Employee Retention Strategies in Software Companies with Special Reference to Chennai

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Abstract

India has fast developing knowledge economy coupled with the software technology during the Last two decades has totally changed the features of our business and employment relations. Accepting globalisation policy the manpower has further added new dimensions to this phenomenon. India has taken advantage of this growing trend entering the software sector and software enabled services of industry. nevertheless the Indian is fast responding and taking the challenge head on and competing effectively in the new software dominated global market the industrialist-employer in the software industry are facing another challenge. Our competitor has like china, Malaysia, Philippines countries. In the industry are likely to attract and snatch the talent already nurtured in the company over a period of time. Careful strategies for crafting and implementing employee retention strategies are a skill and should be given top priority by the software companies. This paper discusses the issues and solutions to address the employees' retention strategies of software companies with special reference to selected software companies in Chennai.
KEYWORDS: software companies, employee retention, Employee Turnover, Chennai.

Introduction to thought

Today's employee retention is a high interest for the software companies. Controlled Employee Turnover brings a great deal of unwanted expenses, including finding the new employee, training, integrating into the team and organizing the proper knowledge transfer. This may take a lot of time and money resources, which eventually influences the business. A loss of manpower of the company for a long time may also mean the loss of the critical knowledge about the domain, software and software enabled companies employee has important for resource of the companies. The employee retention has turned out to be a critical challenge to the employers. They have become very sensitive to the problem of employee retention. Researchers also are seized of the situation and getting involved in this challenge. Studies by researchers in the US have enabled the employers to benefit in managing the retention. The industries and researchers are greatly concerned with designing and developing different strategies for effectively retaining the people already in employment. Roger E. Herman and Gregory P Smith have written at length on the Employee Retention Strategies during the last two decades and the industrial organizations that have followed them had immensely benefitted. It must however be admitted that the employers who have gained knowledge of those employee retention strategies have been putting them into practice in Indian organizations as well – old and new, traditional manufacturing and modern knowledge based software technology industries.

Overview of Indian software companies

According to NASSCOM report 2012, the spectacular growth of the India's service sectors in general software and software enabled companies in particular, create greater job opportunities the estimated aggregate software and software enabled

service sector provides direct employment to about 2.8 million and indirect employment nearly 8.9 million people than that of the other sectors of the economy. The Indian software sector had launched its journey by early 1990's when the US based companies began to outsource work to low cost and skilled talent pull of India. In the mid of 1990's major policy reforms were made to recognize software as an industry to invest and the announcement of CSDT (Computer Software Data Tapes) policy which liberalizes exposure to the latest technologies to compete globally and to capture a global software exports, a notable turning point in the Indian software and software enabled industries.

Earlier Studies

G Ajay Kumar and Dr. M. Srinivasa Reddy (2016) the increasing rate of employee attrition and the problems the employers and the HR managers face in retaining 'good' and 'performing' employees in the absence of a set of employee retention strategies are simply compounding. The major purpose of this paper to examine the agreement of employees working in software companies in Bangalore city for the employee retention strategies. 375 software employees were been interviewed and asked to give their opinion for the employment strategies viz. a) Management/Organisational Strategies, b) Orientation Strategies, c) Communication Effectiveness Strategies, d) Reward and Recognition Strategies, e) Employee Benefit Strategies and f) Employees Ideas and Suggestion Strategies. Findings of the study show that agreement level is high for communication effective strategies among all retention strategies for both male and female employees. It can be concluded that agreement level for employee retentions strategies is higher for female employees than male employees, however there is no significant difference between male and female employees' level of agreement for employment retention strategies.

A.H. Sequeira (2012) Retention of employees is an important function of the HRM. Unless there is a deliberate and serious effort from the management towards this direction, the competitors in the industry are likely to attract and snatch the talent already nurtured in the company over a period of time. Careful strategies for crafting and implementing employee retention strategies are a skill and should be given top priority by the management. This paper discusses the issues and solutions to address this problem with a case study. . The results of the study indicate that retention strategies should be carefully worked out for different groups and levels.

Statement of the problem

The employee turnover costs are not as easily countable, as many other kinds of expenses that the company faces, yet it may highly impact on the company's finances. When an employee leaves, the company loses the time and money that were spent on training and integrating this employee to the project, as well as the expertise and critical knowledge that this employee has. At the same time, the company should invest even more in finding a new suitable person, training him and organizing the proper knowledge transfer (Thomas 2009). In the software industry, it becomes even more difficult, since different projects use different technical tools for implementing their solutions. Therefore the resource manager has to find the applicants with expertise in these specific tools, Hence, the aim of this study is the employees' retention strategies of software companies with special reference to selected software companies in Chennai.

Objectives of the study

- To study the employees' retention strategies practiced of software industry with special reference to selected software companies in Chennai.

- To suggest measures for improving human resource management practices in employees' retention strategies of software companies.

Hypotheses of the study

Research Hypothesis

H_1: There is a significant association between gender of the respondents and their opinion towards overall employee retention

Null Hypothesis

H_0: There is no association difference between gender of the respondents and their opinion towards overall employee retention

Materials and Methods

This paper is based on both primary and secondary data. Primary data were collected through a structured questionnaire was collected from employees of software companies in Chennai. Convenient sample technique has been used to questionnaire from the employees. The target population of this study was employees of software companies in Chennai. Sample selection have employee of top ten software companies at Chennai. The top ten companies selected from Wikipedia website. The company namely mention table No.1.1. The questionnaire consists of different questions on Employee Retention Strategies such as 1=General retention Strategies, 2=Natural Environment, 3=Working environment, 4=Non-Monetary recognition 5=Safety & Welfare measure, 6=Compensation trategies, 7=Organizationalculture, 8=Training Strategies 9=Job Satisfaction, 10=Overall Employee Retention Strategy

A five points rating scales of questionnaire from Strongly Agree = (A), Agree = (B), Neutral = (C), Disagree = (D) and strongly disagree = (E). The secondary data used in the study have been collected from related journals, books, newspaper and internet, etc.

The sample size selection

The total sample size was 400 respondents who were selected equally from top ten software companies. The following table provides the distribution of sample size.

TABLE NO. 1.1 SAMPLE SELECTION

S.No	Name of the company	Sample Size
1	TCS – Tata Consultancy Services	40
2	Infosys	40
3	Wipro	40
4	HCL Technologies	40
5	Tech Mahindra	40
6	Oracle Financial Services	40
7	Mindtree	40
8	Mphasis	40
9	Rolta	40
10	Cyient (previously known as Infotech Enterprises)	40

Data Collection

Two types of data were collected viz. Primary data and secondary data. The procedures and sources are given below.

Primary Data Collection

- ❖ The primary data were collected through questionnaire. A well-structured questionnaire was used as the instrument to collect the primary data from the software companies.
- ❖ The questionnaire consists of two parts. The first section is discussed about the demographical background of the respondents, like gender, age, length of

service, organisational hierarchy, designations, departments, educational background, and marital status.

❖ And the second part of the questionnaire consists of seven parameters viz, Job Appreciation, Fair Remuneration, Freedom in Decision Making, New Challenging work, Development, Workplace Flexibility, Decision to stay.

❖ **Secondary data**

Secondary data were collected through previous research papers, Journals, Magazines, Text Books, websites and records of associations and government institutions.

Results and Discussion
TABLE NO. 1.2. Demographical profile

Demographical		No. of respondents N=400	Percentages
Age	18 Yrs to 25Yrs	83	20.7
	26 Yrs to 35Yrs	120	30.0
	36Yrs to 45Yrs	47	11.8
	46 Yrs to 55Yrs	87	21.7
	Above 55Yrs	63	15.8
Gender	Male	286	71.5
	Female	114	28.5
Marital status	Married	226	56.5
	Unmarried	174	43.5
Education Qualification	UG Arts & science	90	22.5
	UG Engineering	68	17.0
	PG Arts & Science	94	23.5
	PG Engineering	72	18.0
	Diploma	53	13.2
	Others	23	5.8
Designation	Software Engineers	123	30.8
	Project leaders	136	34
	Quality(Auditing)	141	35.2
Experience	Less than 5Yrs	83	20.8
	6Yrs to 10Yrs	113	28.2
	11Yrs to 15Yrs	97	24.2
	16Yrs to 20Yrs	68	17.0
	Above 20Yrs	39	9.8

Source: Primary Data

The above table shows that 120 respondents are in the age group of 26 years to 35 years constituting 30%. And 21.7 % of the respondents belong to the age group of 46 years to 55 years. 20.7% of the respondents belong to 18years to 25 years. 15.8% of them belong to above 55 years and the lowest 11.8% of them belong to 36 years to 45 years.

286 respondents are men which constitutes 71.5%, whereas, 114 respondents are women constituting 28.5%.

Of all, 56.5% of the respondents are married and 43.5% of the respondents are single. As far as software companies is concerned, the number of women working under this sector is less; hence there is reasonable amount of single respondents.

Educational qualifications are 23. % of the respondents has Post graduation in Arts and Science as the highest qualification. 22,5% of the respondents have under graduation in Arts and Science as the highest qualification.17% of the respondents are under graduates in Engineering and 18% of the respondents are post graduates in Engineering and 13.2% of them are diploma holders.

It shows that the highest percentages (35.2%) of the respondents are in the auditing department, followed by 34% of the respondents who are under project leader and a meager 30.8% of the respondents are in the software engineers.

experience wise classification of the respondents, It shows that, the highest percentage (28.2%) of the respondents have experience range between 6 years and 10 years followed by 24.2% of the respondents with work experience of 11 years to 15 years. 39 respondents have experience of 20 years and above which constitutes 9.8 %.

Table 1.3
Respondents' opinion towards the reasons for joining software companies

S.No	Reasons	No. of respondents (n=400)	Percentage (100%)
1	Good work environment	23	5.8
2	Job security	39	9.8
3	Flexible working hours	61	15.3
4	Recognition	105	26.3
5	High growth opportunity	73	18.3
6	Scope for skill development	25	6.3
7	Attractive lifestyle	25	6.3
8	Can make a lot of friends	16	4.0
9	Job content	15	3.8
10	Remuneration at par with other company	18	4.5

Sources: Primary data

The above table represents respondents' opinion towards joining the software companies. It shows that 105 respondents feel that there is a good recognition in software companies, which constitutes 26.3% followed by 18.3% of the respondents joining for high growth opportunity. 15.3% of the respondents feel that there are flexible working hours. The lowest percentage (3.8%) of the respondents joined because of job content.

Table No.1.4
Rank order of the respondents' opinion towards the retention dimension of the software companies

S.No	Dimensions	Low	High	Min.	Max.	Median	S.D	Mean	Mean Rank
1	General retention strategies	180 (45%)	220 (55%)	8	25	17.00	3.184	16.77	9th
2	Natural Environmental	200 (50%)	200 (50%)	8	24	17.50	3.401	17.05	8th
3	Work place Condition	194 (48.5%)	206 (51.5%)	5	24	19.00	3.488	18.27	6th
4	Non - Monetary benefits	195 (48.8%)	205 (51.3%)	9	25	18.00	3.134	17.48	7th
5	Safety and welfare measure	193 (48.3%)	207 (51.8%)	20	48	36.00	5.115	35.56	1st
6	Compensation strategies	171 (42.8%)	229 (57.3%)	12	34	25.00	3.965	24.89	3rd
7	Organization culture	209 (52.3%)	191 (47.8%)	11	35	25.00	3.838	25.08	2nd
8	Training strategies	202 (50.5%)	198 (49.5%)	12	35	24.00	4.043	24.00	4th
9	Job satisfaction	170 (42.5%)	230 (57.5%)	14	32	24.00	3.669	23.82	5th
10	Overall employee retention	184 (46%)	216 (54%)	150	239	204.00	14.801	202.91	

Sources: Primary data

1. The above table shows that 45% of the respondents have a low level of satisfaction towards the general retention strategies of the software companies and the remaining 55% of the respondents have a high level of opinion towards the general retention strategies, which secured 3rd rank among the 8 studied dimensions. It is clear that 50% of the respondents are in both high and low level of satisfaction towards natural environment respectively.

2. With regard to work place condition, 48.5% of the respondents are in low level of satisfaction and remaining 51.2% of the respondents are at low level of satisfaction towards non – monetary benefits. 47% of the respondents are in low level and remaining 53% of the respondents are at high level of satisfaction towards safety and welfare measure. This got rank 1 among the studied dimensions

3. With regard to compensation strategies, 42.8% of the respondents experience a low level satisfaction towards retention dimension and 57.2% of the respondents' experience high level. There are 52.2% of the respondents who have low level of satisfaction towards organisational culture dimension and 47.8% of them experience high level satisfaction towards organisation cultural dimensions.

4. In relation to training strategies, 50.2% of the respondents undergo low level of satisfaction on training strategies dimensions and 49.5% of them experience

higher level of satisfaction towards training strategies dimensions. There are 42.5% of the respondents who experience low level of satisfaction towards organisaion on retention aspects and 57.5% of the respondents undergo high level of satisfaction towards the overall retention strategy of the organisation.

5. With regard to the overall retention strategies, 46% of the respondents have low level of satisfaction towards the overall retention and 54% of the respondents have high level of satisfaction towards the retention strategies.

Mean analysis between gender and various dimension of retention strategy

Table No.1.5

Mean analysis between gender and various dimension of retention strategy

S.No	Gender	N (400)	GRS		NE		WE		NMB		S&W	
			M	SD	M	SD	M	SD	M	SD	M	SD
1	Male	286	1.35	.47	1.65	.477	1.70	.45	1.49	.50	1.69	.46
2	Female	144	1.42	.49	1.78	.40	1.61	.48	1.58	.49	1.67	.47

GRS=General retention strategy/NE=Natural environmental/WE=Working environmental/NMB=Non-monetary benefits/S&W=Safety and welfare measure

(Continuation)

S.No	Gender	N (400)	CS		OC		TS		JSE	
			M	SD	M	SD	M	SD	M	SD
1	Male	286	1.65	.47	1.70	.45	1.6	.47	1.65	.47
2	Female	144	1.6	.49	1.65	.47	1.71	.45	1.68	.46

CS=Compensation strategy /OC = Organization culture/TS=Training strategy/JSE=Job satisfaction of the employee.

The above table explains the mean value of the various dimensions of the retention strategy of the software companies, it shows that the male has registered highest satisfaction towards working environmental it shows 1.70 mean score and standard deviation of (±. 45) and the lowest satisfaction registered for general retention strategy it is mean score is 1.42 and the standard deviation is (±. 47).

As far as female respondents' concerns Natural environmental has registered highest mean score of 1.78 followed by training strategy and standard deviation (±. 40), the lowest satisfaction registered with general retention strategy its mean score is 1.42 and standard deviation (±. 49)

The hypothesis given below was tested with the help of t – test

Research Hypothesis

H_1: There is a significant association between gender of the respondents and their opinion towards overall employee retention

Null Hypothesis

H_0: There is no association difference between gender of the respondents and their opinion towards overall employee retention

Table No.1.6

Students' "T" test difference between the gender of the respondents and their opinion towards various dimensions of retention strategy

S.No	Dimension of retention strategies	Mean	S.D	Statistical Inference
1	**General retention Strategies**			
	Male (n=286)	16.74	3.154	T=-.261 Df=398

	Female (n=114)	16.83	3.272	.794>0.05	Not Significant
2	**Natural Environment**				
	Male (n=286)	17.11	3.515	T=.520 Df=398	
	Female (n=114)	16.91	3.107	.603>0.05 Significant	Not
3	**Working environment**				
	Male (n=286)	18.38	3.495	T=1.000 Df=398	
	Female (n=114)	17.99	3.470	.318>0.05 Significant	Not
4	**Non-Monetary recognition**				
	Male (n=286)	17.48	3.172	T=-.025 Df=398	
	Female (n=114)	17.49	3.052	.980>0.05 Significant	Not
5	**Safety & Welfare measure**				
	Male (n=286)	35.79	5.308	T=1.449 Df=398	
	Female (n=114)	34.97	4.567	.148>0.05 Significant	Not
6	**Compensation strategies**				
	Male (n=286)	24.95	4.008	T=.535 Df=398	
	Female (n=114)	24.72	3.866	.593>0.05 Significant	Not
7	**Organizational culture**				
	Male (n=286)	25.02	3.921	T=-.495 Df=398	
	Female (n=114)	25.23	3.636	.621>0.05 Significant	Not
8	**Training Strategies**				
	Male (n=286)	23.95	4.098	T=-.336 Df=398	
	Female (n=114)	24.11	3.918	.737>0.05 Significant	Not
9	**Job Satisfaction**				
	Male (n=286)	23.83	3.686	T=.075 Df=398	
	Female (n=114)	23.80	3.641	.940>0.05 Significant	Not
10	**Overall Employee Retention Strategies**				
	Male (n=286)	203.26	15.183	T=.735 Df=398	
	Female (n=114)	202.05	13.822	.463>0.05 Significant	Not

Sources: Primary data (S.D= Standard Deviation)

Inference

S.No	Variables Tested	Students' 'T' Value	Statistical inference
1	Gender and Overall retention	T=.735	.463>0.05 Not Significant

The calculated value T=.375 and (P>0.05) Hence, the calculated value is greater than the table value. Therefore, the research hypothesis is rejected and the null hypothesis is accepted.

Findings

The difference between the gender wise distribution of the employees and their overall job satisfaction is not significant. It is further inferred that there is no significant association between the gender of the employees working in the software companies and their retention.

CONCLUDING REMARKS

A broad range on employment strategies have been employed in different companies depending upon the manpower, market share and global political policy. The present study has investigated three software companies in and around Chennai. Primary method of data collection was employed and 400 respondents responded to the questionnaire. There are nine parameters study viz, General retention strategies, Natural Environment, Working environment, non - Monetary benefits, Safety and welfare measures, Compensation strategies, Organizational culture, Training strategies and Job satisfaction. The results indicate that organisation culture, training strategy and natural environment are with low mean score of (25.8,24.0 and 17.5) respectively. Therefore, strategically attention is needed to provide these aspects. It is also indicated that Safety and welfare measures, Organisational culture and Compensation strategy are important parameters which make an employee stay in the organisation. Further it can be inferred that overall retention level of manufacturing industry in Chennai is 54% and attrition reported is 46%; hence the gap between these two is very meagre. Therefore, based on this study have suggests that more attention be given to safety and welfare measures, organisational culture and compensation aspects to retain employees for a longer period for achieving organisation's goal without spending more money on recruitment and training.The management should also consider the inflation rate and the areas where an employee has to survive. Employees should be free to their work at workplace according to their own mind. There should a fair performance appraisal programmed and no space for any type biasness.

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