

A Systematic Review Of Factors Affecting Employees' Retention In It Companies

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ABSTRACT

Employee retention in IT Companies is one of the biggest challenges faced by companies in the competitive environment. The big business challenge is to align your goals with the growing demand for a balanced organizational climate that meets basic human needs and where work is synonymous with personal fulfilment (Teixeira & França, 2013). Employee Retention is stimulated to remain with the IT companies for the maximum period of time or until the accomplishment of the project. Retention Strategies help IT companies provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. This study will attempt to study the various factors affecting related to employee retention in IT companies operating

Key Words: Employee retention; IT Companies; employee retention

1. INTRODUCTION

Employee retention is an effort by a business to maintain a working environment that supports current employees in remaining with the company (Sultana Nazia & Bushra Begum , 2013).

Many IT companies' employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the extensive costs involved in hiring and training new staff. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Retention Strategies help organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. According to Get Les McKeon, employee retention is defined as "A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. The costs associated with turnover may include lost customers, business, and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring, and training the new employee just to get back to where you started. Also of concern are the costs of employee turnover (including hiring costs & productivity loss). Replacement costs usually are 2.5 times the salary of the individual. Therefore, employee retention is an effort by a business to maintain a working environment that supports current staff in remaining with the company.

Review of literature

According to Smith (2004), employee retention has become one of the most critical issues facing corporate leaders. This has come about as a result of the shortage of skilled labor, economic growth, and employee turnover. Workforce stability is an issue because of unprecedented churning in the employment market, focusing on retaining one's employees. Today's labor force is different; therefore, managers must take responsibility for their employment retention, and if they neglect this critical management role, they could be left without enough good employees.

Employee retention is "a systematic endeavor by management to create and foster a workplace that encourages current employees to remain employed by having policies and practices in place that address their distinct needs"(Adegoke, 2013).

The researchers (Das 2013) tried their level best to reveal the various research works done and the contributions forwarded by various researchers in the area of employee retention and job satisfaction, but still much scope remains for more exploration in the field of employee retention and it by taking into consideration the factors like compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, flexible working hours, etc. Needless to say, these efforts should be conducted by HR professionals Ribes, Touahri & Perthame (2017) explained that organizations focus much on hiring employees. Organizations also focus on retention and development, and therefore the loss of an employee is significant damage to the company. Thus, the primary concern of managers should be to minimize the employee throughput to moderate the loss of the throughput. Authors asserted that studies estimate that training and hiring of a replacement worker for the lost employee are costly, and cost about 50% of the yearly salary of the worker.

Chandrasekara (2020), investigated the relationship between employee retention and the four main predictors namely, motivation, work environment, primary hygiene factors, and secondary hygiene factors of Rich Light Exports (Pvt) Ltd in Anuradhapura District. This study provided a conclusion of the results and recommendations for Rich Light Exports (Pvt) Ltd in Anuradhapura District to enhance the level of employee retention the work environment has a positive relationship but a very weak relationship with employee retention.

Berry, Lelchook, and Clark (2012) illustrated that company losses due to leaving, replacement, and transition costs, loss of production, reduced performance levels, unnecessary overtime, low morale, and a competitive disadvantage are common occurrences after an employee leaves. According to James and Mathew, (2012), effective employee retention practices can be adopted to reduce employee turnover and increase employee loyalty and commitment. Employee retention has significantly affected the organization's competitiveness and performance.

Nazia and Begum (2013) analyzed employee retention practices of selected organizations and how it impact the development of these organizations. The Convenience sampling method was adopted to collect data from the selected organizations. 10 MNCs were selected for the study and from each of these 10 companies 10 employees were selected at random from the middle level of management. The ten companies chosen are Oracle, Accenture, SAP, CISCO, Microsoft, INGRAM, IBM, HP, Dell, and Intel. This study concluded that steps must be taken by the organizations to relieve the employees from the workload through job rotation, change in work location, and other recreational activities.

Amaram (2005), investigated; that leaving the organization is a mental decision of the employees. Turnover is a psychological outcome of the intention to quit or to remain with the firm. When the labor market is volatile, it has been observed that the retention of the best employees is done by the companies. With high demand in the labor market retention becomes an important strategy to survive in the competitive marketplace. There are two types of cost, direct and indirect costs of the uncontrolled labor turnover, which, if not considered can create a huge loss for the organizations.

Tammy C. Morse (2009), the purpose of this conceptual and practical paper is to explore the extent to which the use of appropriate humor relates to employee retention and satisfaction, which can enhance the commitment, cohesiveness, and performance of a company's workforce. Another objective is to explore and emphasize the importance of humor and employee retention in the workplace. The paper provides practical recommendations for today's managers and offers a focus for future researchers to empirically test the use of humor and its relationship to employee retention and employee satisfaction. Kochachathu (2010) on employee retention at Intel Malaysia found out that employee recognition rewards and compensation were more highly significant on employee retention than the work environment and job design.

Hokanson et al. (2011) in their study, have shown the importance of some organizational characteristics (internal career opportunities, size, organizational climate, etc.) and environmental variables (available employment alternatives, economic and market conditions, etc.) which highly affect the turnover rates. A company's reputation also helps a lot in retaining the best employees of the organization.

Samuel and Chipunza (2009) The research adopted the cross-sectional survey research design, investigating the extent to which selected motivational variables influence employees' decision to either remain or quit an organization. The quantitative research design was used and this design was chosen because its findings are generalizable and the data objective. The total population of the research comprised 1800 employees of the surveyed organizations with a sample size of 145 respondents. Researchers stated "that it is not only the private sector, but governments also face difficulty retaining skilled employees. Private sector managers admit that retaining the organization's talented employees is the most difficult aspect of their job.

Adhikari (2009), most of the processes of the organizations are outsourced to another country like India. But the companies are also facing the attrition problem. Since there are a lot of opportunities available in Indian marketplace retaining employees becomes a little difficult. The exports of work have increased rapidly, but retaining skilled employees is also becoming a big challenge as there are increased opportunities in the market. Organizations are driven by the need for a reduction in the cost and to concentrate on the core activities. The major reason to outsource is to reduce the economy of scale. With globalization, organizations are forced to work on the retention of their best-skilled employees to remain competitive.

Sharma et.al., (2022) intended to predict which employee would prefer a job change and which employee would stay in a company and hence, help constitute an active research domain is how AI-based intelligence

can be interpreted and utilized to assess the input resources required to put in an employee. They propose using natural language processing, opinion mining, fuzzy logic, and various widely used classifiers namely Random Forest (RF), Cat Boost Classifier, Support Vector Machine (SVM), and Naïve Bayes (NB).

Smith (2004) also indicates that successful organizations realize employee retention and talent management are integral to sustaining their leadership and growth in the marketplace. Smith asserts that becoming an employer of choice by attracting, hiring, and retaining high-caliber employees in today's labor market are the things that challenge organizations to manage talents and skills at all levels of the organization. It is always wiser and less expensive to retain an employee than to be recruiting. According to Smith (2004), employee retention has become one of the most critical issues facing corporate leaders. This has come about as a result of the shortage of skilled labor, economic growth, and employee turnover. Workforce stability is an issue because of unprecedented churning in the employment market, focusing on retaining one's employees. Today's labor force is different, therefore managers must take responsibility for their own employment retention, and if they neglect this critical management role, they could be left without enough good employees.

Adegoke, (2013), Employee retention is "a systematic endeavor by management to create and foster a workplace that encourages current employees to remain employed by having policies and practices in place that address their distinct needs".

Das and Baruah (2013) have viewed retention as a procedure in which the employees are animated to remain with the organization for maximum time. This study was descriptive in nature and only secondary data has been used in it. The secondary data consist of the books and various research journals. The research paper tried its level best to reveal the various research works done and the contributions forwarded by various researchers in the area of employee retention and job satisfaction, but still much scope remains for more exploration in the field of employee retention and it by taking into consideration the factors like compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, flexible working hours etc. Needless to say that these efforts should be conducted by HR professionals.

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Nazia and Begum (2013) analyzed employee retention practices of selected organizations and how it impacts the development of these organizations. They used Convenience sampling method is adopted to collect data from the selected organizations. 10 MNCs are selected for the purpose of the study and from each of these 10 companies 10 employees are selected at random from the middle level of management. The ten companies chosen are Oracle, Accenture, SAP, CICSIO, Microsoft, INGRAM, IBM, HP, Dell and Intel. This study concluded that steps must be taken by the organisations to relive the employees from the workload through job rotation, change in work location and other recreational activities.

Haider et al. (2015) were of the view that "employee retention consists of processes through which employees are encouraged to become part of the organization for a longer period of time until he/she gets retired or until the project gets completed".

Kumar & Mathimaran (2017), such actions impact businesses in various ways. For instance, since the reputation of the employees is at stake, the chances are that client might lose confidence transacting with a company that cannot retain its employees. Constant replacement of employees depicts poor management, lack of proper planning, and instability. Nevertheless, when a person plans to leave their work, the employee is often left bitter. They take the sensation along with them, combined with the abilities learned while working for the organization. On the same note, Kumar and Mathimaran (2017) added that such employees' opinions are often recurrent to forthcoming employers and their networks too.

Sue (2001), employee retention is synonymous with employee motivation. A motivated employee will be satisfied and therefore more productive and more likely to stay within the organization all other things being equal. Therefore, a key issue to address when looking to retain employees is to motivate them. Employee retention can determine the success of the organization or otherwise. If the best staff is not retained, the organization cannot retain its key clients and customers. Keeping valuable employees can be a source of

competitive advantage. An organization needs to attract good people, use them effectively and reward them so it can keep the staff it wants. It costs money to keep them but failing to deal with employee retention can potentially affect the financial performance, and reduce the organization's profit. In a service delivery organization, people tend to lose their trust in the organization and its integrity suffers. DeMers (2002), Companies are facing problems in retaining employees as hiring knowledgeable people is essential for any employer. Employee Retention has become an essential job for all the industries. HR's in conjunction with the top management work hard to frame the retention strategies. Organizations embarking on talent management need to review their current HR practices. Human resources play a significant role in reaching organizational effectiveness and performance. If a person is not satisfied with the job he is doing, he may switch over to some other more suitable job. In today's environment, it becomes very important for organizations to retain their employees. A company that provides flexible and challenging work environment to their employees have been seen to survive in a competitive marketplace. Employee Recognition and Reward have been proved to be one of the important factors in retaining the employees. As the organization's expectations are increasing, the employee's expectations also increase at all levels in the organization.

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Maliku, (2016), The employee retention concept has been linked with employee rewards, welfare policies, employee development, and technology. Employee retention practices have been discussed under recruitment and selection, career advancement, effective communication, training and development, supervisor support, compensation and reward, work environment and socialization, and organization culture.

1. CONCLUSION

The most important objective of every IT company is to earn more and more profit and to attain the maximum profit, the IT company should focus more on employees and the ways to retain them for the long term. This study acknowledges that minimum growth opportunities and wages are the key factors that encourage employees to change their jobs. The study concludes that to reduce attrition IT companies should create opportunities for the career growth of their employees within the IT company by adopting new Innovative Technologies and Effective training and development programs. However, one important factor that has helped a large number of IT companies retain their employees is the Brand Name and the Image of the IT company.

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