

**RETENTION OF TALENTED EMPLOYEES IN THE IT SECTOR: A STUDY WITH REFERENCE TO INDUSTRIES IN BANGALORE**

Voice of Research

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Abstract

The Indian IT industries sector facing the challenge of tremendous growth in the present days, retaining the best workforce to sustain organizational growth and competitiveness had become strategically important. This paper makes an attempt to study the opinion of the employees working in IT Industries in Bangalore with respect to various issues and factors influencing talent retention in these organizations. The study has revealed that variables like those of Conflicts avoided among employees, Company rules and regulation made to benefit the employees, Employee Satisfaction in Working Conditions; Ergonomics to work were identified to be important retention variables preferred by respondents. Respondent demographic variables such as age had significant association with retention dimensions such as organizational image and supervisory support. Similarly marital status had significant association with working conditions and welfare as retention dimensions. On the other hand, the retention variable like Performance appraisals and stay motivated, Incentives, perks cash prizes with annual income level of the respondents. People working in IT industries in Bangalore have expressed their dissatisfaction on the training and development opportunities and working hours in their organizations.

Keywords: Talent Volatility, Indian IT industries, talents, employability brands

The Information Technology in India is undergoing a tremendous boom, with the nation emerging a key market, business hub and Knowledge management destination. Today the Information Technology sector is one of the fastest growing sectors in India. In recent times, Bangalore being popularly known as the "Silicon City" of the country had attracted overseas clients, businessmen, investors from all parts of the globe. With more and more International standard IT Industries already established in the Indian market, the future seems to be very bright for the IT sector. Information Technology in Bangalore in this context had not only faced the daunting task of improving and pulling up their performance standards in terms of benchmarking International quality, but the real challenge had been to retain and engage employees with most organizations in the Information technology sector in the country being doubtful regarding sky high attrition rates.

Retention and management of human capital and particularly the identification, selection, development and retention of the "talents" of an organization had become a daunting task for the HR professionals. The Information Technology sector in India had been no exception. In a cut throat competitive business environment, where rivals are bidding for one another's best employees, luring away the "talents" with sky-high compensation packages and benefits the present study aims to identify and analyze various issues influencing talent retention in the Indian Information Technology sector.

Literature review : Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes a powerful recruitment tool.

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 customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations costs up to five times of his salary.

Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.



In an intensely competitive environment, where HR managers are poaching from each other, organisations can either hold on to their employees tight or lose them to competition. For gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities abound.

It is a fact that, retention of key employees is critical to the long-term health and success of any organisation. The performance of employees is often linked directly to quality work, customer satisfaction, and increased product sales and even to the image of a company. Whereas the same is often indirectly linked to, satisfied colleagues and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning.

Employee retention matters, as, organizational issues such as training time and investment, costly candidate search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organisation. Various estimates suggest that losing a middle manager in most organisations, translates to a loss of up to five times his salary. This might be worse for BPO companies where fresh talent is intensively trained and inducted and then further groomed to the successive stages. In this scenario, the loss of a middle manager can often prove dear. In fact, some reports suggest that attrition levels in IT companies are as high as 40 per cent. The only way out is to develop appropriate retention strategies. Though BPO industry shoots ahead at 40 to 50 per cent a year, it is now losing 35 to 40 per cent of its 350,000-odd employees as well. In India there are few sectors where the attrition level is much larger compared to other sectors? For example: IT sector and BPO. Organizations like Air India, HAL, DRDO, and BARC where the attrition is nearly 5%. Employee Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. IT industry appears that qualified intellectual capital is being increasingly inclined to leave the industry after a couple of years of employment, which further fosters the so called "war of talents". The issue of strategic concern for these organizations therefore lies not only in the attraction of talents but also in the retention of the right talents. Taking this perspective into consideration and with the lack of enough published research publications with respect to the Indian Information Technology an attempt has been made in the present study to analyze various issues, factors influencing talent retention in Information Technology Industries in and around the city of Bangalore.

Scope of the study : The study was conducted keeping in mind the various employees working in Information Technology in and around the city of Bangalore. The employees mainly belonged to the various operational divisions such as Programmer, data operator leader etc. The opinions of the respondents were taken by contacting them personally

through interviews and telephonic conversations. The research would focus on studying the opinion of the respondents on the retention initiatives taken by the management of respective organizations. The study would help to have a bird's eye view on the various issues affecting talent retention strategies in the Information Technology Industry in Bangalore and this would definitely help HR heads of the Information Technology sector identify their shortcomings and strategize for their revolutionary human resource growth and development.

Objectives : The objectives of the study were as follows: To study and analyze the various issues/dimension influencing talent retention in Information Technology Industry in Bangalore.

To analyze employee opinion on working conditions and environment in Information Technology Industry.

To assess and analyze whether respondent demographic variables had any significant association with employee retention dimensions in Information Technology Industry.

Research Design : The study was based on descriptive research design and involved administering questionnaire as a tool for research by taking the response of the employees working in Information Technology Industry in Bangalore. In order to fulfill the objectives of the study, the data was collected from both the primary and secondary sources. The primary data was collected by means of questionnaire administration. The respondents were contacted through personal interactions outside their organizations as well as through telephonic conversations/interviews. The secondary data was collected from internet resources, journals, Magazines, etc. The population of the study included all employees working in Information Technology Industry in Bangalore. The sample consisted of 80 employees of Information Technology Industry in Bangalore. The respondents were contacted through personal interactions outside their organizations as well as through telephonic conversations/interviews. Convenience sampling was used to collect the opinion of the respondents. The data collected from the study were analyzed by the use of SPSS and MS-EXCEL applications. Data interpretation was done using statistical tools such as mean scores, standard deviation, t-test, chi-square test etc.

Findings of The Study

Profile of the Respondents : Out of the sample of 80 respondents, the profile details of the respondents can be represented by table 1.

Table 1. Profile of the Respondents

Items		Frequency	Percent (%)	Valid Percent (%)
Gender of Respondents	Male	65	81	81
	Female	15	19	19
	Total	80	100.0	100.0
Age Group	20-30 yrs	39	49	49
	30-40 yrs	18	23	23

	40-50 yrs	12	15	15
	50-60 yrs	11	13	13
	Total	80	100.0	100.0
Annual Income	<1 Lakh	2	3	3
	1-3 Lakhs	18	22	22
	3-5 Lakhs	49	61	61
	>5 Lakhs	11	14	14
	Total	80	100.0	100.0
Number of Dependents	None	33	41	41
	1	28	35	35
	2	11	14	14
	3	5	7	7
	>5	3	3	3
	Total	80	100.0	100.0
Marital Status of Respondents	Married	19	24	24
	Single	61	76	76
	Total	80	100.0	100.0

Table 1 depicts that most of the respondents are in the age-group of 20-30 years, and fall in the annual income category of Rs 3-5 Lakhs. Majority of the respondents (41%) had no dependents in their family, followed by 35% having one dependent. Apart from these 76% of the respondents were single.

Respondent opinion regarding organizational working environment : Respondents were asked to give their opinion on a 5 point Likert scale regarding the level of their agreement or disagreement (1= strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree) regarding various issues influencing the working conditions in their organizations that would influence their engagement and stay. Figure 1 depicts the opinion of the respondents on these factors influencing the working environment in Information Technology Industry in Bangalore.

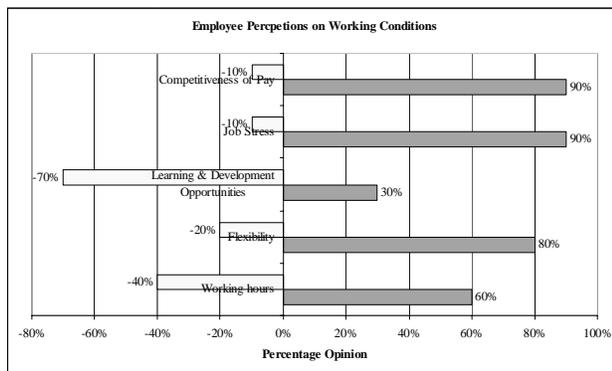


Fig 1: Respondent opinion regarding organizational working environment

It is evident from fig 1 that, majority of respondents was satisfied with Competitiveness of their pay, stress and flexibility of working. 70% respondents were dissatisfied with learning and development opportunities, whereas 40% were unhappy regarding working hours in the Information Technology Industry. Hence it can be said that Information Technology Industry in Bangalore are perhaps doing well in terms of compensation, inculcating flexibility in jobs and manag-

ing work stress. But in terms of training and development & working hours it seems that the employees needed more improvement. Working conditions definitely plays a vital role in employee satisfaction and motivation and thereby affects the retention strategy deployed by these organizations.

Factors influencing employee retention in Information Technology Industry in Bangalore : Employee retention in Information Technology Industry in Bangalore is influenced by a number of factors such as, HR policy, organizational image, responsibility, job difficulty, supervisory support, etc. In this study, a list of ten variables was identified relevant for analyzing respondent perceptions on retention strategies taken by their employers. The respondents were asked to rank the importance attached to the variables with respect to a five point scale. Score '1' was assigned to the case where the event asked was "true to almost no extent", '2' to "True to small extent", '3' to "True to some extent", '4' to "True to a great extent", and '5' to "True to very great extent". Based on the ranks assigned mean score and the corresponding standard deviation were calculated and the findings for the same are presented below in table 2;

Table 2: Variables influencing employee retention in Information Technology Industry in Bangalore

SI	Retention Dimensions	Mean	SD	Rank No.
1	The responsibilities delegated to interests	4.5	0.001	8
2	Conflicts avoided among employees	4	0.0023	9
3	Hiring the right candidate	3	0.053	10
4	Employee recognition by supervisors	2.75	0.479	2
5	Performance appraisals and stay motivated.	3.15	0.761	7
6	Company rules and regulation made to benefit the employees	3.75	1.279	1
7	Employee Satisfaction in Working Conditions	4.5	0.001	3
8	Organize the activities and events	2.75	0.747	6
9	Incentives, perks, cash prizes	3	2.365	4
10	Ergonomics to work	3.5	1.34	5

It is evident from above that, The responsibilities delegated to interests, Conflicts avoided among employees, Company rules and regulation made to benefit the employees, Employee Satisfaction in Working Conditions, Ergonomics to work were having higher mean scores amongst factors influencing employee retention. Dimensions such as Employee recognition by supervisors, Organize the activities and events had low mean scores. Hiring the right candidate, Performance appraisals and stay motivated, Incentives, perks, cash prizes had moderate scores.

It is further observed that, the respondents have ranked group cohesiveness, followed by Employee recognition by supervisors, Employee Satisfaction in Working Conditions; Ergonomics to work were identified as the most needed dimensions influencing employee retention in Information Technology Industry.

Role of demographic variables on Retention Dimensions

While analyzing the data, an attempt was made so as to analyze the influence of select demographic variables viz., gender, age, marital status, income level and number of dependents on the ten dimension influencing employee retention. The influence of the these demographic variables on employee perception regarding retention dimensions were analyzed by chi-square test using the following hypothesis;
 Ho Respondent demographic variables have no significant association with retention dimensions.
 H₁ Respondent demographic variables had significant association with retention dimensions.

The above hypothesis was tested at 5% significance level and the results are tabulated as follows:

Table 3: Chi-square Table depicting association of demographic variables with retention dimensions

Variables	Gender	Age	Marital status	Annual Income Level	No. of dependents
The responsibilities delegated to interests	13.31	29.43	13.42	23.42	13.31
	(P value= 0.005)				
Conflicts avoided among employees	9.872	6.883	9.928	19.54	8.505
Hiring the right candidate	6.243	17.177	16.824	22.465	18.051
Employee recognition by supervisors	8.965	28.697	12.33	14.763	17.130
	(P value= 0.093)				
Performance appraisals and stay motivated.	16.236	16.932	6.329	27.466	28.356
Company rules and regulation made to benefit the employees	12.243	18.213	27.857	12.495	15.216
Employee Satisfaction in Working Conditions	14.638	17.856	22.418	27.276	9.745
	(P value= 0.033)				
Organize the activities and events	19.276	18.745	8.456	6.376	23.567
Incentives, perks, cash prizes	26.876	12.336	32.05	9.455	16.438
	(P value = 0.001)				
Ergonomics to work	29.375	33.784	18.954	26.483	18.947
	(P value = 0.090)				

Hence it is clear from the above table that, age of the respondents had a significant association with the retention variable organizational image and supervisory support. Marital status had significant association with retention dimensions such as Employee Satisfaction in working conditions and incentives, perks, cash prizes to IT industries. Annual income level had significant association with peace of mind. Other demographic variables had no significant association with various retention dimensions.

Discussions : Keeping in mind, the enormous untapped potential in India's Information Technology Industry sector, There is a perceived need for the management of organizations belonging to this sector to redefine their people management strategies.

Primarily dependent on people capabilities, leveraging and tapping human potential would be crucial for achieving organizational excellence.

Retaining the best talents to steer organizational growth in the increasingly competitive business environment would become highly important. The present study with respect to employee opinion regarding talent retention in Information Technology Industry in Bangalore has revealed interesting findings.

Respondents expressed their dissatisfaction on training and development opportunities that could cater to their career growth and development. Working hours also received satisfaction.

Taking up a talent development strategy so as to fruitfully engage more and more talented professionals seeking their careers in this sector.

Organizations can create a purposeful vision and a prospective career for their employees,

Attrition rates in this sector would keep climbing and employees would keep on migrating for greener pastures for better career opportunities.

Value addition should be given to people rather than on the process or the systems.

Personnel or HR policies have to be reinvigorated by clearly defined talent management programs.

Meticulously designed and customized for various categories of employees matching their individual expectations and competencies.

Indian IT industries thereby must emphasize on creating:

A learning environment that embraces positive challenges and stimulates self development at the workplace

A fearless environment where people can communicate and collaborate with one another.

A proactive talent development strategy tailor-made to cater and address the developmental needs of talents,

New ways of looking at more into the personal problems and needs of the employees.

An organizational culture that effectively facilitates the growth of talents.

Conclusion : The paper has clearly revealed the importance of delivering a great employee value proposition as one of the best ways to retain the talents in the Indian Information Technology Industry. The scope of talent retention as a strategic need of the organization thereby should be deemed to extend beyond the traditional people management domains. Areas such as, talent development and nurturing should be considered strategically important rather than being an administrative or procedural requirement. Accepting attrition as "talent-volatility" could also be a major opportunity for



organizations as more and more capable human resources could be available for the best talent nurturing organization. Developing a culture appreciating innovative employee practices, fostering attractive remuneration packages, flexible benefit programs and creating a "Talent-nurturing" culture can reposition organizations with better employability brands as compared to their business rivals. Organizations in India belonging to the Information Technology Industry sector with their tremendous growth potential in the coming years need to harness this as an opportunity rather than as a deficiency of their HR practices.

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