Major Research Project

Analysis of Factors Influencing Employee Retention in the IT Sector

Submitted by

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23/BMBA/26

Under the guidance of

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CERTIFICATE

This is to certify that the report of the project submitted is the outcome of the research work entitled “Analysis of Factors Influencing Employee Retention in the IT Sector” carried out by Mr. Yogendra Singh, bearing Roll No. 23/BMBA/26, under my guidance and supervision, for the fulfillment of his Major Research Project in Semester IV of the Master of Business Administration (MBA) Programme at Delhi School of Management, Delhi Technological University.

To the best of my knowledge the report

I. Embodies the work of the candidate himself,

II. Has duly been completed,

III. Fulfils the requirement of the ordinance relating to MBA degree of the University and

IV. Is up to the desired standard for the purpose of which is submitted.

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Signature of the HOD Signature of Professor

Date:

Place:

DECLARATION

I, the undersigned, solemnly declare that the MAJOR RESEARCH PROJECT REPORT is based on my own work carried out during the course of my study under the supervision of Dr. Kusum Lata.

I assert the statements made and conclusions drawn are an outcome of my research work. I further certify that

I) The work contained in the report is original and has been done by me under the general supervision of my supervisor.

II) The work has not been submitted to any other Institution for any other degree/diploma/certificate in this university or any other University of India or abroad.

III) I have followed the guidelines provided by the university in writing the report.

IV) Whenever I have used materials (data, theoretical analysis, and text) from other sources, I have given due credit to them in the text of the report and giving their details in the references.

Name- Yogendra Singh

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Yogendra Singh

23/BMBA/26

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EXECUTIVE SUMMARY

The IT sector is the most booming industry in today's world. The demand for IT products and services was already high, but in the COVID and post-COVID period, they have skyrocketed. IT organizations serve as a backbone to many product or service-based organizations. Their demand is never ending. Still these organizations face several problems of their own. One of them includes retention of employees. Employee turnover is quite high in the tech sector. Companies are fighting quite hard to fight this issue. Still it's a long way to victory. There can be many reasons for employees leaving an organization such as unsatisfactory compensation packages, stress, unhealthy work culture, poor work-life balance, etc. When the turnover rate is in the range of 0-10%, it is considered an acceptable range. However, a turnover rate of more than 10% brings in huge losses to the company that is not just financial.

The current scenario in which IT companies laid off many of their workforces creates trauma in the minds of the workers that might not be today but later on will eventually turn into a turnover. The first major layoff happened in 2008-09 during the Recession period, the second happened during the COVID period and the third happened to start from November 2022. In the recent layoffs that happened in the month of January and February 2023, major companies cut off their workforces by huge percentages. It can create a sense of fear in the minds of the remaining employees and the loyalty factor, which binds an employee to the organization decreases. Layoffs might cause the workers who are left behind to quit. A study by Visier, a human resources analytics company found out that when employees were laid off, the likelihood that their direct colleagues would quit was 7.7% higher than if those employees had remained. A principal researcher at Visier said that if a company layoff its employees, then it might add 7% to 8% to the count which is very likely to leave as well.

CHAPTER – 1

Introduction

1.1 Background

The IT industry or Information Technology industry encompasses a wide range of businesses that involve the creation, storage, processing, and exchange of digital information. The industry arose in the mid-twentieth century with the introduction of electronic computers, which facilitated automated data processing.

The processing, storing, retrieving, and transmitting of information requires the use of computers, software, and other digital technologies. The IT (Information Technology) industry is a big and quickly expanding sector. The early 20th century saw the development of the first computers, which is when the IT sector first emerged. However, with the introduction of personal computers and the advent of the internet in the late 20th century, the sector truly took off.

One of the key drivers of the IT industry's growth has been the rapid pace of technological advancement, as a result of which new hardware and software technologies have been created, that have enabled faster processing speeds, increased storage capacity, and more efficient data handling. These advancements have made it possible to automate many routine tasks, increasing efficiency and productivity in a variety of sectors.

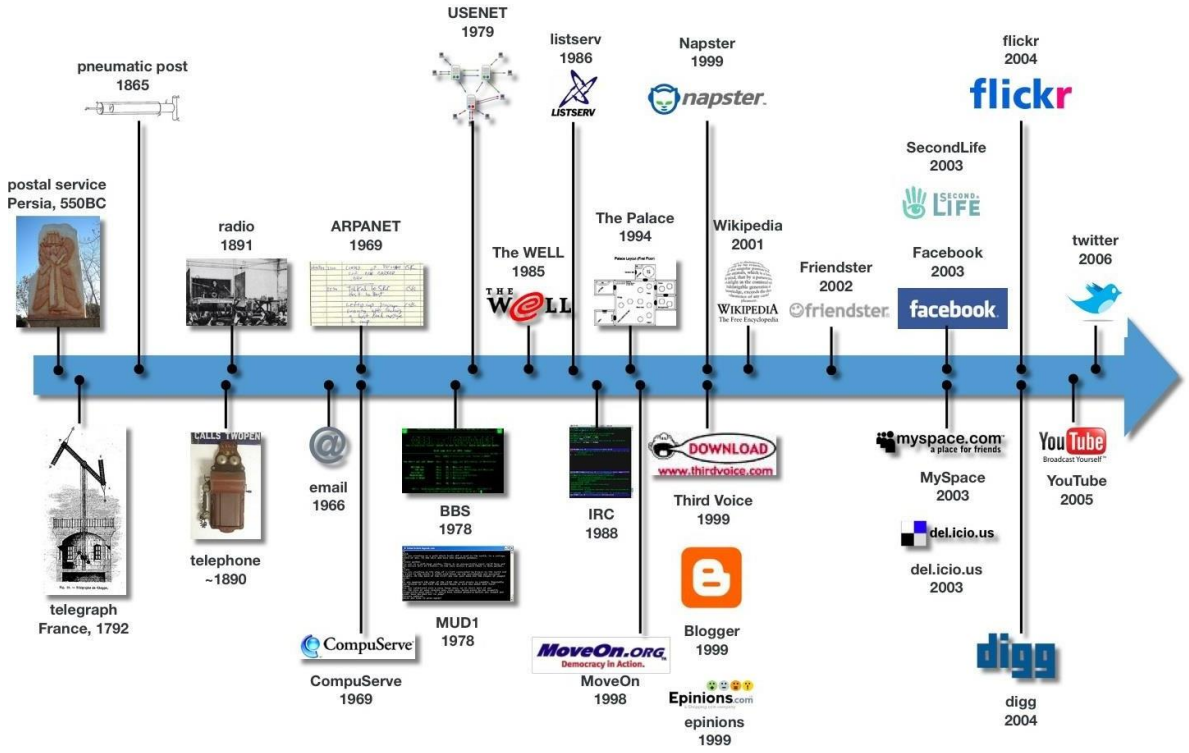
The early information technology business concentrated on the creation of hardware, like mainframe computers and personal computers, and the creation of software, such as operating systems and productivity apps. With the emergence of the internet in the 1980s and 1990s, the IT sector underwent tremendous expansion, allowing the establishment of new businesses and industries such as e-commerce, online advertising, and social media.

Today, the IT industry continues to evolve at a rapid pace, with new technologies emerging regularly, such as artificial intelligence (AI), the cloud, and the IoT i.e. Internet of Things. The industry also plays a critical role in driving innovation and digital transformation across a wide range of sectors, including healthcare, finance, transportation, and entertainment. The information technology industry is one of the world's largest and most important industries. It includes a wide range of businesses, from hardware and software manufacturers to IT services

companies that provide consulting, installation, and support services. The industry has created countless jobs and is constantly evolving as new technologies are developed and new applicants for existing technologies are discovered.

The first mechanical calculators were invented in the early nineteenth century, which is when the IT (Information Technology) sector began. However, with the creation of the first electronic computers in the mid-twentieth century, the modern IT sector began to take shape.

Figure 1.1: History of Information Technology



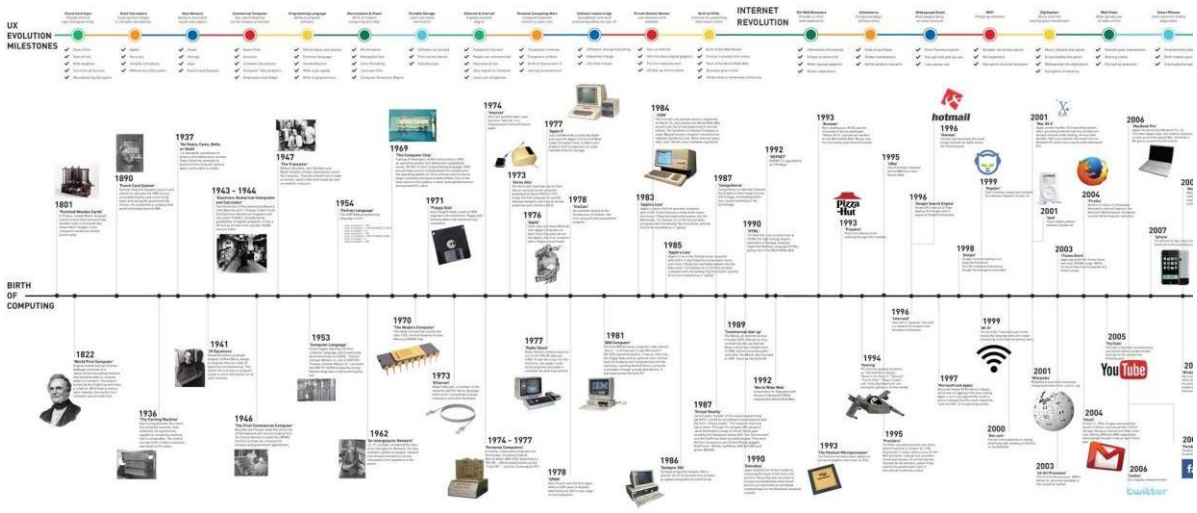
Source: https://www.complete-it.co.uk/the-history-of-information-technology/

Here are some key milestones in the history of the IT industry:

- The Atanasoff-Berry computer in the US and the Colossus computer in the UK were among the first electronic computers created in the late 1930s.
- The UNIVAC I, the first computer to be mass-produced and sold to consumers, was among the first commercial computers to be released in the 1950s.

- The basis for the present IT sector was set in the 1960s and 1970s with the development of computer networking and the birth of the internet. The first email was sent in 1971, and the first commercially successful personal computer, the Apple II, was introduced in 1977.
- With the increasing use of personal computers and the founding of the World Wide Web in the 1980s and 1990s, the IT sector saw rapid expansion. When Mosaic, the first web browser, was released in 1933, prominent businesses like Microsoft and Apple entered the market.
- In the 2000s, the increasing usage of mobile devices, as well as the importance of data analytics and cloud computing, drove additional development and innovation in the IT sector. Major technology businesses like as Google, Amazon, and Facebook arose, and the sector proceeded to provide new employment while also transforming the way we live and work.

Figure 1.2: A History of Disruption



Source: BBC

Today, the information technology industry represents one of the most significant and dynamic areas of the global economy, fostering creativity and influencing technology's future.

SWOT analysis is a valuable method for assessing an industry's Strengths, Weaknesses, Opportunities, and Threats. The following is a SWOT analysis of the IT industry:

Strengths:

- Technological advancement: The IT industry is known for continuous technological advancements and innovations that have transformed the world. The use of clouds, big data analytics, machine learning, the blockchain technology, and cybersecurity are examples of constant technical developments and inventions that have revolutionized the globe.
- High-profit margins: The IT industry is a highly profitable industry with high-profit margins, which is due to the low cost of production, high demand, and high-value products and services.
- Talent pool: The IT industry has access to a large pool of talented and skilled workers who can create and implement innovative technological solutions.
- Global reach: The IT industry has a global reach and can serve customers and businesses from all over the world, which provides vast opportunities for growth and expansion.

Weaknesses:

- Cybersecurity risks: The information technology industry is exposed to cybersecurity risks that includes hacking, information theft, and cyber assaults, that can result in data loss, reputational harm, and financial loss.
- Reliance on skilled labor: The IT industry requires highly skilled and knowledgeable workers, which can be a challenge as the industry continues to grow and expand.
- Short product lifecycle: The IT industry is characterized by a short product lifecycle, which means that products and services can become obsolete quickly, requiring companies to invest in research and development continually.
- Dependence on a few players: The IT industry is dominated by a few large players, which can create a challenge for smaller companies to compete.

Opportunities:

- Digital transformation: The IT industry can help businesses in different sectors to achieve digital transformation, which can lead to increased efficiency, productivity, and revenue.

- Cloud computing: Cloud computing is a significant opportunity for the IT industry, as it can enable businesses to store data and applications in the cloud, leading to cost savings and increased flexibility.
- Internet of Things (IoT): The Internet of Things (IoT) is a big and expanding sector that offers potential for the IT industry to build novel products and services that connect gadgets and equipment.
- Artificial intelligence (AI): AI is a growing market that can help businesses automate processes, increase efficiency, and improve decision-making.

Threats:

- Cybersecurity threats: Cybersecurity threats continue to increase, posing a significant threat to the IT industry.
- Economic uncertainty: Economic instability can have an impact on demand for IT services and goods, thereby affecting both revenue and development in the industry.
- Political instability: Political instability can create challenges for the IT industry, such as changes in regulations and policies.
- Competition: The information technology business is extremely fiercely competitive with numerous competitors vying for market share and innovation, which can have an impact on profitability and growth.

Employee turnover refers to the frequency with which employees depart an organization & must be substituted with new ones. Employee turnover can be costly and disruptive to a business, resulting in lower productivity, lower morale, and higher recruitment and training expenditures.

Employee turnover is very high in the IT industries and organizations try hard to bring that down. According to Forbes-

"**Employee turnover is the percentage of employees that leave your organization during a given time period."**

Employee turnover can be caused by a variety of circumstances, including:

- Job dissatisfaction: Individuals who feel unhappy with their job, wages, or conditions of employment are more inclined to quit.

- Lack of career advancement opportunities: Professionals who believe there are little chances for progress within the organization may look elsewhere.
- Poor management: Employees who have poor relationships with their managers or who feel that they are not being supported by management are more likely to leave.
- Personal reasons: Employees may leave due to personal reasons such as relocation or a change in family circumstances.

To reduce employee turnover, companies can take several steps, such as:

- Improving job satisfaction: Companies can improve job satisfaction by offering competitive salaries, benefits, and a positive work environment.
- Providing opportunities for career advancement: Businesses can provide mentoring, instruction, and career advancement initiatives to assist employees advance within the organization.
- Improving management practices: Companies can train managers to be more effective and supportive in their roles.
- Holding stay interviews: Corporations can hold frequent stay interviews with employees to better understand their needs and concerns, and to explore strategies to increase retention.

Overall, reducing employee turnover is important for companies to help keep a consistent workforce, cut costs, and improve productivity and morale.

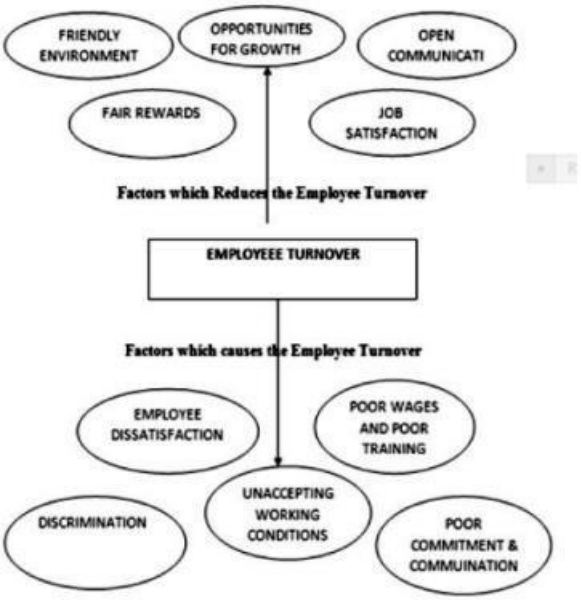
Employee retention pertains to a company's capacity to keep its personnel for an extended period of duration. Employee retention is critical for businesses because it can assist to minimize hiring and training expenses, enhance efficiency, and foster a healthy work culture.

These are some employee retention tactics that businesses can implement:

- Provide competitive salaries and benefits: To attract and retain top people, companies can provide competitive salaries, bonuses, and benefits like medical care, retirement plans, and paid days off.
- Provide opportunities for career growth: Companies can give opportunities for individuals to gain fresh expertise and develop in their professions within the organization.

- Create a positive work atmosphere: Businesses may develop a great work culture by encouraging teamwork, acknowledging and thanking individuals for their efforts, and encouraging work-life balance.
- Provide opportunities for employee engagement: Companies can provide opportunities for employee engagement initiatives that include regular contact, feedback, and appreciation.
- Put money into employee development: Businesses can make investments in employee development by offering development and training programs that assist employees in developing new skills and upgrading their work performance.
- Conduct exit interviews: Exit interviews with departing workers may help companies comprehend their motives for leaving and highlight opportunities for development.

Figure 1.3: Employee Turnover



Source: Academy to Innovate HR

Overall, enhancing staff retention calls for a comprehensive method that includes resolving compensation-related difficulties, career development, work culture, employee engagement, and development. Companies may establish a healthy work environment that increases employee loyalty and decreases turnover by concentrating on these areas.

Employee retention is important for several reasons, including:

- Reduced recruitment and training costs: High staff turnover may be costly for businesses as it requires recruiting, hiring, and training new employees to fill vacant positions. Retaining existing employees can help to reduce these costs and improve overall efficiency.
- Increased productivity and performance: Employees who have worked for the company for a longer stretch of time are more inclined to be experienced, skilled, and knowledgeable about the company's operations and processes. This can result in enhanced productivity, improved performance, and overall satisfied customers.
- Promoting a positive work culture: High employee retention can assist to promote a healthy work culture by fostering trust, loyalty, and a feeling of belongingness among employees. This can result in better teamwork, morale, and overall workplace satisfaction.
- Improved customer relationships: Employees who have worked with a firm for a longer length of time are more probable to have formed strong customer ties. This can lead to improved customer satisfaction and loyalty.
- Knowledge retention: Retaining employees helps to retain the knowledge, skills, and experience that they have gained while working for the company. This can help to ensure continuity and stability in the company's operations.

Figure 1.4: Drivers of Employee Turnover



Source: Academy to Innovate HR

Overall, retaining employees is important for maintaining a stable and productive workforce, reducing costs, and promoting a positive work culture. Companies may establish a working atmosphere that supports employee loyalty, involvement, and long-term loyalty to the firm by investing in employee retention methods.

Because of various causes, including the following, churn in the IT sector may be greater than that in other industries:

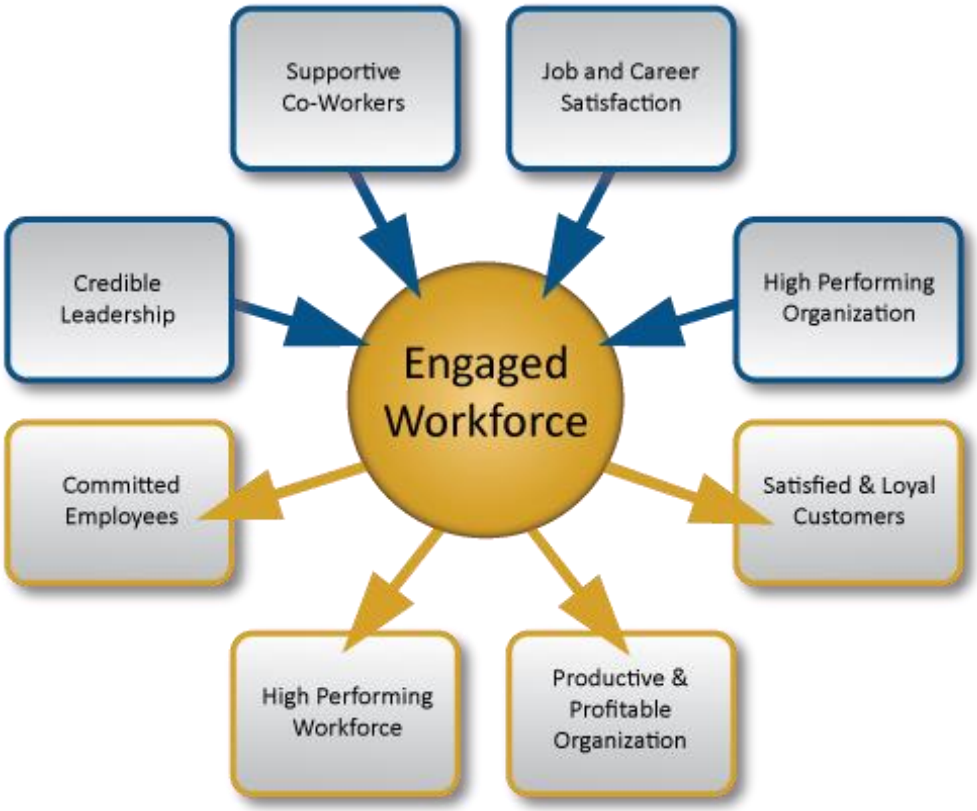
- A pressing need for qualified experts: The IT sector is continually developing, and talented workers who can keep up with the newest technology and trends are in great demand. As a result, IT workers might be more inclined to look for new jobs that provide greater pay or the opportunity to work on new and intriguing projects.
- Competitive job market: The information technology business is extremely competitive, with numerous organizations competing for the same pool of qualified workers. Employees may be more prone to depart for better offers or opportunities as a result of this.
- Lack of career advancement opportunities: Employees in the IT sector may feel that there are limited opportunities for career advancement within their current organization, particularly if the company is small or focused on a narrow set of technologies.
- Rapid technological changes: The information technology sector is continually developing, and novel methods and technologies emerge at a rapid rate. This can create a sense of pressure among IT professionals to constantly upgrade their skills and knowledge and may make them more likely to seek out new opportunities that offer more exciting or challenging work.

To reduce turnover in the IT sector, companies can take several steps, such as:

- Competitive salary and perk bundles: To recruit and retain top people, companies can provide competitive wages, incentives, and benefits packages.
- Providing opportunities for career advancement: Employees can be given chances to acquire fresh competencies, embark on unfamiliar duties, and improve their standing inside the firm if their employers present them with these possibilities.

- Promoting work-life equilibrium: Businesses may encourage a healthy balance between work and life by providing workplace flexibility, remote work opportunities, and paid time off.
- Investing in employee training and development: Companies may engage in staff development and training initiatives to ensure that their personnel is up to speed on the newest technology and trends.

Figure 1.5: Engaged Workforce



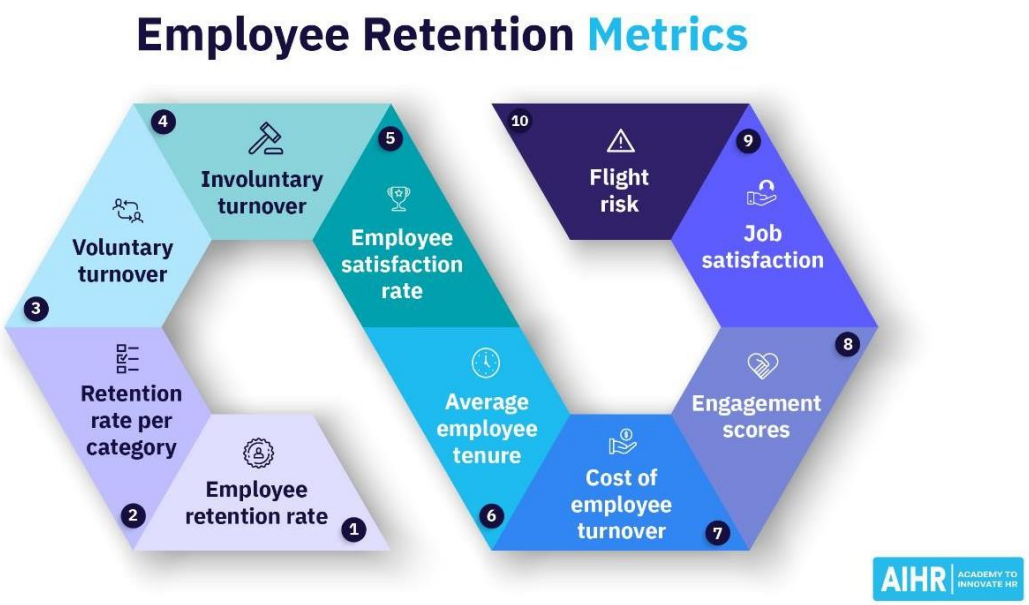
Source: Association for Talent Development

Overall, reducing turnover in the IT sector requires a comprehensive approach that includes addressing challenges relating to remuneration, career development, work-life balance, and employee engagement. Companies may establish a healthy work environment that increases employee loyalty and decreases turnover by concentrating on these areas.

Google is well-known for its forward-thinking and employee-centric culture, which has helped it to retain talented employees over the years. Here are some of the ways in which Google has focused on employee retention:

- Competitive compensation and benefits: Google provide competitive salary, incentives, and perks such as medical care, retirement plans, and substantial paid time off to its employees. In addition, it provides various perks such as free meals, onsite gyms, and shuttle services to create a comfortable and convenient work environment.
- Emphasis on career growth: Google offers a variety of professional development possibilities, including as programs for learning and growth, coaching opportunities, and clear professional development pathways. Professionals are urged to embark on novel tasks and explore their interests, and they have the opportunity to work on a variety of projects and teams.
- Work-life equilibrium: Google values work-life balance and offers its workers a variety of alternatives to traditional employment, including remote work choices and programmable schedules. Furthermore, it provides a variety of wellness programs and onsite healthcare services to help employees maintain their physical and emotional health.
- Focus on employee engagement: Google emphasizes staff involvement through regular communication, feedback, and recognition programs. Employees are encouraged to share their ideas and give feedback on company processes and policies, with opportunities to participate in decision-making processes.
- Emphasis on company culture: Google places a high value on its company culture and values, with an emphasis on developing a supportive and collaborative working atmosphere. Employees are encouraged to bring their authentic selves to work and to collaborate with their colleagues to achieve company goals.

Figure 1.6: Employee Retention Metrics



Source: Academy to Innovate HR

Overall, Google's focus on employee retention has helped it to foster a healthy and creative workplace culture that attracts and keeps outstanding workers. By prioritizing employee compensation, career growth, work-life balance, employee engagement, and company culture, Google has been able to cultivate a devoted and loyal staff.

Microsoft, like other tech giants, has focused on employee retention as a key strategy to maintain its competitive edge. Here are some of the ways in which Microsoft has focused on employee retention:

- Competitive compensation and benefits: Microsoft provide competitive pay packages that include a basic salary, incentives, and stock options, as well as perks such as healthcare, retirement plans, and discounts for employees. This allows employers to draw in as well as keep top industry professionals.
- Opportunities for career growth: Microsoft offers its workers several chances for professional advancement, including training and development programs, mentorship opportunities, and clear career progression paths. It also encourages its employees to pursue their interests and to take on new challenges, with opportunities to work on different projects and teams.
- Work-life balance: Microsoft understands the value of maintain a work-life equilibrium and offers employees a variety of flexible work arrangements, such as remote work

alternatives and programmable schedules. It also offers onsite healthcare services and wellness initiatives to help employees maintain their physical and emotional health.

- Employee engagement: Microsoft emphasizes staff engagement through regular communication, feedback, and recognition programs. Employees are encouraged to share their ideas and give feedback on company processes and policies, with opportunities to participate in decision-making processes.
- Emphasis on diversity and inclusion: Microsoft prioritizes diversity and inclusion, with an emphasis on building a friendly and welcoming working atmosphere. It has implemented a number of programs and efforts to encourage inclusiveness and diversity, such as resource groups for employees and training sessions.
- Emphasis on company culture: Microsoft prioritizes its business culture and principles, with an emphasis on fostering a friendly and collaborative work environment. Employees are encouraged to bring their authentic selves to work and to collaborate with their colleagues to achieve company goals.

Overall, Microsoft's focus on employee retention has helped it to build a loyal and committed workforce, with a focus on competitive compensation, career growth, work-life balance, employee engagement, diversity and inclusion, and company culture. By prioritizing these areas, in a highly competitive sector, Microsoft has been able to recruit and retain exceptional individuals.

Tata Consultancy Services (TCS) is a global IT services company that has been recognized for its employee-centric approach. Here are some of the ways in which TCS has focused on employee retention:

- • Career development chances: TCS offers employees a variety of career development options, including as training and development programs, coaching opportunities, and clear professional advancement pathways. Employees are encouraged to follow their interests and take on new challenges, and they have the opportunity to work on a variety of tasks and teams.
- Recognition and rewards: TCS place a strong emphasis on recognizing and rewarding employees for their contributions. It offers various incentives and recognition programs, including bonuses, awards, and promotions, to motivate and retain its employees.

- Work-life balance: TCS understands the value of work-life balance and offers its workers a variety of alternatives to traditional employment, including as remote work choices and schedule modifications. It also offers onsite healthcare services and wellness initiatives to help employees maintain their physical and emotional health.
- Employee engagement: TCS emphasizes employee engagement through regular communication, feedback, and recognition programs. Employees are encouraged to share their ideas and give feedback on company processes and policies, with opportunities to participate in decision-making processes.
- Emphasis on diversity and inclusion: TCS prioritizes diversity and inclusion, putting special emphasis on building a welcoming and welcoming workplace. It has launched a number of initiatives and programs, such as employee resource groups and instructional programs, to support diversity and inclusion.
- Corporate social responsibility: TCS has a strong commitment to corporate social responsibility, with a focus on giving back to communities and promoting sustainable practices. This commitment is reflected in its employee engagement programs and initiatives.

Overall, TCS's focus on employee retention has helped it to build a loyal and committed workforce, with a focus on career growth, recognition and rewards, work-life balance, employee engagement, diversity and inclusion, and corporate social responsibility. By prioritizing these areas, in a highly competitive sector, TCS has proven to be able to lure and keep exceptional individuals.

Layoffs, unfortunately, are not uncommon in the IT sector, especially during times of economic downturn or when a company undergoes a significant restructuring. Here are some of the reasons why layoffs may occur in the IT sector:

- Economic downturns: During periods of economic uncertainty, many companies may experience a decline in business, leading to a decrease in demand for IT services. This may result in layoffs as companies try to reduce costs and remain competitive.
- Mergers and acquisitions: Mergers and acquisitions may lead to redundancies, as companies try to integrate their operations and reduce costs.
- Restructuring: Companies may undergo restructuring to improve efficiency or adapt to changing market conditions. This may involve consolidation of departments or elimination of redundant roles, leading to layoffs.

- Automation: Automation and digital transformation are changing the IT industry, leading to a shift in the demand for certain skills. This may result in layoffs as companies try to align their workforce with the new skills required.
- Outsourcing: Outsourcing of IT services to other countries, where labor costs may be lower, may result in layoffs as companies try to reduce costs.

Layoffs can be difficult for both the affected employees and the company. However, in other circumstances, layoffs may be required to guarantee the company's future existence. Companies can mitigate the negative impact of layoffs by providing impacted employees with services and support, such as employment aid and severance benefits. They may additionally speak with personnel openly and clearly about the rationale behind the redundancies and any actions being made to mitigate their impact.

Layoffs may exert a substantial influence on staff retention, both for those who are laid off and for those who remain with the company. Here are some potential effects of layoffs on employee retention:

- Reduced morale: Employees may experience a sense of uncertainty and dread as a result of layoffs, resulting in lower morale and work satisfaction. This may lead to increased turnover, as employees seek out more stable job opportunities.
- Loss of talent: Layoffs may result in the loss of talented employees who choose to leave voluntarily, rather than risk being laid off in the future. This may jeopardize the company's capacity to recruit and keep talented staff.
- Reduced trust: Layoffs can erode employees' trust in the company, particularly if they feel that the layoffs were handled poorly or unfairly. This can lead to decreased loyalty and commitment to the company.
- Increased workload: Layoffs can result in an increased workload for remaining employees, which can lead to burnout and decreased job satisfaction. This may also lead to increased turnover, as employees seek out less stressful job opportunities.
- Reputation damage: Layoffs can damage the company's reputation, particularly if they are perceived as being unfair or poorly handled. This may make it more challenging for the organization to draw in and keep excellent personnel in the future.

Overall, layoffs may be detrimental to employee retention, especially if they are not managed appropriately. Companies that must execute layoffs should do so with tact and openness, helping and resources to impacted employees and speaking honestly with those who

remain about the justifications for the layoffs and any actions being taken to mitigate their impact.

Figure 1.7: Employee Retention Strategy



Source: CiteHR

1.2 Problem Statement

The Information Technology (IT) sector, despite being one of the most dynamic and rapidly growing industries, is persistently challenged by high employee turnover rates. In a competitive job market characterized by rapid technological advancements, the retention of skilled employees has become increasingly difficult. Frequent layoffs, limited career advancement opportunities, work-related stress, lack of work-life balance, and unsatisfactory compensation packages are some of the key contributors to employee attrition in this sector. These challenges not only disrupt organizational productivity but also incur significant costs related to recruitment, training, and loss of expertise.

Given the strategic importance of talent retention for organizational sustainability and performance, there is an urgent need to examine the factors that influence employee retention in the IT industry. This study seeks to identify and analyse the various personal, organizational, and external factors that affect employee retention, with the aim of recommending practical strategies for improving employee loyalty and reducing turnover in IT companies.

1.3 Objectives of the Study

The study aims at-

- Understanding the importance of Retention.
- Analyzing how layoffs might trigger turnover.
- Identifying the many elements that influence employee retention in enterprises.

CHAPTER – 2
Literature Review

M.S. Kamalaveni, S. Ramesh and T. Vetrivel in their paper- 'A Review of Literature on Employee Retention' expressed that engaging and keeping employees of the twenty-first century economy in this competitive environment is the most difficult task for HR professionals. They explained the importance of retention of employees. They stated that employee retention aids in the management of human resources in a firm. Based on the organization's objectives, human resource planning forecasts the discrepancy between the requirement and supply of the workforce necessary in the future. It also aids in succession planning by determining the competent key positions in a company. It is advantageous to have a competent and devoted personnel, as this reduces recruiting and training and development expenditures.

According to Hom and Griffeth's (1995) study, retention is the process of encouraging employees to remain with an organization for a long period, including until project completion. Wysocki (1997) noted that employee retention is a hot topic in the current business landscape, as highlighted by The Society of Human Resource Management. Drucker (1999) explained that voluntary employee turnover can be a significant retention issue. Trip (unknown year) stated in a discussion on turnover that voluntary turnover is a key difficulty for many businesses, which may be classified as either voluntary or involuntary, functional or dysfunctional. Employees leave the company of their own will, whereas involuntary turnover happens when the employer dismisses the employee. Functional turnover happens when low- performing employees leave a company, whereas dysfunctional turnover takes place when high-performing employees leave, incurring a cost to the firm. Terence et al. (2001) stated that employees leave organizations voluntarily for many reasons, some of which may be personal, while others may be influenced by organizational factors such as a lack of promotional opportunities, unfair treatment, and a mismatch between personal and organizational values. Overall, employee turnover is a significant problem for both organizations and individuals. Furthermore, shocks, whether positive, negative, or neutral, can cause employees to have serious thoughts about leaving the organization. Maqsood Haider et al. (2005), in a study of the telecommunications sector, found that effective human resource practices have a positive and direct relationship with employee retention. They also discovered that culture and salary

have a positive effect on employee retention, but training and development had a negative impact.

Employees leave for a variety of reasons, according to a 2015 Chartered Institute of Personnel and Development (CIPD) research. Gary Dessler and Biju Varkkey advocated for a holistic strategy to employee retention that addressed the identified retention difficulties, such as offering pay increases, hiring strategically, discussing career growth, providing direction, offering flexible work arrangements, implementing attractive employee welfare measures, and utilizing high-performance HR practices and binding contracts. Priyanka and Dubey S K's (2016) exploratory factor analysis using the principal component technique identified eight variables that influence the intention of staff turnover, including poor management practices, low pay, a lack of career advancement opportunities, an absence of backing from colleagues, superiors, and family members, constrained opportunities for learning, a poor working environment, and a lack of support from peers, supervisors, and family members, communication, and job insecurity. Kossivi and Kalgora (2016) conducted a study on the various factors for retention and identify opportunities for development, work-life balance, compensation, leadership style, work environment, autonomy, training and development, and social support as important factors. Their research concentrated on supervision and leadership, with little attention paid to corporate culture, autonomy, and coaching and growth. The study's result proposes that more research based on employee classifications be conducted.

Jhatial et al. (14) conducted a study on employees in the banking as well as information technology industries. The association between several elements that contribute to workforce turnover, such as company culture and manager attitudes toward employees, was investigated. According to the survey, 80% of respondents stated that factors like as nepotism and flattery influenced HR decisions. To lower employee turnover intentions, the authors proposed that both government and commercial firms build a work climate that encourages mutual respect, increases employee morale and empowerment, and boosts commitment and job satisfaction levels.

Fitz-enz (1990) recognized that numerous variables contribute to workforce retention and that they need to be controlled in tandem. Compensation and gratification, job stability, training and development, assistance from managers, the culture of the organization, working conditions, and organizational justice are examples of these elements. As a result, firms adopt a variety of HR administration tactics in order to affect staff commitment and retention.

These strategies have been discussed in various studies, such as Stein (2000), Beck (2001), Clarke (2001), and Parker and Wright (2001).

In his study, Frankeiss (2008) argued that effective talent management policies and recruitment and retention practices can significantly reduce employee turnover rates. According to the Oracle white paper (2012), the most successful technique for keeping employees is to hire the right people from the start. Additionally, Beardwell and Wright (2012) highlighted in their study the importance of organizations adopting a systematic approach to recruitment and selection in order to minimize employee turnover.

Several studies have looked at the link between pay and retention, with some finding that money has a beneficial influence on retention while others are demonstrating the opposite. In a study conducted by Tremblay et al. (2006), performance-related pay was found to be an important factor in determining retention. Milkovich and Newman (2004) emphasized that monetary pay is essential for retaining employees. Hytter (2007) concluded in their research that there is a correlation between rewards and retention. However, other research have found that salary has a detrimental influence on retention. For instance, Hausknecht et al. (2009) discovered that compensation and benefits contribute to retention. According to Daniel Eseme Gberevbie's (2010) research conducted among civil servants in Nigeria, suitable incentives must be provided to retain talented employees for performance. Pitts et al. (2011) identified that compensation predicts employee turnover. Additionally, Onyango (2014) found a positive correlation between direct and indirect financial rewards and employee retention.

A enjoyable work atmosphere is a crucial determinant in employee retention, according to Horwitz's (2003) study. According to Ellet et al. (2007), flexibility is critical in keeping personnel. Abrams et al. (2008) stressed the significance of fostering learning and growth in the workplace. Tiwari (2012) advocated for firms to use systematic HR practices connected to numerous initiatives to enhance the work environment, especially in an increasingly competitive marketplace.

Davy et al. (1991) found a strong relationship between job security, work satisfaction, and retention, demonstrating that job instability leads to job dissatisfaction among employees. Abraham (1994) evaluated the efficacy of teaching and discovered that faculty members who were more satisfied with their jobs were more effective than those who were less satisfied. Job satisfaction linked to career progression, corporate identity, and financial incentives were identified as key factors that impact turnover intentions by Koh and Goh (1995), and the results

revealed that higher satisfaction with these characteristics leads in reduced turnover intentions. Vijaya Mani (2010) examined employee work satisfaction and motivation using a scorecard and discovered that if employees are unsatisfied, companies find it difficult to retain knowledgeable individuals. Noltemeyer and Patrick (2014) demonstrated in their study that certain responsibilities, such as having a sense of responsibility, working in a positive environment, having a supportive supervisor, and being recognized for one's work, contribute to job satisfaction.

According to research, finding the correct balance between personal and professional life is crucial to employee retention. Work that interferes with an employee's personal life, according to Hyman and Summers (2004), can lead to emotional tiredness and high levels of stress. According to Noor and Maad (2008), employees who are satisfied with their work-life balance are less likely to leave their positions. To help balance personal and professional life, Deery (2008) suggested flexible working hours, arrangements, providing resources, training opportunities, appropriate workload, breaks, leave options, staff rewards, family events, wellness opportunities, and effective management practices. According to Shrotriya (2009), a strong work-life balance can boost employee productivity, competence, dedication, and satisfaction. While Branch (2011) noted that other variables such as competitive salary, career prospects, and growth also play a role in employee retention. According to Khairunnezam Mohd Noor (2011), perceived work-life satisfaction is negatively related to intention to quit, whereas job satisfaction and organizational commitment partially moderate the link between work-life balance and desire to leave among academics.

In his 2008 study, John Mason highlighted the importance of retention strategies in various industries. He produced a list of the top 10 effective staff retention tactics, which are as follows:

1. Treat employees with the same level of respect and importance as valued clients.
2. Encourage commitment and devotion to the organization.
3. Create strong retention techniques that offer recruitment advantages.
4. Find the appropriate individual for the right position.
5. While pay is crucial, it does not constitute the sole reason employees stick with an enterprise.
6. Form employee groups to better understand why workers remain or depart.
7. Management's leadership style is critical to staff retention.
8. Provide recognition for employee contributions.

9. Encourage fun and camaraderie within work teams.
10. Provide competitive benefit packages in order to recruit and retain excellent workers.

Ananthan B.R and Sudheendra Rao L.N (2011) investigated the dynamics of retention strategies in both multinational and Indian firms, finding no noteworthy variations in the retention tactics between the two types of companies. However, it was found that employees perceived retention strategies more positively than management did. Employees outperformed management in organizational tactics, employee benefits strategies, recognition and incentive techniques, and idea and suggestion tactics. According to the findings, combining human resource techniques to meet both corporate and individual goals might be a successful method for increasing employee motivation and engagement.

Kate Hutchings and colleagues (2011) identified numerous tactics for recruiting and maintaining personnel in the Australian Resources Sector in their study, which they grouped into three groups based on organizational environment, employment practices, and societal and social issues. They covered techniques such as developing a strong corporate reputation, providing an ideal atmosphere for work, having excellent-quality leadership, attracting quality staff, guaranteeing effective communication, and preserving high professional and ethical standards in the organizational setting. They recommended competitive remuneration and bonuses, training and development opportunities, benefits packages and workplace benefits, challenging work, possibilities for career advancement (including internationally), implementing flexible rostering, providing permanent work, and offering secure contracts for employment

In their study, Tripathi et al. (2011) concluded that retention strategies are necessary for faculty members, regardless of their pay level. The authors also listed key stages to developing effective retention strategies. The first step is to examine the present situation and determine the organization's turnover rates. The second stage is to establish organizational positions, such as an Officer for Hiring and Retention. The following stage is to create a complete retention management strategy that can offer reliable statistics on how many workers leave and why. It is hard to comprehend the causes of employee turnover without this knowledge. Finally, firms seeking to retain workers should conduct exit interviews and interviews with departing employees to acquire insight into their experiences and viewpoints.

Faldetta and colleagues (2013) discovered a variety of negative consequences on companies in their turnover research. They focused on two factors: job satisfaction and dedication to

organization, and discovered that in the hotel business, when both are present, turnover rates are lower. The authors also investigated how reciprocity might improve employee connections, resulting in higher work satisfaction and, ultimately, greater dedication to the firm.

Employee retention is a complex concept that has gained prominence and importance among researchers and organisations. It is a multidimensional construct that has been defined in different ways (Mita et al., 2014; Bidisha and Mukulesh, 2013; Hausknecht, Rodda and Howard, 2009). Employee retention refers to retaining employees for a maximum period with the current organisation (Bidisha and Mukulesh, 2013; Hausknecht, Rodda and Howard, 2009). Hausknecht, Rodda and Howard (2009) explained that employee retention is the action taken by organizations to motivate and influence employees to function at the optimum level for a more extended period. From another perspective, Chiboiwa, Samuel, and Chipunza (2010) defined retention as a step taken to minimize competent employees from leaving. This definition stressed on competent or talented employees. Singh and Dixit (2011), stated that retention encompasses the strategies and practices employed by an organization to get employees who keep them in business to stay in an organization for a more extended period. Similarly, Johnson (2000) referred to retention as the organization ability to hold on to employees that they are keen to retain. Hence, it implies that retention is strongly applied to talented employees in organizations. From the organization perspective, most definitions point towards the development of policies and processes to motivate or influence employees to remain with the organization. From employee loyalty perspective, Huang et al. (2006), stated that retention is related to employee's intention to remain loyal to their current organization. Therefore, employee retention is a strategy that organizations use to hold on or retain a productive workforce to meet their operational requirements (Mita et al., 2014).

CHAPTER – 3
Research Methodology

3.1 Problem Statement

The Information Technology (IT) sector, despite being one of the most dynamic and rapidly growing industries, is persistently challenged by high employee turnover rates. In a competitive job market characterized by rapid technological advancements, the retention of skilled employees has become increasingly difficult. Frequent layoffs, limited career advancement opportunities, work-related stress, lack of work-life balance, and unsatisfactory compensation packages are some of the key contributors to employee attrition in this sector. These challenges not only disrupt organizational productivity but also incur significant costs related to recruitment, training, and loss of expertise.

Given the strategic importance of talent retention for organizational sustainability and performance, there is an urgent need to examine the factors that influence employee retention in the IT industry. This study seeks to identify and analyse the various personal, organizational, and external factors that affect employee retention, with the aim of recommending practical strategies for improving employee loyalty and reducing turnover in IT companies.

3.2 Introduction

Typically, retention research in the IT sector would include investigating the variables that drive employee turnover or retention in the business. Some of the factors that may be examined include job satisfaction, compensation and benefits, work-life balance, opportunities for career advancement, company culture, and management practices.

A researcher doing retention studies in the IT sector would normally start by characterizing the demographic of interest. This might include all IT personnel or a specified subset of people, such as those working in a given geographic region, industry sector, or job type.

Once the population has been defined, the researcher would then need to choose a sample of employees to participate in the study. Depending on the aims of the research and the characteristics of the population, the sample might be selected using a variety of approaches, such as random sampling or stratified sampling.

Data from the sample might then be obtained using a number of approaches, such as surveys, inquiries, or focus groups. To acquire a more thorough knowledge of the elements that impact retention in the IT industry, data collected might be both quantitative, such as rating scales, and qualitative, such as open-ended replies.

The obtained data would then be evaluated to detect patterns and trends, as well as form

conclusions regarding the factors that drive IT retention. This information could be used by organizations in the industry to develop strategies and policies to improve retention rates and reduce turnover among employees.

3.3 Hypothesis Development

Hypothesis 1

H0: There is no relation between age and the reasons behind what attracts people the most to a job.

H1: There is a significant relation between age and the reasons behind what attracts people the most to a job.

Hypothesis 2

H0: There is no significant relationship between compensation and turnover.

H1: There is a significant relationship between compensation and turnover.

Hypothesis 3

H0: There is no significant relationship between workplace culture and turnover.

H1: There is a significant relationship between workplace culture and turnover.

Hypothesis 4

H0: There is no significant relationship between marital status and inclination towards work culture.

H1: There is a significant relationship between marital status and inclination towards work culture.

Hypothesis 5

H0: There is no significant relationship between high income and people's intention to continue working in the IT industry.

H1: There is a significant relationship between high income and people's intention to continue working in the IT industry.

Hypothesis 6

H0: There is no significant relationship between gender and inclination toward work culture.

H1: There is a significant relationship between gender and inclination toward work culture.

Hypothesis 7

H0: There is no significant relationship between an employee's co-worker been laid off and turnover.

H1: There is a significant relationship between an employee's co-worker been laid off and turnover.

Hypothesis 8

H0: There is no relationship between job security and people's intention to continue working in the IT industry.

H1: There is a relationship between job security and people's intention to continue working in the IT industry.

3.4 Instrumentation and Questionnaire design

Questionnaires were used as a method of collecting the data or responses from the samples. Closed-ended questions were included in the questionnaire. There were no free-form questions. The first section of the questionnaire comprised questions designed to assess the respondents' demographic profile. The second section included questions concerning the study's goal, which was employee retention. Multiple-choice questions as well as five-point Likert scale-type questions were included in this study.

APPENDIX

Analysis of Factors Influencing Employee Retention in the IT Sector

1. Age
    - Below 25
    - 25-30
    - 31-35
    - 36-40
    - 41-45
    - 46-50

2. Gender
    - Male
    - Female

3. Marital Status
    - Single
    - Married
    - Divorced
    - Widow/Widower

4. Educational Qualification
    - Senior Secondary

- UG
- PG
- PHD

5. Years of Service
    - Less than 1 year
    - 1-2 years
    - 2-3 years
    - 3-5 years
    - More than 5 years

6. Income
    - Less than 30K
    - 30K-40K
    - 40K-50K
    - 50K-60K
    - More than 60K

7. How much satisfied are you with your current job

	1	2	3	4	5	
Highly Dissatisfied	○	○	○	○	○	Highly Satisfied

8. How much satisfied are you with working the IT industry?

	1	2	3	4	5	
Highly Dissatisfied	○	○	○	○	○	Highly Satisfied

9. Do you feel like quitting your current job?
    - Yes
    - No
    - Maybe

10. What attracts you the most in an employment?
    - Compensation
    - Benefits
    - Work Culture
    - Position

11. Are you satisfied with your compenstion?
    - Yes
    - No
    - Maybe

12. Are you satisfied with your work environment?
    - Yes
    - No
    - Maybe

13. Do you feel job security?
    - Yes
    - No
    - Maybe

14. Do you think that because of the current trend of layoffs in the IT sector, it will be hard to retain employees in the future?
    - Yes
    - No
    - Maybe

15. Has any of your colleague been laid off?
    - Yes
    - No
    - Maybe

16. How likely are you to continue working in the IT industry?



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