A STUDY ON EMPLOYEE RETENTION STRATEGIES WITH SPECIAL REFERENCE TO CHENNAI IT INDUSTRY

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ABSTRACT

It's every manager's nightmare: One of your best employees resigns out of the blue. Right away, you've got a number of challenges to tackle. Not only do you have to find a replacement for such a talented team member no small feat when skilled professionals are in high demand, as they are today but you also have to consider the impact this departure will have on the rest of your staff. Whenever someone walks out the door, people notice, and some will start wondering if they should follow suit. That's why employee retention should be on every company's radar. In fact, creating effective employee retention strategies is one of your most important jobs as a manager.

Key words: Employee Retention Strategies, Impact of existing retention strategies, Chennai IT Industry.

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1. INTRODUCTION

Employee retention is an effort by a business to maintain a working environment which supports current staff in remaining with the company. Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. The IT industry can be classified into two major categories such as IT Products and IT consulting. Bell, Intel, IBM are the industry based on developing IT...
hardware products. Microsoft, Sun Technologies develops IT software products. IT consulting works on producing software solutions. Infosys, TCS, Cognizant provides excellent software solutions for the business needs of the clients. In Chennai, more than 90% of the IT industries are IT consulting companies. Thus the IT product based company's focuses on designing the hardware and software products and the IT consulting company's focuses on the ability to learn and apply the software and hardware. The companies in Chennai have client in technologies like DBASE, FoxPro to the latest mobile technology.

2. REVIEW OF LITERATURE

Numerous studies have been conducted on employee retention strategies so far. The exponential growth of IT sector in India in the last few decades have prompted the Organization to focus on employee centered employment relationship to hold back the employees. A considerable amount of literature has been published on retention strategies too. Review of related literature of the studies gave an insight about the subject matter and also helped in analyzing the existing gap that could be taken up for further research.

According to Kreisman, Barbara J. (2002), the meaning of retention varies from the mechanical (reduce the employee turnover figure to an acceptable level) to the abstract (about the culture and value). He went further to say that the meaning can be couched in curt, wholly objective phase or in a flowery, vague corporate language by seeing it as a distinct, controllable element of labour management or viewed as a cross functional, pervasive and seemingly all encompassing set of values or methodologies which centres on how to treat people.

Mitala (2003) identified the preliminary retention strategies motive to include five major elements namely compensation (financial and non financial incentives); environment (physical structure, surrounding and atmosphere of the workplace); growth (advancement prospect and development on the job vis-a-vis organisation); relationship (mode of interactions existing between employer and employees, superior and subordinates, subordinates and subordinates, organisation and outside world) and support (assistance to needy employees).

According to Gopinath and Becker (2000), effective communications improve employee identification with their agency, build openness, and trust culture. Increasingly, organizations provide information on values, mission, strategies, competitive performance, and changes that may affect employees’ enthusiasm. Many companies are working to provide information that communication, through the most credible sources (e.g., CEO and top management strategies) on a timely and consistent basis.

Stauss etal (2011) have suggested a more detailed and recent definition for the concept of retention which is customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional cognitive retention constructs, and the last two being behavioral intentions.

The above review of literature suggests that there are gaps in the existing literature. This study attempts to fulfill the gaps by analyzing the impact of IT employees existing retention strategies.

3. NEED AND IMPORTANCE OF THE STUDY

Employee turnover is very high in IT Organizations in Chennai as skilled workforce has umpteen numbers of opportunities to choose from, prompting each organization to compete with the other in continuously developing attractive and innovative retention strategies to hold back their critical workforce and also to attract prospects. 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.

Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision. Since they are considered as backbone of the company, their progression will lead to the success of the company for the long run. This study can be helpful in knowing, how employee perceive the existing employee retention strategies and to measure the influence of demographic variables of employees on employee retention strategies. This study can be helpful to the management to identify the impact of existing employee retention strategies to improve its core weaknesses by the suggestions and recommendations prescribed in the research. This study can serve as a basis for measuring the organization’s overall performance in terms of employee satisfaction which results in employee retention.

4. SCOPE OF THE STUDY
Keeping in view the critical problem the organizations in the IT industry have been facing ever since the IT industry came into existence in India to retain their performing employees at different levels, this study seeks to understand the different strategies of different organizations for retaining their employees and examine whether those strategies have any universal base and comparison with the experiences of high-tech organizations or organizations depending on the knowledge workers or professional employees and if so what are these common employee retention strategies being in practice in different organizations in the IT industry in Chennai.

The scope of this study is confined to IT industry in Chennai. The study throws light through valuable suggestion to decrease attrition level in the organization. This study can help the management to find the weaker parts of the employee feels towards the organization and also helps in converting those weaker part in to stronger by providing the optimum suggestions or solutions. This study can help the management to know for which the reason employees tend to change their job, through dissatisfaction factors faced in the organization and also helps to recover by providing the optimum suggestions or solutions. The study answers for what are the responses of the managements to these retention strategies? What do they feel about their efficacy and outcome? How do the employees – managerial and non-managerial employees of those organizations feel about the retention strategies in practice in their respective organizations? In other words, what opinions and attitudes the employees have towards the retention strategies in practice? The study also seeks to cover the HR policies and the state of employee attrition in these organizations.

5. OBJECTIVES OF THE STUDY
For this proposed study on Employee Retention Strategies (ERS) the following objectives were formulated.

- To develop a comprehensive measure to assess current employee retention strategies of IT Companies with special reference to Chennai city.
- To express the existing employee retention strategies in IT industry.
- To suggest various measures to improve existing employee retention strategies.
6. RETENTION STRATEGIES

Following retention strategies have been taken for the current research,

Organizational Strategies

Responsibility for retention starts at the top. High retention organizations do not leave the issue of employee retention to chance. The organizational strategy implies management by fact – why people leave and why people or are dissatisfied are the issues taken up for the study. Rewarding good managers who help employees to stay, appointing a manager be totally responsible for retaining employees (appointing Retention Czars), interview the employees every year to find out what new skills, qualifications they have acquired and rehire them to suitable positions, holding managers accountable for high turnover, assessing the organization for weaknesses and making it an ongoing exercise, and finally conducting exit interviews to understand the reasons why people leave. Organizational strategy also means leaders/managers need to care for employees, be empathetic with people working with them, pinpointing job satisfaction or otherwise, identify and list top ten reasons why people leave and adopting ‘equal pay for equal experience’.

Thirdly, this strategy implies creating a positive environment by way of building a supportive workplace, have a shared vision, generate purpose and direction for employees, fulfill the promises given to employees, build an employee Alumni Association, and give importance to pay the employees get. Such organizations do succeed in managing attrition quite effectively.

Orientation and on boarding Strategies

Greg Smith states: “Organizations experience the highest level of turnover during the first 90 days on the job. The purpose of onboarding is to swiftly assimilate the new person into the organization. Conduct Boot camps that help employees improve communication among themselves but more importantly improve customer services, develop buddy system, have employees ADOPTION developing team spirit through club culture, know each employee and understand their job responsibility, hobbies, little known facts, etc, which is known as “conducting an Employee Scavenger Hunt”. Organize group lunches particularly with new employees; have in place a simple employee orientation programs as apart of which the organization should appoint a person or have a Concierge call before the new employee starts work; President’s welcome letter, etc; involve the family of the employee welcoming them to the company, take the new employees on an outing and celebrate their birthdays, achievements, etc, are also some important strategies organizations could adopt.

Communication and Connection Strategies

These strategies are very important for the new employees to make them stay with the organization. There must be proper communication but more importantly there needs to be a bond (commitment) between people at work. High retention organizations thrive on information and sharing to the maximum extent possible. The more information they have, the more quickly they can respond to the changing needs of customers and the environment. Management need to recognize the existence of diverse culture among the employees and even may occasionally celebrate diversity. The management should have a retention plan for each person, i.e. individual retention plan; build a more powerful relationship plan with the people in the organization. Occasionally designing productive meetings like Town Hall Meetings or First Friday Meetings, recognize the top performers of the month. Make work a Fun has become an important retention strategy perhaps in all the industries all over.
**Career and Development Strategies**

“Let them Grow or Watch them Grow”. For many people learning skills and improving their potential is just as important as the money they make. If a job in another organization provides better career development and greater challenges other things being on par, leave the organization. So business that identifies career paths and provides developmental opportunities for their employees within the organization need to understand the value of training and development\(^5\). Give top priority to employee skill enhancement, organize frequent training programs and have the managers/leaders be the trainers, benchmark the Dell training system, encourage employees to talk, converse, share their knowledge and experience among themselves at all places and their free time – a system known as Hallway Training. Managers need to demonstrate their commitment to training. Perhaps more important than training is ‘Providing Growth Opportunities’ to the employees. As a part of this have Mentoring Program introduced to broaden the horizons of knowledge of employees. One reason why employees leave their jobs is because they reach a plateau and begin looking for new challenges outside. So prevent plateau employees. Many a time the management need to invent new jobs for experienced and other employees to keep the employees interested. The new job may let the employees change things and get charged up about work again and it may make the employee to stay.

**Reward and Recognition Strategies**

“People have a basic human need to feel appreciated and respected. Recognition is a powerful tool in improving morale, retention, and energizing the workforce. Recognizing programs help meet that need as well as create alignment between business goals and the behaviors needed for organizational success. Above all, the organizations may also have individual recognition which may include Eagle Award, Spot Program, Avoid We-They Syndrome, issuing the Thank You Notes, attendance award, Non-monetary awards such as presenting a single rose to employees who receive complements from customers, etc. There is also scope for Cash Awards which may include President’s Award, “You’re Magnificent” letters. Forms fetching cash奖项, Cash for wellness for not missing work or coming late due to illness, award for Going Extra Mile, referral bonus for referring persons for recruitment. Finally the organization may have unique awards like, B.E.E.R – Beyond Expectations Exceeding Results – award, Stickers with significance, Drive my BMW, etc.

**Employee Benefit Strategies**

The workforce of today is increasingly diverse and demanding. What makes one person happy may displease another. That is the reason to have flexible benefits programs starting with flexible work arrangements such as Time Off, rewarding work attendance, work hours of employee choice, be employee friendly, etc., Companies also pay lot of attention to office design, family involvement schemes/programs. Hence, the system of Errand runners and concierge services to all employees instead of for executives alone, pay to stay bonus, meditation rooms, to employees, ‘let the employees fly’, etc., also allow the employees to have sense or ownership in the form of choose your title, employee Driven policies, safety bonus programs, acknowledging the significant events in the life of the employees, exhibiting the photos of long service employees and have special benefits for special employees like professionals of high value.

**Employee Ideas and Suggestions**

Organizations that have strategies in place to manage the ideas and suggestions of their workpeople have high retention rate. People need to feel their ideas matter. This gives them
the ability to help their organization be more successful. Mr. Greg Smith recommends that managements adopt the Ritz Carlton Way of this strategy. In Ritz-Carlton Hotel the employees are required to write their ideas and suggestions on an “easy wipe” board in their department. Instead of passing untested ideas to the higher ups in the management hierarchy, the employee is responsible for its achievement. They follow a three step work process as for the new ideas are concerned – Study it, Pilot it, and Adopt it. This has worked very well. The organizations and competition make the employees to think “out of the box”, idea Olympics system, to think creatively during the time they are away from work environment (as the Toyota has the system), annual idea exposition once a year (as in Sony) by engineers and scientists leading to creating at all levels of organization. Similarly, have suggestion exhibition, suggestion competitions among employees. More important a sub-strategy in the area is managing innovation from the employees, and recognizing innovative employees – innovator of the quarter, team involvement, bright ideas club, lunch with the President for innovators, and lastly, encouraging individual suggestions and recognize individual employees innovatively for their suggestions.

These seven strategies have helped different organizations to reduce the rate of employee attrition, retain their employees and achieve success. Our study plans to examine whether the adoption of these strategies by the IT companies in CHENNAI is considered by the managers and other employees of these companies as beneficial to the organization.

7. CONCLUSIONS

It’s clear that having proper retention strategies is key in order to retain employees. According to Mike Foster, founder and CEO of the Foster Institute, in order to foster an environment that motivates and stimulates employees, managers need to incorporate motivation-building practices into their corporate culture. These practices include listening to employees and respecting their opinions, basing rewards on performance, and being available to them for everything from listening to their ideas and concerns to assisting them with their career advancement. In the global competition for talent, successful retention requires organizations to shift from a mindset of keeping their employees from leaving the company, to one of continuously attracting them. The approach of creating trust and supporting lifelong careers causes talented people to stay. People are more inclined to stay when they perceive that the opportunities and experiences they have with their current employers expand their career options. Employees need to feel valued and appreciated, be given feedback, provided with growth opportunities, be given work-life balance options, and have trust and confidence in their leaders. All of these retention strategies are beneficial when an employer wants to keep employees within an organization and keep costs of turnover low. Effectively managing retention in your organization isn’t easy. It takes extensive analysis, a thorough understanding of the above seven strategies and practices available, and the ability to put retention plans into action and learn from their outcomes.

REFERENCES


