

## Enrichment Factors Of Employee Retention With Reference To Information Technology Companies In Hyderabad – A Study

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### ABSTRACT

Obtaining and trying to retain skilled staff plays a vital role for any organization, as the knowledge and experience of employees are core to the ability of companies to operate economically competitive. Since intellectual capital has emerged as a competitive edge for any organization, it is very important for companies to retain their skilled employees. The study focused on enrichment factors for employee retention in IT companies. The study focused on examining management practices with an exploratory factor analysis and found that Employees' opinions and suggestions should be considered by management while decision-making and followed by the "Organization of Employee Trust" parameter were extracted as high loading factors, which will play a key role in the retention of employees. The study used the Neural Network to elicit the enrichment factors that encourage employees to stay with the organization and found that the learning environment followed by the Employee Recognition Act plays a key role for employees to continue their work with the same organization.

**Key words:** Employee Retention, Enrichment Factors, Human Resource Management, Talent Management, Learning Environment, job satisfaction.

### INTRODUCTION

The changing workforce conditions are pushing human resources to seize new job prospects contributing to high attrition rates. Securing and attracting skilled staff has been an integral part of every organisation, since the expertise and abilities of employees are vital to the potential of businesses to compete efficiently. As current evidence suggests that increased market competitiveness attracts skilled workforce with undeniable monetary benefits, it is expected that, regardless of size, technical advancements record massive attrition rates. Increasing issues have led to scholarly curiosity in understanding the employee experience in detail. Interestingly, it has been noticed that monetary benefits are one of the several reasons that make employees quit current organisations.

Mostly with guidance of the exiting literature, the present research seeks to recognize reasons that influence employees to continue with the organisation. Existing studies focusing on identifying the reasons responsible for leaving an institution utilizing evidence from exit interviews. Using the answers, the HR Department has continued to tailor strategies and procedures to reduce turnover rates.

However, these practices have not been seen to be successful in achieving the perceived goal. Given the vast expenditures in employee engagement activities inside companies, it is appropriate to consider, assess and criticize a number of reasons outside the monetary advantages of employee retention in organizations.

### REVIEW OF LITERATURE

Long-term health and success of any organization depends upon the retention of key employees. To a great extent customer satisfaction, organizational performance in terms of increased sales, satisfied colleagues and reporting staff, effective succession planning etc., is dependent upon the ability to retain the best employees in any organization. Encouraging employees to remain in the organization for a long period of time can be termed as employee retention. Workforce Planning for Wisconsin State Government (2005) defined employee retention as "....a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs."

Attrition of employees being a global phenomenon raised concerns and has been insisting industry to

design and implement effective retention strategies. Especially employees in their early career consider job as a commodity and swifts among offers owing to monetary benefits of Company of their choice. The immediate managers of the exited employees believe that higher pay is reason for employee to quit. However, extant research found that the money hasn't appeared among the top reasons quoted by employees to leave the organization (Augustin & Mohanty, 2012). Salary and benefits tend to attract people to organizations but they aren't usually sole reasons for employees to leave (Herman, 1999). Researchers found that understanding the reasons compelling employees to retain in organizations would lay a strong foundation in designing appropriate retention strategies. Practitioners believed that employee retention is not influenced by a single factor, but there are host of factors which are responsible for retaining employees in an organization (Fitz-enz, 1990).

**March and Simon's (1958)** theory of organizational equilibrium proposed that job satisfaction played a crucial role in deciding employee retention. Owing to its significance organizations deployed good management techniques espousing to it. **Porter and Steers (1983)** proposed five dimensions urging employee to retain in the job. They are extrinsic rewards (e.g., pay, benefits); advancement opportunities; effective leadership and peer group relation; tenure in the organization; and personal commitments. Further studies identified Organization commitment as one of the important retention factor holding employee with the organization (**Steers, 1977**). As Organizational commitment is understood as the degree of individual's involvement in the organization. The greater the involvement the greater is the intention to retain.

**Price and Mueller (1981)** proposed that 'Recognition to the efforts put forth by the employees' has emerged as a significant factor driving employee retention. Employee recognition acts as a reinforcement tool and was expected by employees for the efforts they have put forth. Organizations that failed to deploy this reinforcement tool are bound to face employee turnover. On contrary its effective deployment in the system would in turn act as binding force for the employee to retain with the organization.

According to **Muchinsky and Morrow (1980)** Organizational prestige (i.e. company fame) would act as a retention factor. It has been believed by the organizations and tried to emerge as "employer of choice" through fostering positive culture (Branham, 2005). They communicated and emphasized the positive features of working for a particular

organization. Along with attracting the talent, it encouraged current employees to experience the fame for being part of the system.

Organizational culture honing individual KSA (competencies) became the most important factor encouraging employee commitment to the organization (**Kerr & Slocham, 1987; Kopelman, 1990**). Positive and thriving culture is preferred by the human capital to stay with. Viewed from employees' perspective, associating with healthy organization would give them quality work life and provide motivation to go to work. Above all, employees expressed that they feel empowered by being part of decision making and contributing the required skill set for achieving organizations objective (**O'Malley, 2000; Thomas, 2000**). Understanding the ripple effect of Organization culture, organizations began to appreciate its role in providing committed human capital, a competitive advantage to any organization.

Adding to the list location of the work became an important retention factor quoted highly by the employees. According to them, living close to the work will increase job embeddedness leading to raised job commitment (**Mitchell et al., 2001**). **Hytter (2007)** in her research identified factors influencing retention decision directly and indirectly. She has listed loyalty, trust, commitment, and identification and attachment with the organization as directly influencing factors and workplace factors such as rewards, leadership style, career opportunities, the training and development of skills, physical working conditions, Work-life balance having indirect influence on employee retention.

A handful of other explanatory constructs have emerged in the retention literature. However there is necessity to understand organizations say in its retention management practices and objectives for its skilled employees. Realizing the fact that employee attitude plays a significant role in retention or quit decision, there is a dire need to understand them. The tool Organization Commitment Questionnaire (OCQ) designed to measure the influence of the job, work environment, and organization on the individual's desire to remain with or leave the organization forms the basis for understanding employee intention to retain (**Mowday et al., 1979**).

In summary, the current study helps to define the most often cited justification for employees to remain in the company. There has been a change from job satisfaction and perceived alternatives, extrinsic incentives, career development, fundamental connections, expenditure and non-work effects on organizational loyalty, organizational equality,

flexible work schedules, organizational reputation, and place. Along with the factors listed, the learning environment and creativity are included in the current analysis. The rationale behind the incorporation of these variables is the evolving economic conditions and the daunting need for organizations to remain creative for their sustainable life.

Understanding if the key participants of the organization, i.e. employees, are attuned to consider themselves creative and remain open to learning and experimenting would signal profitable opportunities to invest in fulfilling these requirements. Analyzing seasoned employees' expectations from management as well as whether these expectations can be counted as aids in successful retention theory. It offers both workers (improved engagement and performance) and the company a win-win situation (talent retention).

**OBJECTIVES OF THE STUDY**

1. To examine the Management Practices effecting the Employee Retention
2. To elicit enrichment factors of encouraging employee to stay with the organization

**RESEARCH METHODOLOGY**

The study has considered the qualitative research approach and considered the primary data with the drafted questionnaire. The study has considered the management practices for the Influencing parameters of employee retention and enrichment factors of encouraging employee to stay with the organization based on the review of literature (Steers, 1977).

**Sample selection**

The study has considered the employees with more than 3 years of experience in the same organization. The study has considered the major IT companies with large workforce located in Hyderabad region. In the study the major IT companies are Infosys, Wipro and TechMahindra. The study has adopted the convenient sampling method to determine the sample size.

**Selection of scale**

The study has framed two objectives and adopted two different likert scale structured opinions were considered. The study has adopted 5 point likert scale for the management practices for influencing employee retention were considered. The study has considered the 2 point likert Scale structure for the enrichment factors encouraging employee to stay with the organization.

**Statistical Tools**

Exploratory factor Analysis: The study has considered the exploratory factor analysis to extract the high loading factors among the Management Practices effecting the Employee Retention. The high loading factors will be the key factors, which will be considered management practices effecting the employee retention.

**TABULATION OF DATA ANALYSIS**

**Objective -1: To examine Management practices effecting the Employee Retention**

This objective made an attempt to examine the Management practices that effects the Employee retention. For this, the study seventeen factors were considered and applied Exploratory Factor Analysis that is used for data reduction.

**Table – 1: Sample Adequacy Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.790
Bartlett's Test of Sphericity	Approx. Chi-Square	838.801
	df	136
	Sig.	.000

Source: Primary data

Kaiser-Meyer-Olkin measure of sampling adequacy has the result as 0.792, which is greater than the 0.70, the chi-square value is tend to be higher than the critical value i.e. 838.801 > 146.567 at the Degrees of freedom 136. Barlett's test of sphericity is

observed to be statistically significant which is determine from p-value (<0.05). Thereby confirming that, segments considered in the study are valid for Factor Analysis.

**Table – 2: Management Practices Effecting Employee Retention**

Practices	Components				
	1	2	3	4	5
Management should understand employee needs	0.7				
Management should consider employees opinions and suggestion while decision making	0.627				
Fostering organization culture with least or zero office politics	0.645				
Encouragement to employees to take calculated risks	0.598				
Recognition to the additional efforts put forth by employees	0.588				
Management should allow experimentation to improve performance	0.586				
Recognition to the employee/team on job accomplishment on time and with zero error		0.796			
Clear communication about goals and organization Vision		0.644			
Identify skill development needs of an employee		0.621			
Management should encourage employee self-improvement with continual learning		0.424			
Organization should trust employee			0.671		
Special attention & recognition to proactive employees should be given			0.521		
Management should value employee self-respect			0.401		
Management should extend support to innovative thoughts				0.703	
Management should provide avenue to employees to present innovative ideas				0.659	
Management should help employee to strike a balance between professional and personal life				0.594	
Effective management practices should be in place to resolve tough employee issues fairly					0.624

Source: Primary Data

The table shows the Principal Component Analysis used to extract High loaded factors related to management practices that affect the retention of employees. It found that fifteen of the seventeen factors were extracted from the main component analysis. It is emphasized that **Factors 1** related to

management support for employees in terms of being accessible to employees, understanding their needs, considering their opinions while taking decisions, enabling experimentation to improve performance, encouraging employees to take calculated risks and recognizing the additional efforts made by employees, and fostering an organizational culture with the least potential. **Factor 2** related to Time-

based and zero-error job recognition, support for self-improvement skills development, continuous management learning, and clear communication of objectives and organizational vision. **Factor 3** deals with assessing employee self-respect, trust factor and special attention & amp, recognition of proactive employees. **Factor 4** deals with work-life, opportunities for employees to present innovative ideas and strong support for innovative ideas. **Factor 5** highlighted effective management practices for the fair resolution of employee issues.

**Objective – 2: To elicit the enrichment factors of encouraging employee to stay with the organization**

**Multivariate: Neural Network**

The Neural Network Analysis is based on a neural network algorithm: The Multilayer Perceptron (MLP). More specifically, the analysis has been carried out as follows:

**Dependent Variable:** Employee Retention

**Independent Variables:**

1. Learning environment
2. Job Satisfaction

3. Career progression
4. Recognition to the efforts
5. Positive and thriving Organization culture
6. Functional expertise
7. Motivation – Self-motivated to work towards achieving organizations objectives

The study applied Multilayer Perceptron for each of the practices and result as below

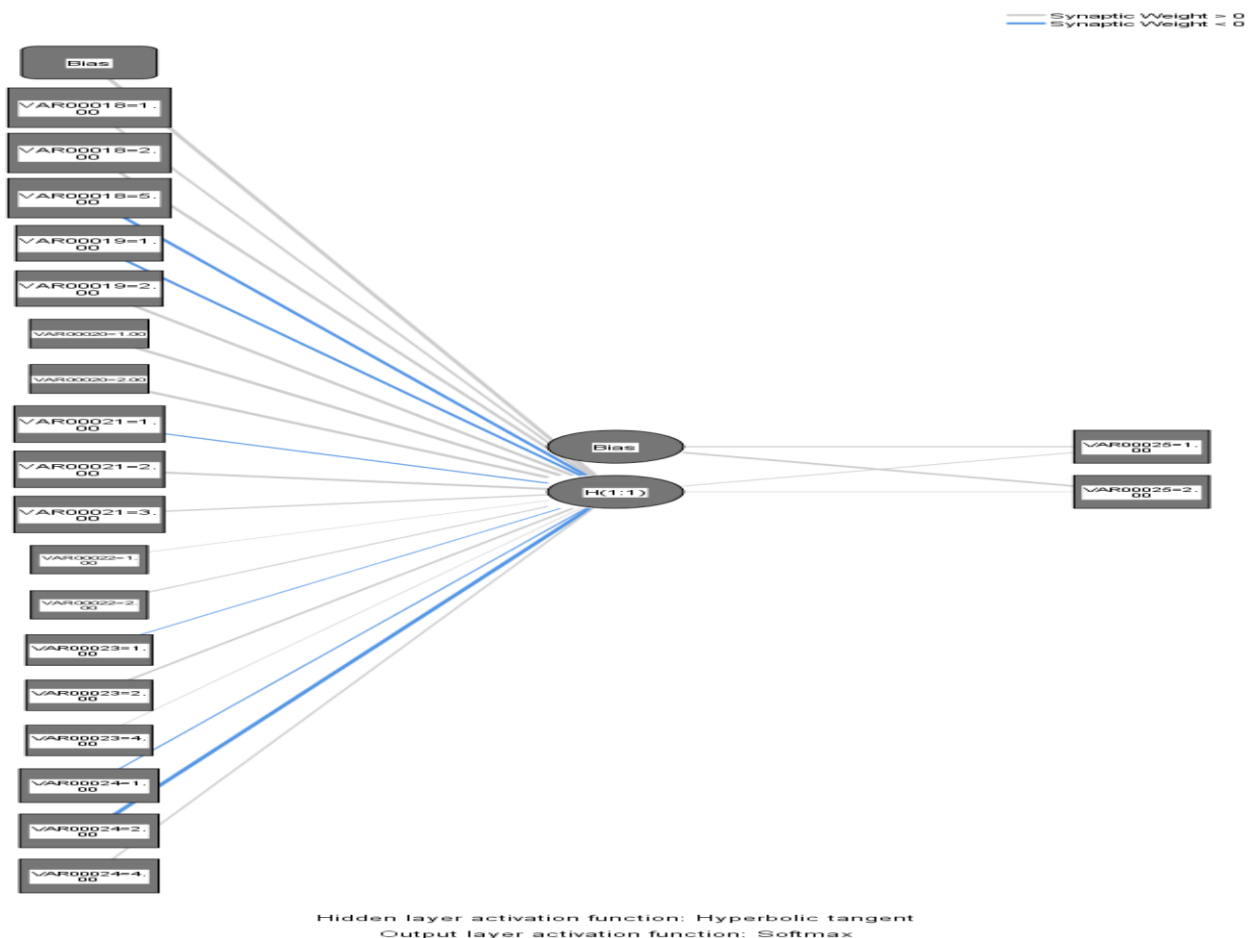
**Table -3: Multilayer Perceptron**

Case Processing Summary			
		N	Percent
Sample	Training	51	75.0%
	Testing	17	25.0%
Valid		68	100.0%
Excluded		104	
Total		172	

Source: Primary Data

Table illustrate the data sample considered for training set and testing set, here the result estimated 75% sample data is allocated to training set and remaining 25% is allocated to testing set.

**Figure – 1 Neural Network**



Source: Primary Data

The above graph depicts the network information in layers. In which each input layer is linked to

hidden layer and hidden layer generate the output layer i.e., Employee Retention. It indicates that 2 hidden layers were used to generate the output layer.

**Table – 4: Enrichment Factors of Employee Retaining**

Independent Variable Importance		
	Importance	Normalized Importance
Learning environment	.269	100.0%
Job Satisfaction	.191	70.8%
Career progression	.051	19.0%
Recognition to the efforts	.208	77.3%
Positive and thriving Organization culture	.041	15.3%
Functional expertise	.088	32.7%
Motivation	.151	56.2%

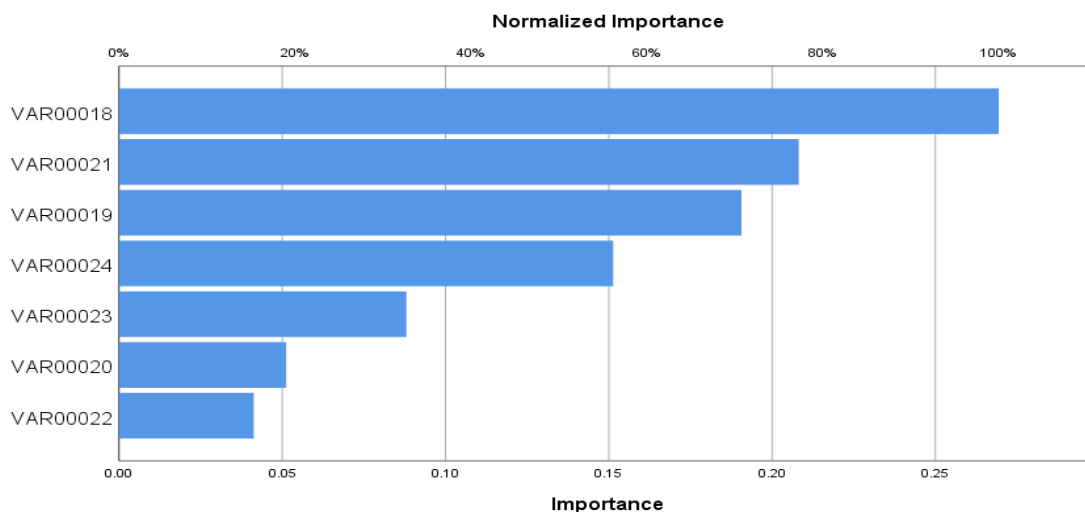
Source: Primary Data

**Importance and Significance of Select Variables**

The significance of an independent variable is an extent of change in the network’s model predicted value for varying values of the independent variable. Above Table reflects the relative

importance of the 7 listed variables to improve the Employee Retention.

**Figure -2: Model Prediction pf Employee Retention**



Source: Primary Data

The table and graph illustrate the Employee Retention. The results of the study showed that,

out of the seven dimensions of Employee Retention, Learning Environment is top prioritized



followed by Recognition to the efforts, Job Satisfaction and Motivation. Career Progression, Functional Expertise and Positive and thriving organization culture are found to be low prioritized compared to the other employee retention dimension, which means that employees are somewhat satisfied with the Career Progression and Positive and thriving organization culture factors. It therefore concluded that the factors like Learning Environment, Recognition to the efforts, Job Satisfaction and Motivation are the factors which have more importance to the employees. The study shows that these factors should be focused more for employee retention.

### FINDINGS OF THE STUDY

1. The study examined the management practices effecting the employee retention with the EFA and found that "Management should value employee Self-Respect" (0.601) followed by the parameter "Management should help Employee to Strike a Balance between Professional and Personal Life (0.594).
2. The study observed with the factor analysis that Employees opinions and suggestions should be considered by the management while decision making (0.586) followed by the parameter of "Organization trust of employee (0.671). **Guillermo Fuertes, 2020** stated that with the study that management should encourage the employees to participate in decision making.
3. It has been identified that management should Recognize the additional efforts put forth by the employees (0.700) and Management should encourage the employees for the experimentation to Improve the performance (0.627). **Francine W. Richardson (2014)**, proved that motivated employees always perform better, which in turn increases the productivity
4. It has been synchronized that Clear Communication and goals and Organization Vision (0.796) and also

found that management should extend the support to innovative thoughts (0.703).

5. The study examined the enrichment factors of encouraging employee to stay with the organization and found that learning environment (0.269) followed by the Recognition to the employee efforts (0.208) plays the key role for the employees to continue their job with same organization.
6. **Nico martins (2018)** indicated the motivation of employees will encourage them continue with the same organization. The study present study also observed with the similar finding that Employee Job Satisfaction (0.191) and employee Motivation (0.151) were observed to be important as per the employee opinion.

### CONCLUSION OF THE STUDY

The study has been focused to identify the enrichment factors of employee retention in Select IT companies. The study has adopted the qualitative research approach and collected the primary data through the drafted the questionnaire from the employees working with the IT companies with more than three years of experience. The study mainly examined the management practices effecting the employee retention with the statistical method of exploratory factor analysis and result found that "Management should value employee Self-Respect" followed by the parameter "Management should help Employee to Strike a Balance between Professional and Personal Life". The study examined the enrichment factors of encouraging employee to stay with the organization with the support of Neural Network and the results observed that learning environment followed by the Recognition to the employee efforts plays the key role for the employees to continue their job with same organization.

### Further Research Scope:

The present study is limited to Hyderabad region three Major IT companies. Therefore, the study suggests expand to research to state level. The

study also recommends to consider the similar research in services sector such as Education.

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