



A STUDY ON EMPLOYEE RETENTION STRATEGIES WITH REFERENCE TO COMPANY FACTORS IN SME IT SECTOR

Rajalakshmi.G.S.

Assistant Professor and Research Scholar
Vidya Vardhaka Sangha First Grade College
Basawashwaranagar Bangalore

Dr.K.T.Subhashchandra

Associate Professor of Commerce and
Management
Govt R.C.College of Commerce and
Management
Bangalore.

ABSTRACT

The introduction of globalization, there's stiff competition in the market. Employee retention is a life-threatening issue as companies strive for talent in a close-fitting economy. The costs of employee turnover are progressively high — as much as 2.5 times (TOI)¹ an employee's salary as depending on the role and there are other “soft costs” lowered efficiency, decreased commitment, training costs and racial impact. The payoff for organizations that focus on employee retention is well worth the time and outlay, according to the Society for Human Resource Management (SHRM). Augmented performance, better efficiency, higher employee morale and improved quality of work, not to mention a lessening in turnover, are all organizational benefits. The bottom line is that by converging on employee retention, organizations will retain talented and motivated employees who justly want to be a part of the company and who are focused on contributing to the organization's overall success, according to SHRM. The research paper examines the employee retention strategies to be considered from the Company factors.

KEYWORDS: Human Resources, Employee Retention, Key Employees, Career Development.

¹ Times of India



INTRODUCTION

Employee retention is an determination by a commercial outlet to maintain a occupied and employed environment which supports current staff in enduring and lingering with the company. Many employee retention and maintenance policies are aimed at addressing the various requirements of employees to enrich their job contentment and reduce the considerable costs involved in contracting and training new staff. It is a development process in which the employees are encouraged to continue with the organization for the maximum period of time or until the accomplishment of the project. Retention Strategies helps organizations provide effective employee communication to improve obligation and augment workforce support for key commercial initiatives

Employee Retention is not prejudiced by a solitary factor, but there are congregations of factors which are responsible for retaining employees in an organization. Organisation need to pay attention to factors such as compensation & rewards, job security, training & developments, superior subordinate culture, work environment and organization justice. The intellectual dimension of retention consist of work characteristics, employees always prefer flexible work tasks where they can use their acquaintance and see the upshots of their efforts which, in turn, helps in retaining the valuable and treasured resources. The social dimension consists of the contacts that the employees have with other people, both internal and external. The physical dimension consists of working conditions and pay

OBJECTIVES OF THE STUDY

1. To examine the employees retention strategies with reference to company factors
2. To evaluate the importance of different strategies in reducing Attrition

RESEARCH METHODOLOGY

Primary Data: the key source information for the research collected through structured questionnaire. The questionnaire is personally given to the respondents and the data was collected during the field work.

Secondary data is collected from reference books, Research Articles, Research Journals, and Websites etc.

REVIEW OF LITERATURE

Workplaces everywhere are obsessed with employee engagement. Engaged workers are more productive, perform better, motivate others and, perhaps most importantly – stay. So, it is also no surprise that in a labor market such as India where attrition rates of 20-30 % are normal and 50 % in industries such as IT not unheard of, serious questions about engagement are being asked (Smith, 2012). A recent Mercer survey highlights that no fewer than 54 % of Indian workers are seriously considering leaving their jobs, and that figure spikes to 66 % in the 16-24 year age bracket. It is interesting to note that approximately 75 % of the IT personnel are younger than age 45. Many managers in the IT industries are in their 20's and 30's therefore making it more difficult to manage and retain them (Shayo, 2004). According to LBW Consulting (Leadership in Business Worldwide), the cost of replacing an employee ranges from 29 % (non-management) to 46 % (management) of the person's annual salary. Expenses are also incurred when someone else does the person's job in the interim, leading to a domino effect on employee cost. (Singh, 2012) Good employees want to develop new knowledge and skills in order to improve their value in the marketplace and enhance their own self-esteem. (Irwin, 2011) Therefore, it is wise to plan the first initial days of his work and train him for the work he is going to perform in the office, rather than leaving him on his own. Leading employers see this not as a cost but an opportunity to both harness worker potential as well as a talent attraction and retention lever (Smith, 2012)

HYPOTHESIS

1. Alternative hypothesis: Higher the net worth of the company Higher is the percentage of employee retention
2. Null hypothesis: Net worth of the company does not lead to increase in the percentage of employee retention.
3. 2 Alternative hypotheses: If the company has good competitive strategies the company will have high employee retention.
4. Null hypothesis Good competitive strategies will not increase the employee retention.
5. Alternative hypothesis: If the degree of reputation of the organisation is high then there will be higher degree of employee retention.

Null hypothesis: degree of reputation of the organisation is not related to employee retention.



Table 1.1 Table showing the mean and standard deviation relating to the hypothesis on company factors

	company provides opportunity to learn new things	company contributes to the national income	company has created larger employment opportunity	company pays better salary compared to other similar companies	company takes up many corporate social responsibility	our company is pioneering in creating research oriented new technology	proud of the net worth of the company	my company has good solvency position	I have a strong bonding with the company
N Valid	395	395	395	395	395	395	395	395	395
Missing	0	0	0	0	0	0	0	0	0
Mean	3.98	3.98	4.03	3.90	4.02	4.05	4.06	4.18	4.16
Std. Deviation	.655	.655	.612	.772	.769	.749	.736	.632	.566

Inference: from table number 1.1 it is clear that there is a positive relationship between the variables that contribute towards the proving of hypothesis 2 such as net worth of the organisation, provision to learn new things, company contributing towards national income, company creates larger employment opportunity, company pays better salary, company

takes up corporate social responsibility, company is research oriented, solvency position of the company with the bondage of the company.

Table 1.2 showing the respondents opinion in response to the questionnaire regarding the question the Employee is proud of the net worth of the company.

Employee is proud of the net worth of the company	Number of Respondents	Percent	I have a strong bonding with the company	Number of Respondents	Percent
disagree	8	2.0	disagree	4	1.0
can't say	79	20.0	can't say	25	6.3
agree	192	48.6	agree	271	68.6
strongly agree	116	29.4	strongly agree	95	24.1
Total	395	100.0	Total	395	100

Inference: from table number 1.2 it is interpreted that the respondents are happy about the net worth of the company which has a positive influence on the respondents bonding towards the company. Very small percentage of about 2% have a negative opinion on the company net worth which is negligible and may be a result of their ignorance about the companies investments and net worth and a major cumulative of 78% of the respondents have a

strong opinion and satisfaction about the companies research activities policies which also has a positive relationship with the bonding of the company which has a cumulative of 88% of the respondents have a positive opinion towards having a strong bonding with the company for which the net worth of the organisation is also an influencing factor.



Analysis of each variable of hypothesis 2 with the bondage with the company

Table 1.3: Table showing the respondents opinion in response to the questionnaire regarding the question the company provides opportunity to learn new things

Company provides opportunity to learn new things	Number of Respondents	Percent	I have a strong bonding with the company	Number of Respondents	Percent	
Opinion of the Respondents	Disagree	4	1.0	disagree	4	1.0
	can't say	77	19.5	can't say	25	6.3
	Agree	238	60.3	agree	271	68.6
	strongly agree	76	19.2	strongly agree	95	24.1
	Total	395	100.0	Total	395	100

Inference: from table number 1.3 it is inferred that the respondents have a positive opinion on towards the company providing them opportunity to learn new things which has a positive influence on the respondents bonding towards the company. Very small percentage of 1% have a negative opinion on the opportunity to learn new things which is

negligible and a major cumulative of 80% of the respondents have a strong opinion towards the opportunity to learn new things which also has a positive relationship with the bonding of the company which has a cumulative of 88% of the respondents have a positive opinion towards having a strong bonding with the company.

Table 1.4 Table showing the respondents opinion in response to the questionnaire regarding the question the company contributes to the national income

company contributes to the national income	Number of Respondents	Percent	I have a strong bonding with the company	Number of Respondents	Percent
Disagree	4	1.0	disagree	4	1.0
Can't say	77	19.5	can't say	25	6.3
Agree	238	60.3	agree	271	68.6
Strongly agree	76	19.2	strongly agree	95	24.1
Total	395	100.0	Total	395	100

Inference: from table number 1.4 it is inferred that the respondents have a positive opinion towards the company contributing towards the national income which has a positive influence on the respondents bonding towards the company. Very small percentage of 1% have a negative opinion contribution of the company towards the national income which is negligible and a major cumulative of

80% of the respondents have a strong opinion towards the company's contribution towards the national income which also has a positive relationship with the bonding of the company which has a cumulative of 88% of the respondents have a positive opinion towards having a strong bonding with the company.



Table number 1.5. Table showing the respondents opinion in response to the questionnaire regarding the question the company has created larger employment opportunity

company has created larger employment opportunity	Number of Respondents	Percent	I have a strong bonding with the company	Number of Respondents	Percent
Disagree	8	2.6	disagree	4	1.0
can't say	50	12.6	can't say	25	6.3
Agree	259	65.6	agree	271	68.6
strongly agree	76	19.2	strongly agree	95	24.1
Total	395	100.0	Total	395	100

Inference: from table number 1.5 it is inferred that the respondents have a positive opinion towards the company providing employment opportunity which has a positive influence on the respondents bonding towards the company. Very small percentage of about 3% have a negative opinion on the opportunity to learn new things which is negligible and a major

cumulative of 80% of the respondents have a strong opinion towards the opportunity to learn new things which also has a positive relationship with the bonding of the company which has a cumulative of 88% of the respondents have a positive opinion towards having a strong bonding with the company

Table number 1.6 Table showing the respondents opinion in response to the questionnaire regarding the question the company pays better salary compared to other similar companies

company pays better salary compared to other similar companies	Number of Respondents	Percent	I have a strong bonding with the company	Number of Respondents	Percent
Disagree	23	5.8	disagree	4	1.0
can't say	71	18.0	can't say	25	6.3
Agree	225	57.0	agree	271	68.6
strongly agree	76	19.2	strongly agree	95	24.1
Total	395	100.0	Total	395	100

Inference: from table number 1.6 it is understood that the respondents have a positive opinion towards the company paying salary to its employees which is similar to the salary paid in other similar companies which has a positive influence on the respondents bonding towards the company. Very small percentage of about 6% have a negative opinion on the opportunity to salary paid to other similar organisations and a major cumulative of 76% of the respondents have a strong opinion and satisfaction about the salary paid by the company which also has a positive relationship with the bonding of the company which has a cumulative of 88% of the respondents have a positive opinion towards having a strong bonding with the company

MAJOR FINDINGS OF THE STUDY

- 88% of the respondents have a positive opinion towards having a strong bonding with the company.
- 80% of the respondents have a strong opinion towards the opportunity to learn new things which also has a positive relationship with the bonding of the company
- 80% of the respondents have a strong opinion towards the company's contribution towards the national income.
- 76% of the respondents have a strong and positive opinion and satisfaction about the salary paid by the company



CONCLUSION

The learning from this research paper with a sample of 50 accounts to the verification of retention in IT sector as one of the most mounting issues. Employee Retention has become the most multifaceted and perplexed task for HR managers. The privatization of IT sector has lead to various reasons for erosion of key employees as mentioned in the . For employees now have to be retained by providing the stress busters, merited appreciation, just treatment and growth prospects. Remunerations are no more a retention tool and employees would love to work at a place that keeps up their interest and growth in balance with the work and organisational goals

REFERENCES

1. Armstrong, M. (2005). *A Handbook of Human Resource Management Practice*, Vol. 9, Kogan Page limited Publishers
2. Arthur, M. B., & Rousseau, D. M. (Eds.). (1996). *The boundaryless career: A new Employment principle*.
3. Capelli, P. (2000). *A market –driven approach to retaining talent*, Harvard business review, Jan-Feb, pp 103-11
4. Haider, M., Rasli, A., Akhtar, C. S., Yusoff, R. B. M., Malik, O. M., Aamir, A., ... & Tariq, F. (2015). *The impact of human resource practices on employee retention in the telecom sector*. *International Journal of Economics and Financial Issues*, 5(1S), 63-69.
5. Hair, J. F., Black, W. C., Babin, B. J., Andersom, R. E., & Tatham, R. L. (2010). *Multivariate Data Analysis*. Pearson Prentice Hall: New Jersey.
6. Hosnavi, R., & Ramezan, M. (2011). *Intellectual capital and organizational organic structure: how are these concepts related? Trends in Applied Sciences Research*, 6(3), 256-268. <https://doi.org/10.3923/tasr.2011.256.268>
7. Ismail, M. (2005). *The influence of intellectual capital on the performance of Telekom Malaysia* (Doctoral dissertation, Universiti Teknologi Malaysia).
8. Kakar, P., Raziq, A., & Khan, F. (2017). *Impact of Human Resource Management Practices on Employee Retention: A Case of Banking Sector in Quetta Baluchistan*. *Journal of Management Info*, 4(3), 5-11. <https://doi.org/10.31580/jmi.v5i1>.
9. Karve, S., & Dias, S. (2016). *HRM practices and retention of employees in hotel industry in South Mumbai*. *International Journal of Multidisciplinary Approach and Studies*, 3(3), 13-19.
10. Kevin, J.S. (1999). "Challenges of Employee Retention", *Management Research News*, Vol. 22, Issue 10, pp: 1-5
11. Patrick Forsyth, "How to motivate people" (2006), Kogan Page Publishers.
12. <http://www.onlineresearchjournals.com/ajoss/art74.pdf>
13. <http://www.greenbiz.com/blog/2012/08/30/four-stages-employee-engagementsustainability>