CHAPTER – I

INTRODUCTION

Employment relations, irrespective of the industry, time, place, and people engaged, and culture, are mutual, reciprocal, and interdependent. An important aspect of all employment relations is continuity. But neither the employer nor the employees are assured of that continuity in mutual relations for reasons that may be involving both or either of them. At a time of economic and employment stability the relationships between the two are stable. It also promotes a sense of commitment and loyalty toward the organization and the job. But in a volatile environment or in an atmosphere of fast industrialization the conditions change. The growth and development of new industries while providing opportunities to the management and the employees pose many problems and challenges. Organizations in the new industry always face the scarcity of right kind of manpower. This situation often brings in many challenges to the employer while providing wide opportunities and benefits to the employees (job seekers).

The most critical challenge the employers especially in new industries face is the high rate of attrition caused by the scarcity of manpower coupled with continuously increasing demand for manpower. The challenge the employer faces is not just limited to high attrition rate but the more important problem is retaining the performing employees in their jobs and with the organization for a relatively longer period of time. The employer has to deploy all his skills and intelligence in retaining the employees and keeping the attrition rate at a low level.

This is the situation the employers in the Information Technology industry in India and Bengaluru are going through. In this industry new organizations are regularly coming into business as it is globally fast growing industry. But they have the problem of getting and retaining the right kind of employees. The industry is young and the manpower is equally young while the employment opportunities for the young employees are not limited to the local labour market but extend to the global labour market since the IT industry is growing globally. When a global opportunity comes, the young aspiring employee is keen to grab the opportunity and move away
from the familiar environment. No employer can prevent him from seeking the new opportunity. The specialist manager of people is always on his toes to understand the pulse of the employees. He is simply in dark almost continuously as to what is in store – whether the employees go home after the day’s work return the next day to work in the organization or do they take a midnight flight to US or any other country. He has to regularly tap different sources of manpower supply. Recruitment of people in the circumstances has become a specialist function within human resource management function in these organizations.

Retaining the employees, especially the performing employees, is not critical just to the new industries like the Information Technology industry. Retaining good or performing employees has been a challenge all along the course of industrialization. Employers have given lot of significance to this issue in employment relations. New and newer strategies have been designed and developed by them. They have also engaged the experts to study the problem of employee attrition in their organizations and recommend effective retention strategies. Consequently, “employee retention” has become a specialist function in people management and the “retention strategist” a specialist. Especially in the US industries, which are always concerned with hiring the right people and retaining them for longer time to reduce the cost of replacements have often spent lot of time in studying the challenge engaging the specialists. A review of literature on employee retention brings out that two major studies on Employee Retention Strategies are available to the advantage of the US industries and employers. The first study was conducted and about two decades ago by Roger E. Herman – who is regarded as the Father of Employee Retention. This study published in 1991 is titled as “Keeping Good People: Strategies for Solving the Dilemma of the Decade”. The second one was by Gregory P Smith, who on the basis of his extensive work has published in 2007 a book under the title “401 Proven Ways to Retain Your Best Employees”.

Both these works together give an exhaustive list of strategies to retain employees in their jobs which could be adopted by any employer with or without modification. Yet this study on Employee Retention Strategies was undertaken to indentify the retention strategies in practice in Indian and multi-national IT organizations. At the same time it was felt essential to examine whether the strategies that have proved effective in
retaining employees in US industries have any similarities to the Indian employers’ practices. Another objective of this study was to find out the perceptions of the managers and non-managers in the Indian organizations about the employee retention strategies that are advocated by the two American specialists.

Though this study primarily aimed to cover the IT industry in Bengaluru on a sample basis, it was finally decided to have the case study approach. Accordingly nine IT organizations were selected taking into account the constraints of time and preoccupation of the management people with their executive responsibilities. These nine Cases, to a large extent, do represent the IT industry in Bengaluru. They include organizations of different size (ranging from 200 to 120,000 employees), the organizations in different domains of IT business, organizations belonging to Indian entrepreneurs and multi-national companies, and, more importantly, the organizations that have been in existence since the beginning of the industry in Bengaluru itself (Wipro 1982) as well the ones that have come into existence during the last five years. These nine cases were studied also using the analytical-descriptive study method and collecting data through questionnaires and interviews, websites and organizations’ own literature. The data gathered and analyzed are presented in seven chapters

**METHODOLOGY OF THE STUDY**

In a fast changing industrial and information based economy finding right kind of people is quite critical. But more critical and challenging is the issue of retaining the people with the organization. This is specially so in case of the high tech and the information technology industries. These industries and organizations face the problem of scarcity of labor. The scarcity of labor coupled with the increasing number of new organizations coming into business has compounded the problem of retaining the employees. It is now a common experience that recruiting exercises and the money spent would be wasted if an organization is not able to retain its staff. In such an event, the recruitment of employees becomes a perennial function for the HR executives. The HR professionals would agree that recruitment consists of three sub-functions, viz. recruitment, retention and retraining. Logically, the recruiters have to concentrate on retention of people during the interview for recruitment (selection). One needs to consider the crucial aspects of employee retention at this point of time.
when the candidate is being offered a position with the conditions and the benefits accompanying the position.

Once the people have been recruited and they join the organization, the critical task of retaining the employee with the organization for a reasonably longer period of time begins – it is a tough exercise not only for the HR executives but more importantly for all executives who deal with the employee on a day-to-day basis. It is often said that once the employee has adjusted to the organization’s culture, environment and the people and has grown older it is easier to retain him. As a matter of fact, some organizations hire older persons to avoid the problem of attrition. But the issue is not as simple as it appears.

Retaining employees has its own advantages to the organization. First of all, retaining the employees is less expensive than recruiting new hands frequently. More importantly, the employee retention builds the competitive edge for the organization. They need not spend on reorienting and retraining the employees every now and then. As such, the organizations adopt different strategies to retain their employees including higher salaries, frequent promotions, various types of incentives and bonuses, etc.,

Different surveys have pointed out that retention is not just about offering higher salaries and various types of bonuses which do not bring the desired result. We have also taken note of the strategies researched and propagated by Roger E. Herman, ‘the father of employee retention’ in the first chapter of this thesis. Edwin W. Smith argues that retention is about creating a work environment that provides a sense of belonging, pride, empowerment, stock options, control, benefits, flexibility, career growth, excitement, child care, elder care, training, etc, etc, etc.,

However, Edwin W. Smith writes that retention strategies need to fit the organizational culture, sometimes the industry, and sometimes the geographical area. You will need to decide what will work best for you and your workforce. While agreeing with Smith, we may state that each organization adopts its own strategies to retain its (talented) employees. As a matter of fact, the employee retention strategies differ from organization to organization, industry to industry and location to location, and more importantly, from time to time.
Considering the growth of the IT industry in India in the geometrical ratio, the scarcity of the workforce, the competition among the IT organizations for the talented employees, the growing market for the IT products and the clients’ requirements the IT organizations are in search of new and newer strategies to retain their employees. To this task one more dimension is added. It is a common knowledge that the Indian companies get their business from other countries and of late they are not able to deliver the goods on time. Often they quote the problem of high quantum of employee attrition. It is reported (Times of India dated March 5, 2008. p.25) that the clients are not willing to accept excuses about project delays on account of employee attrition. Not all are willing to foot financial losses resulting from delayed delivery. The clients are now introducing a ‘retention clause’ in contracts. This will make enterprises responsible for retaining people/teams working on the client’s projects. Failing that they would attract financial penalty. Consequently, the IT companies and organizations have to think about the effective strategies of retaining their people. Hence, this problem is taken up for my Ph.D study. The research problem is stated as follows:

**Employee Retention Strategies in IT Industry: A Study in Select IT Companies in Bengaluru.**

This research problem addresses the following issues:

1. What are the Employee Retention Strategies in practice in the IT Industry in Bengaluru?

2. Whether the strategies are common to the IT organizations in Bengaluru?

3. Which strategy the managers consider more important?

4. What are the perceptions of the managers and non-managers in different organizations?

5. Differentiation among the management and employees (non-managers) perceptions in adopting a particular employee retention strategy.

6. The influence of demographic variables on the perceptions of the employees on the strategies.
7. Whether the set of strategies advocated by Smith are3 relevant and adaptable by the Indian IT Companies in retaining the employees?

**Research Questions:**

While focusing on employee retention strategies for investigation, the questionnaire that seeks to understand the perceptions of the managers and the non-managers which covers different strategies would seek to analyze the following questions:

- To what extent the IT industrial organizations adopt various employee retention strategies?
- What is the relative strength of each strategy?
- To what extent the managers and non-managers differ in their perception of the employee retention Strategies?
- To what extent each employee retention strategy is related to other employee (HR) strategies?

**Objectives of the Study:**

For this proposed study on Employee Retention Strategies (ERS) the following objectives were formulated

1. To develop a comprehensive measure to assess current employee retention strategies of IT Companies in and around Bengaluru
2. To assess the relative strength of each employee retention strategy.
3. To assess how management and employee perceive the employee retention strategies.
4. To find out the influence of secondary variables –gender, age, experience, type of organization on the perception on employee retention strategies.
5. To suggest various measures to improve employee retention strategies.

**Hypotheses**

In the present study the following few hypotheses have been formulated:

H1: There will be differential perception on employee retention strategies.
H2: Management and employees differ significantly in their perception on employee retention strategies.

H3: Respondents working in different job levels differ significantly in their perception on employee retention strategies.

H4: Male and female respondents differ significantly in their perception on employee retention strategies.

H5: Respondents with different educational levels differ significantly in their perception on employee retention strategies.

H6: Respondents working in Indian organizations and MNCs differ significantly in their perception on employee retention strategies.

H7: Respondents with different years of experience differ significantly in their perception on employee retention strategies.

H8: There will be mutual and linear relationship between different strategies perceived by employees and management.

**Research Design**

The research design adapted for the present study is a Diagnostic-Descriptive Research Design. This design is found suitable because the study deals with a problem that extensively exists and challenges especially the Human Resource Managers and the organizations to develop different strategies to keep people with the organization for a sufficiently longer time. In fact, during the last two decades in almost all industrial economies that depend on the knowledge workers frequent studies have been conducted and volumes have been written on the strategies to retain people. So also Human Resource Managers from different industries and organizations have written on the employee retention strategies. Yet there is a vast scope for further research. The proposed research is descriptive in nature. Descriptive research, according to Best (1981), can be distinguished from other forms of research on the basis of the following characteristics: Descriptive research is non-experimental in that it deals with relationships between non-manipulated variables in a natural rather than artificial setting. Since the events or conditions have already occurred or exist, relevant variables are merely selected for an analysis of their relationships.
Descriptive research involves hypothesis formulation and testing. All of the variables and procedures used in descriptive studies are described as completely and accurately as possible so as to permit future replication. Descriptive research often employs methods of randomization so that errors can be estimated when inferring population characteristics from observations of samples.

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group, whereas diagnostic research studies determine the frequency with which something occur or its association with something else. The studies concerning whether certain variables are associated are examples of diagnostic research studies. As against this, studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies. Most of the social research comes under this category. From the point of view of the research design, the descriptive-diagnostic studies share common requirements and as such we may group together these two types of research studies. In diagnostic-descriptive studies, the researcher must be able to define clearly what he wants to measure and must find adequate methods for measuring it along with a clear cut definition of ‘population’ he wants to study. Since the aim is to obtain complete and accurate information in the said studies, the procedure to be used must be carefully planned. The research design must make enough provision for protection against bias and must maximize reliability, with due concern for the economical completion of the research study.

Bengaluru is the Silicon Valley of India. One finds a large number of IT and ITES companies located in and around Bengaluru. These are Indian owned, the Multi-nationals, small and big employing a couple of hundred people to over a lakh of employees – technical, managerial and administrative support. This vast industrial base provides wide opportunities to select organizations for study purpose. But the time constraint does not permit one to go for a large sample and also the sensitive subject of the study makes a researcher to concentrate on a few organizations. This constraint makes the researcher to adopt for his study the case study approach while keeping the diagnostic-descriptive method at the base.
Table 1.1 : The Cases Selected for the Study

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Organization selected for the Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cisco</td>
</tr>
<tr>
<td>2.</td>
<td>Dover</td>
</tr>
<tr>
<td>3.</td>
<td>K2 Technologies</td>
</tr>
<tr>
<td>4.</td>
<td>Philips</td>
</tr>
<tr>
<td>5.</td>
<td>Professional Access</td>
</tr>
<tr>
<td>6.</td>
<td>Siemens Information Systems Limited (SISL)</td>
</tr>
<tr>
<td>7.</td>
<td>Sonic Wall</td>
</tr>
<tr>
<td>8.</td>
<td>Symphony Services</td>
</tr>
<tr>
<td>9.</td>
<td>Wipro</td>
</tr>
</tbody>
</table>

Source: Survey Data

The researcher selected nine organizations listed above who were willing to make available their managerial and non-managerial employee for the study. These companies were studied, in terms of their business and the level of technology being used and the human resources they have employed as well as the people management policies and practices besides the vision, mission and values these companies have adopted and put into practice. The employees from these nine organizations were interviewed to know their perceptions about the employee retention strategies as advocated by Greg P. Smith.

**Sample Study of Employees:**

To study the perceptions of the employees of these organizations a sample of employees was taken using the simple random sampling method. The sample consisted of both the managerial employees and the non-managerial employees among whom there were men and women employees. The following Table gives the distribution of the respondents company wise and gender wise:
Table 1.2: Distribution of Sample of the Study between Organizations.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Organization</th>
<th>Managers</th>
<th>Employees</th>
<th>Total</th>
<th>% to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cisco</td>
<td>54</td>
<td>77</td>
<td>131</td>
<td>23.8</td>
</tr>
<tr>
<td>2.</td>
<td>Dover</td>
<td>4</td>
<td>20</td>
<td>24</td>
<td>4.4</td>
</tr>
<tr>
<td>3.</td>
<td>K2 Technologies</td>
<td>-</td>
<td>24</td>
<td>24</td>
<td>4.4</td>
</tr>
<tr>
<td>4.</td>
<td>Philips</td>
<td>11</td>
<td>34</td>
<td>45</td>
<td>8.2</td>
</tr>
<tr>
<td>5.</td>
<td>Professional Access</td>
<td>30</td>
<td>41</td>
<td>71</td>
<td>12.9</td>
</tr>
<tr>
<td>6.</td>
<td>Siemens</td>
<td>47</td>
<td>41</td>
<td>88</td>
<td>16.00</td>
</tr>
<tr>
<td>7.</td>
<td>Sonic Wall</td>
<td>10</td>
<td>21</td>
<td>31</td>
<td>5.6</td>
</tr>
<tr>
<td>8.</td>
<td>Symphony Services</td>
<td>46</td>
<td>41</td>
<td>87</td>
<td>15.8</td>
</tr>
<tr>
<td>9.</td>
<td>Wipro</td>
<td>13</td>
<td>36</td>
<td>49</td>
<td>8.9</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>215</td>
<td>335</td>
<td>550</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Survey Data

Unfortunately, no managerial employee was available for interviewing in K2 Technologies due to their preoccupation with the executive responsibilities. On the other hand, more managerial employees could be interviewed than the technological and other employees in Symphony services. Another important fact about the number of respondents interviewed has been that in Cisco more number of managers and employees could be interviewed than what I had planned earlier as the respondents were more enthusiastic to share their opinions and attitudes on Retention Strategies being in place in Cisco.

The data for the study were also collected during March-April 2011 from the nine organizations relating to the human resources policies and practices of those organizations. At this juncture, another discussion was held with the HR executives on the employee retention strategies they have designed and developed to facilitate the employee retention.
Retention Strategies Examined in this Study

In this study I have adopted the seven broad retention strategies advocated by Greg P. Smith of US in an attempt to find out how these organizations are doing in retaining their employees and what are the opinions and attitudes of the employees – both managerial and professional – towards those strategic practices. The seven strategies advocated by Smith are the following ones:

Organizational Strategies: Responsibility for retention starts at the top. High retention organizations do not leave the issue of employee retention to chance. Not only the human resources managers are accountable but all managers/executives are expected to work towards attrition reduction and management. People want to work for companies with good reputation even if they get less salary. So keeping employees satisfied is an important task of the organization and its management. The strategy means creating a work environment where people enjoy what they do feel like they have a purpose and providing them the tools and training to reach their potential. It requires a plan of action, time, skill and leaders and managers who care about people.

The organizational strategy implies management by fact – why people leave and why people or are dissatisfied are the issues taken up for the study. Rewarding good managers who help employees to stay, appointing a manager be totally responsible for retaining employees (appointing Retention Czars), interview the employees every year to find out what new skills, qualifications they have acquired and rehire them to suitable positions, holding managers accountable for high turnover, assessing the organization for weaknesses and making it an ongoing exercise, and finally conducting exit interviews to understand the reasons why people leave.

Organizational strategy also means leaders/managers need to care for employees, be empathetic with people working with them, pinpointing job satisfaction or otherwise, identify and list top ten reasons why people leave and adopting ‘equal pay for equal experience’.

Thirdly, this strategy implies creating a positive environment by way of building a supportive workplace, have a shared vision that should be on the MOVE (p. 28),
generate purpose and direction for employees, fulfill the promises given to employees, build an employee Alumni Association, and give importance to pay the employees get. Such organizations do succeed in managing attrition quite effectively.

II. Orientation and Onboarding Strategies: Greg Smith states: “Organizations experience the highest level of turnover during the first 90 days on the job. The purpose of onboarding is to swiftly assimilate the new person into the organization. It means good induction program. Welcome the new employee, have quick periodic reviews with the new employee – a program known as 30-60-90 Plan which is in place at Mercy Hospitals. Conduct Boot camps that help employees improve communication among themselves but more importantly improve customer services, develop buddy system, have employees ADOPTION developing team spirit through club culture, know each employee and understand their job responsibility, hobbies, little known facts, etc, which is known as “conducting an Employee Scavenger Hunt”. Organize group lunches particularly with new employees; have in place a simple employee orientation programs as apart of which the organization should appoint a person or have a Concierge call before the new employee starts work; President’s welcome letter, etc; involve the family of the employee welcoming them to the company, take the new employees on an outing and celebrate their birthdays, achievements, etc, are also some important strategies organizations could adopt.

III. Communication and Connection Strategies: These strategies are very important for the new employees to make them stay with the organization. There must be proper communication but more importantly there needs to be a bond (commitment) between people at work. High retention organizations thrive on information and sharing to the maximum extent possible. The more information they have, the more quickly they can respond to the changing needs of customers and the environment. Management need to recognize the existence of diverse culture among the employees and even may occasionally celebrate diversity. The management should have a retention plan for each person, i.e. individual retention plan; build a more powerful relationship plan with the people in the organization. Occasionally designing productive meetings like Town Hall Meetings or First Friday Meetings, recognize the top performers of the month. Make work a Fun has become an important retention strategy perhaps in all the industries all over. The mangers also
need to have a communication check list and put it to practice. Not only oral communication but written communication measures such as Newsletters of different kind need to be in existence. In the Newsletters it is advised to have special column for “employee profiles” highlighting the performance and achievement of the employee.

**IV. Career and Development Strategies:** “Let them Grow or Watch them Grow”. For many people learning skills and improving their potential is just as important as the money they make. If a job in another organization provides better career development and greater challenges other things being on par, leave the organization. So business that indentifies career paths and provides developmental opportunities for their employees within the organization need to understand the value of training and development. Give top priority to employee skill enhancement, organize frequent training programs and have the managers/leaders be the trainers, benchmark the Dell training system, encourage employees to talk, converse, share their knowledge and experience among themselves at all places and their free time – a system known as Hallway Training. Mangers need to demonstrate their commitment to training. Perhaps more important than training is ‘Providing Growth Opportunities’ to the employees. As a part of this have Mentoring Program introduced to broaden the horizons of knowledge of employees. One reason why employees leave their jobs is because they reach a plateau and begin looking for new challenges outside. So prevent plateau employees. Many a time the management need to invent new jobs for experienced and other employees to keep the employees interested. The new job may let the employees change things and get charged up about work again and it may make the employee to **stay**.

**V. Reward and Recognition Strategies:** “People have a basic human need to feel appreciated and respected. Recognition is a powerful tool in improving morale, retention, and energizing the workforce. Recognizing programs help meet that need as well as create alignment between business goals and the behaviors needed for organizational success (p. 78).

As a matter of fact, many employers have in practice quarterly service awards for employees completing say 5, 10, 20 or 25 years in the organization; President’s recognition Dinner, Employee Birthday Celebrations, etc. some companies have
encouraged Peer Recognition for employees for doing good things, or a Hero Award for doing above and beyond job expectations, or introducing Staff Star awards, Shining Star awards, etc. Above all, the organizations may also have individual recognition which may include Eagle Award, Spot Program, Avoid We-They Syndrome, issuing the Thank You Notes, attendance award, Non-monetary awards such as presenting a single rose to employees who receive complements from customers, etc. There is also scope for Cash Awards which may include President’s Award, “You’re Magnificent” letters. Forms fetching cash awards, Cash for wellness for not missing work or coming late due to illness, award for Going Extra Mile, referral bonus for referring persons for recruitment. Finally the organization may have unique awards like, B.E.E.R – Beyond Expectations Exceeding Results – award, Stickers with significance, Drive my BMW, etc.

VI. Employee Benefit Strategies: The workforce of today is increasingly diverse and demanding. What makes one person happy may displease another. That is the reason to have flexible benefits programs starting with flexible work arrangements such as Time Off, rewarding work attendance, work hours of employee choice, be employee friendly, etc. Companies also pay lot of attention to office design, family involvement schemes/programs. Hence, the system of Errand runners and concierge services to all employees instead of for executives alone, pay to stay bonus, meditation rooms, to employees, ‘let the employees fly’, etc., also allow the employees to have sense or ownership in the form of choose your title, employee Driven policies, safety bonus programs, acknowledging the significant events in the life of the employees, exhibiting the photos of long service employees and have special benefits for special employees like professionals of high value.

VII. Employee Ideas and Suggestions: Organizations that have strategies in place to manage the ideas and suggestions of their workpeople have high retention rate. People need to feel their ideas matter. This gives them the ability to help their organization be more successful (P.117). Mr. Greg Smith recommends that managements adopt the Ritz Carlton Way of this strategy. In Ritz-Carlton Hotel the employees are required to write their ideas and suggestions on an “easy wipe” board in their department. Instead of passing untested ideas to the higher ups in the management hierarchy, the employee is responsible for its achievement. They follow
a three step work process as for the new ideas are concerned – Study it, Pilot it, and Adopt it. This has worked very well.

The organizations and competition make the employees to think “out of the box”, idea Olympics system, to think creatively during the time they are way from work environment (as the Toyota has the system), annual idea exposition once a year (as in Sony) by engineers and scientists leading to creating at all levels of organization. Similarly, have suggestion exhibition, suggestion competitions among employees. More important a sub-strategy in the area is managing innovation from the employees, and recognizing innovative employees – innovator of the quarter, team involvement, bright ideas club, lunch with the President for innovators, and lastly, encouraging individual suggestions and recognize individual employees innovatively for their suggestions.

These seven strategies have helped different organizations to reduce the rate of employee attrition, retain their employees and achieve success. Our study plans to examine whether the adoption of these strategies by the IT companies in Bengaluru is considered by the managers and other employees of these companies as beneficial to the organization. It may, however, be admitted that the organizations studied do not have adopted each and every strategy advocated by Greg Smith. But whatever strategies they have implemented have helped them in preventing their employees from leaving their organizations.

**Tools of Data Collection:**

Besides adopting the Employee Retention Strategies developed by Greg P. Smith, the researcher also adopted the questionnaire developed by Smith for his study since the reasons why employees leave their jobs and organizations were found to be similar in Indian IT industries. The employees – managerial and non-managerial - in both the countries are basically the knowledge workers or the professional employees. This questionnaire contained different number of statements (questions) relating to different strategies as shown in the Table below:
Table 1.3: Strategy: Types and Number of Statements Covered under the Questionnaires

<table>
<thead>
<tr>
<th>Nos.</th>
<th>Strategy Types</th>
<th>No of Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Management/organizational strategies</td>
<td>28</td>
</tr>
<tr>
<td>B</td>
<td>Orientation strategies</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>Communication effectiveness strategies</td>
<td>13</td>
</tr>
<tr>
<td>D</td>
<td>Training &amp; development strategies</td>
<td>7</td>
</tr>
<tr>
<td>E</td>
<td>Reward and recognition strategies</td>
<td>11</td>
</tr>
<tr>
<td>F</td>
<td>Employee benefit strategies</td>
<td>18</td>
</tr>
<tr>
<td>G</td>
<td>Employee ideas and suggestion strategies</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>Total No. of Statements</strong></td>
<td><strong>94</strong></td>
</tr>
</tbody>
</table>

An interview guide was also developed to collect the data from the HR executives on the HR policies and practices they have designed and developed covering the issues such as vision, mission and values of the organization, history and growth of the organization, the recruitment of people, the total number of people employed every year, the status of the organization in the employment market, salary and compensation, employee benefits, employee attrition rate and the retention strategies they have in place. The interview guide used for this purpose is also presented in the appendices as appendix number 3.

Table 1.4: Reliability Coefficients – Cronbach Alpha

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Strategy Type</th>
<th>Reliability Coefficient – Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management/organizational strategies</td>
<td>0.9392</td>
</tr>
<tr>
<td>2</td>
<td>Orientation strategies</td>
<td>0.8604</td>
</tr>
<tr>
<td>3</td>
<td>Communication effectiveness strategies</td>
<td>0.9065</td>
</tr>
<tr>
<td>4</td>
<td>Training &amp; development strategies</td>
<td>0.8718</td>
</tr>
<tr>
<td>5</td>
<td>Reward and recognition strategies</td>
<td>0.9175</td>
</tr>
<tr>
<td>6</td>
<td>Employee benefit strategies</td>
<td>0.9298</td>
</tr>
<tr>
<td>7</td>
<td>Employee ideas and suggestion strategies</td>
<td>0.9038</td>
</tr>
<tr>
<td></td>
<td>All Strategies</td>
<td>0.9768</td>
</tr>
</tbody>
</table>

*Source: Survey Data*
Psychometric Properties (present investigation):

Reliability: Cronbach alpha technique was employed in the present investigation and they were varied from 0.8604 to 0.9768 in different dimensions.

Validity: Established through face validity and content validity.

Table 1.5: Coefficient of Correlation and the Significance Level of ERS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Employee Retention Strategy</th>
<th>Correlation Coefficient</th>
<th>Significance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Orientation strategies</td>
<td>.665</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Management/organizational strategies</td>
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<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Communication effectiveness strategies</td>
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<td>.000</td>
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<tr>
<td>4</td>
<td>Training &amp; development strategies</td>
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<td>.000</td>
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<tr>
<td>5</td>
<td>Reward and recognition strategies</td>
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<td>.000</td>
</tr>
<tr>
<td>6</td>
<td>Employee benefit strategies</td>
<td>.886</td>
<td>.000</td>
</tr>
<tr>
<td>7</td>
<td>Employee ideas and suggestion strategies</td>
<td>.773</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Survey Data

Data Collection

Data collection for the main study was carried out in two phases. In the first phase the participants were informed about the purpose of the study and their oral consent was obtained. In the second phase the questionnaire on ERS was administered. An attempt was also made to sustain their interest and cooperation throughout the testing session. The participants were given assurance about the confidentiality of obtained information. A consent letter was taken from each participant before the study. They were requested to cooperate throughout the study and if at all they felt discomfort during the sessions or in answering questions they had the option to opt out from the investigation.
Pilot Study

A pilot study was conducted on a small sample of 30 respondents among them 15 were from management and remaining 15 were employees. The purposes of the pilot study were:

a. To check the clarity of the items enlisted in the selected questionnaires.
b. To get an approximation of time required to complete the questionnaire.
c. To ensure the feasibility of the tools selected for the study.
d. To get a fair idea of the respondents’ reaction towards the strategies their managements have adopted to retain people.

The following observations were made during the pilot study:

1. Most of the respondents expressed their desire to respond to the various items in the local language i.e., in Kannada. Hence, the investigator decided to translate all the statements contained in the questionnaire into Kannada.
2. Since the questionnaire was administrated to smaller groups the instructions were given separately to each individual.

Main Study:

The study was conducted in two phases. In the First Phase, the permission from the concerned authorities of organizations was obtained by the researcher in advance. The researcher introduced himself to each respondent individually and briefed them about the need for the study and also explained the ERS questionnaire. They were requested to fill up the consent statement form so that they were clearly conveyed that they are voluntarily participating in the study. The respondents were requested to fill up the demographic data portion of the questionnaire. They were promised that the information given by them will be used only for research purpose and treated strictly confidentially. They were requested to give frank and honest answers and not to omit any item; they were informed that it was important to respond to every statement in the questionnaire. Further they were requested to seek clarifications on any statement. Sufficient rapport was established with the respondents during this phase of the session.
In the second phase, ERS questionnaire was given to the respondents and they were informed that the tool was meant for assessment of managerial practices in relation to employee retention. The questionnaire consists of several statements that reveal what the employees feel about various types of employee retention strategies. The researcher administered the questionnaire with the introductory statement:

“This is a questionnaire to understand the various aspects of ERS in your organization. Each statement contains situations describing the conditions of ERS. Please read each statement and decide to what extent it describes the extent of retention in your organization. You are required to select any one of the following responses to indicate the extent to which you agree or disagree with each statement. Give your responses frankly; your responses will be kept strictly confidential. There are no ‘right’ or ‘wrong’ answers. Please answer as honestly as possible. Do not spend too much time on one item only”.

The researcher clarified the doubts of the respondents, if any. When the researcher was sure that the respondent has understood the mode of recording his responses he/she was permitted to record his/her responses. The respondent was asked to return the filled in questionnaire after he/she completed giving responses. The researcher clarified the doubts of the respondents, if any, while answering the questionnaire.

It needs to be mentioned here that supplementary data were collected from the nine organizations during March-April 2011.

**Data Analysis**

Following statistical techniques were employed to analyzer the data in the present study.

1. Descriptive statistics
2. MANOVA (Multi-variate analysis of variance)
3. Scheffe’s Post hoc test
4. Contingency coefficient analysis
5. Correlation coefficient analysis
A brief description of each of these statistical tools/method is given below

**Descriptive Statistics:**

The descriptive procedure displays uni-variate summary statistics for several variables in a single table and calculates standardized values. Descriptive statistics provides a general description of the sample in the form of central tendencies and measures of variability. In the present study, mean values were calculated for each of the component of strategy statements along with standard deviation values to get an idea regarding measures of central location and scatteredness of scores. Descriptive statistics are used to describe the main features of collection of data in quantitative terms. Descriptive statistics are distinguished from inferential statistics (or inductive statistics), in that descriptive statistics aim to quantitatively summarize a data set, rather than being used to support inferential statements about the population that the data are thought to represent. Even when a data analysis draws its main conclusions using inductive statistical analysis, descriptive statistics are generally presented along with more formal analyses, to give the audience an overall sense of the data being analyzed.

**Multivariate Analysis Of Variance (MANOVA)**

This variance test is a generalized form of uni-variate analysis of variance (ANOVA). Multivariate procedure provides analysis of variance for multiple dependent variables by one or more factor variables or covariates. The factor variables divide the population into groups. Using this general linear model procedure, one can test null hypotheses about the effects of factor variables on the means of various groupings of a joint distribution of dependent variables. One can investigate interactions between factors as well as the effects of individual factors. In addition, the effects of covariates and covariate interactions with factors can be included. In this procedure, several independents and dependent variables can be considered to get main effects and interaction effects.

MANOVA is used in cases where there are two or more dependent variables. As well as identifying whether changes in the independent variable(s) have significant effects on the dependent variables, MANOVA is also used to identify interactions among the dependent variables and among the independent variables. Where sums of squares
appear in uni-variate analysis of variance, in multivariate analysis of variance certain positive-definite matrices appear. The diagonal entries are the same kinds of sums of squares that appear in uni-variate ANOVA. The off-diagonal entries are corresponding sums of products. Under normality assumptions about error distributions, the counterpart of the sum of squares due to error has a Wishart distribution. Analogous to ANOVA, MANOVA is based on the product of model variance matrix and error variance matrix inverse. Invariance considerations imply the MANOVA statistic should be a measure of magnitude of the singular value decomposition of this matrix product, but there is no unique choice owing to the multi-dimensional nature of the alternative hypothesis. In the present study MANOVA was employed to find out the significance of different independent variables like groups (management and employees), gender (male and female), age groups, educational qualification, and type of organization over components of ERS.

**Scheffe’s Post hoc Test:**

Scheffe’s post hoc test is one of the multiple range tests to see which of the means are different from other means. Post hoc comparisons are generally performed only after obtaining a significant omnibus F. Then we look at all possible pair-wise and otherwise comparisons. Here, we are focusing on the largest difference between levels of the Independent variable, but the researcher is still shifting through the data in hopes of finding something significant. Because of this, there is a very real problem that researcher will be capitalizing on chance findings; One probably would not look at or care about comparisons that do not differ. The largest differences, whatever they may be, are the most likely to be significant due to chance.

The formula for Scheffe’s post hoc test is

\[
CD_{Scheffe'} = \sqrt{\frac{MSE}{r_n}} \quad \text{where} \quad q = \sqrt{\frac{(a-1)F_{(a-1), (r-1)}}{\alpha}}
\]

Different cells have different CDs.

<table>
<thead>
<tr>
<th>Least Stringent</th>
<th>Most Stringent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Powerful</td>
<td>Least Powerful</td>
</tr>
</tbody>
</table>
Most Likely to Make a Type I Error  

Least Likely to Make a Type I Error

\[ R = \frac{q{\sqrt{n(MS_{err})}}}{\sqrt{2(n-1)F_{crit}}} \]
\[ q = \sqrt{2(n-1)F_{crit}} \]

Critical F is determined by df = (n-1, N-n)

Contingency Coefficient Analysis

The contingency table analysis or Crosstabs procedure forms two-way and multiway tables and provides a variety of tests and measures of association for two-way tables. The structure of the table and whether categories are ordered determine what test or measure to use. In the present study contingency table analysis was employed to see the association between groups of respondents (management and employee) with their responses on various aspects of ERS.

All the statistical operations were done through SPSS for windows (version 16.0).

Pearson’s Product Moment Correlation:

The Bivariate Correlations procedure in SPSS computes Pearson's correlation coefficient. Correlations measure how variables or rank orders are related. Pearson's correlation coefficient is a measure of linear association. Two variables can be perfectly related, but if the relationship is not linear, Pearson's correlation coefficient is not an appropriate statistic for measuring their association.

In the present study, Pearson’s product moment correlation was applied to determine the mutual relationship between various employee retention strategies.

The Scope of the Study:

Keeping in view the critical problem the organizations in the IT industry have been facing ever since the IT industry came into existence in India to retain their performing employees at different levels, this study seeks to understand the different strategies of different organizations for retaining their employees and examine whether those strategies have any universal base and comparison with the experiences of high-tech organizations or organizations depending on the knowledge workers or professional employees and if so what are these common employee
retention strategies being in practice in different organizations in the IT industry in Bengaluru. As those advocated by the US based studies and practiced are they similar to those researched and advocated by Smith and put into practice by different organizations in the US – at least broadly? If so what are the responses of the managements to these retention strategies? What do they feel about their efficacy and outcome? How do the employees – managerial and non-managerial employees of those organizations feel about the retention strategies in practice in their respective organizations? In other words, what opinions and attitudes the employees have towards the retention strategies in practice? The study also makes an attempt to understand the Profiles of the organizations studied – in terms of their business, technology they are in, the products they are able to provide to their clients, etc. The study also seeks to understand the vision and mission statements of these organizations. The study also seeks to cover the HR policies and the state of employee attrition in these organizations.

limitations of the study

- The present study covered only IT industries, other related companies like BPO and others are not included in the present study
- Sample size from management side was low compared to sample size of employees
- The opinion from policy makers and legal experts has not been elicited
- Only 7 types of employee retention strategies have been measured.
- The present study involved perceptual analysis (self-rating) which is a concern when individuals are given subjective opinions.

Chapterization of the Study:
The thesis has been divided into 7 chapters as below:
Chapter I: Introduction
Chapter II: Employee Attrition and Retention – A Review of Literature
Chapter III: IT Industry in India
Chapter IV: Business and Technological Profiles of the IT Organizations
Chapter V: Employee Management and Employee Retention in the Organizations
Chapter VI: Survey Data Analysis.
Chapter VII: Summary of Findings, Conclusions and Suggestions.