

The Impact Of Employees Retention Strategies Of Selected IT Companies In Chennai City.

Mahalakshmi. K^{1*}, Dr. M. Thaiyalnayaki²

^{1*}Ph.D. Research Scholar, Department of commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Pallavaram, Chennai-600117.

²Professor, Department of commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Pallavaram, Chennai-600117

Mail.tnthaiyal4@gmail.com

Citation: Mahalakshmi .K, et al (2024), The Impact Of Employees Retention Strategies Of Selected IT Companies In Chennai City, *Educational Administration: Theory and Practice*, 30(5), 11346-11352

Doi: 10.53555/kuey.v30i5.3871

ARTICLE INFO

ABSTRACT

The implementation of these employee retention strategies is able to ameliorate the fierce competition in the business arena and also to offer job security and job satisfaction to the employees. Most of the IT enterprises are operated at global level and empower the employees to work in the scenarios of offshore and onshore projects. The aim of the research is to underpin and validate factors responsible for dominating the retention strategies of IT companies in the study area and to measure the impact of employee retention strategies of IT companies on the organisational development. The researcher collected 472 samples and the application of univariate and multivariate statistical techniques particularly confirmatory factor analysis and linear multiple regression analysis to obtain the impact of employee retention strategies on organisational development are found suitable for the analysis respectively. It is found that the employee retention strategies of IT companies are popular among the employees in treating them as vastly increase their perception towards loyalty of the organisation. The recruitment and selection of suitable employees and onboarding them for execute the work assignments to reach the organisation goals is one of the powerful strategies of IT companies to reach their successful organisational development

Keywords: Employee retention strategies, Organizational development.

1.INTRODUCTION

The existing globalisation of Indian economy and the prevailing competitive scenario for information technology industry presented profound challenges to retain their employees based on the strategies of human resources management. The change management approach of information technology industry to meet the challenges and issues of globalisation and heavy competition prompted them to go for different human resources management strategies to retain the young talented pools of Employees Oladele,(2020) (1). The implementation of these employee retention strategies is able to ameliorate the fierce competition in the business arena and also to offer job security and job satisfaction to the employees. Most of the IT enterprises are operated at global level and empower the employees to work in the scenarios of offshore and onshore projects. The productive driven economy entwined with knowledge sharing and knowledge development compel the IT companies to transcendently involve in the process of employee retention strategies to hinder the turnover intention raising among the employees Armstrong, M., & Taylor, S. (2020).(2). The drastic changes in the information technology business and competitive environment and augmented technological innovations brought the importance of retaining the talents to meet the challenges of productivity and profitability of the IT companies. The IT companies have become ventures and their stakeholders and customers demand efficient service quality and product quality to meet their satisfaction. In this scenario, many information technology organisations propelled the strategies as per the management policies to impart an appropriate knowledge for up skilling opportunities of the employees. The change management approach is totally substantiated to enhance rewards and recognition process and offer flexible

working timings to the employees. These predominant strategies from the IT companies endlessly increase the perception of the employees to stay in the same organisation and to express their loyalty in the form of showing their skills and talents for the productivity improvement Bryson, A., Forth, J., Gray, H., & Stokes, L. (2020) (3).

The IT companies adopt innovative ideas and productive workforces to rapidly increase the contribution of individual employees for productivity changes. Therefore it is imperative to adopt different methods and strategies to retain their employees and their talents to ensure their individual contribution for the overall organisational development in IT companies. The employee retention strategies have the point of inception at appropriate recruitment and selection in the form of onboarding approach and ends at recognising the excellent performance of employees. Therefore the present research intended to identify the predominant factors responsible for employee retention in IT companies.

2.LITERATURE REVIEWS

Cavanagh, T. M., Kraiger, K., & Henry, K. L. (2020)(4) observed the role of process of recruitment in selecting the competent employees and equipping them through learning process to acquire the requested knowledge actually increase the employee loyalty. There is a deep correlation between retention strategies of employees and their commitment level, increasing productivity and the emergence of organisational development.

de la Torre-Ruiz, J. M., Vidal-Salazar, M. D., & Cerdón-Pozo, E. (2019)(5) highlighted the retention strategies in any organisation is facing the most critical challenges and the management of workforce with excellent knowledge and talents are required for organizational development. There is a significant influence of mobilisation of employee workforce on employee retention strategies to ascertain the interest of employees to show their loyalty and also to diminish the dimensions of their turnover intention.

Gebregziabher, D., Berhanie, E., Berihu, H., Belstie, A., & Teklay, G. (2020)(6) argued that there are several components of the employee retention strategies namely loyalty, flexible working hours, remote working and the job security, these components are very trivial in the corporate restructuring efforts to every competition and the challenges in their business environment. The key talents of the employees are identified at the recruitment and selection process and train them to meet the requirement of the departments in the organisation.

John, A., & Raj V.P., J. (2020)(7) observed the turnover intention among the employees and prevailing heavy competition in the business environment compel the organisations to develop the innovative strategies to retain the employees. The employee attrition is found to affect the productivity of the organisation and create a significant decline in the profit as well as the organisational reputation.

Krishnamoorthy, N., & Aisha, , Ambreen. (2022)(8) estimated the employee retention strategies and change management scenarios are deeply interrelated to highlight their contribution in increasing the productivity. The organisational cultural changes, conducive climatic conditions, secured job environment to ensure the organisational empowerment and motivate their employees to show the loyalty towards all policies of management.

Soeling, P. D., Arsanti, S. D. A., & Indriati, F. (2022)(9) opined that the most of the organisations have their business plans to increase the efficiency of the employees through appropriate skill development training programs gained the maintenance of loyalty. There is a significant relationship between business performance of the organisations and organisational loyalty of the employees in increasing the reputation of the popularity. The production growth rate and employee empowerment growth rate are directly related to each other.

Sokro, E. (2012)(10) argued that the rewards and recognition system in any organisation and the maintenance of smooth interpersonal relationship among the colleagues in the work environment along with learning capacities within the organisation found to increase the loyalty among the employees. There is a significant difference between male and female employees in their inclination towards different organisational strategies to retain the employees.

Tanwar, K., & Prasad, A. (2016)(11) observed the need and importance of productivity and its intricate production process compel all the organisations to adopt separate human resources management system to manage the employee retention strategies and move them forward to achieve success in their strategies. The employee retention strategies help the organisations to retain talented and knowledgeable employees and welcome their contribution to increase the productivity exponentially.

3.GAPS IN THE LITERATURE

The literature reviews and the empirical evidences from the primary data obtained from employees in different segmentations clearly identified three predominant research gaps which are not properly addressed by the researchers at national and international level and they are able to provide only limited empirical evidences. These research gaps are enumerated as follows

1. The dimensions of employee retention strategies are very important to identify the effectiveness of human resources management system in IT companies therefore the researcher intended to fill the gap of validating the dimensions of employee retention strategies.

2. There is a significant relationship between employee retention strategies and organisational development in the form of changes in the productivity and increasing the profitability hence the researcher intended to identify the empirical evidences for these relationships.
3. The employee experience and the designation are playing very important vital role to perceive the notions of employee retention strategies in specific companies. Therefore the researcher intended to estimate the influence of experience and designation on the factors of employee retention strategies in the work environments of IT companies.

4. RESEARCH AIMS

The research gaps identified from the literature reviews paved the way to frame the following research aims

1. To underpin and validate factors responsible for dominating the retention strategies of IT companies in the study area.
2. To measure the impact of employee retention strategies of IT companies on the organisational development.

5. HYPOTHESES

After framing the appropriate research aims emerged out of the literature, the researcher intended to present the relationships in the form of hypothesis among the variables namely

1. There is a significant difference among the factors of employee retention strategies in IT companies.
2. There is a significant influence of employee retention strategies on organisational development in IT companies.

6. METHODOLOGY

The response of the employees usually very important document to carry out this research successfully regarding their perception over different employee retention strategies vigorously adopted by the information technology companies in the metropolitan city of in and around Chennai. The study area is known for the abundance of IT companies those have branches at a national and international level. All the reputed companies in the information technology are having their branches at the great metropolitan city of Chennai. Therefore the researcher focused on the reputed and popular companies in the information technology sector in and around Chennai city. The top 10 IT companies are targeted by the researcher to collect the responses from top-level executives, middle level managers and operational level employees in those companies.

6.1. QUESTIONNAIRE DEVELOPMENT

In order to collect the responses regarding employee retention strategies in those top 10 IT companies, the researcher ingeniously prepared the questionnaire which consists of three parts. The first part meant for ascertaining personal and organisational profile of IT company employees and the second part encounters with six components of employee retention strategies namely onboarding, recognising and rewarding, flexible work, up skilling opportunities, remote working and job security respectively. These six components comprise five variables in five point likert's scale so that the employees can express their psychological perception for all these variables in five point likert's scale. The third part consists of organisational development variables regarding productivity profitability, loyalty, cultural changes, job satisfaction and increasing the efficiency respectively. The third part also consist of variables in five point likert's scale to ascertain the exact opinion of employees regarding impact of employees retention strategies in IT companies.

6.2. RELIABILITY CHECK.

After framing the research instrument, the researcher intended to check the reliability and validity by conducting a pilot study. The researchers collected and sample each from the 10 companies and applied normal distribution method for the first part of the questionnaire to check the normality of the data. Cronbach alpha method is considered appropriate in seeking the reliability of the statements regarding employee retention strategies and organisational development respectively. The application of cronbach alpha method revealed the value 0.901 which is greater than the required benchmark value of 0.75. This implies that all the statements generated by the researcher from the gaps in the literature for employee retention strategies as well as the organisation development are found to be validated and they are well understood by the respondents without any flaws in their mind.

6.3. MAIN STUDY DATA COLLECTION.

After the reliability and validity check of the questionnaire, the researcher conducted the main study by circulating 50 responses from all the top 10 IT companies in the study area. The convenience sampling method is found suitable to collect the responses from the employees with a different designation in IT companies. After certain amount of specific time the researcher continuously interacted with the employees

to get the responses without any flaws. After 15 days researcher is able to obtain 472 usable responses to conduct the main study of the research. Hence the sample size of the research is 472.

After collecting the usable 472 responses which is more than the required sample size of 384, they are entered and coded with the numerical values in the SPSS package of version 23 to anatomically analyse the primary data. The application of univariate and multivariate statistical techniques particularly confirmatory factor analysis to confirm the factors of employee retention strategies and linear multiple regression analysis to obtain the impact of employee retention strategies on organisational development are found suitable for the analysis respectively. One-way analysis and t-test are also found suitable to analyse the primary data.

7.ANALYSIS AND DISCUSSION

In the very first step of analysis, the researcher computed the total average scores for all the six factors for the employee retention strategies onboarding, recognizing and rewarding, flexible working time, up skilling opportunities, remote working and the job security as well as the total average scores of organisational development. In this case the six components of employee retention strategies are considered as independent variables and organisation development factor is considered as the dependent variable. At the very first stage, the researcher intended to confirm the factors of employee retention strategies using confirmatory factor analysis applied on the total average scores of the six factors mentioned above. The validity of these factors can be estimated through the 6 fit indices obtained from the confirmatory factor analysis namely chi-square value, p-value, comparative fit index, goodness of fit index, normed fit index and root mean square error of approximation respectively. The outcomes of confirmatory factor analysis are presented in the form of a table in the diagram below



Table 1-MODEL FIT INDICES AND BENCH MARKS FOR VALIDATION FOR EMPLOYEE RETENTION STRATEGIES .

S.NO	Fit indices	Values	Bench mark values
1	Chi-square	8.563	-
2	P-value	0.329	>.05
3	Goodness of fit index(GFI)	0.989	>.9
4	Comparative fit index(CFI)	0.983	>.9
5	Normed fit index(NFI)	0.982	>.9
6	Root Mean Square Error of Approximation(RMSEA)	0.08	<=0.08

From the above table it is ascertained that all the required fit indices for the validation of six factors of employee retention strategies are found to satisfy the required benchmark values as shown in the table. This implies that the employees in the IT companies perceived that the six factors onboarding, recognising and rewarding, flexible work, up skilling opportunities, remote working and job security are confirmed to imply the effective employee retention strategy practices in the IT companies. In order to identify the significant impact of all the six factors of employee retention strategies on the overall organisation development of IT companies can be ascertained through linear multiple regression analysis and the results as well as the tables are presented below

Table-2-Correlation between employee retention strategies and organizational development

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853 ^a	.456	.453	.79164

from the above table it is found that the correlation of square value is equal to 0.456 which is above the required value of 0.3 therefore it implies that the independent variables employee retention strategies are able to create 45.6% variance over the organisation development in IT companies. This ensures the role of employee retention strategies for the effective impact in the IT companies; it is further consolidated in the computation of analysis of variance value and their significance

Table-3-Computation of F-statistics for the impact of retention strategies

Statistics	SOS	Degfr	MSQ	F	Sig.
1 Regression	21.190	6	3.532	5.635	.000 ^b
Residual	308.961	493	.627		
Total	330.151	499			

From the above table it is found that the F-value is statistically significant to imply that there is a consolidated impact of employee retention strategies adopted by IT companies on their overall organisational development. The organisational development comprises both the employer and employee to increase their popularity and reputation and also to offer satisfaction to the stakeholders. The question arises with this preamble that there is a need for individual influence of all the six factors and organisation development to identify the individual contribution and their superiority in the dominance of employee retention strategies. The following coefficient table indicated the individual influence of the six factors of employee retention strategies

Table-4-Individual influence of ERS on OD

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(intercept)	2.136	.312		6.855	.000
On boarding	.041	.056	.136	5.741	.009
Recognising and Rewarding	.164	.073	.122	2.246	.025
1 Flexible work	.129	.061	.102	2.106	.036
Up skilling opportunities	.076	.064	.161	2.193	.033
Remote working	-.153	.062	.122	2.457	.014
Job security	.104	.056	.090	2.866	.013

From the above table it is found that the beta value and t-values are very important to determine the individual influence of the factors and their significance. Among the six factors the dominant one is recognising and rewarding with the high beta value and t-values whereas, other five variables are significant in the following order flexible work, onboarding, job security, remote working and upskilling opportunities respectively. This implies that the employee retention strategies and the six factors are very important to attain organisation development of IT companies. In fact there is a significant impact of employee retention strategies on the organisational development as well as the employees in IT companies.

After the application of confirmatory factor analysis and linear multiple regression analysis the researcher intended to construct a model to check the best fit of the model and also to test the hypothesis developed by the researcher after examining both national and international literature respectively. The application of structural equation model on the total average scores of six factors of employee retention strategies and the unique factor of organisation development brought the following results on the diagram

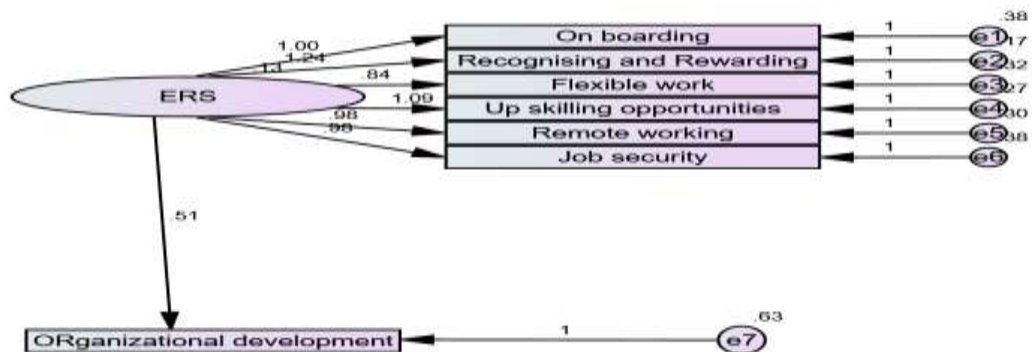


Table 5-MODEL FIT INDICES AND BENCH MARKS FOR VALIDATION FOR ORGANIZATIONAL DEVELOPMENT .

S.NO	Fit indices	Values	Bench mark values
1	Chi-square	10.421	-
2	P-value	0.478	>.05
3	Goodness of fit index(GFI)	0.987	>.9
4	Comparative fit index(CFI)	0.985	>.9
5	Normed fit index(NFI)	0.983	>.9
6	Root Mean Square Error of Approximation(RMSEA)	0.07	<=0.08

From the above table it is found that all the six factors onboarding, recognising and rewarding, flexible work, up skilling options, remote working and job security are confirmed as the factors responsible for effective implementation of employee retention strategies. The 6 fit indices also indicated that there is a significant influence of all the six factors and organisation development. This ultimately leads to the test of the following link to hypothesis. From the above table it is also found that the hypothesis 1 and 2 are accepted at 5% level and the 6 fit indices indicated that the two hypothesis are accepted and supported significantly.

8.FINDINGS AND CONCLUSION

The employee retention strategies of IT companies are popular among the employees in treating them as vastly increase their perception towards loyalty of the organisation. The recruitment and selection of suitable employees and onboarding them for execute the work assignments to reach the organisation goals is one of the powerful strategies of IT companies to reach their successful organisational development. The employees in IT companies expected their employer to recognise and reward the sustained hard work dedication and loyalty towards the organisation. The flexible working timings and training opportunities create innovative ideas regarding information technology are the powerful motivating factors to retain their employees and also to reduce their turnover intention. All the employees in IT companies have claimed to have remote working so that they can work anywhere else in the world and contribute significantly for the organisational development. Job security is the predominant factor of employee retention strategies and it is the very important reason to reduce the occupational stress of the employees. They employees expect full job security in their organisation to make their significant contribution to the IT companies to show their loyalty. There is a significant difference among all the six factors of employee retention strategies and these six components

create significant influence over organisation development without any hindrances. The organisational development in IT companies is not a unique in approach whereas it depends upon the effective implementation of employee retention strategies for designation level of the employees to increase their loyalty towards the organisation.

9.SUGGESTIONS

The study revealed recognising the talents of the employees and rewarding them with both monetary and nonmonetary benefits are very important to retain their loyalty therefore it is suggested that the IT companies must be strong enough in measuring the performance of the employees and should have the mechanism to reward them immediately for their significant contribution to the organisational development. Flexible work timings and the remote working are the major demands of the employees in IT companies to stay in the same organisation therefore the work from home concept and flexible working time concept must be strictly followed in the information technology companies to retain the talents as well as the loyalty of the employees.

REFERENCES.

1. Oladele, o. Human Resources Management in Nigeria. Ado-Ekiti, Ekiti State, Nigeria: Ekiti State University Press. (2020)
2. Armstrong, M., & Taylor, S. (2020). *Armstrong's handbook of human resource management practice*. Kogan Page.
3. Bryson, A., Forth, J., Gray, H., & Stokes, L. (2020). Does employing older workers affect workplace performance? *Industrial Relations: A Journal of Economy and Society*, 59(4), 532–562. <https://doi.org/10.1111/irel.12265>
4. Cavanagh, T. M., Kraiger, K., & Henry, K. L. (2020). Age-related changes on the effects of job characteristics on job satisfaction: A longitudinal analysis. *The International Journal of Aging and Human Development*, 91(1), 60–84. <https://doi.org/10.1177/0091415019837996>
5. de la Torre-Ruiz, J. M., Vidal-Salazar, M. D., & Cerdón-Pozo, E. (2019). Employees are satisfied with their benefits, but so what? The consequences of benefit satisfaction on employees' organizational commitment and turnover intentions. *The International Journal of Human Resource Management*, 30(13), 2097–2120. <https://doi.org/10.1080/09585192.2017.1314315>
6. Gebregziabher, D., Berhanie, E., Berihu, H., Belstie, A., & Teklay, G. (2020). The relationship between job satisfaction and turnover intention among nurses in Axum comprehensive and specialized hospital Tigray, Ethiopia. *BMC Nursing*, 19(1), 1–8. <https://doi.org/10.1186/s12912-020-00468-0>
7. John, A., & Raj V.P., J. (2020). Employer Branding: A Decisive Means of Employee Relationship Management. *International Journal of Knowledge-Based Organizations*, 10(3).
8. Krishnamoorthy, N., & Aisha, , Ambreen. (2022). An Empirical Study of Employee Retention in the Information Technology Sector in Bangalore City. *East Asian Journal of Multidisciplinary Research (EAJMR)*, 1(7), 1333–1342.
9. Soeling, P. D., Arsanti, S. D. A., & Indriati, F. (2022). Organizational Reputation: Does It Mediate the Effect of Employer Brand Attractiveness on Intention to Apply in Indonesia. *Heliyon - Cell Press Family*.
10. Sokro, E. (2012). Impact of Employer Branding on Employee Attraction and Retention. *European Journal of Business and Management*, 4(18), 164–173.
11. Tanwar, K., & Prasad, A. (2016). Exploring the Relationship between Employer Branding and Employee Retention. *Global Business Review - Sage Publications*, 17(3S), 186S-206S. <https://doi.org/DOI:10.1177/0972150916631214>
12. Thanasirisate, S., Suvattanadilok, M., & Rojniruttiku, N. (2016). Factors Affecting Employee Retention: A Case Study Of Plastic Optical Lens Factory in Ladkrabang Industrial Estate. *CORE*, 129–134. <https://doi.org/ojs.its-3.au.edu:article/2229>