



"A study on Human Resource Practices, Retention, and Job Satisfaction in the Information Technology Industry: Basis for Employee Retention Program"

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Abstract

In the IT industry, staff retention has been difficult because of the high turnover rate. In an effort to better understand the factors that impact employee retention and turnover, a number of researches have been conducted. Employee retention is directly linked to HR procedures. In other words, this suggests that employee motivation and work satisfaction are entirely the result of HR procedures. Human resources policies tailored to the demands of IT workers should be the foundation of any programme aimed at enhancing staff retention or lowering employee turnover. IT professionals are highly sought after in countries with established technology and service industries. A number of laws and ordinances have been passed in the Philippines to promote information technology and relevant professions in the economy as well as to enhance worker capacity.

Key words: Human Resource, Practices, Job Satisfaction, Employee, Retention etc,

Introduction

Keeping staff on board for as long as feasible or until the project is done is the goal of an employee retention strategy. One of the primary goals of talent management, which is defined as the implementation of integrated strategies or systems designed to increase workplace productivity by developing better methods for attracting and training people with the necessary skills and aptitudes to meet the needs of the company now as well as in the future, is to keep employees.



Job Satisfaction

Several theories and models have been developed to better understand and explain the idea of job satisfaction. The motivation-hygiene hypothesis and the job enrichment idea are two examples. Frederick-Herzberg, an American psychologist, initially proposed the motivation-hygiene hypothesis in the 1970s after performing a thorough study of the literature on job attitudes and job satisfaction. This notion was further supported by further research. The motivation-hygiene hypothesis, however, is a two-factor model that incorporates the dual character of job satisfaction. Satisfaction, according to the notion, comes from a combination of things. These include elements like as advancement, personal growth, recognition, responsibility, and accomplishment. The notion of work enrichment has also been used as a model for increasing employee happiness. In the 1940s, IBM performed an HR initiative that led to the development of this notion. The ideas and practical applications of this notion have been broadened by further studies in the realm of management and real-world case studies. However, the idea of 'job enrichment' refers to the addition of new duties and responsibilities to an existing position as well as the development of a specific employee's abilities and knowledge in order to make them more effective in their current position.

Human Resource Training & Development Practices

HRD may be described as an effort to help people grow and flourish within a business by expanding their talents and knowledge. It's common to hear the term "training" thrown around as a synonym for any attempt by a company to encourage learning among its employees. Experts do, however, see a distinction between short-term performance-focused training and long-term development aimed at widening an individual's skill set in preparation for future responsibilities. Training and development are often referred to as a single phrase to describe the collection of actions that businesses utilise to enhance the skill base of their employees. Human resource training and development can help to alleviate the negative effects of excessive staff turnover if conducted correctly.

Human Resource Assessment Practices

Managing human resources is an important part of an organization's overall strategy for ensuring employee retention and fostering a culture of high productivity. It is possible for a business to keep, maintain, and improve the productivity of an employee by using



a performance review programme. Assessment plays a significant role in both the hiring and selecting procedures as well as the management of employee performance. A good evaluation tool should measure employee productivity in order to ensure that each employee is not only contributing to the general productivity of the firm, but is also developing along with it. The lack of employee motivation and work satisfaction might be attributable to an erroneous performance management system or evaluation instrument, according to some company executives and employees themselves. A study of IT businesses revealed that numerous factors, such as the size of the company and the emphasis of the business, impact the accuracy of evaluation tools.

Employee retention

It is the proportion of workers who stay with the company after their first employment. A company's employee retention rate is simply the percentage of existing workers who have remained with the company for an extended length of time (Carsen, n.d). An employee retention strategy encourages workers to stay with the company for as long as possible or until a project is completed (Giri, 2008). As a worldwide leader in business technology, the United States relies heavily on this sector. A large portion of today's workforce is made up of "knowledge workers," or those with advanced degrees in fields such as economics and technology who are more prone than their counterparts to switch jobs. The Indian corporate climate is undergoing an ever-increasing battle for knowledge employees, which is the key to enhancing efficiency. When it comes to the IT business, which has adopted a corporate culture of fast career growth and many employment options, mobility is on the rise. It has become more important for IT businesses to ask themselves the critical question: 'who remains with you?' Managing employee turnover is a strategic problem, and the correct retention strategy must simultaneously guarantee that employees' goals are met and that productivity and turnover costs are reduced. It is projected that the cost of replacing an employee will be double the person's wage. Recruiting new employees necessitates a significant commitment of time, money, and other resources in order to bring them up to speed with the company's standards of excellence.



Review of literature

(Wijesiri et al. 2018) studied "*The Impact of HR Practices on Employee Retention; A Case of BPO Sector, Sri Lanka*" In today's corporate environment, employee retention is one of the most hotly disputed subjects and recognising the reasons for employee turnover and establishing the required procedures to keep workers may be vital. Every company wants to keep employee turnover as low as possible. Hence, the purpose of this study is to examine the influence of HR policies and practises on employee retention in Sri Lanka's BPO sector. Sri Lanka's BPO business is regarded as a new and under-researched field.

(Kossivi, Xu, and Kalgora 2016) studied "*Study on Determining Factors of Employee Retention*" and discovered that employees are critical to every company's success. They can be referred to as the lifeblood of an organisation because of their crucial nature. Most firms have become increasingly dependent on technology as a result of advancements in technology. Because technology requires human resources to operate, this arrangement does not diminish the significance of people in a company With the rise of globalisation, competition is growing fiercer and fiercer in almost every industry. As a result, the demand for human resources by businesses to remain competitive in their various industries has increased. Organizations must thus not only recruit the greatest individuals but also keep them employed for an extended period of time if they are to stay competitive.

(Sharma 2016) studied "*Exploring Employee Retention in IT Industry in India: Study Based On Multi Response Analysis*" and discovered that in the hyper-competitive Indian corporate climate, the battle for knowledge employees is growing. Managing employee turnover is a strategic problem, and the correct retention strategy must simultaneously guarantee that employees' goals are met and that productivity and turnover costs are reduced.

(Maureen Prongo-Eufan 2018) studied "*Human Resource Practices, Retention, Motivation and Job Satisfaction in the Information Technology Industry: Basis for Employee Retention Program*" A preliminary poll was done to assess whether or not there was a need for further investigation into IT employee retention difficulties in the



city of General Santos. Those who own or manage IT-related enterprises in the city were asked to participate in this poll. In spite of the availability of extremely attractive wage and compensation packages, attracting and hiring highly competent IT workers is not a simple task in the city.

(David 2008) studied "*Retaining Talent*" and discovered Still others find themselves out of a job after being fired or laid off, or after winning the lottery or inheriting money and deciding that they no longer need one. All of these situations are examples of turnover, although not all of them have the same organisational repercussions.

(Dixon 2016) studied "*Retention of Information Technology Employees*" Furthermore it has been shown that IT staff retention tactics may lead to better profitability for business executives. However, company executives face considerable difficulties because of the high expense of replacing IT staff. If operating expenses continue to rise, it is critical that IT staff is retained. To better understand how managers can keep their IT staff, we conducted an exploratory single-case study. Individuals, families, communities, businesses, and the economy are all affected by IT staff retention rates. Employer-employee relations and profitability can be improved by employing retention methods.

(P.K 2011) studied "*An Empirical Analysis of Employee Retention in IT Sector*" According to the study; IT is the fastest-growing economic activity in the globe. The IT sector in India has earned a strong reputation in the global marketplace. Many firms have struggled for years to keep IT personnel on board. Attrition has contributed to the IT industry's present scarcity of highly-skilled workers. According to this empirical investigation, the reasons of IT employee turnover and best retention techniques for IT staff are discovered. The IT experts from Chennai and Trivandrum were the subjects of this investigation. The approach of convenience sampling was used to pick the participants. Personal policies, work-life benefits, career development programmes, and employee benefits have been found to be major retention factors.

(Hong et al. 2012) studied "*An Effectiveness of Human Resource Management Practices on Employee Retention in Institute of Higher learning: - A Regression Analysis*" Employees are determined to be the foundation of a company's success. As a result, staff retention is critical to the success of the company. Regardless of whether a company is a worldwide corporation or a small-scale business, tactics targeted at addressing the



demands of employees are applied. When a corporation has a certain project or job in mind, they often keep its employees on board for a set amount of time. Another term for this is employee retention where the scope of work is typically more than a simple assignment and more preferable a real-world position is needed to achieve this. Organizations who keep their best workers on board gain a distinct advantage over their rivals in terms of better customer service and productivity, as well as smoother management transitions and improved organisational learning, as a result of the high morale and satisfied co-workers that they produce.

(Malik, Ahmad Baig, and Manzoor 2020) studied "*Effect of HR Practices on Employee Retention: The Role of Perceived Supervisor Support*" in textile businesses, it was observed that HRM is significant since it helps the management of human resources and strategies that keep their workers pleased and retained. Organizational affairs have a major impact on human resources. Pakistan's textile industry is the backbone of the country, but it is currently struggling to retain workers. The amount of employee satisfaction in a business has a direct impact on turnover and employee loyalty. An organization's most important asset is its workforce, particularly those who are highly trained, knowledgeable, and experienced. Empowerment has an impact on job happiness because it gives the staff the ability to resolve customer service issues and please them in the process.

(Davidescu et al. 2020) studied "*Work Flexibility, Job Satisfaction, and Job Performance among Romanian Employees— Implications for Sustainable Human Resource Management*" HRM needs to be reinvented in light of the issues of the future, including long-term development and regeneration of human resources as well as the incorporation of the notion of sustainability in HRM. A new approach to human resource management, sustainable HRM, is considered as an extension of strategic human resources. As the present coronavirus outbreak restricts access to the workforce, atypical work is becoming increasingly important in the labour market. Telework laws in Romania have made flexibility in the workplace an increasingly important need for employment and a motivating element for the country's workers.



Research Methodology

Using a standardised questionnaire, primary data was gathered from information technology industry personnel. The questionnaire consists of 14 questions, each of which is subdivided into four categories. Role clarity (RC), participation management (PM), compensation and reward satisfaction (PR), training & development (TD) and turnover intention are the five components in this research (TI). Each construct's components were all taken directly from the prior study (Kim, 2005). Independent variables include RC, PM, PR, TD and PR as well as TI. All items were scored on a five-point Likert scale, with a '5' representing strong agreement and a '1' representing significant disagreement. Journals, periodicals, and internet media all provided secondary data for this investigation. The respondents were chosen using a simple random sampling procedure. The data were analysed using SPSS version 20.0. Frequency, correlation and regression analysis were employed in the data analysis process.

Data Analysis

Gender, life experience, and age are all factors explored in this investigation. On the basis of the three variables, Table 1 shows the relative frequency of each attribute. 65 percent of the respondents are men, while 35 percent are women, according to the results of this survey.

In this study, a larger percentage of respondents had at least a year's experience in the information technology field. There are just 4% people over 40 years old among the survey participants, making up the bulk of responses.

Table 1: Demographic Variables

Variable	Characteristic	Percent
Gender	Male	65
	Female	35
Experience	Less than 1 Year	30
	1 to 3 Years	29
	3 to 5 Years	11
	Above 5 Years	30
Age Group	Less than 24 Years	20
	23 to 30 Years	36
	31 to 40 Years	40
	Above 40 Years	4

(Source: “Compiled by researcher using primary data”)



Table 2: Correlations between variables

	RC	PM	PR	TD	TI
RC	1				
PM	0.639**	1			
PR	0.070	0.128	1		
TD	0.416**	0.251**	0.290	1	
TI	0.149*	0.81	0.744**	0.479**	1

*** Correlation is significant at the 0.01 level (1-tailed).

*Correlation is significant at the 0.05 level (1- tailed)

(Source: Output from SPSS”

Table 3: Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.507	.430		-5.826	.000
1 RC	.067	.093	.052	.722	.472
PM	-.139	.085	-.111	-1.635	.104
PR	1.121	.091	.670	12.261	.000
TD	.465	.095	.291	4.885	.000

Discussion and Conclusion

Employees' intentions to leave the company are unaffected by their understanding of their roles. Employees that have a clear understanding of their responsibilities participate in management decisions. Employees in the information technology industry who have a clear understanding of their roles are not satisfied with their compensation and benefits. Improved compensation and benefits encourage workers to stay with a company. When asked about their thoughts on company turnover, many IT workers say they are undecided. This implies that retaining workers in the IT industry is a challenge. According to the findings of this research, IT workers may be kept if their roles are clearly defined and they get competitive salary and benefits.

Conclusion

Organizations' ability to stay in business rests on their ability to retain their best employees. In spite of the fact that this study sought to include all of the aspects that contribute to employee retention, additional research is needed. Organizational culture, training and development, and autonomy are often overlooked in favour of leadership and supervision, for example. A company's personnel may be divided into three groups: directors, managers, and workers. A lack of attention was paid to employees, the sector



of economy and enterprises that are particularly affected by one or the other element, although some studies were able to do so. Further research is needed to better provide firms with the information they need to increase their capacity to retain employees. When business executives have plans in place to keep IT staff happy and productive, they typically see an increase in their bottom line. Replacing an IT employee might cost anywhere from half to more than 150 percent of his or her yearly income. Retaining IT personnel is critical, given the rising influence of technology on business results. Additionally, the study's findings might lead to a shift in societal norms. Increased IT staff retention may benefit people, their families, communities, businesses, and the economy. Leaders may also be motivated to be more creative in their approach to staff retention, which might be helpful in effecting beneficial changes inside the firm.

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