

Tilak Maharashtra Vidyapeeth, Pune 37

***“AN ANALYTICAL STUDY OF EMPLOYEE RETENTION IN IT
INDUSTRY, W.R.T. SELECTED IT UNITS, FROM PUNE”
(2009-2013)***

**A thesis submitted to
Tilak Maharashtra Vidyapeeth, Pune,
for the Degree of Doctor of Philosophy (Ph. D.)**

**In Human Resource Management
Under the Board of Management Studies**

Submitted By

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Under the Guidance of

Dr. Ajay Kumar

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CERTIFICATE

This is to certify that the work incorporated in the Thesis “An Analytical study of employee retention in IT Industry, w.r.t. selected IT units, from Pune” Period (2009-2013), submitted by Mrs. Yogita Gupta was carried out by the candidate under my supervision and guidance. Such material as has been obtained from other sources has been duly acknowledged in the Thesis.

Place: Pune
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Signature of the

(Dr. Ajay Kumar)

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Place – Pune

Date -

(Yogita Gupta)

Dedicated

To

My Grand Mother-in-law,

Late. Smt. Savitri Devi Gupta,

**without her blessings nothing would be
possible.**

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LIST OF ABBREVIATIONS

Abbreviation	Full forms
IT	Information Technology
ITES	Information Technology Enabled Services
MNC	Multinational Company
ERS	Employee Retention Strategies
SPSS	Statistical Package for the Social Sciences
HR	Human Resource
PWC	Price Waterhouse Coopers
NY	New York
BPO	Business Process Outsourcing
TCS	Tata Consultancy Services
BBC	British Broadcasting Corporation
ESOP	Employee Stock Ownership Plan
USA	United States of America
NRI	Non Residential India
R&D	Research and Development
US	Unites States
NASSCOM	National Association of Software and Services Companies
GDP	Gross Domestic Product
SWOT	Strength Weakness Opportunity and Threat
FY	Financial Year
USD	United State Dollar
NeGP	National e-Governance Plan
SWANs	State wide Area Networks

SDCs	State Data Centers
CSCs	Common Serviced Centers
RFPs	Requests for proposals
UT	Union Territory
SCA	Service center Agency
SIPS	Special incentive package scheme
LCD	Liquid Crystal Display
STPI	Software Technology Parks of India
DIT	Department of Communication & Information
EOUs	Export Oriented Units
EPZs	Export Processing Zones
CIC	Community Information Centre
OTC	Open Technology Centre
EHTP	An Electronic Hardware Technology Park
SMEs	Small Medium Enterprises
HSDC	High Speed Data Communication
VAT	Value added taxes
L&T	Larson & Turbo
KPIT	Kirtane&Pandit Info. Technology
IBM	International Business Machine
PTC	Parametric Technology Corporation
HSBC	Hongkong and Shanghai Banking Corporation
BMC	Beauchamp Company
EDS	Electronic Data System
BNY	Bank of New York
WNS	World Network Services

EXL	Excel
SAS	Statistical Analysis System
HP	Hewlett-Packed
SAP	Systems Applications and Products
CAD	Computer-aided design
CAM	Computer-Aided Manufacturing
CAE	Computer-Aided Engineering.
VLSI	Very Large-Scale Integration.
GIS	Geographic Information Systems
MIS	Management Information Software
ERP	Enterprise Resource Planning
KPO	knowledge-process-outsourcing
ICC	Interstate Commerce Commission
SP	Support Packages
EON	Edge Of the Network
SEZ	Special Economic Zone
SEEPZ	Santa Cruz Electronics Exports Processing Zone
DIT	Department of Communication & Information Technology
EOUs	Export oriented units
HRM	Human Resource Management
STEM	Scientific, technical, engineering and mathematically
ANOVA	One-Way Analysis of Variance
FDI	Foreign direct investment
CAPEX	Capital Expenditures
OPEX	Operational Expenditures
HRD	Human Resource Department

MCCIA	Maratha Chamber of Commerce and Industries and Agriculture
PCMC	Pimpri Chinchwad Municipal Corporation

Chapter-1

Introduction

1.1	• Background of the study
1.2	• Overview of employee retention • 1.2.1 Classification of retention • 1.2.2 Need of employee retention • 1.2.3 Benefits of retention • 1.2.4 Retention Policy
1.3	• Attrition/Turnover/Job hopping • 1.3.1. Reasons behind employee turnover • 1.3.2 Impact of employee turnover
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1.9	• Hypothesis
1.10	• Research Methodology
1.11	• Limitation
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1.13	• Organization of thesis
1.14	• Conclusion

1.1 Background of the study

“Management is a multi-purpose organ that manages Business, manages Managers, manages Workers and Work” ^[28].

The evolution of Human Resource Management (HRM) can be traced back to the Human Resource (HR) movement in the ancient period. It is only 100 odd years old, started as the techniques and study of human behaviour at work, has become formal and structured with certain basic practices established as core and a host of other practices left to design and implement as per their individual business driven practices ^[28]. By the 1960s the emphasis began to shift from legal compliance to conflict handling and here for the first time people started talking of *Team Building*. Typically stated that *teams* as groups of individuals with complementary skills who thought alike. The typical “liberal rhetoric” spoke of team as conflict resolving mechanism ^[36].

In the fourth century B.C. the labour organization was Co-operative sector method. The wages were paid strictly in terms of quantity and quality of work turned out and punished was imposed for unnecessarily delaying the work or spoiling. The latter half of the 10th century A.D., the relation between the employer and employees were marked by justice and equity ^[28]. In the modern age up to 1930 the personnel management duty was to focus on employer employee relationship ^[36]. Two principal themes began to emerge in those early days:

- 1) *A concern for the welfare of workers, the employer’s need to guide and control workers and their efforts. These themes feature throughout the development of personnel management and contain many of the conflicts and ambiguities which have shaped its history.*
- 2) *To a considerable extent, the key influences on the development of personnel management – the scientific management, industrial welfare and human relations movements, the development of trade unions and collective bargaining, and the growth of employment-related legislation – were responses to the interplay of these twin themes.* ^[28]

The Industrial Revolution began with power, plant and people – harnessed in new factory-based production units – began to replace cottage-based industry and agricultural work as the major sources of employment. These new employment patterns led to population shifts – mostly, the process of urbanisation – which would alter the nature of society dramatically. Workers could get higher wages in the factories than they earned under the cottage system, so there was a ready supply of labour. However the factory – which is a productive system where organized work activities takes place started. In the factory system a large scale employment takes place, employing manpower and capital. Similarly, other organizations where organised work with help of Human Resource takes place were developed to fulfil the needs of human beings^[36].

Today, we have an unquenchable thirst for information. The society has changed significantly from the Barbarian to the Agrarian to the Industrial Society and from the Industrial Society to a Society dominated by the Service Sector.

This structural transformation has brought about discernible changes in the way people think. We are all living, not in an Agrarian or Industrial Society but in an Information society. In fact, we generally refer to the present times as the IT Age or Information Era. In today's world human beings are considered as the asset of the organization, so there is a need to develop new strategies to stay relevant in a changing global business environment is the challenge of Human Resource Department of an organization.

Every organization has its own culture. Organizational Culture is the product of all the organizational features, its people, its success and its failure. Organization culture reflects the past and shapes the future. The objective can be achieved in several acceptable way called “Equifinality”.

Human Recourse Departments need to develop new strategies to stay relevant in a rapidly changing global business environment^[16].

“Human Resource Management refers to attracting, developing and maintaining an effective workforce”.^[28]

“Human Resource Management may be defined as the planned HR deployments and activities intended to enable an organization to achieve its goals”.^[31]

“Human Resource Management is a strategic process and involves attracting, developing, and maintaining a talented and energetic workforce to support the organization's mission, objectives and strategies”.^[28]

The definitions defined by authors describe Human Resource Management as “Human Resource Management is the incorporate process of nurturing people for developing and harnessing their skills and competencies and integrating it with organization’s objectives and strategy in such a way that all the stakeholders of the organization including shareholders, employees, suppliers and customers stand to gain in a socially desirable manner”.^[28]

The dynamic in the industrial sphere have brought about a social amalgam (as per the report of National Commission of Labour). Over the years certain changes has taken place in Industrial Labour, particular in the organized sector. The product quality is directly related to skills and qualification of organization employees. The economy is gradually getting integrated with the global economy. Globalization has considerable influences on HR functions.

The challenges of HR department are to understand how to retain employee in changing global environment and change behaviour of the employees as per the survey, research and report from the different sectors and organization.

“Employees are more likely to stay with their company during lean times, and so companies have taken them for granted. When the economy strengthens, experience tells us that employees will begin weighing their options and considering other jobs.

Employment relations, irrespective of the industry, time, place, and people engaged, and culture, is 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. 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.*

The global shortage of highly skilled workers, who can be regarded as IT Employees in the post-industrial economy, has created a serious economic issue that is somewhat separate from the recent global financial downturn^[28]. It is expected that the current skills gap will enlarge, and global competition for talent will become more severe under a continuous revolution of information and communications technology (ICT)^[18]. This is because global demographic trends show that the pool of new highly skilled workers is

dropping drastically, especially for the scientific, technical, and engineering and mathematically based jobs (STEM)^[18]. This indicates that IT Employees are in high demand in today's knowledge-based economy and tight labour market, as business growth for IT companies relies heavily on their productivity^[4]. Although training is a prominent approach to resolving the shortage of IT Employees, retention of existing talent becomes more essential and critical^[18].

The Information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. The sector has increased its contribution to India's GDP from 6.1% in 2009-10 to 6.4% in 2010-11 and 7.5% in 2011-12. The industry had expected and has grown 19% during 2012-13, NASSCOM (2013). According to NASSCOM, the IT-BPO sector in India aggregated revenues of US\$ 88.1 billion in Financial Year 2011^[28]. The top seven cities that account for about 90% of these sectors exports are from Bangalore, Chennai, Hyderabad, Mumbai, Pune, Delhi, Kolkata, Coimbatore and Kochi^[36].

Pune, a major industrial town, hosts numerous multinational and national software giants along with BPO and KPO firms. World class SEZs like Hinjawadi IT Park and Magarpatta city and small IT hubs speared in the other part gives Pune a distinct advantage. The city is a major educational hub and churns out thousands of technocrats every year.

A lot of small and big IT-units has come into the Pune, and therefore a major segment of youngsters have selected their profession in IT sector. When so many IT industries are available, employees have an option of changeover their job very frequently. Before switching the job, employees consider some factors, some of which are: working hours, good working conditions, challenging projects, perks, decent salary package, career growth, salary package, support from peers, and support for higher education. The minute they feel, they are being underutilized, they start searching the job which leads to turnover. To avoid such situation, IT units have to give attention on retention. The IT industry's challenges are to retain the employees because the software cost is distributed on – development cost and ownership cost. The distribution of efforts and error in software development indicates that 64% of software errors are due to requirement specification's or design and 36% are error in implementation. It is estimated that only 40% of initial development time is spend on specification and design. The cost of correcting a software error increases rapidly with the stage in life cycle where the error is discovered; eight times more costly at coding stage or 100 times more costly at development stage. The cost of software development increases due to shortage of software personnel and attrition of personnel. The maintenance phase will also

push up due to different personnel at different time. It is very important to retain software personnel in IT sector else the cost of the software project will increase rapidly which can be double or more and it will reduce the growth and profitability.

The thesis is about retention of IT Employees in Pune. What retention factors are important in retaining IT Employee in IT industries? From the findings it is argued that some diverse set of tentative retention factors will help to retain IT Employees.

1.2 Overview of Retention

Employee retention, according to Harvard Business Essentials, is the ‘converse of turnover—turnover being the sum of voluntary and involuntary separations between an employee and his or her company’ (2002 cited in Starosta, 2006, p. 60)^[28]. However, Waldman and Arora (2004)^[30], postulate that discussing employee retention within the context of employee turnover is insufficient; instead, focus should be on the way in which employee retention promotes the preservation of a workforce that is able to meet the needs.

In today’s fast paced business environments where employees are constantly striving to achieve business goals under time restrictions; open mindedness and transparent work culture plays a vital role in employee retention. Employees are a valuable asset to any organization. It is essential to protect this vital resource as talented and motivated employees play a critical role in overall growth and success of the organization. Employee retention is keeping employees that have been already hired. Retention of Key employees is critical to the long term health and success of any organization. Focusing on employee’s retention techniques can positively impact the organization as it increases employee productivity, performance, quality of work, profits and reduces turnover and absenteeism.

Employee retention is beneficial for the organization as well as the employee. Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidates search are involved. Hence failing to retain a key employee is a costly proposition for an organisation. Various estimates suggested that losing a middle manager in most organizations cost up to five times of his salary. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

The retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are

being attracted by more than one organization at a time, Crispin Chipunza (2009)^[5]. Handling the employee retention issues has got a serious attention at all level of management in IT units. The problem of employee retention has hit all categories of employees equally. Employee retention is one of the largest universal phenomenon's being faced by the IT units. The HRD of IT units should put in appropriate efforts to retain the employees. Apart from conventional retention practices there are non-conventional retention practices followed to retain the skilled and knowledgeable employees. The various tools are used by HRD for employee retention which is 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.

1.2.1 Classification of retention.

The different types of retention are **Selective retention, Cultural retention, Customer retention, Forced retention, Grade retention and Employee retention.**

Selective retention - Selective retention is the process of remembering the messages more accurately. The messages which are closer to their interest, values and beliefs in relating to the mind, is the process when people more accurately remember messages that are closer to their interests, values and beliefs, than those that are in contrast with their values and beliefs, selecting what to keep in the memory, narrowing the informational flow.



Figure-1.1 Classification of Retention

Cultural retention - Cultural retention is the act of retaining the culture of a specific ethnic group of people, especially when there is reason to believe that the culture, through inaction,

may be lost. Many African-American, European and Asian organizations have cultural retention programs in place.

Customer retention -Customer Retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace.

Forced retention - Forced retention refers to the act of applying pressure to employees to deter them from leaving a company. The most common way to do this is through legal means, such as non-competing and non-disclosure agreements. Given an adequately broad agreement, a company may threaten employees who try to leave for competitors (or in some cases, non-competitors) with legal action. In some countries, the government may implement similar laws or policies to prevent or discourage employees from leaving certain companies or government organizations. It has also been applied to companies which offers significant financial benefits to employees to encourage them to stay, in particular after a merger (for example, a minimum period to qualify for stock options), but this usage is commonly considered incorrect.

Grade retention- Grade retention or grade repetition is the process of having a student repeat an educational course, usually one previously failed. Students who repeat a course are referred as "repeaters". To be eligible for grade retention, the employee must have served in the retained grade or in a higher grade for at least 52 weeks prior to the reduction-in-force; or the position in which the employee is being reduced must have been classified at the higher grade for at least one year prior to the reclassification action resulting in the downgrade.

Employee retention - "Employee" means an individual who is employed by the agency, including an employee who is moved from a position under a dominant rate schedule to a dominant rate position with a lower representative rate, provided the employee was employed on other than a temporary or term basis just prior to the placement.

1.2.2 Need for retention.

In a company, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. By implementing lessons learned from key organizational behaviour concepts employers can improve retention rates and decrease the associated costs of high turnover.

Employee retention is beneficial for the organization as well as the employee. Various factors can be considered for retaining the employee:

- a. *Hiring is not an easy process.*
- b. *An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture.*
- c. *When an individual resigns from his present organization, it is more likely that he would join the competitors.*
- d. *The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better.*
- e. *Every individual needs time to adjust with others.*
- f. *It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization.*
- g. *It is essential for the organization to retain the valuable employees showing potential.*

The management must understand the difference between a valuable employee and an employee who doesn't contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change ^[36].

1.2.3 Benefits of retention.

Employees are an organization's intellectual asset that is responsible for the day-to-day business operation. Although retaining competent employees in an organization generates goodwill in the work force, it also has a positive effect on the product or services a company offers. Employee retention is a financial gain for organizations.

- ***Acquiring Talent*** –

- a) *When organizations retain their employees, they avoid hiring costs.*
- b) *The hiring process is risky.*

- ***Training and Development*** - *Retaining workers reduces training costs. When companies retain employees, training cost can be used to further develop the work force.*

- ***Skilled Labour Force*** - *Employment retention develops a strong staff. Working individually or in teams these individuals share knowledge and expertise.*

- **Impact on Customer Service** - Employee retention has a positive impact on customer service. It prevents brings disruption in customer service, loss of business and possible negative business impacts.
- **Reduce employee stress** - Employees will appreciate the time that such a service saves them - enabling them as a result to spend more time with their families and friends.
- **Retention improves productivity** - By employers understanding the wants and needs of the employees, they can help them achieve them, and therefore foster tremendous productivity and growth and loyalty from those employees.
- **Provide access to new markets** – As the employees are retained in the organization, it improves customer loyalty and makes an organization an employer and vendor of choice which gives access to new market.
- **Retention improves sustainability in competitive age** - Retain the high performers that give it a competitive edge.
- **Retention reduces spirals into more turnovers** - When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

1.2.4 Retention Policy

Employee retention is one of the primary measures of the health of an organization. Exit interviews with departing employees provide valuable information.

High rates of employee turnover cost businesses a great deal of money. The costs of replacing a worker include dismissal benefits such as severance packages, administering an exit interview, money spent on advertising for the open position and the cost of screening and interviewing applicants, not to mention the loss of productivity when a new employee replaces one with greater experience. Even in communities without an employee retention policy, businesses might institute internal policies that seek to promote from within or retrain existing employees rather than allow employee turnover costs to cut into the bottom line. One can use to retain remaining staff by heeding these results also.

- (i) A satisfied employee knows clearly what is expected from him every day at work. Changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and make the employee feel unsuccessful

(ii) The quality of the supervision on an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover. Frequent employee complaints centre on these areas.

--lack of clarity about expectations,

--lack of clarity about earning potential,

--lack of feedback about performance,

--failure to hold scheduled meetings, and

--failure to provide a framework within which the employee perceives he can succeed.

(iii)The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention.

(iv)Talent and skill utilization is another environmental factor your key employees seek in your workplace. A motivated employee wants to contribute to work areas outside of his specific job description. How many people could contribute far more than they currently do? You just need to know their skills, talent and experience, and take the time to tap into it. As an example, in a small company, a manager pursued a new marketing plan and logo with the help of external consultants. An internal sales rep, with seven years of ad agency and logo development experience, repeatedly offered to help. His offer was ignored and he cited this as one reason why he quit his job. In fact, the recognition that the company didn't want to take advantage of his knowledge and capabilities helped precipitate his job search.

(v) The perception of fairness and equitable treatment is important in employee retention.

(vi)When an employee is failing at work, I ask the W. Edwards Deming question, "What about the work system is causing the person to fail?" Most frequently, if the employee knows what they are supposed to do, I find the answer is time, tools, training, temperament or talent. The easiest to solve, and the ones most affecting employee retention, are tools, time and training. The employee must

have the tools, time and training necessary to do their job well – or they will move to an employer who provides them.

(vii) Your best employees, those employees you want to retain, seek frequent opportunities to learn and grow in their careers, knowledge and skill. Without the opportunity to try new opportunities, sit on challenging committees, attend seminars and read and discuss books, they feel they will stagnate. A career-oriented, valued employee must experience growth opportunities within your organization.

(viii) No matter the circumstances, never ever threaten an employee's job or income. Even if you know layoffs loom if you fail to meet production or sales goals, it is a mistake to foreshadow this information with employees. It makes them nervous; no matter how you phrase the information; no matter how you explain the information, even if you're absolutely correct, your best staff members will update their resumes. I'm not advocating keeping solid information away from people, however, think before you say anything that makes people feel they need to search for another job.

(ix) Your staff members must feel rewarded, recognized and appreciated. Frequently saying thank you goes a long way. Monetary rewards, bonuses and gifts make the thank you even more appreciated. Understandable raises, tied to accomplishments and achievement, help retain staff. Commissions and bonuses that are easily calculated on a daily basis, and easily understood, raise motivation and help retain staff. Work is all about the money and almost every individual want more.

1.3 Attrition/ Turnover/ Job Hopping.

Job hopping, turnover, attrition, quitting, worker mobility, ^[36] job shift; “willingness to change companies”^[28]; work flows ^[36] have been used **interchangeably in the researchers’ perspective.**

Employee turnover is perceived in a number of different ways. Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. **The turnover can be Involuntary, Voluntary, Desirable and Undesirable.**

The most common negative reasons for leaving a job are:

- Poor salary and benefits

- A lack of training and development opportunities
- Dissatisfaction with management
- Not getting along with colleagues
- The journey to work
- Lack of work/life balance

The former include factors like pervasive job dissatisfaction, distrust and disengagement^[28]. However, it has been shown^[28] that job search, and the consequent turnover intention, is not related to the employee dissatisfaction, as it is linked to some off-the-job “shock” or jarring event, such as receiving an unsolicited job offer or a family member’s addition or demise. It may be pertinent to note here that scholars have distinguished between “job searching” from “leverage-seeking search” in the sense that the former is linked to change of the jobs, the latter is indicative of seeking leverage against the present employer, seeking leverage implies using the available job alternatives as a leverage against the present employer such that his/her present organization shall strive to make a better counter-offer and make efforts to retain him/her^[1]. Other extrinsic factors accountable for job hopping include low commitment, and prevalent job alternatives^[28] reported that there existed a positive corrected average correlation between perceived employment alternatives and turnover^[2]. Other factors which have been attributed to job hopping are availability of ample job opportunities in the market, company closure, lack of job security in the current job, technological obsolescence, higher pay offered by the rival companies, better promotion avenues, better perks associated with the future positions, perceived brand image of the rival company; “cohort effects”^[13]; Hobo syndrome (defined as the tendency of individuals to change jobs as a practice^[2] and so on.

Viewed from a broad perspective^[16] the process of job hopping commences with the **dissatisfaction** experienced by an individual with his present job^[14] followed by his search for alternatives, followed by a comparison of those options with his current job using an expected-value-like decision process, and, finally, the decision to leave if any of the alternatives is adjudged to be preferable than his current situation or position.

Many research has demonstrated the differences among the different organizations in the same sector vis-a-vis job hopping, attrition; turnover intentions etc. This may be attributed to factors like **perceived brand image of the rival companies** and the better **opportunities in the rivals** than the present one, **pay dispersion**^[18].

Findings out whether labour turnover is high or low in specific sector and why attrition occurs is a useful yardstick to measure HR management performance based on

evidence and to provide HR management with data that can serve as the barometer of the workforce sentiment, and provide **guidance for policies** and corrective measure where seen appropriate and needed.

1.3.1 Reasons behind employee turnover

There are certain circumstances that lead to employees leaving their organization. The most common reasons can be:

- **Job is not what the employee expected to be:** Sometimes the job responsibilities don't come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.
- **Job and person mismatch:** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won't be able to perform it well and will try to find out reasons to leave the job.
- **No growth opportunities:** No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.
- **Lack of appreciation:** If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in job.
- **Lack of trust and support:** Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in.
- **Stress from overwork and work life imbalance:** Job stress can lead to work life imbalance which ultimately may lead to employee leaving the organization.
- **Compensation:** Better compensation packages being offered by other companies may attract employees towards themselves.
- **New job offer:** An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

1.3.2 Impact of employee turnover

A company's philosophy, mission and values are fundamental to success; human capital is an organization's most valuable asset, must be fully engaged and satisfied to keep the business running. The impact of high turnover will lead to low productivity, loss in revenue and poor customer service. Employee turnover has some obvious costs associated with it, including recruitment, training and salary. However, every time an employee leaves,

there are a variety of hidden costs which might not have considered ^[4]. Employee turnover costs the U.S economy 5 trillion dollar every year. Human resource department spends “1.5 times the lost employee’s salary” on recruiting, hiring, on boarding and training a new hire ^[36]. The costs of employee turnover for – profit organizations have been estimated to be upto 150% of the employee’s compensation package.

Turnover increases workload on the remaining employees, which in turn pulls down morale, often resulting in reduced productivity, efficiency and poorer quality. A vacancy created due to departure of an employee could take up 100 days to fill, during which time product development and “time to market could be delayed”. Such delays have resulted in lower margin – upto 10% and loss market shares- as much as 30% ^[28].

Various Dimensions of Turnover impacts:

- *Decreased Performance in the workplace.*
- *Struggle to complete all necessary or important daily functions*
- *Replace a lost employee cost as much as three to five times the annual salary.*
- *Slippage - Lost sales, production delays and lags in new product launch.*
- *Delay to complete the task and increases customer dissatisfaction.*
- *Turnover spirals into more turnovers*
- *Ripple effect – making everyone less effective, impact on the peer group, management chain and time devoted to finding a new employee.*
- *Lost credibility*
- *Loss of Company Knowledge increase time gap to reach the destination. Disruption of potential customer loss*

1.4 Scenario of attrition and retention of IT sector.

In FY 2010 IT sector has contributed around 5.6% to India’s GDP ^[36]. India’s human capital advantage has been one of the prime reasons for the burgeoning growth of the IT sector. The IT sector has seen tremendous growth and today the market has become extremely competitive. With other sectors also moving on a high growth trajectory, talent attraction and talent retention has become a major challenge for the employers.

Over the years, IT sector has been the most attractive sector to work in and thus has been attracting the finest talent available in the country. It provides an admirable work environment, attractive compensation and rewards along with good career growth opportunities. However the advent of economic downturn saw an adverse impact on the IT companies with most of them going for huge salary cuts, downsizing and tightening of perks.

The attrition rate for IT companies was in the range of 14-25 percent for the fiscal year 2010-2011. Recruiting the right employees is a challenge but motivating and retaining potential employees is an equally important challenge for employer. Selecting and retaining top performers is essential for business success and effectiveness. The scenario today looks quite complex on one hand with increasing work opportunities and seeking of talent by organizations and on the other hand, they find it challenging to retain these key employees. An increase in employee turnover means decrease in productivity, loss of expertise, lower quality thus leading to loss of business opportunities coupled with higher recruitment cost for the employer.

1.5 Need for the study

The need of the study is to understand the reasons for employee leaving the job, which will help the IT-Units to retain the employees and contribute in increasing productivity.

The IT employees are in high demand in today's knowledge-based economy and tight labour market, as business growth for IT companies relies heavily on their productivity. The productivity has also offered a sustainable competitive advantage by continual innovation of products and services that contain optimum output of quality (Davila, Epstein, & Shelton, 2006^[10]; Drucker, 2007^[8]; Huang & Lin, 2006^[17]).

The reason for choosing IT employees is that they are a key source of profit, skill, and sustainable competitive advantage (Drucker, 1993^[9]), executing daily operations of programming for the projects of customers. In addition, it is hard to recruit for this group of IT employees in today's position (Gordon, 2009; Hoffman, 2009^[16]).

Hoch, Roeding, Purkert, and Linder^[15] stress that "The scarcity of software professionals is the major barrier to growth in the software industry and one of the key challenges of software leaders. Thus, this group of employees is a highly appropriate focus.

There is a great cost associated with hiring and retraining new employees, so the best way is to retain employees. Retention of Key employees is critical to the long term health and success of any organization. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization. Various

estimates suggest that losing a middle manager in most organizations costs up to five times of his salary.

1.6 Problem Statement

In this era of globalization IT employees are blessed with good opportunities, so they are highly mobile and not restricting to particular job. IT Industry, being a knowledge-based industry, a high intellectual capital lends competitive advantage to a firm. In IT, there are lots and lots of avenues and opportunities available in the hands of IT employees. The retention in IT industry is vibrant, due to fast changes in Information Technology and industries are engaged in different technology, accordingly there is a shortage of skill human resources.

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 youngster and Information Technology are changing very fast and employees does not wants to become absolute in this domain. In small span of time, employee get higher position, responsibility and other status in IT as compare to other industries.

A lot of small and big industries have come into the market, and therefore a major segment of youngsters have selected their profession in IT sector. When so many IT industries are available, employees have an option of changeover their job very frequently. Pune – IT Industries has been the home for majority of the software development companies and organizations both of Indian origin and firms formed as the IT wings of leading multi-national companies. During the last three 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 and technology. This rate has varied from year to year and from IT-unit to IT-unit and place to place.

Handling the employee retention issues has got a serious attention at all level of management in IT units. The problem of employee retention has hit on all categories of employees and different age group equally.

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 interview depends on employee's willingness to give full and honest feedback. The common observations are that staffs are uncomfortable giving honest feedback because of various reasons that are- the interview may

be carried out by a line manager/colleague but departures do not feel comfortable to indicate past working relationship with them / the interview was carried out by a senior director which was quit intimidating/ the interview is carried out by HR department and staff can think that his feedback could affect his future references. The best way to gain staff buy-in is to ensure that, the 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 their opinions.

The retention problem is highly persisted in IT industry. The shortage of manpower both in numbers and skills is a prime challenge for HR managers in IT-units. The compensation, career planning and technological obsolescence are the facts for employee turnover in IT-Units. There are many other factors also which influence employees to leave. The demographic details of the IT professionals should also be considered while designing the retention strategies as some of these variables have proved to have influence on retention.

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 get effected.

1.7 Objectives of the study.

This study makes an attempt to figure out what the real problem of attrition is and effectiveness of polices followed by the IT companies to retain their human resources. The study is done from the employee's and employer prospective.

To retain the employees in the organization and prevent them from job hopping has become a challenge for HR managers of IT industries. The challenges cannot be achieved without appropriate retention plans and policies.

The research objectives identified in this study are:

- *To review the existing stage of knowledge and the gap in knowledge with reference to problems of employee turnover and retention in IT -units.*
- *To find the retention factors influencing attritions in IT-units with special reference to Pune city.*
- *To find and study the relationship between employee retention and growing age.*
- *To understand the Conventional and Non- conventional retention practices implemented by the IT units for retaining the employees and their effectiveness.*
- *To understand the turnover of employee at different level of hierarchy in IT-units.*
- *Analyzing the exit interviews, to understand employee perception of turnover.*

- *To obtain the best possible suggestion to contribute in management practices for retention.*

1.8 Research Questions

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

- Why does an employee continue to work with organisation?
- Can these reasons be further explore to measure each ones impact on retention?
- Can HR management utilize the knowledge and understand of the retention variables to improve the effectiveness of the policies?

1.9 Hypothesis

In tune with above objectives the following hypothesise have been formulated:

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

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

Hypothesis-3: There is a significant relationship between employee's age group and number of job change in IT-units.

1.10 Research Methodology

The conceptual model of the research is based on the review of the literatures, and the theoretical framework of the hypothesis considered. As the research approach is dependent upon a researcher's paradigm, quantitative and qualitative approaches were used for this research. It is deemed that a positivist paradigm is the suitable approach to answer the research question because the theoretical framework was deduced from the existing theories. In addition, the research examined the relationship between the retention variables and IT Employee decisions to stay, which existed externally and objectively.

A significant difference has been considered between what employers assumed the key causes of turnover and actual reasons employees gave for leaving. The exit interviews are an ideal way to recording and analysing the factors that have led staff to leave the organisation. The exit interview data depends on employee's willingness to give full and honest feedback but due to various reasons staffs are not uncomfortable giving honest

feedback that can be – the departures do not feel comfortable to indicate past working relationship with their colleagues, the interview might be carried out by a seniors in hierarchy who were not liked by them because of various reasons, one is caucus about his feedback for future references, etc. The best way to gain staff buy-in is to ensure that, the 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 their opinions.

Keeping views of these the research is design using employer prospective and employees prospective.

Table-1.1: Research methodology implemented

Employee prospective	Employer prospective
<p>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.</p>	<p>Diagnostic 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.</p>
<p>Questionnaire Method used to collect the data from employees. The data to be collected from the IT employees who has left the job at least once. Questionnaire is to be filled by the employee for his previous reasons of leaving.</p>	<p>Interview Method used to collect the data from HR managers in Structured and Unstructured form for the analysis of the effectiveness of HR practices for retention.</p>

In case of some objectives, data will be collected in structured and non-structured form and quantitative analyses using mean, frequency, etc. are used to answer the objectives. For the analysis of hypothesis Cochran Q-Test, Friedman chi-square test, Skewness test and Kurtosis tests, Bivariate- co-relation test, chi-square of contingency and One way ANOVA test can be used.

1.11 Limitation

Although this research was carefully prepared, researcher has reached its aim. There were some unavoidable limitations.

- 1) The IT industry units taken for the study were listed under Maratha Chamber of Commerce.
- 2) The IT units are not segregated national or multi-national, they are taken randomly.
- 3) The result is based on information collected on HR practices implemented by the IT units in 2009 to 2012.

1.12 Study Time Zone

Another important characteristic of the present research process is the time zone. The time zone is recognised to be appropriate to the research aim and the researcher's resource.

However, literature review, questionnaire design, the pilot study, primary data collection and HR practices on retention policy in IT industries were performed in the period from 2009- 2012, as indicated in Table-1.2.

Table-1.2: Period of pilot study, primary data collection and case study

Time Period	Different type of research activity carried out
2009 to 2010	Literature review, Questionnaire design, Pilot Study Main Study (Primary data collection), Data collection from HR Managers
2011 to 2012	Data analysis, Multi-Case study analysis
2013 to 2014	Thesis writing

1.13 Organization of thesis

The thesis is divided into seven chapters consisting of Introduction, Information Technology: an overview, review of Literature, research methodology and data collection, Data analysis and result, case study and conclusion and recommendations.

Chapter – 1: Introduction: It gives the historical development of Human resource department. The further discussion on various reasons of turnover, classification of turnover, rate of turnover, retention, advantages of retention and challenges to Human Resource Department of IT industries. Aim and Objective, hypothesis, research methodology and limitation of the study are formulated in this chapter.

Chapter – 2: Information Technology: an overview- It consist of IT sector in India, the Indian economic impact due to IT sector, government policy for IT sector and the present scenario of IT sector.

Chapter – 3: Literature review: This chapter gives a review of literature survey undertaken for research study. Various reports, article and research studies are review to understand the present scenario of turnover, attrition and job hopping in various sectors as well as in IT Industries. The further information's on retention, retention policy and strategies are implemented in various organizations and IT industries.

Chapter – 4: Research Methodology and data collection: Chapter consist of meaning and best suitable sequence of research methodology of this research. Research design, sampling, data collection method and data analysis procedure are explained step by step with tables, figures and the interpretations for the same.

Chapter – 5: Data analysis and result: Data collected are tabulated in required form using Microsoft excel sheet. The hypotheses formulated were tested based on the information collected with the appropriated statistical test using SPSS. Since the researcher was based substantially on nominal and ordinal data, Cochran Q-Test, Friedman Chi- square Test, Wilcoxon Signed Ranks Test, Skewness, Kurtosis, Bivariate correlation, Chi- square of contigence and One way ANOVA.

Chapter – 6: IT-units retention practices- Multi-case study: An attempt has been made here to understand the reasons for turnover. Retention policy and strategies use by HR department of some IT industries. This study indicates the success of retention and the different retention practices adopted to maintain the tolerance of attrition in different IT industries.

Chapter – 7: Finding, Suggestions and conclusion : In this chapter, the overall conclusions are drawn on the basis of literature survey, research results and case study. It also presents the conclusion made on the research topic and various recommendations along with area of further study and research contribution.

1.14 Conclusion

Information technology as an industry today occupies a strategic place in Indian economy and business. Its origin and growth in India have been phenomenal during the last two decades. Not only the economic and business environment has undergone a change but one can also see changes in the social sector as well. The education and employment fields have changed. It has played a key role in putting India on the global map. It has contributed

substantially to the economic power of the country – it is envisioned to become a US \$ 225 billion industry by 2020. With the new millennium, this industry has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation in addition to becoming the global brand ambassador for India.

Employee attrition is a very challenging problem not only in the industrialized countries but also in India which is fast industrializing since the adoption of New Economic Policy in 1991. In fact, attrition is considered to be one of the biggest challenges Indian corporate sector is facing today. According to these companies, it is a complex issue and has several dimensions.

To retain the employees in the organization and prevent them from job hopping has become a challenge for today's organization. The challenge cannot be achieved without appropriate retention plan and policy. Retention of employees can prevent the loss of key talent and will result in high turnover. Retaining the employees by giving them the basic needs and with some extra rewards or creating a work environment which will make employee feel happy to come to work is important. Organizations need to understand what will make their employees to be loyal and happy working with them. The study further identified those composite variables that enhance retention and understand employee's perspectives as without which it is difficult to the organization to achieve success.

This study on Employee Retention Strategies was undertaken to identify the retention strategies in practice in Indian and multi-national IT organizations in Pune. At the same time it was felt essential to examine whether the strategies that have proved effective in retaining employees in other than IT industries have any similarities. Though this study primarily aimed to cover the IT industry in Pune on a sample basis, it was also decided to have the case study approach to know the retention strategies followed in IT industries.

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Chapter-2

Information Technology Industry- An overview

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2.1 INTRODUCTION

The Indian Information Technology industry popularly known as software industry has remarkable success story. It has gained recognition in the early eighties, as companies took up posting of trained software manpower, especially to USA. Very soon several companies started taking up software projects at customer sites, and sent their professionals to carry out the task. Starting with routine jobs, most companies graduated to more and more sophisticated tasks and India started getting recognized as having special talent for software development and management of software projects. It has grown more than 30 percent annually for last 25 years, with 2500+ exports projected at close to \$75 billion. India provides software services to more than 60 countries, with two-thirds to the United States which includes 50% to Fortune-500 companies^[9].

Initially, the Indian software industry has been concentrated in a few major cities such as Pune, Bangalore, Chennai, and Hyderabad. Soon, Indian Government recognizes that IT will influence economic development extensively in the years to come. The Government constituted a Task Force on IT industry, which was given the responsibility to recommend the steps that the Government needs to take to remove the bottlenecks and boost the Information Technology industry within the country. The proactive initiatives taken by various State Governments have resulted in many software companies with their development centre across the country. They were making available the land and other resources needed by the IT organizations. The procedure of issuing license and clearance to start the new organizations had been made simple through the “Single Window Clearance” systems – chief among these states were Karnataka, Andhra Pradesh, Tamil Nadu, Maharashtra, Haryana, Madhya Pradesh, Orissa, Pondicherry, West Bengal, etc. and new clusters had taken shape.

Additionally, IT committee was set up by the Ministry of Information Technology, Government of India, comprising of Non Resident Indians (NRIs) Professionals from the United States to seek expertise and advice and also to set up U.S. investments in India’s IT Sector. The Committee is chaired by Minister of Information Technology and the members include Secretary, Ministry of Information Technology and a large number of important Indian American IT entrepreneurs. This group is expected to:

- Monitor global IT development and refine Indian IT policy to meet global requirements. Specifically, to help angel investors, venture creators and incubators.

- Promote the growth of human resource development in the IT sector with the aim of creating quality-based education.
- Promote R & D in the sector by identifying thrust areas and drawing up a blueprint for action.

The Information technology as an industry today occupies a strategic place in Indian economy and business. Its origin and growth in India have been phenomenal during the last two decades. Not only the economic and business environment has undergone a change but one can also see changes in the social sector as well. The education and employment fields have changed. It has played a key role in putting India on the global map. It has contributed substantially to the economic power of the country – it is envisioned to become a US\$ 225 billion industry by 2020. With the new millennium, this industry has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation in addition to becoming the global brand ambassador for India ^[10].

2.2 THE IT SECTOR IN INDIA

The information technology industry in India basically consists of the software development sector. The industry consists of a large number and growing number of firms. According to NASSCOM the number of Indian software firms has grown from around 432 in 1996-97 to over 1300 in 2010. Many of these firms entered the industry after the economic liberalization and globalization of 1991. Today the industry consists of very big and leading companies like the Tata Consultancy Services (TCS), Infosys Technologies, and Wipro technologies. The top 25 companies account for over 60 % of software exports revenue.

The market leaders among the Indian Software firms are, for the most part, relatively new. With a few exceptions, notably Wipro, these firms specialize in software alone. This is in marked contrast to early entrants who had close links with computer hardware development. TCS was the first firm to agree in 1974 to export software in return for being able to import hardware. TCS, currently the largest Indian software firm, employs over 100,000 persons. Once the software exports gained ground a large number entrepreneurial firms entered the industry.

The profile of the Indian IT industry has been undergoing a change in the last few years, partly as it moves up the value chain and partly as a response to the market dynamics. Ten years ago, most US companies would not even consider outsourcing some of their IT

projects to outside vendors. Now, a vast majority of US companies use the professional services of Indian Software engineers in some manner, through large, medium or small companies or through individuals recruited directly.

The Indian IT industries have built up valuable brand equity over years. India is emerging as one of the most preferred destination for the business process outsourcing (BPO). The importance of IT industry in the Indian economy can be gauged from the fact that its contribution to the national gross domestic product (GDP) has increased by seven fold in a span of just one decade from 0.6% in 1994-95 to 2004-05. Although industry figures are not directly comparable with GDP as they are based on revenues rather than value added, they provide an indicator of growing importance of the IT sector in the country. Assuming that the Indian economy and IT sector will replicate the past six years performance during the next six years and value added in IT sector is two third of its sales revenue, the contribution of IT sector to national GDP will be around 8.5% during the year 2010-11, quite similar to that in the United States (US) today. The IT sector revenue has increase from Rs. 1276 billion in 2004-05 to Rs. 6435 billion in 2010-11^[8].

The Indian IT industry broadly categorized into IT services, software development, ITES-BPO, and Hardware segments. Although IT services and software development continues to remain the key contributor to the IT sector’s revenues, ITES- BPO is emerging as the fastest growing segment of the sector. Between the years 2000-01 to 2004-05, the contribution of ITES-BPO was significant to the IT sector and total revenue increased from 7.4% to 20.2%, whereas the corresponding figure for IT services and software development fell from 64.5% to 58.5%. Presently, ITES-BPO segment of the industry is almost as big as the hardware segment^[10].

2.3 SWOT ANALYSIS OF THE INDIAN SOFTWARE INDUSTRIES

The Indian software industry has a great deal of inherent strengths that local majors have efficiently used in the past. However, there still continue to be areas of weakness that need to be addressed. Also, apart from the traditional areas, new areas are emerging all the time and this need to be addressed by Indian majors to sustain their high growth rates.

Table- 2.1: A SWOT Analysis of the Indian Software Industry

Strengths	Weakness
<ul style="list-style-type: none"> - High quality and value for money - Proposition - Skilled and knowledgeable, English speaking work force 	<ul style="list-style-type: none"> • Lack of significant presence in the global packages market • Inadequate PC penetration levels that has resulted in a smaller domestic market

<ul style="list-style-type: none"> • Flexibility in operations • Successful offshore model • Experience in working on large projects • Presence of good educational institutions • Inherent strength in the areas of math and science • Proactive government policies • Time difference between the domestic and global markets 	<ul style="list-style-type: none"> • Lack of original product development • Inadequate marketing skills • Inadequate localization efforts in the area of Development • Barring a few cases, alliances with global majors mostly for technology and not for strategic purposes
<p>Opportunities</p> <ul style="list-style-type: none"> • Increasing demand for IT professionals despite the ensuing slowdown • Rapid proliferation of the Internet in the domestic and global markets • Shift in the business model from the bracken- mortar to the click-n-mortar one • Shift in the global markets from legacy systems to more of web-based systems • Indian government's thrust towards increased computerization of offices, banks etc • Global outsourcing market is all set to boom (especially under the current circumstances) • IT enabled services in the country and across the globe is forecasted to explode • Shift in focus towards other markets such as Europe, Japan, Australia etc 	<p>Threats</p> <ul style="list-style-type: none"> • Telecom infrastructure is relatively poor when compared to other global markets • Other infrastructure problems such as power, lack of commercial space etc • Government policies could change and result in greater interference • China, Ireland, Philippines etc are fast catching up • Entry of not-so-serious players, wishing to cash in on the boom • Protectionist measures such as tightening of Visa rules etc by other countries • Complacent attitude by domestic majors • Continued reliance on organic growth and an over-dependence on the exports market alone

(Source: NASSCOM/ Industry Sources)

2.4 THE INFORMATION TECHNOLOGY IMPACT ON INDIAN ECONOMY

The IT sector coupled with BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living, and diversity among others. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India to transform itself from a rural and agriculture-based economy to a knowledge based economy. The efforts of the industry towards the holistic development of

the Indian economy and society will continue making a positive impact and changing lives as it has done so far. Further, the industry has acted as socially responsible corporations playing an active role in regional development across India, empowerment of diverse human assets, driving technology and innovation to transform client business, and enhancing the overall brand image of India.

The Indian Information Technology industry account for a 5.19 % of the country's GDP and export earnings as of 2009, while providing employment to a significant number of its tertiary sector workforce. More than 2.5 million people are employed in the sector either directly or indirectly, making it one of the biggest job creators in India and a mainstay of the national economy. In 2010-11, annual revenues from IT-BPO sector are estimated to have grown over US \$ 76 billion compared to China with US \$ 35.676 billion^[8].

The economic impact of information technology has been a subject of a great deal of debate. For business economists, it is useful to identify how information technology (IT) is likely to impact the economy, because IT (defined as computer and communications technology and its applications) is likely to have a substantial impact on the economy's growth during the coming decades. The reason for this is the use of IT by nearly all industries in the economy's base, so that IT becomes a universal input to nearly all other outputs. If IT costs decline, they can create substantial economic gains for many of the industries that use IT, because money spent on IT can be invested in other inputs and improvements in production or services. Furthermore, because business relies upon IT to do a wide range of tasks and to create competitive advantage, by facilitating these tasks for end users, important gains are achieved that are difficult to measure in a classic input-output framework. In addition, IT, seen in a larger context, should have even wider impacts on the economy, because new channels of communications, such as the Internet, cellular, television, and broadband applications, will provide business with new channels to reach customers and suppliers.

The global economic depression of 2009 did not affect much the Indian IT industry. It was a temporary setback or a passing phenomenon for the Indian Software companies in general affecting the manpower to certain extent. Despite the global economic slowdown, the Indian IT software and services industry is maintaining a steady pace of growth. The industry while did not go for fresh recruitment during this period sparsely resorted the lay-offs of employees. Many adopted redeployment measures to retain the employees. When demand returned in 2010, the combined effect of all the factors helped India grow faster than its competitors, accounting for almost 90 % incremental growth in the global sourcing market.

2.4.1 NASSCOM Report On Indian IT Industries

According to “IT-BPO Sector in India: Strategic Review 2011” a report brought out by the NASSCOM and McKinsey combine recently, the sector is estimated to aggregate revenues of US \$88.1 billion in FY 2011 with the IT software and services sector (excluding hardware) accounting for US \$ 76.1 billion revenues. The Report estimates export revenue to gross US \$59 billion in FY 2011 and contribute 26 % as its share in total Indian exports, employing around 2 million employees. Over FY 2010 the growth of IT services was fastest – growing by 22.7 % and aggregating export revenues of US \$ 33.5 billion, accounting for 57 % of total exports. Today India exports software and services to nearly 95 countries around the world. The share of North America (US and Canada) in India’s software exports is about 61 %. In 1999-2000, more than one third of Fortune 500 companies outsourced their software requirements to India. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 6.4 percent in FY 2011. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to 26 per cent in FY2011 ^[12].

2.4.2 Exports Market

Export revenues are estimated to gross US \$ 59 billion in FY2011 accounting for a 2 million workforce.

- **Geographic focus:** The year was characterized by a consistent demand from the US, which increased its share to 61.5 per cent. Emerging markets of Asia Pacific and Rest of the world also contributed significantly to overall growth.
- **Vertical Markets:** While the sector’s vertical market mix is well balanced across several mature and emerging sectors, FY2011 was characterized by broad based demand across traditional segments such as Banking, Financial Services and Insurance (BFSI), but also new emerging verticals of retail, Healthcare, Media and Utilities.
- **Service Lines:** Within exports, IT Services segment was the fastest growing segment, growing by 22.7 per cent over FY2010, and aggregating export revenues of USD 33.5 billion, accounting for 57 per cent of total exports. Indian IT service offerings have evolved from application development and maintenance, to emerge as full service players providing testing services, infrastructure services, consulting and system integration. The coming of a new decade heralds a strategic shift for IT services

organizations, from a 'one factory, one customer' model to a 'one factory, all customers' model. Central to this strategy is the growing customer acceptance of Cloud-based solutions which offer best in class services at reduced capital expenditure levels.

The BPO segment grew by 14 per cent to reach USD 14.1 billion in FY2011. The year also witnessed the next phase of BPO sector evolution - BPO 3.0 – characterized by greater breadth and depth of services, process re-engineering across the value chain, increased delivery of analytics and knowledge based services through platforms, strong domestic market focus and SMB centric delivery models. During the year, the BPO sector growth was affected by delayed decision making and deal restructuring in the first half of the year, though it picked up momentum in the second half. Changing demand patterns led to revamp of operations for service providers - high focus on client relationships, mining existing clients and restructured operations to provide focused vertical solutions. Further, the industry focused on achieving excellence in business process management, and delivering strong transformational benefits creating revenue impact for clients^[12].

2.4.3 Domestic Market

Domestic IT-BPO revenues excluding hardware are expected to grow at almost 16 per cent to reach ` 787 billion in FY2011. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India:

- IT services is one of the fastest growing segment in the Indian domestic market, rising by 16.8 percent to reach 501 billion dollar, driven by localized strategies designed by service providers.
- Domestic BPO segment is expected to grow by 16.9 % in FY2011, to reach US \$ 127 billion, driven by demand from voice based services, in addition to adoption from emerging verticals, new customer segments, and value based transformational outsourcing platforms Indian software product segment is estimated to grow by 14 per cent to reach US \$ 157 billion, fuelled by replacement of in-house software applications to standardized products from large organizations and innovative start-up's^[12].

2.5 GOVERNMENT POLICIES FOR IT INDUSTRIES.

The central and the state governments noted the growth of the IT industry in the 1990s as an exchange earner and a creator of incomes and employment, and responded with policies to help it. In the 1998 government had given acceleration to give importance to IT industry. It decided to give priority to the industry, set up a ministry of information technology, and appointed a Task Force to find out what the industry needed and to translate it into policy. Although the industry used the process to ask for many special favours, the reports of the IT Task Force provide a good picture of the obstructions faced by the industry^[7].

Customs and import control was the subject of many complaints. Import duties on computer hardware were substantial; although an exporter could avoid them, industry's thereby subjected them to vexatious policing. Exporting companies were allowed to hold dollar accounts, but there were many restrictions on how money in the accounts could be spent; here too, investigations by Reserve Bank of India or the Enforcement Directorate could lead to much worry and loss of management time. The companies wanted greater freedom investing and divesting abroad, in incurring expenses and using credit cards abroad.

The industry had a problem in raising finance: banks required a material asset as collateral, and a large proportion of the IT companies' assets were immaterial, such as programming work in progress and credit to customers. The government's financial institutions were prepared to fund on the basis of fixed assets; but computers and equipment were often leased, and when they were not, they were subject to rapid obsolescence. Hence the industry wanted the lending rules to be changed, and to be given credit on the basis of their turnover^[3].

The following are the various setup and initiatives taken by the Government for Information Technology Services in India:

National e-Governance Plan (NeGP): The Government of India accords high priority to improve the quality of the citizens by providing basic services at their doorstep and has formulated a NeGP covering 27 mission mode projects and eight support components to be implemented at central, state and local Government levels, at an estimated cost of US \$ 4.71 billion. Department of Technology has issued guidelines for Capacity Building and Institutional Framework for e-governance under NeGP.

State wide Area Networks (SWANs): The Government has approved a scheme for establishing SWANs across the country in 29 states and 6 Union Territories with a total

outlay of US \$682.27 million over a period of 5 years. During 2008, SWAN has been implemented in 5 States/UTs. Department of Information Technology has issued guidelines for Technical and Financial Support for establishment of State Data Centre.

State Data Centres (SDCs): SDCs have been identified as one of the important elements of the core infrastructure for supporting e-Governance initiatives under NeGP. It is proposed to create data repositories/data centres in various states and Uts so that common secured data storage could be maintained to serve host of e- Governance applications. The scheme for establishment of SDC in 29 States and 6 UTs has been approved by the Government of India in 2008.

Common Serviced Centres: The objective of CSCs is to develop a platform that can enable Government, private and social sector organizations to align their social and commercial goals for the benefit of the rural population in the remote corners of the country through a combination of IT-based as well as non-IT-based services. CSC requests for proposals (RFPs) have been issued for 25 States and UTs. Of these, 23 States and UTs have completed the service centre agency (SCA) selection process covering 1,02,827 CSCs^[8].

National Knowledge Network: National Knowledge Commission has recommended setting up of high-speed digital broadband network with adequate capabilities and access speed to encourage sharing of resources and collaborative research. The primary objective of the proposed integrated National Knowledge Network is to provide gigabit broadband connectivity to all institutions of higher learning and research in the country. An allocation of Rs. 100 crore was made in the year 2008 for implementing the scheme.

Electronics Hardware Manufacturing: Electronic hardware manufacturing continues to be a thrust area for the Government. The special incentive package scheme (SIPS) to encourage investments for setting up semiconductor fabrication and other micro and nano technology manufacture industries in India. Sixteen proposals involving an investment of the order of Rs. 1,55,000 crores, over a period of 10 years covering setting up of semiconductor fab, LCD panel manufacturing and solar photovoltaics including poly-silicon, have been received under the scheme.

Software Technology Parks of India (STPI): Software Technology Parks of India (STPI) is all society set up by the Department of Communication & Information Technology (DIT) in 1991, with the objective of encouraging, promoting and boosting the software exports from India. STPI maintains internal engineering resources to provide consulting, training and implementation services. Services cover network design, system integration, installation, operations and maintenance of application networks and facilities in varied areas. The

Scheme integrates the concept of 100 per cent export oriented units (EOUs), export processing zones (EPZs) of Government of India and the concept of Science parks/technology parks, as operating elsewhere in the world. A distinctive feature of STP/EHTP Scheme is that it provides single-point contact services for member units.

1. Community Information Centre (CIC)
2. Open Technology Center (OTC)
3. Other Initiatives: Nano Technology
4. High Performance/Advanced Computing - High Performance Computing
5. Grid Computing.

2.6 STPI AN OVERVIEW

The idea of setting up dedicated Software Technology Parks was born in the wake of the policy adopted in 1986 by the Government of India, identifying IT as a potential growth driver and focusing on "Software Exports, Software Development and Training" as a key area for strategic development. Further, identification by the Government of the factors hindering the growth of the software industry, led to the creation of the "Software Technology Park" (STP) scheme in order to encourage and enhance software exports from the country.

To achieve above goals, a suitable framework was designed based on key aspects such as:

- a. Simplification / rationalization of procedures;*
- b. Providing single-point contact services to the industry;*
- c. Providing basic amenities needed for export operations with very short gestation periods; and*
- d. Sharing of captive infrastructure facilities like computing resources and data communication services in a cost-effective manner.*

The framework was evolved in a manner aimed at facilitating the software export industry in general and Small and Medium Enterprises (SMEs) in particular, thereby accelerating the economic growth of the country by maintaining a competitive edge in the global market. Software Technology Parks of India (STPI) was set up to implement the STP scheme for promotion and development of software industry and enhancement of software exports by providing infrastructure facilities including High Speed Data Communication (HSDC) links.

2.6.1 The Background

Software Technology Parks of India was established and registered as an Autonomous Society under the Societies Registration Act 1860, under the Department of Information Technology, Ministry of Communications and Information Technology, Government of India on 5th June, 1991 with an objective to implement STP/EHTP Scheme, set-up and manage infrastructure facilities and provide other services like technology assessment and professional training.

2.6.2 Objectives of the STPI

The objectives of the Software Technology Parks of India are:

- a) To promote development of software and software services.
- b) To provide statutory services to the exporters by implementing STP/EHTP Scheme.
- c) To provide data communication services including various value added services to IT industries and corporate houses.
- d) To provide Project Management and Consultancy services both at national and international level.
- e) To promote small and medium entrepreneurs by creating a conducive environment in the field of Information Technology.
- f) To promote Bio-informatics/Bio-technology industries by providing infrastructural and statutory support.

2.6.3 Functions of the STPI

The STPI performs all functions necessary to fulfil its objectives, including the following:-

- To establish Software Technology Parks at various locations in the country.
- To establish and manage the infrastructural resources such as communication facilities, core computers, buildings, amenities etc. in these Parks and to provide services to the users (who undertake software development for export purposes) for development and export of software through data link and to render similar services to the users other than exporters.
- To undertake other export promotional activities such as technology assessments, market analysis, market segmentation etc.
- To organize specialized training in the field of software technology for skill development
- To work closely with respective State Governments and act as an interface between Industry and Government.
- To create incubation with plug and play facilities with low operation cost in order to promote small and medium entrepreneurs.

- To promote secondary and tertiary locations by establishing STPI facilities to promote the STP/EHTP Scheme.
- To encourage entrepreneurship, by regularly organizing Entrepreneur Development Program.
- To assist State Governments in formulating IT policies and liaison for promoting IT industries in the respective states to achieve higher cumulative growth of exports from all parts of the country.
- To enhance quality and security standards in the IT industries.
- To work jointly with venture capitalists for providing financial assistance to the IT industries.

2.6.4 STP Scheme and Highlights

Specially designed for development and export of computer software, the STP scheme is essentially an export-oriented scheme with focus on quality initiatives and facilitates export of professional services as well. This scheme is unique in its nature in that it focuses on one product/sector i.e., computer software. The scheme integrates the concept of 100 percent Export Oriented Units (EOUs), Export Processing Zones (EPZs) of Government of India and the concept of Science Parks/Technology Parks, as operating elsewhere in the world.

A distinctive feature of STP/EHTP scheme is that it provides Single-Point Contact Services for member units, enabling them to conduct exports operations at a pace commensurate with global standards.

Highlights of STP Scheme: Approval's under single window clearance mechanism.

- 100% foreign equity permitted.
- Goods imported / procured locally by the STP units are completely duty free.
- Second hand capital goods may also be imported.
- Sales in the domestic market are permissible up to 50% of the export.
- Income tax benefits under sections 10 A / 10 B of Income Tax Act Minimal
- Export Obligation with positive Net Foreign Exchange ^[3].

2.7 CHANGING ROLE OF HUMAN RESOURCE DEPARTMENT IN IT INDUSTRIES

Human Resource has therefore become a huge investment for medium and large companies across industries, with people-related costs averaging over 60 percent of total corporate expenditures. The leading firms have been taking steps to ensure that they extract maximum value from their HR investments, introducing models that go beyond basic HR functionality to embrace new ways of improving the quality, efficiency and productivity of their workforces. These businesses recognize that, to be fully effective, HR programs require new processes, supported by leading technologies.

For these companies, the siloed HR department, focusing predominantly on basic administrative, record-keeping and transactional duties, is a thing of the past. Businesses now realize that a strong foundation of information about individuals is a highly valuable organizational resource that can be used to drive efficiencies throughout the business.

Of course, "People are our greatest asset" is a mantra that companies have been chanting for years. Yet it is only relatively recently that businesses have started putting HR systems in place that support this philosophy. As a result, the information that sits inside the HR department is being made available for effective use throughout the wider organization, helping companies align their workforces with long-term business objectives.

The backdrop to the introduction of these new systems is the uncertain business conditions that followed the economic downturn. This situation has resulted in a relentless drive for cost control, which affects the HR department as much as any other. HR now has to demonstrate that it can develop and deliver programs as efficiently as possible, providing greater value at a lower cost.

The current economic environment has also forced firms to become more nimble. The time to evaluate before taking action has decreased dramatically; organizations now have months or quarters instead of years to modify and execute business plans to take advantage of opportunities. As a result, increasing workforce flexibility and responsiveness is a key objective for HR departments in leading companies.

These competitive conditions have led stakeholders throughout enterprises to demand an end to the siloed nature of employee data and quicker, more frequent access to information that can help all levels of leadership make better business decisions. According to the Chartered Management Institute, 80 percent of a company's worth is tied to the value of its

employees, yet there has traditionally been limited access to such workforce data outside the HR department. Managers have lacked visibility into even the most basic characteristics of their workforces, yet alone been able to answer more detailed questions about areas such as staff certification and training levels.

Yet with increased access to information on their employees, organizations can incorporate processes for leveraging worker skills across the enterprise, which in turn allows them to be more flexible. Firms with an in-depth view of employee competencies across regions or markets can immediately locate "best-fit" candidates, identify and resolve skill shortages, and re-allocate resources in response to changing conditions. In doing so, they often avoid expensive layoff/rehire cycles that sap morale, productivity, and profits.

Take Trintech, a provider of transaction management and payment infrastructure solutions to financial institutions, payment processors, enterprise retailers and network operators ^[11].

2.8 PUNE –AN IDEAL DESTINATION FOR IT

The IT Industry in Pune has come up a long way over the years. From a modest \$20 million exports in 1995-96, today IT industry from Pune region exports over \$5 billion. The IT industry began with huge talent pool drawn from manufacturing industries and Engineering colleges and Professional Training Institutions. The Industry continues its growth with the entry of more and more IT companies from India and abroad. Those who have been here have been expanding tremendously.

2.8.1 Policy Initiatives for IT and ITES sector at Pune.

A conducive Policy Framework rolled out by the Central, State and Local Governments for creating Infrastructure, incentives for setting up IT units such as exemption from customs duty, VAT and octroi, electricity duty and extra Floor Space Index, permission to operate in residential areas and concessions in Property Tax encouraged many companies from India and abroad to set up and expand in Pune.

2.8.2 Corporate Presence in Pune

Indian IT companies have made a mark on the world map such as TCS, Infosys, Wipro, Persistent, Zensar, KPIT Cummins Infosystems, Geometric, L&T Infotech, Patni, Neilsoft and many more are located in Pune.

MNCs like IBM HSBC Software Development, Siemens, Capgemini, Yardi Software, Maersk, Accenture, Symantec, PTC Software, BMC Software, Cognizant, EDS Ventura,

BNY Mellon, WNS, EXL, Oceans Connect, Sybase, SAS Global Services, Oracle Financial Solutions, Amdocs, Tech Mahindra, Atos Origin, Sungard, nVidia, Credit Suisse, Eaton, HP, and SAP have chosen Pune as one of their major bases in India.

Their presence has resulted in generating sound revenues to Government Agencies, huge employment for the skilled professions, youthful workforce for the ITES sector and education, real estate, hospitality, retail and banking sectors.

2.8.3 Strengths of Pune's IT Industry

Pune's IT strengths comprise of the following sectors: CAD/CAM/CAE, Process Control and Automation, Design Engineering, VLSI Design, GIS, MIS, Network Protocol, Internet and Intranet Applications, Client Server Architecture, systems Programming, Embedded Systems, Digital Signal Processing, Multimedia, Web Hosted Tools, E-Education, ERP Applications, Tools and implementation, Software Testing, software Products, BPO, KPO in a wide range and more...

Pune's IT sector serves sectors such as Automotive, Airlines, Engineering, Automation, Networking and Hardware, Electronics, Energy, Telecom, Oil and Petroleum, Hospitality, Healthcare, Financial Services, Logistics, Retail, e-Governance, Education etc.

2.8.4 IT: Enhancing City Landscape

I. Government IT Parks

- a. Rajiv Gandhi Infotech Park Hinjewadi phase- I,
- b. Rajiv Gandhi Infotech Park Hinjewadi phase- II,
- c. Talawade Techno Park
- d. Kharadi Knowledge Park

II. Prominent Private IT Parks

- a. ICC Tech Park
- b. Magarpatta Cyber city
- c. Marisoft- Vason
- d. Cerebrum
- e. Sharada Center
- f. Pune IT Park
- g. Commmer Zone
- h. Weikfield Infocity
- i. SP Infocity
- j. EON SEZ and many more

2.8.5 Efforts for sustaining growth of IT and ITES sectors in Pune

Pune has strong educational institutions offering courses as per the needs of IT Industry. IT has many IT Parks, ever growing residential and commercial complexes and residential and commercial complexes and recreational facilities, many hostels and restaurants, ideal social environment and therefore continues to be an attractive destination for companies and their existing and potential employees.

Many initiatives in improving the power, transportation, road network have been made over the last few years. Pune has been made over the last few years. Pune has been one of the biggest beneficiaries of the Jawaharlal Nehru Urban Renewal Mission Programme sponsored by Government of India. This has ensured additional road network, improved waste water management, public transportation etc.

The strengths of IT sector in Pune have prompted many potential customers, and multi sector delegations from other countries to visit Pune and explore possibilities of doing business with Pune^[13].

2.9 SUMMARY OF INFORMATION TECHNOLOGY AND SOFTWARE INDUSTRY.

The Indian information technology and software industry has a number of characteristics making it interesting. First, from its beginnings, the industry has focused on international markets. Briefly, in the early 1970s, the Indian government was highly protectionist and bureaucratic, making it difficult and expensive to import hardware, as well as time consuming to obtain approval for software exports. Yet, the setting up of the Santa Cruz Electronics Exports Processing Zone (SEEPZ), near the airport in Mumbai, at Adhere (East), was the trigger that led a number of arms to start export-oriented information technology and software firms. The Indian information technology industry was born there.

Infrastructure issues, such as the lack of power and good communications throughout the country, had made it difficult for Indian software arms to compete. Then, in the mid-1970s and early 1980s, import duties were reduced, and export applications were cleared faster. In 1984, the government created the Computer Policy, which called for the development of different agencies for software promotion, as well as for the liberalization of imports for necessary inputs^[8].

The government also established seven Software Technology Parks to be resource centres for software exporters^[2]. In the 1990s, liberalization continued, with more reductions

on import duties and income tax exemptions for software exports. This liberalization of software policy during a time of low-cost labour in India, as well as increased worldwide demand, allowed Indian firms to develop and grow through exporting abroad. In contrast, the domestic market has not been a focus of the industry. The Indian software industry has limited links to the domestic Indian market, with a large proportion of its sales arising from exports.

The reasons for low domestic sales are the Indian government's focus on the exporting market, and the limited domestic demand for such products and services. Firms comprising the Indian software industry, therefore, have been born as global firms, with a focus on international markets. Moreover, these firms originated in India. Also, domestic Indian firms, those resourced and set up by Indian entrepreneurs operating from India and that are not subsidiaries of foreign firms, have been principally responsible for the growth of the Indian software industry^[8]. In sum, two major reasons for the development of an originally global software industry in India are the external environmental factors of policy-making to encourage exports in the Indian software industry, as well as the increased international demand for such services.

Apart from its global original nature, a second reason to focus on India's software industry has been its success. The Indian software industry has been recognized as one of high growth, at more than 50% a year. The output value in this industry has increased more than 18 times in a decade. In 1999, the Indian software industry was estimated to have 18.5% of the world market, and in 1996, it was the source for outsourcing of more than 100 Fortune 500 companies^[4].

Five years ago, the industry was expected to account for 20% of India's exports, to contribute about 20% to India's incremental GDP between 2001 and 2008, and to account for an estimated 7% of India's GDP in 2008^[5]. The latest data from NASSCOM^[11], the industry trade association, shows that the information technology sector, with services valued at more than \$70 billion, has accounted for almost 6% of India's GDP. Direct employment has reached over two million, with 226,000 employees added in the last year, while indirect job creation has been estimated at almost eight million persons. Since organized sector employment in India is low^[12], the information technology sector is turning out to be one of the most important sectors for employment in India.

By studying such an industry in an emerging economy, important insights into the characteristics of a highly competitive and growing industry can be generated. In addition, a reason for studying the Indian software industry is the interest in high technology, originally

global firms. “A significant portion of the current literature on these businesses, deals directly with, high-tech businesses”^[6]. By focusing on the Indian software industry, further insights can be provided into the strategic behaviour of originally global arms in the high-technology area.

2.10 CONCLUSION:

The Indian software industry has been concentrated in a few major cities such as Pune, Bangalore, Chennai, and Hyderabad. The Indian Government recognizes that IT will influence economic development extensively in the years to come. The global economic depression of 2009 did not affect much the Indian IT industry. It was a temporary setback or a passing phenomenon for the Indian Software companies in general affecting the manpower to certain extent. Despite the global economic slowdown, the Indian IT software and services industry is maintaining a steady pace of growth. The industry while did not go for fresh recruitment during this period sparsely resorted the lay-offs of employees. Many adopted redeployment measures to retain the employees. When demand returned in 2010, the combined effect of all the factors helped India grow faster than its competitors, accounting for almost 90 % incremental growth in the global sourcing market.

Pune has strong educational institutions offering courses as per the needs of IT Industry. Software Technology Parks of India (STPI) is all society set up by the Department of Communication & Information Technology (DIT) in 1991, with the objective of encouraging, promoting and boosting the software exports from India. STPI maintains internal engineering resources to provide consulting, training and implementation services. Services cover network design, system integration, installation, operations and maintenance of application networks and facilities in varied areas. The Scheme integrates the concept of 100 per cent export oriented units (EOUs), export processing zones (EPZs) of Government of India and the concept of Science parks/technology parks, as operating elsewhere in the world. A distinctive feature of STP/EHTP Scheme is that it provides single-point contact services for member units.

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Chapter-3

Literature review

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3.1 INTRODUCTION

In this knowledge age, human resource is considered as the most important resource of the organizations and retaining them in the organization becomes significant for success of that organization. With all round development in each and every area of the economy and there is stiff competition in the market, so there are lots and lots of avenues and opportunities available in the hands of the human resources. Securing and retaining skilled employees plays an important role for any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive.

The employee may decide to end his employment relations due to various personal reasons, health, disinterest in work/job, family problems, job and professional reasons (*such as lack of opportunities to grow in the job and the company, denial of opportunities by the management, poor remuneration, poor facilities, and poor quality of work life, favouritism and nepotism*)^[33]. Losing good employees result in performance losses, which can have long term negative effect on companies, especially if the departing talents, leaves gaps in its execution capability and human resource functioning. It not only includes lost productivity but also possibly loss of work team harmony and social goodwill.

Research have been established the aforementioned linkage in terms of turnover costs^[33], retention costs, erosion of social capital and organizational skill banks, especially applicable for service and knowledge-based organizations^[28]. Erosion of employees' tacit or specialized knowledge, making them more distinctive and less easily replaceable^[38], sunk costs like those incurred on training and maintenance of the employees; high personal and organizational costs associated with turnover^[70] etc.

Job hopping, turnover, attrition, quitting, worker mobility^[70], job shift; “willingness to change companies”^[33]; work flows^[20] have been used interchangeably in the researchers' perspective.

Viewed from a broad perspective^[80] the process of job hopping commences with the dissatisfaction experienced by an individual with his present job^[19] followed by his search for alternatives, followed by a comparison of those options with his current job using an expected-value-like decision process, and, finally, the decision to leave if any of the alternatives is adjudged to be preferable than his current situation or position.

Many research has demonstrated the differences among the different organizations in the same sector vis-a-vis job hopping, attrition; turnover intentions etc. This may be

attributed to factors like perceived brand image of the rival companies and the better opportunities in the rivals than the present one, pay dispersion^[15].

Although lower-paying roles experience a higher average of employee turnover, it tends cost to company. Companies typically incur these costs more often. For this reason, most companies focus on employee retention strategies regardless of pay levels. Most companies find that employee turnover is reduced when they address issues that affect the morale of employees. By offering employees benefits such as reasonable schedule flexibility that allows them to balance their work and family life, performance-based incentives and traditional benefits such as paid holidays or sick days, by these techniques the employee turnover rates can be reduces. The extent to which a company will go in order to retain employees depends not only on the costs of replacing its employees, but also on the company's overall performance. If a company is not getting the performance it is paying for, from its employee. *“The replacement costs might be considered a small price to pay over the long term”*^[11].

Researchers have also found that the job hopping, attrition, turnover or worker mobility and quitting are due to *compensation scheme, career growth, work life balance, job satisfaction, motivation, environment*(Clean/Hygienic, Comfortable position to work, sitting arrangement, etc.), *team work, management effectiveness, competency, commitment, appraisal system, involvement, gender issues, etc.*, therefore, the HR managers responsibility to measure these majors for retention of the employees in the organization.

Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problems that plague companies in the competitive marketplace. Get Les McKeon defined employee retention as a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that addresses their diverse needs. Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time.

Retention of IT employees is important to sustain a competitive advantage for IT companies in today's global market^[31]. Studies on the benefits of retaining IT employees have significantly indicated that IT companies can gain a higher operating performance, higher returns on assets and higher returns on capital employed^[23]. In contrast, the loss of IT employees is expensive and may thus be detrimental to IT companies^[14]. The effect of losing IT employees has significantly impacted on the performance of IT companies from the two

dimensions of tangible and intangible perspectives^[35]. The tangible perspective includes the administrative expenses of recruiting, selecting and training and development of new staff, whereas the intangible perspective includes the loss of employee morale, social capital and company memory^[63]. It is noted that the total costs of replacing an employee amounts to 150% to 175% of the salary costs of the departing IT staff^[65]. The intangible loss of knowledge, experience, and know-how of companies is more significant than the tangible costs of replacing staff because it could lower productivity and performance of companies and thus result in loss of profits^[75]. Therefore, IT companies must understand the serious impacts of the loss of IT employees and find a way to retain them. This is the focus of this study.

Findings out whether labour turnover is high or low in specific sector and why attrition occurs is a useful yardstick to measure HR management performance based on evidence and to provide HR management with data that can serve as the barometer of the workforce sentiment, and provide guidance for policies and corrective measure where seen appropriate and needed.

3.2 IT EMPLOYEES

IT employees are one group of knowledge workers, and their productivities are key factors to the economic success of companies^[24]. This is because today's work content largely requires new knowledge production and innovation of human capital, which is the quality output of their ideas and productivities^[29]. In addition, IT employees own the means of production which means that they carry incremental knowledge in their brains and thus can be highly mobile and independent^[29]. This indicates that the ascent of knowledge work makes IT employees more valuable and attractive to the organisation than they need the organisation. In this respect, there is a challenge in that IT companies, the HR must find ways to attract, develop and retain the IT employees, in order to sustain their competitive advantage in the global competition.

The importance of IT employees and their knowledge is being recognized by the new economy. This is because their knowledge is the only asset of the company which cannot be easily replicated, and it is a source of profit, skill and sustainable competitive advantage^[28]. For example, new entrants can easily reproduce and clone the existing market products, but cannot easily transfer tacit knowledge which is synthesized through learning and experience in the organisation^[28]. Tacit knowledge is the expertise, experience and capability of IT

employees, integrated with process and company memory, so it is always contextual and skilful^[1]. Through the generation, dissemination, application, and reuse of tacit knowledge, companies can create innovative ideas for continuous new product development and thus sustain a competitive advantage^[36].

The application of incremental knowledge and information has accelerated the innovation process, which provides opportunities for companies to operate in new markets, to change ways of working, and to deliver different products and services^[1]. It is believed that only a continuous process of systematic innovation and improvement can protect companies from the pressures of global competition^[30]. Nelson and Winter (1982) have also argued that the transformation of incremental knowledge into the daily basis of routine work can effectively prevent damage from the impacts of poaching staff, reverse engineering or industrial espionage. This indicates that the only secure form of competitive advantage for companies is to actively embody tacit knowledge into the process of continuous incremental innovation^[39]. Consequently, the innovative use of tacit knowledge results in profit^[22].

Since the global economy has shifted towards knowledge-intensive jobs, IT employees are a growing category of the workforce^[31]. This group of employees is regarded as the most expensive type of workers that organisations employ because they possess the most economic value of incremental knowledge development^[31]. In addition, this group of employees is highly educated and is capable of using knowledge, theory and concepts rather than using physical force or manual skill^[68]. It appears that the productivity of IT employees is measured by the contributions of performance in comparison to the productivity of manual workers which is measured by the output of producing products^[31]. Consequently, IT employees are viewed as assets of companies which need to be developed and grown, whereas manual workers are viewed as a cost to companies which needs to be controlled and reduced^[31].

3.2.1 IT Employees on various Dimensions

In general, IT employees have a high degree of expertise, education, or experience, and the primary purpose of their jobs involves the creation, distribution, application and reuse of knowledge^[24]. In addition, IT employees are responsible for sparking innovation and growth of an organisation by investing in new products and services^[24]. However, IT employees are critical to the success of organisations, their unique characteristics of personality present challenges that HR managers have to deal with in the workplace. That is, a high degree of autonomy and independence are two common attributes of IT employees^[24].

According to Drucker (2007)^[31], the work content of IT employees naturally involves a high degree of autonomy, which imposes responsibility for their productivity on their own management of personal development and growth. This indicates that IT employees do not like work content that is highly involved with specifying detailed steps and flow of knowledge-intensive processes (Davenport, 2005)^[24]. In fact, IT employees require a fair process in decision-making, which can influence their commitments to the participation and involvement of job tasks (Davenport, 2005)^[24]. This is because IT employees are thinkers and they live in ways that use their cognitive ability to define difficult problems and identify intelligent solutions^[17]. Indeed, IT employees are proud of their domain knowledge and are desirous for recognition from others (Davenport, 2005)^[24].

As IT employees highly value their domain knowledge, they are independent and reluctant to share it without rewards or guarantees of continued employment (Davenport, 2005)^[24]. This is a problem, in that IT companies could fail if employees' domain knowledge is not open to share with one another, as the success of IT relies on the three key ingredients of 'domain knowledge', 'deadlines' and 'dialog' (Mash, 2009). This indicates that collaboration and communication are also essential parts of the productivity of IT employees^[17]. Rubens (2008) has stressed that the future economy is about knowledge and relationships, because social networks can enable people to explore ideas, develop new concepts and learn in ways that will be revolutionary. Therefore, the success of a business is deemed to rely on the effective management of IT employees, in which managers can motivate them to share their domain knowledge by giving them autonomy of job design^[24].

3.3 EMPLOYEE TURNOVER/JOB HOPPING/ ATTRITION.

Conceptually, the term employee turnover underwent a change during the last quarter of the 20th century. It was rechristened as employee attrition. The Webster's Dictionary defines the term attrition as "the process or state of being gradually worn down". Accordingly the attrition process sometimes starts after a person is employed in an organization and ends when he quits or retires. The process, in a sense, spreads over the entire period of employment that may be a span of about 40 years. But in the modern day business and employment relations attrition is often not a gradual process. It is often abrupt, quick, sudden, and sometimes dramatic especially in tight labour market conditions where employers compete with one another to employ people considered to be suitable to the jobs they have in their organizations.

The basic reason why people leave their jobs, as Angelo S. DeNisi and Ricky W. Griffin (2009:266-268) have put it, is because they are unhappy with their jobs. In fact, the researchers on employee turnover have not only identified the predictors of turnover but have also investigated the process of deciding to quit a job. It is revealed through research that the decision to quit can be made in different ways and in response to different stimuli ^[4].

3.3.1 Dimensions of Turnover

Employee turnover is perceived in a number of different ways. Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. The turnover can be *Involuntary*, *Voluntary*, *Desirable* and *Undesirable*. The most common reasons for leaving a job are ‘*poor salary and benefits*’, *A lack of training and development opportunities*, *Dissatisfaction with management*, *Not getting along with colleagues*, *The journey to work*, *Lack of work/life balance*.

Turnover can be caused by employees who leave on their own. This is called voluntary turnover. When an employee leaves because of a layoff or a disciplinary firing this is called involuntary turnover. The total of these two is called total turnover. Employee Turnover is the percentage of a company’s employees who leave during a specified period. Although it is most often expressed at annual turnover rate, but the calculation can be done on shorter or longer periods.

In line with the aforementioned theme are the interlinked concepts like functional turnover (akin to involuntary turnover, which entails removing underperforming employees) and dysfunctional turnover (akin to voluntary turnover, which leaves dysfunctional costs to be borne by the organization owing to the loss of the experience, knowledge and the talent which results in output delays caused by their vacancy) ^[2]; voluntary turnover (defined as “a process in which an individual makes a decision to stay or leave the firm”) and involuntary turnover (a process in which the organization assumes control over an employee’s decision to stay or leave); progression theory of job dissatisfaction and its linkage with quitting ^[71] and, finally, the “unfolding model of turnover”^[48].

Turnover, attrition and job hopping may be linked to broadly in two types- **extrinsic** and **intrinsic**. The intrinsic factors may be poor interpersonal relationship with the supervisor and/or peers, personal factors like work-family role conflicts^[79]; weather, amenities and general culture of the location^[69]; family^[47]; off-the-job events (like spouse relocation or an unsolicited job offer at hand ^[48] preference for a particular location, opting/possessing for

higher education and knowledge up gradation^[53]; age of the individual employee concerned, where the younger employees were more prone to initiate quitting rather than their older counterparts, ^[33] little or minimal work-life balance being offered by the organization etc. Extrinsic factors like global downturn in the economy or in the specific sector per se; decision of the company to cut down the employee strength for the sake of sheer numbers; contingent staffing; electronic monitoring and variable pay ^[14]; technological up gradation (which makes the number of heads required redundant); ongoing downsizing leading to uncertainty and demoralization ^[14]organizational restructuring, including mergers and acquisitions; size of the organization ^[11]; number of females in the organization and the number of employees with a college degree ^[17]closing down of a particular unprofitable unit. Hirschman's (1970) discussion of responses to organizational decline – exit ^[71]; saving costs for establishing a new unit or for introducing a new process or technology or foreign expertise; a reduction in organizational attachment ^[70];reconfiguration of the skill mix ^[20]; higher pay dispersion ^[16]present work environment and organizational ^[17]; perceived organizational support (POS) ^[32]; Perceived Supervisor Support which would decrease employee turnover ^[32]; poor person-job and person-organization fit^[19]lack of job compatibility ^[75];linkage of perceived fairness of pay procedures and perceived fairness of pay amounts with satisfaction, and, therefore, negatively predicting employee turnover ^[77]and, so on.

However, it has been shown^[75] that job search, and the consequent turnover intention, is not related to the employee dissatisfaction, as it is linked to some off-the-job “shock” or jarring event, such as receiving an unsolicited job offer or a family member's addition or demise. It may be pertinent to note here that scholars have distinguished between “job searching” from “leverage-seeking search” in the sense that the former is linked to change of the jobs, the latter is indicative of seeking leverage against the present employer, seeking leverage implies using the available job alternatives as a leverage against the present employer such that his/her present organization shall strive to make a better counter-offer and make efforts to retain him/her^[18]. Other extrinsic factors accountable for job hopping include low commitment, and prevalent job alternatives ^[75]. In fact, Steel (2002)^[74] reported that there existed a positive corrected average correlation between perceived employment alternatives and turnover ^[33]. Other factors which have been attributed to job hopping are availability of ample job opportunities in the market, company closure, lack of job security in the current job, technological obsolescence, higher pay offered by the rival companies, better

promotion avenues, better perks associated with the future positions, perceived brand image of the rival company; “cohort effects” [33]; Hobo syndrome (defined as the tendency of individuals to change jobs as a practice^[19]).

But one finds a contradiction in the usage of the two terms. Of late, while the employers/managements have been using the term attrition, in literature we commonly find the usage of the term turnover instead of attrition. Following the literature on Human Resource Management in this study the term employee turnover is used instead of the term employee attrition. However, we may also use the term employee attrition occasionally.



Figure-3.1: Classification of Employee turnover

Desirable turnover occurs an employee whose performance falls below the company's expectations is replaced by someone whose performance meets or exceeds expectations. It's desirable because poor job performance, absenteeism and tardiness are costly - replacing a poor performer with an employee who does his job can improve the company's profitability. Desirable turnover also occurs when replacing employees infuses new talent and skills, which can give an organization a competitive advantage. **Undesirable turnover** means the company is losing employees whose performance, skills and qualifications are valuable resources.

- The ratio of the number of workers that had to be replaced in a given time period to the average number of workers.
- In a human resources context, turnover or staff turnover or labour turnover is the rate at which an employer gains and losses employees
- The research work highlight four distinct types of employee turnover that exist across two categories: involuntary turnover, instigated by the employer, and voluntary turnover, prompted by the employee.

Like recruitment, turnover can be classified as "**internal**" or "**external**".^[33] Internal turnover involves employees leaving their current positions and taking new positions within the same organization. Both positive (such as increased morale from the change of task and supervisor) and negative (such as project/relational disruption, or the Peter Principle) effects of internal turnover exist, and therefore, it may be equally important to monitor this form of turnover as it is to monitor its external counterpart. Internal turnover might be moderated and controlled by typical HR mechanisms, such as an internal recruitment policy or formal succession planning.

Unskilled positions often have high turnover, and employees can generally be replaced without the organization or business incurring any loss of performance. The ease of replacing these employees provides little incentive to employers to offer generous employment contracts; conversely, contracts may strongly favor the employer and lead to increased turnover as employees seek, and eventually find, more favorable employment.

3.3.2 Researchers Works on Turnover

The reason for employee turnover varies from one organization to the other and from one person to another as they are not getting what they expect from the organization (Ongori, 2007)^[66]. Mobley (1982)^[58] and Dickter, Roznowski and Harrison (1996)^[27] also called for more research and theory pertaining to how the turnover process occurs over time. A high labour turnover may mean poor personnel policies, poor recruitment policies, poor supervisory practices, poor grievance procedures, or lack of motivation. All these factors contribute to high employee turnover in the sense that there is no proper management practices and policies on personnel matters hence employees are not recruited scientifically, promotions of employees are not based on spelled out policies, no grievance procedures in place and thus employees decides to quit. Researchers such as Heneman and Judge(2003)^[40]; Gbervbie (2008)^[37] have agreed that an organization's inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenge facing organizations in the area of performance.

Arnold and Feldman (1982)^[7] devised that turnover intention can be influenced by many factors such as job satisfaction, age, tenure of the job, organization commitment, perception of job security and intention to switch a job (Lee et al., 2010)^[46]. Furthermore, Mobley et al., (1979)^[60] presented some other factors which indicated employee's turnover

intention and these factors are “promotion opportunities”, “centrality of work value” and “peer group interaction” (Lee et al., 2010)^[46]. Lee et al., (2010)^[46] finally derived these factors which influence the turnover intention of the employees i.e. organizational culture (enterprise style, leadership style), job stress (work load, work atmosphere, interaction between upper management and employees), work characteristics (working hours, work attributes, work interest), promotion (promotional opportunities, repositioning, fair allocation), salary and compensation (compensation, employee benefits, reward system, retirement system) and quality of work life (work environment, work atmosphere, interaction with colleagues), (Arnold and Feldman, 1982; Mobley 1979^[60]; Mobley et al., 1979^[61]).

The other factors that influence employee turnover in Organizations include the individual work variables like demographic variables, integrative variables like job satisfaction, pay, promotion and working condition (Pettman, 1975^[67]; Mobley 1979^[60]; Arthur 2001^[8]) Demographic factors cannot be ignored as age, tenure, level of education, level of income, job category, gender have influenced employee retention and have been found to have stable relationship with turnover intention.

The information technology industry faced the problem of employee shortage since the employees could have extensive employment opportunities not only at the local level but more importantly at the global level. The expanding employment opportunities with better and better terms of employment made the employees to seek employment with another employer who was willing to hire them with better terms and conditions. In India during the 1990s an employee working with an employer today could be working with another employer day-after, and with a third employer day-after-tomorrow. There was a competition among the employers to find employees. The turnover was increasing at a higher speed.

However, high turnover rates of skilled professionals can pose as a risk to the organization due to the human capital loss in the form of skills, training, and knowledge. Notably, the specialization of skilled professionals makes them more likely to be re-employed within the same industry by a competitor. Therefore, turnover of these individuals incurs both replacement costs to the organization as well as resulting in a competitive disadvantage to the business.

3.3.3 The Turnover Process – Models

The basic reason why people leave their jobs, as Angelo S. DeNisi and Ricky W. Griffin (2009:266-68) have put it, is because they are unhappy with their jobs. In fact, the researchers on employee turnover have not only identified the predictors of turnover but have

also investigated the process of deciding to quit a job^[4]. It is revealed through research that the decision to quit can be made in different ways and in response to different stimuli. In 1982 Bill Mobley^[61] suggested a model that is placed as the traditional model of turnover. Mobley^[60] suggests that the decision to quit is made in a logical and step-by-step fashion, largely in response to dissatisfaction with the present job. Individuals begin by evaluating the current job and level of satisfaction or dissatisfaction. If they are dissatisfied, they may begin to think of quitting, and then assess the costs of quitting and the costs and the likely success of searching for an alternative job. If they believe they have a reasonable chance of finding another job, they may begin a search. After the search, they compare the job alternatives they have discovered to the present job and decide whether it is better to quit or stay. This model suggests that the process of deciding to quit is gradual and that an alternative job is located before the current job is left.

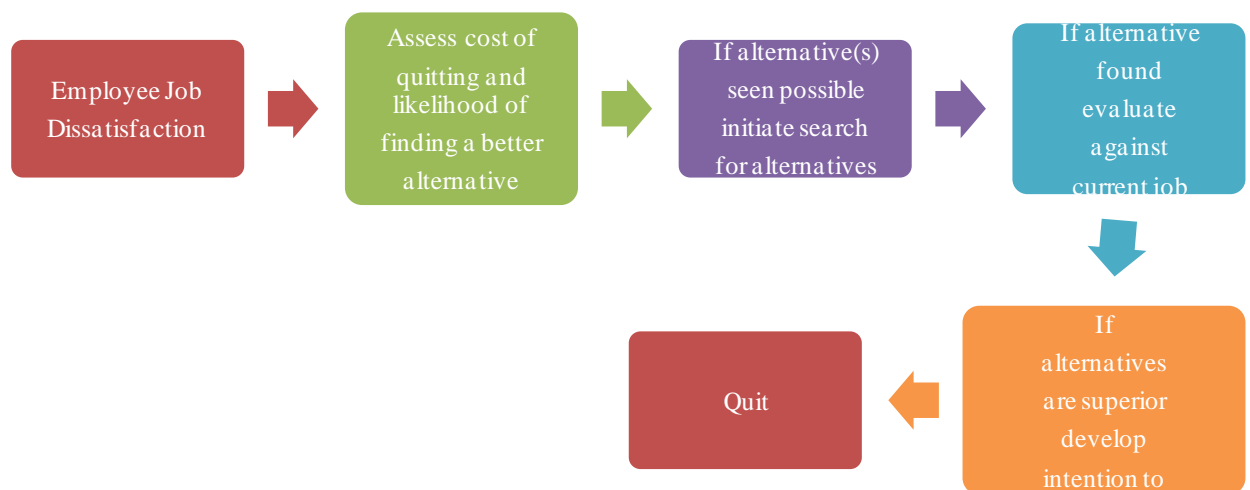


Figure 3.2: Traditional Model of Employee Turnover.

Source: From book by Cynthia D. Fisher, etc. Al. P. 756.

According to Angelo S. DeNisi and Ricky W. Griffin (2009:266-68) the simplest view of the employee turnover process suggests that, if job satisfaction increases employee turnover decreases. Although this basic view is correct, the processes involved are somewhat more complex for different reasons. These reasons are: the economy and the labour market play a role. It is noted that the prevailing unemployment rate is as big a factor in whether a person leaves a job as is the level of job dissatisfaction. This explanation clearly makes a great deal of sense. Even if an employee is extremely dissatisfied, he or she is unlikely to quit without real prospect of finding another job.

DeNisi and Griffin write that recognizing this fact, several turnover models emphasize the role of dissatisfaction in the decision to look for alternatives, and it is seen as a necessary (but not sufficient) first step in the decision to leave. Two major streams of research have proposed models incorporating these ideas, and the basic concept of these models is presented in the figure-3.2.

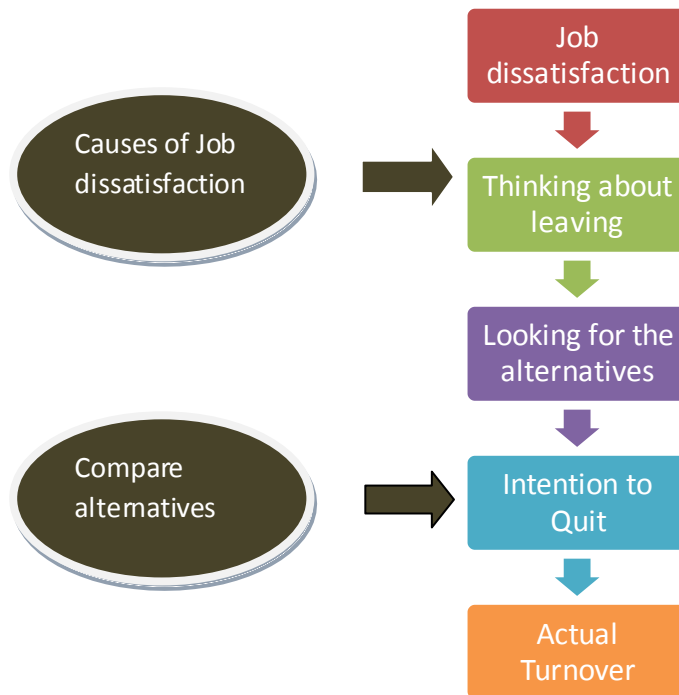


Figure 3.3.A Model of Employee Turnover.

*Source: Angelo DeNisi and Ricky W. Griffin, Human Resource Management
2nd Edition Indian Adaptation.2009 p. 267*

The process begins with factors leading to job dissatisfaction such as nature of the work, pay and benefits, supervision and co-workers. If job dissatisfaction makes the employee to begin thinking about quitting, that leads to a search for alternatives. Only when those alternatives look better the employee decides to leave his/her present job – a decision first manifested by an intention to quit. According to these authors, the implication of this type of model is that managers should reduce the sources of job dissatisfaction. It is best to stop the turnover before the employee begins searching for alternatives because he/she might find an alternative that is more attractive. Once an employee begins searching for alternatives, it may still be possible to retain him/her by convincing that the present job is really better than the alternatives. In fact, the search for alternatives sometimes leads to

increased satisfaction on the present job after the employee discovers that the alternatives were not as positive as once believed.

According to these authors, “other models have proposed similar mechanisms but have also suggested that job dissatisfaction must reach a critical level before anything happens and, at that point, it may be too late to do anything. In other words, this approach suggests that as levels of job dissatisfaction increase, there is little change in the employee’s intentions to leave. Those levels of job dissatisfaction finally reach a critical level, however, and the intention to leave becomes so strong that the employee is almost certain to leave”.

Another interpreting model proposed by Thomas Lee and Terrence Mitchell (1996)^[57] that deviates a bit from the basic model revolves around the notion of “shock” to the individual. First, this model proposes that several paths can lead to turnover, and they do not all require shocks. Nonetheless, the major focus is on a shock – an event that can be either positive or negative but is so profound that it causes the employee to think about the organization, the job, and how he/she fits with both. This model begins with shock and not with job dissatisfaction. In fact, the dissatisfaction occurs only because the employee started thinking about the job in response to the shock.

The decision to leave is largely based on the perception that the employee does not really fit with the company – that is, the present job in the present company is not consistent with the image the employee has of him/herself. In some cases, the employee will leave without even considering alternatives, but in all cases the decision to leave takes place over time.

This model, the authors, state, includes other aspects of cognitive processing, but the shocks include events such as winning the lottery or losing a loved one, as well as job related events such as missing a promotion or receiving an offer from another company. This model has interesting implications for understanding how difficult it is to manage the turnover process, but recently the authors of the model have added one more wrinkle. Although the model was originally proposed as a way of understanding why people leave their jobs, it can also help understanding why others stay. The notion of job embeddedness has been proposed as an explanation for why people stay on their jobs, even when they decide they are unhappy and should leave.

Some employees are simply tied too strongly to their jobs to leave. Perhaps they are deeply involved in the neighbourhood, or perhaps they can not sell their property (houses and

other non-movable ones). Whatever the reason, they feel that they cannot quit. These employees may be quite unhappy, which can cause resulting problems.

This state is not always a desirable one. Nonetheless, the notion of job embeddedness adds a great deal of the understanding of the turnover process.

3.3.4 Measuring Employee Turnover

Calculating employee turnover is not a matter of simple mathematical method. It is necessary to take into account the root of the problem, by going back to the hiring stage. Harish Bhattiprolu, Director, Sales, Kenexa Technologies points out that most organizations in practice do not evolve robust measurements for calculating cost of a bad hire or labour turnover. The detail of information required and the measurement metrics are not common formulae, but have to be designed dependent on the nature of business and function. "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," he asserts. Organizations will however know what their real attrition figures are as they would have a huge impact on business, as Noronha puts it. Attrition is interpreted in different ways and it is up to each organization how and what they wish to share. Organizations are generally much concerned about regretted voluntary attrition. These are people who leave at their own will and those whom the organization would have loved to retain. Similarly, organizations measure managed attrition. These are people made redundant, laid off or exited. Though managed attrition is non-regretted by the organization, if the trend of managed attrition is on the higher side may show the organization in poor light and does have an impact on the organization's health."

Attrition does not only reflect the hiring policies of an organization, but also induction and retention strategies, training methodologies, work culture and many other factors. Kranti Munje points out that it costs the company valuable time, money and often credibility (especially where employees develop relationships with customers). "Some companies just look at the employee turnover in terms of the cost (based on the PWC Saratoga Institute theory) involved in the hiring and training of the individuals. While others look at the opportunity lost and cost. Sometimes companies also use the figure between 50 to 200 per cent of the annualized salary." It is often found that the organizations aim to reduce voluntary attrition of productive employees and encourage unproductive staff to leave its fold. "It makes way for career progression, new thinking and innovation.

3.3.5 Cost of employee turnover

The cost of the turnover can be expressed as real cost and opportunity cost or direct and indirect costs. The real cost is time taken to select and recruit a replacement, and opportunity costs is lost productivity. The cost of employee turnover to for-profit organizations has been estimated to be up to 150% of the employees' remuneration package.^[3] Direct costs relate to the leaving costs, replacement costs and transitions costs, and indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale.

Employees are important in any running of a business; without them the business would be unsuccessful. However, more and more employers today are finding that employees remain for approximately 23 to 24 months, according to the 2006 Bureau of Labour Statistics. The Employment Policy Foundation states that it costs a company an average of \$15,000 per employee, which includes separation costs, including paperwork, unemployment; vacancy costs, including overtime or temporary employees; and replacement costs including advertisement, interview time, relocation, training, and decreased productivity when colleagues depart

The costs of employee turnover can be incredible. Some of the substantial costs that occur when a person leaves the organization are distributed on four fold as per figure 3.3.

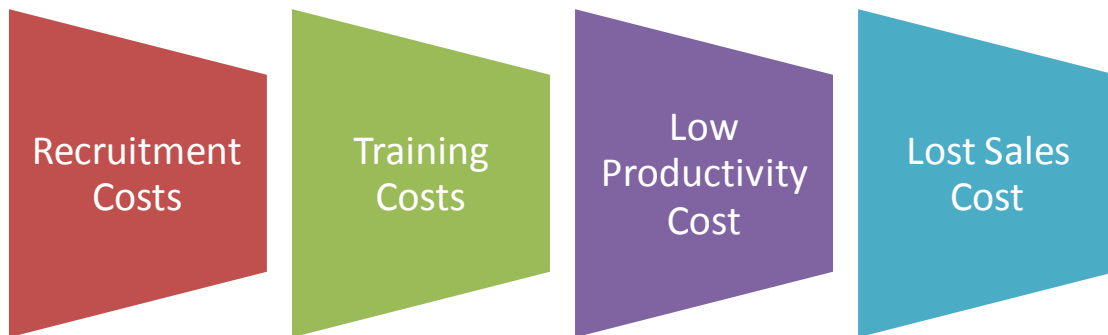


Figure-3.4:Classification of Cost of Employee turnover

1. **Recruitment costs** - from advertising to the time spent interviewing and sourcing.
2. **Training costs** - orientation materials and trainers' time (ex. call centre agents require on average 4 - 6 weeks or more of classroom training).
3. **Lost Productivity Costs** - a new employee operates between 25%- 50% of productivity levels for the first three months, not including the time spent by existing employees to assist.

4. **Lost sales costs** - the loss of business when the role is vacant.

The costs and impact associated with an employee who leaves the company can be quite significant. This is not to say that all turnovers should be eliminated. However, given the high cost and impact on running a business, a well thought-out program designed to retain employees may easily pay for itself in a very short period of time ^[28].

3.3.6 Rate of turnover

In human resources context, **turnover** or **staff turnover** or **labour turnover** is the rate at which an employer gains and losses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door". Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers. The rates vary widely when compared over different periods of time or different job sectors.

Calculation: *Labour turnover is equal to the number of employees leaving, divided by the average total number of employees, multiplied by 100 (in order to give a percentage value). The number of employees leaving and the total number of employees are measured over one calendar year.*

$$\left(\frac{\text{Number of employees who left during the year}}{(\text{Number of employees at the beginning of the year} + \text{Number of employees at the end of the year})/2} \right) \times 100$$

For example, in a business with an average of 300 employees over the year, 21 of whom leave, labour turnover is 7%. This is derived from $(21/300) \times 100$.

3.3.7 Benefits of Employee Turnover

Not always the employee turnover has negative consequences or dysfunctional to the organization. Those organizations which strive to keep the rate of attrition as low as possible, should always remember this fact. An organization with too low rate of employee turnover may become stagnant and hidebound, lack opportunities for employees to move up, and retain poor performers it would be better off without. Current thinking suggests that organizations should aim for an optimal rate of turnover rather than the lowest possible rate.

It is suggested by the researchers that the optimal rate occurs where the curve of turnover crosses the curve of retention costs^[34].

According to Cynthia D. Fisher, et. al.^[23] the benefits of employee turnover to the organizations are the following ones:

- Poor performers may choose to leave and can be replaced with better employees.
- Leavers are replaced with more junior employees who cost less and who may also stay longer.
- Morale improves following the departure of problematic employees.
- Leavers are replaced with people with more up-to-date job skills.
- Vacancies are created to allow for internal promotions of other employees, thus increasing their career satisfaction and motivation.
- Receptiveness to innovation and change may increase.
- Voluntary turnover is less painful than retrenchment^[23].

3.3.8 Diagnosing Turnover/Attrition

Employers who experience high rates of employee turnover/attrition are generally interested in understanding the complex nature of the problem. They are rather interested in taking suitable or effective measures to reduce the turnover rates. In this direction, the commonly used techniques in the Industry are:

1. **Exit Interviews:** Exit interviews provide an excellent source of information of internal problems, employees' perceptions of the organization, underlying workplace issues, and managers' leadership abilities. Exit interviews are used by the majority of companies. They tend to be conducted just before an employee leaves, though some firms wait until after the departure. Exit interviews are normally conducted using a questionnaire, though one to one interviews are also used. Obtaining accurate information on reasons for leaving is difficult. Where exit interviews are used it is best to conduct them a short time after employees serve the notice. The interviewer should not be a manager who has responsibility for the individual or who will be involved in future reference writing.

Confidentiality should be assured and the purpose of the interview explained (Taylor: 2002)^[76]. It is widely held that the exit interviews should be preferably conducted by an external agent. It will help employers capture more accurate data about why people are leaving, as individuals are more willing to tell the truth when there is reassurance of anonymity^[77].

2. **Surveys:** Alternative approaches to collecting exit data is the use of confidential attitude surveys which include questions on intention to leave and questionnaires sent to former employees on a confidential basis around six months after their departure. They are commonly used as part of the information gathering process.

They are a reasonable way of obtaining relevant information, though response rates are often disappointing. Questionnaires need to be designed carefully to be effective. They should be easy to use, anonymous and fairly brief. Questions can be open or closed, multiple choice answers, ranking of items or checklist format.

3.4 EMPLOYEE RETENTION

“Retention is to prevent the loss of competent employees from leaving productivity and profitability” ^[22]

In this era of globalization employees are blessed with good opportunities. There are many factors which influence retention and it is required to understand employee expectations. Employee Retention is a process in which the employees are encouraged to be with the organization for the maximum time. To support business optimally, need is to retain existing talented employees who have the essential knowledge, expertise and competencies to do the work. The IT industries are facing the critical challenges of recruiting and retaining the best talents. The retention problem is highly persisted in IT industry.

“Employee Retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs”, as per the report of “Workforce Planning for Wisconsin State Government”.

Employee Retention is an organizational strategy to create an appealing, challenging satisfying and motivating workplace policies, systems, Programmes and practices whereby employees are self-motivated to stay in their although they have ready opportunities available to them elsewhere.

Retention is ‘a voluntary move by an organisation to create an environment which engages employees for the long term’^[21]. A more detailed and recent definition of the concept of retention is ‘to prevent the loss of competent employees from leaving productivity and profitability’ ^[29]. Some people view employee retention as the result of the implementation of policies and processes that assist employees to remain with the company because of the provision of a work environment that meets their needs ^[10]. Employee

retention, according to Harvard Business Essentials, is the ‘converse of turnover—turnover being the sum of voluntary and involuntary separations between an employee and his or her company^[73]. However, postulate that discussing employee retention within the context of employee turnover is insufficient; instead, focus should be on the way in which employee retention promotes the preservation of a workforce that is able to meet the corporation’s needs^[78]. For them, employee turnover is necessary in order to remove employees who are unable to meet the objectives of the organisation; good retention focuses on keeping those employees who can.

Milkovich and Newman (2004)^[56] have clearly stated that among all types of **reward and monetary pay** is considered one of the most important and significant factoring in retention. In a research by Moncraz, Zhao and Kay (2009)^[62] it was concluded that although compensation was not one of the top factors influencing non-management turnover but compensation can act as a critical factor in reducing managerial turnover and increasing commitment

The talented employees are required for maintaining a competitive advantage and employees want **career growth opportunities** to develop and rise in their career ladder. Research by Meyer et al, (2003)^[55] has shown internal career development of employees is often the best predictor of an employee's effective commitment.

Work-life balance is increasingly important for engagement and affects retention. Hyman et al., (2003)^[42] in their empirical research in the UK found that interventions of work demands into personal life (*e.g. working during the week-end*) resulted into heightened stress and emotional exhaustion among the employees.

Performance reviews help the company as well as the employees. They help the employees get a feedback of their past performance, it helps them understand as to where in the organization hierarchy they stand- their strengths and weakness which can be worked upon further for efficiency. In case of employees who possess very high potential a **performance appraisal** for them is more important than pay hike or increase in benefits as it helps in enhancing further motivation and commitment. Companies like Ingersol Rand Limited have developed a 360 degree online performance appraisal tool to manage the evaluation and opinion process and also provide consultative advice on coaching and mentoring. According to the survey conducted by them with company heads being interviewed such as the TATAS, Hyundai Motors, Reliance industries, Infosys, etc. it was

revealed that employees need to be given that “extra” which motivates them to stay (Jonathan P. Doh, 2011)^[43].

The retention of talented employees is an advantage to an organisation because employees’ knowledge and skills are central to a company’s ability to be economically competitive^[45]. Employee retention becomes increasingly important to organisations because periodic labour shortages can reduce the availability of high performing employees^[44]; thus, workers are searching for better employment opportunities, and firms are seeking to improve the productivity of their workforce^[59]. However, there are challenges in attempting to retain employees^[13]. HR executives can find that attracting and retaining talent is a problem^[13] because of bounded rationality, particularly of cultural and social norms associated with the country^[54].

Organisations are more worried about retention of their employees because intent to leave is disappointing for both employees and employers. Organisations have to tolerate the cost of hiring, and the cost of losing, their employees; therefore, organisations try to keep their existing staff^[50]. In fact, this retention of employees and their appreciated skills helps the organisation to preserve their investment of employee training, which causes lower loss of human capital and yields higher retention^[3]. Given this, organisations should take steps to retain employees, to avoid unwanted turnover due to stress, low-job satisfaction unsatisfactory working condition, and inadequate benefits^[9].

Researchers demonstrate that organisations use different techniques to retain their employees, such as having compensation, training and development, competitive work environment, and other benefits. Employee retention is the main aim and the major concern for the most organizations^[25].

In this continually changing global economy, business needs to understand and utilize key concepts concerning employee retention. Without adapting to potential problems, organizations face debilitating outcomes, one of which is the cost of turnover^[47]. Other issue is to retain human resources in order to obtain competitive advantage^[48]. There are many reasons for this to be true but two main factors can be initially mentioned. First, knowledge workers are relatively scarce in quantity. Second, the knowledge and expertise these workers possess are vital for firm’s competitiveness. Therefore, it is not unexpected to view retention as being of strategic importance because of the potential return on employee’s expertise in the long term. Treating staff as a long term resource accords with what Storey characterises as soft HRM, which focuses on carefully nurturing and investing in human resources to make

them committed and thereby successfully retaining their knowledge. This stands in contrast to hard HRM that views human resources as an expense of doing business instead of the “*only resource capable of turning inanimate factors of production into wealth*”

3.4.1 Importance of Retention

Is it just to reduce the turnover costs? It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached. The process of employee retention will benefit an organization in the following ways:

1. **The Cost of Turnover:** The cost of employee turnover adds hundreds of thousands of dollars/rupees to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.
2. **Loss of Company Knowledge:** When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment on him is not realized.
3. **Interruption of Customer Service:** Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that he built for the company are severed leading to potential customer loss.
4. **Turnover leads to More Turnovers:** When an employee terminates his employment relations, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.
5. **Goodwill of the Company:** The goodwill of a company is maintained when the attrition rates are low. Lower retention rates motivate potential employees to join the organization.
6. **Regaining Efficiency:** If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this adds to the loss of the company directly which many a times goes unnoticed. And even after this one cannot assure us of the same efficiency from the new employee.

3.4.2 Benefits of retention.

S. Shiny Nair^[72] writes in Google file on Jun 26, 2009 that every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves companies money^[72]. As Beverly Kaye and SharonJordanEvan stated “the cost of replacing lost talent is 70 to 200 percent of that employee’s annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting, and training the best employees represents a major investment. Once a company has captured talented people the return-on-investment requires closing the back door to prevent them from walking out”^[33].

When an employee leaves a company for a direct competitor, there is always a chance that they will take important business strategies and secrets with them to be explained by the competition. This is yet another reason why the retention of employees is so crucial to some businesses. While this practice seems a bit unscrupulous, it still happens quite frequently. As Bill Leonard stated in HR Magazine: “Because employers know that the best-qualified applicants will come directly from competitors, recruiting and hiring employees away from mother of inventive and sometimes controversial business practices. Recruiting and hiring from your competitors is probably is as old as business itself. But what is new - and a hot topic among employers – is how to attract and retain qualified candidates in a highly competitive labour market while also preventing their own intellectual capital from winding up in the hands of competitors. One way for a company to prevent employees from giving valuable information to competitors is to make it a policy to enforce strict non-compete and confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employee because they might not want to risk possible legal entanglements with the other company. Of course, all this could possibly lead to animosity with the employee who could feel that his or her options are being limited. Many employees don’t always remember signing such a document, so a copy of it should always be kept on file for the employee to refer to. This area could prove to be a highly sensitive one between employer and employee, so extreme caution is suggested in all instances.

3.4.3 Factors Determining Employee Retention

Retaining the good and performing employees is determined by factors, such as^[6]:

1. The age of the employee and his/her career interests;
2. Company image;
3. Recruitment, selection and deployment;
4. Leadership –employees join companies and leave managers for supporting managers;
5. Learning opportunities the company provides; and
6. Performance recognition and rewards.

Further, Armstrong quotes a study by Holbeche (1998 study) who found that the factors that aided to retain and motivate the high performers included providing challenge and achievement opportunities (e.g. assignments), mentors, realistic self assessment and feedback processes. In the presence of these and other relevant factors the employer has to design and develop his own strategies which need to be totally organization oriented.

Employees are an organization's intellectual asset that is responsible for the day-to-day business operation. Although retaining competent employees in an organization generates goodwill in the work force, it also has a positive effect on the product or services a company offers. Employee retention is a financial gain for organizations.



Figure-3.5:Factors determining Employee Turnover

- **Acquiring Talent** – a) When organizations retain their employees, they avoid hiring costs. These are often hidden costs. b) The hiring process is risky.

Background checks, personality testing and aptitude testing can predict a candidate's capability, but there is still a risk.

- **Training and Development** - Retaining workers reduces training costs. When companies retain employees, training cost can be used to further develop the work force. Long-term associates have the experience to review what has worked before and apply that knowledge to future situations.
- **Skilled Labour Force** - Employment retention develops a strong staff. Working individually or in teams these individuals share knowledge and expertise. They are committed to the continued growth of the organization and its work force. These individuals have finessed the inner workings of an organization. As they continue to develop their skills, the organization benefits.
- **Impact on Customer Service** - Employee retention has a positive impact on customer service. It prevents brings disruption in customer service, loss of business and possible negative business impacts.
- **Reduce employee stress** - Employees will appreciate the time that such a service saves them - enabling them as a result to spend more time with their families and friends.
- **Retention improves productivity** - By employers understanding the wants and needs of the employees, they can help them achieve them, and therefore foster tremendous productivity and growth and loyalty from those employees.
- **Provide access to new markets** – As the employees are retained in the organization, it improves customer loyalty and makes an organization an employer and vendor of choice which gives access to new market.
- **Retention improves sustainability in competitive age** - Retain the high performers that give it a competitive edge.
- **Retention reduces spirals into more turnovers** - When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

3.4.4 Models of Employee Retention

An Employee Retention Model is a philosophical and newly touted theory. It states that to keep employees, we must understand what they like and do not like. What they do not like the employer needs to address, focusing on the employees' needs. He must work to meet the overall big picture first. Once he has the process in place, he has more chances to help employees meet their individual needs. The employer can never satisfy all employees, but if he has a workplace that is driven to help, all employees feel good about what they do, employees will more likely want to stay in this culture.

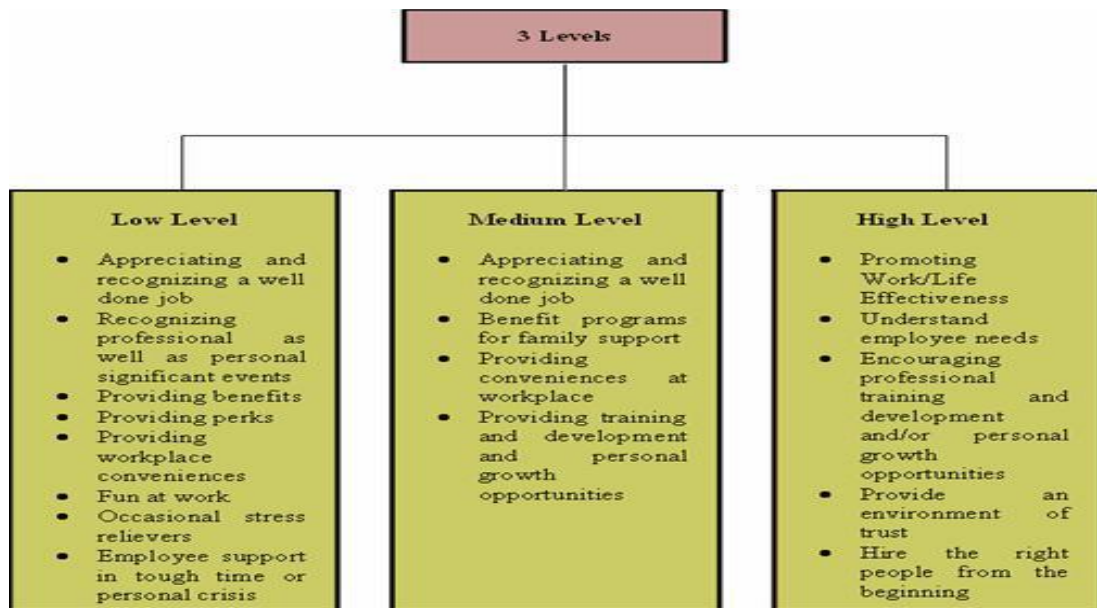
Over the years there have been thousands of research articles exploring the various aspects of turnover, and in due course several models of employee turnover have been promulgated. The first model and by far the one attaining most attention from researcher, was put forward in 1958 by March & Simon^[52]. After this model there have been several efforts to extend the concept. Since 1958 the following models of employee turnover have been published.

- March and Simon (1958) Process Model of Turnover
- Porter & Steers (1973) Meet Expectations Model
- Price (1977) Causal Model of Turnover
- Mobley (1977) Intermediate Linkages Model
- Whitmore (1979) Inverse Gaussian Model for Labour Turnover
- Steers and Mowday (1981) Turnover Model
- Sheridan & Abelson (1983) Cusp Catastrophe Model of Employee Turnover
- Jackofsky (1984) Integrated Process Model
- Hom and Griffeth (1991) Alternative Linkages Model of Turnover
- Lee, et al. (1991) Unfolding Model of Voluntary Employee Turnover
- Aquino, et al. (1997) Referent Cognitions Model
- Mitchell & Lee (2001) Job Embeddedness Model

Some models of employee retention in detail in the following pages.

The Rethinking Retention Model : A Process-Driven Approach to Keeping the Best People.

The program is the first research-based comprehensive way for keeping the best people. It presents candidates with a *process-driven approach*, moving away from dress-down Fridays to establishing the right retention-based processes that are practiced daily. The program's hands-on step-by-step approach is based on **3 specific principles, 7 proven strategies**, and **more than 300 tested employee retention solutions** based on extensive research into virtually all known studies and best practices that produce retention improvement. These practices can be categorized in 3 levels: Low, Medium and High Level as shown in the figure



<Low><Medium ><High>

Figure 3.6. The Rethinking Retention Model

Source: (<http://retention.naukrihub.com/retention-strategies.html>)

3.4.4.1 Content Model of Employee Retention

Little research has examined employees' reasons for staying while testing whether these factors differ based on job performance or job level. Hausknecht, Rodda, and Howard developed a content model of employee retention that is grounded in theory and past research (e.g., March & Simon, 1958; Mobley, Griffith, Hand, & Meglino, 1979^[60]; Porter Steers, 1973; Price & Mueller, 1981^[69]), and then test it with a sample of nearly 25,000 employees who were asked to comment on why they stay with their employer. They also developed and tested predictions grounded in ease/desirability of movement (March & Simon, 1958) and psychological contract (Rousseau, 1994^[70]) rationales to explain why high and low performers and those at different job levels will be more or less likely to emphasize particular retention dimensions.

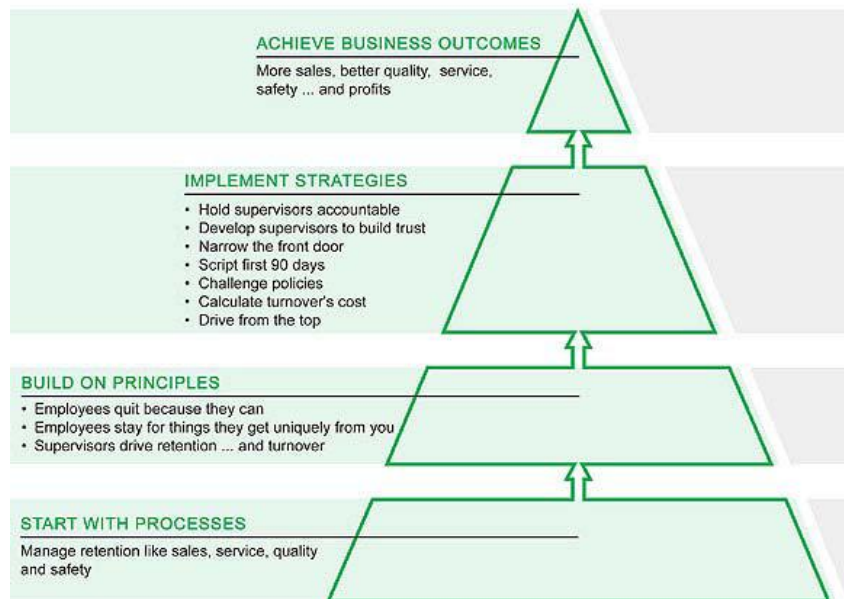


Figure 3.7. Content Model of Employee Retention

Source: <http://www.retentioninstitute.com/retention-model.html>

3.4.4.2 Theory of Organizational Equilibrium

One of the earliest models of turnover is March and Simon's (1958) theory of organizational equilibrium, in which the authors proposed that desirability of movement and ease of movement are the two main drivers of employee turnover. Desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market. Viewed from the perspective of retention, the model suggests that employees will be more likely to stay when they are satisfied with their jobs and believe that there are few alternatives available. Hence, job satisfaction and lack of alternatives are included here as two important factors in employees' decisions to stay described in the Table below, many of the subsequent theories of turnover/retention have built upon the satisfaction/alternatives framework outlined by March and Simon.

Table-3.1. Description and Definition of Retention Factors

Retention Factor	Definition
Advancement opportunities	The amount of potential for movement to higher levels within the
Constituent attachments	The degree of attachment to individuals associated with the organization such as supervisor, co-workers, or customers
Extrinsic rewards	The amount of pay, benefits, or equivalents distributed in return for service
Flexible work Arrangements	The nature of the work schedule or hours

Investments	Perceptions about the length of service to the organization
Job satisfaction	The degree to which individuals like their jobs
Lack of alternatives	Beliefs about the unavailability of jobs outside of the organization
Location	The proximity of the workplace relative to one's home
Non-work influences	The existence of responsibilities and commitments outside of the organization
Organizational commitment	The degree to which individual's identify with and are involved in the organization
Organizational justice	Perceptions about the fairness of reward allocations, policies and procedures, and interpersonal treatment
Organizational prestige	The degree to which the organization is perceived to be reputable and well-regarded

Source: Several definitions in this Table are adapted from Price & Mueller (1981^[69]) and Steers (1977).

Porter and Steers (1973) introduced one of the first major updates to the March and Simon model, and asserted that a variety of work-related and personal factors were important precursors of turnover. From the standpoint of explaining why employees stay, five dimensions from their model are relevant to this study, and are thus included in Table 1. Two of these dimensions, extrinsic rewards (e.g., pay, benefits) and advancement opportunities, should be related to staying because employees are sensitive to receiving fair rewards for their efforts and may leave when opportunities to receive greater rewards exist elsewhere. A third factor, constituent attachments, in the form of effective supervision and positive peer group relations, should also be related to retention. Porter and Steers reviewed evidence from previous research showing higher turnover among employees when supervisors had treated them poorly, displayed low levels of consideration behaviours, or did not meet their needs regarding feedback and recognition. Additionally, co-workers may influence retention because they can provide support and encouragement to employees to help them adjust to the work environment, thereby facilitating attachment to the organization. Fourth, Porter and Steers suggested that employees are more likely to stay as they build longer tenure with the organization (because of seniority related perks or other valued outcomes), a notion that may be labelled here as investments. Finally, non-work influences such as family responsibilities were mentioned as another factor that may be related to employee retention, which has since been expanded to include a variety of ties to one's community, family, and other life activities outside of work ^[75].

Several years later, Mobley and his colleagues offered a revised framework that specified many of the factors discussed above (e.g., pay, promotion, supervision), but also included several new dimensions that could influence retention (Mobley et al., 1979)^[60]. In terms of work attitudes, job satisfaction was viewed as the primary determinant of quit intentions in their model, and the authors were also among the first to discuss the role of organizational commitment in turnover decisions, which was defined in earlier work as an “individual’s identification with and involvement in a particular organization” (Steers, 1977, p. 46). The authors suggested that committed employees are expected to remain because they believe in the goals and values of the organization and are willing to exert effort on its behalf. Since that time, and along with job satisfaction, organizational commitment represents one of the most widely studied antecedents of turnover (Griffeth, et al., 2000). Thus, Mobley et al.^[59]. And others reinforce the value of several dimensions included here, and were among the first to recognize organizational commitment as an important retention factor.

Price and Mueller (1981)^[69] presented an updated model that encompasses many of the earlier retention factors while introducing several new ones. Drawing from earlier perspectives, job satisfaction and perceived alternatives were considered proximate causes of decisions to stay, whereas pay, promotional opportunities, constituent attachments, kinship, and organizational commitment were included as distant influences. One important addition to the model was distributive justice. Drawing from the developing literature on equity theory at that time, the authors suggested that employees would be satisfied (and thus more likely to stay) if they felt that the outcomes they received reflected the effort and other inputs that they had invested.

More recently, organizational justice has been defined more broadly to include fairness perceptions related to outcomes, procedures, and interpersonal interactions, which have been shown to be related to employees’ decisions to remain with their employer ^[5].

A handful of other explanatory constructs have emerged in the retention literature since the earliest models were introduced. First, a number of organizations have offered employees flexible work arrangements in order to accommodate different employee preferences regarding when (and where) they perform their work^[12]. These programs typically involve alternative work hours and/or compressed scheduling and are often established with the goal of reducing tensions between competing work and non-work demands. Second, Muchinsky and Morrow (1980)^[64] introduced the notion of organizational prestige as a potentially important retention factor. This dimension is similar to definitions of

company reputation (Fombrun & Shanley, 1990), and also reflects the more recent effort by organizations to attract and retain talented employees by becoming an “employer of choice”, which often involves communicating and emphasizing the positive features of working for a particular organization to current and potential employees (Branham, 2005). Finally, the location of the workplace has been investigated in relation to withdrawal behaviours such as absenteeism, although few studies (if any) have empirically examined location effects on turnover. Research reveals positive associations between distance to work and absence^[105], perhaps because longer commute times are a source of stress and limit the ability of employees to attend to non-work responsibilities. In the context of retention, living close to work can be viewed as an influence that promotes job embeddedness^[78] or perhaps continuance commitment^[41], as employees may have to relinquish a favourable commute if they were to leave the organization.

Taken together, the content model developed here is thought to reflect many of the potential influences on employee retention. Early contributions in this area emphasized job satisfaction and perceived alternatives, followed by models that featured extrinsic rewards, advancement opportunities, constituent attachments, investments, and non-work influences. More recently, organizational commitment, organizational justice, flexible work arrangements, organizational prestige, and location have been viewed as potentially important determinants of employees’ decisions to stay. As described in the methodology, the 12-factor model was used in this study as the organizing framework for analyzing the open-ended comments related to why employees stay.

3.4.4.3. Employee Retention Model by Howatt: A Discussion Model

The model used by Howatt is structured, though flexible. The following section is an overview of what Howatt does. The SUCCESS mnemonic sets up what needs to be done in coaching to help the employees and employers in retention.



Figure 3.8. Howatt's Model of Employee Retention

Source: (<http://www.howatthr.com/images/pdf/pplmgmt/Employee%20Retention%20A%20Discussion%20Model.pdf>)

- S**— See the priorities and pick out the critical issues and goals that need to be addressed.
- U**— Understand the needs of the employee from their frame of reference. Learn and practice the Success Touch that is treating others not as you want to be treated, rather as they want to be treated.
- C**— Create the programs and services that are needed for staff to perceive they are of value and importance.
- C**— Concentrate on what is working, and reflect and learn why it is. Once we do this we are able to continue to extrapolate the hows in regard to employee motivation. Be aware of how to help employees choose to be motivated.
- E**— Evaluate if both the employees and upper management are working for a common goal.
- S**— Study the learning from the above steps and learn what can be done to enhance the workplace.
- S**— Set the task to continue to look for feedback. Support the staff and transfer what is learned so that there is a reduction in the same mistakes being made, so that it does not work against staff morale or motivation.

3.4.4.4 A Mathematical Model of Employee Retention

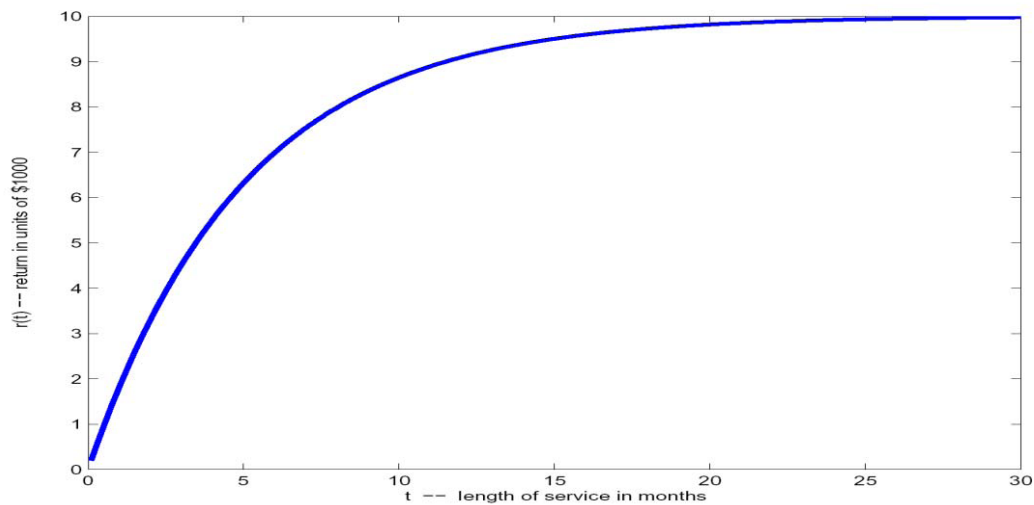


Figure: 3.9 A Mathematical Model of Employee Retention-1: A possible performance function, mapping t , which measures agent experience in months (horizontal axis) into the selected performance, $r(t)$, which measures the return in thousands of dollars per month (vertical axis). Specifically, the exponential performance function in (2.2) is depicted with $p=10$ and $\lambda =0.2$.

Source: Ward Whitt (2005), *The Impact of Increased Employee Retention Upon Performance in a Customer Contact Centre*, Columbia University, New York, NY 10027

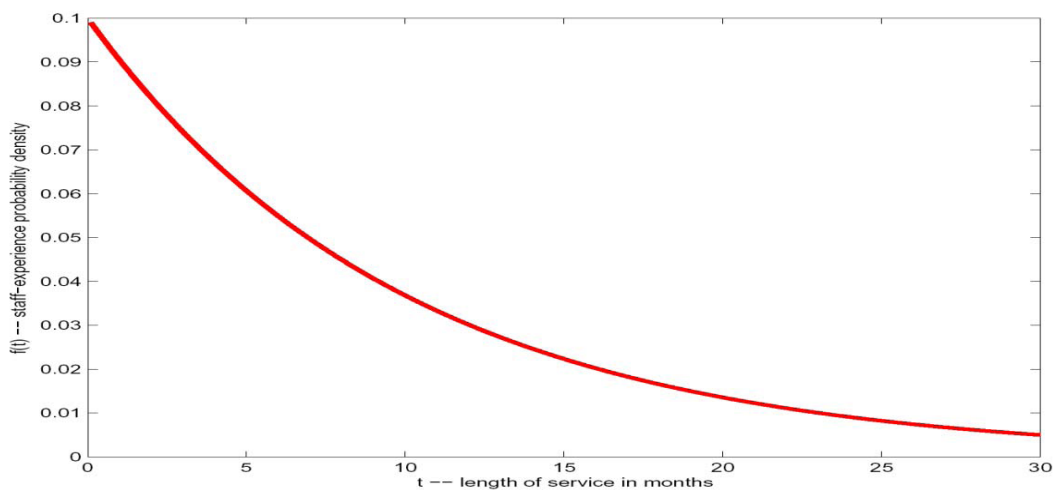


Figure 3.10:A Mathematical Model of Employee Retention-2 A possible staff-experience probability density function, mapping t , which measures agent experience in months (horizontal axis) into the probability density $f(t)$ of agents with experience t . specifically, the exponential staff-experience pdf in (2.6) is depicted with $\mu = 0.1$ (mean = 10).

Source: Ward Whitt (2005), *The Impact of Increased Employee Retention Upon Performance in a Customer Contact Center*, Columbia University, New York, NY 10027

Whitt (2005) developed a mathematical model that can provide insight into the way increased employee retention, achieved via increased employee job satisfaction, can improve performance. The employees are customer service representatives in contact centres, are referred to as agents, but the analysis applies more broadly. For an overview of contact centres and various mathematical models that have been applied to them, one can refer Gans et al. (2003). For a different mathematical model studying turnover, one can mention Gans and Zhou (2002). For stochastic analysis of various behavioural aspects of queues, one can study Mandelbaum and Shimkin (2000) and Zohar et al (2002).

This model is developed to help to analyze the benefits in contact-centre performance obtained from increasing employee (agent) retention, by increasing agent job satisfaction. The contact-centre “performance” may be restricted to a traditional productivity measure such as the number of calls answered per hour or it may include a broader measure of the quality of service, e.g., revenue earned per hour or the number of problems successfully resolved per hour. The analysis is based on an idealized model of a contact centre, in which the number of employed agents is constant over time, assuming that a new agent is immediately hired to replace each departing agent. The agent employment periods are assumed to be independent and identically distributed random variables with a general agent-retention probability distribution, which depends upon management policy and actions. The steady-state employee-experience distribution is obtained from the agent-retention distribution by applying renewal theory. An increasing real-value function specifies the average performance as a function of agent experience. Convenient closed-form expressions for the overall performance as a function of model elements are derived when either the agent-retention distribution or the performance function has exponential structure. Management actions may cause the agent-retention distribution to change. The model describes the consequences of such changes upon the long-run average employee experience and the long-run average performance.

3.4.5 Measuring Employee Retention

A stability index indicates the retention rate of experienced employees. Like turnover rates, this can also be used across an organization as a whole or for a particular part of it. The usual calculation for the stability index is:

$$\frac{\text{Number of employees with service of one year or more}}{\text{Total number of employees in past one year ago}} \times 100$$

This will help us to determine how many employees and who were those employees who remained with the organization during that period. It will also help us to understand from them the factors that made the employees to stay with the organization. Once these factors are identified, the HR managers can strengthen those factors leading to better retention.

3.5 EMPLOYEE RETENTION STRATEGIES

In all modern industries, employee retention is the most critical problem. It not only results in the loss of good and performing employees but also in hiring people as and when people leave, loss of production, loss of market and consumers, and loss of the image of the Company. The management may be able to get recruited people to replace those who leave. But hiring new employees when those in employment of the company leave is not an important issue. For any organization suffering from high rates of employee attrition the question of retaining employees is quite important.

Hence, the study of employee retention achieves significance. Employers seek to adopt different strategies to retain employees. But before understanding what are these strategies that the employers adopt let us understand what we mean by the term “strategy”

Strategy: The term strategy means a large scale future oriented plans of management for interacting with the competitive environment to achieve the company objectives. A strategy is a company’s game plan. Although that plan does not precisely detail all future deployments, it does provide a framework for managerial decisions. A strategy reflects a company’s awareness of how, when and where it should compete; against whom it should compete; and for what purpose it should compete^[105]. It is an overall plan of how to proceed in the task of achieving the objectives of the organization. It is concerned with mapping out the planned basic policies to be followed in the process of achieving the objectives.

“Retention in any industry or occupation is multifaceted and situation specific; accordingly, retention strategies need to be evidence based, grounded in organizational, industry and occupation specific realities and reviewed periodically. There is no silver bullet when it comes to employee retention as it will always be” ^[52].

Any employee retention strategy would necessarily include a plan for redressing employee grievances and ways and means to address employee issues. This would mean that the employees would be enabled to take their issues regarding pay, their work, their role etc., to the HR manager and expect to get a fair hearing in the process. There should be a plan where the HR manager in conjunction with the manager of the employee who has raised the issue works towards resolving the issue. The basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people at the right place at the right time.
2. Empower the employees: Give the employees the authority to get things done.
3. Make employees realize that they are the most valuable asset of the organization.
4. Have faith in them, trust them and respect them.
5. Provide them information and knowledge.
6. Keep providing them feedback on their performance.
7. Recognize and appreciate their achievements.
8. Keep their morale high.
9. Create an environment where the employees want to work and have fun.

Retention strategies for the first time on an extensive basis were researched, analysed and presented in 1991 by Roger E, Herman, the Father of Employee Retention, in his book titled "Keeping Good People: Strategies for Solving Dilemma of the Decade". He grouped the strategies into six categories and under each of them he lists the subcategories. The list is as follows:

A. Environmental Strategies:

Share a Common Vision, Value Each Individual, Work together as a Team, Loyalty is a two-way Relationship, Enthusiasm is justified and appropriate, We are all here for the Customer, Have a set of Guiding Principles, Offer stability, security, risk, as needed, Prohibit Discrimination of any Kind, Eschew profanity, Be Fair and Honest, Facilitate a Family Feeling, Value professional Standing, Promote integrity, Encourage Camaraderie, Promote a Healthy Working Environment, Insist on Work place Safety, Avoid Stupid Rules, Provide Flexibility in Working Hours, Apply Progressive Discipline Fairly, Make Work Fun, Celebrate Achievements, birthdays, etc., Don't tolerate, remove Unsuitable People, Conduct Exit Interviews, Establish Clear Policies, Administer policies Uniformly, Provide advancement opportunities, promote from within, Give permission to Fail or succeed, Management Commitment: people are our most importing resource, Share information, Value all your people,

Respond to Complaints with solutions, Within safety constraints, permit refreshments at work stations, Use your business plan, Offer freedom of choice: break times, dress and vacations, Choose employees carefully the first time, Locate your company in a suitable Environment, Encourage people to personalize their work areas, Eliminate reserved personal parking, Provide effective communications systems, Equip people to be productive, Provide for appropriate child care services, Maintain comfortable atmosphere conditions, Use color constructively in decoration, Provide a safe, secure environment.

B. Relationship Strategies:

Understanding Behavioral style, Appreciate values and ethical standards, Resolve conflicts, Hold Regular Meetings of your team members, Call spontaneous meetings, Facilitate open communication, Stick to your people, Give recognition strategically and deliberately, Recognize the “new woman”, Recognize other “special employees”, Be patient, Show respect for others, Give people freedom and flexibility, Trust your people, Show genuine, sincere appreciation, Listen, Let people be who they are, Find opportunities to talk with people, Balanced praise and criticism, Build everyone’s self esteem, Don’t gossip, Look for positives, not negative, Express confidence, Enable people to be together, Care about people as individuals, Be accessible, Have a sense of humor, Set an example, Show leadership at the top of your organization, Reduce stress. Keep anxiety to stay sharp, don’t question or second-guess people all the time, and be firm and fair.

C. Task-focused Strategies:

Give people real things to do, Provide challenges, Fight frustration, Remove barriers to accomplishments, Adjust jobs to fit strengths, abilities and talents, Empower people to work as team, Mickey mouse should be fun, not fundamental, Keep the promises you make, Provide the resources to get the job done, Avoid rejection, raw criticism, humiliation, Encourage and welcome new ideas, Define responsibilities, Define accountabilities, Define authority, Encourage initiative, Inspire and enable creativity and innovation, Establish limits, parameters, Know what your people are doing, Respond when people ask for approval or guidance, Give clear direction, Get people involved, Reduce reporting requirements, Don’t look people’ shoulders, Don’t keep people overtime without previous notice, Appreciate routine work, Enter into

performance contracts, Fight boredom, Design tasks to meet personal needs, Give people a break, and Give specifics in performance feedback.

D. Compensation Strategies:

Present the full value of compensation, Provide linking incentive opportunities to all employees, Link performance with rewards, Leverage the total cash compensation for maximum Effectiveness, Design reward system for employee involvement, Compensate high potential/low skill employees with skills-based system, Use flexible benefits in a changing workforce, and Consider ESOPs and employee stock Ownership.

E. People Growing Strategies:

Give people challenging responsibilities, Support formal education, Offer learning materials for personal growth, Connect with outside resources for learning materials, Send people to outside seminars, Have learners pass their training along to others, Help people grow into bigger jobs, Enable people to discover the wealth of talents they have and encourage intellectual growth, Assign special projects, Build competency deliberately, and Provide incentives.

This list of retention strategies is certainly a detailed and perhaps exhaustive one. Perhaps for that reason the views of Mr. Herman were received warmly and he was given the title as “Father of Employee Retention” by the American industries. The employee retention strategies advocated by him were adopted and put into practice by all industries that had the problem of keeping their (good) employees. His views on employee retention lived without parallels for a long time - for more than 15 years in the American industries till Gregory P. Smith came out with his research on the Employee Retention Strategies in 2007, which he published under the title “401 Proven Ways to retain your Best Employees”. This is more an exhaustive list on the subject. He classified them into seven groups

Table 3. 2: Employee Retention strategies of Gregory P. Smith.

No. Strategy	Category	Sub-category
I	Organizational Strategy – A Good Company Reputation	1.Management by Fact 2. Managers Taking Action 3. Pinpointing Job Dissatisfaction 4.Creating Positive Environment

II	Organization and On boarding Strategies	<ol style="list-style-type: none"> 1. Starting off the Right Foot 2. Team Spirit. 3. Sample Employee Orientation Program. 4. Create a Celebration
III	Communication and Connection Strategies	<ol style="list-style-type: none"> 1. Diversity 2. Building Strong Connections. 3. Designing Productive Meetings. 4. Make Work Fun. 5. Pickup the Phone 6. Written Communication
IV	Career and Development strategies	<ol style="list-style-type: none"> 1. The Values of Training & Development. 2. Training Programs that Work. 3. Provide Growth Opportunities
V	Reward and Recognition Strategies	<ol style="list-style-type: none"> 1. Special Celebrations 2. Peer Recognition 3. Individual Recognition. 4. Cash Awards 5. Unique Awards
VI	Employee Benefit Strategies	<ol style="list-style-type: none"> 1 Flexible work Arrangements. 2. Office Design. 3. Family Involvement. 4. Special services 5. Employee Ownership.
VII	Employee Ideas and Suggestions – The Ritz Carlton Way	<ol style="list-style-type: none"> 1. Idea Campaigns and Suggestions 2. Managing Innovation 3. Team Involvement. 4. Individual Suggestions.

Thus we have two extensively researched lists of retention strategies which need to be carefully examined and applied by an employer who is interested in retaining his employees. Of the two, the list of strategies researched by Smith is the more recent one. Though these strategies are researched in the context of US industrial situation, they have relevance beyond the US boundaries. Hence, the employers in India could easily adopt them in their effort to manage employee retention. However, a few HR Managers working in different Indian industries including IT and ITES have advocated the following retention strategies. We shall now consider these strategies.

Formal workplace flexibility and work systems including work arrangements, flexitime and telecommuting or working from home lead to better engagement of employees which in turn enables the organization to retain the employees through the relationship of Perceived Flexibility, Supportive Work of Formal Flexible Arrangements and Occasional Flexibility to Employee Engagement and Expected Retention.

A study under the title “Employee Retention in Private Sector: An Exploratory Study in the State of Kuwait” covers three aspects of employee retention: (1) influence of benefits, (2) organizational strategies in retaining the employees, and (3) organizational culture serving as retention strategy. This study brings out that organizations often look beyond employee satisfaction to developing trust and ensuring long term relationship with the employees to retain them. Once the trust is built into the relationship, the probability of either party ending the relationship becomes less. And the employees stay when they have strong relationships with their fellow or co-workers and supervisors. Hence, the organizations do make efforts to encourage team building, project assignments involving work sharing and opportunities for high interaction on and off the job. Similarly effective communication and a culture of openness and culture leading to identification with the organization by the supervisory executives helps employee retention.

The study points out that the benefits factors helping employee retention include:

- 1) Salary and monetary compensation.
- 2) Leave benefits.
- 3) Retirement plans.
- 4) Health plans and other benefits.
- 5) Deferred compensation.
- 6) Employee assistance programs.

Similarly, the organizational retention strategies include the following factors:

- a) Rewards and recognition.
- b) Annual performance appraisal.
- c) Training opportunities – work related.
- d) Education opportunities.
- e) Employee suggestion programs.
- f) On-site day care.
- g) Job rotation and new assignments.
- h) Mentoring and coaching.
- i) Wellness programs.
- j) Alternative work schedule.
- k) Voluntary reduction in work schedule.
- l) Telecommuting and work at home.

Lastly, the organizational culture factors helping to retain employees are:

1. Supervisors discussing with employees their development plan at least once in six months.
2. Employees given opportunity to be part of task groups and assignments outside their core jobs.

3. Organization career development programs making employees themselves responsible for their career management.
4. Working on a new project/assignment an open process with few barriers.
5. Effective supervisory communication.
6. Culture of recognition and values diversity.
7. An environment of openness and trust.
8. Treating employees with fairness and respect.
9. Supervisors listening to employees ideas.
10. Empowering employees to take responsibility and authority.

The data in this study reveals that 51.2 % of the employees feel that the organizational culture of giving employees a responsibility for their own career development, 44.8 % employees feeling the importance of new project assignment, 60 % attaching importance to supervisory communication, 63.2 % believing openness and trust helping employees to stay with the organization, 54.4 % underlining fairness in treatment and respect for the employees, 55 % stating that managers listening to the employees ideas, and 59 % believing that empowering employees act as good retention strategies. The study also underlines that the management efforts to promote self actualization through educational promotion among the employees, freedom to employees to schedule their work keeping in mind their convenient time for family and personal work through innovative work scheduling methods also act as strong retention strategies.

Shiney Nair^[72], a practicing HR Manager uses the term “Tools” instead of the term “strategies”. According to her the following are the “tools” of employee retention. On the other hand, another HR Manager Mr. Sanjiva Sharma uses the term “strategies” and discusses the employee retention strategies he has put into practice. But what sets Employee Retention Strategies apart is a steadfast philosophy that:

- Uses only research-based, theory-supported approaches to improving employee engagement. Avoided are gimmicks such as employee of the month, suggestion boxes, prizes or other “carrots.” While commonly used, these short-term fixes fail to produce genuine employee loyalty (more than 60 years’ of research tells us so!).
- Employs an easy-to-understand systems approach to ensure the root causes of turnover are addressed and the potential for lasting change unleashed.
- Customize all activities to your organization’s unique history, current practices and strategic objectives. Also considered are challenges unique to your industry sector, competitive marketplace issues and talent shortages.

- Involves those responsible for implementing change in actually creating the change, ensuring input and improved shared understanding and support of all initiatives.
- Integrates hands-on, action-oriented approaches that enable organizations to move forward quickly and effectively
- Recognizes the research-proven role of no-cost strategies in developing the “glue” that builds employee loyalty and commitment.
- Brings to your organization leading-edge organization-development best practices to effectively and quickly build a retention-rich culture.

Now we shall look into the list of retention “tools” or “strategies” as discussed by the two HR Managers in Indian industries.

3.6 EMPLOYEE RETENTION TOOLS (*Shiney Nair: Google: June 26, 2009*)^[72]

- **Communication:** Communication has become so heavily stressed in the workplace that it almost seems cliché. However communication couldn't be more important in the effort to retain employees. Be sure that team members know their rules, job description, and responsibilities within the organization. Communicate any new company policies or initiatives to all employees to be sure that everyone is on the same page. Nobody wants to feel that they are being left out of the loop.
- **Include E in Decision-Making:** It is incredibly important to include team members in the decision making process, especially when decision will effect an individual's department or work team. This can help to create of employee involvement and will generate new ideas and perspectives that top management might never have thought of.
- **Allow Team Members to Share their Knowledge with Others:** The highest percentage of information retention occurs when one shares that information with others. Having team members share when they have learned at a recent conference or training workshop will not only increase the amount is information they will retain, but also lets a team member know that he is a valuable member of the organization. Facilitating knowledge sharing through an employee mentoring program can be equally beneficial for the team member being mentored as well as mentor.
- **Shorten the Feedback Loop:** Do not wait for an annual performance evaluation to come due to give feedback on how an employee is performing. Most team members

enjoy frequent feedback about how they are performing. Shortening the feedback loop will help to keep performance level high and will reinforce positive behaviour. Feedback does not necessarily need to be scheduled or highly structured; simply stopping by a team member's desk and letting them know they are doing a good job a current project can do wonders for morale and help to increase retention.

- **Balance Work and Personal Life:** Family is incredibly important to team members. When work begins to put a significant strain on one's family no amount of money will keep an employee around. Stress the importance of balancing work and one's personal life. Small gestures such as allowing a team member to take an extended lunch once a week to watch his son's baseball game will likely be repaid with loyalty and extended employment with an organization.
- **Provide Opportunities for Growth and Development:** Offer opportunities for team members to acquire new skills and knowledge useful to the organization. If an employee appears to be bored or burned out in a current position offer to train this individual in another facet of the organization where he or she would be a good fit. Nobody wants to feel stuck in their position with no possibility for advancement or new opportunities.
- **Recognize Team Members for Their Hard Work and Let Them Know They Are Appreciated:** This can be one of the single greatest factors affecting employee retention. Everybody, in the all levels of an organization, wants to know that their efforts are appreciated and recognized. This can be as simple or as extravagant as a supervisor may desire. Often time a short e-mail or quickly stopping by a team member's desk and saying "thanks" can do wonder for morale. Other options might include a mention in the company newsletter for outstanding performance or gift certificates to a restaurant or movie theatre – the possibilities are endless.
- **Clearly Define "What is Expected of Team Members":** Nothing can be more frustrating or discouraging for an employee than the lack of a clear understanding of what is expected of him on the job. In a performance driven workplace a lack of clarity regarding job duties and expectations can cause fear and anxiety among employees who are unclear of what is expected of them. Even worse outright anger can occur when a team member receives a negative performance evaluation based on expectations and job duties that he or she was unaware of or unclear about.

- **The Quality of Supervision and Mentorship:** It has been said so often that it is almost cliché, but people leave, not their jobs. Supervisors play the largest role in a team member's development and ultimate success within an organization. All employees want to have supervisors who are respectful, courteous, and friendly – that is a given. But more importantly team members want supervisors who should set clear performance expectations, deliver timely feedback on performance, live up to their word and promises, and provide an environment where the employee can grow and succeed. Failure by supervisors and management to provide this can cause an employee to start looking for greener pastures.
- **Fair and Equitable Treatment of all Employees:** One of the surest ways to create animosity and resentment in an organization is to allow favouritism and preferential treatment of individual team members. The so-called “good old’ boys club” create a noxious organization culture and foster resentment among team members. This culture will only get worse and can create a devastating exodus of valued team members.
- **Best Employee Reward Programs:** If these rewards are in terms of money, by dividing it into two parts and giving the first half parts with the initial month's salary and the remaining after six months helps in retaining the employee for six months.
- **Career Development Program:** Conditional assistance for certain courses should be provided within the company in which the company will bear the expenses only if he/she scores a certain aggregate of marks.
- **Performance Based Bonus:** To get more work out of the employees, remuneration in the form of bonus helps to retain individuals who are highly productive. It doesn't add extra – pressure on the company's budget. It can be arranged by cutting a part of the salary hikes.
- **Employee Referral Plan:** Introducing employee referral plans and giving referral bonus after six to nine months of continuous working of the new employee as well as existing employee reduces the hiring cost of new employee as well as helps retention of the existing ones for a longer period of time.
- **Loyalty Bonus:** After successful completion of a specified period of time in an organization rewarding employees with money or position gives recognition and satisfaction to them. It also gives encouragement to the fellow employees.

- **Giving Voice to the Knowledge Banks:** The important intellectual assets of the company are the workforce. The company should retain it through involving them in some of the important decisions
- **Employee Recreation:** Involvement of top management along with the lower and middle level management in some recreational activities makes the employees feel that they are very close to the management and are treated equality.
- **Gifts on some Occasions:** Giving some gifts on festivals and special occasions to the employees makes them feel good and realize that the management is concerned about them.
- **Accountability:** Creation of an environment that demands accountability and transparency helps employees to feel that they are as superiors. This helps in emotional bonding of the employees.
- **Surveys:** Conducting regular surveys, feedbacks from superiors as well as other issues like morale, development plans, etc. This make them feel important and understand that the company really cares for them
- **Fun and Laughter at Workplace:** Fun and laughter in a workplace lend a competitive advantage to an organization through its human recourses. The presence of humour in a workplace enables the employees to work with interest and enthusiasm that reduce the work pressure and attrition levels. It instils a sense of joy among the employees that can go a long way in creating a bond between the employees and the employer and thereby decreasing the rate of employee attrition. In a nutshell, creating a fun and laughter – filled work environment in an organization will pave the way for its success in the marketplace. Such a company is sure to emerge as an ‘employer of choice’. For every company, workforce is an intellectual capital which is the source of its competitive advantage and helps achieve the bottom line. Hence, retaining a well trained, skilled and contented workforce can lead a company to dizzy heights while the lack of it can hamper its growth badly. So, every resignation saved is every dollar earned.

3.7 NEED OF RETENTION IN IT INDUSTRY IN INDIA

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 global 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.

There are research gaps on various concepts on employee retention strategies. Not many studies are documented in the area of employee retention strategies. Each company follows its own employee retention strategy. Present study is an attempt to fill up these gaps by adopting both Indian and MNCs.

3.8 CONCLUSION

Conceptually, the term employee turnover underwent a change during the last quarter of the 20th century. It was rechristened as **employee attrition**. The Webster's Dictionary defines the term attrition as "the process or state of being gradually worn down". Accordingly the attrition process sometimes starts after a person is employed in an organization and ends when he quits or retires.

There is no set level of employee turnover that determines at what point turnover starts to have a negative impact on an organization's performance. Everything depends on the type of labour markets in which the employer is placed. Some employee turnover positively benefits organizations. This happens when a poor performer is replaced by a more productive employee, and can happen when a senior retirement allows the promotion or acquisition of welcome 'fresh blood'.

Calculating employee turnover is not a matter of simple mathematical method to measure employee turnover. It is necessary to take into account the root of the problem, by going back to the hiring stage. In fact, there are 9 key costs associated with departing

employees: Exit interviews, Advertising, Recruiting, Interviewing, Testing, Hiring, Orientation, Training, Lost productivity until they learn the job.

Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problems that plague companies in the competitive marketplace.

Why is Retention so Important? Is it just to reduce the turnover costs? It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached. The process of employee retention will benefit an organization in the following ways: The Cost of Turnover, Loss of Company Knowledge, Interruption of Customer Service, Turnover leads to More Turnovers, Goodwill of the Company, Regaining Efficiency.

Employee attrition is a very challenging problem not only in the industrialized countries but also in India which is fast industrializing. Attrition is considered to be one of the biggest challenges Indian corporate sector is facing today. According to these companies, it is a complex issue. Among all the industries in India attrition has gained seriousness in the IT industry and ITES organizations. In India there is an increasing demand and supply gap for professionals. It is sometimes difficult for HR managers to maintain consistency in performance and keep the motivation levels high especially when the work is monotonous. Some companies in India believe that the attrition rates and the costs associated with them are so high that they can override the benefits of lower wage costs. Hence, retaining a well trained, skilled and contented workforce can lead a company to dizzy heights while the lack of it can hamper its growth badly.

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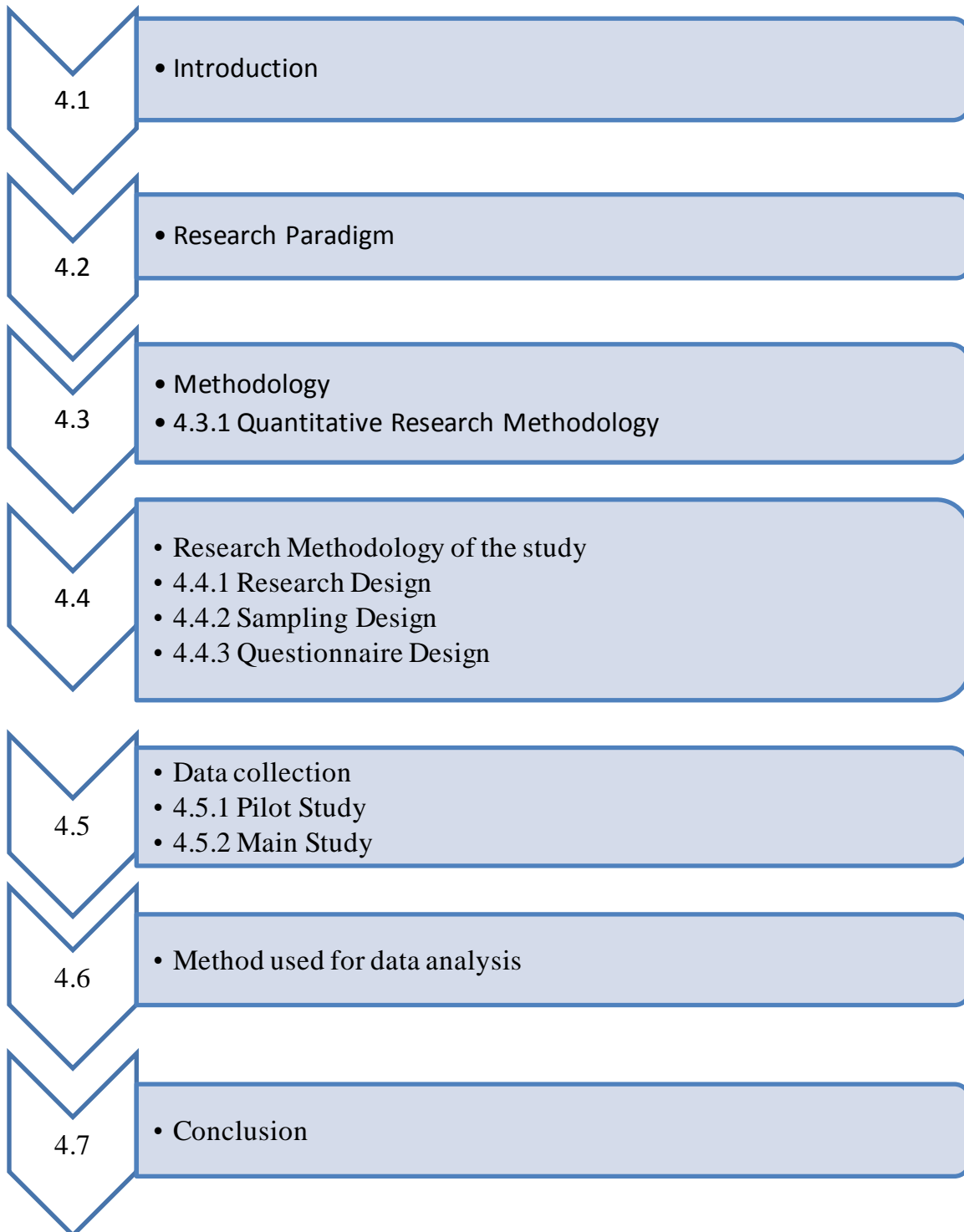
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Chapter-4

Research

Methodology & Data

Collection



4.1 Introduction

In this chapter researcher focused on the Research Methodology concept and the conceptual model of the research opt; which examines the various factors influences the attrition in the IT-units and possible retention strategy to reduce it in the IT-units in around Pune. The need is to understand the research paradigm with understanding the positive research approach and the process of the quantitative and qualitative methodology. Research design will provide the method of data collection and questionnaire design includes target population, sampling method, and sampling frame, sampling plan, sample size, measurement scale, validity and reliability measurement with statical method of data analysis.

4.2 Research Paradigm

A research paradigm is a basic set of philosophical beliefs about the nature of the world, which guides the thinking of researchers in the conduct of the research ^[1]. It reflects the fundamental position that researchers have to determine what problems are worthy of research exploration and the availability of the method to solve those problems ^[7]. In general, a research paradigm is a whole system of thinking in the social sciences. It includes basic assumptions, the important questions to be answered or puzzles to be solved, the research techniques to be used, and examples of what good scientific research looks like^[12].

Although choice of paradigm has been the subject of long-standing debate on the adequacy of research methods in the social sciences, failure to think about the philosophical position can seriously affect the quality of research management. That is, the research techniques for diverse methodologies are totally different from one other among the paradigms. For example, interpretative researchers are likely to collect, analyse, and interpret data simultaneously whereas positivist researchers aim to test hypotheses they previously developed (Neuman, 2006)^[9].

In terms of research quality management, there are three useful factors that may help the researchers understand the importance of philosophical beliefs. Firstly, they help to clarify the consequent research designs^[5]. This involves an entire system of thinking with every piece of the research, it also includes what kind of evidence is gathered, and from where, and how such evidence is interpreted in order to provide good answers to the basic research questions (Easterly et al., 1991, p.21)^[5]. Secondly, they can help the researchers to recognize which designs will

work and which will not work (Easterly et al., 1991)^[5]. Systematic thinking at the beginning of the research helps to prevent wasting time with incomplete plans. Lastly, they can help the researchers identify designs that may be outside his or her past experience (Easterly et al., 1991)^[5]. The researchers can therefore adapt research designs in relation to the constraints of different subjects or knowledge structures. Thus, it is believed that the researchers can easily reach their purposes as a result of the study if they establish what they believe about the nature of the world prior to the conduct of the research.

Since paradigms of the social sciences offer a variety of views about the nature of the world, they have been usually divided into a subjective and objective dichotomy. The subjective view is related to the researchers who look at reality as a projection of individuals' consciousness whereas the objective view sees reality purely as a concrete structure^[13]. For example, phenomenological insights represent the basic epistemological stance from a position of subjectivity. In contrast, the objective epistemology utilizes lab experiments to study the world. In general, the researchers with a subjective view represent an interpretative paradigm whereas the objective researchers represent a positivist paradigm^[5]. However, the following positivist-interpretative paradigms will be discussed using ontology, epistemology, and methodology.

4.3 Methodology

Methodology refers to the ways in which researchers discover or create knowledge about the world^[2]. It provides the tool or instrument to researchers that enable them to collect and analyse the data. The methodology of the positivist paradigm is regarded as the quantitative approach as it mainly measures variables and tests its hypotheses using descriptive and inferential data analysis techniques (Neuman, 2006)^[9]. For example, quantitative researchers construct a theoretical framework and test the hypothetical relationship between independent variables such as innovation and creativity and a dependent variable such as decision to stay.

In contrast, the methodology of the interpretative paradigm is regarded as the qualitative approach as it mainly emphasizes detailed explanations of cases with socially constructed meaning (Neuman, 2006)^[9]. It includes ethnographies, case studies, action research, and grounded theory. The methodological tools used in collecting and analysing data include observation, in-depth interviewing, and focus groups (Neuman, 2006)^[9]. For example, the

retention of software development employees could be explored through the in-depth interviewing of case studies.

A scientific research that justifies the managerial decision making in the social world is a traditional approach ^[11]. It is regarded as an effective problem-solving approach that involves an organized, systematic, critically objective, scientific inquiry into a specific problem that needs a solution. In addition, phenomenal interests of investigation are characterized by the testing of hypothetical relationships (Davis, 2005)^[3]. The characteristics of positivist research are based on the beliefs that the social world exists externally and its phenomena can be measured through objective methods, rather than being interfered with subjectively through sensation or intuition (Easterby, et al., 1991)^[5]. These authors have further identified the following elements in order to guide the research of universally accepted.

1. Independence: the observer is independent of what of what is being observed;
2. Value-freedom: the choice of what to study, and how to study it, can be determined by objective criteria rather than by human beliefs and interests;
3. Causality: the aim of social sciences should be to identify causal explanations and fundamental laws that explain regularities in human social behaviour;
4. Hypothetic-deductive: science proceeds through a process of hypothesizing fundamental laws and then deciding what kinds of observations will demonstrate the truth or falsity of these hypotheses;
5. Operational method: concepts need to be made operational in a way which enables facts to be measured quantitatively;
6. Reductionism: problems as a whole are better understood if they are reduced into the simplest possible elements;
7. Generalization: in order to be able to generalize about regularities in human and social behaviour it is necessary to select samples of sufficient size;
8. Cross-sectional analysis: such regularities can most easily be identified by making comparisons of variations across samples (Easterby et al., 1991, p.23)^[5].

These guidelines help to answer the research question that examined the relationship between retention factors and software development employees' decisions to stay in the IT

companies. The choice of the positivist paradigm for this research was justified for the following reasons.

Firstly, the relationship between retention factors and software development employees' decisions to stay exists objectively and externally. The some retention factors naturally exist according to the literature, and none of them are changed or influenced by the researcher.

Secondly, the researcher has a lower level of influence on collected data than he would in a qualitative study. While no research is wholly value free or fully objective, using a survey method with questions chosen from established instruments and statistical analysis places the research more towards the objective range of a methodological continuum.

Finally, this research tests the hypotheses and explains how the retention factors affect the software development employees' decisions to stay in the IT industry. This study mainly examines the relationships of hypotheses rather than building a new theory. Therefore, quantitative research is believed to be more suitable for such kind of research.

4.3.1 Quantitative and Qualitative Research Methodology

Neuman (2006)^[9] has stressed that quantitative researchers often rely on a positivist approach to social science. The process of this approach is through quantitative techniques using surveys and statistics. This approach precisely measures identified variables and tests hypotheses that are linked to general causal explanations. More importantly, it is an organised method for combining deductive logic with theoretical framework. This consequently discovers and confirms a set of probabilistic causal laws that can be used to predict general patterns of human activity (Neuman, 2006)^[9]. Therefore, quantitative research is believed to create knowledge through objective, controlled, statistical tests, measurements, stimulated exercises, and models.

Since quantitative research has been built upon the hypothetical-deductive method, it has created a seven-step process of building blocks of social science ^[4]. This process begins with the interest of the researcher, and is followed by preliminary information gathering, theory formulation, hypothesizing, further scientific data collection, data analysis, and deduction. Davis (2005, p.59)^[3] has also stressed that the direction of the deductive method begins with abstract concepts and theoretical relationships then works towards more concrete empirical evidence.

This research began with the researcher's interests in the IT employees in the IT-units in around Pune as important assets of companies. It is believed that not retaining those important assets would be a risk to the success of IT companies as voluntary turnover rate is very high in the IT industry in Pune as discussed with the HR managers. This demonstrated the deductive process of the researcher's interests at the beginning of the quantitative research.

Qualitative research is designed to reveal a target audience's range of behaviour and the perceptions that drive it with reference to specific topics or issues. It uses in-depth studies of small groups of people to guide and support the construction of hypotheses. The results of qualitative research are descriptive rather than predictive.

Qualitative research methods originated in the social and behavioural sciences: sociology, anthropology and psychology. Today, qualitative methods in the field of research include in-depth interviews with individuals, group discussions (from two to ten participants is typical); questionnaire method, diary and journal exercises; and in-context observations. ^[11]

4.4 Research Methodology opt for the study

The conceptual model of the research is based on the review of the literatures, and the theoretical framework of the hypothesis consider in the chapter one.

IT industries in India especially in Pune are 22 years old and skill IT professionals demand is growing day-by-day. The dynamism of IT industry and fluctuation in Attrition in these industries are the key factors for the matter of research frequently. As per research review the retention strategy are changing in IT Industries and dynamically the HR department has to observe the psychology of IT professionals and IT job scenario in IT industries, accordingly the HR department has to reframe their retention policy. So the investigations for the retention strategy of IT industries are to be part of this research. The study is constructed for employee decision to stay with IT-units is associated with the retention variables: compensation scheme, career growth, work life balance, job satisfaction, motivation, environment team work, management effectiveness, competency, commitment, appraisal system, involvement, gender issues, etc. These identified variables were tested for the casual explanations of their relationship with IT employees' decision to stay.

Finally, a research design was set up to decide on how to collect further data, analyse and interpret those data, and provide an answer to the identified issues (Sekaran, 2000)^[10]. This is the deductive process (see Figure 4.1) drawing from the logical analysis of scientific research.

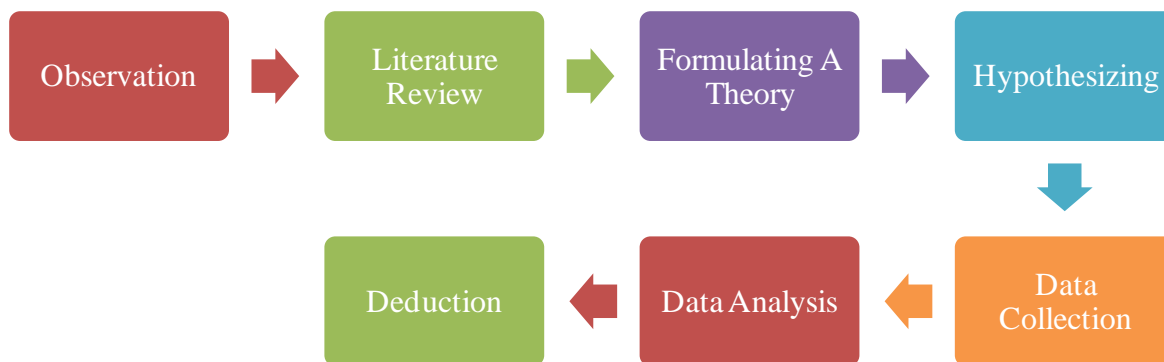


Figure 4.1: Flow of Deduction process

Source: Developed for this research based on Sekaran (2000)^[10].

4.4.1 Research Design

Research design is a master plan that specifies methods and procedures for collecting and analysing the needed information^[3]. This is a framework that plans the action for the scope of the study as it provides appropriate techniques to conduct the research. In fact, it sets up the preferences of the researcher with the sources of information, the method of data collection, the sampling methodology, explanation of the research variables, and statistical methods for data analysis.

The research design adapted for the present study is a Descriptive and Diagnostic Research Design. This design is found suitable because the study deals with a retention problem that extensively exists in the IT industry and challenges especially for the Human Resource Department of the IT-units to develop different strategies to keep people with the organization for a sufficiently longer time.

The research is divided into two parts- in the first part the conceptual model of the research is based on the literatures review and the theoretical framework of the hypothesis consider with respect to **Employee perspectives** and the structured Questionnaire directive approach has been considered. In the second part, case study of multiple IT-units has been considered to understand what retention practices adopted by HR manager to retain the employees and effectiveness of the retention practices as an **Employer prospective**. The semi structured interview method used to collect the data from HRD of the selected IT units of Pune, to cover up what conventional and non- conventional retention practices implemented by the IT units, the effectiveness of retention practices and different level of hierarchy mostly participates in turnover.

4.4.2 Sampling Design

It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design also leads to a procedure which tells the number of items to be included in the sample also known as size of the sample.

Pune is the Silicon Valley of India. One finds a large number of IT and ITES companies located in and around Pune. The study covers the whole of the geographical region of Pune having only IT companies. These are Indian owned, the Multinationals, small and big employing a couple of hundred people to over a laky of employees – technical, managerial and administrative support. This vast industrial base provides wide opportunities to select IT-units 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 IT-units.

Sample area: Sampling population and area taken, is segregated in and around Pune (Hingiwadi IT park, Magarpatta, Koregoan, Rajiv Gandhi IT park PCMC).

Sample Frame is IT-units (MNC, big and small units) listed under Pune Maratha Chambers of Commerce and Industries and Agriculture (MCCIA) have been considered. Out of around 402 IT-units in MCCIA, 42 IT-units taken for the study.

The **sampling technique** used for study is simple random sampling/ probability sampling.

Respondent type: The IT employee, who has left the organization at least once, is considered for the study. The respondent can be male or female, any age group and any designation with 1 year and onwards experiences.

Sample Size: Out of around 402 IT-units in MCCIA, 42 IT-units had taken for the study. The total approximate populations were 6000 employees in these 402 IT-Units. The data collection was undertaken through the IT employee in IT- units at Pune, the total target population for this study was 600 employees.

4.4.3 Questionnaire Design

Relevancy and accuracy are two major concerns associated with questionnaire design. Relevancy refers to questions being asked that are relevant to the identified variables, whereas accuracy refers to information that is reliable and valid (Zikmund, 2003)^[11]. Generally, it relates to principles of wording, which include content and length, wording and language, and form of questions (Sekaran, 2000)^[10].

Content: Content of questions should properly measure respondents' attitudes, beliefs, and opinions based on the variables of a conceptual model (Sekaran, 2000)^[10]. In this research, there were twelve independent variables and two dependent variables which were identified and considered. The independent variables were financial compensation scheme, career growth, work life balance, job satisfaction, motivation, environment team work, management effectiveness, competency, commitment, appraisal system, involvement and gender issues. This is also considered to understand most influencing reason for attritions which will help the HR department to frame their retention policies. The dependent variables age and experience were main factors for the decision of attrition and retention.

Wording and Language: Words and wording used for this research were reviewed by the software development employees in IT industries in Pune. This ensured that target respondents were properly communicating and using the same language. This ensured that the questions were developed based on the art of asking questions, which is using simple and conversational language, and avoiding leading and ambiguous questions (Zikmund, 2003)^[11].

Form of Questions: The questionnaire is divided into four sections– in the first section information collected on general information as Name of the Organization (optional), Type-National/MNC, Total working force, Current designation of the respondent, . The information collected on Dependent variables through this questions- How long ago did you leave your prior company?, Previous designation of the respondent, How long were you in your current position?, Total work experience, No. Of jobs changed to test the hypothesis-

those 1-2 years experienced employees leave job more frequently in 21 to 35 years of age, employees leave job for change in designation. Second section was designed to collect information on background- Gender, Marital Status, No. of dependents to understand the factor influencing for job attrition or not. The next section which is third one was used to understand the trends of most influencing reasons for attrition which one should consider for retention design. Section four is to understand and prove the hypothesis of to test whether the satisfaction level is independent of the reasons for jobs changed.

Welcome Message: The welcome message was included in the questionnaire which motivates respondents by providing an opportunity to describe the purpose of the survey and discuss the conditions of anonymity and confidentiality.

Development of the Measurement Scale: In section one and two the questions asked were open ended for nominal and ordinal scale. The section three contains closed ended questions which consist of Likert-type scale of 1-5, as can be “5 for poor”, “4 for bad”, “3 for neutral”, “2 for good”, “1 for Excellent”. Based on the above the questionnaire is designed and used for main data collection survey. The details of the questionnaire are in the appendix- 1.

4.5 Data collection

The steps in the data collection process for this study involved the pilot study and main study. Both studies were sequentially important to the consequence of data interpretation with validity and reliability. Gorard (2003)^[6] has stressed that comments made in the pilot study could apply equally well to the main study. That is because the pilot study is a pre-tested study which involves a much smaller sample, testing out all aspects of the survey^[8]. Therefore, a pilot study was conducted on a small sample to:

- 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.

Further, for the main study the questionnaire is modified for the survey.

4.5.1 Pilot study:

In this study, 30 employees from six IT-units (Capgemini, Tech Mahindra, Cognizant, Infosys, Sementac and Syntel) have been approached with the condition that they have switched their job at least once. The questionnaire were distributed to the employees who were willing to help researcher in pilot study considering that within 7 to 8 days they will read & and return the questionnaire with suggestions. Out of 30 respondents, 25 had responded effectively for the completion of pilot study and 5 respondents did not responded due to various reasons, so the response rate was 83.33% as per table-X

Table-4.1: Pilot study statistics.

Sr. no.	Name of the company	Survey in	Employees approached	Response received	Response not received
1	Capgemini	Mid of Feb to 23 rd April 2009	5	4	1
2	Tech Mahindra		3	3	0
3	Cognizant		7	5	2
4	Infosys		4	4	0
5	Sementac		5	4	1
6	Syntel		6	5	1
	Total		30	25	5

4.5.2 Main Study

The study was conducted in two phases. In the First Phase, the permission from the concerned authorities of IT industries was obtained by the researcher in advance. In the Second Phase the researcher introduced himself to each respondent individually and briefed them about the need for the study. They were conveyed orally that they are voluntarily participating in the research study and the consent for the same are optioned from their authority and nothing is going to be wrong with them. The respondents were requested to fill up the four sections of the questionnaire. 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. The researcher administered the questionnaire with the introductory conversation.

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.

During main study, a few of the IT-units were not ready to cooperate, some of them were closed down, because of which data were collected from 36 units only as considered 42 units during the sample size consideration. In order to achieve a similar or better response rate, that of the pilot survey was, the 600 respondents were invited to participate in the main survey and 576 respondents response were found valid. The response rate was 96% for the main study. Two types of scale were used. Likert 5 point scale (1-Very low influenced, 2- Low influenced, 3- Moderate influenced, 4- Highly influenced, 5- Very highly influenced) for composite variables and dichotomous scale (1= Yes and 2 = No) for retention variables. Details of company type and responses receives is tabulated in Table- XX

Table-4.2 *Period and response analysis of respondents of various industries during main study*

Sr. no.	Name of the company	Survey in	No. of employees approached	No. of employees responded
1	Access IT connect Pvt. Ltd.	May 2009	15	14
2	Amdocs		20	20
3	ATOS Origin		15	12
4	Axis IT connect Pvt. Ltd	June 2009	30	27
5	Capgemini		25	22
6	CDAC		19	17
7	Cognizant		17	25
8	EFKON	July 2009	16	15
9	Electronic Data system		19	15
10	HI Logic Pvt. Ltd.		20	19
11	HSBC		10	10
12	IBM	August 2009	16	15
13	Indus Soft		20	16
14	Infinite Technology		15	15
15	Infosys		15	15
16	JRC Software		18	16

17	Magnus OPUS		20	15
18	Mahindra Satyam	September 2009	15	15
19	Mphasis		15	15
20	Net Pulse		18	18
21	Nihilent Tech.		12	12
22	Pragmities Pvt. Ltd.		16	16
23	Rage Framework		15	15
24	S1	October 2009	16	16
25	Sementac		17	17
26	Sugen Software		14	14
27	Sumeru Info System Pvt. Ltd	November 2009	10	10
28	Sungard		15	15
29	Syntel		15	15
30	Tech Mahindra		22	22
31	TTP Technology	December 2009	8	7
32	Web Tech. Developer Pvt. Ltd.		17	17
33	Wex Tech. Pvt. Ltd		17	17
34	Wipro		15	15
35	WNS		15	14
36	Zenser Tech.	January 2010	18	18
	Total		600	576

It needs to be mentioned here that the data collection process as pilot survey and main survey was happened in February 2009 to January 2010.

4.6 Method used for Data Analysis

Qualitative and quantitative methods will be used for data analysis. Collected data will be interpreted through Table, charts, graphs for quantitative analysis and Histograms, Bar, Pie etc for graphical presentation of findings. Non-Parametric–Tests will be applied for hypothesis testing, which are:

Cochran Q-Test will be done to find most and least influencing retention variables.

Friedman chi square and **Wilcoxon signed –rank test** for the significant test

Skewness test and **Kurtosis tests** will be used for ranking the composite variables under each retention variables.

Pearson chi-square test will be applied to understand that is there any relationship between age and number of job changed,

Cross tabulation will be done to find out the nature of relationship between age group and no of job changed.

One way ANOVA will be used to come across difference between levels of retention significance in different age groups.

In Multi-case study, the data collected in structured and non-structured form will be analysis using graph and table to understand employee retention practices followed in IT-units and their effectiveness.

4.7 Conclusion.

Quantitative methodology was chosen for this research based on the justification of the research question which examined the relationship between retention factors and software development employees' decisions to stay in the IT industry in Pune. The sample of the target population was full-time IT employees working in an around Pune IT-units.

A random sampling technique for IT-units including National and Multi-national and IT employees were used for this research. The sample sizes of 600 are collected for the data analysis. The questionnaire design was developed based on the hypotheses and conceptual framework considered. The questionnaire is divided into three sections, the first sections is Background Information of respondents, second session consist of research questions to test retention factors for job changed with composite variables to test more inside the retention and the last section is to understand the objective of age group and retention variable relationship. The data collection process is completed from May 2009 to January 2010 from effective 36 IT-units with 576 respondents. Collected data are further processed using various statistical tools to find the answer of the research question and objectives in next chapter (data analysis and results).

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Chapter-5

Data Analysis and results

5.1	• Introduction
5.2	• Data analysis tools and their purpose
5.3	• Data Evaluation, Analysis and Testing 5.3.1 Descriptive data analysis and evaluation 5.3.2 Data analysis method and description 5.3.3 Hypothesis testing • 5.3.3.1 Testing Hypothesis • 5.3.3.2 Testing and conclusion of Hypothesis- 1 (A to L)
5.4	• Conclusion

5.1 Introduction

The purpose of this chapter is to test the hypotheses regarding the HRM practices for retention in IT-units. Further, attempts have been made to discuss in detail the laid down objectives of the study. All the questions answered by the respondents from IT-units have been presented here in the form of tables and histograms. Hence, an attempt is made to find out the retention factors influencing IT employees has to take the decisions to leave or retain with their company. Other than this, researcher has also analysed the relationship of age with number of job change and are the retention variables influencing frequent job hopping, as formulated in hypothesis of chapter one and survey data collected as per the chapter four.

A short description, analysis and relationship between independent and dependent variables have been provided. The researcher has used the softwares (MS-Excel and SPSS 20) for data analysis, to answer the hypothesis, problem statements and objectives as framed in chapter one.

The statistical tools used are:

- i. Chi-Square test for hypotheses testing of relationship between retention and its dependent variables.
- ii. Cochran- Q test to find the most and least dependent retention variables influencing in IT Industries.
- iii. Friedman test, Wilcoxon signed –rank test, skewness and kurtosis test are used to know significance of the dependent variables of retention dependent variables with their rank.
- iv. General frequency and percentages to measure the respondent view on various retention policy.
- v. Histograms, Bar, Pie etc for graphical presentation of findings.

5.2 Data analysis tools and their purpose

It designates with the help of Cochran Q- Test that out of twelve intrinsic and extrinsic factors, IT professional emphasis more on job hopping while thinking of job hopping. Friedman test and Wilcoxon signed –rank test facilitate to concluded that there is a significant difference in the importance of employees attach to the various factors of compensation scheme, career growth, work life balance, team work, commitment, appraisal system and gender issues and factors job satisfaction, environment, management effectiveness, competency and involvement were not significant.

Whereas, Skewness test and Kurtosis tests are facilitate to point out which individual sub-factor of all twelve factors of attrition considered for study, influence attrition in the IT industries. Bivariate-co-relation test is used to measure if there is any relationship between number of job changed and twelve factors of attrition. Chi-square test of contingency is use to know if there is any relationship between age and number of job changed. In order to, find out the nature of relationship we refer to cross- tabulation. One way ANOVA test is done to know that the four age groups are not identical or not.

5.3 Data Evaluation, Analysis and Testing

The primary data has been collected and analysis to present a comprehensive analysis of various phenomenon of employee retention in IT industries.

5.3.1 Descriptive data analysis and evaluation

The descriptive study analysis is from 36 IT industries, out of 600 circulated questionnaires 576 were received from IT professionals. The data was collected from the IT professional who has left the job at least one time. The collected data are segregated into four age groups 21 to 25, 26 to 30, 31 to 35 and 36 +. The data was collected from both the genders (male as well as female) of all age groups, presented in the Table - 5.1 and graphically presented in the Figure - 5.1.

Table- 5.1: Summary of Gender in comparison of Age

Age group	Total	%	No. of res pondent			
			Male	%	Female	%
21 to 25	198	34.37	108	54.55	90	45.45
26 to 30	190	32.98	114	60	76	40
31 to 35	98	17.01	76	77.55	22	22.45
36 +	90	16.62	76	84.44	14	15.56
Total	576		374	64.93	202	35.07

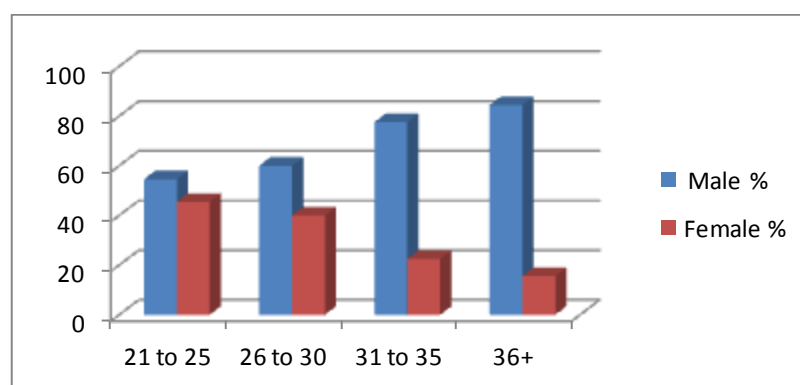


Figure-5.1: Summary of Gender in comparison of Age in percentage

As per above Table – 5.1, out of 576 respondents, 198 (34.37%) respondents were from 21-25 years age group, within which male were 108 (54.55%) and female were 90 (45.45%). In the age group from 26-30 years there were 190 (32.98%), where in male respondents were 114 (60%) and female were 76 (40%). In the age group from 30-35 years there were 98 (17.01%), where in male respondents were 76 (77.55%) and female were 22 (22.45%). In the age group from 36 + years there were 90 (16.62%), where in male respondents were 76 (84.44%) and female were 14 (15.56%).

Other than age group and gender there were more four survey questions which were related to demographics including Industries worked in- MNC or National, current designation of respondent - Jr. Level, Middle level and Higher Level, their years of experiences as 1-5years , 6-10years, 10-15years, 16+ years and number of job changed at the time of questionnaire filled as 1-job changed, 2-jobs changed, 3-jobs changed, 4-jobs changed & 5+ jobs changed in the total experiences. All these information are tabulated in the Table- 5.2

Table- 5.2: Other demographic data.

Demographic Variable	Category	Frequency	Percentage
Respondent from Industries	National	14	39%
	MNC	22	61%
Respondent Designation/employee position level	Jr. Level	307	53.30%
	Middle Level	224	38.89%
	Higher Level	45	7.81%
Years of Experience at the time of survey	1-5years	374	65%
	6-10years	173	30%
	10-15years	17	3%
	16+ years	12	2%
Number of Job changed	1 time	267	55%
	2 times	145	26%
	3 times	90	13%
	4 times	52	5%
	5 times and above	22	2%

According to the Table 5.2 the data was collected from 36 industries, out of which 22 (61%) were MNC and 14(39%) were in Nationalised industries. The respondents were of all levels (junior, middle and higher). The junior level employees were 307(53.3%), middle level employees were 224 (38.89%) and higher level employees were 45 (7.81%). In the 576 responses, 1-5years experiences were 374(64.93%), 6-10years experiences were 173(30.03%), 10-15years experiences were 17(02.95%), and 16+years experiences were 12(02.08%).

5.3.2 Data analysis method and description

Non-parametric test are used to test the hypotheses in the research. Non- parametric test is used when researcher do not depend on any assumption. Based on the above considerations, researcher adopted appropriate statistical test to evaluate the hypothesis and presented in the tabular form where ever is necessary.

For the hypothesis-1: Cochran Q-test: Cochran's Q test is a non-parametric statistical test, to verify whether k treatments have identical effects. Cochran's Q test should not be confused with Cochran's C test, which is a variance outlier test.

Cochran Q- test is used to study if there is a difference in importance attaches to the various attrition factors. *Employee leave job due to Intrinsic and Extrinsic factors such as 'Compensation scheme', 'career growth', 'work-life-balance', 'job satisfaction', 'environment', 'team work', 'management effectiveness', 'competency', 'commitment', 'appraisal system', 'involvement' and 'gender issues'*. These retention variables are further consisting of various composite variable as stated in the Table- 5.3.

To know the significance of these factors, researcher has applied **Friedman's chi-square test or Wilcoxon signed-rank test**. Friedman's test is a nonparametric test for treatment differences in a randomized complete block design. Each block of the design might be a subject or a homogeneous group of subjects. If blocks are groups of subjects, the number of subjects in each block must equal the number of treatments. Treatments are randomly assigned to subjects within each block. If there is one subject per block, then the subjects are repeatedly measured once under each treatment. The order of treatments is randomized for each subject. This test is done for *Compensation scheme, career growth, work-life-balance, job satisfaction, environment, team work, management effectiveness, competency, involvement and gender issues* are influenced by more than two factors.

The Wilcoxon signed-rank test is a non-parametric statistical hypothesis test used when comparing two related samples, matched samples, or repeated measurements on a single sample to assess whether their population mean ranks differ (i.e. it is a paired difference test). The Wilcoxon signed-rank test is not the same as the Wilcoxon rank-sum test, although both are nonparametric and involve summation of ranks. Wilcoxon signed – rank test is used for **commitment** and **appraisal system** because both variables are influenced by only two factors.

Table- 5.3 Retention variables and their composite variables

Retention variables	Composite variables of retention variable
A. Compensation Scheme	<ol style="list-style-type: none"> 1. Salary 2. Fringe benefits 3. Insurance 4. Rewards and incentives
B. Career Growth	<ol style="list-style-type: none"> 1. Availability of better roles 2. Initiatives/Responsibilities 3. Opportunities of higher studies 4. Job expectation v/s reality 5. Promotion Policy
C. Work-life-balance	<ol style="list-style-type: none"> 1. Availability of flexible working hour 2. Availability of work from home 3. Availability of job sharing 4. Availability of compensatory off for working on off days 5. Work pressure
D. Job Satisfaction	<ol style="list-style-type: none"> 1. Proper utilization of skills 2. Proper HR Policies 3. Co-operation among co-worker 4. Transparency in communication 5. Challenging job task
E. Environment	<ol style="list-style-type: none"> 1. Well organized working environment 2. Resource to perform job effectively 3. Hierarchy in management
F. Team Work	<ol style="list-style-type: none"> 1. Support by team members to perform role effective 2. Work in team is appreciated and recognized 3. Task being properly allocated among team member 4. Innovation of doing things are appreciated by team members 5. Team is effectively managed by team leader
G. Management Effectiveness	<ol style="list-style-type: none"> 1. Support by team members to perform role effectively 2. Work in team is appreciated and recognized 3. Task being properly allocated among team member 4. Innovation of doing things are appreciated by team members 5. Team is effectively managed by team leader
H. Competency	<ol style="list-style-type: none"> 1. Staff development programme held to add value to the skill 2. Ability to perform assigned jobs 3. Organization gives new opportunities
I. Commitment	<ol style="list-style-type: none"> 1. Take responsibility to put extra effort when necessary 2. Committed to the goals of the organization
J. Appraisal System	<ol style="list-style-type: none"> 1. Performance appraisal System adequately done 2. 360° feedback
K. Involvement	<ol style="list-style-type: none"> 1. The employees involved in managerial decision making 2. Management keeps department informed about happening's in the organization 3. Receive a proper induction while joining
L. Gender Issues	<ol style="list-style-type: none"> 1. Gender discrimination 2. Behaviour of co-worker 3. Behaviour of Management

To know the rank of composite variables of twelve retention variables mentioned in Table-5.3, **skewness and Kurtosis test (SK)** was done. These tests were used to test for normality in the study. Skewness is a measure of the asymmetry of the probability distribution of a random variable about its mean. In other words, skewness tells you the amount and direction of skew (departure from horizontal symmetry). The skewness value can

be positive or negative. Kurtosis is any measure of the "peaked ness" of the probability distribution of a random variable. In other words, kurtosis tells you how tall and sharp the central peak is, relative to that of a standard bell curve.

For the hypothesis -2, Bivariate correlation has used by the researcher to measure the relationship between number of job changed and retention variables. It measures the strength of their relationship, which can range from absolute value 1 to 0. The stronger the relationship, the closer the value is to 1. The relationship can be positive or negative; in positive relationship, as one value increases, another value increases with it. In the negative relationship, as one value increases, the other one decreases.

For the hypothesis -3: Chi-square test of contingency was done to learn, if there is any relationship between age and number of job change. Pearson's chi-squared test (χ^2) is a statistical test applied to sets of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance. Contingency tables in done to decide whether or not there are relationships between age and number of job change.

One way ANOVA was used to determine whether there is any significant difference between four age groups. (ANOVA) is used for the case of a quantitative outcome with a categorical explanatory variable that has two or more levels of treatment. The term one- way, also called as one-factor, indicates that there is a single explanatory variable (treatment) with two or more levels, and only one level of treatment is applied at any time for a given subject.

Quantitative test method was applied and tabulation for the analysis of some of the objective. The Graphical representation is also used to know which the retention factors influences on different age group are.

5.3.3 Hypothesis testing and the result analysis

5.3.3.1 Testing of Hypothesis-1:

<i>H₀: There is no difference in the importance employees attach to the various attrition factors.</i>

<i>H₁: There is significant difference in the importance employees attach to the various attrition factors.</i>
--

The study is conducted to test the hypothesis- if there is a difference in importance attaches to the various retention variables that influence attrition. Each variable was measured using a dichotomous scale (1= Yes and 2 = No). The frequency distribution and mean rank

values are indicated in the table-5.5. Cochran Q-Test with **Level of Significance:** $\alpha = 0.05$ is applied to test the importances of employees attach to the various retention variables and result is tabulated in table-5.4. Further, Friedman chi-square test and Wilcoxon Signed Ranks test are also applied to find most influencing retention variables.

Table -5.4: Cochran's Q test statistics

Test Statistics			
N	Cochran's Q	Df	Asymp. Sig.
571	1409.519 ^a	11	0.000

Where in, N= number of respondent, Df - degrees of freedom, Asymp. Sig. = asymmetry of the probability distribution i.e P value.

Observation: From the Table-5.4 , the Cochran's Q (11) =1409.519, P value = 0.000, N=571. Since the P value (0.000) is less than level of significance (0.05). Hence, there is some significance value in the importance of employees attaching to the various retention variables and their ranks with influence are presented in the table-5.5.

Table-5.5: Frequencies distribution, Mean Rank and test results on retention variables.

Retention variables	Responses	Frequencies	Mean Rank	Significance
A. Compensation Scheme	344	59.72	172	Significant
B. Career Growth	394	68.40	197	Significant
C. Work-life-balance	373	64.76	186.5	Significant
D. Job Satisfaction	338	58.68	169	Significant
E. Environment	72	12.50	36	Not-Significant
F. Team Work	132	22.92	66	Not-Significant
G. Management Effectiveness	318	55.21	159	Significant
H. Competency	155	26.91	77.5	Not-Significant
I. Commitment	170	29.51	85	Not-Significant
J. Appraisal System	330	57.29	165	Significant
K. Involvement	109	18.92	54.5	Not-Significant
L. Gender Issues	56	9.72	28	Not-Significant

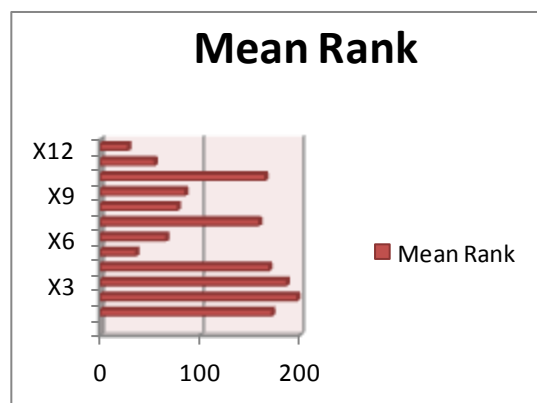
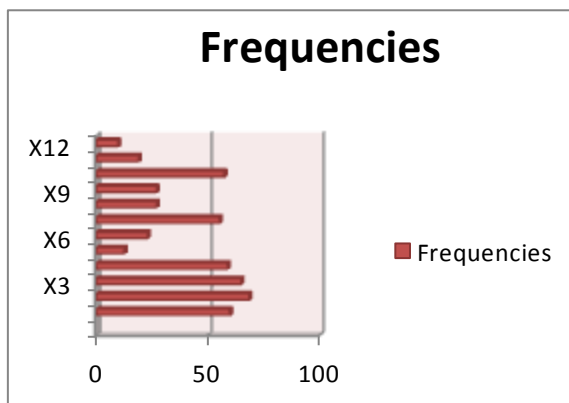


Figure-5.2: Frequencies distribution retention variables

Figure-5.3: Mean rank of retention variables.

By table-5.5 and figure-5.2 & 5.3 it can be observed that there are six retention variables mostly influencing retention that are:

- i) *Career growth*
- ii) *Work-life balance*
- iii) *Compensation*
- iv) *Job satisfaction*
- v) *Appraisal system*
- vi) *Management effectiveness.*

The retention variables are composed of two and more composite variable as per table-5.3. The Friedman chi-square test and Wilcoxon Signed Ranks Test has been used to test is there any difference in the importance of employees attach to the various composite variable on the retention variables and the results are tabulated in the table-5.6 & 5.7. The Skewness, Kurtosis and Mean Rank testing tools are used to test the hypothesis.

Table-5.6: Friedman chi-square test on retention variables with Level of Significance: $\alpha=0.05$)

Retention variables	N	Chi-square	Df	Asymp. Sig.
A. Compensation Scheme	575	21.900	3	.000
B. Career Growth	398	8.840	4	.065
C. Work-life-balance	576	13.711	4	.008
D. Job Satisfaction	575	5.371	4	.251
E. Environment	576	2.601	2	.272
F. Team Work	132	7.849	4	.097
G. Management Effectiveness	573	1.045	4	.903
H. Competency	576	1.171	2	.557
K. Involvement	574	33.857	2	.000
L. Gender Issues	574	33.857	2	.000

Table-5.7: Wilcoxon Signed Ranks Test with Level of Significance: $\alpha=0.05$

Retention variables	Z	Asymp. Sig. (2-tailed)
I. Commitment	-.610 ^b	.542
J. Appraisal System	-3.024 ^b	.542

Testing of Composite variables, under six influencing retention variables of Hypothesis.

Further, the researcher tested composite variables under each **most influenced retention variables**, the Skewness & Kurtosis tests are applied and their importance are analysed.

A. Composite variables influencing Compensation scheme:

i. Salary

Table-5.8: Evaluation of Salary on Likert scale

Salary					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	42	7.3	12.1	12.1
	Low influenced	66	11.5	19.0	31.1
	Moderate influenced	124	21.5	35.7	66.9
	Highly influenced	90	15.6	25.9	92.8
	Very highly influenced	25	4.3	7.2	100.0
	Total		347	60.2	100.0
Missing	System	229	39.8		
Total		576	100.0		



Figure-5.4: Histogram for Salary

ii Fringe Benefits

Table-5.9: Evaluation of Fringe benefits on Likert scale

Fringe benefits					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	50	8.7	14.4	14.4
	Low influenced	55	9.5	15.9	30.3
	Moderate Influenced	113	19.6	32.6	62.8
	Highly influenced	101	17.5	29.1	91.9
	very highly influenced	28	4.9	8.1	100.0
	Total	347	60.2	100.0	
Missing	System	229	39.8		
Total		576	100.0		

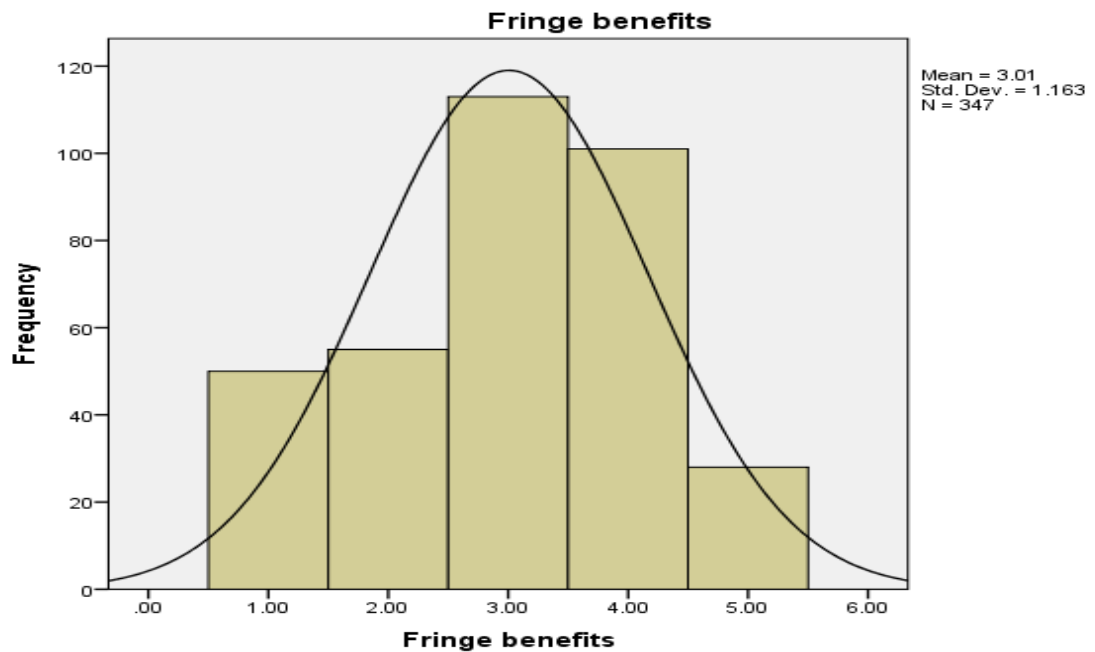


Figure-5.5: Histogram for Fringe benefits

iii. Insurance

Table-5.10: Evaluation of Insurance on likert scale

		Insurance			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	67	11.6	19.3	19.3
	Low influenced	66	11.5	19.0	38.3
	Moderate Influenced	107	18.6	30.8	69.2
	Highly influenced	75	13.0	21.6	90.8
	very highly influenced	32	5.6	9.2	100.0
	Total	347	60.2	100.0	
Missing	System	229	39.8		
Total		576	100.0		

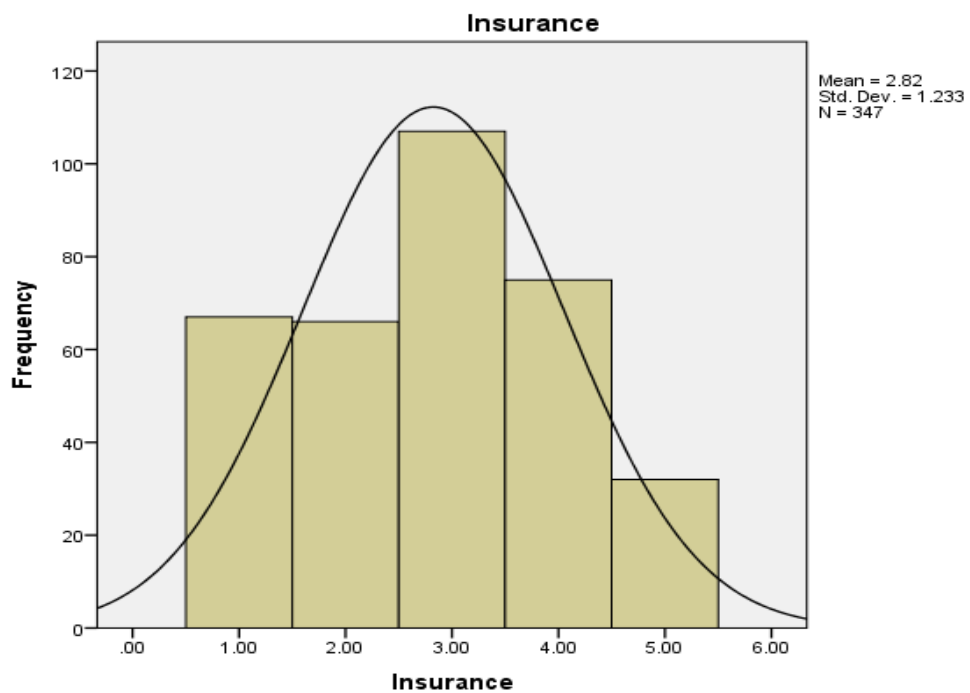


Figure-5.6: Histogram for Insurance

iv. Rewards and incentives

Table-5.11: Evaluation of Reward & incentives on Likert scale

Rewards & incentives					
		Frequen cy	Percent	Valid Percent	Cumulat ive Percent
Valid	Very low influenced	36	6.3	10.4	10.4
	Low influenced	62	10.8	17.9	28.2
	Moderate Influenced	119	20.7	34.3	62.5
	Highly influenced	96	16.7	27.7	90.2
	very highly influenced	34	5.9	9.8	100.0
	Total	347	60.2	100.0	
Missing	System	229	39.8		
Total		576	100.0		

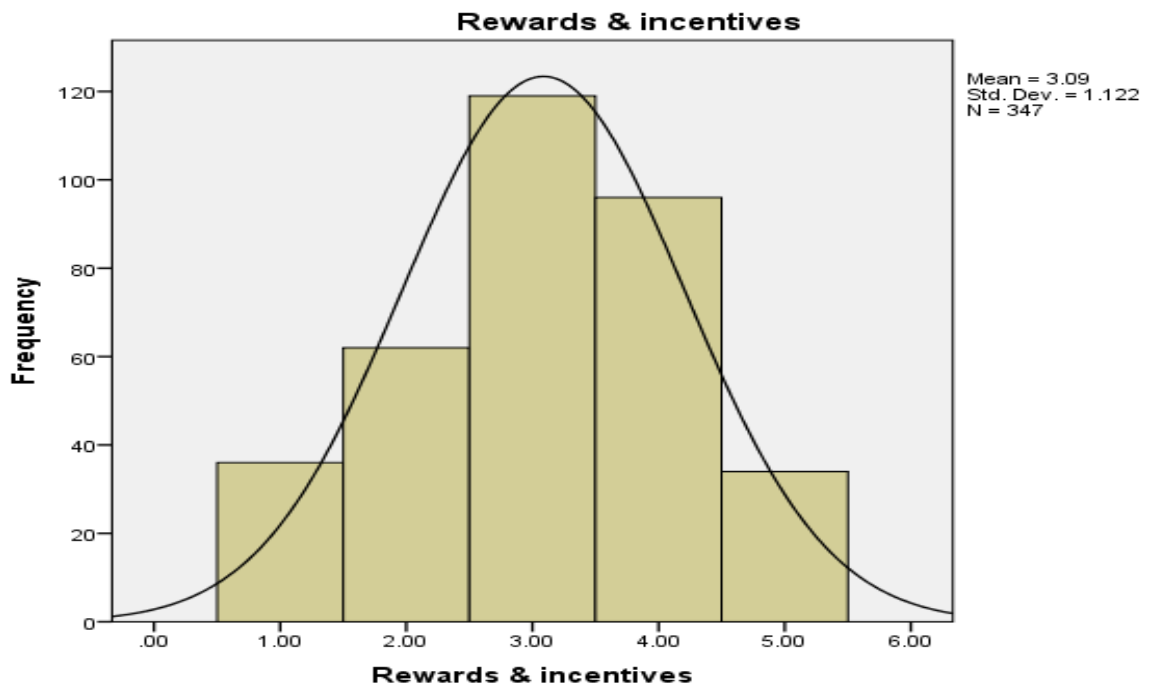


Figure-5.7: Histogram for Reward & Incentives

Table-5.12: Skewness & Kurtosis tests on the Composite Variable of 'Compensation Scheme'.

Retention variable	Composite Variable	Mean	Standard Deviation	Skewness	Kurtosis	Mean Rank
Compensation Scheme	Salary	2.97	1.1	-0.162 (Curve is centre Skewed Curve)	- 0.639 (Curve is Short & Spread)	2.41
	Fringe benefits	3.0	1.2	0.255 (Curve is centre Skewed Curve)	-0.764 (Curve is Short & Spread)	2.59
	Insurance	2.82	1.2	0.013 (Curve is in centre Skewed Curve)	- 0.950 (Curve is Short & Spread)	2.41
	Reward and incentives	3.09	1.1	-0.196 (Curve is centre Skewed Curve),	-0.628 (Curve is Short & Spread)	2.59

There is a significance value in the importance of employees attach to the various factors of compensation scheme.

As per table-5.12, the Fringe benefits' and 'Rewards & Incentives' are equally important and the percentage of influence is 25.9% for each. Rank second is 'Salary' as 24.1% and 'Insurance' also 24.1%.

B. Composite variables influencing Career Growth:

i. Availability of better jobs

Table-5.13: Evaluation of Availability of better jobs on likert scale

Availability of better jobs					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	47	8.2	11.8	11.8
	Low influenced	61	10.6	15.3	27.1
	Moderate Influenced	142	24.7	35.7	62.8
	Highly influenced	112	19.4	28.1	91.0
	very highly influenced	36	6.3	9.0	100.0
	Total	398	69.1	100.0	
Missing	System	178	30.9		
Total		576	100.0		



Figure-5.8: Histogram for Availability of better jobs

ii. **Initiatives/ Responsibilities**

Table-5.14: Evaluation of Initiatives/ Responsibilities on Likert scale

Initiatives/ Responsibilities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	46	8.0	11.6	11.6
	Low influenced	63	10.9	15.8	27.4
	Moderate Influenced	129	22.4	32.4	59.8
	Highly influenced	123	21.4	30.9	90.7
	very highly influenced	37	6.4	9.3	100.0
	Total	398	69.1	100.0	
Missing	System	178	30.9		
Total		576	100.0		

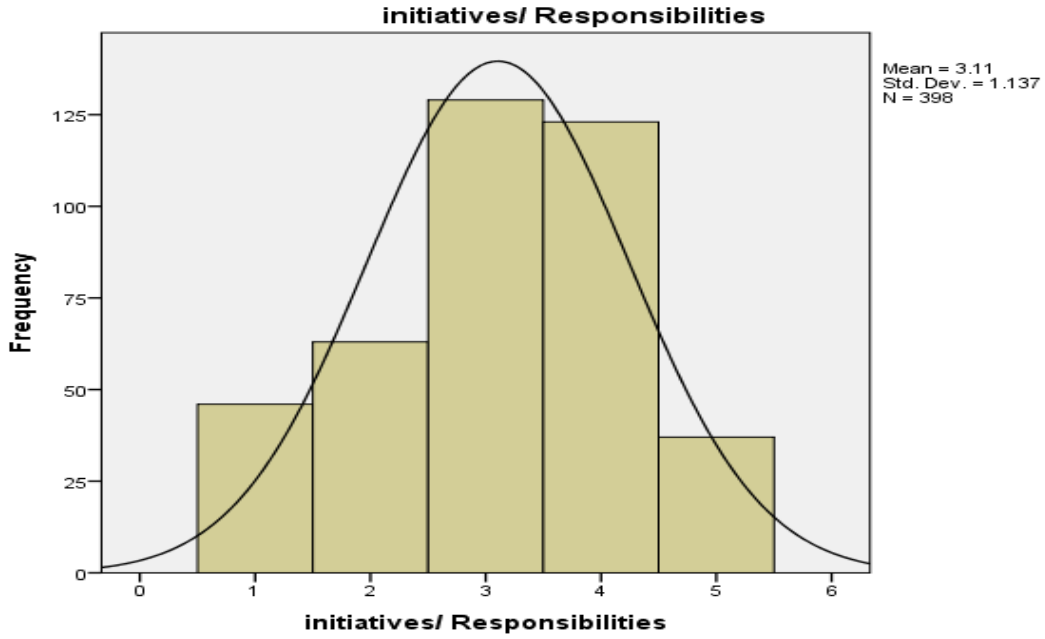


Figure-598: Histogram for Initiatives / Responsibilities

iii. Opportunities for higher studies.

Table-5.15: Evaluation of Opportunities for higher studies on Likert scale

Opportunities of higher studies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	46	8.0	11.6	11.6
	Low influenced	63	10.9	15.8	27.4
	Moderate Influenced	129	22.4	32.4	59.8
	Highly influenced	123	21.4	30.9	90.7
	very highly influenced	37	6.4	9.3	100.0
	Total	398	69.1	100.0	
Missing	System	178	30.9		
Total		576	100.0		

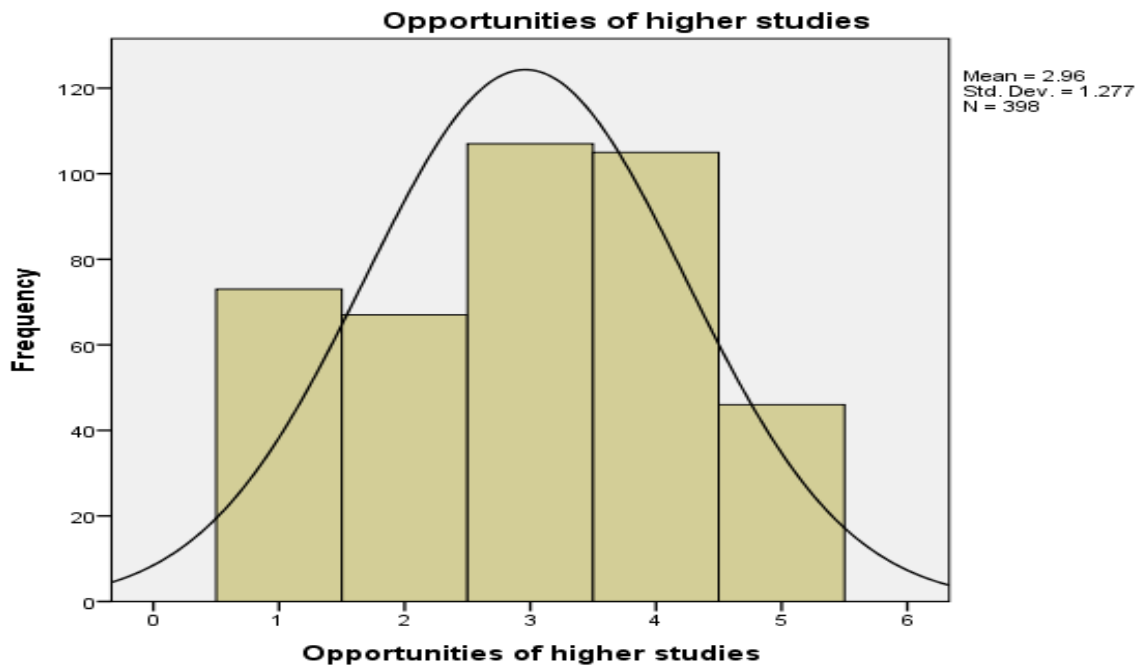


Figure-5.10: Histogram for Opportunities of higher studies

iv. **Job expectation v/s reality**

Table-5.16: Evaluation of Job expectation v/s reality on Likert scale

Job expectation v/s reality					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	56	9.7	14.1	14.1
	Low influenced	71	12.3	17.8	31.9
	Moderate Influenced	125	21.7	31.4	63.3
	Highly influenced	112	19.4	28.1	91.5
	very highly influenced	34	5.9	8.5	100.0
	Total	398	69.1	100.0	
Missing	System	178	30.9		
Total		576	100.0		

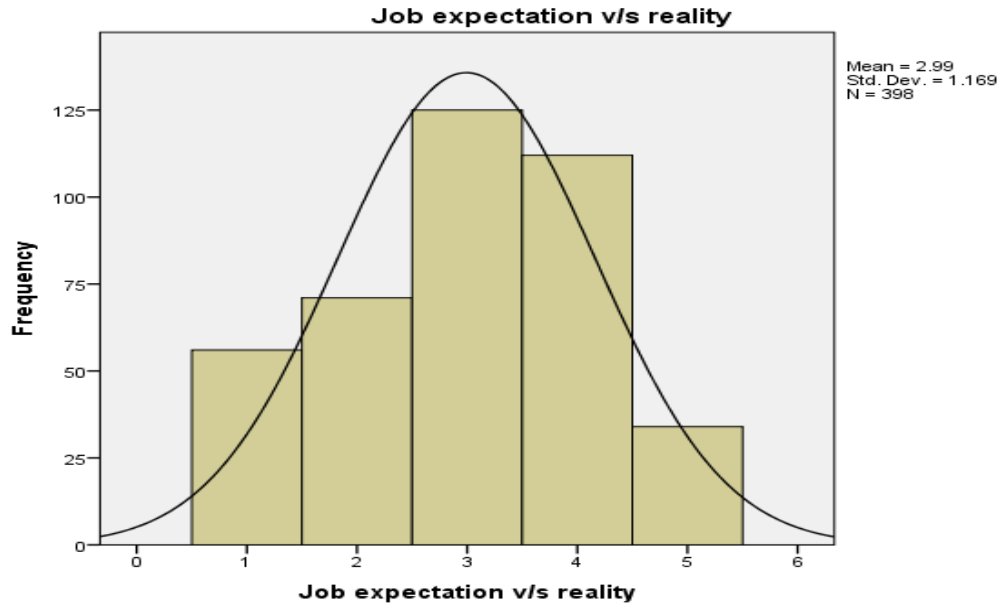


Figure-5.11: Histogram for Job expectation v/s reality

v. Promotion policy

Table-5.17: Evaluation of Promotion policy on Likert scale

Promotion policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	60	10.4	15.1	15.1
	Low influenced	65	11.3	16.3	31.4
	Moderate Influenced	115	20.0	28.9	60.3
	Highly influenced	127	22.0	31.9	92.2
	very highly influenced	31	5.4	7.8	100.0
	Total	398	69.1	100.0	
Missing	System	178	30.9		
Total		576	100.0		

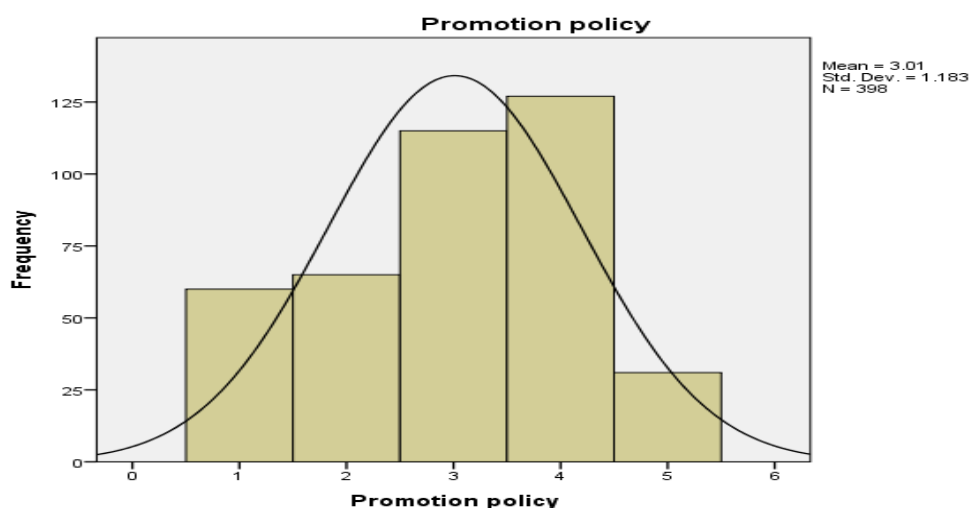


Figure-5.12: Histogram for promotion policy

Table-5.18: Skewness & Kurtosis tests on the Composite Variable of 'Career Growth'.

Retention variable	Composite Variable	Mean	Standard Deviation	Skewness	Kurtosis	Mean Rank
Career Growth	Availability of better jobs	3.07	1.1	-0.261 (Curve is centre Skewed Curve)	-0.588 (Curve is Short & Spread)	2.99
	Initiatives/ Responsibilities	3.11	1.1	-0.121 (Curve is centre Skewed Curve)	-1.048 (Curve is Short & Spread)	3.03
	Opportunities for higher studies	2.96	1.3	0.013 (Curve is in centre Skewed Curve)	-0.950 (Curve is Short & Spread)	3.15
	Job expectation v/s reality	2.99	1.2	-0.194 (Curve is centre Skewed Curve)	-0.809 (Curve is short & Spread)	2.87
	Promotion policy	3.01	1.2	-0.285 (Curve is centre Skewed Curve)	-0.865 (Curve is Short & Spread)	2.96

There is a significance value in the importance of employees attach to the various factors of career growth. *Alternative hypothesis is retained.*

As per table-8 the first importance 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%.

C. Composite variables influencing Work-Life-Balance:

i. Availability of flexible working hour

Table-5.19: Evaluation of Availability of flexible working hours on Likert scale

Availability of flexible working hours					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	68	11.8	18.1	18.1
	Low influenced	67	11.6	17.8	35.9
	Moderate Influenced	110	19.1	29.3	65.2
	Highly influenced	101	17.5	26.9	92.0
	Very highly influenced	30	5.2	8.0	100.0
	Total	376	65.3	100.0	
Missing	System	200	34.7		
Total		576	100.0		

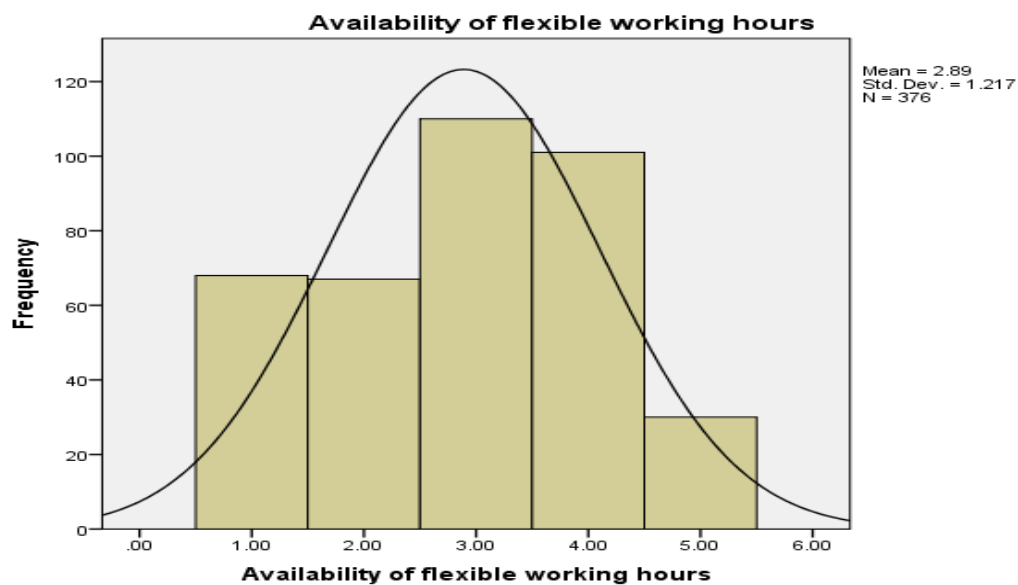


Figure-5.13: Histogram for Availability of flexible working hours

ii. Availability of work from home.

Table-5.20: Evaluation of Availability of work from home on Likert scale

Availability of work from home		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	65	11.3	17.3	17.3
	Low influenced	69	12.0	18.4	35.6
	Moderate Influenced	100	17.4	26.6	62.2
	Highly influenced	111	19.3	29.5	91.8
	very highly influenced	31	5.4	8.2	100.0
	Total	376	65.3	100.0	
Missing	System	200	34.7		
Total		576	100.0		

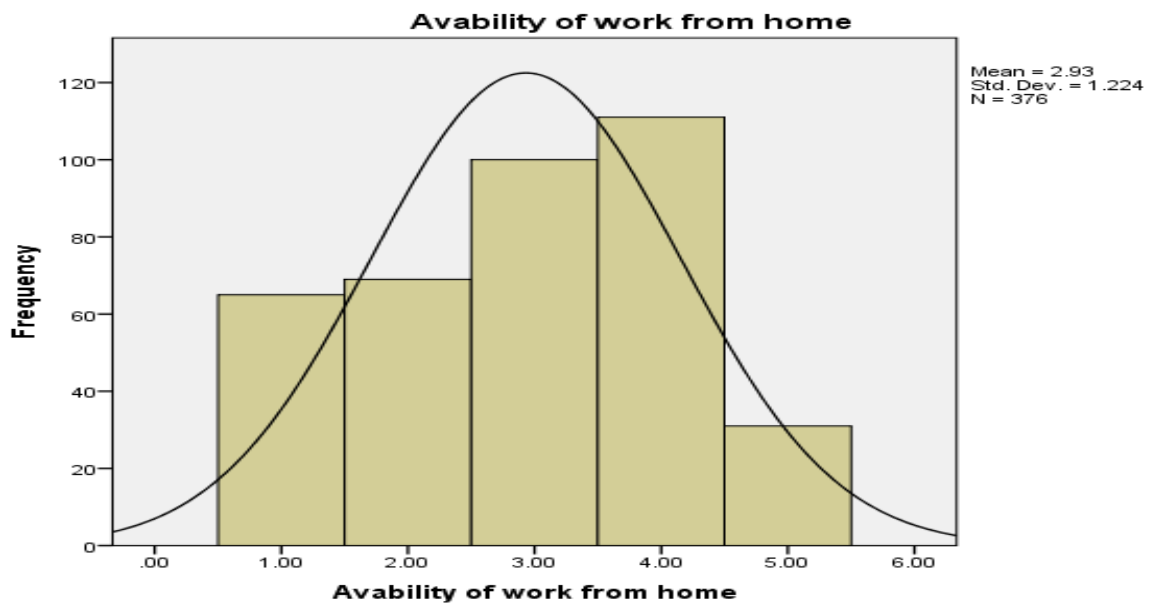


Figure-5.14: Histogram for Availability of of work from home v/s reality

iii Availability of job sharing

Table-5.21: Evaluation of Availability of job sharing on Likert scale

Availability of job sharing					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	62	10.8	16.5	16.5
	Low influenced	74	12.8	19.7	36.2
	Moderate Influenced	107	18.6	28.5	64.6
	Highly influenced	107	18.6	28.5	93.1
	very highly influenced	26	4.5	6.9	100.0
	Total	376	65.3	100.0	
Missing	System	200	34.7		
Total		576	100.0		

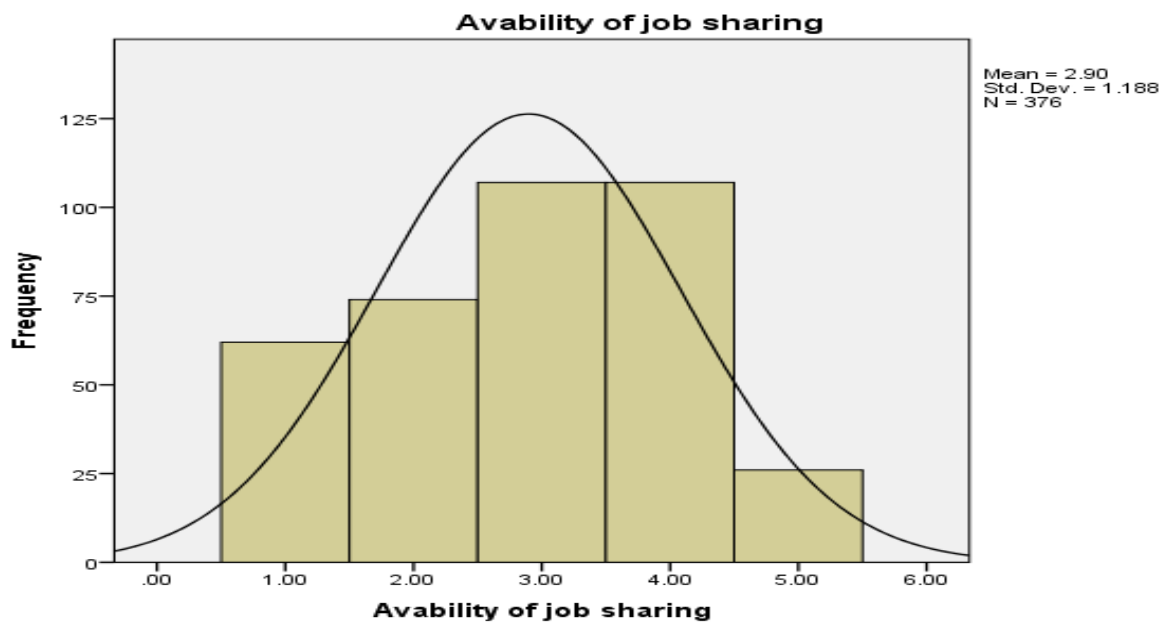


Figure-5.15: Histogram for Availability of job sharing

iv. Availability of compensatory off for working on off days

Table-5.22: Evaluation of Availability of compensatory off for working on off days on Likert scale

Availability of compensatory off for working on off days					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	68	11.8	18.1	18.1
	Low influenced	72	12.5	19.1	37.2
	Moderate Influenced	118	20.5	31.4	68.6
	Highly influenced	91	15.8	24.2	92.8
	very highly influenced	27	4.7	7.2	100.0
	Total	376	65.3	100.0	
Missing	System	200	34.7		
Total		576	100.0		

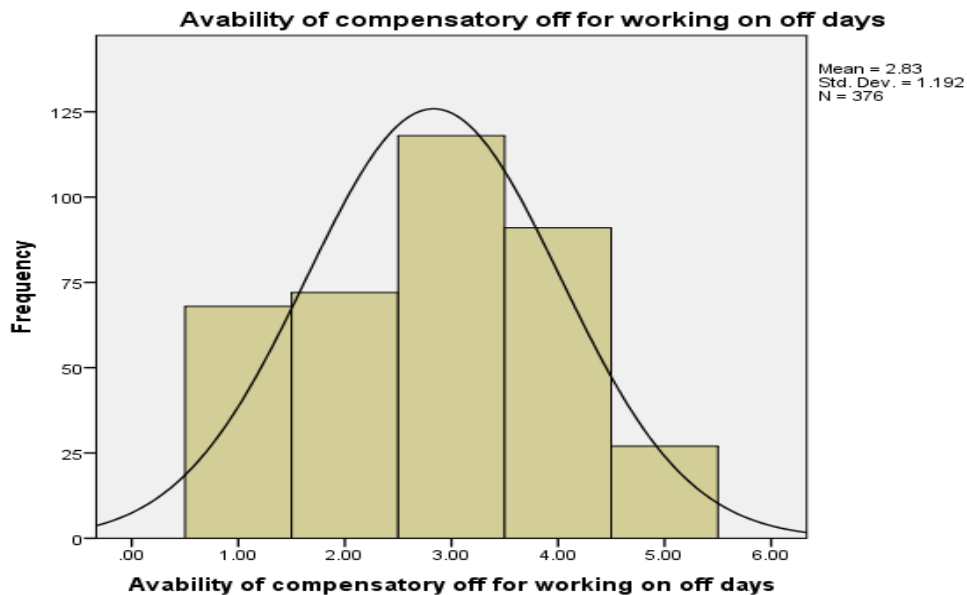


Figure-5.16: Histogram for Availability of compensatory off for working on off days

v. Work pressure

Table-5.23: Evaluation of Work pressure on Likert scale

Work pressure					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	52	9.0	13.8	13.8
	Low influenced	68	11.8	18.1	31.9
	Moderate Influenced	104	18.1	27.7	59.6
	Highly influenced	114	19.8	30.3	89.9
	very highly influenced	38	6.6	10.1	100.0
	Total	376	65.3	100.0	
Missing	System	200	34.7		
Total		576	100.0		



Figure-5.17: Histogram for Work pressure

Table-24 Skewness & Kurtosis tests on the Composite Variable of 'Work life balance'.

Retention variable	Composite Variable	Mean	Standard Deviation	Skewness	Kurtosis	Mean Rank
Work life balance	Availability of flexible working hours	2.1	1.2	-0.261(Curve is centre Skewed Curve)	- 0.588 (Curve is Short & Spread)	2.98
	Availability of work from home	2.93	1.2	-0.165 (Curve is centre Skewed Curve)	- 1.013 (Curve is Short & Spread)	3.05
	Availability of job sharing	2.90	1.2	0.144 (Curve is in centre Skewed Curve)	- 0.958 (Curve is Short & Spread)	2.96
	Availability of compensatory off for working on off days	2.83	1.2	-0.063 (Curve is centre Skewed Curve)	-0.919 (Curve is short & Spread)	2.90
	Work pressure	3.05	1.2	-0.222 (Curve is centre Skewed Curve)	-0.887 (Curve is Short & Spread)	3.11

There is a significance value in the importance of employees attach 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.

D. Composite variables influencing Job satisfaction:

i. Proper utilization of skills

Table-5.25: Evaluation of Proper utilization of skills on Likert scale

Proper utilization of skills					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	42	7.3	12.4	12.4
	Low influenced	42	7.3	12.4	24.8
	Moderate Influenced	106	18.4	31.3	56.0
	Highly influenced	113	19.6	33.3	89.4
	very highly influenced	36	6.3	10.6	100.0
	Total	339	58.9	100.0	
Missing	System	237	41.1		
Total		576	100.0		



Figure-5.18: Histogram for proper utilization of skills

ii. Proper HR policy

Table-5.26: Evaluation of Proper HR policy on Likert scale

Proper HR policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	41	7.1	12.1	12.1
	Low influenced	56	9.7	16.5	28.6
	Moderate Influenced	104	18.1	30.7	59.3
	Highly influenced	111	19.3	32.7	92.0
	very highly influenced	27	4.7	8.0	100.0
	Total	339	58.9	100.0	
Missing	System	237	41.1		
Total		576	100.0		

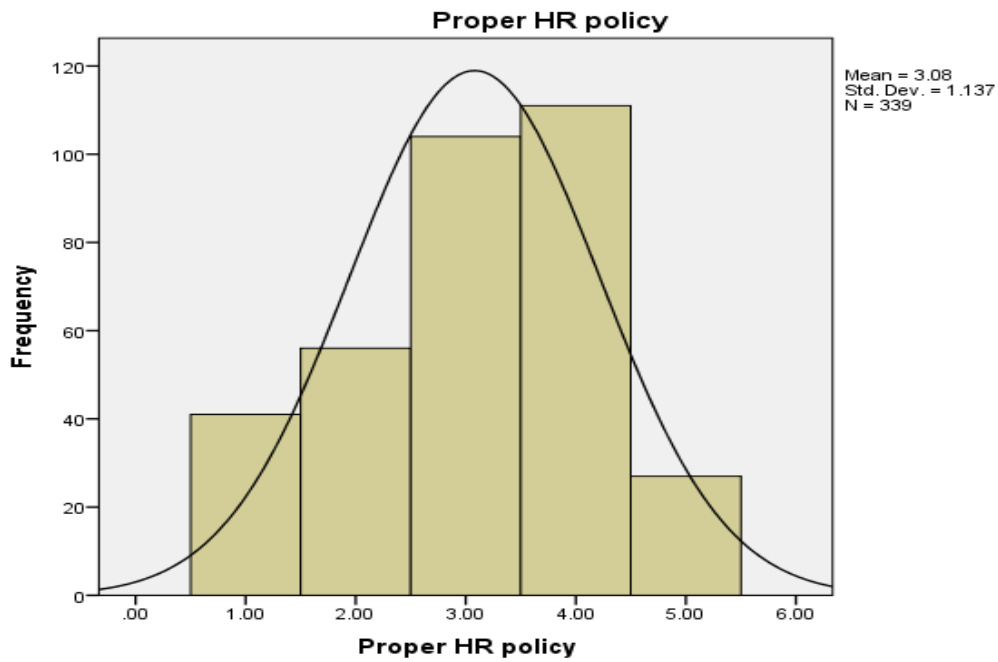


Figure-5.19: Histogram for proper HR policy

iii. Co-operation among co-workers

Table-5.27: Evaluation of Co-operation among co-workers Likert scale

Co-operation among co-workers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	38	6.6	11.2	11.2
	Low influenced	63	10.9	18.6	29.8
	Moderate Influenced	100	17.4	29.5	59.3
	Highly influenced	109	18.9	32.2	91.4
	very highly influenced	29	5.0	8.6	100.0
	Total	339	58.9	100.0	
Missing	System	237	41.1		
Total		576	100.0		

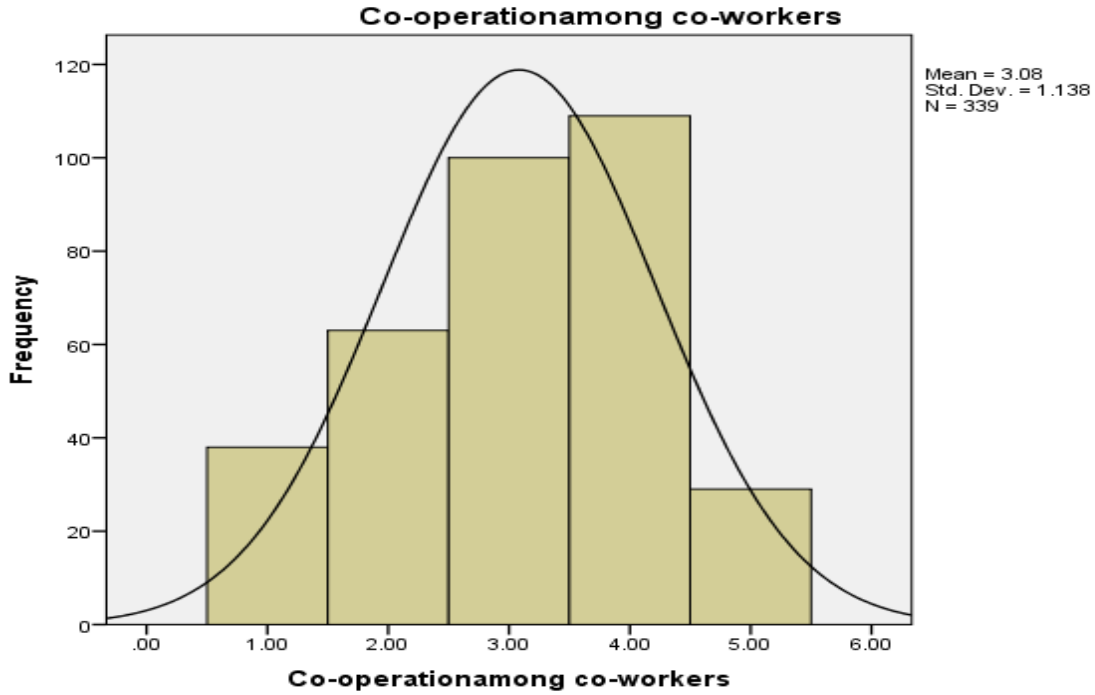


Figure-5.20: Histogram for Co-operation among co-workers

iv. Transparency in communication

Table-5.28: Evaluation of Transparency in communication on Likert scale

Transparency in communication					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	41	7.1	12.1	12.1
	Low influenced	55	9.5	16.2	28.3
	Moderate Influenced	116	20.1	34.2	62.5
	Highly influenced	97	16.8	28.6	91.2
	very highly influenced	30	5.2	8.8	100.0
	Total	339	58.9	100.0	
Missing	System	237	41.1		
Total		576	100.0		

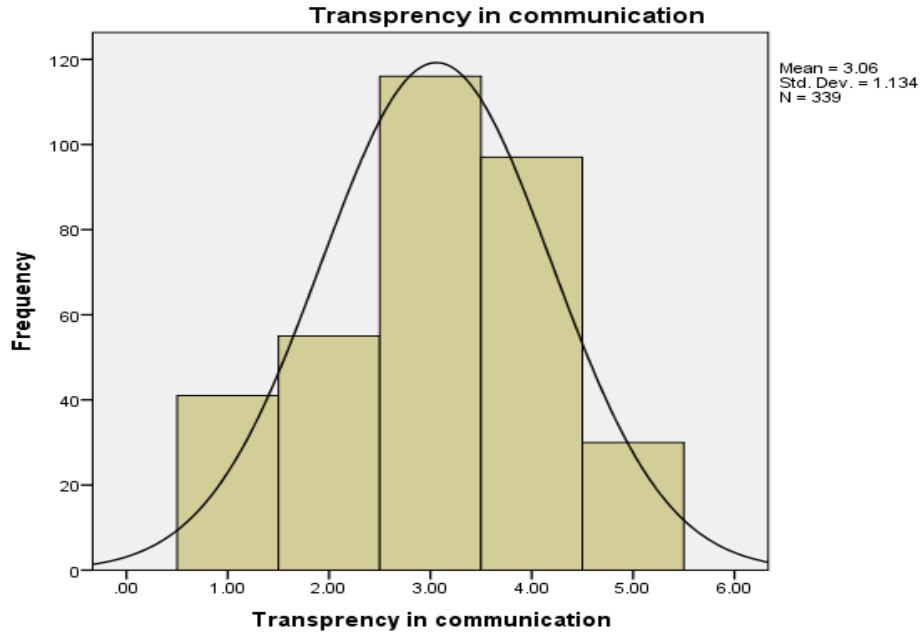


Figure-5.21: Histogram for Transparency in communication

v. Challenging job task

Table-5.29: Evaluation of Challenging job task on Likert scale

Challenging job task					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	52	9.0	15.3	15.3
	Low influenced	60	10.4	17.7	33.0
	Moderate Influenced	85	14.8	25.1	58.1
	Highly influenced	103	17.9	30.4	88.5
	very highly influenced	39	6.8	11.5	100.0
	Total	339	58.9	100.0	
Missing	System	237	41.1		
Total		576	100.0		

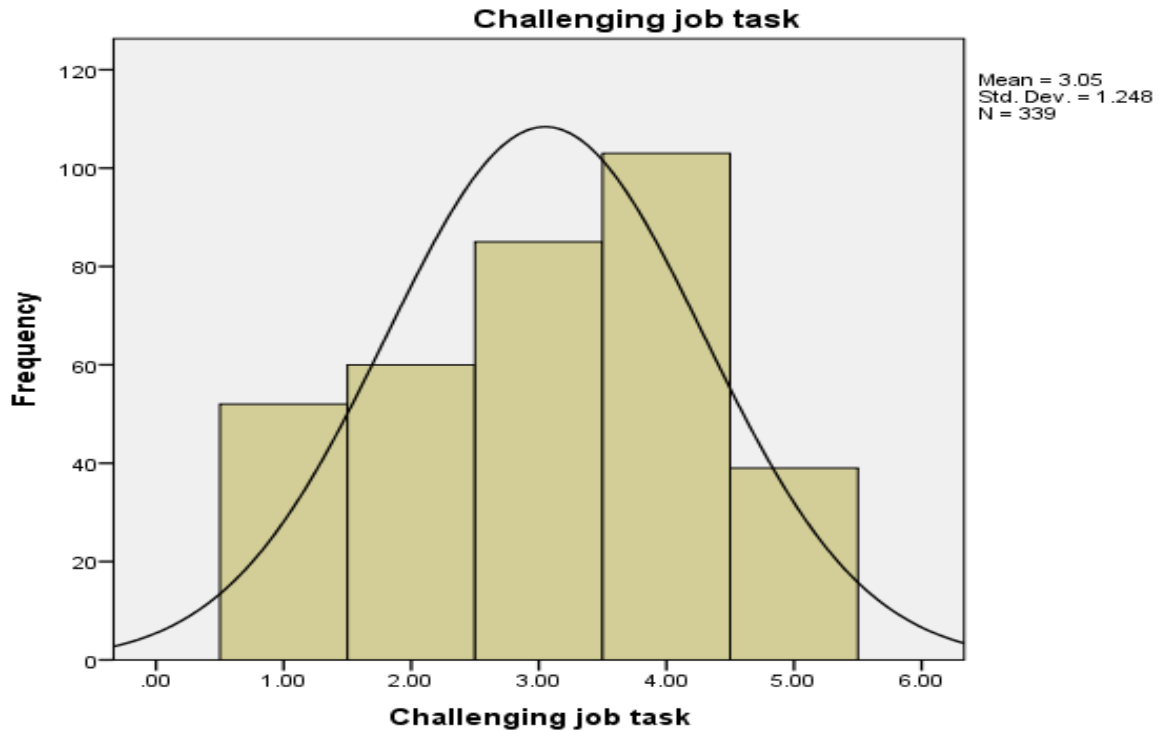


Figure-5.22: Histogram for Challenging job task

Table-5.30: Skewness & Kurtosis tests on the Composite Variable of 'Job satisfaction'.

Retention variable	Composite Variable	Mean	Standard Deviation	Skewness	Kurtosis	Mean Rank
Job Satisfaction	Proper utilisation of skills	2.83	1.2	-0.063 (Curve is centre Skewed Curve)	- 0.919 (Curve is Short & Spread)	3.1740
	Proper HR policy	3.08	1.14	-0.412 (Curve is centre Skewed Curve)	-0.601 (Curve is Short & Spread)	3.0796
	Co-operation among co-workers	3.08	1.1	-0.272 (Curve is in centre Skewed Curve)	- 0.745 (Curve is Short & Spread)	3.0826
	Transparency in communication	3.06	1.134	-0.251 (Curve is centre Skewed Curve)	-0.647 (Curve is short & Spread)	3.0590
	Challenging job task	3.05	1.2	-0.222 (Curve is centre Skewed Curve)	-0.887 (Curve is Short & Spread)	3.0501

There is a significance value in the importance of employees attach to the various factors of job satisfaction.

As per table-10 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%.

J- Composite variables influencing Appraisal System:

i. Performance appraisal system adequately done

Table-5.31: Evaluation of Performance appraisal system adequately done on Likert scale

Performance appraisal system adequately done					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	38	6.6	10.2	10.2
	Very low influenced	53	9.2	14.3	24.5
	Low influenced	58	10.1	15.6	40.2
	Moderate Influenced	108	18.8	29.1	69.3
	Highly influenced	87	15.1	23.5	92.7
	very highly influenced	27	4.7	7.3	100.0
	Total	371	64.4	100.0	
Missing	System	205	35.6		
Total		576	100.0		

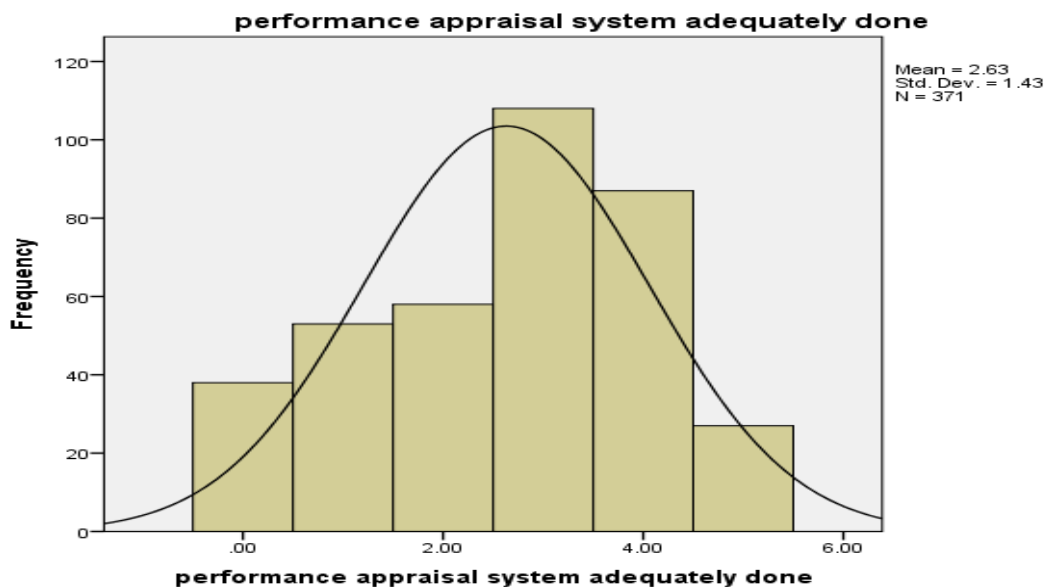


Figure-5.23: Histogram for Performance appraisal system adequately done

ii. 360° degree feedback

Table-5.32: Evaluation of 306° feedback on Likert scale

360° feedback					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	38	6.6	10.2	10.2
	Very low influenced	59	10.2	15.9	26.1
	Low influenced	57	9.9	15.4	41.5
	Moderate Influenced	105	18.2	28.3	69.8
	Highly influenced	88	15.3	23.7	93.5
	very highly influenced	24	4.2	6.5	100.0
	Total	371	64.4	100.0	
Missing	System	205	35.6		
Total		576	100.0		

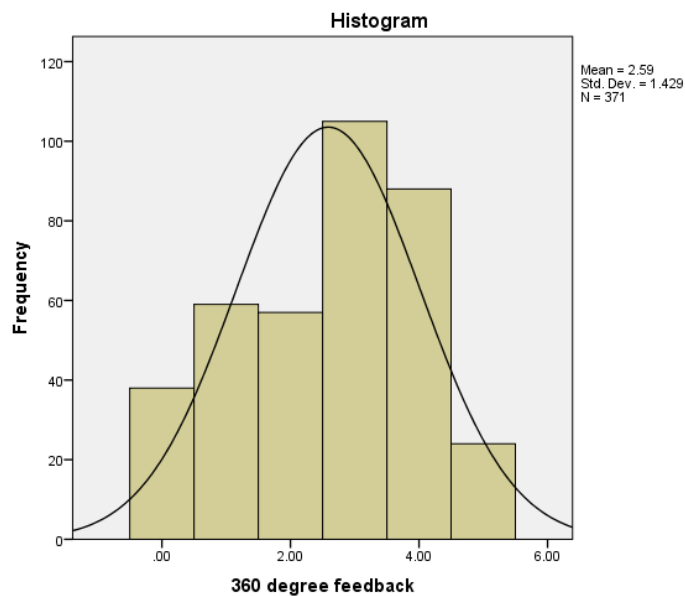


Figure-5.24: Histogram for 360° feedback

Table-5.33: Skewness & Kurtosis tests on the Composite Variable of 'Appraisal system'.

Retention	Composite	Mean	Standard	Skewness	Kurtosis	Mean Rank
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variable	Variable		Deviation			
Appraisal System	Performance appraisal system adequately done	2.63	1.43	-0.324(Curve is centre Skewed Curve)	- 0.81 (Curve is Short & Spread)	2.6307
	360° feedback	2.59	1.43	-0.412 (Curve is centre Skewed Curve)	- 0.601(Curve is Short & Spread)	2.5876

There is a significance value in the importance of employees attach to the various factors of appraisal system. *Alternative hypothesis is retained.*

The importance of the Composite Variables of ‘**Appraisal system**’ in the sequence of factors are ‘Performance appraisal system’ with 52.61% and ‘360⁰ feedback’ with 51.75%.

F. Composite variables influencing Management effectiveness:

i. Delegating the work effectively

Table-5.34: Evaluation of Delegating the work effectively on Likert scale

Delegating the work effectively					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	34	5.9	10.7	10.7
	Low influenced	45	7.8	14.2	24.8
	Moderate Influenced	114	19.8	35.8	60.7
	Highly influenced	96	16.7	30.2	90.9
	very highly influenced	29	5.0	9.1	100.0
	Total	318	55.2	100.0	
Missing	System	258	44.8		
Total		576	100.0		

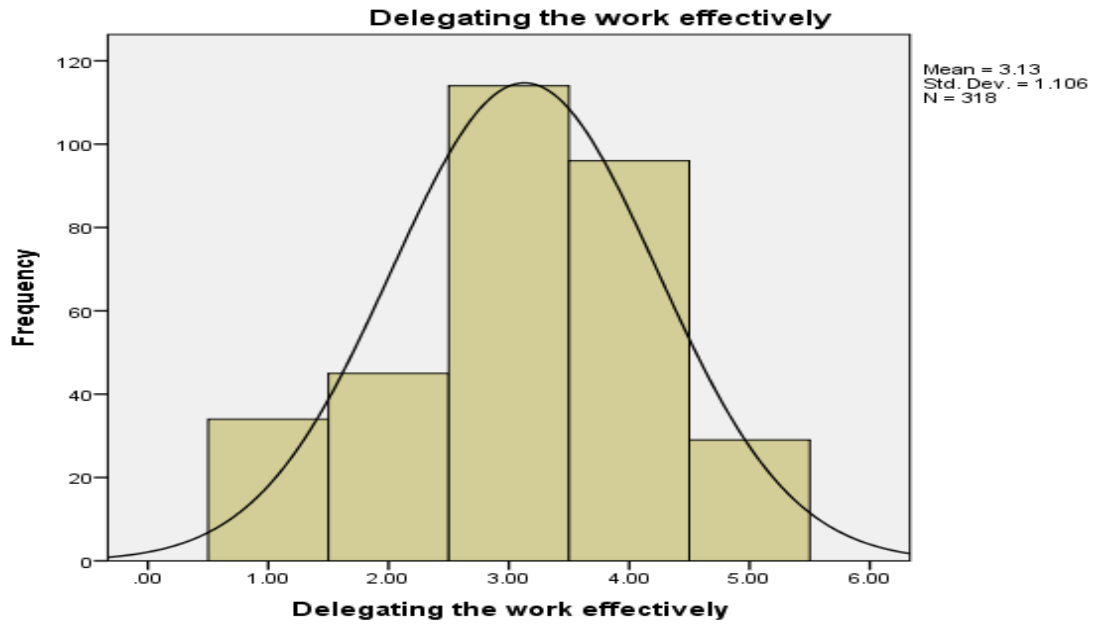


Figure-5.25: Histogram for Delegating the work effectively

ii. Treatment by Management

Table-5.36: Evaluation of Treatment by Management on Likert scale

Treatment by Management					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	45	7.8	14.2	14.2
	Low influenced	51	8.9	16.0	30.2
	Moderate Influenced	101	17.5	31.8	61.9
	highly influenced	95	16.5	29.9	91.8
	very highly influenced	26	4.5	8.2	100.0
	Total	318	55.2	100.0	
Missing	System	258	44.8		
Total		576	100.0		

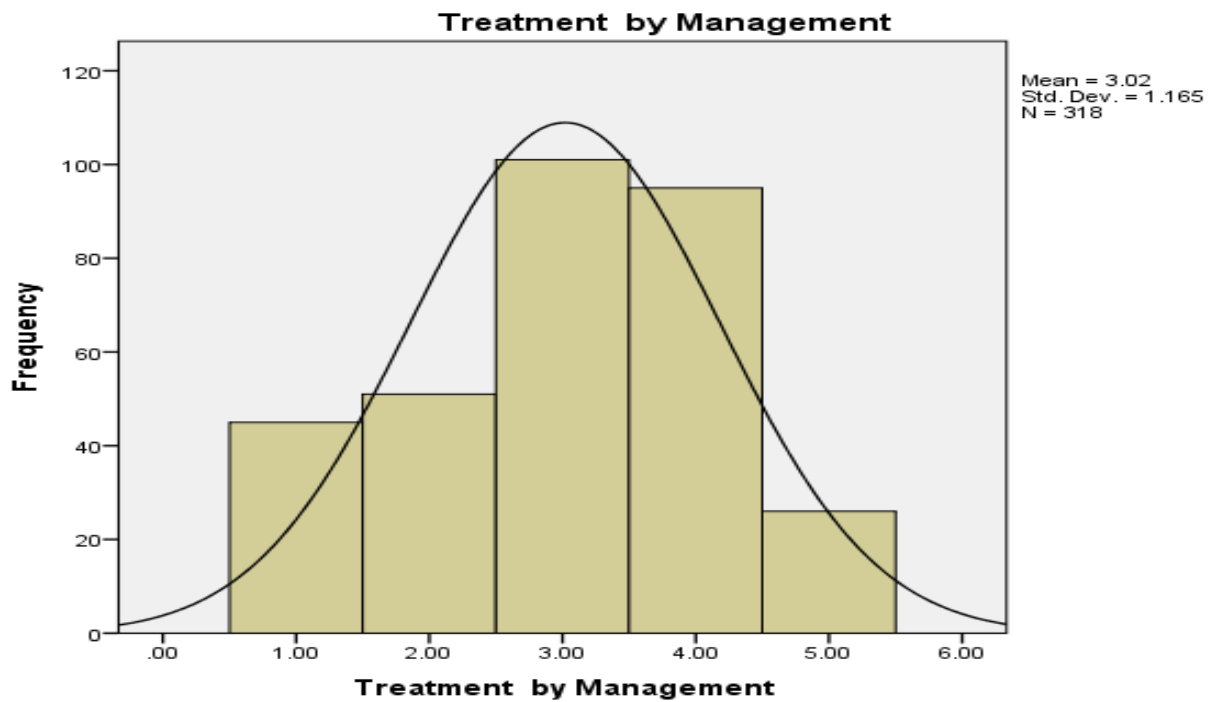


Figure-5.26: Histogram for Treatment by Management

iii. Monthly plans developed

Table-5.36: Evaluation of Monthly plane developed on Likert scale

Monthly plans developed					
		Freque ncy	Percen t	Valid Percen t	Cumul ative Percen
Valid	Very low influenced	66	11.5	20.8	20.8
	Low influenced	56	9.7	17.6	38.4
	Moderate Influenced	85	14.8	26.7	65.1
	Highly influenced	78	13.5	24.5	89.6
	very highly influenced	33	5.7	10.4	100.0
	Total	318	55.2	100.0	
Missing	System	258	44.8		
Total		576	100.0		

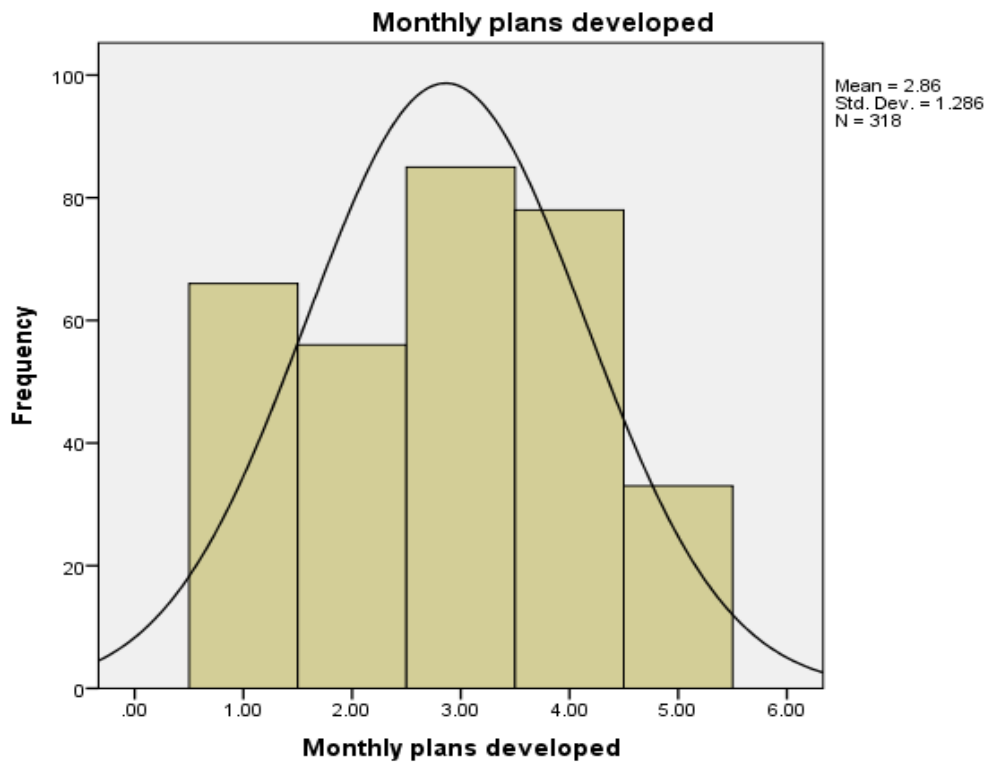


Figure-5.27: Histogram for monthly plans developed

iv. Listening of grievance

Table-5.27: Evaluation of Listening of grievance on Likert scale

Listening of grievances					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Low influenced	36	6.3	11.3	11.3
	Low influenced	60	10.4	18.9	30.2
	Moderate Influenced	103	17.9	32.4	62.6
	highly influenced	92	16.0	28.9	91.5
	very highly influenced	27	4.7	8.5	100.0
	Total	318	55.2	100.0	
Missing	System	258	44.8		
Total		576	100.0		

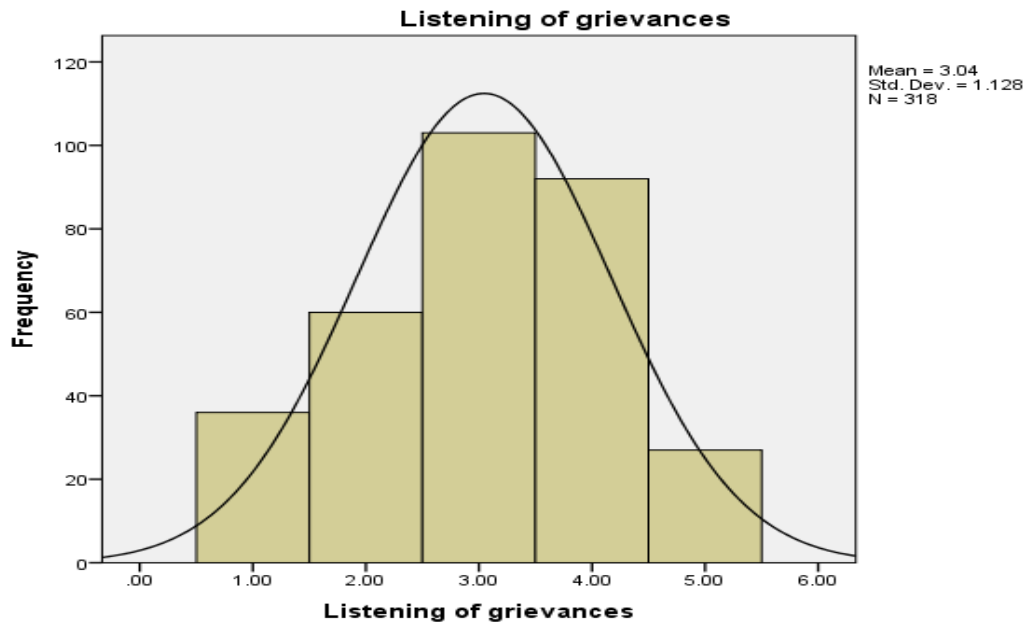


Figure-5.28: Histogram for Listening of grievance

v. Feedback loop

Table-5.38: Evaluation of Feedback loop on Likert scale

Feedback loop					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low influenced	49	8.5	15.4	15.4
	Low influenced	60	10.4	18.9	34.3
	Moderate Influenced	93	16.1	29.2	63.5
	highly influenced	92	16.0	28.9	92.5
	very highly influenced	24	4.2	7.5	100.0
	Total	318	55.2	100.0	
Missing	System	258	44.8		
Total		576	100.0		

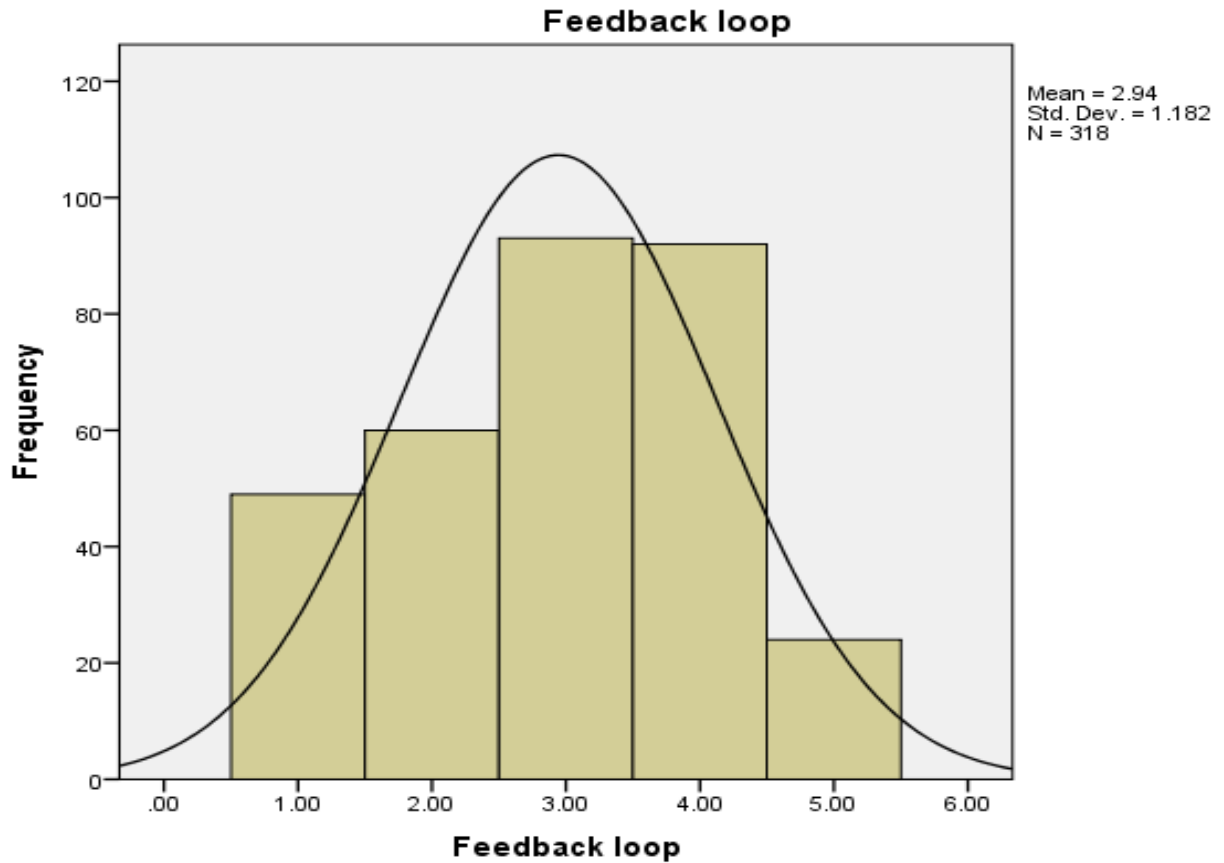


Figure-5.29: Histogram for Feedback loop

Table-539: Skewness & Kurtosis tests on the Composite Variable of 'Management effectiveness'.

Retention variable	Composite Variable	Mean	Standard Deviation	Skewness	Kurtosis	Mean Rank
Management Effectiveness	Delegating the work effectiveness	3.13	1.11	-0.328(Curve is centre Skewed Curve)	- 0.488 (Curve is Short & Spread)	3.1289
	Treatment by management	3.02	1.65	-0.412 (Curve is centre Skewed Curve)	-0.601(Curve is Short & Spread)	3.0189
	Monthly plans developed	2.86	1.28	Skewness = 1.28 (Curve is right Skewed Curve)	Kurtosis = -1.09 (Curve is Short & Spread)	2.8616
	Listening of grievance	3.04	1.13	-0.206 (Curve is centre Skewed Curve)	-0.702 (Curve is Short & Spread)	3.0440
	Feedback loop	2.94	1.18	-0.206 (Curve is centre Skewed Curve)	-0.702 (Curve is Short & Spread)	2.9434

There is a significance value in the importance of employees attach to the various variables of management effectiveness.

As per table-5.36 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%.

5.3.3.2 Testing of Hypothesis-2:

H_0: All retention variables influence frequent job hopping by the employees.
H_1: A few of the retention variables influence frequent job hopping by the employees.

Purpose: To study if there is any relationship between “Number of jobs changed” and “Retention factors influencing attrition”.

Bivariate co-relation is used to find is any relationship between number of jobs changed with 12 retention variables (compensation, Work-life-balance), with **Level of significance $\alpha = 0.05$. The results are tabulated in Table-5.37**

Variables & Measurement = Number of jobs changed is a discrete scale variable, with five response options: 1= changed once, 2 = changed twice, 3= changed thrice, changed four times and 5= changed five time.

Table-5.40 **Pair of No. of job changed v/s retention variables**

Pair of No. of job changed v/s retention variables	R	P value	Result	Conclusion	N
No. of job changed- Compensation	-0.017	0.758	Null accepted	Not supported	347
No. of job changed- Work-life-balance	-0.028	0.583	Null accepted	Not supported	398
No. of job changed- Work-life-balance	-0.121	0.019	Null rejected	Supported	376
No. of job changed- Job satisfaction	-0.112	0.039	Null rejected	Supported	339
No. of job changed- Commitment	-0.023	0.842	Null accepted	Not supported	75
No. of job changed- Team Work	0.091	0.302	Null accepted	Not supported	132
No. of job changed- Management Effectiveness	-0.058	0.301	Null accepted	Not supported	318
No. of job changed- Competency	-0.060	0.456	Null accepted	Not supported	157
No. of job changed- Commitment	0.085	0.270	Null accepted	Not supported	171
No. of job changed- Appraisal System	-0.038	0.469	Null accepted	Not supported	371
No. of job changed- Involvement	0.115	0.235	Null accepted	Not supported	109
No. of job changed- Gender Issues	-0.105	0.443	Null accepted	Not supported	56

Conclusion of hypothesis finding: There is a relationship between “Numbers of job change” and “Factors influencing attrition” are Work-life-balance and Job satisfaction.

5.3.3.3 Testing of Hypothesis-3:

H_0 : There is no significant relationship between employee’s age group and number of job change.
H_1 : There is a significant relationship between employee’s age group and number of job change.

Variables and Measurement’s- Both the variables (Age and number of jobs changed) are nominal scale variable.

Age had four options (1=21 to 25, 2= 25 to 30, 3= 31 to 35, and 4= 36+)

Number of jobs change has four options (1= 1job changed, 2= 2jobs changed, 3= 3job changed, 4= 4 job changed and 5= 5 jobs changed)

Chi-Square test with Level of Significance ($\alpha= 0.05$) is used to test the significance and the result is tabulated in Table-5.38. Cross tabulation is done in order to find out the nature of relationship between number of job change and age group and is located in Table-5.39.

Table-5.41: Chi-Square test with Level of Significance: $\alpha= 0.05$

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	139.150 ^a	12	0.000
Likelihood Ratio	135.278	12	0.000
Linear-by-Linear Association	120.625	1	0.000
Number of Valid Cases	575		

Source: Compiled by the author through SPSS

Table-5.38, the calculated value of $\chi^2 (12) = 139.15$, $P=0.000$, $N= 575$. Since, P value (0.000) is less than level of significance (0.05), the **null hypothesis is rejected**. Hence, there is relationship between age and number of job changed.

*Table-5.39: Cross tabulation for Age * No jobs changed*

Age group		No jobs changed				
		One	Two	Three	Four	Five +
21-25 years	Count	125	51	19	3	0
	Expected Count	91.6	50.3	31.0	17.9	7.2
	% within Age	63.1%	25.8%	9.6%	1.5%	0.0%
26-30 years	Count	90	57	27	14	2

	Expected Count	87.9	48.2	29.7	17.2	6.9
	% within Age	47.4%	30.0%	14.2%	7.4%	1.1%
31-35 years	Count	39	20	19	15	4
	Expected Count	44.9	24.6	15.2	8.8	3.5
	% within Age	40.2%	20.6%	19.6%	15.5%	4.1%
36 + Years	Count	12	18	25	20	15
	Expected Count	41.6	22.9	14.1	8.1	3.3
	% within Age	13.3%	20.0%	27.8%	22.2%	16.7%
Total	Count	266	146	90	52	21
	Expected Count	266.0	146.0	90.0	52.0	21.0
	% within Age	46.3%	25.4%	15.7%	9.0%	3.7%

From the Cross-tabulation Table-3, it can be seen that out of 198 employees between age group 21 to 25 - 63.1% change 1 job, 25.8% change 2 jobs, 9.6% change 3 jobs, 1.5% change 4 jobs and 0.0% change 5 jobs times. Out of 190 employees between age group 21 to 25 – 47.4% change 1 jobs, 30.0% change 2 jobs, 14.2% change 3 jobs, 7.4% change 4 jobs and 1.1% change 5 jobs times. Out of 98 employees between age group 21 to 25 – 40.2% change 1 job, 20.6% change 2 jobs, 19.6% change 3 jobs, 15.5% change 4 jobs and 4.1% change 5 jobs times. Out of 90 employees between age group 21 to 25 – 13.3% change 1 job, 20.0% change 2 jobs, 27.8% change 3 jobs, 22.2% change 4 jobs, and 16.7% change 5 jobs times.

Hence, it can be observe that, with the growing age group the possibility of job hopping increases.

One way ANOVA Test: One way ANOVA with Level of Significance ($\alpha= 0.05$), Independent variable (Age group) and Dependent variable (Number of job changed) is used to test if the mean for number of job changed is different across various levels of age groups. Robust Tests of Equality of Means is tabulated in Table-40, Hoch Berg Tests for number of jobs changed is put into Table-41.

Table-43: Robust Tests of Equality of Means

No jobs changed				
	Statistic ^{al}	df1	df2	Sig.
Welch	45.653	3	228.808	.000
Brown-Forsythe	45.250	3	325.551	.000

Since P value (0.000) is < level of significance (0.05). Hence, the four groups are different.

In order to, find out where the difference lies the Hoch Berg test is used. Means for age groups in homogeneous subsets are displayed.

- Uses Harmonic Mean Sample Size = 126.048.
- The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Table5.-44: Hoch Berg Tests for no. of jobs changed under each group

Age group-wise no of jobs changed					
Age group	N	Subset for alpha = 0.05			
		1	2	3	4

21 to 25 years	198	1.4949			
26 to 30 years	190		1.8474		
31 to 35 years	97			2.2268	
36 +	90				3.0889
Sig.		1.000	1.000	1.000	1.000

For the Hoch berg table it can be seen that, mean values of job change in all the four age groups differ from each other. From table-5.41, the graphical representation in figure-5.29 gives clear rate of job hopping at any age level.

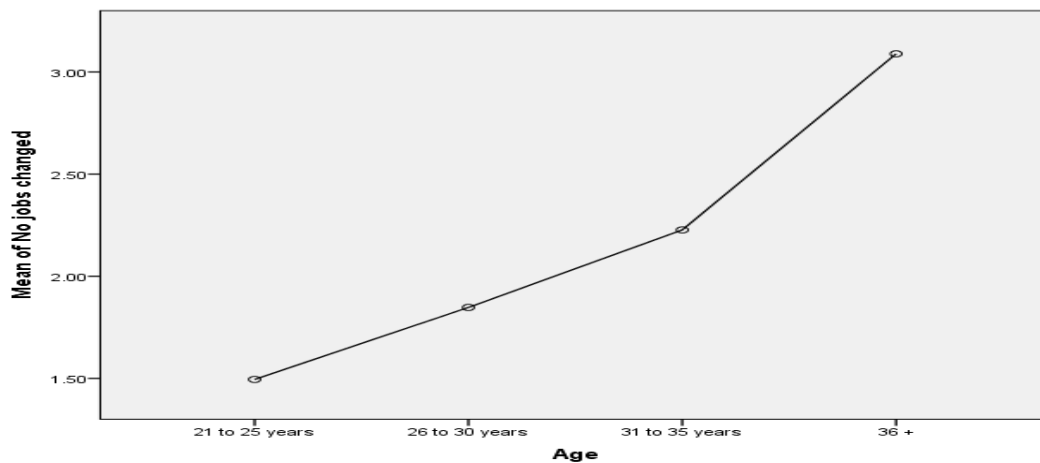


Figure-5.30: Means Plots graph- Age v/s mean of No. of job changed

From the table-5.41 and mean plots graph of figure-5.29, it can be seen that employees between age group of 21 to 25 changed on an average 1.49 jobs, employees in the age group of 26 to 30 on an average 1.84 jobs, employees 31 to 35 age group change on an average 2.22 jobs and employees above 36+ age group changes 3 jobs on an average. Hence, it can be concluded that as age increase possibility of job hopping increases.

5.3.3.4 Quantitative test method - To find influence of retention factors on different age group.

The Quantitative method is applied between retention variables and different age groups to know the influence of retention factors for job hopping is tabulated in table-5.42 and to show the effect the graphical presentation is in figure-5.30.

Table-5.45: Age wise tabulation of retention factors influenced for job left.

Retention Variables	Age groups							
	21 to 25		26 to 30		31 to 35		36 +	
	Value	%	Value	%	Value	%	Value	%
Compensation scheme	49	17.63	54	15.93	41	19.16	81	29.45
Career growth	137	49.28	193	56.93	120	56.07	137	49.82
Work life balance	39	14.03	47	13.86	14	6.54	6	2.18
job satisfaction	12	04.32	4	1.18	5	2.34	4	1.45
Environment	12	04.32	6	1.77	4	1.87	2	0.73
Team work	4	01.44	3	0.88	5	2.34	6	2.18
Management effectiveness	21	7.55	28	8.26	18	8.41	35	12.73
Competency	0	0.00	0	0.00	0	0.00	0	0.00
Commitment	4	1.44	0	0.00	0	0.00	0	0.00
Appraisal system	0	0.00	4	1.18	7	3.27	2	0.73
Involvement	0	0.00	0	0.00	0	0.00	2	0.73
Gender Issue	0	0.00	0	0.00	0	0.00	0	0.00

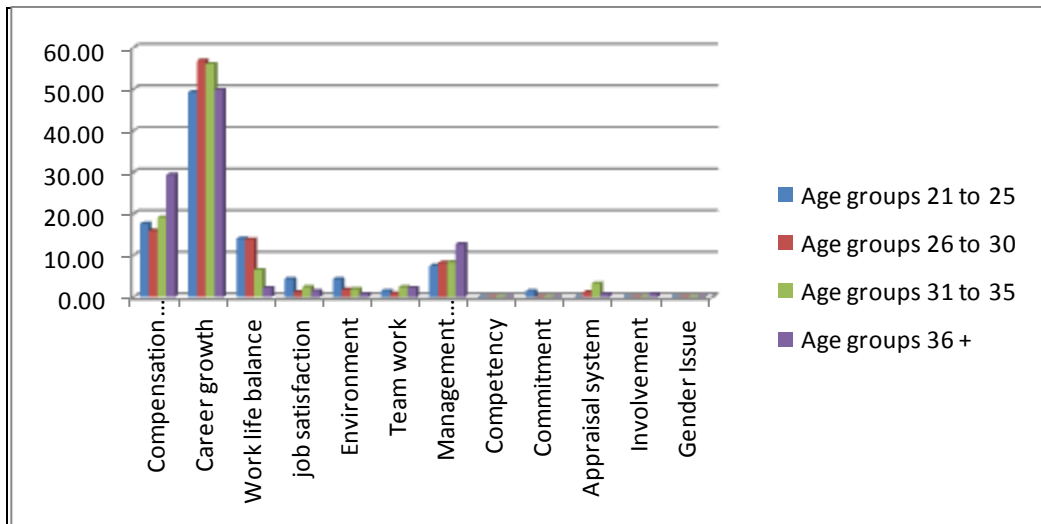


Figure-5.31: Graphical representation on age wise retention factors influence to leave job.

Table-5.42 and figure-5.30 shows that career growth is the most influencing factor followed by compensation scheme, work-life balance and management effectiveness in the all four age groups.

5.4 Conclusion

Conclusion: It is observed that out of 12 attrition factors the **most significant** factors with rank are Career growth, work-life-balance, compensation, job satisfaction, appraisal system and Management Effectiveness. The remaining six factors are **least significant** with their ranks are gender issues, environment, involvement, team work, competency and commitment.

The purpose of this chapter is to test the hypotheses regarding Retention of employees in the IT industries with concerned to the retention variables considered for this study. The data analysis and results are completed using SPSS version 12.0 and Microsoft excel 7.0. Data analysis began with demographics and descriptive analysis of the respondents. Twelve variables of retention (Compensation scheme, Work-life-balance, Work-life-balance, Job satisfaction, Team work, Management effectiveness, Competency Skills, Appraisal System, Commitment, Commitment, Involvement and Gender issues) were consider and Cochran Q-Test was used to understand and explore the relationship with IT professional decision to stay in the IT industry in Pune. Out of these twelve retention variable the career growth, work life balance, compensation, job satisfaction, management effectiveness and appraisal system are the most effective reasons. Researcher also used Friedman test to find that there is a significant difference in the importance of employees attach to the various retention variables. Further the Skewness test and Kurtosis tests were used to check composite variables of each individual retention variable which are significant and with what rank.

Bivariate-co-relation test it is used to find is there any relationship between numbers of job changed and retention variables. The out come was positive and result shows that only work life balance and job satisfaction were significant.

To find the research result on- is there any relationship between age and number of job changed the Chi-square test of contingency were applied. The success story of result shows that age group (21 to 25 years) leave the job more frequently.

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

Chapter-6

IT-units retention practices- Multi-case study

6.1	<ul style="list-style-type: none">• Introduction
6.2	<ul style="list-style-type: none">• Selected company profile• 6.2.1 Patni• 6.2.2 Cap Gemini• 6.2.3 SI services Pvt. Ltd.• 6.2.4 Zensoft• 6.2.5 E-zest Solution• 6.2.6 IBM• 6.2.7. Agile Technosys• 6.2.8 TCs• 6.2.9 Soft Bridge company• 6.2.10 Amdocs
6.3	<ul style="list-style-type: none">• Objectives
6.4	<ul style="list-style-type: none">• Study approach
6.5	<ul style="list-style-type: none">• Data collection
6.6	<ul style="list-style-type: none">• Data analysis & interpretation• 6.6.1 The retention strategies in ten industries• 6.6.2 Analysis of objectives
6.7	<ul style="list-style-type: none">• Observation
6.8	<ul style="list-style-type: none">• Conclusion

6.1 INTRODUCTION

Information technology as an industry today occupies a strategic place in Indian economy and business. Its origin and growth in India have been phenomenal during the last two and half decades. Not only the economic and business environment has undergone a change but one can also see changes in the social sector as well. The education and employment fields have changed. It has played a key role in putting India on the global map. The information technology industry in India basically consists of the software development sector. The industry consists of a large number and growing number of firms. According to NASSCOM the number of Indian software firms has grown from around 432 in 1996-97 to over 1300 in 2010^[1].

The profile of the Indian IT industry has been undergoing a change in the last few years, partly as it moves up the value chain and partly as a response to the market dynamics. The continuing liberalization and economic reforms program of the Government of India, since 1991, aims at rapid and substantial economic growth and integration with the global economy in a harmonized manner. The new policies have made Governmental procedures transparent, eliminated administrative bottlenecks such as licensing in all areas where IT industry is connected, freed the industry from labour law restrictions and provided encouragement to entrepreneurs through market friendly systems. The Government has also made it easy the financing of the industry through liberal FDI - liberalization of foreign investments - and entry of multinationals into the IT industry with major financial share capital.

Turnover of the employees in the IT units leads management to many problems. Retention of the employees reduces the cost of the product, increase productivity and condense brain drain of the particular unit. A high rate of turnover affect the organization in many ways like lead to loss of more expenses, loss of company knowledge, interruption of customer service, as well as the goodwill get effected.

Handling the employee retention issues has got a serious attention at all level of management in IT unit. The problem of employee retention has hit all categories of employees equally. Employee retention is one of the largest universal phenomenon's being faced by the IT units. The HRD of IT units should put in appropriate efforts to retain the employees. This chapter is a line of study on the key retention practices followed by IT units has been investigated as multi-case study.

6.2 SELECTED COMPANY PROFILE

The Silicon Valley of India has been the home for a large number of IT industrial organizations, both Indian and multinationals. Within the IT industry there are organizations that are specializing in manufacturing IT products such as the Dell, IBM, HP, Acer, and software development organizations. These organizations are of different sizes. Considering the time and other resources at the command of the researcher, it was decided to study a few select IT-units for this study adopting the multi-case study method. Accordingly ten organizations cases were finally roped in for this study. Among them are the Indian organizations as well as the multinational organizations, there are small as well as very big undertakings, there are software development organizations, software product engineering companies. The selected ten organizations are:

1. Patni
2. Cap Gemini
3. S1
4. Zen soft
5. E-Zest solutions Ltd.
6. IBM
7. Agile Technosys
8. TCS
9. Soft bridge co.
10. Amdoc

The list suggests that the organizations are in different domains of IT business and have their brand names that enable them to continue in business with much ease. At this stage, a brief presentation of the profiles of these organizations is attempted.

6.2.1 Patni Computer Systems^[2]:

Patni Computer Systems (P) Ltd, an ISO 9001:2000 certified company; all its development centres assessed at SEI CMM Level 5 and P-CMM Level 3, is India's sixth largest software company that provides Information technology Service to clients in diverse industries. Established in the year 1978, Patni Computers has revenue of more than US \$ 150

million. Patni has technical expertise in the fields of enterprise applications, enterprise systems management, e-business and embedded technology.

Company History - Patni Computer Systems Limited was incorporated as Patni Computer Systems Private Limited on February 10, 1978. In 1988, by virtue of Section 43A of the Companies Act, the Company became a deemed public company and subsequently on April 15, 1991 it was converted into a private limited company and consequent to the deletion of Section 43A from the Company was converted to a private limited company on June 27, 2002. The Company was again converted to a public limited company on September 18, 2003.

The original activities of the Company were computer time rental, the resale of imported computer hardware, and software exports. In 1981, the Company promoted PCS Data Products (Private) Limited (PCSDP) for the sale and marketing of computer equipment and hardware maintenance. In 1987, the Company promoted PCS Data General India (PCSDG), a joint venture with the Data General Corporation, USA, for the manufacture and maintenance of computer hardware. In 1994, the name of PCSDP was changed to PCS Industries Limited (PCSIL) and PCSDG was merged into PCSIL. Since 1994, the Company has been entirely focused on software exports. In 1999, the shares of PCSIL held by the Company and other non-operating assets were de-merged into other group companies and the Company emerged as a focused IT services company. Patni Computer Systems Limited is a separate entity from PCS Industries Limited, which is a group company.

Alliances: With an aim to provide the best services to their clients, Patni Computers have several strategies alliances with the leading names in respective fields in the market. Some of the alliances in various divisions with Industry leaders are:

Custom Development Solutions: Microsoft Corporation Legacy Modernization, Mainframe Migration Alliance.

Enterprise Application Solutions: Oracle Siebel, SAP AG, Oracle Corporation, SAP India.

Product Engineering Services & Embedded Software: Texas Instruments, Echelon Corp

Infrastructure Management Services: Microsoft Corporation, HP Software, Hitachi,

IT Governance Solutions: Computer Associates, HP Software.

BI & DW: Business Objects, Informatics Corporation, Trillium Software, Microsoft Corporation, Netezza Corporation, Kognitio, Insurance Services, Milliman STEP Solutions™, OneShield Inc., Prima Solutions.

Global presence: Patni Computer Systems has a global presence in the following countries: Brazil, Canada, Mexico, U.S.A., Czech Republic, Finland, Germany, South Africa, Sweden, The Netherlands, UAE, United Kingdom, Australia, India, Japan and Singapore.

Areas of expertise: The areas of expertise of Patni are many. Some of them are industry solutions under which the company provides services to sectors such as insurance, financial services, manufacturing, healthcare, energy and utilities, hospitality and retail. Other specialties include enterprise applications, e-business, embedded, enterprise management, application development, re-engineering and maintenance, business process outsourcing and engineering.

6.2.2 Cap Gemini^[31]:

Cap Gemini S.A. is a French multinational corporation headquartered in Paris, France founded in 1967. It provides IT services and is one of the world's largest consulting, outsourcing and professional services companies with more than 130,000 employees in over 40 countries. Cap Gemini's regional operations include North and South America, Northern Europe & Asia Pacific and Central & Southern Europe. Services are delivered through four disciplines; Consulting, Technology, Outsourcing and Local Professional Services. The latter is delivered through Sogeti, a wholly owned subsidiary.

Company History:

- In 1981 Cap Gemini Sogeti launched US operations following the acquisition of Milwaukee-based DASD Corporation, specializing in data conversion and employing 500 people in 20 branches throughout the US, known as Cap Gemini DASD. In 1986, acquired the consulting division of US-based CGA Computer to create Cap Gemini America.
- In 1991, **Gemini** Consulting was formed through the integration of two management consulting firms (United Research and The MAC group). In 1995, the Centre for Business Innovation at Cap Gemini was transformed from an institutional university

model to a networked research capability; the name was simplified to Cap Gemini with a new group logo. All operating companies worldwide were re-branded to operate as Cap Gemini.

- In 2000, Cap Gemini acquired Ernst & Young Consulting. In 2003, the firm acquired transitively and merged the two practices into Sogeti-Transiciel (later consolidated within Sogeti in 2006). In April 2004, the Group reverted to Cap Gemini (its current name). In August 2006, Cap Gemini acquired Future Engineering. In September 2006, Cap Gemini acquired a 51% shareholding in Unilever India Shared Services **Limited (Indigo)**, in Bangalore and Chennai and employs approximately 600 staff. In October 2006, Cap Gemini agreed to acquire Kanbay International for US\$1.2 billion in cash (\$29 per share). The acquisition increased Cap Gemini's India staff to 12,000+(which is grown to 26,000+ in mere 4 years of time) employees. The current India employee strength on 23 October 2012 is 40,000. The acquisition was completed on 8 February 2007. On 8 February 2007, Cap Gemini announced the acquisition of Software Architects, a US-based consulting company, to expand its US business.^[19] On 25 July 2008, Cap Gemini announced the acquisition of Getronics PinkRocade Business Applications Services BV of the Netherlands. In October 2008, Cap Gemini acquires UK Test specialist Vizuri.
- In November 2008, Cap Gemini acquires Empire and Sophia Solutions to reinforce its presence in Eastern Europe. In September 2009, Cap Gemini Australia acquires Nu Solutions; bolsters software testing expertise. In February 2010, Cap Gemini announced the acquisition of IBX. In June 2010, Cap Gemini announced the acquisition of Strategic Systems Solutions, a small company specializing in the capital markets.
- In June 2010, Cap Gemini announced the acquisition of Plaisir Informatique, a French company specializing in complex data migrations in the banking and insurance sector, CPM Braxis, the largest Brazilian IT consultant company, In November 2010, Cap Gemini announced that it has acquired the India-based IT services company, Thesys Technologies Private Limited ("Thesys"), a Temenos-Certified Services Partner that provides banking implementation solutions to the global financial services industry. In December 2010, Cap Gemini Acquires German IT-Services Provider CS Consulting GmbH.

- In February 2011, Cheshire Police Authority signed a framework agreement with Cap Gemini for IT services to support back-office policing activities. The framework would include technology to enable shared services. It is expected to generate savings of £40 million for Cheshire Constabulary over ten years. In February 2011, Cap Gemini got a \$63 million three-year contract to provide support to smart meters for Canada's utility BC Hydro in British Columbia. In March 2011, Cap Gemini secured a £100 million contract with BAA to takeover its 'core IT services', In April 2011, Cap Gemini acquired two French companies, Artesys, a provider of IT infrastructure offering, and Avantias, a provider of enterprise content management to businesses. In June 2011, Cap Gemini finalized its acquisition of Prosodies, the multi-channel services operator. In June 2011, Cap Gemini completed its first acquisition in China, Praxis Technology, and a utility industry specialist. In July 2011, Cap Gemini acquired the Italian IT services provider AIVE Group.

Acquisitions: Hoskyns Group plc|Hoskyns in the UK (1990), Volmac in the Netherlands (1992), developers of Cap Gemini SDM, Programmer in Scandinavia (1992), Gruber Titze and Partners in Europe (1993), Bossard in Europe (1997), Ernst & Young Consulting (2000), Transiciel (2003), Indigo (2006), Future Engineering in Germany (2006), Plecto AG in Germany (2006), Kanbay International (2006), Software Architects (2007), Maxeda IT Services in the Netherlands (2008), Getronics PinkRocade Business Applications Services BV (2008), developers of Business Information Services Library, Vizuri Ltd (2008), Empire in Czech Republic (2009), Nu Solutions in Australia (2009), IBX in Sweden (2010), Strategic Systems Solutions Ltd in the UK (2010), KSAak CPM Braxis [Brazil] (2010), Thesys Technologies (India) (2010)^[28], CS Consulting GmbH (2010), AIVE Group in Italy (2011)^[37], Minneapolis-based BI Consulting Group (BICG)(2011)^[38], Vengroff Williams & Associates (2011), ANZ Testing Services (2012 - significant union opposition, 750 people), DTWO Solutions (2012) Japan based software and IT Staffing company

Cap Gemini Consulting: Cap Gemini Consulting is the strategy and transformation brand of Cap Gemini, i.e. Cap Gemini's management consulting business. Currently employing around 4000 employees, Cap Gemini Consulting is one of Europe's biggest management consulting companies.

6.2.3 S1 Services Pvt. Ltd.^[4]:

S1 provides customer-interaction software solutions for financial and payments services. More than 4,000 customers in 49 countries, including regional and national banks, community banks, credit unions, retailers, telcos, and processors rely on our banking and payments software.

A pioneering spirit and proven track record of delivering innovative software solutions drive our ongoing research and development to bring you excellence in software for financial and payments services. We invest in our people, in our products, and in the alliances we have nurtured with our technology partners, our resellers, and our customers.

S1's software products and services give retail banks, wholesale banks, and credit unions one source for software products that address all customer touch-points. We enable you to better know your customers and create competitive advantages. Our products meet your branch, call centre, Internet, voice, lending and automatic teller machine/point-of-sale (ATM/POS) channel needs. S1's payments software, Postilion, is used by retailers, processors, telcos, and financial institutions of all sizes.

6.2.4 Zen Soft^[5]:

Company creates web sites with stylish designs and professional back ends as well as provides web hosting services in Bhopal, India. Its greatest strengths lies in the expertise in designing, developing and Internet Marketing for customers in diverse industries with 100% customer satisfaction. The company have a strong customer-centric approach that ensures a stable and long-term relationship with the clients.

6.2.5 E-Zest solutions Ltd^[6]:

E -Zest is a customer focused and technology-driven company providing product engineering and enterprise software/application development services that help clients in crafting holistic value for their software development efforts.

E-Zest is an **SEI-CMMi Level-3** and **ISO 9001:2008** certified global software outsourcing company. E-Zest has served 80+ industry leader clients in four continents about a decade with **400+ software professionals** on board. E-Zest is technology partner with Microsoft, Amazon, VMware, HP and Cisco.

E-Zest focuses on understanding to its clients' needs and delivering IT services & solutions at right value and required speed. We believe we succeed when our clients succeed by growing and outpacing their competition.

By selecting e-Zest as an IT services partner, you'll gain access to process excellence, IT technology expertise and an experienced pool of resources. Our focus is on driving business transformation through IT as a tool to help you drive genuine business results.

- Global onsite / offshore software development
- Custom software development
- Bespoke software development
- Independent software testing
- Cloud computing services
- Mobile development services
- Business intelligence services
- Technical Support Services

6.2.6 International Business Machines Corporation (IBM)^[7]:

The IBM is an American multinational technology and consulting corporation, with headquarters in Armonk, New York, United States. IBM manufactures and markets computer hardware and software, and offers infrastructure, hosting and consulting services in areas ranging from mainframe computers to nanotechnology.

The company was founded in 1911 as the Computing Tabulating Recording Company (CTR) through a merger of three companies: the Tabulating Machine Company, the International Time Recording Company, and the Computing Scale Company. CTR adopted the name International Business Machines in 1924, using a name previously designated to CTR's subsidiary in Canada and later South America. Securities analysts nicknamed IBM *Big Blue* in recognition of IBM's common use of blue in products, packaging, and logo.

In 2012, *Fortune* ranked IBM the No. 2 largest U.S. firm in terms of number of employees (435,000 worldwide, approximately 100,000 in the US), the No. 4 largest in terms of market capitalization, the No. 9 most profitable, and the No. 19 largest firm in terms of revenue. Globally, the company was ranked the No. 31 largest in terms of revenue by *Forbes* for 2011. Other rankings for 2011/2012 include No. 1 company for leaders (*Fortune*), No. 1 green company worldwide (*Newsweek*), No. 2 best global brand (*Inter*

brand), No. 2 most respected company (*Barron's*), No. 5 most admired company (*Fortune*), and No. 18 most innovative company (*Fast Company*).

IBM has 12 research laboratories worldwide and, as of 2013, has held the record for most patents generated by a company for 20 consecutive years. Its employees have garnered five Nobel Prizes, six Turing Awards, ten National Medals of Technology, and five National Medals of Science. Notable inventions by IBM include the automated teller machine (ATM), the floppy disk, the hard disk drive, the magnetic stripe card, the relational database, the Universal Product Code (UPC), the financial swap, the RDBMS and SQL, SABRE airline reservation system, DRAM, and Watson artificial intelligence.

The company has undergone several organizational changes since its inception, acquiring companies such as Kenexa (2012) and SPSS (2009) and organizations such as PwC's consulting business (2002), spinning off companies like Lexmark (1991), and selling off product lines like ThinkPad to Lenovo (2005).

History of the company

1881–1929: In the 1880s, various technologies came into existence that would form part of IBM's predecessor company. On June 16, 1911, these technologies and their respective companies were merged by Charles Ranlett Flint to form the *Computing-Tabulating-Recording Company* (C-T-R).

1930–1979: In 1937, IBM's tabulating equipment enabled organizations to process unprecedented amounts of data, its clients including the U.S. Government, during its first effort to maintain the employment records for 26 million people pursuant to the Social Security Act, and the Third Reich, largely through the German subsidiary Dehomag. In 1947, IBM opened its first office in Bahrain, as well as an office in Saudi Arabia to service the needs of the Arabian-American Oil Company that would grow to become Saudi Business Machines (SBM).

In 1957, IBM developed the FORTRAN (Formula Translation) scientific programming language. The IBM Electric typewriter was a highly successful model line of electric typewriters introduced by IBM on July 31, 1961. In 1963, IBM employees and computers helped NASA track the orbital flight of the Mercury astronauts. On April 7, 1964 IBM announced the first computer system family, the IBM System/360. Sold between 1964 and 1978, it was the first family of computers designed to cover the complete range of applications, from small to large, both commercial and scientific. On October 11, 1973, IBM

introduced the IBM 3660, a laser-scanning point-of-sale barcode reader which would become the workhorse of retail checkouts. On June 26, 1974, at Marsh's supermarket in Troy, Ohio, a pack of Wrigley's Juicy Fruit chewing gum was the first-ever product scanned. That pack is now on display at the Smithsonian Institution's National Museum of American History in Washington, D.C. IBM's Blue Gene supercomputers were awarded the National Medal of Technology and Innovation by U.S. President Barack Obama on September 18, 2009.

1980–Present: The IBM PC, originally designated IBM 5150, was introduced in 1981, and it soon became the industry standard. In 1991, IBM sold Lexmark. IBM will show their various innovations at CeBIT 2010 in Hanover, Germany. In 2009, it acquired a software company. As of 2012, IBM had been the top annual recipient of U.S. patents for 20 consecutive years. In June 2013, IBM acquired SoftLayer Technologies, a web hosting service. In August 2013, US regulators began an investigation into how the firm reports revenue from its cloud computing business. Also in August, IBM acquired Trusteer, a Boston-based, privately held, computer-security company responsible for the development of Rapport security software, in a deal close to \$1 billion.

Corporate affairs: IBM's headquarters complex is located in Armonk, Town of North Castle, New York, United States. The company has twelve research labs worldwide—Almaden, Austine, Australia, Brazil, China, Dublin, Israel, India, Tokyo, Watson (New York), Zurich and Nairobi. The company also operates the IBM Scientific Center, Hursley House, the Canada Head Office Building, IBM Rochester, and the Somers Office Complex. The company's contributions to architecture and design, including Chicago's 330 North Wabash building designed by Ludwig Mies van der Rohe, were recognized with the 1990 Honor Award from the National Building Museum.

6.2.7 Agile Technosys^[8]:

Agile Technosys is a software development and services company providing premium services to its clientele across the globe. Agile Technosys is quite a young company (about 5 years old now) and has been providing software development, web development, web design, custom application development, product development, Rich internet applications and design / multimedia services. Within a short span of 5 years, Agile Technosys has grown to a team size of 270+ from a mere 4 at inception.

Agile Technosys is an offshore web development, web design, software development and services company providing premium services to its clientele across the globe. Agile Technosys is quite a young company (about 4 years old now) and has been providing software development, web development, web design, custom application development, product development, Rich internet applications and design / multimedia services. Within a short span of 4 years, Agile Technosys has grown to a team size of 270+ from a mere 4 at inception. Well that's all great! But then isn't that all of them say? Why should we be hiring Agile Technosys for our project? Out of thousands of web development companies - why Agile Technosys? What makes us more different is that we don't look towards a project as a single job that we would do for you. We rather prefer to be your technological partners in the ever changing world of web to deliver applications, enhancements and technical innovations that add value to your business. With us you can leave the technical errata out to us and focus on more important aspects of the business. Below are the top 10 reasons why you should consider Agile Technosys as your technical partners.

Customized Services: Agile Technosys provides full life cycle software development and Services Company providing premium services to its clientele across the globe. Agile Technosys is quite a young company (about 4 years old now) and has been providing software development, web development, web design, custom application development, product development, rich internet applications and design / multimedia services. Within a short span of 5 years, Agile Technosys has grown to a team size of 270+ from a mere 4 at inception. With an excellent blend of solid business domain understanding, technical expertise multiplied by deep knowledge of latest industry trends and technical innovations - Agile Technosys provides a quality driven approach towards software development and provides end-to-end customized solutions catering to the requirements.

Professionals: The Company has a strong team of over 270+ experts consisting of business analysts, programmers, team leads, project managers, testing and quality professionals, GUI specialists and product specialists to cater to customer requirements.

Infrastructure: Agile Technosys has developed rock steady infrastructure and its advanced infrastructural facility at the prime location in Pune, Maharashtra, India, which is the educational capital of the east (Also known as Oxford of the East) and is a growing IT

hub and also another IDC at Nashik, Maharashtra, India. Agile Technosys delivers offshore web development, web design, application development and services with excellent technology and up-to-date software for creating futuristic products and for providing time-tested services. Our facility incorporates world-class technology infrastructure with a focus on reliability, security and scalability.

The level of infrastructure availability at Agile Technosys is 99.8% throughout the year. We maintain all necessary continuity plans and actions to ensure continuous operations. VPN provides secure global connectivity to remote users, VoIP and videoconferencing. We always welcome client inspections and audits. We currently hold two state of art IDCs in India

6.2.8 Tata Consultancy Services^[9]:

Tata Consultancy Services (TCS) is an IT services, consulting and business solutions organisation that delivers real results to global businesses, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPO, infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model TM, recognised as the benchmark of excellence in software development.

A part of the Tata group, India's largest industrial conglomerate, TCS has over 285,000 of the world's best trained consultants. The company generated consolidated revenues of \$11.6 billion for year ended March 31, 2013 and is listed on the National Stock Exchange and the Bombay Stock Exchange in India.

Areas of business: TCS helps clients optimise business processes for maximum efficiency and galvanise their IT infrastructure to be both resilient and robust. TCS offers the following solutions:

- Assurance services
- Business information and performance management
- Business process outsourcing
- Cloud services
- Connected marketing solutions
- Consulting
- Engineering and industrial services
- Enterprise solutions

- iON small and medium businesses
- IT infrastructure services
- IT services
- Mobility solutions and services
- Platform solutions

Operational area: TCS has the depth and breadth of experience and expertise that businesses need to achieve business goals and succeed amidst fierce competition. TCS helps clients from various industries solve complex problems, mitigate risks and become operationally excellent. Some of the industries it serves are Banking and financial services, Construction, Energy and utilities, Government, Healthcare, High tech, Insurance, Life sciences, Manufacturing, Media and information services, Metals and mining, Retail and consumer products, Telecom, Travel, transportation and hospitality

Software product: TCS BaNCS, TCS MasterCraft, TCS technology products etc.

Locations: TCS is headquartered in Mumbai, operates in 46 countries and has more than 208 offices across the world.

6.2.9 Soft Bridge company^[10]:

Headquartered in Singapore, Softbridge has offices in Tokyo, Japan and Pune, India. Softbridge has developed core expertise specific to the Japanese market by creating and deploying a large pool of bilingual engineers in various technology domains such as Web, CAD, Networking, VLSI, and Embedded Systems.

Softbridge has three business divisions focused on education, software development and mobile-media services. The education division is known as the Softbridge Center for Technology and Communications (SCTC), the software development division as Soft Bridge Solutions (SBS) and mobile-media division as Soft Bridge Ventures (SBV). Soft bridge Centre for Technology and Communications (SCTC).

Soft bridge Centre for Technology and Communications provides corporate and individual training programs in various IT domains such as JAVA, Microsoft .Net, Embedded Systems, Project Management and Networking. SCTC also assists in extensive skill development by offering courses in Cross Culture Communication, languages such as Business Japanese and English and a Management Development Program.

Soft bridge Solutions: Offers a wide array of software development services with flexible engagement models including onsite and offshore. SBS has developed expertise in domains

such as Finance, Logistics, Medical Systems, eCommerce and Online Advertising. SBS manages a large offshore development centre with technology skills in Web Technologies such as JAVA, Microsoft .NET and Open Source as well as Embedded Systems.

SBS has developed expertise specific to the Japanese market by creating and deploying a large pool of bilingual engineers in various technology domains such as Web, CAD, Networking, VLSI, and Embedded Systems.

Soft bridge Ventures: SBV markets various mobile and media related content and technologies to the Indian mobile markets. SBV is both an aggregator and creator of contents for delivery thru various XL, L, M, S formats (XL-Theatre, L-Television, M-PC, S-Mobile).

6.2.10 Amdocs^[11]:

Amdocs is a provider of software and services to more than 250 communications, media and entertainment service providers in more than 80 countries. Its CES (Customer Experience Solutions) span business support systems (BSS), operational support systems (OSS) and network control and optimization offerings for multiple lines of business, including wireless, wire-line, broadband, cable and satellite services. Amdocs' services include business consulting, managed services, systems integration, project delivery and testing. The company also offers advertising and media products and services for local marketing service providers, including directory publishers. These offerings enable the management of media selling, fulfillment, operations, consumer experiences and financial processes across digital and print media.

Amdocs maintains offices on 6 continents with support and development centers located worldwide, including Brazil, Canada, Cyprus, India, Ireland, Israel and the USA.

History: The company was founded in 1982 as an offshoot of Golden Pages, the Israeli phone directory company, which was owned by the Aurec Group headed by Morris Kahn.^[4] Together with others at Golden Pages, Kahn developed a billing software program for telecom companies and with Boaz Dotan established a company called Aurec Information & Directory Systems to market this product. In 1985, Southwestern Bell Corporation acquired a 50 percent ownership share of Aurec Information, and its name was changed to Amdocs. Within two years, the Aurec Group sold off all its holdings in Amdocs for almost US\$1 billion.

Between 1990 and 1995 Amdocs took diversification steps, expanding first into the telephone arena and then the mobile space. The company went public on the New York Stock Exchange in 1998 with a value of US\$2.75 billion. From 2002 to 2010 Amdocs expanded its product and services offerings, and through a series of acquisitions entered new markets and domains including OSS, cable and the financial services industry.

Amdocs' offerings are collectively called "Customer Experience Solutions" (CES), first introduced as CES 7.5 in January 2008. Amdocs CES encompasses the company's products, services and expertise.

Acquisitions

- September 1999: Acquired **International Telecommunication Data Systems, Inc.** (ITDS), the second largest telecom billing service bureau in the United States.
- April 2000: Acquired outstanding stock options of **Solect Technology Group**, a developer of billing and administrative software for Internet service providers and mobile operators.
- November 2001: Purchased the **Clarify** CRM assets from Nortel Networks.
- February 2004: Purchased **XACCT Technologies**, a provider of mediation software for service providers.
- July 2005: Purchased **DST Innovis** from DST Systems, a vendor that provides end-to-end customer care and billing for broadband, cable and satellite operators.
- April 2006: Acquired **Qpass**, a Seattle-based company with an Austrian subsidiary that provides solutions for the marketing and merchandising of digital goods and services.
- May 2006 Purchased **Stibo Graphic Software**, a Danish software company previously owned by The Stibo Group.
- August 2006: Acquired **Cramer Systems**, a UK-based company that provides Operational Support Systems to service providers. This allowed Amdocs to become one of the very few companies to offer a complete BSS/OSS product suite.
- February 2007: Purchased **SigValue Technologies**, an Israel-based vendor of prepaid billing systems for emerging market mobile operators.
- April 2008: Acquired **JacobsRimell**, a privately held provider of customer-centric fulfillment solutions for the broadband cable industry.

- November 2008: Acquired **Changing Worlds LTD.**, a privately held provider of personalization and intelligent portal solutions for mobile service providers.
- October 2009: Acquired **jNetX**, a privately held service delivery platform (SDP) provider.
- March 2010: Acquired **MX Telecom**, a leading mobile payments and messaging aggregator with operations in Europe, Australia and the US.
- May 2010: Acquired **Streamezzo**, a mobile Internet application development platform provider.
- August 2011: Acquired **Bridge water Systems**, a publicly held provider of policy management and network control solutions for mobile and convergent service providers.
- September 2013: Acquired **Actix** and entered the network control and optimization market.
- January 2014: Acquired **Celcite** to offer independent vendor-agnostic solutions for network management and RAN optimization.

6.3 OBJECTIVES

The aim is to find “The retention practices adopted by HR Managers to retain the employee”. The study set the following objectives:

1. To understand the Conventional and Non- conventional retention practices implemented by the IT units for retention of the employees.
2. To analyze effectiveness of retention practices.
3. To understand the turnover of employee at different level of hierarchy.
4. Analyzing the exit interviews, to understand employee perception of turnover.

6.4 STUDY APPROACH

It is began by considering the strength and weakness of quantitative data collection method of inquiry and semi structured interviews with less structured and none directive approach. The semi structured interview method used to collect the data from HRD of the selected IT units of Pune, to cover up what conventional and non- conventional retention practices implemented by the IT units, the effectiveness of retention practices and different level of hierarchy mostly participates in turnover.

The study was conducted in IT units located in and around Pune at Hingiwadi IT park, Magarpatta, Koregoan, Rajiv Gandhi IT park PCMC. The IT units listed under Maratha Chambers of Commerce and Industries and Agriculture (MCCIA). The units considered are IT services and software development having the status of National and Multi-national (six were Multinational and four were National).

An attempt is made to present the people management dimensions while referring to different aspects of employee management and study of various measures being designed and implemented to retain the employees in the selected above ten IT-units. An attempt is made to identify several retention strategies and practices in these companies to retain their employees and examine whether the IT organizations have any common strategies for retaining employees.

6.5 DATA COLLECTION

The conventional retention practices implemented by IT units are collected in structured form and non conventional retention practices followed in that units are collected in non structured forms. The conventional retention practices considered are: *Performance Appraisal, Incentives, Career Growth, Best Salary Packages, Regular Employee feedback Sessions, Regular Rewards and Reorganization, Better work environment, Recreation, Recognition of achievement, Exit Interview, Job rotation and Job enrichment, Motivational Atmosphere, Weekly feedback from Employees and Employee Stock Ownership plan(ESOP).*

Number of employees in particular year and exit interview are collected in the structured form. The exit interview information reviewed and information complied with structured form. Reasons for turnover are gathered in unstructured form.

6.6 DATA ANALYSIS AND INTERPRETATIONS

An attempt is made to study of various measures being designed and implemented to retain the employees in the above ten IT units. An attempt is made to identify several retention conventional and non conventional practices in these companies to retain their employees and examine whether the IT units have any common strategies for retaining employees.

[The IT units names are named as X1, X2,.....X10, and some information like number of employees were in particular year in that IT units are not reflected here because of maintaining the confidentiality oath taken while collecting the data and information. This will not affect on the research outcomes]

6.6.1 The retention strategies in ten industries

The researcher had interviewed HR manager with fourteen retention strategies, which are in general followed for retention. The fourteen strategies are:

1. Performance Appraisal
2. Incentives
3. Career Growth
4. Best Salary Packages
5. Regular Employee feedback Sessions
6. Regular Rewards and Reorganization
7. Better work environment
8. Recreation
9. Recognition of achievement
10. Exit Interview
11. Job rotation and Job enrichment
12. Motivational Atmosphere
13. Weekly feedback from Employees
14. Employee Stock Ownership plan-ESOP

6.6.2 Analysis of objectives

Objective-1:

The 14 conventional approach of retention implemented in the IT units are tabulated in Table-1(□= implemented, X = not implemented).

Table- 6.1: Conventional retention practices v/s IT units

Conventional retention Practices	IT units									
	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10
Performance Appraisal	✓	✓	✓	✓	✓	✓	✓	✓	×	×
Incentives	✓	✓	✓	✓	✓	✓	✓	✓	×	✓
Career Growth	✓	✓	✓	✓	×	✓	✓	✓	×	✓
Best Salary Packages	✓	✓	✓	✓	✓	✓	✓	✓	×	✓
Regular Employee feedback Sessions	✓	✓	✓	✓	✓	✓	✓	✓	×	✓

Regular Rewards and Reorganization	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
Better work environment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
Recreation	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗	✓
Recognition of achievement	✓	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓
Exit Interview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
Job rotation and Job enrichment	✗	✗	✓	✗	✓	✓	✓	✓	✓	✗	✓
Motivational Atmosphere	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓
Weekly feedback from Employees	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗
Employee Stock Ownership plan(ESOP)	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗

The Table-6.1 information is further compiled in Table-6.2 to understand which conventional practices are most and less effective.

Table- 6.2: Implementation % of conventional retention Practices.

Conventional retention Practices	Implementation %
Performance Appraisal	80%
Incentives	90%
Career Growth	90%
Best Salary Packages	90%
Regular Employee feedback Sessions	90%
Regular Rewards and Reorganization	90%
Better work environment	90%
Recreation	30%
Recognition of achievement	80%
Exit Interview	90%
Job rotation and Job enrichment	60%
Motivational Atmosphere	70%
Weekly feedback from Employees	20%
Employee Stock Ownership plan	20%

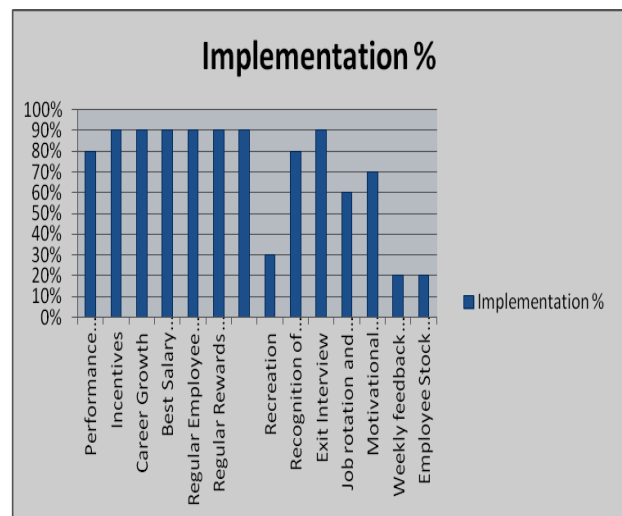


Figure-6.1: Conventional retention Practices

The information tabulated in Table-6.1 & Table-6.2 and presented graphically in Figure-6.1 reflects that out of 14 conventional retention practices 11 practices are implemented in the most of the IT units and 3 are less practiced for retention.

Apart from conventional retention practices there were non-conventional retention practices followed into the IT units to retain the skilled and knowledgeable employees which is collected in unstructured form and compiled in Table-6.3.

Table- 6.3: Non- conventional retention practices in selected units.

IT units	Non-conventional practices
X1	<ul style="list-style-type: none"> • Benefit quarterly • Performance Bonus(Performance Grade) • On bench- specialized to generalized other location
X2	<ul style="list-style-type: none"> • Past Track career Program(Lower Level) • Retention bonus • Training, Coaching • On-site • Annual Bonus
X3	<ul style="list-style-type: none"> • Transport Benefits • work hours flexible • Insurance
X4	
X5	<ul style="list-style-type: none"> • Giving challenges • Quarterly contest • Training • Consultancy
X6	<ul style="list-style-type: none"> • Appreciation • Flexi Timings
X7	
X8	<ul style="list-style-type: none"> • Hi-potential program • Various training program • Fun at work • One on one connect
X9	
X10	<ul style="list-style-type: none"> • Regular Round table discussions between employees and their respective Managers

Table-6.3 shows that some non conventional practices are design and developed by particular IT unit and they are not common. 3 out of 10 IT units do not have any non-conventional method for retention and they follow only conventional method of retention.

Objective-2:

The year wise employees on the roll and number of employees left in a particular IT unit are collected in structured form from 2009 to 2012. The year wise percentage of turnover is calculated and presented in Table-6.4. The 15-20% turnover is acceptable and considered to be healthy which is universally proven in different literatures. Considering this 15-20% tolerance value the data is further tabulated in Table-6.5 to understand the retention trends is good/ fair/ poor in particular IT unit.

Table- 6.4: Year wise % of turnover

IT unit/ year	2009	2010	2011	2012
X1	10	12	15	13
X2	16	15	15	17
X3	23	24	25	22
X4	6	8	9	5
X5	26	29	28	27
X6	7	8	6	9
X7	16	19	18	17
X8	9	6	8	7
X9	27	29	26	28
X10	28	27	29	30

Table- 6.5: IT unit wise average % turnover and comparison with tolerance value (15-20%).

Sr. no	IT unit	Average % turnover	Within or above acceptable tolerance value	Retention practices
1	X1	12.5	Within	Good
2	X2	15.75	Within	Good
3	X3	23.5	Above	Poor
4	X4	7	Within	Good
5	X5	27.5	Above	Poor
6	X6	7.5	Within	Good
7	X7	17.5	Within	Good
8	X8	7.5	Within	Good
9	X9	27.5	Above	Poor
10	X10	28.5	Above	Poor

From Table-6.5 it can be understood that **six units** are **within the tolerance percentage** and remaining **four** are **above the tolerance percentage**. The percentage of good and poor is tabulated in Table-6.6. The 60% IT units have good retention and 40% poor retention.

Table- 6.6: Retention in IT units

Good retention	Poor retention
60%	40 %

Objective-3:

The employee designation were different at different units and it was very difficult to understand the employment level after analysing the exit interview sheet because in some IT unit it was named as software engineer, programmer, system analyst, project head, etc. After discussion with HRD manager of different units and information collected and analysed from exit interview sheet it has been categorised the employee level in 3 grades as junior level, middle level and senior level on the basis of their pay package and job profile. After solving the complexity the information is tabulated in Table-6.7 to understand the turnover and turnover percentage in Table-6.8.

Table- 6.7: Turnover at different level of hierarchy in IT unit

IT unit	Junior Level	Middle Level	Senior Level
X1		✓	
X2	✓		
X3	✓	✓	
X4	✓		
X5		✓	
X6	✓		
X7		✓	
X8	✓		
X9	✓	✓	
X10	✓	✓	

Table- 6.8: Turnover % at different level of hierarchy in IT unit

Turnover % at different level of hierarchy in IT unit			
Junior level	Middle level	Junior and Middle level	Senior Level
40%	30%	30%	0%

Table-6.7 shows that the turnover is only at junior level and middle level. At senior level the turnover is nil. From the Table-6.8 it can be understood that the turnover is 40% at junior level, 30% at middle level, 30% at junior and middle level and 0% in senior level.

Objective-4:

To understand the reasons of turnover, the structured exit interview sheet has been analysed IT unit wise. The reason for turnover was not structured in exit interview sheet, so it was difficult to compile. To solve this complexity, it was discussed with HR managers and various reasons has been analysed and categorised. This information is indicated in Table-6.9, IT unit wise.

Table-6.9: Reasons of turnover

Units	Turnover reasons	Units	Turnover reasons
X1	<ul style="list-style-type: none"> • Better Opportunity • Growth • Knowledge of the other Language • Higher education 	X6	<ul style="list-style-type: none"> • Salary • Job satisfaction • Marriage/ Maternity • Attitude • job role
X2	<ul style="list-style-type: none"> • Salary • Better opportunity 	X7	<ul style="list-style-type: none"> • Salary • Company environment
X3	<ul style="list-style-type: none"> • Better opportunity • Compensation • on-site opportunity • Personal reason • Higher education 	X8	<ul style="list-style-type: none"> • Better job Opportunity • Personal reason • Better composition/role • Supervisor issues
X4	<ul style="list-style-type: none"> • Better Opportunity • Growth • Designation • Higher education • Personal reason 	X9	<ul style="list-style-type: none"> • Salary
X5	<ul style="list-style-type: none"> • Better Opportunity • Family Problem • Need to relocate • Not Matching with the work culture in the organization • Job Location 	X10	<ul style="list-style-type: none"> • Better Role • Better compensation • relocation

Table-6.9 reflects that, better job opportunity, salary/ compensation and growth are some of the main reasons for influencing IT employees to leave the job in most of the IT unit. Apart of these reasons there are several other reasons for which employee’s level job are varying from unit to unit. The reasons are part of day to day working of the employees.

6.7 OBSERVATION

Employee retention practice as observed through individual cases as above can be broadly classified into two categories monetary and non-monetary strategies.

The retention practices at six units implemented strongly and four units poorly. One of the IT units was not interested for retaining employees.

Job hopping is highest at the junior level employee in the IT units, middle level is some what and senior level is nil. It has been observed that all the selected units try their level best to retain the employees but till due to one or the other reasons the employees leave the job. The units whose tolerance rate is below standard needed to implement the HR practices more rigorously.

6.8 CONCLUSION

In this era of globalization employees are blessed with good opportunities. As soon as they feel dissatisfied with the current employer or with the job, they switch over. 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 which many a times goes unnoticed. Tools for employee retention are 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.

This study approach was to do the case study at ten IT-units to understand their retention strategies. The employee retention strategies implemented in ten IT-units are varying from one IT-unit to another.

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.

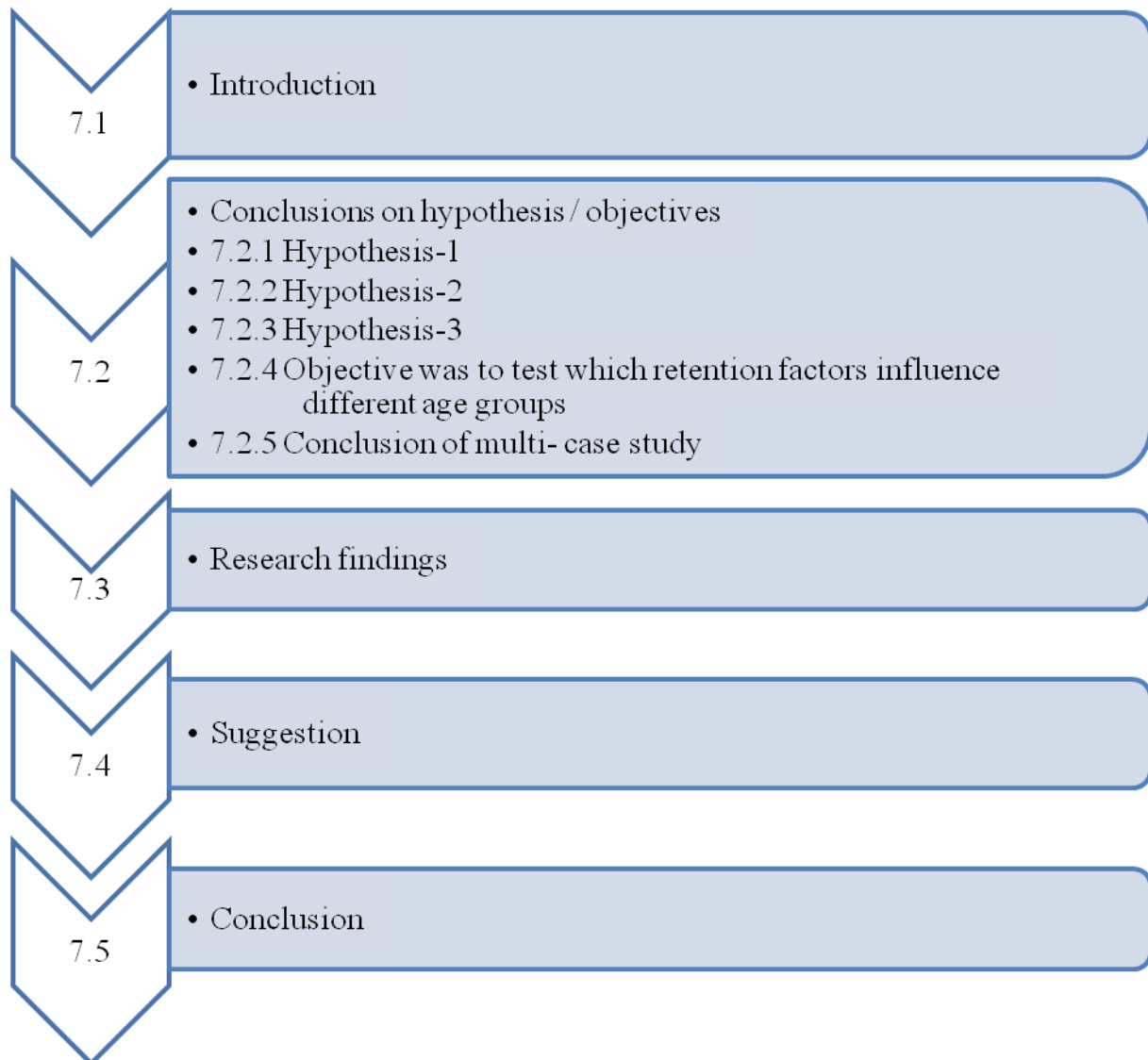
It has been found that the turnover at senior level is nil but somewhat turnover in middle level and junior level of hierarchy. The 60% IT unit's retention practices are good and 40% is poor.

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Chapter-7

Findings, Suggestion and 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 out comes 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 composed 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 '360⁰ 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 $\chi^2 (12) = 139.15$, $P=0.000$, $N= 575$, 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 youngster 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 Variety 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.