"Employee Retention in Information Technology (IT) Sector

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ABSTRACT
Today the words "Information Technology" has become buzz word all over. If any single technology is to have a revolutionary effect on the lives of the people in the 21st century, it will undisputedly be the information technology. Over the decade of 1990s, India has positioned itself as a major provider of world-class quality of Information Technology professionals. Today Human Resources Development Department has assumed more importance than ever before. Retention is an art of managing people. An environment of trust and cooperation, and collaborative approach by the management, employees get the feel to connect. Retention is all about taking measures so as to encourage work force to remain the organization of a maximum period of time. Today, because of the vast development of the IT Sector, there is a stiff competition amongst coroporates to pick up properly groomed talented staff of other organizations so that the corporate is not required to reinvest in developing a talent in their organization. There are various types of costs associated with the replenishment of the talented employees. Factors that are weighed by employees in continuing: There are various factors that influence the employee's decision to continue or to try luck elsewhere. These factors are mainly:
Compensation package, work environment, opportunities for career advancement, fringe facilities like work from home, flexi working hours and above all job satisfaction derived in the current job assignment. A few vital aspects have been discussed in this paper in brief. The paper has also offered a few suggestions which will go a long way in helping the HRD to address this challenge in an efficient manner.

Keywords: Employee Retention, compensation, work environment, career advancement opportunities, transparency, motivation

INTRODUCTION

Today the words "Information Technology" has become buzz word all over. Therefore before, we proceed further let us try to understand the concept of information technology. Information technology is a broader term which includes computing technology, networking, hardware, software, the Internet and those people who work with these technologies. It is usually referred to IT in short form. In this modern age this IT has became a part of our everyday life. According to one definition IT is a Set of tools, processes, and methodologies (such as coding/programming, data communications, data conversion, storage and retrieval, systems analysis and design, systems control) and associated equipment employed to collect, process, and present information. In broad terms, IT also includes office automation, multimedia, and telecommunications.[1] This definition gives a detailed account of what the IT consists of. So far as commercial organization in every field they are extensively using the IT for achieving higher performances.

The primary reason for the increase in popularity and utilization of information technology, especially in business is efficiency, speed, low procurement cost and accuracy in handling of multiples tasks simultaneously. Today, it is possible to run many business functions on autopilot. A company physically present in one country can have its data entry and customer services centers in overseas countries, anywhere in the world. This is being tapped for availing the benefit of the low paid labour availability in the developing countries. In this way many companies can increase their business by providing services to their customers 24 hours a day and seven days a week.

If any single technology is to have a revolutionary effect on the lives of the people in the 21st century, it will undisputedly be the information technology. Over the decade of 1990s, India has positioned itself as a major provider of world-class quality of Information Technology professionals. During this period, Indian engineers and scientists have earned a high degree of esteem around the world for their professional and innovative contribution to technological advancements in this field. A large number of Indians occupy senior positions in Information Technology industry's most reputed companies in the United States of America and other industrialized countries.

The Indian Information Technology (IT) industry has played a major role in placing India on the international map. Particularly, after globalization IT industry made a remarkable contribution in India's economic development. India has become one of major software exporter supporting growth of Indian economy. The industry is mainly governed by IT software and facilities like system integration, software experiments, custom application development and maintenance, network services and IT solutions. According to National Association of Software and Services Companies (NASSCOM) findings Indian IT BPO industry expanded by 12% during the fiscal year 2009 and attained good aggregate returns.

Today Human Resources Development Department has assumed more importance than ever before. Now it is one of the key departments in any organization. The HR Management consists of several areas and the key goals are defined for each of them:
❖ Organizational Effectiveness

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[1]http://www.businessdictionary.com/definition/information-technology-IT. html#ixzz 3kNApc 5XO

- ❖ Human Capital Management
- ❖ Knowledge Management
- ❖ Performance Management
- ❖ Compensation Management
- ❖ Employee Relations

The HR Department handles the following activities.
1. Placing the right person on the right job.
2. Starting new employees in the organization (orientation).
3. Training employees for jobs that are new to them.
4. Improving the job performance of each person.
5. Gaining cooperation and developing smooth working relationships.
6. Interpreting the company's policies and procedures.
7. Controlling labour costs.
8. Developing the abilities of each person.
9. Creating and maintaining department morale.
10. Protecting employees' health and physical condition
11. Retention of Talent

Employee Retention

Retention is an art of managing people. An environment of trust and cooperation, and collaborative approach by the management, employees get the feel to connect. Retention is all about taking measures so as to encourage work force to remain the organization of a maximum period of time. Employee Retention refers to the policies and practices used by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken on ensure growth and learning for the employees in their current assignment and for them to enjoy their work. Retention plans are an inexpensive way of enhancing work place productivity and engaging employees emotionally. Proficient employees keep the quality up and business operations run smoothly along with cost saving in the longer run. Retention management is a strategic, coherent process that starts with an examination of the reasons that employees join in an organization in the first place. An employee's decision to resign from a company is rarely due to a single event, such as being passed over for a promotion, a plum assignment or for monetary reasons. One such event may however serve as a catalyst, but most employees leave because of multiple factors i.e. the turnover drivers which create an environment that is no longer desirable to them.

Need for resorting to Employee Retention

Today, because of the vast development of the IT Sector, there is a stiff competition amongst coroporates to pick up properly groomed talented staff of other organizations so that the corporate is not required to reinvest in developing a talent in their organization. There are various types of costs associated with the replenishment of the talented employees. Firstly it is not readily available and therefore there is a loss of valuable time of the project, paper advertisement / placement organization's fees, Higher executives time spent in interaction, negotiation of compensation etc. and again time and money spent on induction training to introduce to the corporate philosophy, values and systems and procedures.

Factors that are weighed by employees in continuing:

There are various factors that influence the employee's decision to continue or to try luck elsewhere. These factors are mainly:

Compensation package, work environment, opportunities for career advancement, fringe facilities like work from home, flexi working hours and above all job satisfaction derived in the current job assignment. In the following paragraphs a few vital aspects have been discussed in brief.

Work Environment[2]

The work environment refers to the environment in which an employee works. The work environment consists of three main aspects like the working condition, sanitation and cleanliness and welfare amenities. The working condition includes the temperature, ventilation, lighting, dust / smoke / fumes / gases, noise, humidity, posture, hazard and safety from the complex devices. The sanitary and cleanliness includes provision of urinals in factories, provision of spittoons, provision for the disposal of waste and rubbish, provision for water disposal (drainage), provision of proper bathing and washing facilities, cleanliness, white washing and repair of buildings and workshops and care and maintenance of open spaces, gardens roads etc. The welfare facilities include provision and care of drinking water, canteen services, lunch, rest room, crèches, cloak rooms etc. The factor most significantly affecting workforce commitment is management's recognition of the importance of personal and family life. For some employees personal priorities or circumstances make the difference between leaving and staying. Individuals will stay with a company that clearly considers and cares for their career priorities (life stage needs) health, location and family, dual career and other personal needs.

Welfare measures outside the work place:

The welfare measures outside the work place include housing quarters for bachelors and families according to the size of the family, water, sanitation and waste disposal facilities, roads, lighting, parks, recreation and playgrounds; schools, markets, co-operatives, consumer and credit societies, bank, transport, communication i.e. post, telephone etc.; health and medical services, dispensary, emergency ward, outpatient and inpatient care, family visiting, family planning, recreations like games, clubs, cultural programs, festival celebrations, reading room and library, open air theatre, swimming pool, athletics, gymnasium; security, community leadership development etc.

Compensation:

His or her standard of living, status in the society, motivation, loyalty and productivity depend upon the remuneration he or she receives. For the employer too employee remuneration is significant because of its contribution to the cost of production.

Promotion:

A promotion may be defined as an upward advancement of an employee in an organization to another job, which commands better pay, better status and higher opportunities, responsibility and authority, better working environment, hours of work and facilities and a higher rank.

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[2] Mamoria, C., & Gankar, S. (2006). *Personnel Management Text and Cases* (Twentysixth ed.). Mumbai: Himalaya Publishing House.

Communication:
Employees are the organization's brain cells and communication represents the nervous system that carries this information and shared meaning to vital parts of the organizational body. The talented employees expect full transparency.

Motivation:
Organizations become successful when employees have abilities and desire to accomplish given tasks. Motivation in a simple term may be understood as the set of forces that cause people to behave in certain ways.

Job factors:
The employees should love their job and the organization for which they work. The employees should feel that their work life is meaningful and that the work that they do for their organization is valuable. The employees should think that they are contributing towards attaining the organizational goals and that they have adequate opportunity to use their ability. In total the employees should be satisfied with their job.

Stress & Work load:
IT and ITES sector tops the chart of stress prone businesses. Stress is an individual's response to a disturbing factor in the environment and the consequence of such reaction. Stress obviously involves the interaction of the person and the environment.

Employment Retention Strategies:
Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work.

Employees are the assets of any organization and organization cannot afford losing its key performers. Organizations are striving to retain their talents by implementing effective retention strategies. High Employee Turnover would subsequently have an impact on productivity and sustainability of the organization. Today, Employee retention is a critical aspect for every company regarding competitive advantage because human resource is the most critical asset of today's modern world.

Previous research conducted by various scholars has shown that employee's intention to stay/leave determines the actual turnover. Remember, only a happy employee will prove to be a productive employee, and in spite of offering high salary, if the employee is not able to spend leisure time with his family, he will not be satisfied with the work. So design policies which can offer work life balance to employees, which can include compulsory paid leaves, fixing the time of work, weekends off etc.

Suggestions for retaining Talent in the organization:
❖ Company should focus on training of its employees and provide more career development opportunities to them. Training and development is a vital part of any organization.
❖ There should be well designed career path which will enable the employees to understand the requirements and plan their own strategies for competing for elevation. Organization should design in house career counseling session for career development. A

career counseling session is to acquaint the employees through the procedure of goal setting in their career activities.

❖ By and large it was transpired during the interaction with a cross section of IT employees in various cadre that the individual compensation is negotiated and finalized. There is no collective bargaining and that each employee is obliged to maintain secrecy of the package offered to him. Although this is the position, in reality informally everyone knows what is offered to his/her colleague. This knowledge of differentiation made by the management upsets the individual employee. Therefore, even if the system in vogue is to be continued there is a dire need to have judicious decisions so far as finalizing the compensation / annual increment packages. In this context the HR Heads can play a key role as ultimately they have to convince the employees.

❖ The management should take effective steps to minimize the tensions to the extent possible. E.g. for work related to RTO office, Income Tax office, etc. the organization can make arrangements with the respective departments and their representative can be invited to the company's campus to sort out the employee's issues. Such

❖ Performance appraisal is an area which is also a sensitive one. It is on this basis the annual salary increase and the promotions are based on. Therefore, there has to be a scientific performance appraisal system in which the employees have reposed confidence. Key performance areas should be spelt out, and it is always better to have self appraisal system wherein the employee may give his SWOT analysis. The management may focus on providing training in the weak areas to make the employee come out with his potential.

❖ The HR manager should understand the employees expectations above the overall compensation and other fringe benefits. In every organization there all sorts of employees. Some of them are self starters and some require little bit of ignition. The HR Manager's should identify the needs and see that proper motivational tools are used to motivate identified employees to bring out their hidden talent and potential. Some of the employees are always hunting for some challenging assignments. HR Managers should also find out such employees and provide them such opportunities.

❖ IT companies may arrange their own transport arrangements for their employees on the lines of one provided by TELCO, WNS, etc. it will be time saving for the employees. Or else IT companies may provide hired housing arrangement in the vicinity of the company's office. This will be a great relief to the employees.

❖ The HR department should take special efforts in ensuring transparency in designing the job assignments. There should be adequate provision for flexi office timings as well as work from home type of work which may give some relief in times of need. This may lead to increased output of an employee as he/she saves on travel time. This is very much possible because of the provision of laptops and networks etc.

❖ Consideration of ideas of employees by manger creates a sense of ownership in the company, a sense of pride and motivates employees to increase productivity in order to achieve their goals. Employees who participate in the decisions of the company feel like they are a part of a team with a common goal, and find their sense of self-esteem and creative fulfillment gets heightened.

❖ The working culture has to be more trustworthy, transparent, ethical, collaborative and mindful of its employee needs – leaders must be equally diligent to earn respect from their colleagues.

CONCLUSION

IT industry sector has placed India on the world map. The contribution of IT sector to India's Gross Domestic Product (GDP) has lead to growth of the Indian economy. World

over our IT professional have proved their talent and have earned a name as a hub of innovators. After the adoption of the globalization by Indian government there is inflow of multinational companies in establishing their offices in India on a large scale. This was possible because of the pool of talented workforce which has no parallel anywhere in the world. There is a clear transformation of the Indian economy from agri. based economy to a knowledge driven economy.

The IT industry is one which is not limited to software development alone. Technology can be applied in libraries, hospitals, banks, shops, prisons, hotels, airports, train stations and many other places through database management systems, or through custom-made software as seen fit.

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