



**Impact of Employee Retention Rate in Information Technology Sector – A Study with special reference to Chennai City**

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**Abstract**

Employee retention refers to the ability of an organization to retain its employees. Employee Turnover is a major challenge faced by companies globally. However, many consider employee retention to relate to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategy rather than the outcome. Human resources are the livelihood of all types of organizations. Even though all types of organizations are now found to be technology-driven, human resources are still required to run the technology. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them and securing and retaining skilled employees. Skilled employees play an important role in any organization because employees' knowledge and skills are central to companies' ability to be economically competitive. Both primary and secondary data were collected. Structured Questionnaires were used to collect primary data from the employees. The secondary data was collected from the company website, reports, and books. The conclusion was derived based on the results.

**Keywords:** Retention problem, Expectation, Career, training, and career development.

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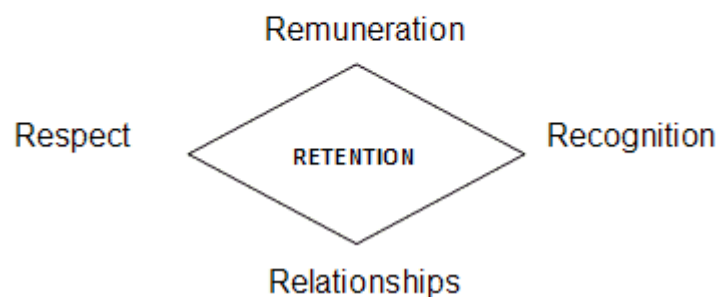
## Introduction

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention to relate to the efforts by which employers attempt to retain employees in their workforce. Employee turnover is a symptom of deeper issues that have not been resolved, which may include low employee morale, the absence of a clear career path, a lack of recognition, poor employee-manager relationships, or many other issues. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed.

The IT industry has seen an increase in attrition rates over the past few years. There are a number of people quitting jobs seeking better prospects because of various discouraging experiences in the industry. This sector now focuses more on employee retention strategies to reduce attrition rates.

### 4 - R's Retention Formula

Retention = Remuneration + Respect + Recognition + Relationships





## **Review of literature**

Makawatsakul Nantaporn and Kleiner H. Brian (2015) conducted research on 'The Effect of Downsizing on Morale and Attrition'. They discussed the factors of downsizing, morale, and downsizing. how morale is measured, the role of management, and the characteristics of effective downsizing. They found that a downsizing process requires planning that begins long before the formal announcements, which can be divided into four steps: (i) making the decision to downsize; (ii) planning the downsizing; (iii) making the announcements and implementing the downsizing. They suggested that management should help departing employees find other jobs, be fair in implementing separations, and be generous to laid-off workers. A company should also provide generous benefits so that workers feel treated well.

Cordray Kevin (2014) conducted research on 'High Retention Rates Bring Customer Benefits at S/TEL Direct—WWhy Call-Center Companies Buck the Trend'. The researcher found that the company consistently maintains monthly retention rates that are not only well above industry benchmarks but also compare well with other sectors in the customer-service industry. The researcher further found that the company's overall offering of comprehensive training, career-development opportunities, working-hour flexibility, a sense of community, and a convenient location not only contribute to its strong position in the marketplace but also to the experience of every customer interaction.

Trubik E. and Malcolm S. (2013) examined 'Developing a Model of Customer Defection in the Australian Banking Industry.' They conducted the study on the activities of a regional bank in Australia. They examine customer profitability, customer channel preferences, and customer databases to identify the risk of leaving. Basically, this study looks at the retention of customers with savings accounts and strategies that might be adopted to secure their retention. In Australian banking, the funding pool is insufficient to support current lending activities. At the end, four attributes were suggested to help identify leaving customers: the customers had one product; their major channel was a branch; they had no fee exemption; and they were on their third month with the bank.



Akila R. (2012) carried out 'A Study on Employee Retention among Executives at BGR Energy Systems Ltd., Chennai.' The employee retention program at BGR Energy consists of only the basic daily needs of the employee. Employees are found to be dissatisfied with it. This is found to be the threatening factor behind a higher employee turnover rate. The analysis of the collected data revealed that the Employees have given the highest weight to comfort during working hours and are not satisfied with the annual increments provided. Gender has a significant relationship with work-life balance. The correlation between job satisfaction and working conditions leads to employee retention.

Juby Thomas, Kavitha (2019) Employee turnover is a crucial fact in IT industry now a day. The term 'EMPLOYEE TURNOVER' is commonly defined as, "the gradual reduction in the number of employees through retirement, resignation or death. Whenever a well-developed employee leaves the organization, it creates a great loss. So, the organization loses key skills, knowledge and business relationships. HRM are greatly interested in reducing Employee turnover in the organization. Managers must recognize this and understand that establishing such fundamentals demonstrates their objectives to support nature and motivate their employees. The main objectives of this study is to know the reasons, why Employee turnover occurs, to identify the factors which make employees dissatisfied, to know the satisfactory level of employees towards their job even after maintaining and implementing employee retention techniques.

### **Study problem**

Employee retention has become a huge problem all over India. Most of the employees are leaving the organizations as they like on account of taking up employment elsewhere. Even in some of the cases, the employees are not even informing the organizations about their intention to leave. Some of them are giving prior notice to leave the organizations as per the norms of the organization and taking better prospects. However, there exists a gap between organizational and individual goals, which creates a major problem in employer-employee relations. So, the organizations have to take steps to reduce these discrepancies so that employee retention will be high for any organization. The individuals should also realize their actual needs and inform the



management for the betterment of their careers. Thus, the present paper aims to analyze employee retention strategies in the IT Sector.

### **Objectives of the study**

Following are the research objectives:

- ❧ To find out the socio-demographic profile of the
- ❧ To analyze the various factors of employee retention strategies in various
- ❧ To provide suggestions to improve retention strategies in the organizations, thereby increasing their

### **RESEARCH DESIGN**

In this study, the researcher made an attempt to analyze the employee retention strategies in the IT Sector. Hence, a descriptive design was adopted.

### **Collection of Data**

#### **Primary Data**

Primary data is information that is collected for the first time. It is first-hand data collected from the IT employees at Chennai City, Tamil Nadu, through a questionnaire by Google Form.

#### **Secondary Data**

The records and documents pertaining to the details of the organizations and from their websites constitute secondary sources.

Sampling techniques

**Sample size:** 120.

The sample data was collected from the IT employees at Chennai City. A simple random sampling technique has been used to select the sample. A simple random sample is a group of subjects (a sample) chosen from a larger group (a population). Each subject from the population is chosen randomly and entirely by chance, such that each subject has the same probability of



being chosen at any stage during the sampling process. This process and technique are known as simple Random Sampling, and should not be confused with random sampling.

### **Statistical Tools Used:**

Below are the statistical tools used in research studies: the chi square test, the t test, and the ANOVA test.

#### **Research Hypothesis:**

- ☞ There is a significant association between experience of the respondents and employee retention strategies in various dimensions.
- ☞ There is a significant difference between type of family of the respondents and employee retention strategies in various dimensions.
- ☞ There is a significant variance among the educational qualification of the respondents with regard to employee retention strategies in various dimensions.

### **Limitations of Study:**

- ☒ This study has covered only IT employees working in Chennai.
- ☒ The sample size has covered only 120 employees.

### **Analysis of data**

The analysis of the collected data was carried out using chi square test, t test and ANOVA test.

**Table 1: Association between the Experience of the respondents and Employee Retention Strategies in Various Dimensions**

S.no	Employee Retention strategies	Experience			Statistical Inference
		Below 2 yrs (n:78)	2 to 5 yrs (n:28)	Above 5 yrs (n:14)	
1.	<b>Retention Effort</b>				$\chi^2=8.958$
	Low level	45	14	2	df =2
	High level	33	14	12	p < 0.05
					<b>Significant</b>
2.	<b>Retention problems</b>				$\chi^2=2.673$
	Low level	38	16	10	df =2
	High level	40	12	4	p > 0.05
					Not Significant
3.	<b>Satisfactorily fulfilled</b>				$\chi^2=12.466$
	Low level	21	18	6	df =2
	High level	57	10	8	p < 0.05
					<b>Significant</b>
4.	<b>Support career goals</b>				$\chi^2=17.454$
	Low level	34	10	14	df =2
	High level	44	18	-	p < 0.001
					<b>Significant</b>
5.	<b>Sufficient recognition</b>				$\chi^2=3.475$
	Low level	36	12	10	df =2
	High level	42	16	4	p > 0.05
					Not Significant
6.	<b>Training and career development</b>				$\chi^2=27.221$
	Low level	50	4	2	df =2
	High level	28	24	12	p < 0.001
					<b>Significant</b>
7.	<b>Overall employees retention strategies</b>				$\chi^2=8.873$
	Low level	34	16	12	df =2
	High level	44	12	2	p < 0.05
					<b>Significant</b>

Therefore, there is a significant association between the experience of the respondents and various dimensions of employee retention strategies such as retention effort, satisfactorily fulfilled career goals, training and career development, and overall employee retention strategies. There is no significant association between the experience of the respondents and various dimensions of employee retention strategies, such as retention problems and sufficient recognition.

**Table 2: ‘t’ test between the respondents’ type of family and various dimensions of Employee Retention Strategies**

S.No	Employee Retention Strategies	$\bar{X}$	S.D	S.E	Statistical Inference
1.	<b>Retention Effort</b>				<b>t =2.021</b> df=118 <b>p &lt; 0.05</b> <b>Significant</b>
	Joint (n:24)	16.9583	3.95055	.80640	
	Nuclear (n:96)	15.2708	3.58500	.36589	
2.	<b>Retention problems</b>				<b>t =2.584</b> df=118 <b>p &lt; 0.05</b> <b>Significant</b>
	Joint (n:24)	17.5833	3.77540	.77065	
	Nuclear (n:96)	15.5729	3.31423	.33826	
3.	<b>Satisfactorily fulfilled</b>				t =0.193 df=118 p > 0.05 Not Significant
	Joint (n:24)	17.0417	3.47011	.70833	
	Nuclear (n:96)	16.8958	3.27825	.33459	
4.	<b>Career Goals</b>				t =0.095 df=118 p > 0.05 Not Significant
	Joint (n:24)	17.4583	4.14917	.84694	
	Nuclear (n:96)	17.5521	4.39346	.44841	



There is a significant difference between the respondents' gender and various dimensions of employee retention strategies, such as retention effort and retention problems. There is no significant difference between the respondents' gender and satisfactorily fulfilled career goals.

**Table 3: One-way analysis of variance among the respondents' educational qualification with regard to and various dimensions of Employee Retention Strategies**

S.NO	Source	Df	SS	MS	$\bar{X}$	Statistical Inference
1.	<b>Retention Effort</b>				G1=14.4762	<b>F=6.626</b>
	Between Groups	2	83.357	41.678	G2=16.2800	P < 0.001
	Within Groups	117	1551.235	13.258	G3=16.1071	<b>Significant</b>
2.	<b>Retention problems</b>				G1=14.9762	<b>F=4.809</b>
	Between Groups	2	76.405	38.202	G2=16.2200	P < 0.05
	Within Groups	117	1372.520	11.731	G3=17.0357	<b>Significant</b>
3.	<b>Satisfactorily fulfilled</b>				G1=16.9048	F=2.638
	Between Groups	2	5.372	2.686	G2=16.7400	P > 0.05
	Within Groups	117	1292.953	11.051	G3=17.2857	Not Significant
4.	<b>Career Goals</b>				G1=17.0238	F=0.507
	Between Groups	2	26.756	13.378	G2=17.5400	P > 0.05
	Within Groups	117	2203.110	18.830	G3=18.2857	Not Significant
5.	<b>Sufficient recognition</b>				G1=15.6905	F=2.436
	Between Groups	2	29.546	14.773	G2=15.9200	P > 0.05
	Within Groups	117	1397.620	11.945	G3=16.9643	Not Significant
6.	<b>Training and career development</b>				G1=22.7143	<b>F=5.214</b>
	Between Groups	2	81.047	40.523	G2=22.4400	P < 0.05
	Within Groups	117	909.320	7.772	G3=20.6429	<b>Significant</b>
7.	<b>Overall employee's retention strategies</b>				G1=101.79	
	Between Groups	2	414.793	207.397	G2=105.14	F=1.175
	Within Groups	117	20659.199	176.574	G3=106.32	P > 0.05
						Not Significant



There is a significant variation among the respondents' educational qualifications with regard to various dimensions of employee retention strategies, such as retention problems and training and career development. There is no significant variation among the respondents' educational qualifications with regard to retention effort, satisfactorily fulfilled career goals, sufficient recognition, or overall employee retention strategies.

## SUGGESTIONS

Create open communication between employees and management. Hold regular meetings in which employees can offer ideas and ask questions. Feeling connected to the organization's goals is one way to keep employees mentally and emotionally tied to the company. Have an open-door policy that encourages employees to speak frankly with their managers without fear of repercussion. Require managers to spend time coaching employees, helping good performers move to new positions, and minimizing poor performance.

Offering financial awards for employees who meet performance goals and stay for a predetermined time period, say, three or five years. Also, provide meaningful annual raises. Nothing dashes employee enthusiasm more than a paltry raise. If you can afford it, give more to the top performers. Or, if you don't want to be stuck with large permanent increases, create a bonus structure where employees can earn an annual bonus if they meet pre-specified performance goals.

The organization should be paying a fair salary and other monetary benefits to the employees according to their ability and talent. Before determining the salary, the management should also consider the inflation rate and the areas where an employee has to survive. Employees should be free to work at their workplace according to their own minds. There should be no interruption again and again through their supervisor or any other authority. There should be a fair performance appraisal program and no space for any type of bias. All the rewards and facilities have been provided on the basis of the employees performance.



## CONCLUSION

The researcher conducted this study with the aim of understanding employee retention strategies in organizations. The researcher adopted a descriptive design as a research design. It can be concluded that Employee retention is very important for organizations. It helps the organizations reduce the cost of turnover, loss of company knowledge, interruption of work, regain efficiency, and increase their productivity. The most important reason for leaving the organization is money and their working environment. It means the employees are not satisfied with their salary and other monetary benefits provided to them by the organizations. It is very important for organizations to have an effective compensation policy that is able to satisfy their employees. By using different HR practices like performance appraisal, training and development programs, feedback, and assigning competitive work, employee retention can be increased.

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