



EMPLOYEE RETENTION- AN ANALYSIS AMONG GEN Y EMPLOYEES WITH REFERENCE TO INFORMATION TECHNOLOGY (IT) INDUSTRY

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ABSTRACT

Employee retention has been a tedious task in Information Technology (IT) industry since several years. Researchers propose to analyze the retention of Gen Y employees using the variables like Co-worker relationship, Rewards and recognition, Career advancement, Job autonomy and Work-life balance. The target population of the study was employees working with IT firms in Technopark Trivandrum, Kerala. The sample for the study constitutes 250 Generation Y, employees from the select IT firms in Trivandrum, Kerala. Online questionnaire was administered to 250 Gen- Y employees working in Technopark campus Trivandrum. The study analyzed the relationship between Co-worker relationship, Rewards and recognition, Career advancement, Job autonomy, Work-life balance and Employee Retention. The Correlation analysis shows that all the five factors of Retention have a positive significant relationship with employee retention. Analysis based on multiple regression revealed that Rewards and recognition contributes more towards Gen-Y employee retention than other factors with β value, 0.570 and $p < 0.01$. It is followed by Job autonomy with β value, 0.487 and $p < 0.01$. The factor that contributed least to employee retention among the five factors considered was Coworker relationship ($\beta = 0.126$, $p < 0.01$). The study suggests that organizations need to have a sufficient reward system and every employee must be equally recognized by management for better retention. Job Autonomy must be given to each and every employee so as to help employees get retained in the company for a long run. The study implies that organizations should concentrate more on career counseling facilities, career mentors and career planning. They can also implement more effective career development programs to help employees remain long in the organization. Organizations should ensure that work-life balance practices are in place so that it may in turn leads to retention. This study may also be replicated in other similar organizations to compare the outcomes.

Keywords: Co-worker relationship, Rewards and recognition, Career advancement, Job autonomy, Work-life balance, Employee retention, Gen Y, Information technology

INTRODUCTION

Employees of an organization have always been considered as an asset or a heavyweight component of the organization. Organizations will not be able to bring a long lasting business performance without the effective support of employees. Human resource is considered to be the most valuable asset while considering the success of the organization. Undesirable worker turnover is one of the greatest and most exorbitant business issues organizations may confront. Employee Retention is a significant challenge faced by organizations, especially during technical era (Coetzee, Tladinyane, Lumley, & Ferreira, 2011). As of now organizations are facing a great risk holding their employees, in light of the fact that capable employees have got large number of opportunities (Harris, 2007). “Almost every employee now realizes that they have more options in the choice of organizations to work with. The present business environment has brought tons of challenges, an important one being the retention of skilled employees” (Clarke, 2001). In the interim turnover of employees have been found out to be expensive and could adversely influence the organization's effectiveness and performance of employees (Shaw et.al. 2005; Cerrone et. al, 2006). Employee retention is a crucial factor which affects the effectiveness and productivity of the company (Samuel & Chipunza, 2009). Companies must give prior importance in attracting, retaining and motivating people to continue in the firm (Punia & Sharma, 2008). Retention of Gen Y employees have been studied and researched. Those studies reveal that, being an age that has experienced a dynamic environment with several technical changes, developments, and so forth, they need to be given a suitable climate so that they will remain long in the organization. Hence, organization must keenly focus on retaining GenY so that the productivity of the organization can be increased. (Hershatter and Epstein, 2011). The individuals who are born between 1980 and 2000 are called Generation Y (Angeline, 2011). Generation Y is more expert in preparing, will in general be much hopeful and helpful contrasted to Generation X (Raines & Filipczak, 2000). Gen Y is exceptionally tech savvy with solid synergistic abilities combined with increased level of confidence which makes them employable in any sector (Reed, 2014). Gen Y views themselves as successful, great in performing multiple tasks and always look forward for immediate feedback (Cekada, 2012). They prefer to work in a transparent organization where the values and mission are effectively communicated to the employees (Reed, 2014). A study done in Malaysia reveals that, retention of Gen Y employees is very problematic. About 60% of Generation Y laborers leave their associations (Wiggins & Wiggins, 2016). Baldonado (2013) and Ioni, (2013) in their study also underline the importance of organizations to address this issue. There is also an identified dearth of studies which considers the factors of retention, especially in the Kerala scenario.

LITERATURE REVIEW

The urge of organizations to hold key employees is exceptional. Top-level executives invest enormous exertion, and cash to sort out some way to hold their key employees back from leaving the organization. Employee retention is the ability of a company, where the employees are made to stay with the company for a long time. Employee retention is one of the essential proportions and achievement of any organization (Aruna and Anitha 2015). Retaining the best employee is an important factor for the organization's better performance (Zhao 2006). To be in upfront an organization must be fit and have effective ways to hold and retain talented employees (George 2015; Anitha 2015). "Employee retention can be explained as a cycle of making employees to remain in the company they work, for a significant stretch of time" (George 2015; Anitha 2015; Gurumani 2010). Employee retention is also depicted as the assurance of the employer to hold the employees, which help to meet the organization objectives. (Frank et al. 2004). It is also characterized as the capacity to clutch ideal employees that the firm needs for its existence and development (Johnson 2000). ALDamoe et al. (2012) and James and Mathew (2012) communicated retention as a process which energizes and inspires employees to stay in the organization for a long timeframe. "Employee retention is a method adopted by the organization to hold employees from leaving the current work" (Mahal, 2012). Ferry-Reed and Sujansky (2009) in their study revealed that those firms which give less importance to Generation Y employee retention will have to face a decrease in the performance level. Several researchers have studied and identified the importance of factors affecting the retention of employees. Studies have been conducted on Gen Y employees in several sectors with regard to retention. Sandhya and Kumar (2011) in their study have considered several retention factors for Generation Y, which includes Co-worker relationship, Rewards and acknowledgment, Career advancement, Job independence and Work-life balance. A study by Eyster (2008) revealed that Gen Y will tend to stay in the company they work with for a longer time. This can make the company cost effective (Eyster, Johnson, and Toder, 2008). "Employee Retention is advantageous on the ground that they will at last cost not exactly recruiting new specialists, as the organizations definitely know the requirements and capacities of the employees" (Sandhya and Kumar, 2011). "Employers can maintain a healthier climate to cater for the need among Generation Y employees as a type of inspiration for them to remain in the organization" (Alam, Shahrani, Saeed, and Akter, 2013). Lefton (2012) in their study describes that Gen Y employees look for affirmation from their bosses, associates, family members and companions (Barclay, Kilber and Ohmer, 2014). Such affirmation is important so that the employees will feel engaged and satisfied with their job and help them to remain longer. Factors of retention including feedback, recognition and communication have been found out as the main factors in the retention of employees (Tessem, 2013). Keller (2006) identified that recognition upgrades employees' confidence and inspires them to put forth more attempts and remain in the firm. Tessema et. al. (2013) reveals that recognition of employees is an effective method for retaining Generation Y employees. "Employees will in general stay faithful to an

organization when there is an affirmation from the employer” (Alam et al., 2013). Lefton (2012) gives light to the fact that employee recognition makes employees feel esteemed and fortifies their longing to stay in the organization they work for. Gen Y employees want to be recognized and appreciated in the organization. “Gen Y employees are also affected by interrelationship with colleagues, which in turn can bring in the longer tenure of the employees” (Ariani, 2015). Coworker relationship can improve the organizational profitability and can help employees stay longer in the organisation (Fernandez, 2009). Innovations, training, development and career advancement have been identified as the major factors affecting retention of employees (Jerome et al., 2014). Kian et. al. (2012) reveals that, in general if the factors that support retention of employees are considered by the employers, they will surely try to remain in the organization for a long run. (Jerome et. al., 2014).

OBJECTIVES OF THE STUDY

- i) To study about Employee Retention among select IT professionals.
- ii) To identify the factors affecting Employee retention among select IT professionals.
- iii) To identify the relationship among the factors affecting retention and employee retention.
- iv) To identify the relationship between demographic variables and Employee retention.

HYPOTHESES

The study tests the following hypotheses:

- H1: There is a significant positive relationship between Coworker relationship and Employee retention
H2: There is a significant positive relationship between Rewards and recognition and Employee retention
H3: There is a significant positive relationship between Career advancement and Employee retention
H4: There is a significant positive relationship between Job autonomy and Employee retention
H5: There is a significant positive relationship between Work-life balance and Employee retention
H6: There is a significant positive relationship between Gender and Employee retention
H7: There is a significant positive relationship between Experience and Employee retention

RESEARCH METHODOLOGY

The study has adopted a descriptive type of research design. Data have been collected via online survey using Google form taking a sample of employees from various organizations in Technopark Trivandrum. The sample size consisting of 250 respondents were selected for the study. Convenience sampling technique was used since contacting the employees was not possible. The research tools used to collect primary data in this study are: Questionnaire and online Interview. Correlation and regression analysis was used to analyze the collected data. Cronbach alpha coefficient was computed to confirm reliability. According to rule of thumb on validity and reliability, any item above 0.7 is reliable. Therefore, a Cronbach value of 0.882 was acceptable. Regression analysis was used as to analyze inferential statistics.

RESULTS

Three hundred online questionnaires were distributed among the select IT professionals, and 250 were selected as correctly filled and in the age of generation Y, which were subsequently used in analysis. Cronbach's alpha of 0.804, 0.899, 0.712, 0.847 and 0.862 was identified for Co-worker relationship, Rewards and recognition, Job autonomy, Career advancement and Work-life balance, which were above the threshold value of 0.7. Since the value was more than 0.7 it was concluded that the research instruments were reliable and hence could be used in the study. Majority (58.3%) of the respondents constitutes the male gender, while the rest (41.7%) of the respondents were of female gender. The study also established the length of time or tenure with the company and the findings show that majority (44.0%) of the respondents had a working experience between 3 to 6 years, 25.3% had less than 2 years, 11.4% had between 7 to 9 years, and 19.3% of the respondents worked for more than 9 years.

Analysis and interpretation

Correlation analysis

There is a positive correlation between Co-worker relationship and Employee Retention with correlation coefficient, $r = 0.772$, with $p < 0.05$. Thus accepting alternate hypothesis (H1) and rejecting the null hypothesis revealing that Co-worker relationship and Employee Retention are related. The correlation between Rewards/recognition and Employee Retention was analyzed and correlation coefficient was found to be 0.784 with p value < 0.05 . There is a high significant correlation between Rewards/recognition and Employee Retention. The result has stated that the hypothesis H2 was accepted that there is a significant correlation between Rewards/recognition and Employee Retention. The result indicates that if salary and recognition of employees are genuinely considered there is a chance for the employee to stay in the company for a long run. The relation between Career advancement and Employee Retention was also tested and Correlation coefficient was found to be positive ($r=0.791$, $p<0.05$). This made the researchers to accept the alternate H3 and reject the null hypothesis. The relation of Job autonomy and Employee Retention was analyzed to get a result of $r= 0.883$ and $p<0.05$. Therefore H4 was accepted and revealed that there is a significant relationship between job autonomy and Employee Retention. Work life balance and Employee Retention was analyzed to get a result of $r= 0.703$ and $p<0.05$. Therefore H5 was accepted and revealed that there is a high significant positive relation between Work life balance and Employee Retention.

Regression Analysis

Table 1

R	R Square	Adjusted R Square	Std. Error of the Estimate
.892 ^a	0.699	0.633	1.248

a. Predictors: (Constant), Co-worker relationship, Rewards and recognition, Career advancement, Job autonomy, Work-life balance

b. Dependent Variable: Employee Retention
Significance level (α) is 0.05

Multiple linear regression analysis

Table 2

Model	Beta coefficient	Standard error	Significance
Co-worker relationship	0.126	.058	0.000
Rewards and recognition	0.570	.061	0.000
Career advancement	0.353	.047	0.000
Job autonomy	0.487	.081	0.000
Work-life balance	0.334	0.71	0.000

a. Dependent Variable: Employee Retention

The regression analysis reveals that the R value is 0.892 and R Square being 0.699 (Table:1). This reveals that 63.3% of variation in the Employee Retention is explained by the factors of retention. The results also found that the factor which has a high impact on employee retention is rewards/recognition. The analysis revealed that Rewards and recognition has a highest impact with Beta value, 0.570 (Table: 2), compared to Co-worker relationship with Beta value, $\beta = 0.126$. The analysis also shows that a unit increase in Co-worker relationship leads to 0.126 increase in retention of Generation Y; a unit increase in Rewards and recognition leads to 0.570 increase in retention of Generation Y; a unit increase in career advancement leads to 0.353 increase in retention of Generation Y, a unit increase in Job autonomy leads to 0.487 increase in retention of Generation Y and a unit increase in work-life balance leads to 0.334 increase in retention of Generation Y. This infers that Rewards/recognition followed by Job autonomy contributed more to the retention of Generation Y employees.

Descriptive analysis of demographic variables on Employee Retention

Independent sample t-test was done to check the significance of gender on employee retention. The significance level was found to be $p > 0.05$ i.e. $p = 0.57$, and hence null hypothesis was accepted and implies that there is no significant mean difference on employee retention across the sample gender. One way ANOVA was used to check the significance experience on Employee retention. The significance value was $p > 0.05$, $p = 0.36$ which signifies that there is no significant difference between Experience and Employee retention.

Conclusion

The Correlation analysis indicates a significant positive correlation between different factors considered and employee retention. It was found that job autonomy and employee retention has the highest correlation followed by career advancement. Multiple regression analysis indicates that rewards and recognition has high impact on employee retention. In order to retain Generation Y employees the rewards and recognition given to the employees can be improved which is in line with the study of Alam et. al., 2013, Kilber, Barclay & Ohmer, 2014. Job autonomy is also a crucial factor to be considered. It must be enhanced so that Gen Y employees can get a feel that they are given freedom to do and engage in their work independently. Interpersonal relationship can also be improved so that effective retention can be maintained. (Tinke, 2013). Career development can also be considered as an effective way to improve the retention of employees in a long run. Work life balance practices can be followed by companies to retain the Gen Y employees, as they give due importance to family and work. The study thus provides insight that in order to retain employees in IT sector, especially GenY employees, the retention factors in this study must be effectively utilized.

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