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## **An Empirical Study of Employee Retention in the Information Technology Sector in Hyderabad City**

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**ABSTRACT:** This study, which focuses on software engineers from several Hyderabad-based organizations, examines employee retention in the IT industry. The goal of the study is to close gaps in the body of knowledge regarding employee satisfaction and attrition rates in the service sector. The study discovered that relationships between superiors, work pressure, benefits, pay, and HR regulations all had a big impact on employee retention. The results will assist managers in the IT sector in creating successful retention plans. The present study were the employees of the IT sector; especially software engineers of various IT companies in Hyderabad city. Respondents were selected randomly. Employees were mainly from TCS, Tech Mahindra, Honeywell, Caterpillar, and IBM. The information of this research will be useful to service industry in their HR practices and add new information to literature.

**Keywords:** Retention, IT Sector, HR practices, Employees attrition.

**1. INTRODUCTION:** The Indian IT sector has developed tremendously and contributed greatly to the global community. All of the major industries, including Wipro, Infosys, TCS, and others, choose to locate in cosmopolitan cities like Delhi, Mumbai, Bengaluru, Chennai, and Hyderabad. Companies' perceptions of India are changing as a result of the companies' provision of good telecom facilities, infrastructure, pay packages, and working environments. The Indian IT business has grown remarkably in the last few years. The Indian IT sector has developed tremendously and contributed greatly to the global community. All major industries, including Wipro, Infosys, TCS, and others, prefer to be located in cosmopolitan cities like Delhi, Mumbai, Bengaluru, Chennai, and Hyderabad. There is a shift in the industry as a result of the companies' provision of good communication facilities, infrastructure, compensation packages, and working environments.

In the 21st century, Globalization has made incredible variations in the employee's demands and expectations from their jobs. Hence, the employees are switching their positions from one corporate to another. This leads the organization to balance the cost of replacing the new employees who left the job. Thus, the cost involved in retaining the existing employees is very expensive in the competitive

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business scenario. Most of the earlier studies suggested that it is essential to retain an employee by healthier employee engagement practices. Corporate Council Leadership Report (2004) highlighted that 87% of the employees who are engaged in the job were less likely to move from the organization. Besides, a worker who is highly dedicated and committed in the job accomplish 20% better than other employees. Therefore, organizations need to adapt and improve their people processes to retain highly skilled and talented employees in the new market place for existence in the brand-new paradigm.

## **2. REVIEW LITERATURE**

Anis et al. (2011) looked at organizational commitment as a mediating variable in the Pakistani pharmaceutical industry to examine the relationship between employee retention, job satisfaction, perceived supervisory support, and salary. The findings showed that there is a strong and positive correlation between organizational commitment, supervisor support, and salary. The findings also indicate that employee job satisfaction and retention are strongly and favourably correlated with organizational commitment.

Belbin et al. (2012) examined at how people perceived worker retention tactics in relation to their intention to leave. The study's noteworthy results offered a higher financial benefit and a reduced possibility for professional advancement. Additionally, the research revealed a favourable correlation between retention characteristics and a lower intention to leave.

Coetzee and Schreuder (2013) argued that organizations must have hygiene factors and motivation factors to keep their employees satisfied. So, the employees will not leave the organization. Motivation factors are lead to high retention, but the absence of hygiene factors may result in increased turnover.

Eriksson, Qin and Wang (2014) indicated that an increase in the adoption of human resource management practices up to an optimum level could influence the employee turnover intentions.

Iqbal and Hashmi (2015) in their study found that perceived organizational support has a significant relationship with employee retention, with a mediator between perceived organizational support and employee retention. Psychological empowerment has a significant relationship with faculty retention and also play a role as mediator between perceived organizational support and employee retention.

Anitha (2016) indicated that most of the employees remain in the organization due to the benefits they get in being on the job based on their continuance commitment and due to the obligation values, they have in giving something back to the organization (normative commitment). It also specified that affective commitment need not reflected on employee retained in the organization.

Li and Tsoh (2017) described strategies for recruiting and retaining Chinese elders about hypertension management based on the longitudinal study. The result indicated that Personal referrals

are the most significant approach for recruiting Chinese elders in the study. Also, various incentives and reminder calls help retain participants.

Atouba (2018) results indicated from multiple regression and mediation analyses showed that employee work participation is adversely associated with workers' turnover intentions. Additionally, the results showed that organizational identification, and both internal communication adequacy and organizational identification, mediated the relationship between employee work participation and turnover intention.

Kumar & Varikunta et al., (2019), Study showed the tools of non-monetary strategies should be designed according to requirements such as job enrichment, career program, training, flexibility of working times, quarterly competition, advanced potential program, fun at work, official discussions of round tables between employees, and respective managers.

Dzuima & Ingaldy et al., (2020) found that cheerful and satisfied employee execute reinforced his responsibility, become more responsible, state of mind part of the endeavor.

Manoj S and Renee Namrata (2021) conducted a study to find out the organizational effectiveness and theoretical framework with respect to employee retention strategies in the IT industry. Findings of a research work on employee retention strategies in IT industry with specific reference to the city of Bengaluru. The result shows significant differences between demographic variables, organizational variables and its effectiveness of employees in the IT industry.

### **3. OBJECTIVES OF THE STUDY:**

The objectives of the study are

1. To study and analyse the current employee retention strategies of IT Companies.
2. To assess the perception of management and IT employees on retention strategies.
3. To identify the influence of demographic profile of the respondents on the perception of employee retention strategy.

### **4. RESEARCH METHODOLOGY:**

The study has adopted both analytical and descriptive type of methodology. The study primarily depended on primary and secondary data. The study's subjects were workers in the IT industry, namely software engineers employed by different Hyderabad-based IT firms. The respondents were chosen at random. The majority of the workers were from IBM, TCS, Tech Mahindra, Honeywell, and Caterpillar. Two hundred questionnaires were issued in total. Ultimately, 125 (62.5%) surveys were examined. Because 75 (37.5%) of the surveys were incomplete, they were rejected.

The Numerous factors related to employee retention were investigated, including relations with superiors, work pressure, remuneration and benefits, and HR regulations. There were twenty-four items in all; each statement was a dichotomous question, meaning that the response could only be "Yes" or "No." The questionnaire was divided into two sections. Six statements specifically examined the reasons for high attrition, while the remaining eighteen items in the first section were divided across the four previously indicated dimensions.

**Table 1: Data Analysis and Interpretation**

<b>Demographic profile of the respondents</b>		
<b>Total no. of respondents</b>	125	%
Males	110	88
Females	15	12
<b>Age brackets</b>		
20 -25	32	25.6
26-30	53	42.4
31-35	18	14.4
36-40	13	10.4
41 and above	9	7.2
<b>Educational qualifications</b>		
Graduation	59	47.2
Post-graduation (Academic)	26	20.8
Post-graduation (Professional)	40	32
<b>Years of experience</b>		
0 to 2	86	68.8
2 to 4	23	18.4
4 to 6	11	8.8
6 to 8	5	4
8 and above	0	0
<b>Monthly income (Rs.)</b>		
5000 - 15000	14	11.2
15000-25000	24	19.2
25000 - 35000	53	42.4
35000 - 45000	23	18.4
Above 45000	11	8.8

Source: Author's Calculation

According to the above table, 22% of respondents disagree that HR policies are employee-centered, while 88% of respondents think they are. 76% of respondents report receiving the appropriate quantity of accurate information at the appropriate time, while 24% report not receiving the appropriate amount of accurate information at the appropriate time. While 81.6% of respondents believe their pay is comparable to that of employees handling similar responsibilities, 18.4% believe their pay is lower than that of employees of other companies handling similar responsibilities or performing the same jobs. Of the respondents, 71.2% are able to meet the expectations of their superiors, and 28.8% are unable to do so. Employees believe there is a nice correlation between performance and Employees feel that their incentives are well correlated with their performance (93.6%), that they receive enough benefits (86.4%), and that their performance bonus even allows them to travel abroad (62.4%).

**Table 2: Issues in employee retention in IT Sector**

HR Policies		Yes	No	Yes (%)	No (%)
1	Employee-centered HR policies	110	15	88	<b>12</b>
2	Efforts to keep the workforce motivated	87	38	69.6	<b>30.4</b>
3	Satisfaction with working hours	14	111	11.2	<b>88.8</b>
4	Security of job	50	75	40	<b>60</b>
5	Resolution of grievances	91	34	72.8	<b>27.2</b>
Compensation & benefits		Yes	No	Yes (%)	No (%)
1	Salaries are at par with others at the same level doing similar job	102	23	81.6	<b>18.4</b>
2	Adequate perks	108	17	86.4	<b>13.6</b>
3	Post-retirement benefits	33	92	26.4	<b>73.6</b>
4	Linking of performance with adequate rewards	117	8	93.6	<b>6.4</b>
5	Foreign trips	78	47	62.4	<b>37.6</b>
Work Pressure		Yes	No	Yes (%)	No (%)
1	Stress of target completion	73	52	58.4	<b>41.6</b>

2	Fluctuating targets	110	15	88	12
3	Unnecessary paperwork	31	94	24.8	75.2
4	Excessive competition in the IT industry	98	27	78.4	21.6
	Relations with superior	Yes	No	Yes (%)	No (%)
1	Meeting the superior's expectations	89	36	71.2	28.8
2	Recognition of efforts by the superiors	61	64	48.8	51.2
3	Accessibility of superiors	105	20	84	16
4	<b>Compatibility with immediate superior</b>	<b>97</b>	<b>28</b>	<b>77.6</b>	<b>22.4</b>

Source: Author's Calculation

**Table 3: Major causes of attrition of employees**

1	Working hours	88.8% employees are not happy
2	Job security	60% employees feel they are not secure about their jobs
3	Fluctuating targets	88% feel their targets keep fluctuating and they are not very sure about what would be expected from the next time.
4	Lack of post-retirement benefits	73.6% employees feel they do not get post retirement benefits. They are also apprehensive about their social Security.
5	Overall work stress	More than 91% (114) employees feel that though their compensation, incentives and perquisites are attractive but there is a lot of work stress especially in the months of March and September.
6	Better opportunities	About 76% (95) employees switch job because of better opportunities in other rival companies

Source: Author's Calculation

The table described above demonstrates that the primary causes of high attrition in the pharmaceutical sector have been identified as overall work-related stress (91%), working hours (88.8%), shifting targets (88%), and better opportunities with other companies (76%), and lack of post-retirement benefits and other social-security norms (73.6%). The study's overall findings indicate that a significant percentage of male employees are open to receiving training,

ideally "on the job training." Employees, whether male and female, believe that training programs' effectiveness is determined by their duration. The females have given rewards especially monetary rewards very positive feedback. The results of the study also show that supervisory support is essential for staff retention. Female employees place greater value on financial benefits and supervisor assistance.

## 5. CONCLUSION:

According to our study and research, we draw conclusions based on the answers we received from circulating surveys among working IT professionals. It is evident that in the current corporate landscape, enterprises offering a dynamic and demanding work atmosphere, in addition to employee appreciation and benefits, will emerge victorious in the long run. If, employees were asked to share rewards, they also have to share risks. A greater quality of work life is something that most employees at all levels seek because expectations are rising among them. Companies must hold onto their human resources in accordance with the Indian IT sector's growth predictions. In this regard, maintaining employees has emerged as a key strategic priority and a corporate imperative. As a result, the company may suffer greatly if the issue of growing attrition is ignored. Companies can afford to take no action when it comes to the issue.

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