Impact of HR Retention Strategy in Indian IT Sector with special reference to Hyderabad City

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Abstract

Purpose – *The purpose of this investigation is to learn more about the Indian IT industry's staff retention tactics, as well as their effects on retention, the factors that contribute to employee turnover, and the methods that have proven effective in reducing employee turnover.*

Research design, data and methodology - A simple random sampling method was used to get the opinions of 200 employees from 20 IT companies (10 each from large and medium-sized companies). The opinions of HR managers at these companies on the strategies they are using to keep their talent pool were gathered through in-person and over-the-phone interviews after a thorough literature review on employee attrition and retention.

Results –The scope of the study was narrowed to include just those information technology firms in Hyderabad, India, which has recently become the country's new IT powerhouse. Microsoft Excel and frequency distribution charts were used to analyse the data.

Conclusions – Aside from the outlook of Indian IT companies on the identification and implementation of retention strategies such as consistent increases in compensation package, continuous introduction of employee welfare facilities, improved working conditions, genuine promotional policy, career planning and development, recognition and rewards, and exemplary leadership, compensation-related, the researchers also identified job-related, and interpersonal relations as restraining factors.

Keywords: IT-Sector, Attrition, Retention, India.

1. Introduction

One of the most significant problems that the IT industry in particular and the globalisation of other businesses in general have faced is the challenge of staff attrition and retention. It's far easier for human resources and other administrative staff to bring in a fresh and competent personnel than it is to keep them. This has put a tremendous amount of pressure on all members of the management cadre to devise and execute policies and strategies to reduce turnover and keep good employees around. The Indian economy has shifted from an agricultural foundation to an industrial one, and is currently focusing on the service sector. The agrarian working class drove the Indian economy at first, then the blue-collar working class, the white-collar working class, and finally the knowledge workers. After the Indian government deregulated the telecom industry in 1994, the country's largest telecom provider, BSNL, focused on its core competencies and contracted out the rest, including data entry, contact centre services, medical billing, HR services, accounting, customer care, and IT software. Competitive environment, requirement of continual expansion, survival of the fittest, changes in economic policy by government, greater market growth, and increasing market share have all contributed to a rise in the demand for talented workers in this nation. The Indian IT industry is actively courting new talent by touring educational institutions in search of a qualified human resources (HR) pool, and in the course of doing so, they are keeping an eye on the needs of the future. Indian companies working in the field of information technology have seen spectacular development in the last few years. The IT sector in India has grown from a $150m business in 1990–91 to a $50bn sector in 2006–07. There has been an average annual growth rate of 30% in the Information Technology sector in India over the last decade. As of 2009, the Information Technology industry in India contributed 5.19 percent of GDP and export revenues, and it employed a significant portion of the country's tertiary labour. A significant part of India's economy, the industry is responsible for the employment of over 2.5 million people directly and indirectly.

In 2020, the global economy began to show signs of normality after a period of extended volatility, and demand for information technology goods began to climb again, ushering in an era of revitalization for India's $60 billion IT sector. As reported by NASSCOM, the Indian IT-BPO business is expected to hit the $70 billion barrier by the conclusion of the current fiscal year. The growth of the information technology industry is a major factor in the expansion of the economy. The Indian information technology sector has been instrumental in elevating the country's profile internationally. After globalisation, the IT sector in particular contributed significantly to national prosperity. India's position as one of the world's leading exporters of software has contributed to the country's steady economic expansion. IT infrastructure and software such as system integration, software experimentation, bespoke application development and maintenance, network services, and IT solutions, dominate this market. While India's IT sector is largely responsible for the country's prominence on the global stage, it has been hit hard by the recent economic downturn in the United States, which has had a negative impact on software exports, new projects, employee recruitment and retention, and other areas of the economy. Most individuals would put pay issues at the top of the list of why a talented worker would quit their job. The reality, though, may be different. The Gallup Organization conducted one of the biggest surveys ever done to find the answer. Over a million workers and

80,000 supervisors were questioned for the research, which was compiled into a book titled "First Break All The Rules" (Buckingham & Coffman, 2001). It's possible that the management is to blame for the exodus of so many high-calibre workers. Given how hard it is to keep employees and how many people are leaving the Indian IT sector, the whole industry is trying to come up with ways to keep the talent they already have. They are doing this by coming up with and implementing different strategies, which the researchers have looked into and clearly explained in this research article.

2. Review of Literature

Several writers have studied retention techniques and their effect on lowering the incidence of attrition; for example, Ross and Zander (1957) found that if workers' basic requirements are met, they are less likely to look elsewhere for employment. Salary seems to have a less correlation with happiness, according to the research. If an employer is doing their job well, they will be able to gauge what their employees really want and provide it to them in a way that benefits both the company and the worker. To prevent employee turnover, it is important to grasp the psyche of your staff (Mobley et al., 1979) and remove the underlying reasons of it. The research recommends investigating retention tactics that may lead to present-day happiness and future attraction strategies to keep the employees. Role centrality, group cohesion, labour market competition, and organisational levels are all negatively impacted by employee turnover, but internal development, career advancement, and a flatter performance curve are positively impacted by it (Barry, 1980). The report also suggests thoroughly assessing all viable options before deciding one to adopt. Turnover is a dynamic process influenced by economic, social, and psychological elements (Muchinsky & Murrow, 1980). To fully grasp attrition, businesses must investigate these three categories.

(Michaels and Spector, 1982) looked examined the correlation between two factors: dedication to the organisation and the realisation of initial hopes and dreams for the job. Apart from the fact that taking into account by superiors resulted in the highest levels of satisfaction among workers, the research found that it had a favourable effect on organisational commitment. Salary, length of service, and position within the company are unrelated to the model shown above. Managers, as outlined by Mowday (1984), need to have a firm grasp on both the best plan and the ideal moment to put it into action, and they need to know why people are leaving the company and how to prevent them. If the study's projected high dropout rate comes to fruition, it will no longer be an option, but a must. After computers were introduced, it became difficult for managers to keep their staff, since the supply of competent workers was lower than the demand. Workers utilise job hopping as a strategy for climbing the corporate ladder. High unemployment is said to be associated with a worse correlation between job satisfaction and employee retention (Carstenand Specter,1987). If there are fewer job opportunities, then people who are unhappy with their current position are less likely to consider leaving their current employer, while if there are more opportunities, then people who are unhappy with their current position are more likely to consider leaving their current employer. Organizational functioning, availability, and usefulness are dissected in (Campion, 1991). With the use of this research, we are able to calculate the turnover Employees' Goals in Their Organizations Furthermore, it has been shown that businesses lack necessary data, since

they rely too much on a single indicator of profitability. According to research by Sheridan (1992), firms that place a premium on interpersonal connections are more successful at retaining people over the long term. It was a major gap of 14 months between the two companies. According to the research, corporations can't avoid the expense of replacing departing workers, but they may put off that expense by extending the average length of time their staff stays with the company. Therefore, it is the responsibility of the employer to locate suitable candidates for open positions inside the company in a timely manner, thereby minimising the time and money spent on recruitment. A manager's first priority should be to choose people who mesh well with the established norms and values of the company. (Hall, 1993) identifies six intangible resources— reputation, including networks, organisational culture, data bases, and staff know-how—that might affect management. The six intangibles listed above are crucial to an organization's success because they foster a sense of community and loyalty among workers, both of which are necessary to maximise productivity and, ultimately, profitability. However, it is the manager's responsibility to determine which issues have the most impact on the workforce and to accommodate as many people as possible. Managers, according to the work of Despres and Hiltrop (1995), should go beyond monetary incentives to identify other methods to boost employee morale and productivity. For the modern business to run efficiently, knowledge is a crucial component. In order to keep things running smoothly, businesses must figure out how to keep employees like these. The same may be achieved with the use of compensation and incentive systems. Furthermore, (Fey, Bjorkman, & Pavlovskaya, 2000) comes with several elements for keeping managers and regular workers around. At the non-management level, the most important criteria in talent retention are job security and performance, whereas at the managerial level, promotions based on merit and firm success are crucial. High compensation, technical training, and other incentives all play a role in keeping employees from leaving. According to (Kim, 2005), a company can only reach its objectives effectively if it is able to keep its most talented and competent workers on board.

3. Methodology

The survey was conducted to learn how employees feel about leaving the company and how IT firms view employee retention. In the months of June and July of this year, we ran this survey. Only 20 IT organisations, including 10 IT majors and 10 medium-sized enterprises, are included in the current research, despite Hyderabad's status as a cutting-edge centre of the Indian IT industry. The study included a random selection of 200 IT workers from the 20 organisations, with 60% male and 40% female personnel. Primary data was gathered using questionnaires and in-person/phone interviews with both the 200 workers and the 20 IT company managers. The data was gathered using a convenience sample. We were able to get the necessary secondary data thanks to books, periodicals, newspapers, and the internet. Data and information were gathered from respondents, and then analysed using frequency distribution and percentages to determine which types of reasons had the most impact on employees' decisions to quit the company. Microsoft Excel was used for all data modification. Only information technology (IT) firms and their workers in the Indian city of Hyderabad were included in this study. Besides its own personnel, this survey was limited in its ability to capture the perspectives of Indian IT industry stakeholders.

4. Results and Discussion

The results of a survey administered to 200 IT workers at 10 major and 10 medium-sized IT organisations are shown in Table 1 together with the insights of HR managers into the same topics. There were a total of eight explanations given by the respondents' community, which fell into three broad categories: a) reasons associated with one's job, such as dissatisfaction with one's role, a lack of opportunities for advancement, a sense of being underappreciated or undervalued, and a heavy workload or high levels of stress; b) financial incentives or improvements to one's working environment; c) interpersonal factors, such as poor relations with one's superior or negative treatment from higher-ups.

<Table 1> Opinion of Indian Information Technology (IT) Employees Regarding Quitting Work

Reasons for Quitting Job	10 Major IT Companies		10 Medium IT Companies	
	Female (40) (%)	Male (60) (%)	Female (40) (%)	Male (60) (%)
A. Job Associate Reasons:				
1. Feel underappreciated and ignored	66	68	72	78
2. Feel burdened and anxious	98	96	90	92
3. There is no room for professional advancement	85	95	94	98
4. Unhappy with the job profile	75	90	93	95
Average of Job Associated Reasons	81.00	87.25	87.25	90.75
B. Compensation & Work Related:				
5. Quality of work life	75	82	85	88
6. Unhappiness with the compensation plan	80	85	90	93
Average of Compensation & Work Related	77.50	83.50	87.50	90.50
C. Inter-Personal Relations:				
7. Treatment by the authorities	70	73	80	82
8. Relationships with the boss are strained	65	75	86	82
Average of Inter-personal Relations	67.50	74.00	83.00	82.00

Work-related factors, such as those listed in Table: 1, which include workers' feelings of being acknowledged and their dissatisfaction with their current job profiles and the lack of opportunities for advancement and increased responsibility, all played a role. Male respondents

from large and smaller IT firms responded with average percentages of 87.25 and 90.75, respectively, and agreed that job-related factors were a significant factor in their decision to quit their positions. While just 75.00 percent of male IT workers cited these characteristics, 87.25% of female IT workers did. According to surveys of both large and medium-sized IT businesses' male and female employees, dissatisfaction with pay and working conditions are top reasons for leaving a job. And whereas only 67.50 and 83.00 percent of women gave similar reasons for quitting their jobs, a large majority of males in IT said that problems with management and the law played a role in their decision to leave their positions. According to the study's findings, both men and women in India's IT industry cite feelings of overload and severe stress as the single most important reason for quitting their jobs. However, the vast majority of the sector's knowledge workers have never considered leaving their positions for purely financial reasons. Information technology workers have been vocal about the benefits these companies have offered for their careers and lifestyles while engaging in job hopping. Researchers also interviewed human resources representatives from each of the 20 IT firms based in Hyderabad to get their take on why workers there are leaving their positions. Human resources directors believe that IT workers are quitting their jobs for reasons other than pay, with career advancement, a low-stress work environment, public recognition, and a positive work environment all ranking high. However, the Indian IT industry has made changes to its remuneration policy, recognition and awards, career planning and development, improved quality work life, and excellent leadership as part of their HR strategy to reduce turnover and increase retention. In addition to these tactics, those who work in this industry enjoy perks like no-interest auto and home loans, paid vacations, overseas assignments, company-sponsored parties on the weekends, subsidised public transportation, health coverage, fitness and personality development courses, free counselling services, and one-of-a-kind letters of thanks from the CEO.

5. Managerial Implications

The study provides sufficient insights into the perspectives of HR managers on retention and attrition, as well as the different significant causes for leaving the positions by workers in the Indian IT industry. This study's findings provide valuable insight into workers' perspectives on leaving their current IT jobs, allowing HR departments to reevaluate their approaches to attracting and retaining top talent. Management may fix problems in the appropriate places after analysing the current system thoroughly and determining where it has gaps. Due to the American crisis and shifting worldwide employment patterns, today's workers have adopted the mentality that "only rolling stones can live and thrive" in the IT industry's current precarious environment. In order to dispel this misconception among current workers, the IT sector must implement novel retention strategies, such as rewarding employees who have been with the company for a long time and have consistently delivered high-quality work with a "star rating," providing employees with multi-skill training and development as a retention strategy, planning for a succession and acceleration pool, increasing career visibility, and improving the company's public image. In light of the current acute shortage of trained people, any organisation that implements the aforementioned retention techniques has a great chance of achieving the desired degree of success via increased retention and decreased turnover.

6. Conclusion

Despite the significant shortage of quality workers inflicting a tremendous setback not only to business but also to the Indian economy, the Indian service sector in general and the IT industry in particular are booming with confident leaps. Increasing focus on retaining current staff members is a key trend in HR today. Managers are under increasing pressure from globalisation of business to cultivate their most promising employees into a top-tier knowledge workforce. Human resource managers have a formidable problem in determining the true motivations behind employees' frequent job changes. In light of this, the HR department's brain trust should craft effective plans to reduce employee turnover and confidently implement the aforementioned retention tactics in order to hold on to the finest of the organization's talent pool. The findings of this study provide the Indian IT industry with an excellent chance to better understand their workers' intentions with regard to leaving their current positions and to implement measures designed to reduce employee turnover.

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