Employee Retention Tactics in Selected It Companies

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Abstract: Employee retention is the ability of an organization to retain its employees or the practice of reducing turnover of employees. There are four highlighted distinct types of employee turnover categorized as: involuntary turnover, instigated by the employer that comprises of discharge or downsizing and voluntary turnover categorized as avoidable and unavoidable turnover. There is strong competition for qualified workers in the ultra-competitive business environment. Implementing various strategies and tactics to keep top performers in the organisation is essential for improving productivity and quality. The issue is still very much present in the IT sector. The recruitment and retention of top personnel is one of the biggest difficulties facing the IT sector. There are various aspects that affect retention, and it's important to comprehend what kind of expectations employees have so they can stay on the job for a long time and perform well. People are very mobile and not restricted to any one type of profession, and the global corporate growth generates more chances. This essay's goal is to identify the elements that affect employee retention and the reasons why workers leave a firm. With particular reference to a study of a few chosen IT organisations in Hyderabad, the researcher offers some advice for staff retention in the IT sector based on his analytical analysis. Hyderabad has a vastly diversified software base with adequate infrastructural facilities required for IT industrial activities. Employee retention is the ability of an organization to retain its employees or the practice of reducing turnover of employees.

Keywords: Employee Retention, Global explosion, talent, IT Sector, Recruitment

INTRODUCTION

Employee retention is a critical focus for organizations aiming to maintain a stable and productive workforce in today's competitive business environment. With talent scarcity and high turnover rates posing challenges, companies must implement effective retention strategies to preserve their valuable human capital. These tactics not only aim to reduce attrition but also foster employee satisfaction, engagement, and loyalty.

Successful retention strategies encompass various approaches, from competitive compensation and benefits packages to professional development opportunities and supportive work environments. By investing in these initiatives, organizations not only enhance employee morale and commitment but also mitigate the costs associated with recruitment and training. This study spotlight on the perception of HR managers on Succession planning and Retention Strategy and how these techniques of Human Resource function are important in the corporate life.

Meaning and Definition of Employee Retention

Employee retention refers to the capability of an institute to maintain its workforce. The Talent management programs are gaining importance these days. This has given more scope to employee retention. Retention of employees is not just keeping the employees in the job but it is all about satisfying labourers and making them to get job satisfaction.

Employee retention means the rules, regulations, policies, strategies and practices followed by the companies to retain the valuable and efficient employees. Earlier companies were following "revolving door policy" to fill the vacant positions. But nowadays they spend lot of money to train and retain the employees. Employees are the asset of the company. If the company wants to be successful it should gain the trust and loyalty of the employees. The employees should be rewarded properly so that they will be retained in the company for a longer duration. According to Chaminade (cited in Chibowa et al. 2010) "Retention is a intended shift by a company to form an surroundings which engages workers for a extended period"

Meaning and Definition of Strategy

The term strategy means a large scale future oriented plans of management for interacting with the competitive environment to achieve the company objectives.

An employee retention strategy should include a plan for redressing employee grievances and the different ways and means to address the issues of employees. This may include employee's problem relating to remuneration, work related like their role, work assigned, or any other problem.

According to Miller & Dess "Strategy is a set of policy or decisions made in an attempt to facilitate companies to attain their goals".

According to Porter (1996) Strategy means executing various actions to those performed by rival competitors or doing the same activities differently.

The development and contribution of the Indian IT industry to the global market are remarkable. Cosmopolitan cities such as Delhi, Mumbai, Bengaluru, Chennai, and Hyderabad have become hubs for major companies like Wipro, Infosys, TCS, and others. These cities attract large industries due to their excellent working environments, infrastructure, competitive pay packages, and robust telecom facilities. As a result, there has been a significant shift in the perception of India by these companies. The growth of the Indian IT industry over the past few years has been extraordinary.

There is a high demand for Indian software engineers worldwide. Employers and management take good care of software employees, offering various incentives to motivate and retain them. These incentives include salary hikes, stock options, attractive perks, and additional fringe benefits, all aimed at ensuring job satisfaction and retention. Despite these efforts, employers still face high attrition rates within their companies. Retaining efficient employees for the long term has become a significant challenge for the IT industry.

In the 21st century, globalization has significantly altered employees' demands and expectations from their jobs. Consequently, employees frequently switch positions between companies, causing organizations to incur substantial costs to replace departing employees. The expense of retaining existing employees is considerable in the competitive business landscape. Many earlier studies have suggested that effective employee engagement practices are crucial for retention. According to the Corporate Leadership Council's 2004 report, 87% of engaged employees are less likely to leave their organization. Additionally, highly dedicated and committed workers perform 20% better than their peers. Therefore, organizations must adapt and enhance their people processes to retain highly skilled and talented employees in this evolving marketplace.

Employee retention is not just about maintaining records; it involves understanding employees' concerns and providing timely support. Many organizations are compelled to reduce attrition rates, leading to a focus on employee retention. According to Hadi and Ahmed (2018), employee retention is "a process in which employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project." Retaining employees is beneficial for both the organization and the employees. Recent industry reports indicate that worldwide information technology spending is estimated to reach around $4.5-5 trillion.The following figure spelt-out the strategies adopted to promote IT sector.
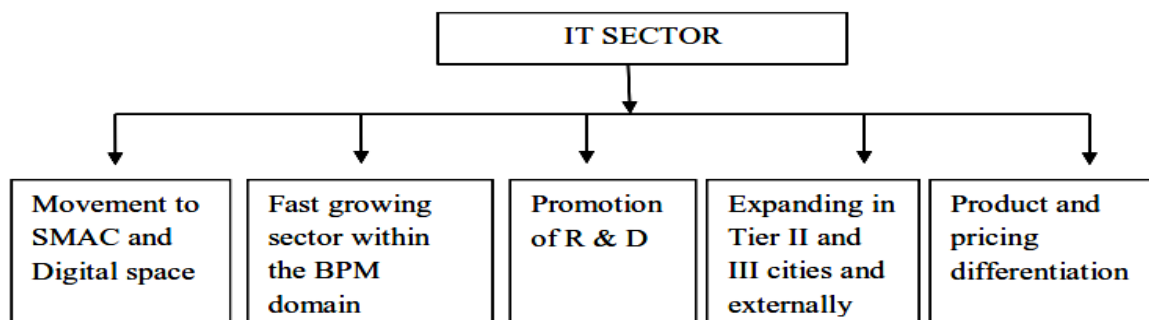

Fig 1. Emerging and Notable Trends in It Sector

IT Industry and GDP
According to the India Brand Equity Foundation on IT & ITES (2018), India's IT industry contributed around 7.7% to the country's GDP, fostering the growth of startups, with over 5,200 projected by 2020. The industry has strong growth opportunities and is estimated to reach a size of $350 billion by 2025. India is the leading sourcing destination, holding about 38% of the global Business Process Management sourcing market. The country boasts the largest pool of ready-to-hire technical graduates worldwide. The IT sector ranks third in India's total FDI share and accounts for

approximately 37% of total Private Equity and Venture Investments. Additionally, the IT sector is the largest contributor to India's services exports, making up 45% of the total.

India is now one of the biggest IT capitals of the modern world and all the major players in the world are present in Indian economy. NAASCOM also envisaged the Indian IT/ITES industry to achieve a revenue target of USD 225 billion's by 2020.

The software and service sector of India has been a major source of employment generation apart from adding to the GDP and export earnings. The total IT software and services employment is estimated to touch 3.688 million in 2015-16. The details of employment by the sector for both, the export and domestic market segment over the last five years are given below:

Table 1.1 Showing the Details of Employment in IT-ITES Industry (In Millions)

Description	2017-18	2018-19	2019-20	2020-21	2021-22 (E)
Employment (In Millions)	3.97	4.1	4.36	4.47	5.1
Net Addition	105000	200000	205000	138000	445000

This sector is the largest employment generator, leading to the growth of several ancillary industries such as transportation, real estate, catering, security, and housekeeping. Direct employment in the IT services and BPO/ITES segments is estimated to reach 5.1 million in FY 2021-2022, with an addition of 445,000 people, approximately 36% of whom are women. Indirect job creation is estimated to exceed 12.0 million.

Table 1.2 (Us$ Billions) Software Exports and also Estimates for the Indian IT Industry From 2005 – 2025

S No	Accounting Year	Software (IT Services)
1	2005-06	17.06
2	2006-07	23.43
3	2007-08	32.89
4	2008-09	36.03
5	2009-10	36.23
6	2010-11	41.10
7	2011-12	48.63
8	2012-13	56.33
9	2013-14	63.24
10	2014-15	74.80
11	2015-16	86.35
12	2016-17	97.91
13	2017-18	109.47
14	2018-19	121.02
15	2019-20	132.58
16	2020-21	144.44
17*	2021-22	155.69
18*	2022-23	167.25
19*	2023-24	178.81
20*	2024-25	190.36

Source: www.google.com*Indicates estimates Table

1.2 provides details of exports from the Indian software sector from 2005-06 to 2014-15 and includes estimates up to 2024-25 in terms of US dollars. In 2005-06, exports were $17.06 million, and by 2014-15, they had significantly increased to $74.80 million. The estimated exports for 2014-15 were $86.35 million, and projections for 2024-25 estimate exports to reach $190.36 million. This analysis indicates that over the decades, income from software exports in the Indian economy has been increasing tremendously.

CONCLUSION

The analysis of employee retention tactics in selected IT companies reveals several critical insights. First, the importance of understanding employee concerns and providing timely support cannot be overstated. Organizations that prioritize employee engagement and satisfaction are more successful in retaining their talent. The study highlighted various effective retention strategies, including competitive salary packages, stock options, comprehensive perks, and robust career development programs. Despite these efforts, high attrition rates remain a significant challenge in the IT industry. The competitive nature of the market, coupled with the evolving expectations of employees, necessitates a continuous and dynamic approach to retention strategies. The findings also underscore the value of dedicated and engaged employees, who contribute significantly to organizational performance and stability. To remain competitive, IT companies must continually adapt and refine their people processes, focusing on fostering a supportive and enriching work environment. This involves not only addressing the immediate needs of employees but also anticipating future trends and challenges. By doing so, organizations can better position themselves to retain top talent and sustain long-term growth in the ever-evolving IT landscape.

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