A Study of Employee Retention V/S Demographic Variables in IT-Units of Pune City

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ABSTRACT
Success and failure of any organization depends on its human resource. Global explosion in business creates more opportunities, so people 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 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 which influence employees to leave but HRD need to understand employee expectations from the organization, which can make them to stay long back and perform well. 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. The objective of this paper is to understand that, is there any relation in frequency of job change with growing age and does different retention factors influences on different age group. The result of this study shows that retention factors are same in the different age groups and number of job changed is not constant in different age group. The study area is selected IT-units in the Pune city.

Keywords---- HR Practice, IT Industry, Attrition, Employee Retention.

I. 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.

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.

However, the Information technology industry is young and, retention trend has yet to be instituted. Acquiring the right people is rather easy and simple but retaining talent resources in the jobs for which they are hired is much difficult. The expanding global job opportunities, get highly attractive and remunerative jobs elsewhere and highly attractive terms and conditions of employment offered are simply motivates the employees to leave their current jobs. They are also attracted by the career and other opportunities available and provided globally within country as well as outside the country. A qualified IT employee also finds the opportunities up the hierarchy very fast which they wants to grab. In this industry, the knowledge workers/ professional employees constitute the most important resource for an organization must be retained.

The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM. IT the sunshine industry of India that contributed a major share towards the GDP (6.4% in 2011) of our country had faced with the challenge of retaining people as the attrition rate was high. In FY12, IT industry has witnessed an average attrition rate of 17-25% as compared to other sectors in
India like manufacturing, banking and others, which is about 8%. It was also observed that the attrition has dipped down in FY12 from FY11 (55-60%) according to a recent industry specific survey carried out by the Associated Chambers Of Commerce and industry of India (ASSOCHAM). From the survey it was found that the dip in attrition rate is due to the rise in retention and employee satisfaction programmes undertaken by IT firms, but this has to be reduced further.

In India IT companies are concentrated in certain places like Bangalore, Bhubaneswar, Cochin, Coimbatore, Chandigarh, Chennai, Delhi, Gurgaon, Hyderabad, Calcutta, Mysore, Madurai, Maneshwar, Mumbai, Noida, Pune and Trivandrum. 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 multinational companies. During the last two 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.

The IT-units are competing with one another in terms of their employee friendly policies and practices aimed at attracting and retaining potential workforce as there is acute shortage of skilled IT professionals. This is because the above situation has bred highly demanding and egoistic workforce who leave or threaten to leave the Organization even at the slightest discomfort and join the competitor Organization. Job-hopping is a common phenomenon among IT professionals. This is a costly affair for the Organization as stated by Fitz-enz (1997) and will affect the bottom lines. This has posed a challenge to HR professionals of IT Organizations to design effective retention strategies keeping in view this delicate situation.

Retention and Motivation of personnel are major HR Challenges for Indian IT Industry today. It has been observed that the average tenure for an IT professional is less than three years. Further, the use of new technologies, the support of learning and training, and a challenging environment ranked higher than competitive pay structures as effective retention practices. Integrating HR strategy with Business Strategy: The strategic HR role focuses on aligning HR practices with business strategy. The HR professional is expected to be a strategic partner contributing to the success of business plans, which to a great extent depend on HR policies pertaining to recruitment, retention, motivation, and reward.

Coping with the Demand-Supply Gap, the shortage of IT professionals are global in nature and not peculiar to the Indian software industry alone. For India, it is predicted that in the year 2013 almost 450000 IT professionals will be required (Strategic Review Reports, NASSCOM). Attracting the Best Talent is another challenge. In a tight job market, many organizations often experience precipitous and simultaneous demands for the same kinds of professionals. The Indian software industry suffers from a shortage of experienced people such as systems analysts and project managers, and attracting them is a key HR challenge.

Up-gradation of Skills through Re-training: Rapid and unpredictable technological changes, and the increased emphasis on quality of services are compelling IT businesses to recruit adaptable and competent employees. IT professionals themselves expect their employers provide them with all the training they may need in order to perform not only in their current projects, but also in related ones that they may subsequently hold within the organization.

II. LITERATURE REVIEW

When an employee leaves he takes away with him all company information such as ongoing projects, etc. Goodwill of the company gets hampered due to more employee turnover rate and the competitors start poking their nose to recruit best talents from them. Efficiency of work is hampered to a large extent. If an employee leaves in the middle of an ongoing project its very difficult to fill that Vacuum and a new employee can never replace an old and talented employee and this makes the turnover process occurs overtime. 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 directly and indirectly in many ways like lead to loss of more expenses, loss of company knowledge, interruption of customer service, as well as the goodwill.

Mobley (1982) and Dickter, Roznowski and Harrison (1996) also called for more research and theory pertaining to how the turnover process occurs overtime. 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 directly and indirectly in many ways like lead to loss of more expenses, loss of company knowledge, interruption of customer service, as well as the goodwill.
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 Cascio(2003); Heneman and Judge(2003); Gberevbie (2008) 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) 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). Furthermore, Mobley et al., (1979) 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). Lee et al., (2010) 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, 1982; Mobley et al., 1979).

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; Mobley 1982; Arthur 2001) 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.

Price & Muller (1981) observed that job dissatisfaction influenced actual turnover indirectly through its direct effect on turnover intention. The variables that affect job satisfaction are pay, promotion opportunities, immediate supervisor, fringe benefits, contingent rewards, rules and procedures, relation with co-workers, type of work done, and communication within the organization.

Walker (2001) identified seven factors that can enhance employee retention: (i) compensation and appreciation of the performed work, (ii) provision of challenging work, (iii) chances to be promoted and to learn, (iv) invitational atmosphere within the organization, (v) positive relations with colleagues, (vi) a healthy balance between the professional and personal life, and (viii) good communications. Together, these suggest a set of workplace norms and practices that might be taken as inviting employee engagement. workplace factors such as rewards, leadership style, career opportunities, the training and development of skills, physical working conditions, and the balance between professional and personal life have an indirect influence.

Gardner et al., (2004) were of the view that pay is considered as a motivator as well as employee retention technique. Milkovich and Newman (2004) have clearly stated that among all types of reward, monetary pay is considered one of the most important and significant factor in retention. In a research by Moncraz, Zhao and Kay (2009) 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.

It was found in the survey that recognition is important for workers and they want to listen that their work followed recognized and appreciated. Silbert (2005) forwarded the view that reward is important because it has an enduring impression on employees which, in turn, gives the employees an impression that they are valued in the organization. Prince (2005) argued that talented employees are required for maintaining a competitive advantage and employees want career growth opportunities to develop and rise in their career ladder. Work-life balance is increasingly important for engagement and affects retention. Hyman et al., (2003) According to Miller, Erickson & Yust (2001), employees get benefited by work environment that provide sense of belonging. Wells & Thelen (2002) have stated in their study that organizations which have generous human resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate level of privacy and sound control on work environment which enhances the motivation levels to commit with the organization for the long term. Ramall (2003) stressed the need for recognizing the individual needs of an employee in an organization as it will encourage commitment and provide a suitable work environment.

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 above demographic factors were found to be negatively related to turnover intention (Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Gerhart, 1990: Mobley et. Al, 1979; Price & Mueller, 1986; Wai & Robinson, 1998; Weil & Kimball, 1995); level of education is positively associated with turnover, the turnover occurs over time, so. HRD must changes in their HR practice. If you don't want your best people walking out the door, you'll need to build a proactive
retention strategy that meets their individual needs for career development, recognition, and work-life balance.

A Company should exert some effort and undertake some analyses to determine the non-monetary interests and preferences of its key employees. Effective human resource management must be practiced at both strategic and day-to-day levels.

III. STATEMENT OF PROBLEM

In this era of globalization employees are blessed with good opportunities. 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.

IV. OBJECTIVES OF THE STUDY

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.

The main research objectives are:
1. To study on employee turnover in IT-units with special reference to Pune city.
2. To study if there is any relationship between job change with growing age.
3. To find the retention factors influencing on different age group.
4. To obtain the best possible suggestion to contribute in management practices for retention.

V. HYPOTHESIS

Hypothesis- H1; There is a significant relationship between employee’s age group and number of job change in IT-units.

VI. RESEARCH DESIGN

Research Design: The conceptual model of the research is based on the literatures review and the theoretical framework of the hypothesis consider. The structured Questionnaire directive approach has been considered. The Questionnaire is divided in two sections that are Background Information and Research Questions to test retention reasons for job changed in different age groups and average job hopping in different age groups. To test the hypothesis, Descriptive Analysis (Mean & %), and Non-Parametric–Tests, Pearson chi-square test, Cross tabulation and one way ANOVA were applied.

Sample size: Sampling population and area taken, is segregated in and around Pune (Hingiward 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 total approximate populations were 6000 employees in these 402 IT-Units. The sampling technique used for study is simple random sampling and 600 employees were approached for data collection.

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.

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%.

Primary Data: During main study, a few of the IT-units were not ready to corporate, 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.

VII. DATA ANALYSIS AND INTERPRETATION:

Qualitative and quantitative methods are used for data analysis. Data are tabulated and charts, graphs
are used for interpretations. Data were analysed using Statistical Program for the Social Science (SPSS 12.0) in windows and Excel sheet for data coding. Demographic variables are presented to understand the variants. Pearson chi-square test is done to understand that is there any relationship between age and number of job changed. Cross tabulation is done to find out the nature of relationship between age group and no of job changed. One way ANOVA is used to come across difference between levels of retention significance in different age groups. Quantitative method for influencing on different retention factors on different age group.

Respondents and their Demographics: Other than age group and gender there were more three survey questions which were related to profile of the employees, including Industries worked in- MNC or National, current designation of respondent (Junior Level, Middle level and Higher Level), their years of experiences (1-5years, 6-10years, 10-15years, 16+ years) at the time of questionnaire filled. The respondents of the age were group as 21 to 25years, 26 to 30 years, 31 to 35 years and 36+ years. The number of job changed by a respondent are classified as 1-time, 2-times, 3-times, 4-times and 5+ times All this demographic information are tabulated in the Table-1.

Testing of the Hypothesis-1:

H1: There is a significant relationship between employee’s age group and number of job change in IT-units.

Chi-Square test with Level of Significance (α= 0.05) is used to test the significance and the result is tabulated in Table-2. Cross tabulation is done in order to, find out the nature of relationship between no. of job change and age group, and is located in Table-3.

Table-2, 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.

The data was collected from 36 IT-units, out of which 22 (61.11%) were Multinational and 14(38.88%) were in National. The Male respondents were 374 out of 576 (64.93%) and female respondents were 202 (35.07 %). The respondent’s position levels were junior, middle and higher. The junior level employees were 307(53.30%), middle level employees were 224 (38.89%) and higher level employees were 45 (7.81%) as per Table-1.

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%). The respondent of age group 21 to 25 years were 198 (34.37%), 26 to 30 years age group were 190 (32.98%), 31 to 35 years age group were 98 (17.01%) and 36+ year’s age group were 90 (16.62%). Numbers of times job changed by the respondents were 267 (46.35%) for 1-job changed, 145 (25.17%) for 2-job changed, 90 (15.62%) for 3-job changed, 52 (09.02%) for 4-job changed and 5 & more job changed were 22 (03.81%).
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-4, Hoch Berg Tests for number of jobs changed is put into Table-5.

In order to, find out where the difference lies the Hoch Berg test is used.

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Hence, it can be observe that, with the growing age group the possibility of job hopping increases.
Table 6: Age wise tabulation of retention factors influenced to job left.

<table>
<thead>
<tr>
<th>Retention Variables</th>
<th>Age groups</th>
<th>21 to 25</th>
<th>26 to 30</th>
<th>31 to 35</th>
<th>36+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value %</td>
<td>Value %</td>
<td>Value %</td>
<td>Value %</td>
<td>Value %</td>
</tr>
<tr>
<td>Compensation scheme</td>
<td>49</td>
<td>17.63</td>
<td>15.21</td>
<td>14.59</td>
<td>13.78</td>
</tr>
<tr>
<td>Career growth</td>
<td>137</td>
<td>49.24</td>
<td>19.47</td>
<td>13.49</td>
<td>9.74</td>
</tr>
<tr>
<td>Work life balance</td>
<td>39</td>
<td>10.41</td>
<td>4.95</td>
<td>13.56</td>
<td>6.54</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>12</td>
<td>4.32</td>
<td>4.99</td>
<td>5.24</td>
<td>4.08</td>
</tr>
<tr>
<td>Environment</td>
<td>12</td>
<td>4.32</td>
<td>6.17</td>
<td>4.87</td>
<td>2.07</td>
</tr>
<tr>
<td>Team work</td>
<td>4</td>
<td>0.44</td>
<td>3.19</td>
<td>2.24</td>
<td>2.18</td>
</tr>
<tr>
<td>Management effectiveness</td>
<td>21</td>
<td>7.55</td>
<td>2.26</td>
<td>18</td>
<td>2.41</td>
</tr>
<tr>
<td>Competency</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Commitment</td>
<td>4</td>
<td>1.44</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Appraisal system</td>
<td>0</td>
<td>0.00</td>
<td>0.18</td>
<td>7.32</td>
<td>2.73</td>
</tr>
<tr>
<td>Involvement</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.73</td>
</tr>
<tr>
<td>Gender issue</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Figure-2: Graphical representation on age wise retention factors influence to leave job.

Table 6 and figure-2 shows that career growth is the most influencing factor followed by compensation scheme and management effectiveness in all age groups.

VIII. FINDINGS OF THE STUDY

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 on an average 1.49 jobs as compare to employees above 36+ age group changes 3 jobs on an average.

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.

IX. CONCLUSION & SUGGESTION

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.

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 of different organization for different level. Employee turnover is very high in IT organizations in India as skilled workforce has ample number of opportunity to choose from.

From this study it is found that IT employee of early age group leave the job on an average 1.49 jobs, similarly second age group (26 to 30 years) leaves the job on an average 1.84 jobs and 2.22 jobs for third age group (31 to 35 years), 3.08 jobs for fourth age group (36+). Therefore, while designing the retention strategy, HRD of IT-units should consider demographic variables also to retain the IT employee of different age group. The strategy should be different for different age group.

Acknowledgment: We acknowledge Professor DR. Roshan Kazi for his valuable suggestion and help on various fronts.

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