

A Comprehensive Analysis on Employee Retention in the IT Sector and Its Impact on Organisational Performance and Employee Well-being.

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Abstract –

This study is based on analysis of employee retention factors, explores effective retention strategies, and examines their significant influence on both organizational performance and the job satisfaction of employees. The objective of this research is to analyse the factors influencing employee retention within the IT sector and to identify effective employee retention strategies in the IT sector and also to assess their impact on organizational performance and employee well-being within the IT sector. The data is collected from the IT sector and the majority of the respondents are only employees. This research studies only the employee retention factors, strategies, and their impact on organizational performance and employee well-being. This study is based on empirical study. The sampling size is 50 employees who fill the questionnaire for the survey. Simple random sampling method will be used for sample selection. Primary data and secondary data are used as a tool for data collection. Chi – square test is used to prove the hypothesis. This study finds there is an impact on organizational performance and employee well-being within the IT sector such as cost savings, reduced absenteeism, quality of work, remote work and flexibility, workload and stress level are impacting on employees. By acknowledging the unique demographics of their workforce and addressing the specific concerns and expectations highlighted in the study, organizations can create a more conducive and fulfilling work environment for their employees, ultimately benefiting both the workforce and the company as a whole.

Keywords – Employee Retention, Factors, Strategies, impact, organisational performance, employee well-being.

Introduction –

Employee retention is a critical concern for organizations across various companies. The ability to retain and engage a talented workforce has far reaching implications for an organization's overall performance and its employees' job satisfaction. This paper is dedicated to a comprehensive examination of the factors influencing employee retention, the strategies employed by organizations to retain their employees, and the resulting impact on both organizational performance and job satisfaction.

In the contemporary, rapidly changing, and intensely competitive business landscape, the Information Technology (IT) sector plays a pivotal role in driving innovation, efficiency, and

growth for organizations worldwide. However, one of the most pressing challenges faced by IT companies is the retention of talented employees, who are the lifeblood of this industry. High turnover rates, particularly in the IT sector, not only hinder organizational performance but also affect the well-being of employees, creating a complex web of interconnected issues.

This research seeks to explain the complexities of employee retention by examining diverse factors that impact an individual's choice to remain with or leave an organization. It examines into the strategies employed by organizations to reduce turnover and promote employee loyalty, and it also examines the direct and indirect consequences of these strategies on both the organization's performance metrics and the satisfaction levels of its workforce.

The subsequent sections of this paper will present a comprehensive review of existing literature on employee retention, providing a foundation for the empirical research to be conducted. Through a combination of surveys through questionnaires and data analysis, we aim to explain the most influential factors, evaluate the effectiveness of current retention tactics, and propose evidence-based recommendations to enhance employee retention efforts.

Ultimately, this research aspires to provide actionable insights that can be employed by organizations to develop and refine their employee retention strategies, leading to a more stable, engaged, and satisfied workforce, as well as improved organizational performance. This research is driven by the belief that understanding the intricate relationship between employee retention factors, strategies, and outcomes is essential in today's dynamic and competitive organisation.

Review Literature -

Dr. Sangita Ulhas Gorde (2019) has explained their study is to prove the critical importance of employee retention in the present-day context. It highlights the potential consequences that organizations may face if they remain unresponsive to this issue and fail to take prompt action, underscoring the adverse effects such negligence could have on both the organization itself and the industry.

Leena James and Lissy Mathew (2012) have explained their study represent Employees are invaluable assets within any organization, and the loss of top talent is a scenario no organization can afford. HR managers face the formidable task of pinpointing retention strategies that resonate with their employees. Each employee's perception differs, and as

indicated by secondary data sources, effective communication is vital for cultivating a conducive organizational environment.

Diwakar Singh (2019) The Researcher explain that an Employees stand as the most important asset for every organization, it has a significant impact on its profitability and growth. Their innovative contributions pave the path for the organization's sustainable development. This study predominantly centres on an extensive literature review regarding employee retention. Nevertheless, the profusion of available materials poses a considerable challenge in condensing and synthesizing the study into a concise format. I have endeavoured to encompass pertinent aspects of employee retention while also dedicating attention to emerging market trends.

Bidisha Lahkar Das₁, Dr. Mukulesh Baruah₂ (2013) This research paper has made a sincere attempt to elucidate the extensive body of research and contributions made Within the domains of employee retention and job satisfaction, several scholars have paved the way for further exploration in this field. There is room for additional investigation, with a focus on factors such as compensation methods, leadership and supervision, career growth and development, non-traditional work schedules, working conditions, and adaptable working hours among others, could offer promising avenues for future research. Naturally, such venture should be spearheaded by HR professionals."

M.S.Kamalaveni¹ , S.Ramesh² , T.Vetrivel³ (2019) The researcher explain that the considerable challenge in effectively managing talent and emphasizes that the formulation of policies and practices is of utmost significance for retaining high-performing employees. Consequently, it is imperative that strategies align with HR practices, covering aspects such as recruitment, training, performance appraisal, and compensation. These studies are currently underway to develop diverse policies and strategies aimed at retaining top talent. In the ever-evolving business landscape, organizations must prioritize factors that promote employee retention to enhance satisfaction and commitment, ultimately preserving their pool of skilled employees. This study takes a holistic approach to retaining talented and dedicated employees within organizations.

Objectives of the Study –

1. To analyse the factors influencing employee retention within the IT sector.
2. To identify effective employee retention strategies in the IT sector.

- To assess their impact on organizational performance and employee well-being within the IT sector.

Research Methodology –

This research is mainly based upon the empirical study. This study explains about the type of information and the source of the data collected. Sampling unit implies respondent's employees and questionnaires were administered by the researcher personally and respondents were educated on how to fill the questionnaires. Simple random sampling has been used for the sample section. Statistical tools like chi – square test have been used to prove the hypothesis for analysis and interpretation. The data has been presented through tables and graphs.

Data Collection –

- Primary data, collected from the employees through questionnaires.
- Secondary data, collected from Journals.

Limitation of the Study –

- The sample of this research is limited to 50 employees.
- This research focuses on factors influencing employee retention within the IT sector, identify effective employee retention strategies in the IT sector, impact on organizational performance and employee well-being within the IT sector.
- The information is often biased because of use of questionnaires.

Data Analysis and Interpretation –

Table 01 Demographic Profile

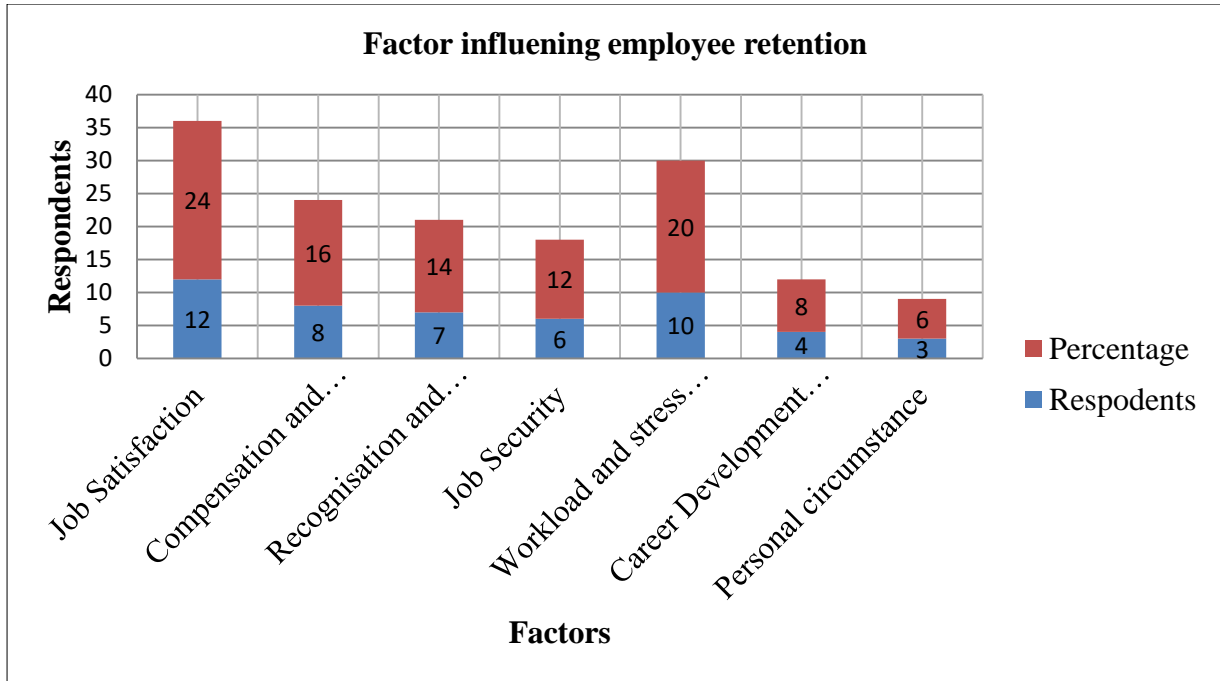
Demographic Profile	Variables	Respondents	Percentage
Gender	Male	26	52%
	Female	24	48%
Marital status	Married	29	58%
	unmarried	21	42%
Age	Below 25	14	28%
	26 – 35	15	30%
	36 – 45	12	24%
	Above 45	09	18%
Education qualification	Under Graduate	37	74%
	Post Graduate	13	26%
Designation	Software developer	15	30%

	System analyst	10	20%
	IT Support specialist	06	12%
	QA engineer	04	08%
	Manager	07	14%
	others	08	16%
Monthly Income	Below 25,000	08	16%
	26,000 – 50,000	22	44%
	51,000 – 75,000	12	24%
	76,000 – 1,00,000	06	12%
	Above 1,00,000	02	04%

From the above analysis of the Table 01, 52% of the respondents are male employees, and 48% of the respondents are female employees, 58% of the employees are married, 42% of the employees are unmarried, 30% of the employees are 26 – 35 age group, 28% of the employees are below 25 age group, 24% of the employees are 36 – 45 age group, 18% of the employees are Above 45 age group, 74% of the employees are Under Graduate, 26% of the employees are post Graduate, 30% of the employees are Software developer, 20% of the employees are System analyst, 16% of the employees are others, 12% of the employees are IT Support specialist, 14% of the employees are Manager, 08% of the employees are QA engineer, 44% of the employees are earn 26,000 – 50,000, 24% of the employees are earn 51,000 – 75,000, 16% of the employees are earn Below 25,000, 12% of the employees are earn 76,000 – 1,00,000, 04% of the employees are earn above 1,00,000 are the demographic profile of employees.

Table 02 Factors influencing employee retention within IT sector

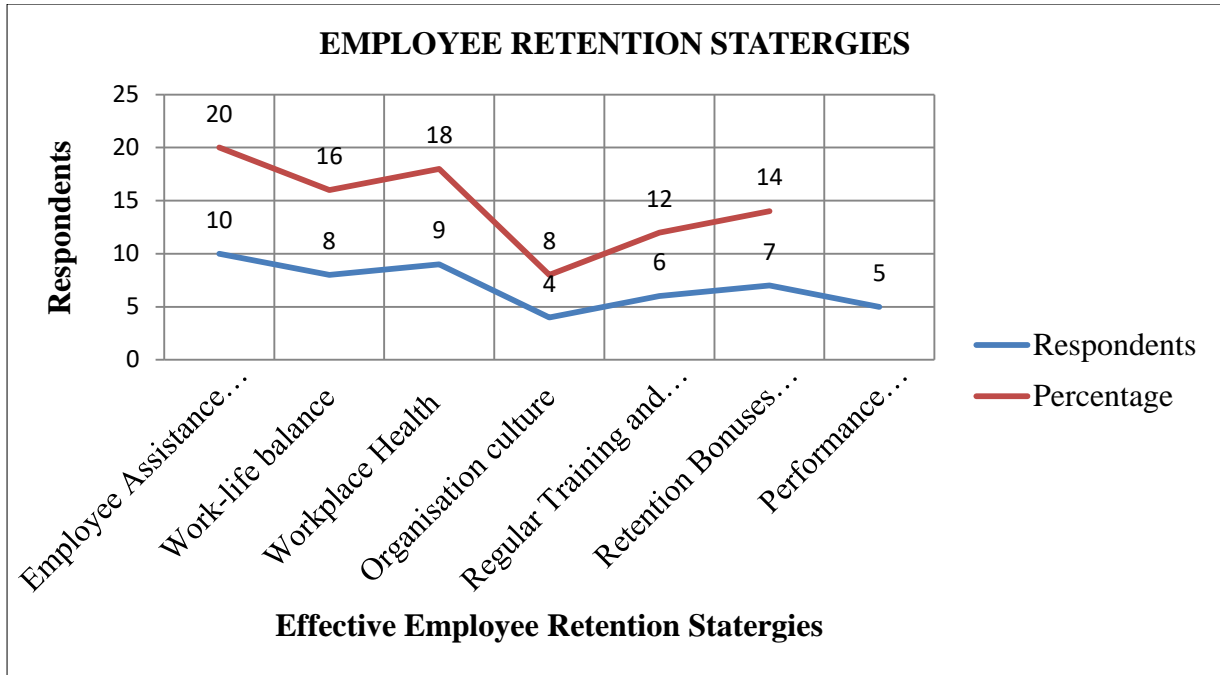
Factors	Respondents	Percentage
Job Satisfaction	12	24%
Compensation and Benefits	08	16%
Recognition and Rewards	07	14%
Job Security	06	12%
Workload and stress level	10	20%
Career Development and Growth Opportunities	04	08%
Personal Circumstance	03	06%



From the above analysis of the Table 02, 24% of the respondents say Job satisfaction, 20% of the respondents say workload and stress level, 16% of the respondents says compensation and benefits, 14% of the respondents says recognition and rewards, 12% of the employees says job security, 8% of the employees says career development and growth opportunities, 6% of respondents says personal circumstance are the factors influencing employee satisfaction.

Table 03 Identifying the effective employee retention strategies in the IT sector

	Respondents	Percentage
Employee Assistance Program (EAP)	10	20%
Work-life balance	8	16%
Workplace Health	9	18%
Organisation culture	4	8%
Regular Training and development	6	12%
Retention Bonuses and long term incentives	7	14%
Performance improvement plan	5	10%



From the above analysis of the Table 03, 20% of the respondents say Employee Assistance Program (EAP), 18% of the respondents say workplace health, 16% of the respondents say work-life balance, 14% of the respondents say Retention Bonuses and long term incentives, 12% of the respondents say Regular Training and development, 10% of the respondents say Performance improvement plan, 8% of the respondents say Organisation culture, are the Effective Employee Retention Strategies.

Table 04 Impact on organizational performance and employee well-being within the IT sector

Organizational Performance And Employee Satisfaction	Respondents	Percentage
Cost saving	13	26%
Reduced Absenteeism	10	20%
Quality of Work	11	22%
Remote work and flexibility	09	18%
Workload and stress level	08	14%

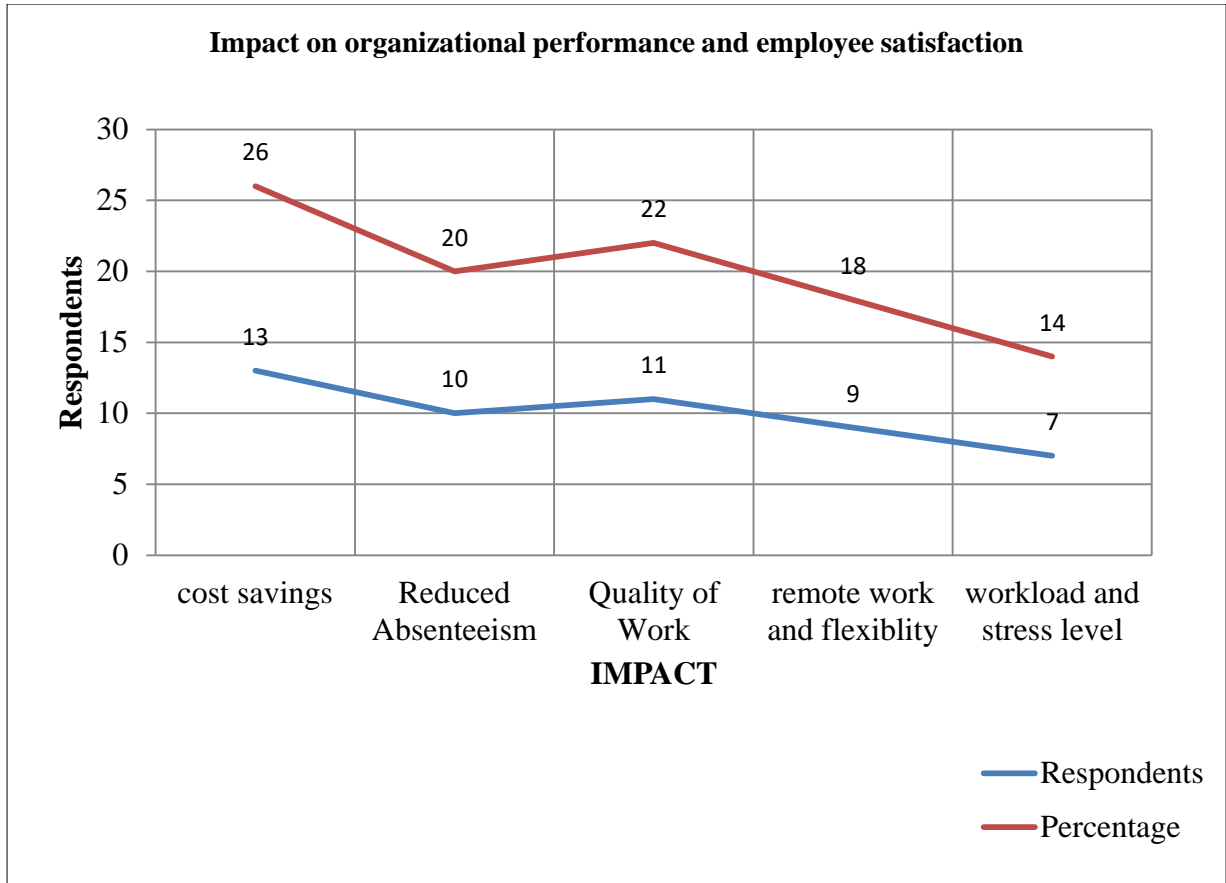


Table 04 Calculation of test statistics -

O_i	E_i	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
13	10	9	0.9
09	10	1	0.1
10	10	0	0.0
08	10	4	0.4
07	10	49	4.9
02	10	64	6.4
			12.7

$$E_i = \frac{O_i}{n} = \frac{50}{5} = 10$$

$$X^2 = \frac{(O_i - E_i)^2}{E_i} = 12.7$$

H_0 = There is an impact on organizational performance and employee well-being within the IT sector.

H_1 = There is no impact on organizational performance and employee well-being within the IT sector.

The degree of freedom is $(n-c) = (5 - 1) = 4$

The level of Significant is $\alpha = 1\%$

The critical value is $k_2 = 15.09$

Table value (t.01)

As $x^2_{obs} = 12.7 < 15.09$. Hence H_0 is accepted.

Based on the above analysis of the statistical table 04, x^2_{obs} is less than 0.01, the null hypothesis is accepted at 1% level of significance, which means that, there is an Impact on organizational performance and employee well-being within the IT sector.

From the above analysis of the Table 04, 26% of the respondent say cost savings, 22% of the respondent say Quality of Work, 20% of the respondent say Reduced Absenteeism, 18% of the respondent say remote work and flexibility, 14% of the respondent say workload and stress level are the impact on organizational performance and employee satisfaction

Findings –

- a) The researcher studies Demographic profile that out of 50 employees, the workforce is relatively balanced in terms of gender, with 48% being female and 52% male.
- b) The researcher studies Demographic profile that out 50 employees, Employees are distributed across various age groups, with the highest representation in the 26-35 age group (30%). Notably, 28% of employees are below 25 years, 24% are between 36-45 years, and 18% are above 45 years.
- c) The factors influencing job satisfaction, in descending order of significance, are job satisfaction (24%), workload and stress level (20%), compensation and benefits (16%), recognition and rewards (14%), job security (12%), and career development and growth opportunities (8%), with personal circumstances at 6%.The researcher analysed that 20% of the respondents say Employee Assistance Program (EAP) and 8% of the respondents say Organisation culture, identifies Effective Employee Retention Strategies.
- d) The strategies that respondents perceive as effective for retaining employees include Employee Assistance Program (EAP) (20%), workplace health (18%), work-life balance

(16%), retention bonuses and long-term incentives (14%), regular training and development (12%), and performance improvement plans (10%), with organizational culture being the least mentioned at 8%.

- e) Impact on Organizational Performance and Employee Satisfaction: Respondents believe that effective employee retention strategies have a positive impact on both organizational performance and employee satisfaction. The perceived impacts include cost savings (26%), quality of work (22%), reduced absenteeism (20%), and employee well-being (18%), with a positive work environment mentioned by 14% of the respondents.

Suggestions –

The following suggestions are made on the basis of findings of the study –

1. Develop and implement gender-inclusive policies and practices to ensure equal opportunities and a supportive work environment for both male and female employees.
2. Age-Appropriate Programs to cater to the specific needs and expectations of different age groups within the workforce, such as mentoring programs for younger employees and succession planning for those in older age groups.
3. Focus on improving job satisfaction by addressing the concerns of the 24% of employees who mentioned it as a factor. This might include regular feedback sessions, addressing work-related issues, and recognizing employee contributions.
4. Prioritize work-life balance to address the 16% of employees who mentioned it as a factor. Implement flexible work arrangements and encourage employees to take advantage of them.
5. Invest in the mentioned effective retention strategies, such as Employee Assistance Programs (EAPs), workplace health initiatives, and regular training and development programs to retain and engage employees.
6. Focus on performance improvement plans and initiatives to enhance the quality of work, as 22% of respondents identified it as a factor impacting organizational performance and satisfaction.
7. Place an emphasis on employee well-being, as 18% of respondents believe it positively impacts both organizational performance and employee satisfaction. This can include wellness programs and mental health support.
8. Recognize and reward employees for their contributions, as 14% of employees mentioned this as a job satisfaction factor. This could include a structured rewards system or acknowledgment programs.

9. Strengthen career development opportunities for employees who seek growth, as 8% expressed this as a factor. Implement clear pathways for career progression and provide resources for skill development.
10. Foster open communication and feedback channels between employees and management to address concerns and make necessary improvements.
11. These strategies, when tailored to the specific needs and preferences of the IT sector workforce, can contribute to higher retention rates, improved organizational performance, and increased employee job satisfaction.

Conclusion –

From the above analysis, the researchers concludes that the analysis has provided valuable insights into the factors influencing employee retention, the effective strategies for retaining employees, and their impact on both organizational performance and employee satisfaction within the IT sector. The IT sector employs a relatively balanced gender distribution and a diverse age range. Organizations should embrace diversity and tailor their strategies to meet the unique needs of different groups. The study identified key factors affecting job satisfaction, with "job satisfaction" itself being the most significant. To boost satisfaction, organizations should prioritize addressing workload and stress, compensation, recognition, job security, and career development, while taking into account personal circumstances. Employee Assistance Programs (EAPs), workplace health initiatives, and work-life balance programs were identified as effective retention strategies. Implementing these, along with recognition and rewards, regular training, and performance improvement plans, can help retain employees in the IT sector. Respondents believed that effective retention strategies positively impact both organizational performance and employee satisfaction. To enhance these aspects, organizations should prioritize well-being, provide a positive work environment, and consider the benefits of reduced absenteeism and cost savings.

Incorporating these findings into an organization's strategy can lead to improved employee retention, enhanced job satisfaction, and increased organizational performance within the IT sector. By acknowledging the unique demographics of their workforce and addressing the specific concerns and expectations highlighted in the study, organizations can create a more conducive and fulfilling work environment for their employees, ultimately benefiting both the workforce and the company as a whole.

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