay with the present company since they are willing to continue and will work for a longer period of time if certain changes are incorporated within the company followed by 31-40 years and 20-30 years of age.

The correspondent chart depicts the age group of 41-50 years associated with their preference to stay with their company, if the changes incorporated within the company and the respondents with 20-30 years of age and above 50 years of age have no association with preference towards stay with the present company in Software industry.

**Association between total experience and preference to stay with their company**

Correspondence analysis is applied to ascertain the significant association between total experience and preference to stay with the present company in Software industry. The following null hypothesis is framed;

**Null Hypothesis H\_2:** There is no significant association between total experience and preference to stay with the present company in Software industry

**Table 2** shows the results of association between total experience and preference to stay with the present company in Software industry.

<table>
<thead>
<tr>
<th>Total Experience</th>
<th>Preference to stay with the present company</th>
<th>SD</th>
<th>A</th>
<th>N</th>
<th>A</th>
<th>S</th>
<th>A</th>
<th>Active Margin</th>
<th>Deg. of freedom</th>
<th>Chi square</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 5 years</td>
<td></td>
<td>6</td>
<td>31</td>
<td>36</td>
<td>70</td>
<td>60</td>
<td>203</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-10 years</td>
<td></td>
<td>5</td>
<td>9</td>
<td>73</td>
<td>16</td>
<td>11</td>
<td>6</td>
<td>372</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-15 years</td>
<td></td>
<td>10</td>
<td>7</td>
<td>57</td>
<td>10</td>
<td>5</td>
<td>66</td>
<td>245</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-20 years</td>
<td></td>
<td>4</td>
<td>14</td>
<td>24</td>
<td>45</td>
<td>6</td>
<td>93</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 21 years</td>
<td></td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>5</td>
<td>8</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Margin</td>
<td></td>
<td>25</td>
<td>61</td>
<td>20</td>
<td>39</td>
<td>25</td>
<td>6</td>
<td>942</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2:** Total experience and preference to stay with the present company

The correspondent chart depicts the total years of experience of 6-10 years agree and strongly agree with the preference to stay with the present company followed by 11-15 years of total experience. The respondents with less than 5 years of total experience and 16-20 years of total experience have no association with preference towards stay with the present company in Software industry.

**Association between monthly salary and think of quitting the job**

Correspondence analysis is applied to ascertain the significant association between monthly salary and think of quitting the job. The following null hypothesis is framed;

**Null Hypothesis H\_3:** There is no significant association between monthly salary and think of quitting the job

**Table 3** shows the results of significant association between monthly salary and think of quitting the job.

<table>
<thead>
<tr>
<th>Monthly salary</th>
<th>SD</th>
<th>A</th>
<th>N</th>
<th>A</th>
<th>S</th>
<th>A</th>
<th>Active Margin</th>
<th>Deg. of freedom</th>
<th>Chi square</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30000</td>
<td>4</td>
<td>19</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30001-40000</td>
<td>13</td>
<td>70</td>
<td>54</td>
<td>13</td>
<td>1</td>
<td>151</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40001-50000</td>
<td>26</td>
<td>14</td>
<td>5</td>
<td>77</td>
<td>34</td>
<td>2</td>
<td>284</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50001-60000</td>
<td>33</td>
<td>16</td>
<td>8</td>
<td>89</td>
<td>44</td>
<td>5</td>
<td>337</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 60001</td>
<td>12</td>
<td>73</td>
<td>27</td>
<td>24</td>
<td>0</td>
<td>136</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Margin</td>
<td>88</td>
<td>47</td>
<td>21</td>
<td>11</td>
<td>8</td>
<td>942</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 3**

**Significant at the 1% level**
From the correspondent table 3 it is evident that those respondents who earn 50001-60000 as monthly salary disagree with think of quitting their job followed by the respondents earning 40001-50000 as their monthly salary.

![Correspondent chart](image)

**Figure 3: Monthly salary and think of quitting the job**

The correspondent chart depicts the respondents who earn 50001-60000 as monthly salary disagrees with think of quitting their job followed by the respondents earning 40001-50000 as their monthly salary. The respondents who earn less than 30000 as their monthly salary have no association with think of quitting the job in Software industry.

**Findings of the study**

1) The correspondent chart depicts the age group of 41-50 years associated with their preference to stay with their company, if the changes incorporated within the company and the respondents with 20-30 years of age and above 50 years of age have no association with preference towards stay with the present company in Software industry.

2) From the correspondent table it is evident that those respondents who are falling in the total years of experience of 6-10 years agree and strongly agree with the preference to stay with the present company followed by 11-15 years of total experience.

3) The correspondent chart depicts the respondents who earn 50001-60000 as monthly salary disagrees with think of quitting their job followed by the respondents earning 40001-50000 as their monthly salary. The respondents who earn less than 30000 as their monthly salary have no association with think of quitting the job in Software industry.

**Conclusion**

This research article has shed light on the three major critical factors that influence the decision of an employee in the software technology industry to stay with the same employer. As explained by the study a software employee who is older in age will prefer to stay with the same employer for a longer period. He takes this decision of not moving with the crowd who opts for voluntary exit from the company. Similarly, an experienced employee who understand the pulse of the job market will also refrain from moving out of the company. Experienced employees particularly software technology employees in the Indian IT industry always exercise caution while thinking of quitting their present employment. This is due to the volatility of the job market in India. As pointed out in the study employees also take a decision to stay or leave based on the monthly compensation factor. Employees who prefer to stay with the company keep their current monthly pay as a yardstick for taking a decision to stay with the company. This is because any movement out of the company will lead to an interruption in their pay cycle which is not warranted. This research article can be used as a good read for managers as well as academicians for understanding the impact of age, total experience and effect of monthly pay on the stay intent of software employees in India.

**References**


