



## An analysis of employee retention tactics and factors, with particular reference to the IT sector

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### **ABSTRACT:**

In a company, staff retention is crucial since it has an impact on productivity. The goal of this study is to determine how various employee retention techniques, such as performance-based bonuses, flexible work schedules, timely promotions, and career development programmes, affect both employee performance and retention. The study's findings indicated that employee retention techniques have a favourable impact on both staff performance and retention. As employees are expensive to acquire and difficult to retain, the theoretical framework of this study would encourage businesses and their employers to consider them vital resources.

Researchers and academics could also benefit from the study's understanding of the significance of staff retention in an organisation. This study's main goal is to identify and examine the key determinants that influence employee retention. The following broad factors were examined in-depth in this study: health and wellness benefits, personal growth, compensation, work-life balance, recognition and rewards for top performers, superior-subordinate relationships, training and development, job characteristics and job commitment, monetary rewards, and welfare programmes. A total of 615 self-administrative questionnaires data is received and the data was analyzed with the help of SPSS\_v20 software.

**Keywords:** Employee reward programmes, compensation, work life balance, financial rewards, welfare programmes, job commitment.

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### **1.1 INTRODUCTION**

Employee retention is a process that is growing more and more important in the current environment of rapid globalisation, significant economic growth, and development. Any organization's greatest asset is its talent or human resource. The company spends a lot of money on its HR practises, including recruitment, selection, and training programmes. What would happen to the company if these employees or talents left the company abruptly in search of better opportunities? Organisations increasingly realise the need to better comprehend the supply-demand dynamic in order to gather effective strategies to attract and retain highly qualified individuals as a result of uncertain retention trends and fierce global competition. In the best of worlds, human resources would love their works, like their co-workers, work hard for their employers, get paid well for their work, have sufficient chances for advancement, and flexible schedules so they could attend to personal or family requirements when necessary and never leave.

### **1.2 Review of Literature:**

Employee retention techniques and factors have been the subject of numerous research up to this point. The firm is focusing on employee-centered employment relationships to hold back the employees as a result of the Information Technology sector's explosive growth in India over the past few decades. Retention tactics and determinants have also been the subject of a sizable body of literature. Review of related literature of the studies gave an insight about the subject matter and also helped in analyzing the existing gap that could be taken up for further research.

Shoury Kuttappa found that the significance of HR Policies & Practices in the changing business landscape of the 21st century has been spoken about in numerous forums across the world. There is undoubtedly growing awareness that these management-related issues cannot be ignored any longer. A "one plan fits all" strategy for human resource practises is also no longer acceptable. Numerous well-known experts have started studying this area, and they have discovered many intriguing conclusions..

Poonam Madan, Jasleen Kaur Bajwa found that in the present scenario retaining the employees with the organizations for longer duration for the benefit of both individual and organization have become a crucial point. An key factor that aids in employee retention and improved performance is motivation. The right career prospects, working conditions, compensation benefits, and supervisor assistance must be offered to the employees if an organisation wants to keep the best and most suited workers.

Eseme Gberevbie (2010) conducted a study to empirically examine employee retention strategies and its performance in the Nigerian banking sector over the period 2000 – 2005.

Horwitz et al. (2003) said that the significant creative employee retention strategies designed by Human Resource managers of talented organizations still related to compensation package. Second, it's believed that one of the most important elements affecting employee retention is the availability of professional growth possibilities. It is advised that a business engage in the growth of its personnel if it wishes to strengthen its relationship with them.

According to Akuoko, O. K. and Ansong, F. (2012), investigated on role of employee retention strategies played in companies because it affects workforce" performance. This investigation looked at several employee retention techniques and how they affected workers' productivity. Simple random sampling was used to select five organisations. They were divided into two service organisations and three production organisations.

(Hill and Jones, 2001). The analysis found that employee retention strategies contributed to employees" commitment to organizational targets, thus, exposing their loyalty to their company. Additionally, it was discovered that when employees were kept on board, the information they had gained aided in the growth of the operations of the business they worked for (Butler, P., and Glover, L., 2007).

### **1.3 Scope of the study:**

The lack of vital talent, according to a NASSCOM assessment, is the main obstacle to the expansion of the IT business. Organisations may only be deemed successful if they are able to draw in, nurture, reward, and keep talent that can think creatively about how to interact with customers, stakeholders, and seize opportunities in a globalised market. Only if each employee sets and achieves goals that support both personal and organisational success will an organisation be able to reach its full

potential. High staff turnover is thought to be a severe problem for businesses, and it frequently results from a lack of incentives for good work and opportunity for career growth.

#### **1.4 Significance of the Study**

The relevance of this study may be seen in the overall picture of the IT sector in recent years, where, on the one hand, frighteningly high personnel turnover has had a significant negative impact on the organisation. Numerous empirical studies have been conducted on different parts of the globe in relation to various concepts of human resource management, but prior studies have revealed a gap in that the majority of literature sources only address the issue of retention by focusing in-depth on retention factors and strategies that organisations can use to motivate employees. Despite the significant value placed on the idea of retention tactics, it is important to concentrate on raising the retention rate in the information technology sector. This study aims to examine patterns of workplace retention factors and strategies in IT and the relationship between retention of employees and indicators of retention, such as performance, commitment, satisfaction, participation, and morale among employees.

The findings of this study will help managers better understand employee motivation and how implementing such motivational variables can boost levels of employee retention along with improved performance, morale, and satisfaction.

#### **1.5 Objectives of the Study:**

1. To identify the factors influencing Employee Retention Management in It Industry.
2. To study the employee retention strategies of IT Industry.
3. To analyze how those employee retention strategies, affect employee retention.

#### **1.6 Hypothesis:**

Hypothesis1: There is no significant difference between the perceptions of employees of IT companies with regard to employee retention strategies.

Hypothesis2: There is no significant difference between the perceptions of employees of IT companies with regard to employee retention factors.

#### **1.7 Research methodology and Statistical tools used for Data Analysis:**

The information gathered from primary and secondary sources is combined, collated, analysed, and interpreted after the fieldwork. The data are analysed using statistical techniques and sample data. The mean and standard deviation were used to calculate the weights and percentages of the responses. IT staff retention satisfaction levels are examined using sophisticated statistical methods including the ANOVA test, percentage analysis, Kruskal-Wallis test, and Cronbach Alpha tests.

#### **1.8 Discussion on Pilot Study**

The primary purpose of the pilot study was to evaluate the proposed questionnaire. This type of pilot survey is being conducted with the intention of creating a structured questionnaire that will be more relevant and practical for the research. A pilot survey has been carried out to pre-test the questionnaire's validity and reliability. The results of the Pilot Survey detail how participants responded and expressed their opinions regarding both the questionnaire and the study's potential contributions to the industry. From IT firms, a sample of 40 respondents was chosen. The pretest was then used to look

for any discrepancies in the survey instruments. The data was statistically analysed to determine a coefficient that, at (0.951), certifies that the questionnaire is 95.1% credible.

### 1.9: Analysis and Discussions:

IT Industry Employee Retention Factors: Retaining competent people is crucial to the organization's performance and long-term advantages. Our best employee's continued employment ensures product sales, client contentment, pleased coworkers and those in positions of reporting responsibility, efficient advancement planning, and deeply ingrained organisational knowledge and learning: The following are a few potential determinants of an employee's long-term retention in an organisation: work schedule flexibility, personal growth, compensation, work-life balance, top performers, rewards and recognition, relationships between superiors and subordinates, training and career development, job characteristics and job commitment, monetary incentives and welfare programmes, and lower compensation packages and benefits.

Other potential reasons for an employee to leave include frequent job changes, a lack of support from superiors, a disregard for professional development, conflicts with coworkers, favouritism or inequity, poor organisational communication, promotions and raises that aren't given on time, and personal reasons.

**Table.1 - Factors that make the employees to stay Long time at the organization (Ranking the factors) Test Statistics**

	Factor	Company(N=6 15) Mean	Rank	df	Chi-Square Value	Asymp. SigValue
1	Work Schedule Flexibility	3.7545	2	4	9.792	0.044
2	Health and wellness benefits	3.8602	5	4	2.859	0.582
3	Personal Development	3.8049	6	4	1.316	0.859
4	Compensation	3.7431	3	4	3.080	0.545
5	Work life Balance	3.9122	1	4	4.280	0.369
6	Topper former Recognition and Rewards	3.7626	10	4	4.183	0.382
7	Superior-Subordinate Relationship	3.8618	4	4	5.830	0.212
8	Training and Career D development	3.8683	8	4	4.898	0.298
9	Job Characteristics and Job Commitment	3.8862	9	4	4.357	0.360
10	Financial Reward and Welfare Programmes	3.7919	7	4	3.203	0.524

a. Kruskal Wallis Test.

### Results and Discussions:

According to the data in Table 1, it can be deduced that the majority of employees place a high value on work-life balance, schedule flexibility, and compensation management, while placing a low value on top performer recognition and rewards, job characteristics, and commitment as retention factors. The Kruskal-Wallis test was used. Since all retention factors that cause employees to stay with an organisation for a long period have calculated Chi-Square values that are smaller than tabulated values and significance levels above 0.05 for all factors.

As a result, there are differences in how employees rank on different retention variables that influence how long they stay with an organisation. Therefore, we can deduce from the analysis that the employees believe the company should offer and develop work schedule flexibility in

accordance with employee convenience, implement effective compensation and benefits, and give significance to work-life balance factors that are helpful to improve employee satisfaction and they retain long in the company.

**Table.2 - Factors influencing the employees to Leave from the organization (Ranking the factors)**

S.No	Factor	Company(N =615) Mean	Rank	df	Chi-Square Value	Asym p.Sig Value
1	Less Compensation Packages and Benefits	3.9122	1	4	0.014	0.993
2	Frequent Job Rotations	3.7546	8	4	4.457	0.108
3	Lack of support from superiors	3.7919	7	4	3.486	0.175
4	Lack of importance for Professional growth and Development	3.8683	3	4	0.428	0.807
5	Lack of effective working conditions	3.8049	6	4	4.521	0.104
6	Conflicts with Other Employees	3.8602	5	4	1.222	0.543
7	Inequality or Favoritism	3.8862	2	4	0.117	0.943
8	Ineffective organization communication	3.8618	9	4	4.166	0.125
9	Lack of Increments and Promotions	3.7545	4	4	2.991	0.224
10	Personal Reasons	3.7431	10	4	3.383	0.184

a. KruskalWallisTest.

### Results and Discussions:

As per above table 2 it has been inferred that most of the employees given highest significance (highrank) to less compensation package and benefits, inequality and favoritism, Lack of importance for professional growth and Development factors of employee retention, and given least significant (low rank) to personal reasons, ineffective organization communication and frequent job rotation factors of retention.

The Kruskal-Wallis test was used. Since all retention factors that cause employees to stay with an organisation for a long period have calculated Chi-Square values that are smaller than tabulated values and significance levels above 0.05 for all factors. Therefore, there are differences in the rankings of employees based on different retention variables that cause individuals to leave their current employers. In order to deduce from the analysis that the employees believe the organisation should create and implement an effective compensation package and benefits that give significance to the equality principle and avoid favouritism, give significance to professional growth, and emphasise development factors that are beneficial to increase employee commitment to the company and improve employee retention.

### 1.9.2 Employee Retention strategies of IT Industry:

According to Agrela, et al. (2008), organisations must concentrate on retention-related initiatives in order to expand and succeed. Studies suggest that retention methods that successfully meet the demands of every employee improve an organization's capacity to adapt more successfully to continuing organisational change. Research demonstrates that trends shaping contemporary retention methods go beyond the conventional pay and benefits package and compensation, incorporating employee motivation as one of the major variables to cater to the diversity and protracted tenure of the workforce in the organisation.

### **Flexible working hours:**

Flexibility in the workplace is important for keeping workers of any age. attracts workers of all ages. The importance of employment flexibility is described in several studies in terms of programming variations that better make individual working hours, workloads, positions, duties, and regions around family responsibilities. Studies demonstrate that "flexibility" enables individuals to facilitate a healthier balance between their work and personal obligations. Human resources describe that employees who have job flexibility options report having top levels of personal commitment, aggregation, satisfaction, productivity, loyalty, and mental capability at any age. An employee who has more flexibility at work is more likely to stick around than one who is completely restricted to the 8-hour, 5-day workweek.

### **Timely Promotions and Bonus**

Promotional opportunities refer to how likely an employee believes they are to advance and be promoted within the company. In most circumstances, a sizable proportion of employees are eager to work for a company where the chances of promotion are clearly visible. According to Stoner et al. (1995), a company's internal promotion policy can increase employee satisfaction if it is offered fairly to the right candidates; however, unfair promotions can lower employee satisfaction. As a result, the criteria and method for promotions must be fair. In addition, management should pay employees what the job warrants rather than what it anticipates they will accept. depending on performance Bonus

### **Employee Engagement**

Employee engagement is a metric used to determine how motivated and committed employees are to their work. Employee engagement is a sign of an organization's success. Engagement denotes the activity and expression of human resources on a general physical, cognitive, and emotional level. Most organisations use it as a key human resource factor to increase company retention rates. It enables an organisation to perform better and acquire a competitive advantage. staff engagement increases productivity, learning, and creativity, which boosts customer happiness, staff retention, organisation productivity, and financial success.

### **Employee Referral Plans and programmes:**

A programme known as an employee referral programme allows employees to recommend members of their networks, such as friends or family, for open positions inside their company. Employee referral is a technique used internally to identify and hire the finest people from

the networks of current workers. Employers can use an employee referral programme as a recruiting technique because referred applicants are often easier, quicker, and less expensive to hire than traditional hiring. The greatest referral programmes may encourage employees to refer their friends, enable recruiters to offer a better candidate experience for referrals, and facilitate the hiring of top-notch new team members for the company.

**Table 3– Satisfaction level of Employee Retention Strategies based on Gender**

Employee Retention Strategies	Mean			Standard Deviation		
	Male(340)	Female(275)	Total(615)	Male(340)	Female(275)	Total(615)
Employee Reward Program	4.0588	4.0473	<b>4.0537</b>	0.90691	0.05553	<b>0.03679</b>
Flexible working hours	3.9559	4.0473	<b>3.9967</b>	1.06200	1.04355	<b>1.05392</b>
Timely Promotions and Bonus	3.8059	3.7927	<b>3.8000</b>	1.05761	1.11261	<b>1.08168</b>
Career Development Program	3.8471	4.1073	<b>3.9740</b>	0.95171	0.90817	<b>0.93222</b>
Performance based Bonus	3.7471	3.8509	<b>3.7935</b>	1.13440	1.06176	<b>1.10283</b>
Employee Engagement	3.9412	4.0327	<b>3.9821</b>	0.93573	0.91760	<b>0.92803</b>
Employee Referral Plans and programmes	4.0618	4.0836	<b>4.0715</b>	0.95581	0.91436	<b>0.93681</b>
Gifts at some Occasions	3.8382	3.8618	<b>3.8488</b>	0.98679	0.99771	<b>0.99095</b>
Employee Recreation	3.8441	3.8545	<b>3.8488</b>	1.08725	1.05017	<b>1.06998</b>
Making the management effective And easily accessible	3.8706	4.0436	<b>3.9461</b>	0.97809	0.87853	<b>0.93810</b>

**Results and Discussions:**

From the analysis, it can be deduced that most employees, regardless of gender, give timely promotions and performance-based bonus strategies of retention the highest priority, while giving these strategies the least preference are employee reward programmes, employee referral plans and programmes, and flexible working hours. Female employees are content with the organization's career development programmes, while the majority of male employees are very satisfied with the plans and programmes for employee referrals. Analysis - ANOVA Test:

**Table 4- Satisfaction level of Employee Retention Strategies based on Gender**

Employee Retention strategies	Company(N=615)		F Value	Significant Value
	Mean	SD		
Employee Reward Program	4.0537	0.03679	0.025	0.874
Flexible working hours	3.9967	1.05392	1.220	0.270
Timely Promotions and Bonus	3.8000	1.08168	0.20	0.886

Career Development Program	3.9740	0.93222	0.635	0.426
Performance based Bonus	3.7935	1.10283	1.445	0.230
Employee Engagement	3.9821	0.92803	1.582	0.209
Employee Referral Plans and programmes	4.0715	0.93681	0.081	0.776
Gifts at some Occasions	3.8488	0.99095	0.089	0.765
Employee Recreation	3.8488	1.06998	0.016	0.900
Making the management effective and easily accessible	0.8785	0.93810	4.989	0.026

## Results and Discussions:

To determine the significant difference between organisations, a one-way ANOVA test is used. Employee Reward Programme 0.025, Flexible Working Hours 1.220, Timely Promotions and Bonus 0.20, Career Development Programme 0.635, Performance-based Bonus 1.445, Employee Engagement 1.582, Employee Referral Plans and Programmes 0.081, Gifts at Some Occasions 0.089, Employee Recreation 0.016, Making the Management Efficient and Accessible are the calculated F values, according to Table 4. 4.989. We accept the null hypothesis since the F Calculated values are lower than the Tabulated values. Since all retention techniques have estimated significance values more than 0.05, it can be concluded that there is no statistically significant difference between the perceptions of IT company employees regarding "employee retention strategies" (based on Gender).

### 1.10 Conclusion:

In a company, staff retention is crucial since it has an impact on productivity. According to the results of the current study, employee reward programmes, flexible work schedules, employee training, performance-based bonuses, employee recreation, and career development programmes all have a beneficial impact on both employee performance and retention. The ability of organisations to retain their people is essential to their ability to continue operating. Although this study made an effort to highlight all the aspects associated to staying in an organisation for a long period as well as the ones that impact leaving an organisation.

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