

Employee Retention Techniques and its impact on Employee Turnover With special reference to IT industry

Mrs. Juby Thomas, Prof. Dr. M. Kavitha
Research Scholar, P.G. Professor & Research Supervisor
Department of Commerce,
VISTAS University, Pallavaram, Chennai

Abstract : 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, in such a way that it will contribute to the maximum effectiveness, growth, and progress of the organization. Retaining employees is an ongoing effort. One of the biggest challenges faced by HR manager is to sustain and maintain their employees. 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.

IndexTerms - Employee turnover, Employee Retention

I. INTRODUCTION

Employee retention refers to the various techniques which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a fresh candidate, to make him a corporate resource and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

Employee turnover is common aspect in many organizations are facing today. Organizations invest immensely in recruiting and developing their employees. Hence, employee turnover is a potential loss for any firm. HR managers try to prevent the employee turnover by implementing effective retention strategies. Employee turnover is a common issue in Indian IT sector, though the trend has been reduced for the interim due to the recession. Still the issue becomes perpetual once the economy becomes stable. People leave the organization due to various reasons. The experience of job related stress, the range factors that lead to job related stress, lack of commitment in the organization; and job dissatisfaction make employees to quit. Employee can be dissatisfied with the organization due to many reasons. Personal dissatisfaction itself is a major reason for an employee to leave the firm. This dissatisfaction can arise from various factors such as compensation, job security, job autonomy, relationship with the supervisor and other colleagues etc.

The term "employee turnover" is a crucial metric that is usually central to organizations workforce planning and strategy. The explanations why staff leave their current positions; not simply the actual fact, that they leave. It has to be crucial implications for future retention rates among current staff, job satisfaction and employee engagement and an organization's ability to draw in proficient folks for job vacancies. The impact of turnover has received substantial attention by senior management and human resources professionals. It's tried to be one among the foremost expensive and ostensibly intractable human resource challenges braving many organizations globally

Organizational culture itself can be motivating order to many employees. Some organizational cultures can be inspiring to their employees and provides an inductive environment to their employees. Organization with strong communication systems enjoy lower turnover of staff. Voluntary quits represents an exodus of human capital investment for organizations. The subsequent replacement process entails manifold costs to the organizations. Replaced employee has to be inducted, trained and developed, which incur costs. Till one employee is substituted, production is also going to suffer which adds more costs to the firm. In order to minimize the costs associated with the turnover, firms are implementing various strategies. Given that there is increase in direct and indirect costs of labour turnover, therefore, management is frequently exhorted to identify the reasons why

people leave organizations so that appropriate action is to be taken by the management. Providing competitive salaries and other benefits, empowerment, providing stock options, flexible work hours are few of such strategies adopted by the firms to retain their staff. However, how significant are these strategies to the employees? The purpose of this study was to study the impact of the retention strategies on employee turnover. The causes of employee turnover may vary from external environmental factors to internal environmental factors. There are many causes of increase in employee turnover in an organization, but many researchers argue that the main cause of occupational stress is work overload. The increase in the work load in the organization without taking into account the availability of staff to carry out the tasks, may lead to occupational stress. Therefore, the work load increase in any organization should correspond with the availability of work force.

Occupational stress has been of great concern to the management, employees, and other stakeholders of organizations. Occupational stress researchers agree that stress is a serious problem in many organizations. The cost of occupational stress is very high in many organizations. For instance, the International Labor Organization (ILO) reports that inefficiencies arising from occupational stress may cost up to 10 percent of a country GNP. At a personal level, occupational stress might lead to increased morbidity and mortality. Occupational stress often shows high dissatisfaction among the employees, job mobility, burnout, poor work performance and less effective interpersonal relations at work

Stress is caused by unsympathetic organizational culture, poor communication between managers and employees, lack of involvement in decision-making, bullying and harassment, continual or sudden change, insufficient resources, conflicting priorities, and lack of challenges. Communication channels in the organization should be open to all employees and employee should be allowed to participate in the decision-making process of the organization. Lack of involvement of employees by the management will make employees feel stressed.

The negative effects of occupational stress are reduced efficiency, decreased capacity to perform, dampened initiative and reduced interest in working, increased rigidity of thought, lack of concern for the organization and colleagues and a loss of responsibility. Stress is widely accepted to have two opposite effects on individuals. positive and negative. Acceptable level of stress helps to improve the individual's performance whilst excessive amounts of stress can lead to decreased performance. Occupational stress if not managed properly may lead to increase in absentee rates, internal conflicts and low employee morale. This may lead to low organizational performance. Organizational performance refers to how well an organization is doing to reach its vision, mission, and goals. Organizational performance is a vital aspect of strategic management. Executives must know how well their organizations are performing to figure out what strategic changes, if any, to make.

REVIEW OF LITERATURE

Ghulam, Syed, & Zainab, 2012. Employee turnover is the most important activity of human resource of a firm in which management is eager to censure. The reason for making a purposeful resistance is because of reality that organizations make sufficient investment in their employees in the shape of development, training, workflow, reimbursement planning and building of viewpoint to achieve objectives and goals of the organization. Though, the increasing consequences of employee turnover can cause an effect on the organization's growth, the expense of managing as shown in most cases is reflected on income statement bottom line, showed a downward tendency in effectiveness. As a result, human resource management view is actively determining the descending wave of the firm's turnover rate.

Osteraker, 1999 Explains that organization's success depends on two essential pillars which are retention and employee satisfaction. Osteraker summarized from past research studies that the success of an organization depends on two dimensions, first one is social and second one is mental/physical. These factors are made on the social circle basis, job description, development skills on the basis of personal relationship and all situations linked with skills needed to do the job. The social factors explain the personal relationship and employee's social network inside and outside the organizations. Employee socialization is the base for this factor. Whereas, the mental factor absorbs employee retention aspect by giving flexible tasks, supportive environment which polishes them to use their skills and knowledge by participating and putting their utmost efforts to get forecasted consequences.

Harkins, 1998 states that employee's job turnover as the access to enter new employees into the organizations and the departure of current employees of the organizations. Departure term of existing employees used by the researchers interchangeably with controlled exit or separation.

Mobley, Griffeth, Hand, & Meglino, 1979 explained the turnover rate as to replace resigned employees with hiring new recruitments. By explaining these, employees, turnover occurs when a substitute is hired successfully. The definition provided by Mondy in 2010 explain that employee turnover means controlled ending of a partnership with the organization by the employees of that organization. Even though several research studies have been organized on turnover topic, most researchers focus on the roots of employee turnover, but few studies have been conducted in the examination of sources of employee turnover, guiding various strategies and effects which are helpful for managers in different organizations to make sure that there is continuity of employees in the organizations to improve organizational effectiveness.

Abdul & Kaleem, 2014 initiates what he calls it as a simple solution to the employee's job turnover dilemma that is to pay employees more benefits than the compensation. Only money is not the solution for it, unluckily employee's job turnover has many sole and combined reasons depending on a number of problems compact with work and non work related issues dealing.

Employees who are working in the organization blame work and therefore become frustrated with their jobs, as it was part of inter task divergence which was caused by collective responsibilities of family, work, personal and community

Hom&Kinicki, 2001. Turnover objective is an employee psychological eagerness to resign from the job and leave the organization. The turnover rate is that at which an organization loses or gain their employees. Simply stated employee's job turnover is "how long an employee stays connected to one organization". Readiness of employee's leave the job and quit the organization is described as turnover intention. The theme behind intentional turnover is habitually described with a relation among employee's economic, social and psychological

Wells & Thelen (2002) have states that organizations which have generous human resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate level of privacy and sound control on work environment which enhances the motivation levels to commit with the organization for the long term.

Mathis & Jackson, 2007 says that, employees who are in the organization have to put extra efforts and have to work extra hours to balance the work of those who left the organization. Increased workload of employees leads to decrease employee morale and increases stress level, which in turn increases employee absenteeism.

IMPORTANCE OF THE STUDY

Employee turnover is also known as employee turnover. This rate shows how often the employees at a place of business change over the course of a month. Usually companies prefer a low turnover rate, but the rates differ based on the industry.

The turnover rate has always been a sensitive issue for all organizations. Calculating employee turnover rate is not that simple as it seems to be. No common formula can be used by all the organizations. A formula had to be devised keeping in view the nature of the business and different job functions. Moreover, calculating turnover rate is not only about devising a mathematical formula. It also has to take into account the root of the problem by going back to the hiring stage. Most organizations do not evolve robust measurements for calculating the cost of labour turnover or a bad hire. The details of information required and the measurement metrics are not common formulae, but have to be designed in keeping with the nature of the business and different job functions. As a result, most organizations do not intend to mislead by disclosing statistics which may not be true; it is just that perhaps they believe those to be true. It is imperative to evolve the science of measurement before the measure itself.

The effect of turnover reflects the organization's overall performance and productivity will be "pronounced" when operational processes are fairly standard and routine. This might be explained with the theory that fresh ideas from new people to the organization can be a add-on- value, more quickly to a company that has complex, non-standard processes; whereas an organization in which the procedure must be learned and repeated will suffer a greater loss in efficiency until the new employee is fully trained and a cohesive member of the team. So it is necessary that the firm must retain their employees. Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work.

Employee retention has become a major concern for corporate in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

OBJECTIVES OF THE STUDY:

1. To evaluate the employees satisfaction level.
2. To analysis the organizational culture that affect the employee turnover.
3. To analysis the various benefits given to the employees to retain the employees in IT sector.

HYPOTHESIS OF THE STUDY

H0: There is no significant association between employee retention technique and employee turnover.

H1: There is significant association between employee retention technique and employee turnover.

RESEARCH METHODOLOGY

Universe of the Study

The population for the present investigation consist of IT professional from IT industry of Tamil Nadu.

Sample size and Sample procedure

The sample size for the study is taken as 200 respondents. Sampling technique used for the study is snowball sampling.

Data collection

Primary data gathered and assembled specifically for project at hand. Primary data was collected help of structured questionnaire. Secondary data are collected and assembled for some project other than one at hand. Secondary data collected through website. Tools utilized for analysis of data are percentage and chi-square test.

LIMITATION OF THE STUDY

A major limitation of the study was the time as the study was conducted in a short span of time. The study was conducted in one IT company.

DATA ANALYSIS AND INTERPRETATION

The study shows that out of the 200 respondents, majority belongs to the age group 25-30 (60%) and 30% belongs to the age group of 36-40. The study reveals that majority of the respondents are from different states aspiring to getting better employment. (60%) The study states that majority of the respondents are leaving the firm even if the firm uses retention techniques. Some of the respondents are ready to retain in firms even if there is featured retention techniques. The study shows that majority of the employees are satisfied with benefits provided. (I.e. 70%). Employees are interested in maintaining healthy relationship with superiors. Employee have better standard of living. The majority of respondents belongs profession education with masters. (i.e. 70 %) and 20% of the respondents are diploma holders and graduates

TESTING OF HYPOTHESIS

To analyse whether there was any influence of employee retention technique on employee turnover. Chi-square test was carried out. The results obtained are given in the table below.

Table 1 : Table showing details regarding employee retention techniques and employee turnover

	Employees retained in firm	Employees left from firm	Total
Firm using retention techniques	42	78	120
Firms not using retention techniques	28	52	80
Total	70	130	200

The calculated value of Chi-square = 0.37

Critical value of Chi-square for 1df at 1% significance is 6.635

Since the calculated value less than the table value, we accept the null hypothesis with 99% accuracy. Employee retention techniques and employee turnover are independent.

SUGGESTION AND CONCLUSIONS

The major suggestions put forward from the study are –The firms must introduce some new policies that would motivate the employees. The employers must consider women employees with regards to the time of work. Adequate leave facilities must be provided. Many employees have suggested improvement in working environment and employee motivation in the survey. So the companies should give attention to the factors which it can improve itself internally. Even though the employees are satisfied with their nature of job, it is identified in the study that many employees prefer to change their job due to lack of growth opportunities in their job. So the companies can look for some innovative technologies to decrease their attrition level by providing growth opportunities. The companies should conduct regular meetings to know about what exactly employees expect. Organizations should focus on exit interviews