

# Retention Factors Influencing The Retention Of Employees In The It Services Industry In Bengaluru

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## Abstract

The research delves into the key elements that contribute to staff loyalty. A thorough pilot study was conducted before the final data gathering questionnaire was created. Employees and human resources professionals in Bengaluru's IT services industry each filled out their own questionnaire. The study's methodology and research strategy are laid out in great depth in this chapter. In addition to comprehensive descriptions of each stage of the research, this section offers a synopsis of the mixed methods strategy. Prior to completing the research concept and questionnaire design, a pilot study was first carried out. Scales used to measure the constructs in the research are also described in it. Methods such as questionnaire surveys and in-depth interviews were used in the investigation. After gathering all of the necessary data, the study team explains the several parametric and non-parametric tests they used.

**Keywords:** Retention Factors, Employees, The It Services Industry, Bengaluru

## Introduction

Compensation has a substantial impact on employee retention and satisfaction. Securing competitive base pay or hourly earnings is a crucial determinant in employee retention, as it signifies the organization's appreciation for their time and effort (Forbes, 2023). Nevertheless, studies have shown that other elements, such as a clear sense of direction, supportive social environment, and chances for professional development, are as essential in maintaining skilled individuals.

An important part of human resource management is determining how much to pay workers for the work they do. To recruit and keep top people, every company has to pay competitive rates and provide generous benefits. Efficient employees have the option to quit a company at any moment if their pay are not comparable with those of other companies. Consequently, employees need fair compensation for their effort. Workers' compensation will differ based on a number of factors, including the job's specifics, the worker's level of expertise, the level of risk involved, the working conditions, the employer's financial resources, the union's negotiating strength, and the salaries and benefits given by competing businesses in the same area or sector. Companies worldwide are closely monitoring their pay rates, the components of those salaries, and whether or not they are offering competitive compensation in order to attract top talent. This is especially true in knowledge intensive sectors like IT and Services, where the current trend is to treat employees as "creators and drivers of value" instead of just another cog in the production wheel.

Both monetary and non-monetary forms of direct and indirect remuneration are part of what is known as competitive compensation. Salary, commissions, and bonuses are all part of it, as are benefits like paid time off, health insurance, stock options, and more.

Companies nowadays are becoming more innovative with their benefits packages, including paid birthday off, on-site day care, "bring your pet to work" days, and a whole lot more besides. Companies may enhance their business culture and differentiate themselves in a competitive employment market by offering these distinctive incentives.

Compensation planning is the procedure by which a company devises and executes a thorough strategy for paying its personnel. An acceptable and specific kind of pay package for each position will be created for distinct sectors based on aspects including job duties, market trends, and organizational objectives.

Paying workers a fair wage helps them enjoy their jobs and keeps businesses competitive, which is why compensation planning is so important. Worker dissatisfaction is inevitable in an underpaid workforce. Attracting and retaining top people, raising engagement, productivity, and morale, and decreasing turnover rates are all possible outcomes of a well-designed pay plan.

## Literature review

**Baral, Sukanta. (2014).** Tying remuneration with talent management is still a challenge for many companies in today's corporate world. With limited resources, organizations must achieve predetermined goals and targets for development. Spending on pay and incentives while having limited flexibility makes it more tough for organizations to retain critical staff. Organisations can provide the financial and non-financial incentives that workers need to boost company success by integrating remuneration with talent management into a comprehensive rewards program. The focus has shifted from monetary compensation and perks to the "value" component, or how your whole incentives package improves your quality of life. To maximize employee engagement, recognition, and pleasure while rewarding and acknowledging the

quality of workers' talent's contribution to the business, Total Rewards primarily now focuses on a personal impact. The purpose of this article is to argue that total incentives are a powerful tool for keeping good staff around.

**Fitri, Sari. (2024).** Examining the relationship between pay policy appraisal and food sector staff retention is the focus of this research project. Companies in this cutthroat industry have to do all they can to hold on to their employees. The purpose of this research is to shed light on the tactics that have been successful in attracting and retaining talented workers by examining the connection between pay policies and employee retention. The study approach gathers relevant data on pay policies and their influence on employee retention in the food business by conducting a complete examination of current literature, industry reports, and case studies. The research shows that pay policies are helpful in retaining employees and that there are important aspects that affect employee retention. According to the research, one of the most important factors in attracting and keeping talented workers in the food service sector is offering attractive salaries. Staff retention rates are higher when workers perceive fair compensation for their efforts. To keep pay plans competitive and in line with industry norms, it is essential to do market research and benchmarking on a regular basis. Staff morale and loyalty are both boosted by performance-based incentives like bonuses and recognition programs. Organizations promote a growth mindset and a culture of excellence by recognizing and rewarding outstanding performance. Health insurance, flexible scheduling, and chances for professional growth are just a few of the many advantages that may go a long way toward making workers happy in their jobs and keeping them around.

**Urme, Umma. (2023).** Employee retention should be a top priority for organizations in today's cutthroat economic environment. Many have looked to talent management strategies as a viable answer to this issue. A concise overview of the effects of talent management strategies on staff retention is provided in this article. Among the many tactics discussed in the essay are thorough processes for hiring, training and development programs for employees, ways to monitor performance and provide feedback, competitive compensation and benefits, and the promotion of a positive work environment. The findings emphasize the significance of these strategies for increasing employee retention rates, which enhances productivity, decreases turnover costs, and cultivates a more invested and enthusiastic staff. In order for businesses to create an inviting and satisfying work environment that attracts and retains employees who will be a part of the company's success in the long run, this article will provide some practical strategies for managing people.

**Kristanti, Desi & Yunanto, Yogi & Komari, Ana. (2024).** The purpose of this study is to analyze the relationship between pay and productivity in MSMEs in Gurah District's Gabru Village. Financial incentives are important, but so are employee motivation and business output. Low budgets, lack of complexity, and ever-changing markets are some of the obstacles that micro, small, and medium-sized enterprises (MSMEs) face when trying to develop compensation plans. How well it works depends on things like company culture and how unpredictable the business climate is. Fair remuneration has been shown in empirical research to boost employee happiness and performance. Effective plans may be developed by company owners by taking into account the particular aspects of MSMEs. Methods such as in-depth interviews, questionnaires, and analyses of secondary sources provide the qualitative data used in this study. The results demonstrate that salary and benefits plans promote the retention of high-quality personnel and enhance organizational performance.

**Priyadarshini, Priyeta & Bidnur, Vijay & ranjan, satya. (2023).** What makes a company good at employee retention is its ability to hold on to its current staff. Every study has to add something concrete to the current research report. Findings from this study might be useful for researchers interested in employee retention and turnover rates in the service business, especially in the information technology (IT) subset. Staff dissatisfaction is a major factor in the service industry's high turnover rate. Companies may be pouring money into HR strategies to lower turnover, but they should still think about it from the workers' point of view. Participants in this research were software engineers working for different IT firms in the Pune metropolitan area. Employees from TCS, Infosys, Cap Gemini, Accenture Tech Mahindra, Honeywell, and IBM made up the majority of the randomly chosen respondents. In addition to adding fresh perspectives to the current literature, the results of this study will help the service sector improve their HR procedures. Effective retention tactics may be more easily developed with its help. The research showed that HR rules, pay and benefits, job stress, and interactions with managers all have a role in determining whether employees stay or leave an organization.

### Research methodology

The pilot research employed a simple random sampling method to gather data. Questionnaires covering retention tactics and reasons for attrition served as the main means of data collection. We used Microsoft Excel to record and analyze the workers' replies.

Including 30 workers and 10 HRs, the sample size is 40. In order to analyze the data, the SPSS 16 version program made use of Descriptive Statistics. The data analysis for the pilot research did not use Factor Analysis due to the limited sample size. The reliability of both sets of questionnaires was tested using Cronbach's alpha.

The Pilot Survey's results detail the ways in which participants felt about the survey and the value they placed on the study's potential contributions to the industry. Results from the pilot research clarified the information gathered from participants on the survey's structure and content, which in turn led to revisions to the survey's questionnaire and form style.

**Data analysis**

**Results of the Regression Coefficients of the Component 4**

In the context of elements that motivate workers to perform a good job, this test will help identify which factors have an impact on employee retention. For this, we used data obtained from 60 HRs and took into account the values of the standardized regression coefficients, or the beta values, for each predictor variable.

**Table: 1 Standardized Regression Coefficients for Primary Motivational Factors**

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
4	(Constant)	.935	.582	
	RS 5 - A good and healthy Working Environment for the employees	.110	.244	.099
	RS 6 - Performance Appraisal System followed are as per industry standards	.776	.398	.621
	RS 7 - Good performance is very well Recognized by the organization	-.346	.395	-.284
	RS 8 - Supervisors are Approachable and co-operative in nature	.125	.283	.100

Interpretation - A measure of the strength of the impact of each predictor variable on the criterion variable is the standardized regression coefficients. The stronger the relationship between the predictor and criterion variables, the larger the beta value. Finding out which independent variables have a positive and which have a negative effect on the dependent variable is what regression coefficient testing is all about. Assuming all other independent variables remain constant, the model indicates that the dependent variable will either go up or down for every one standard deviation rise in the independent variable.

Organizations with a regular performance assessment system are able to retain workers and increase employee satisfaction, as seen in the above table, where the Beta value for RS 6 is the greatest and positive. Hence, RS 6, RS 8, RS 5, and RS 7 are ranked in descending order, from highest to lowest, according to the degree of effect (positive or negative) of each independent variable on the dependent variable.

**Results of ANOVA - Quintessential Factors**

As a fifth construct, the Quintessential Factors are examined. If Quintessential Factors significantly affects employee retention, then this test will reveal that. Among the four variables used as predictors, we found:

RS 1: When management shows interest in workers' professional development, it boosts morale and productivity.

RS 2: Workers will be more invested if their compensation is commensurate with their level of expertise.

RS 3: The individual will be motivated to work hard if they have chances that lead to promotions.

RS 4: People are more likely to put forth their best effort when they know they have a secure job.

The dependent variable here is HR initiatives aimed at retaining current employees. Specifically, seven categories were used to gather responses: Very Insignificant (VI), Insignificant (I), Neither Significant nor Insignificant (NSNI), Significant (S), and Very Significant (VS). To determine whether Quintessential elements have a substantial impact on staff retention, we show the SPSS result sheet below.

**Table 2 ANOVA Output for Quintessential Factors**

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.725	4	5.931	4.502	.003
	Residual	72.458	55	1.317		
	Total	96.183	59			

Hypothesis on Quintessential Factors

H: Organizational initiatives aimed at employee retention factors will not be impacted by Quintessential Factors. At 5%, or  $\alpha = 0.05$ , we have established a level of significance. The table shows that the p-value is less than the  $\alpha$  value, which means that the alternative hypothesis is accepted and the null hypothesis is rejected. That is to say, fundamental elements have a major bearing on staff retention.

**Results of the Regression Coefficients of the Component 5**

In the context of fundamental job characteristics, this test aims to correlate the factor(s) that impact employee retention. For this, we used data obtained from 60 HRs and took into account the values of the standardized regression coefficients, or the beta values, for each predictor variable.

**Table 3 Standardized Regression Coefficients for Quintessential Factors**

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
5	(Constant)	1.096	.610	
	RS 1 - Opportunities for Career Growth provided by the organization	.301	.171	.260
	RS 2 - Remuneration provided by the organization should be as per Industry Standards	-.046	.200	-.044
	RS 3 - Opportunities resulting Promotion are available in the organization	.509	.251	.463
	RS 4 - A sense of Job Security should be experienced by the employees	-.197	.161	-.202

Interpretation - A measure of the strength of the impact of each predictor variable on the criterion variable is the standardized regression coefficients. The stronger the relationship between the predictor and criterion variables, the larger the beta value. Finding out which independent variables have a positive and which have a negative effect on the dependent variable is what regression coefficient testing is all about. Assuming all other independent variables remain constant, the model indicates that the dependent variable will either go up or down for every one standard deviation rise in the independent variable.

Providing chances that lead to promotions helps firms retain workers and increase employee happiness, according to the above table, where the Beta value for RS 3 is the greatest and positive. Therefore, RS 3, RS 1, RS 2, and RS 4 are ranked in decreasing order, from highest to lowest, according to the degree of effect (positive or negative) of each independent variable on the dependent variable.

**Impact of Size of the organization**

**Attrition Rate**

**Table: 4 Attrition Rate**

Attrition Rate in last 5 years		
Attrition Rate	Mid-Sized (Less than 1000 employees)	Large-Sized (1000 and Above employees)
0-4%	12%	15%
5-9%	0%	38%
10-14%	59%	27%
Above 15%	29%	19%

Interpretation: The data in the table show that between 10% and 14% employee turnover was reported by 59% of the mid-sized business owners and managers surveyed in the last five years. However, 38% of those working for major companies said that their attrition rate over the last five years has been between 5% and 9%. Employees naturally seek for greater career possibilities with larger businesses, and this trend is driven by the fact that larger IT firms often have access to more diversified and expansive projects and technology.

**Employee Retention Efforts by Firms**

**Table: 5 Impact of size of the organization on the Employee Retention efforts by the organizations**



Employee Retention Efforts by Firms	Mid-Sized (Less than 1000 employees)	Large-Sized (1000 and Above employees)
Very Poor	18%	8%
Poor	9%	0%
Average	47%	19%
Good	24%	23%
Very Good	3%	50%

Interpretation: According to the data in the table above, over half of the mid-sized business owners and managers surveyed think their company does an average job of keeping its employees. Concurrently, half of the employers from major firms report that their company makes significant efforts to retain its employees. It seems to reason that larger IT companies would allocate more resources, both human and material, to their HR departments in order to develop and implement programs to keep their employees.

**Conclusion**

The results demonstrated beyond a reasonable doubt that there is no silver bullet for staff retention. Traditional methods are also failing to resonate with the X, Y, and millennial generations. Work on putting retention plans into action, rather than only having them on paper, has grown more crucial due to the enormous changes in the workplace and the nature of work itself. A number of variables contribute to retention, the relative significance of which varies from company to company. Companies now understand that their employees' individual talents are not enough to guarantee their company's success. Investing significant time and energy into finding and keeping bright and qualified people is no easy feat. Companies lose a lot of money when they don't account for the cost of staff turnover. IT leaders are lamenting increased employee churn and urging their companies to prioritize retention tactics over recruitment.

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