FACTORS AFFECTING EMPLOYEE RETENTION IN IT SECTOR

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ABSTRACT

Employee retention is an important aspect of the business strategy as it contributes to the growth of the organization. Retaining employees, particularly talented employees, would give the company a competitive advantage over the long term. Thus, this study was conducted to understand the factors influencing employee retention in IT Sector. This is a conceptual paper reviewed in the research articles, News and other sources related to retention for the past 4 years to understand the IT Industry. Many of the employees may also tend to leave the job for various undisclosed factors such as lack of job security, lack of career advancement, desire for change in new opportunities, anticipating higher pay, problems with supervisors and few other personal reasons. It creates a great difficulty for Human resource personnel to fill the gap that has occurred. Modern Human resource managers are taking various steps to reduce the employee attrition rate and it has been a pivotal challenge for today's Managers. This Study has the broad factors such as Compensation, work-life balance; work environment, Job Security, Job satisfaction, training, and development were all examined in depth in this study. Measures and initiatives taken by the company should be more consistent to gain employee retention. Long term retention requires a structured and inclusive approach.

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Keywords: *Employee Retention, IT industry, Retention Factors.*

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Introduction

Employees have always been valuable assets to any company. They might be referred to as an organization's life-blood due to their vital nature. As technology advances, most firms are becoming increasingly technology-driven. However, because technology requires human resources to function, this circumstance does not diminish the worth of employees in a business.

In most industries, competition is to becoming more intense as a result of challenges such as globalization. This condition has an impact on the job market since organizations need more human resources to stay competitive in their respective industries. To be competitive, organizations must not only attract the best talents, but also keep them on the job for a long time.

The most difficult task that businesses face nowadays is not just how to manage people, but also how to keep them on the job for as long as possible while keeping them healthy and motivated.

This research focuses on the factors that influence employee retention in IT Sector.

Current Scenario of Software Industry in India

The Indian Software Industry plays a critical role in India's economic growth. Software industry in India is viewed as growth engine of Indian economy, contributing in increase of Gross Domestic Product (GDP), urban employment and exports. Over the last decade the Software industry has grown at more than 40 to 50 percent annually. In India Software companies are concentrated in certain places like Bangalore, Chennai, Hyderabad and Delhi.

In the subsequent sections, literature review, Conceptual framework, discussion and conclusion are presented.

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Literature Review

A literature review on Factors Affecting Employee retention

S.No	Author(s)	Study based on	Abstract
1	Dimitrios Chatzoudes, Prodromos Chatzoglou	Factors Affecting Employee Retention: Conceptual Framework	The study, among others, underlines the huge impact of employee commitment and job satisfaction on increasing the intention of employees to stay in the same company
2	Tammana Mohapatra, Debasmita Nayak	An Analysis of Factors Affecting Employee – Retention during Crisis of COVID -19	This study will provide a better understanding of how organizations could identify new factors to improve their employee – retention program during medical – based pandemics and financial slumps.
3	DR. MAHESH V.J, NARMADHA K.R	Employee retention strategies in IT sector – a perceptual survey	This study has been conducted to examine Employee Retention Strategy used in the IT sector to retain their employees
4	Diwakar Singh	A Literature Review on Employee Retention with Focus on Recent Trends	The objective of this study is to critically analyze the various works done in the field of employee retention and highlight factors responsible for employee departure and retention initiatives followed to retain them
5	J.Pavithra, Thirukumaran	A study on employee retention with special reference at Philips electronics, Chennai	The objective of the study is to analyze the organizational factors influencing the employee retention
6	T.S.Kumar, Dr.M.Kavitha	Employee retention- a real-time challenges in Indian it sector - review paper	This study is about the real challenges faced by IT Industry to retain the top talents.

Problem Statement

Employee Retention has become a major issue in the global economy because most employees are leaving organizations to pursue other opportunities. In some cases, employees do not even inform their employers of their intention to leave. However, some of them are giving prior notices to leave organizations and firms in accordance with organizational norms and pursue better opportunities.

To fill vacant positions and look for new employees appointed from time to time in the place of the employees who have left, the organization suffers greatly in order to motivate the new employees toward desired objectives and goals. This will affect badly the HR policies in the IT Sector. To overtake this problem, major steps must be taken to retain employees in an organization for better sustainability and cognitive involvement.

Objectives

To identify the factors influencing Employee Retention management in IT Industry.

Employee Retention

Employee retention refers to the strategies and processes that a company adopts to keep its best employees and reduce the risk of turnover. Employee retention and turnover is a major workforce management concern for many businesses and HR professionals, resulting in considerable operating expenses for businesses and affecting their opportunities to grow and profit.

Factors Affecting Employee Retention

Overview

In previous research, a number of factors associated with employee retention have been identified. Factors that are commonly cited are developmental opportunities and quality supervision, compensation and appreciation of work done, Leadership, Organization Support, Job flexibility, relationships with colleagues, work-life balance, communication, Work Environment and Training and development.

According to Tammana Mohapatra, The retention factors include workplace guidelines, Financial Benefits, work-life balance, and communication during the covid period. Bodjrenou Kossivi and Ming Xu Have identified 8 retention factors: Development Opportunities, Compensation, Work-life Balance, Leadership, Work Environment, Social Support, Autonomy, and Training and Development.

While Dr. M. Kvitha said that Organizational culture, social Support, and work-life balance are the important factors that the employees are quitting the organization. Our analysis of individual factors is mainly based on the work of Bodjrenou Kossivi. These eight retention factors, in our opinion, are quite crucial for retaining personnel.

Compensation

Compensation refers to monetary payment given to an individual in exchange for their services. In the workplace, compensation is what is earned by employees. It includes salary or wages in addition to commission and any incentives or perks that come with the given employee's position.

Many researchers have been conducted on the relationship between compensation and employee retention. In 2021 Pieter Schaap and his team has identified compensation has more important factor to retain the employees. Pay has a mixed effect on retention, according to researchers. For some employees, pay satisfaction is a big factor in whether or not they stay with the company.

According to William D. Frye (2019) observed that Pay has more positive impact for the employees to retain in the organization. Pay is very important now a day's especially in a pandemic situation like COVID 19. The pandemic has yet to over. Many employees prioritize package as their top priority, thus I'll assume that compensation is a significant component in keeping personnel in the firm.

Training and Development

Training and development initiatives are educational activities within an organization that is designed to improve the job performance of an individual or group. Training and development in public and private enterprises is a vital department to the organization. These programs typically involve advancing a worker's knowledge and skill sets and instilling greater motivation to enhance job performance.

Many researchers have been conducted on the relationship between Training and Development and employee retention. Based upon these studies Training and development has one of the key factors for employees in the organization, especially in the IT Sector. In the year 2020, Ryan Joseph Calinao has observed that there is a strong relationship between Training and development and retention.

The majority of employees left the company after receiving training, resulting in a loss of money, time, and resources for the company. As a result, the company must choose its staff carefully and provide them with training. Moaz Nagib Gharib (2019) states that Training and development have a positive impact on retention.

Shahtaj Yousuf (2019) has come to the conclusion that training and development is one of the important factors evident to contribute to accelerating the retention rate of the employees at different variations. Dr.M.Kavitha (2019) has found that training and career development is a leading motivator that leads to retention. As a result, training and development are crucial components for both the organization and the employees.

Work Environment

A work environment is the setting, social features, and physical conditions in which you perform your job. These elements can impact feelings of well-being, workplace relationships, collaboration, efficiency, and employee health. Work Environment is very important for the employees to work freely and give high productivity to the organization. According to Syed Harris Syed Noordin (2021) has identified that Employee retention is positively impacted by rewards and the work environment. Many researchers have found that work environment factors are very crucial factors in their studies.

Employee retention appears to be influenced by a pleasant work environment. Various studies noted that the work environment has a direct influence on an organizational ability to maintain its workforce, which leads to improved employee retention. DR. Mahesh VJ has identified that a good working environment has a positive significant impact on Employee Retention in the IT sector in the year 2020. As an outcome, I argue that the workplace atmosphere is a significant component in retaining personnel.

Work Life Balance

Work-life balance refers to an equilibrium state, where one effectively balances work or career demands and those of their personal life. An individual who lacks a work-life balance has more work and home obligations, works longer hours, and lacks personal time.

A previous study has noted that Work life balance is very crucial factor to retain the employees now a day's especially in IT Sector. Accoding to Tammana Mohapatra (2021) has identified that Work life balance is very important key factor to retain the employees during the covid period.

Employee retention requires a good work-life balance. Many employees nowadays prefer to spend time with their families, and most IT companies strive to maintain this feature in order to keep their personnel. Pieter Schaap (2020) has come to conclusion that Work life balance has positive impact on retention. Dr. M.Kavitha has pointed out that work -life balance, job stress, relationship with friends are the key factors to retain the employees in the organization.

Work-life balance is one of the most important factors to consider during a pandemic, such as COVID 19. As a result, both the company and the personnel rely heavily on this element.

Rewards and Recognition

Rewards and Recognition is a system where people are acknowledged for their performance in intrinsic or extrinsic ways. Recognition & Reward is present in a work environment where there is appropriate acknowledgement and appreciation of employees' efforts in a fair and timely manner.

Many researchers have been conducted on the relationship between Rewards and recognition and employee retention. As per Syed Harris Syed Noordin (2021) research work has identified that rewards shows positive and significant effect on employee retention that would lead towards better employee retention.

Rewards and Recognition is important tool for the high performance employees in the organization. If the firms have not recognized or not to give rewards based up on employees performance, they should leave the organization.

Dr. Mahesh VJ and his team (2020) have observed that increased rewards and recognition has a positive significant impact on Employee retention in the IT sector.

As a result, I believe that one of the most important things in keeping employees for a longer amount of time is rewards and recognition.

Job Security

Job security is a sense of knowing that your job is safe from being cut. It's an assurance that you will be able to work in your current employment for the foreseeable future. Job security comes with a feeling of protection against things like layoffs, economic downfalls, and other factors that could impact employment.

Ryan Joseph Calinao (2020) has mentioned that that there is strong relationship in Job security on retention.

Employee job security is one of the important components which bring employees' attachment with the organization.

Previous research suggests that Jo security has more positive impact on retention. According to Moaz Nagib Gharib (2019) and his team suggested that Job security and Job satisfaction has more positive impact on retention. Thus, we conclude that job security is more significant factors since it ensures a consistent income and eliminates the stress of being fired at any time.

Relationship with Superiors

The superior-subordinate relationship is the main, sometimes the only, and one that is formally established by the organization. It is the one that is shown on the traditional organization chart. For most managers it is a key relationship and takes up more time than any other type of contact. Dr. Mahesh VJ and his team (2020) have mentioned that supervisor support and career opportunity have a positive significant impact on Employee Retention in the IT sector. In a fast-paced work environment, any supervisor must be very weary of the way that they handle relationships with their subordinates.

Previous research suggests that relationship with superiors is most important factors on retention. William D. Frye has mentioned in his article that relationships with managers are the important factors to retain the employees in the year 2019. Dr. S R Sharma (2017), relationships with superiors are one of the most important elements to consider when making a job transition for an IT professional.

As a result, we suggest that having a productive and positive peer connection is critical to achieving organizational goals and getting work done efficiently. It is critical for successful managers to comprehend it, possess the necessary abilities, and successfully applies them to achieve personal, team, and organizational objectives by establishing a strong internal network.

Job Satisfaction

Job satisfaction is **a** measure of an employee's contentedness with their job, the feeling of enjoyment or fulfillment that a person derives from their job. It is measured in behavioral, cognitive and affective components.

Previous research suggests that Job satisfaction has most important factors on retention. Yvonne Sishuwa (2020) has suggested that job satisfaction and organizational commitment as factors having an influence on employee retention.

Job satisfaction is the result of organization movements and apparent job experience that reveals the complex nature of the interactions. Job satisfaction is a combination of positive and negative feelings that employees have about their jobs. Payment, working relationships, position, and job security are examples of factors that influence job satisfaction. According to Moaz Nagib Gharib (2019) states that Job security and Job satisfaction has more impact on retention.

Overall Job satisfaction is an important factor in helping organizations improves their overall performance and productivity. Furthermore, because employees are satisfied with their current jobs, the employee turnover rate may be dramatically reduced.

Factors affecting Employee Retention Model

This model can be derived from our previous research papers.
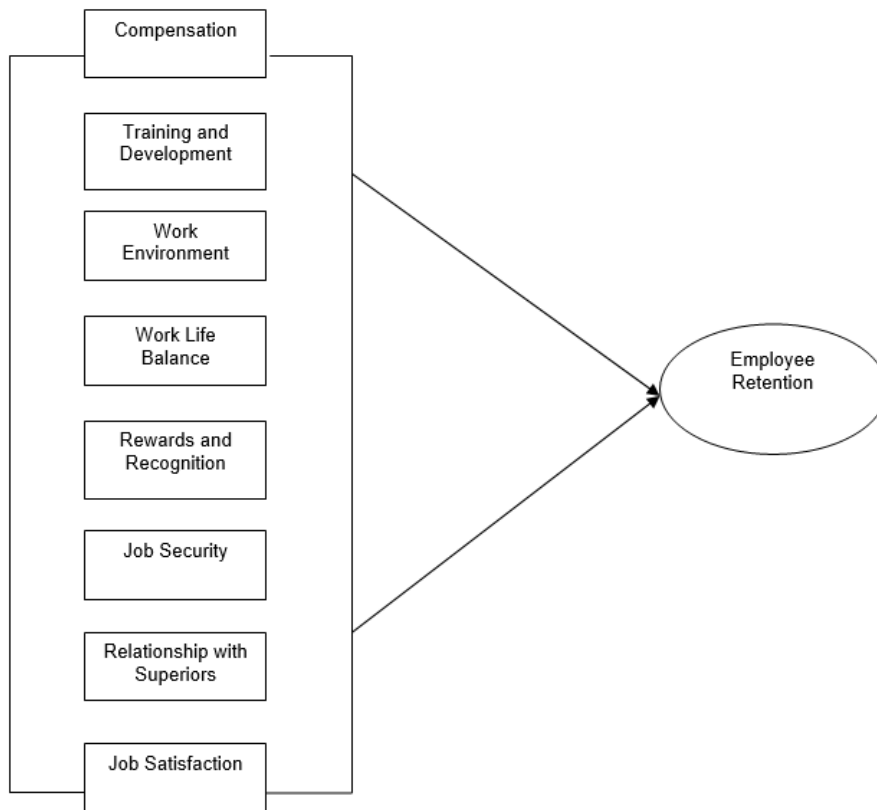
Factors affecting Employee Retention Model

Discussion

There are no fixed procedures that demonstrate the relevance and significance of how to retain employees and keep them committed to the organization because employers place different emphasis on different variables depending on what suits their organization best.

Hiring employees is only the first step toward developing a strong, committed work force. The real challenge is to keep them for a very long period of time. Based on our research, the following are some suggestions for employee retention and commitment:

- IT companies must consider their Working Environment, Job security and Job satisfaction prior to their other tasks.
- In economic downturn and other crisis, talent will be more beneficial than organization's products or services.
- Organizations must conduct "stay" and "exit" interviews to understand as to why employees chose to leave the organization. This information will help in understanding the reasons why employees leave the organization. Based on this organizations must strengthen their employee-retention strategies.
- Organization should motivate employees by providing awards, rewards and incentives once in year. It increases employees' satisfaction and interest towards job and also increases concern productivity.
- Retention of Key employees is critical to the long term health and success of any organization. It is a known fact that retaining your best employees ensures satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Conclusion

Employee retention is a major concern for businesses these days. Organizations are now recognizing that their competitive advantage lies not in capital or physical resources, but in human resources. The retention of valuable IT workers is becoming increasingly difficult due to the complex nature and demands of the work, as well as management's inability to understand their needs, which causes them to change jobs.

When an employee decides to leave, a number of factors influence his decision. These factors are compensation, Work life balance, Job security, Job satisfaction helps in retention. If an employee leaves the organization, the HR department should intervene and find out why they are leaving. Organizations should strive to develop effective retention policies and practices.

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