



DYNAMICS OF EMPLOYEE RETENTION IN SELECT SOFTWARE COMPANIES IN BANGALORE CITY

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Abstract

In any organization employees are the greatest asset to achieve the success in future. Retaining the talent employees become most challenging task for organizations. Recruiting and selecting the suitable people for the right job is compulsory for any employer. All the organizations invests more money & time to provide the training and make the employee corporate ready with existing employees. After training if employees decide to leave the job it become a great loss for any organization. At present, IT sector facing more problems in employee retention. Selecting the knowledgeable people is the difficult task and retain them is the more difficult than the selecting. If employees feel dissatisfaction with the present company immediately they switch over to other job. It is essential for any employer to retain their best knowledge employees for a long period of time. The IT industry creating & providing more employment opportunities in India. But Indian IT industry is top in attrition compare with other countries. The word "Attrition" refers to scaling down of employees in an organization. It occurs because of retirement, resignation or death of the employee. Many factors play a role in the employee attrition rate of any company like wages; company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover.

Key Words: *Employee Retention, Attrition, IT Industry, Retention Strategies.*

Introduction

In present economy all the organizations giving top priority for employee retention. The companies should be aware of reasons why employees leaving the organization. It is indispensable to conduct exit interview to identify the reasons. This would help the firms to get accurate information to change the policies. To achieve the short term and long term goals retaining valuable employees is compulsory. Since last few decades IT sector facing the problem with attrition. In recent, organizations looking for knowledgeable employees to perform the task. But, based on the global market changes the expectations of employees changing frequently. Employees are differs from one to another in the form of knowledge and work. When the employees show interest to work in present organization it leads to control the employee turnover. If trained employee leaves the job it creates more problems for the organization. The success of the organization depends on efforts of the employees.¹ Information Technology (IT) industry investing more funds in recruiting, selecting and training the employees. When the new employees recruited they were not productive for organization. After receiving training only the employees can become productive. To retain the talent workforce employer has to focus more in employee career objectives, growth, compensation packages, work environment, origination climate, work recognition and personal factors. This would assist the employer to retain the talent employees for a long time.² Attrition' is the major problem faced by Indian IT industry. It refers to the 'exit of the employees from company due to some reasons'. The word "Attrition" refers to scaling down of employees in an organization. It occurs because of retirement, resignation or death of the employee. There can be many reasons for employees to leave an organization like they may be getting higher job position in some other company or they may want to change their profession or employee may leave an organization for higher studies, etc. Attrition takes place due to non fulfillment of employees expectations from the organization in return of services provided to them.³ Many factors play a role in the employee attrition rate of any company like Wages, company benefits, employee attendance, and job performance are the important factors that play a significant role in employee turnover. Indian software industry which is already experiencing shortage of talented man power and facing problem in retaining the existing talent. This

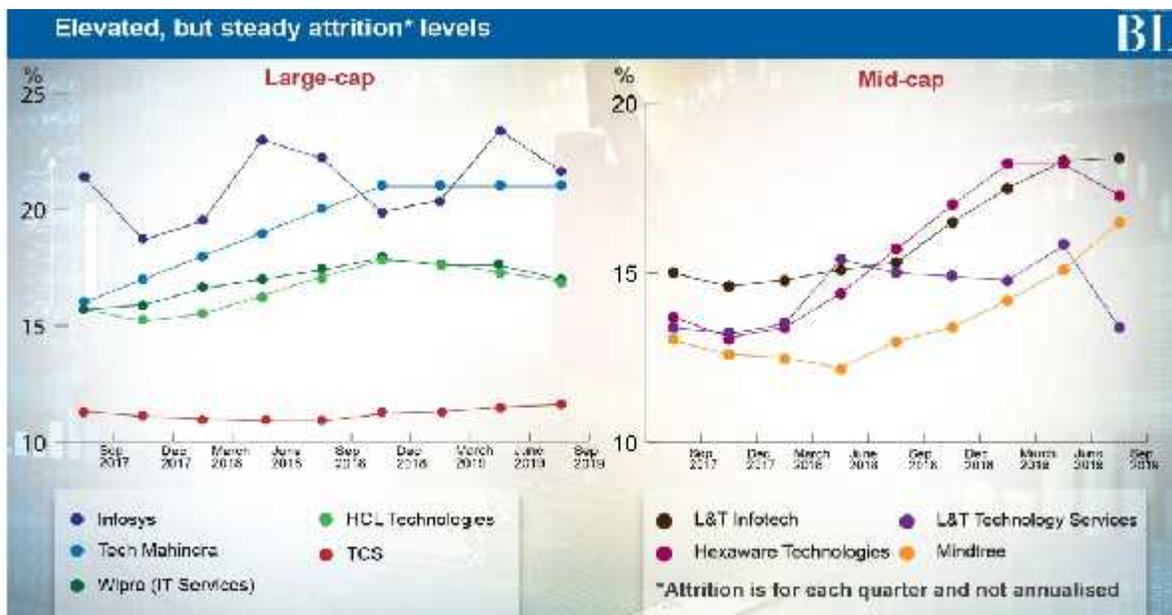
‘flight’ of the talent employees leads to several problems for the organizations. ‘New Hire’ cost increases as companies have to spend on new recruitment, selection, induction and training programmes at one side and at another they have to continuously hike salaries and spend more on other perks provided which in turn increases the HR maintenance expenditure.⁴

Causes for Attrition

Attrition can bring losses to any organization as a whole. Therefore job attrition rate can be more costly to the organization because it takes lot of time, efforts and resources to train the employees. Basically, if the employees are not interested in their jobs, they will leave.⁵ Being unhappy is not the only reason why workers leave their jobs. Some of the other reasons like Lack of growth options, Improper work timings, family and personal reasons, Health problems, salary and other benefits, 1 work environment, lack of promotions, performance of the organization, organizational culture, characteristics of job, and unrealistic expectations.⁶

Attrition in Indian IT sector (2018-19)

Infosys attrition levels have been above 20 per cent for three consecutive quarters now. In the quarters ended June 2019 (seasonally higher attrition), the number had spiked to 23.4 per cent. The management has assured that it would try to curb the runaway attrition rate of employees. Higher attrition pulls down margins as companies have to hire from outside the company to meet short-term demands for talent. This also leads to an increase in sub-contracting costs.



TCS’ attrition is one of the lowest in the industry and has been hovering at 11.2-11.6 percent over the past four quarters. The company is training its employees in digital technologies and has been busy recruiting people to meet its future needs when projects come on stream. Wipro Ltd has managed to bring down its attrition rate to 17 per cent from nearly 17.9 per cent in the quarter ended December 31, 2018. In mean while Tech Mahindra’s attrition has stayed constant at 21 per cent for four consecutive quarters- it’s one of the highest in the industry, but just below Infosys. The company’s sub-contracting costs have been rising for five consecutive quarters – it rose 12.2 per cent sequentially in September 2019. Among the mid-sized IT companies, the hostile takeover of Mind tree’s by Larsen and Toubro caused disruption and saw many senior employees leave. This can be seen in the steady rise of Mind tree’s attrition rate, from 13 per cent in September 2018 to 16.5 per cent in September 2019. The hope is that now with the takeover complete, the management would tackle this spike in attrition as in could impact margins going forward.

Hexaware Technologies has managed to bring down its attrition rate to 17.3 percent. It had been hovering at 18.2 per cent for the past two quarters. L&T Infotech has seen its attrition spike in the September 2019 quarter to a 12-quarter high of 18.4 per cent, while its group peer L&T Technology Services has seen its September quarter attrition come in at a seven-quarter of 13.4 per cent.⁷

Definitions of Employee Retention

Deepti Sina & Somesh kumar Shukla (2013) defined “Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs.”⁸

Chandrasekhar (2017) defined “Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time.”⁹

Research problem

Indian IT industry facing problem with shortage of skilled IT professionals. The globalization policy encouraged the set up of a large number of domestic and multinational IT companies in India and created more job opportunities. The Indian IT professionals have demand all over the world. This created high level of attrition among the IT companies. In IT industry is facing challenge to retain the critical workforce in their organization. This study aims to provide useful information and to control the attrition rate in software industry.

Objective of the study

1. To study the employee attrition in Indian IT sector.
2. To identify and analyze the employees perception on employee retention practices in select IT companies
3. To suggest HR policy initiatives to reduce employee attrition and to retain the talented committed employees in the IT companies.
4. To provide useful information to attract new employees and retain existing to reduce attrition rate in software companies.

Scope of the study

This study will help the IT industry to know their employees attitude towards their job. The major findings & suggestions of the study can help to reduce attrition rate in IT industry. The current study helps the HR managers to understand the reasons why employees leaving the organization and suggest appropriate strategies to retain talent employees for a long time.

Research Design

In related with objectives of the study the researcher has used descriptive research. For selecting of the IT professionals for the present study, altogether 600 questionnaires were printed and handed over them at the premises of the companies, at the time of entry in to the office, at the time of lunch hours, at companies sport clubs and some were met at the paying guest houses and administered the questionnaire. Finally, as many as, 300 questionnaire were filled satisfactory. Hence, the study is based on the responses collected from 300 IT professionals by adopting purposive and convenience sampling methods.

Table 1, IT Companies And Employees Selected for the Study

S.No	Name of the company	No. of Respondents	Percentage to Total
1	Western India Products Limited(Wipro)	60	20.00
2	Hewlett-Packard(HP)	48	16.00
3	Hinduja Global Solutions(HGS)	42	14.00
4	Robert Bosch Engineering and Business Solutions Private Limited(BOSCH)	52	17.33
5	Infosys Technologies Limited(INFOSYS)	44	14.66
6	Hindustan Computers Limited(HCL)	54	18.00
	Total	300	100

Source: Primary data

For this study, six companies of both IT and ITES especially from the category of MNCs have been selected for the present study. The company-wise and category-wise professionals selected and intended in the study for analysis are shown in the table above.

Table 2, Classification of Respondents According To Age

SNO	Age group	Number of Respondents	Percentage to Total
1	20-25	35	11.66
2	26-30	85	28.34
3	31-35	65	21.67
4	36-40	75	25
5	40 above	40	13.34
	Total	300	100

Source: Primary data

Age is one of the demographic factors that influence the level of understanding and ability to decide his or her own professionals' career. The more the age and the more is likely to be viewed the professional environment positively or vice versa. With regard to compensation in the form of incentives either in the monetary or non-monetary also will change according to age. For instance, younger generation software professionals normally do not expect and accept money as an incentive to stay back with the organization where in they are working. On the other hand the experienced and aged old professionals generally compromise or adjust the same organization and normally would like to remain in the current organization. Keeping there in view the respondent professionals in the study are ask to furnish the age-group to which he/she belongs to. It is found in this study is presented in take above that as many as 85 respondents representing 28.34 per cent are in the age-group of 26-30 years followed by in the age-group of 36-40 years(25%), 31-35 years 21.67%, 40 years and above (13.34%) and 20-25 years age (11.66%) . on the whole more than two-third professionals out of 300 selected for the study are in the age group of 26-40 years.

Table-3, Classification of Sample Respondents Based on Designation/Cadre

S. No	Designation	Number of Respondents	Percentage to Total
1	Accountants	60	20.00
2	Technical support Professionals	150	50.00
3	Functional Executives	90	30.00
	Total	300	100

Source: Primary data

Designation details of the select respondent professionals in the study area are shown in table 3. It is known fact that designation is also considered to be an important factor that will have an impact in perceiving the incentives being offered(Compensation) and their impact in being attracted to be in the IT industry wherein they are working. It can be generalized that IT professionals who are skill-based will normally be motivated both for monetary and non-monetary incentives being offered by the companies. While the non-skilled or semi skilled ones are for monetary incentives according inclination either to be with the existing company or intended to leave in case such incentives are offered in other companies. Regarding this, the selected professionals are asked to state their present designations or cadres and collected details are exhibited in table 3. It is understood from the table that fifty percent of the respondents are the technical support professionals, 30 per cent are the functional executives and the remaining are the accountants.

Table-4 Classification of select IT professional based on Gender

S.No	Gender	Numbers of Respondents	Percentage to Total
1	Male	160	53.34
2	Female	140	46.66
	Total	300	100.00

Source: Primary data

Gender is yet another social factor that will have impact in perceiving the incentives either positively or otherwise being offered by the companies. It is the general opinion that female professionals normally do expect financial employment security. They do feel and also normally reluctant to leave the companies where assures fair remuneration with job security. On the other hand, the male professionals normally would have flexibility in monetary incentives and dynamism with regard to changing of companies quite often than female. In this regard, the details of to which the select IT professionals belongs to and such details are presented in table above. It is witnessed from the figures of the table that 53.34 percent are the male while the remaining 46.66 percent are female. It quite interesting to note in the select professionals in the select IT companies that female professionals are more or less equal to male professionals.

Table-5 Classification of Respondents based on the Education Qualifications

S.No	Qualification	Number of Respondents	Percentage to Total
1	BE/B.Tech	125	41.66
2	ME/M.Tech	65	21.66
3	MCA	40	13.33
4	BBA, B.Com, M.Com and M.B.A	70	23.34
	Total	300	100

Source: Primary data

Educational background if the respondents in the study are demonstrated in table 8. It is found that more 76 percent of the respondents in the study have technical background as their basic educational background while 23.34 per cent have business education like BBA, B.Com, M.Com and M.B.A. From this, it can be interfered that majority of the respondents have technical background and many more than one-fifth here social science educational background.

Table 6 :The Company Employee benefits

Employee benefits	Number of Respondents	Percentage (%)
Highly Satisfied	104	34.67
Satisfied	100	33.33
Undecided	10	3.33
Dissatisfied	46	15.33
Highly Dissatisfied	40	13.34
Total	300	100

Source: Primary data

Table 7: Employee Satisfaction with the Amount of work as Impact on Retention

Employee Satisfaction	Number of Respondents	Percentage (%)
Highly Satisfied	86	28.66
Satisfied	72	24.00
Undecided	20	6.67
Dissatisfied	58	20.00
Highly Dissatisfied	64	20.67
Total	300	100

Source: Primary data

Table 8: Correlation Between Employee Benefits And Satisfaction As Impact On Retention

Options	X	Y	X=X- \bar{X}	Y=Y- \bar{Y}	X ²	Y ²	XY
Highly satisfied	104	86	44	26	1936	676	1144
Satisfied	100	72	40	12	1600	144	480
Undecided	10	20	-50	-40	2500	1600	2000
Dissatisfied	46	58	-14	-2	196	04	28
Highly Dissatisfied	40	64	-20	4	400	16	80
TOTAL	300	300			$\Sigma X^2 =$ 6632	$\Sigma Y^2 =$ 2240	$\Sigma XY =$ 3732

$$\bar{X} = \Sigma X/N = 300/5 = 60$$

$$\bar{Y} = \Sigma Y/N = 300/5 = 60$$

$$r = \frac{\Sigma xy}{\sqrt{\Sigma X^2 X \Sigma Y^2}} \quad r = \frac{3732}{\sqrt{6632 \times 2240}} \quad r = \frac{3732}{\sqrt{16182080}} \quad r = \frac{3732}{4022.69} \quad r = 0.927$$

It is to analysis of correlation between company employee benefits and the Employee Satisfaction with the amount of work as impact on retention. From the table 8, it is clear that the employee retention of the organization is highly correlated with correlation of 0.927 and there is positively correlated.

Findings

1. It is found that 34 per cent respondents were male and 46.66 per cent were females.
2. Majority of the respondents 28.34 percent belonged to the age group of 26-30 years.
3. Out of the total 300 employees selected for the study, 60 employees represent Accountants (20.00%), 150 technical support professionals (50%) and 90 employees are Functional Executives (30%). It can be seen the table that the majority of the employees belongs to Technical Support team.
4. The educational back ground of the participants is, 125 represents (41.66%) B.Tech, 65 respondents (21.60) M.Tech, 40 respondents (13.33%) have MCA, 70 respondents (23.34%) have M.Com, MBA, B.Com and BBA.

Suggestions

1. **Improve company culture:** The company culture and values attract the employees and made loyal to organization. By improving company culture firms develop a strong attachment with employees which helps to reduce the turnover.
2. **Offer attractive compensation package:** An attractive monetary and non monetary compensation packages attract and assist in retain the talent employees for long period of time with the same organization.
3. **Provide challenging work:** Most of the employees now days interested to take the challenges in their work. According to their performance provide challenging work and allow employees to use different types of skills.
4. **Work place flexibility:** Flexibility in work attracts many more employees and also it helps in reduce the unscheduled absences. Most of the organizations especially in IT sector offering option to employees to work from home and other options.
5. **Employee training:** In any organization to promote the employees training and development is compulsory. After receiving training only the employees can become productive. To retain the talent workforce employer has to focus more on training and development.
6. **Effective Communications:** Communication plays an important role to share the company vision and goals with employees. Provide opportunity for employees to give feedback on nature of work, any suggestions for improvement and satisfaction regarding the job.
7. **Conduct exit interviews:** All the companies must conduct the exit interviews with resign employees to find out the reasons. It helps to know the weakness and other problems faced by the employees.



Limitation of the study

The current study is limited to Bangalore city only. By the findings of this study can't be comprehensive to other organization. The opinion of the respondents may be change from time to time and the responses were respected to variation depending upon the attitude and situation of the employees while conducting the survey for this study.

Conclusion

The Information Technology (IT) industry taken several initiatives to control attrition. Then also attrition of the employees in IT industry is more and changing regularly. If the employees feel dissatisfied with the present company they switch over to other job. It is essential for any employer to retain their best employees for a long time. In this compensation, Work culture, Challenging work, career growth, management support, understanding between employees can help the firms to retain the best talent. In IT industry the attrition level is increasing at a great speed. It is must to employer to know the employees satisfaction with their benefits, job and organization. To retain the talent organizations focus more on employee's career objectives, growth, compensation, work pressure, organization climate, work recognition and personal factors assist to retain the employees.

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