Chapter-7

Findings, Suggestion and Conclusion.
7.1 Introduction

7.2
- Conclusions on hypothesis/objectives
- 7.2.1 Hypothesis-1
- 7.2.2 Hypothesis-2
- 7.2.3 Hypothesis-3
- 7.2.4 Objective was to test which retention factors influence different age groups
- 7.2.5 Conclusion of multi-case study

7.3 Research findings

7.4 Suggestion

7.5 Conclusion
7.1 Introduction

This chapter begins with an overview of each of the preceding chapters. In doing so, it examines the research problem and its link to prior literature. The methodology is then discussed and the findings reiterated and contextualised within what is known about retention of the IT units in Pune. Through multi-case study, it also examines the employee retention practices adopted by HRD, which retention tools are most effective, attrition trends at different level of management hierarchy at the IT unit. Finally, findings, suggestion, contributions for theory, policy and practice are discussed.

During the last two and half decades, Pune has grown into a destination for both the IT sector entrepreneurs and the young engineers and professionals wanting to make a career in the IT industry. But it is also a fact that the industry has been facing the problem of high rates of employee attrition due to the sudden growth of the industry and simultaneous scarcity of the qualified manpower in the changing environment. This rate has varied from year to year and from IT-unit to IT-unit.

In this industry, the knowledge workers/ professional employees constitute the most important resource an organization must acquire. Acquiring the right people is rather easy and simple with the improving financial conditions of the IT industry but recruiting them in the jobs for which they are hired is much difficult. The expanding global job opportunities offering highly attractive terms and conditions of employment simply induce the employees to leave their current jobs and get highly attractive and remunerative jobs elsewhere. They are also attracted by the career and other opportunities available and provided by the global level organizations in their own country as well as outside their native countries. A qualified professional employee finds the opportunities up in the hierarchy very fast which one wants to grab. At less than 40 years of age one gets the opportunity to become Director, Vice-President, or Executives, etc, which ones seniors and parents did not get. At the same time ones gets perks which one and ones family never dreamt of.

In fact, this study is not a full length survey of the IT industry on the subject, instead a study of thirty six selected IT-units in and around Pune city is considered. But the employee attrition and retention have been quite a challenge. Employers are making regular efforts to find ways and means to retain not only good and performing employees but at times whoever is in employment. The cost of replacing the employees leaving the organisation is very high in terms of several factors including the efficiency and productivity but it is rather quite
difficult to get the right substitute. According to several estimates of cost of employee turnover/attrition runs in thousands and lakhs of financial concern. Even then they find replacements not meeting the organizational requirements. Recruitment necessarily becomes a regular and continuous function for the HR Managers.

The studies on employee attrition and retention reveal that the rate of attrition as times increases widely leading to serious concern for employee retention. The average employer has the problems of taking up serious measures to retain its employees. Even then they are not in a position to arrest the problem by them. Hence specialists and experts in attrition or retention issues are invited to help them and in house major analysis is done by HR managers to keep the attritions low or at least in a tolerance limit.

This study has focused on twelve retention variables that are compensation scheme, career growth, work-life-balance, job satisfaction, environment, team work, management effectiveness, competency commitment, appraisal system, involvement and gender issues after discussion with employees during pilot survey.

In fact, during the last decade of the previous century the IT Industry in general and the software and other organisations did face the problem of employee attrition rather very seriously for two important reasons: (1) the high rate of growth of the industry, and (2) the scarcity of qualified people. This problem was reduced with the increasing number of young persons graduating from new colleges and secondly the different retention strategies adopted by the employers. Considering today’s scenario the rate of employee attrition in the industry is between 25 to 30% which one may say is still on the higher side. However, the organizations covered under this study claim that the rate of attrition in their organisations is low – in some cases this is single digit figure while in others it is less than 15% . Hence, we tried to find out the reasons for attrition as well as the retention strategies these organisations have adopted to reduce the intensity of the problem rather successfully.

7.2 Conclusions on hypothesis/objective

The relationship between independent and dependent variables have been provided and various outcomes had been observed while testing hypotheses. The statistical tools used to know the relationship between retention and its dependent variables by using Chi-Square test, the most and least dependent retention variables influencing in IT Industries are tested using Cochran- Q test. Friedman test, Wilcoxon signed –rank test, skewness and kurtosis test are used to know the significance of the dependent variables of retention.
dependent variables with their rank. The retention policy is very important in the case of retention so General frequency and percentages had been used to measure the respondent view on various retention policy. The findings are also presented using Histograms, Bar, Pie etc.

7.2.1 **Hypothesis-1**: There is a relation between some of the retention factors that are positively related to employee decision to stay with the organization.

Cochran Q- test used, Level of Significance: $\alpha= 0.05$, $Q (11) =1409.519$, P value = 0.000, N=571, (reference Table-5.4). Since the P value (0.000) is < than level of significance (0.05). Hence, it is concluded that there is a significance value in the importance of employees attached to the various attrition factors. It is observed that out of 12 retention factors the most significant factors with rank are Career growth (68.40%), work-life-balance (64.76%), compensation (59.72%), job satisfaction (58.68%), appraisal system (57.29%) and Management Effectiveness (55.21%). These retention factors are composted of various composite variables that were tested using ‘Skewness and Kurtosis’ statistical tool to understand the effectiveness on attrition factors under various retention variables.

**Career growth**: There is a significance value in the importance of employee’s attaches to the various factors of career growth. The first rank of the Composite Variables of ‘Career Growth’ is ‘Opportunities of higher studies’ with 21% followed by ‘Initiatives/ responsibilities’ as 20.2%, ‘Availability of better roles’ as 19.93%, ‘Promotion policy’ as 19.73% and ‘Job expectation v/s reality’ 19.13%.

**Work Life Balance**: There is a significance value in the importance of employees attached to the various factors of work-life-balance. The importance of the Composite Variables of Work life balance are followed in the sequence as ‘Work pressure’= 20.73%, ‘Availability of work from home’ =20.33%, ‘Availability of flexible working hours’ = 19.87%, ‘Availability of job sharing’ = 19.73%, ‘Availability of compensatory-off for working on off days’ = 19.33% as per results in table-9.

**Compensation Scheme**: There is a significance value in the importance of employees attached to the various factors of compensation scheme. The ‘Fringe benefits’ and ‘Rewards & Incentives’ are equally important and the percentage of influence is
25.9% for each and followed with Rank second is ‘Salary’ as 24.1% and ‘Insurance’ also 24.1%.

**Job Satisfaction:** There is a significance value in the importance of employees attached to the various factors of job satisfaction. The importance of the Composite Variables of ‘Job Satisfaction’ are ‘Proper utilization of skills’ influencing as 21.16%, ‘Proper HR policy’ with 20.53%, ‘Co-operation among co-workers’ as 20.55%, ‘Transparency in communication’ as 20.39%, ‘Challenging job task’ as 20.33%.

**Appraisal System:** There is a significance value in the importance of employees attached to the various factors of appraisal system. The importance of the Composite Variables of ‘Appraisal system’ in the sequence of factors are ‘Performance appraisal system’ with 52.61% and ‘360° feedback’ with 51.75%.

**Management Effectiveness:** There is a significance value in the importance of employees attached to the various variables of management effectiveness. The first important Composite Variables of ‘Management Effectiveness’ is ‘Listening of grievances’ as 20.29%, followed by ‘Treatment by management’ as 20.13%, ‘Delegating the work effectiveness’ with 20.00%, ‘Feedback loop’ with 19.62% and ‘Monthly plans developed’ with 19.08%.

7.2.2 **Hypothesis-2:** A few of the retention variables influence frequent job hopping by the employees.

Bivariate co-relation test used with Level of Significance: $\alpha = 0.05$ on 12 retention variables to test the frequent job hopping reasons. From the reference Table-5.40, the P value of ‘work life balance’ is 0.019 and ‘job satisfaction’ is 0.039 are less than level of significance (0.05). There is a relationship between “Numbers of job change” and “Factors influencing attrition” which are “Work-life-balance and Job satisfaction”.

7.2.3 **Hypothesis-3:** There is a significant relationship between employee’s age group and number of job change.

Statistical test used is Chi-square test of contingency. **Level of Significance:** $\alpha = 0.05$. The $\chi^2 (12) = 139.15, \quad P=0.000, \quad N= 575$, from reference table-5.41. Since, P value (0.000) is less than level of significance (0.05). It is found that with the growing age group,
the possibility of job hopping increases. From the table-5.44 and mean plots graph of figure-5.30, indicates that on an average 1.49 jobs change happens in the age group 21 to 25, 1.84 jobs change in age group of 26 to 30, 2.22 jobs change in age group 31 to 35 and 3 jobs change with 36+ age groups.

7.2.4 Objective was to test which retention factors influence different age groups.

Quantitative test method is applied, from Table-6 and figure-2, it is observed that the career growth is the most influencing factor followed by compensation scheme and management effectiveness in the all four age groups (21 to 25, 26 to 30, 31 to 35 and 36+).

7.2.5 Conclusion of multi-case study

The case study with ten IT-units was analysed to understand the different retention strategies followed in IT-units for retaining their employees. For retaining the employees mainly two types of strategies are used that are monetary and non-monetary. The retention practices at six units were implemented strongly and at four units poorly. One of the IT units was not interested for retaining employees. It is found that job hopping is highest at the junior level employee in the IT units, middle level is somewhat and senior level is nil.

It is also observed that the attrition rate in some of the industries is in between 15-20 % which is some how healthy, some IT industries are maintaining below 10% attrition but few of the industries attrition rates are quite high i.e. more than 22% and they are not bothered to reduce it. This higher attrition rate needs to be studied differently by applying micro level study to know the facts.

7.3 Research findings

1. In this study it is understood that, there are six retention variables which influence employees for leaving, these are Career growth, Work-life-balance, Compensation, Job satisfaction, Appraisal system and Management Effectiveness in IT-units. Further analysis on the most influencing retention variables which are composed of composite variables gives micro level insight and factors which influence on turnover shows that:
a) In case of *Career growth*—Opportunities of higher studies is the main reason for turnover followed with Initiatives/Responsibilities, Availability of better roles, Promotion Policy, and Job expectation v/s reality.

b) Analysis of *Work-life-balance’s* composite variables indicates that—Work pressure and Availability of flexible working hour are the major influencing factor followed by Availability of job sharing, Availability of compensatory-off for working on off days and Availability of work from home.

c) *Compensation* is the third main reason affecting the retention in which—Salary and Fringe benefits appeal for leaving the job in IT-units followed by Insurance and Rewards/incentives.

d) Various studies show that *Job satisfaction* is very important retention variable in all types of industries, which also influence in IT-units. The composite factor of job satisfaction—Proper utilization of skills, Co-operation among co-worker, Proper HR Policies, Transparency in communication and Challenging job task are equally influenced for retention.

e) Knowledgeable and skilled employees are very keen for their appraisal. The *Appraisal system* is the fifth retention variable found in this study which is composed of—Performance appraisal System and 360° feedback, which are moderately influencing.

f) IT job performer required high concentration to obtain zero defects in product, so employee must be away from mind disturbing environments, therefore *Management Effectiveness* strategy must be powerful on Delegating the work effectively, Good treatment by management, Listening and solving the grievances quickly, Feedback and Monthly plans should be taken seriously.

2. The retention strategies of the IT-units in Pune and their comparison with the lists of Herman and Smith bring out one truth that the retention strategies adopted by the IT-units in Pune are largely comparable with the lists of Herman and Smith.

3. Irrespective of management and employees, maximum focus for Employee retention strategy was given for Work Culture Strategies, Organization Goodwill Strategies, Compensation and monetary benefits strategies, People organization strategies, Talent and Career Development Strategies, and Quality of (Work)-life strategies.
4. The employee attrition in IT industries at all the level of age group is not similar. In the retention factors, career growth is emphasised highly followed by work-life-balance, compensation, job satisfaction, appraisal system and management effectiveness.

5. The turnover rate at junior level and at middle level is very higher compare to senior level. The turnover percentage in some IT industries is between 5 to 10%, which shows that the Management and HR department is keen to retain their employees. In some IT industries this turnover figure is above 15% but below 20% can be considered under the tolerance value of retention, so the company needs to design additional retention strategies to bring the attrition 10% and below. A few industries attrition is above 22% and companies are happy with these attritions. This is required to study further that why some companies are happy with such attrition percentage.

6. While analysing, researcher has understood that IT employees are frequently job hopping, mostly for career growth. The compensation scheme is also influencing but compared to career growth the weightage is 50%. The work-life balance and management effectiveness is also influencing for job hopping and these values are not more than 15%.

7. Gender issue is not significant for job attrition according to our study. Respondents from both MNC’s and Indian companies did not differ in their perceptions regarding individual retention strategies and total retention strategies.

8. Experience of the respondents had significant influence over their perception on all the retention strategies, where respondents with lesser experience had higher scores on more of the retention strategies than respondents with long years of experience.

9. Significantly positive and high correlations were observed between each and every strategy, individually as well as with total employee retention strategies.

10. The success story of result shows that with the growing age group, the possibility of job hopping increases. The age group of 21 to 25 changed job on an average 1.49 jobs as compared to employees 36+ age group who changed 3 jobs on an average.

11. It is observed that career growth is the most influencing factor followed by compensation scheme, work-life-balance and management effectiveness in all age groups considered in this research.
7.4 Suggestions

A significant difference has been established between what employers assumed the key causes of turnover and actual reasons employees gave for leaving. Turnover of the employees in the IT units are high, because most of the talents are younger and Information Technology is changing very fast and employees does not wants to become obsolete in this domain. In small span of time the employees get higher position, responsibility and other status in IT as compared to other industries.

HRD of IT units should view attrition as a serious problem and should take measures to control it by designing good retention policies and strategies. HRD should conduct exit interviews periodically, engagement and culture surveys to understand the changing expectations of the critical workforce from time to time and take all these inputs to have a holistic understanding of the variable influencing retention of employees.

The exit interviews are an ideal way to recording and analysing the factors that have led staff to leave the organisation. The success of exit interviews depends on employee’s willingness to give full and honest feedback. The best way to gain staff buy-in is to ensure that, the exit interview process is implemented by someone who is seen as impartial and a method by which the employee is given the opportunity to speak freely about ones opinions.

One of the retention strategies could be, providing flexible benefits where employees have options to choose benefits, according to their suitability the organisation should provide stress free work environment for the employees, so that people are enjoying their work, make work and work place cheerful and fun-filled as much possible. Employees must feel rewarded, recognized and appreciated. Giving periodical rise in salary or position will help to retain employees.

One should have the option for career growth in terms of higher education. They must get challenging responsibility as per individual capability. The organisation should encourage & groom employees to take up higher positions and openings. If they don’t get opportunity for growth within the organization, they will look elsewhere for it.

Work-life balance initiatives are important. Innovative and practical employee policies pertaining to flexible working hours and schemes, granting compassionate and urgency leave, providing healthcare for self, family and dependants, etc. are important for most of the employees because most of the time they are engaged for high performance assignments. Need base Work-life balance policies would have a positive impact on retaining skilled employees, as well as attracting high-calibre recruits.
Policy basically implies that the management of organizations think futuristically to handle the difficult situations in future. Policy tries to define the future/ intended course of action. The problem of employee retention is a perennial problem in the labour scarce industry like the IT. Hence, it is imperative that the managements in these units should have their policies defined as to how they should deal with the problem and restrict the problem affecting the organization. Though, IT-units in Pune have adopted some strategies, it is suggested that there is a need to think and adopt policies on employee retention giving significance to the following strategic areas of employee retention or according to time they can add more strategy after research and investigation.

- Flexible Workplace and Work
- Total Employee Engagement
- Employment Equity
- Encourage Performance
- Boost Employees’ Self-Esteem
- Sense of Ownership

### 7.5 CONCLUSIONS

In this era of globalization the employees are blessed with good opportunities. As soon as they feel dissatisfied with the current employer or with the job, they switch over to the other one. If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly. Tools for employee retention are developing employee reward program, career development program; performance based bonus, employee referral plan, loyalty bonus, employee recreation, gifts at some occasions, accountability, making the managers effective and easily accessible, surveys etc.

The last decade has seen the initiation of a Varity of interesting and rigorous studies that account for some of the complex and dynamic nature of the turnover process in different types of the industries. Accordingly HRD has adopted different retention strategies for different organization and for different levels. Employee turnover is very high in IT organizations in India as skilled workforce has ample number of opportunity to choose from.

Employee turnover increases the attrition rate and reduces the retention of employees. Retention of the employees reduces the cost of the product, increase productivity and condense brain drain of the particular industry. A high rate of attrition, job hopping, turnover
effect the organization in many ways like it leads to more expenses, loss of company knowledge, interruption of customer service, as well as the goodwill. The various studies on employee attrition and retention reveal that the rate of attrition at times increases widely leading to serious concern for employee retention.

The exponential growth of IT sector in India in the last few decades have prompted the Organization to focus on employee centred employment relationship to hold back the employees. In fact, this study is not a full length survey of the IT industry on the subject, instead a study of IT-units are in and around Pune city. But the employee attrition and retention have been quite a challenge for IT-units and HRD should focus on Career growth, work-life-balance, compensation, job satisfaction, appraisal system and Management Effectiveness retention factors.

Effective human resource management must be practiced at both strategic and functional levels because the HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. The IT units need to apply monetary retention strategies tools such as- performance linked incentives, rewards, increment in salary. The non-monetary retention strategies tools is to be designed as per the requirements such as- job enrichment, on bench- specialization to generalization, other location preference, past track career program(lower level), training/coaching, work hours flexibility, quarterly contest, hi-potential program, fun at work, one on one connect, regular round table discussions between employees and their respective Managers.

The study shows that majority of the IT units are employing retention tools as the monetary strategies such as- performance linked incentives, rewards, increment in salary and Innovative non-monetary tools are also being implemented to retain the IT employees such as- job enrichment, on bench- specialized to generalized, other location, past track career program(lower level), training/coaching, work hours flexible, quarterly contest, hi-potential program, fun at work, one on one connect, regular round table discussions between employees and their respective Managers.

It has been found that the turnover at senior level is nil but there is somewhat turnover at middle level and junior level of hierarchy. The 60% IT units’ retention practices are good and 40% is poor.

Thus, Employee Retention is a process in which the employees are encouraged to be with the organization for the maximum time. Though, employee – employer relationship has undergone a fundamental change, which has implications on the attrition, motivation and
retention of talented employees. Employee retention is beneficial for both the organization and the employees.

However, retention is about creating a work environment that provides a sense of belongingness, pride, empowerment, stock options, control, benefits, flexibility, career growth, praise, benefits, excitement, childcare, eldercare, training, etc. All of it is, of course, not reasonable and probably not affordable for all but to a few select companies. The Researcher’s contention is that retention strategies need to fit the organizational culture, sometimes the industry, and sometimes the geographical area. One will need to decide what will work best for him and his workforce.

Employee retention is like an epidemic; the more it is talked about, the more it will spread. The goal here is not to look at what is not working but at what is working and what one can do to feel good about what management is doing. The employer is investing in employees for the long term. Employers want to keep employees who want to stay for longer period and be productive. The management’s role will be to coach and help retain staff.

Employee retention as a term did not hold the same meaning across the different industry segments. For companies operating in the traditional industry’s it was construed as retaining only good employees and motivating them to perform well. However, companies operating in the IT sector are of the opinion that retention means retaining all the employees in the company since the company has invested a lot in each one of them.

The problem of employee retention is higher among the junior level employees across all the industries. However, in the IT industries the turnover rates are decreasing in the middle as well as senior levels.

The outcome of the study is expected to help the HR Managers of IT-units in minimising the attrition rate by developing effective retention strategies specific to their respective unit.