A Study on "IT/ ITES" Employee Retention Strategies: Employer View

*Dr A.Madhavi

Assistant Professor, Samskruti Institute of Business Management, Turkayamzal, Hyderabad.

Abstract: IT sector retention strategies focus on competitive pay, growth paths, work-life balance (flexibility, WFH), culture (belonging, DEI), and recognition, but face issues like high demand for skills, burnout from constant innovation, poor management, and unmet career expectations, leading to significant turnover and high costs. Key issues include lack of engagement, insufficient training, and inadequate rewards, making robust, multi-faceted strategies essential. Retaining the employees, especially the performing employees, is very critical to the progressive sectors like the Information Technology (IT) sector. Retaining good or performing employees has been a challenge all along the course of industrialization. Employers have given a lot of significance to this issue in employment relations. New and newer strategies have been designed and developed by them. They have also engaged the experts to study the problem of employee attrition in their organizations and recommend effective retention strategies. Consequently, "employee retention" has become a specialist function in people management and the "retention strategist" a specialist. Especially in the US industries, which are always concerned with hiring the right people and retaining them for longer time to reduce the cost of replacements have often spent lot of time in studying the challenge engaging the specialists.

Keywords: Fair Pay, Work Pressure Vision, Re-organize, Psychology

I. Introduction:

In 2024, Gallup research reports and other respected data-centric projects reviewed employee retention and engagement over several years, measuring staff loyalty, commitment to corporate goals, and churn — the likelihood of leaving the job in the near future. The favored methodology was professional surveying of representative samples, asking insightful questions to help stakeholders better strategize their HR. This article covers these investigations from corner to corner to deliver the perspectives you need and deserve. We will provide analysis, evaluations, and recommendations based on an extensive range of probes.

The growth in the service sector in India has been led by the IT–ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT–BPO sector in India aggregated revenues of US\$100 billion in FY2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9%. This sector has also led to massive employment generation. The industry continues to be a net employment generator – approximately added 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. It is interesting to note that approximately 75% of the IT personnel are younger than age 45. Many managers in the IT Industries are in their 20's and 30's therefore making it more difficult to manage and retain them.

6 Effective Strategies to Improve Employee Retention

Figure: Effective Employee Retention by "Rodridge J (2021) "

If you do not provide them, someone else will. Instead of a traditional vacation policy, the company lets employees take time off from a leave bank, in which they can accumulate as many as 60 days off to use as they see fit. This policy has helped with employee retention, particularly by making it easier for female employees starting families to take time off and ultimately return to work.

II. Literature Review:

Nayeem & Sravanthi (2025) To improve employee retention, IT companies like Genpact, TCS, Wipro, and Cognizant should adopt personalized, data-driven strategies. These include clear career growth paths, regular feedback, strong mental health support, flexible work options, and transparent compensation. Training managers in empathy and leadership, promoting diversity and inclusion, using digital HR tools, and learning from exit interviews can also help. Encouraging internal mobility and connecting employees to meaningful work further boosts engagement and loyalty. Employee retention is vital for IT companies to reduce costs and maintain performance. This study shows that a mix of career development, flexible work, strong leadership, and inclusive culture is key to keeping employees. Adapting strategies based on feedback and using technology to enhance employee experience will help build a loyal, motivated workforce and strengthen the company's long-term success.

Poonam Madan, Jasleen Kaur Bajwa (2022) found that in the present scenario retaining the employees with the organizations for longer duration for the benefit of both individual and organization have become a crucial point. Motivation is an important aspect which helps to retain the employees and perform better. To retain the best and the most suitable employee organization needs to provide proper career opportunities, working environment, compensation benefits and supervisor support to the employees. The objective of this research paper is to investigate & understand employee retention strategies prevalent in banking industry. The study also helps to determine the different strategies adopted by banking sector to retain its employees and maintain them

Mehta,S.(2023) This research focused on how employee engagement activities (like team events, skill-building programs, and employee rewards) help employees stay longer in mid-sized IT companies. The results showed that employees who feel involved and appreciated are more loyal and less likely to leave. It also pointed out that lack of communication and poor management reduce engagement. The study gives tips on keeping employees engaged over time.

.Jeen Dorance Batty S. (2015), aimed to the factors which may be the possible reasons for an employee to leave an organization. Employee's turnover intention and its impact on organizational outcomes were analyzed and that was collected through questionnaires from the first and middle line employees in selected organized retail outlets in Bangalore. From the econometric analysis, it was found that turnover intention has influenced attrition factors such as Quality of Work Life, career growth, working hours, personal/family reasons, and relation with internal co – worker, welfare, working condition, and salary.

Objectives

1) To Study the Employee work environment issues leads to quit the job.
2) To Identify the employees contribution towards company growth.
3) The impact of training program on employee retention in IT sector.

Hypothesis

H_{01}**:** There is a association between age of the employee and taking care of their well beingness by management will have impact on retention rate.

H_{02}**:** There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

H_{03}**:** There is no relation between educations of employee and providing "*on the job training*" will control retention rate.

Sample & Sample Size

Employees, HR Managers and Trainees who are working in IT/ ITES companies in Hyderabad. A sample of 510 employee's opinion was collected with the help of structured questionnaire.

Data Analysis:

The data analysis was done with the help of SPSS 20.0 statistical software.

Analysis:

Factor Analysis:

Table 1.1: KMO and Bartlett's values of Management Strategy		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	7853.603
	df	21
	Sig.	.003

First the researcher tested the eligibility of the data to perform factor analysis by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.769 >0.7. Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis). Both the sampling adequacy and Bartlet's values are statistically valid.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.431	82.570	82.570	7.431	82.570	82.570
2	1.008	11.195	93.765	1.008	11.195	93.765
3	.223	2.479	96.244			
4	.155	1.719	97.963			
5	.056	.624	98.587			
6	.051	.563	99.150			
7	.017	.185	100.000			

Extraction Method: Principal Component Analysis.

Table 1.2 :Total Variance table of Management Strategy

The below scree plot indicates, pictorial manner of filtered factors with more than 1 Eigen value i.e Two factors in above case.

Table 1.3 : Rotated components matrix of Management Strategy

Factor	Component	
	1	2
33.Retention	.459	-.011
34. Customer Satisfaction	.361	.115
35.Exit Interview	**.986**	.078
36. Vision	.068	-.023
37.Complaints	.167	-.012
38.Leaves	.668	-.016
39.Re-Org.	-.773	.809

Extraction Method: Principal Component Analysis.

As per above Rotated Component matrix analysis , it is found that correlated values more than 0.6 are considered as influenced factors and the same factor is treated for naming of concern factor.

Table 1.4: Naming of Factors for Management Strategy

Factor No.	Factors Name	Naming of Factor
1	o Company implements the suggestions given by exit interviews. o Management is flexible in sanctioning leave for the social activities of employee's family.	Stress Relievers
2	o Management constantly re-organizes the employees and changes decision of the organization.	Re-structure of company according to needs

H_{01}**:** There is a association between age of the employee and taking care of their wellbeingness by management will have impact on retention rate.

Table 2 : Chi square values of Employee age and wellbeingness			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1242.141[a]	12	**.930**
Likelihood Ratio	1115.077	12	.000
Linear-by-Linear Association	446.956	1	.000
N of Valid Cases	509		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.12.			

From the above table chi- square is not significant (sig. value is > 0.05), **Accept the Hypothesis**. i.e ,if the management will able to provide good facilities to employees as per their age wise needs, it will able to control the retention rate IT sector employees.

H_{02}**:** There is no significant relation between Education of employee and company programs for skills enhancement will have impact on retention rate.

Table 3 : Chi square values of Employee age and Skill enhancement			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	964.062a	12	.000
Likelihood Ratio	1011.168	12	.000
Linear-by-Linear Association	443.086	1	.000
N of Valid Cases	509		
a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 3.29.			

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null hypothesis.** i.e , if the company will organize frequent skills enhancement program to employees, it leads to control of retention rate.
H_{03}**:** There is no relation between educations of employee and providing "on the job training" will control retention rate.

Table 4 : Chi square values of Employee Education and 'on the job training'			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1223.750a	12	**.263**
Likelihood Ratio	1075.790	12	.000
Linear-by-Linear Association	457.920	1	.000
N of Valid Cases	509		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.48.			

From the above table chi- square is not significant (sig. value is > 0.05), **Accept the Hypothesis**. i.e the educated employees don't found much importance for on the job training , which is not a impacting factor to control retention rate.

III. Discussion of Results:

The majority of research on employee retention focuses on technology-intensive industries and Western economies, which limits its application across regions and industries. Identification of retention factors in knowledge-intensive sectors like finance and IT and high turnover industries like retail and hospitality requires comparative studies. Moreover, retention is highly prized in cultural values, particularly in emerging markets; therefore, more research must be conducted to develop region-specific HR policies. A proper analysis of the effectiveness of employee engagement strategies in big multinational corporations versus small and medium-sized enterprises (SMEs) is required.

Increased knowledge about practices of retaining employees in various labour markets is enabled through cross-cultural industry research. Future studies need to use a mixed-methods methodology where qualitative findings are complemented with quantitative findings to paint a balanced view of employee retention issues. Blending behavioural economics constructs can be in a position to shed light on new knowledge of how incentives and behavioural treatments drive retention choices. Moreover, making use of workforce analytics and large data sets may enhance the power to forecast retention trends and initiate early intervention schemes. Closing these knowledge gaps will assist organizations in crafting more effective retention strategies that keep pace with changing workforce needs and varied work environments.2. The characteristics of the job - some jobs are intrinsically more attractive than others. A job's attractiveness will be affected by many characteristics, including its repetitiveness, challenge, danger, perceived importance, and capacity to elicit a sense of accomplishment. A job's status is also important, as are many other factors.

IV. Conclusion:

Effectively managing hybrid work arrangements, fostering self-leadership, and facilitating inclusive decision-making can actually increase employee satisfaction. In addition, AI can be used to personalize employee engagement and predict turnover in an ethical way. Acknowledging employees' success and providing them with opportunities for career growth are crucial for long-term commitment, along with creating mental well-being and an inclusive culture. This piece highlights the importance of autonomy in the workplace in retaining talent, and it argues that adaptive policies—potentially maximized through AI evaluation—are needed, along with leaders who foster autonomy while offering guidance.

Successfully retaining employees demands a research-driven, adaptive strategy. IT companies should experiment with varying engagement strategies, use AI ethically, and maximize their practices to better align with employees' needs. Long-term cultural trends and influences must be the emphasis of future studies. Prioritizing well-being, growth, and flexibility will allow companies to increase employee satisfaction, decrease turnover, and develop a committed IT staff that contributes to long-term organizational success. Wipro, has been trying to reward employees through a more tangible process by dolling out 5.7 million shares as restricted stock units to its mid-management employees. This was followed up with a band restructuring program that saw 20,000 junior level employees being promoted at a 7-8% salary hike in the second quarter of the fiscal. (Roy & Ghosh, 2010).

References:

[1] Akuoko, Osei Kofi and Ansong, Francis (2012), "Employee Retention Strategies and Workers' Performance: General Views of Employees in Ashanti Region of Ghana", International Journal of Business and Management Tomorrow Vol. 2 No. 8 ISSN: 2249-9962.

[2] Clarke, K.F. (2001). What businesses are doing to attract and retain employee- becoming an employer of choice. In Employee Benefits Journal.pp. 34-37.

[3] Gayathri, R. G.Sivaraman, R.Kamalambal, 2012. "Employee Retention Strategies In BPO"S -An Empirical Investigation", Interdisciplinary Journal of Contemporary Research In Business, Vol,3, No.12

[4] Howatt, B., & Gould, K. E. (2000). Strategic planning for employee happiness: a business goal for human service organizations. American Journal of Mental Retardation, 105(5), 377–386.

[5] Masibigiri Vhutshilo, Nienaber Hester (2011), "Factors affecting the Retention of Generation X Public Servants: An Exploratory Study", SA Journal of HRM, Vol. 9, No 1.

[6] Krishnaveni (2024) "A Study on Employee Retention Strategy In It Sector" IJSART - Volume 10 Issue 3 – MARCH 2024.

[7] Rodridge J (2021) Retaining Professional Workers; What Makes Them Stay? Employee Relations, 37,102-121.

[8] Nayeem & Sravanthi (2025) " A Study on Employee Retention Strategies in IT sector" TIJER – INTERNATIONAL RESEARCH JOURNAL www.tijer.org.