

# The IT Workforce Dilemma: Unraveling Turnover in the Indian Tech Sphere

Dr. Arun H. Patil

Asst. Professor  
Sinhgad College of Commerce, Kondhwa Bk., Pune

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**Abstract:** Success of an organization depends on its ability to retain its workforce, especially in the Information Technology (IT) industry, where attrition rates are high. This study explores the idea, justifications, and tactics of employee retention in the Indian IT industry. The study's goals are to better understand retention and turnover, identify the causes of turnover, and suggest fresh approaches to retention. Using secondary data from multiple sources and primary data from IT professionals via questionnaires, the research methodology combines exploratory and descriptive techniques. Stress at work, discontent, and lack of dedication are some of the factors that affect employee turnover, particularly in the IT industry. Given the IT sector's critical role in India's economy, the study highlights the need for employee retention while identifying the industry's challenges through turnover rates. In order to retain valuable employees in the fast-paced IT industry, it ends with a discussion of two employee retention models (the Zinger Model and the Job Satisfaction Model) and practical tactics like creating a positive work environment, offering competitive salaries, and guaranteeing flexible work schedules.

**Keywords:** Employee, Incentives & Salary, IT Sector, Retention, Satisfaction.

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## I. INTRODUCTION

According to Get Les McKeon, employee retention is "A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs." Employee retention is defined in a variety of ways, it primarily refers to the different measures taken by companies to motivate their employees to stay with them for a longer period of time (Singh, 2019). Employee retention is primarily concerned with avoiding the parting away of efficient employees, which would negatively affect firm's productivity (Bansal, 2014). So we can say that the term "employee retention" describes the procedures and policies used by businesses to keep valuable workers on staff. It is clear from reading through all of these definitions of employee retention that it refers to creating an environment that encourages workers to stay with the company.

Since globalization, there has been a lot of interest in the IT sector. Considering how ubiquitous IT is becoming every day, a lot of young people are choosing to pursue careers in this field. After the manufacturing and agriculture sectors, the

IT sector is the third largest contributor to the Indian economy. As of March 2021, the IT and BPM sectors employed roughly 4.5 million people combined. The Indian IT sector has the highest attrition rate as well. Indian IT companies compete with one another to attract and retain the best talent. The IT industry provides its workers with a flexible and pragmatic organizational culture that is largely free from a hierarchical bossism system and creates a pleasant work environment. The world has praised and emulated Indian IT companies for their exemplary practice of allowing employees to work from home during the COVID-19 pandemic and after.

As is commonly acknowledged, human resources are the real asset for any organization's expansion. When human resource management is done well, other resources are used as efficiently as possible, which boosts profitability. Consequently, any IT organization's main objective is to hold onto its most valuable personnel for as long as possible since this gives them a competitive edge.

## II. OBJECTIVES OF THE STUDY

- To understand the concept of employee retention and employee turnover with reference to IT
- sector in India,
- To highlight the reasons for employee turnover and various retention strategies followed in the
- IT sector,
- To suggest new strategies to retain the employee with reference to IT sector in India

## III. RESEARCH METHODOLOGY

The purpose of research is to study the employee retention practices used and available in India. The research primarily focuses on importance of employee retention in IT sector with reference to Indian environment. Also it tries to suggest strategies which may be employed for successful implementation of employee retention policies. Hence the design used for this research is both exploratory and descriptive. The data used for study is both primary as well as secondary type. Primary data is collected through questionnaire administered through IT professionals from Pimpri-Chinchwad and Pune city using snowball sampling with the help of google form. The secondary data is collected from books, journals reports, magazines, news papers and various websites. Data is then analyzed and transformed into meaningful information.

## IV. EMPLOYEE TURNOVER

Employee turnover is a prevalent issue that many businesses deal with these days. Businesses make significant investments in hiring and training new staff members. Thus, any company that experiences employee turnover may suffer a loss. HR managers use retention strategies that work to try and stop employee turnover. In the Indian IT sector, employee turnover is a common problem, though the recession has temporarily slowed the trend. Even after the economy stabilizes, the problem remains unsolvable. People depart from the company for a variety of reasons. Employee turnover is caused by a variety of factors, including job-related stress, the range of factors that contribute to job-related stress, lack of commitment within the organization, and job dissatisfaction. Employee dissatisfaction with the company can stem from a variety of factors. Unhappiness with one's job is a common cause of employee departures from companies. Numerous things, including pay, job security, autonomy, and relationships with coworkers and the supervisor, can contribute to this dissatisfaction. To reduce the expenses linked to employee turnover, businesses are employing diverse tactics. In light of the rising direct and indirect costs associated with labor turnover, management is regularly urged to determine the reasons behind employee departures in order to take appropriate action. A few of the tactics used by the companies to keep their employees are offering flexible work schedules, empowerment, competitive pay and other benefits, and stock options.

**Table 1: Industrial sectors having High Employee Turnover Ratios in India**

Sr. No.	Industry	Turnover Rate (%)
1.	Hospitality	30
2.	Construction	28
3.	Information Technology	25
4.	Logistics	24
5.	Retail	22
6.	Telecom	20
7.	Manufacturing	18
8.	Healthcare	15
9.	Banking & Finance	14
10.	Education	12

(Source: i. Michael Page India Salary Survey 2023, ii. People Matters Employee Turnover Survey 2023, iii. LinkedIn India Talent Trends Report 2023)

The highest employee turnover rates are found in the hospitality (30%), construction (28%) sectors and information technology (25%). These sectors struggle with morale and retention issues among their workforce. High rates of employee churn may result in higher hiring and training expenses. Higher employee satisfaction and more stable workforces are possible in industries with lower turnover rates.

## V. IT INDUSTRY IN INDIA

According to the India Brand Equity Foundation on IT & ITES - 2018, the country's IT sector contributed approximately 7.7 percent to GDP in 2020, supporting the growth of startups with over 5200 active. The sector is expected to reach US\$350 billion in size by 2025, making India a top sourcing destination with about 38% of the global market for business process management sourcing, the largest pool of skilled graduates ready for employment, and the third-highest share of FDI in India. Additionally, the sector accounts

for roughly 37% of all Private Equity and Venture Investments in the nation. At forty-five percent, the IT sector makes up the largest portion of all Indian services exported. India is currently among the world's leading IT hubs, and the Indian

economy is home to all of the global giants. Below is a breakdown of sector employment over the last five years for both the export and domestic market segments.

**Table 2: Employment in IT and ITES Industry (In Millions)**

Description	2017-18	2018-19	2019-20	2020-21	2021-22 (E)
<b>Employment (In Millions)</b>	3.97	4.1	4.36	4.47	5.1
<b>Net Addition</b>	105000	200000	205000	138000	445000

(Source: Priya Malhotra, A Study of Retention Strategies of Selected IT Companies, IIMT University, Meerut, October 2022)

This sector is the biggest employment generator and has spawned the mushrooming of several ancillary industries such as transportation, real estate and catering, Security, Housekeeping etc.

## VI. NEED AND IMPORTANCE OF EMPLOYEE RETENTION

### ➤ *Challenging Hiring Process:*

Recruitment is a complex task involving multiple stages, from short listing to final interviews. The process demands significant time and effort to identify the right fit for the organization.

### ➤ *Investment in Employee Development:*

Organizations invest resources in grooming and training employees to align with corporate culture. Sudden departures lead to a waste of time and money invested in the development of individuals.

### ➤ *Risk of Competitor Influence:*

Employees leaving for competitors may carry sensitive information, strategies, and policies. Implementing strict policies can prevent the transfer of confidential data and protect organizational interests.

### ➤ *Long-Term Employees' Familiarity:*

Employees with longer tenures possess in-depth knowledge of company policies and guidelines. Their familiarity enhances performance and effectiveness, contributing positively to the organization.

### ➤ *Building Team Compatibility:*

Time is needed for individuals to adjust, build relationships, and establish trust within the team. New hires may face challenges in fitting in, potentially disrupting team dynamics and collaboration.

### ➤ *Enhanced Employee Loyalty:*

Long-term employees exhibit higher loyalty to both management and the organization. Their attachment results in positive advocacy for the organization, reducing negative sentiments.

### ➤ *Retaining Valuable and Talented Individuals:*

Organizations require talented and hardworking employees for sustained success. Retaining top performers is crucial to ensure continuity and the generation of innovative ideas.

Employee retention is not only a response to the challenges of hiring and training but also a strategic move to safeguard organizational knowledge, maintain team dynamics, and foster a loyal and productive workforce. It is an investment in the long-term success and stability of the organization.

## VII. EMPLOYEE RETENTION MODELS

### A. *The Zinger Model:*

This model, which was created by David Zinger, highlights the importance of creating meaningful connections at different levels in order to increase employee engagement and retention. It shows engagement as a pyramid with well-being and energy as its base. Every stage builds on the previous one to finally produce desired outcomes.

Levels of the Zinger Model:

#### ➤ *Base:*

- Energy: Making certain that workers have the tools they need, both physically and mentally.
- Well-being: Encouraging individual wellbeing and a work-life balance.
- Advantages: Highlighting personal qualities and offering chances for development.

#### ➤ *Connection:*

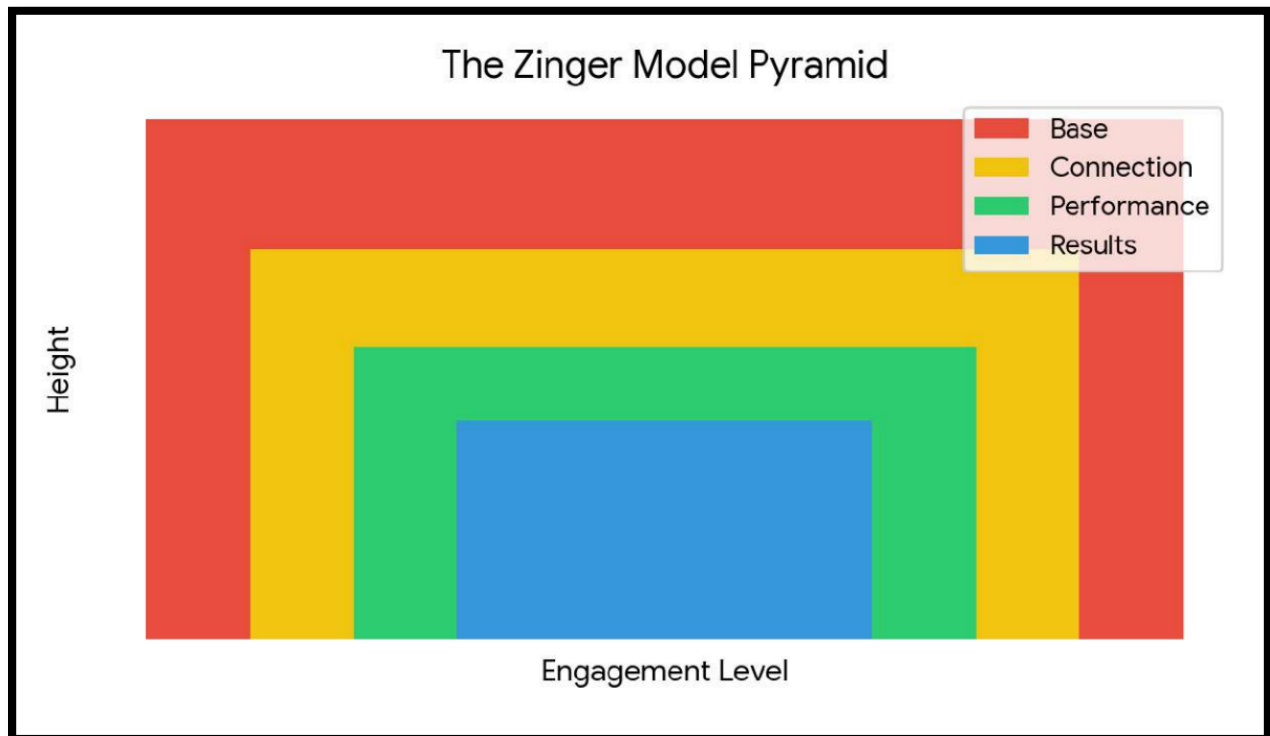
- Relationship: Building trusting bonds with managers and coworkers.
- Community: Fostering a feeling of inclusion inside the company.
- Organization: Matching personal objectives with the mission and core values of the organization.

➤ *Performance:*

- Meaningful Work: Encouraging workers to discover significance and purpose in their work.
- Development: Offering chances for professional growth and skill acquisition.
- Recognition: Honoring and rewarding the contributions of staff members.

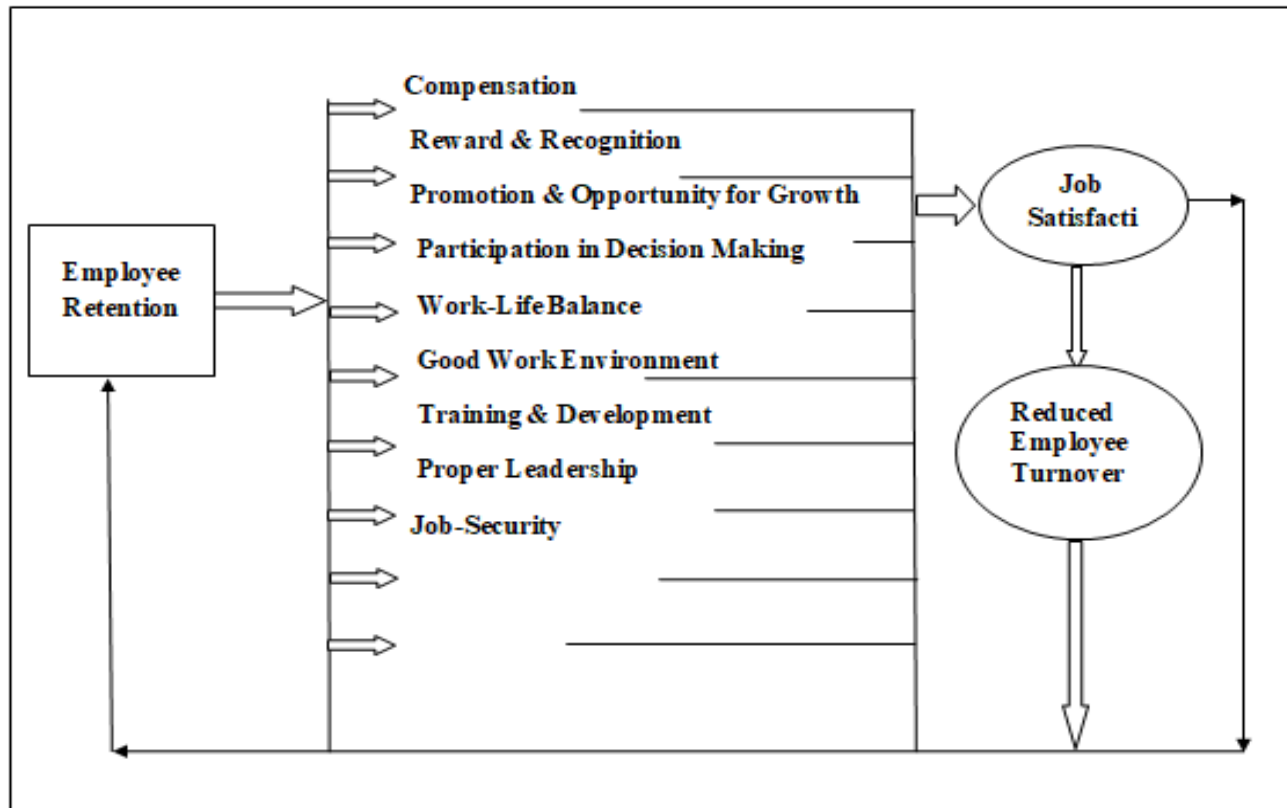
➤ *Results:*

- Customer: Encouraging staff to provide superior customer care.
- Performance: Reaching goals for both individual and group performance.
- Overall Success: Making a positive impact on the organization's overall performance.

**Fig 1: The Zinger Model Pyramid**Source: <https://davidzinger.com/zinger-model/>*B. Job Satisfaction and Employee Retention Model:*

According to this model, employee retention is directly impacted by job satisfaction. It makes the case that contented workers are more likely to stick with their current employer than unsatisfied ones. Job satisfaction is influenced by various factors, such as:

- Salary and benefits: Competitive salary, alluring benefit plans, opportunities for financial growth.
- Work environment: A welcoming atmosphere, cordial connections with managers and Co-workers and a secure and comfortable workspace.
- Job characteristics: Possibilities for skill development, intriguing and demanding work, and a feeling of independence and control over tasks.
- Career growth: well-defined career pathways, chances for growth, and acknowledgement of accomplishments.



**Fig 2: Job Satisfaction and Employee Retention Model**

(Source: Noe, A. M., Hollenbeck, G. P., Gerhart, B., & Wright, P. M. (2017). Human Resource Management: Gaining a Competitive Advantage. Cengage Learning, New York, NY: McGraw-Hill Education)

➤ **Key Differences:**

- **Focus:** The Job Satisfaction Model concentrates on individual employee satisfaction, whereas the Zinger Model concentrates on establishing connections at different levels.
- **Complexity:** The Job Satisfaction Model is a more straightforward framework, whereas the Zinger Model is more thorough and takes into account a variety of factors that affect employee engagement.
- **Application:** The Job Satisfaction Model can assist in pinpointing areas that need improvement in order to boost employee retention, while the Zinger Model can be utilized to create comprehensive employee engagement strategies.

**C. Choosing the Right Model:**

The ideal model for the company will vary depending on its objectives and difficulties. The Zinger Model might be a suitable option if there is a need to increase overall employee engagement and retention. The Job Satisfaction Model might be more beneficial if needs are particularly related to high turnover rates. To create a more customized strategy, components of both models can also be combined. Both of these models are useful resources for comprehending and tackling employee retention. A more engaged and contented workforce can be achieved by successfully putting these

models' strategies into practice, which will increase productivity and foster organizational success.

## VIII. EMPLOYEE RETENTION STRATEGIES

- **Positive Work Environment:** One of the most crucial elements in keeping your most valuable employees on board is fostering a positive work environment. According to an American Electronics Association survey, IT workers cited "challenging work assignments" and a "favorable work environment" as their two favorite retention strategies. A casual dress code, mutual respect, and flexible scheduling are additional elements of a positive work environment.
- **Psychometric assessments:** It has been found that randomly scheduling psychometric tests for groups of workers is a useful way to gain insight into a disgruntled worker's perspective well before they decide to resign.
- **Salary and Benefits:** Undoubtedly, a competitive salary plays a role in an IT employee's decision to stay or quit. However, you can also boost your employee retention rate with other benefits. The possibility of bonuses, more vacation time, family-based leave, stock options, and basic health and dental benefits were all found to be factors that improved employee retention in the IT sector by HR consulting firm McConnell. Non-cash incentives like



employee-of-the-month programs were also mentioned as contributing to higher job satisfaction and lowering employee attrition.

- **Fostering employee engagement and constant innovation:** IT professionals ought to be involved in activities that promote success, autonomy, mastery, and other qualities. In the IT industry, ongoing innovation is a key tactic for retaining staff members for extended periods of time.
- **Flexibility:** An agile workforce is essential for a multigenerational workforce. Everybody has a life outside of the workplace, and people's expectations and goals shift with time. That is why IT companies offer initiatives to support employees' happiness at work and outside of it.
- **Opportunity for Advancement:** When faced with a chance for growth, IT professionals are more likely to stick with a company, and are much more likely to leave a "dead-end

job." When employees are promoted from within the organization, they tend to stay with the company longer than when top positions are constantly filled by outsiders. To assist your staff in seeing a bright future with the company, offer mentoring programs, employee development plans, training opportunities, and tuition reimbursement programs.

#### IX. IMPORTANT FACTORS OF EMPLOYEE RETENTION PRACTICES:

A descriptive study was conducted based upon primary data of 532 respondents out of which 52% are male and 48% females working with IT sector in Pimpri-Chinchwad & Pune City areas. The results are discussed below-

**Table 3: Effectiveness of Employee Retention Practices**

Employee Retention Practices	Yes	No	Indifferent
Salary	86% %	9%	6%
Bonuses and incentives	84%	9%	7%
Pay hike based on employee performance	70%	11%	19%
Opportunities for promotion	74% %	7%	19%
Recognition and rewards			
Flexible Work Arrangements	84%	4%	12%
Organizational Culture	82%	7%	11%
Training and Development Facilities	76%	16%	8%

(Source: Field Work- March 2024, Pune District)

#### ➤ *Top Drivers of Employee Retention:*

- **Salary:** As expected, salary stands out as the most significant factor for employee retention, with a whopping 86% of employees finding it effective. This highlights the importance of offering competitive compensation packages that meet market standards and keep employees feeling valued.
- **Bonuses and incentives:** As like salary employees expect additional benefit of bonus and incentives which counts for 84%. Employees are well aware of companies profit and thus expect profit salary in various forms like bonus and incentives. Many times incentives are based on performance of individuals, departments or otherwise branches.
- **Flexible Work Arrangements:** The desire for work-life balance is evident, with 84% of employees viewing flexible work arrangements as an effective retention strategy. This includes options like remote work, flexible hours, and compressed workweeks.
- **Organizational Culture:** A positive and supportive work environment is crucial for employee engagement and satisfaction. 82% of employees consider organizational culture as a key factor in their decision to stay. Fostering a sense of belonging, teamwork, and open communication

can significantly contribute to friendly environment and minimizing the work stress which ultimately results in retention.

So we can infer that Organizations should focus on providing competitive salaries, attractive bonus and incentive schemes, clear paths for career advancement, flexible work options, and a positive work environment to retain employees.

#### X. CONCLUSION

The study clarifies the important problem of employee retention in India's information technology (IT) industry. Given the industry's major contribution to the GDP and employment of the nation, the high attrition rates present problems that call for calculated solutions. The study highlights the need for effective retention strategies by identifying major causes of turnover, such as job stress and discontent. The Zinger Model and the Job Satisfaction Model, two extensive models of employee retention, are examined and provide insightful information for businesses looking for workable solutions. In order to keep valuable IT professionals on staff, the research recommends adopting flexible work arrangements, offering competitive salaries, and cultivating a positive work environment.

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