



A STUDY ON WORKING ATMOSPHERE AND ITS INFLUENCE ON EMPLOYEE RETENTION IN SELECT IT COMPANIES IN CHENNAI CITY

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ABSTRACT

In early 50's and 60's people preferred working in Government organizations. This happened because of safety working environment and Job security. During this period, even in private sector the workforce worked with the same employer for a longer period of time because of the Quality of work life they had with that employment. This scenario has been slowly changed in the late 70's; people have started switching the job for major career changes and growth. Now, due to economical changes and education system abundant supply of skilled work force has drastically improved. People have lot of avenues and opportunities to have great quality of work life. This voluntary turnover has become inevitable as many foreign players entered Indian market and penetrated the total status of employees socially as well as economically. This becomes need of the hour and imperative to change the job and to change the company often to improve their societal well being, standard of living and quality of work life. The increasing turnover of employees has become as major threat to IT industry and a big challenge to the HR managers working in IT companies. Besides this, the Government is also encouraging the entrepreneurship and the recent Government policies are encouraging the export of service products. Many surveys reported that there are plenty of opportunities available in IT sector and the availability of quality workforce is not meeting the requirements and expectations. As a result, the turnover of quality workforce soared and which resulted in designing the proper retention strategies to the IT sector, the major contributor to the GDP of India.

The study undertaken on these areas in the early focused on analyzing the reasons for employees' turnover with the objective of controlling the turnover. This study focused on factors influencing employee retention involving all the aspects from the employees' perspective and the problems faced by them in their industry.



Key Words: Working Condition, Employee Productivity, Workers Satisfaction and Employee Retention.

I. INTRODUCTION TO THE STUDY

Employee Retention is not a new term to the field of Human resource. Many authors have studied about the employee retention in different cases with different industries. In this study the researcher made an attempt to identify the current trends in employee retention and its importance to the modern scenario. Employee retention is a technique commonly used by the management to facilitate the employees working in the organization to stay back for a longer period of time. The success of any organization especially IT companies depends predominantly on positive and motivated staff members who are contributing to human capital and are a source of value creation.

When an organization is having high employee turnover, the organization needs to face lot of indirect and negative effect on company as well as morale of the employee. An effective employee retention program will create a positive impact on employees' job performance and productivity. The retention strategies are a kind of non monetary motivating factor which helps the employees to create a positive attitude towards the company and make the employees stick to the organization for a longer tenure and contribute to the organization effectively.

Nowadays, the Employee retention has become a hot issue and alarming in IT sector. Well trained and high skilled employees are always having a tendency to swift to other leading companies for better career growth and prospects. The employees are looking for a change due to lucrative salary, comfortable timings, and good growth prospects. It is the responsibility of the management to address the above said issues to retain the talented employees. The human resource team has to intervene immediately when the talented employees submit their unwillingness to continue with the job and also it is their responsibility to find out the exact reasons that have led to them to make quitting decision.

II. RELATIONSHIP BETWEEN SATISFACTION ON WORKING CONDITION AND PRODUCTIVITY

The business houses should always ensure that the provided working condition is as positive as favorable to the employees to work comfortably. Many researchers have proved that the employees' productivity in good working condition is more than the productivity of employees working in poor or average working conditions. Today, working condition has become one of the major reasons to quit the job. Especially, the IT industries in the study area are suffered by the high attrition rate. The IT industries with large scale are providing high infrastructural facilities which motivate the workers to join in the large scale industries. Apart from that to increase the sense of belonging to the employees, to have smooth and non-disturbed work flow, to create better and organized hierarchical system, the IT companies should consider improving on the working condition of their place of business. This is what will lead to more productivity. Poor working conditions have most things disorganized. This will lead to improper or poor performances. Better working conditions also include better equipment. This will further motivate employees to work harder to achieve their desired goals.



III. REVIEW OF LITERATURE

Employee satisfaction/ productivity research give employees ‘a voice’ and also allow the pinpointing of problematic areas leading to the raising of staff satisfaction levels, developing and reviewing of employee management and optimizing corporate communications. It is an obvious statement but ‘high employee satisfaction levels can reduce employee turnover’. Dissatisfied employees tend to perform below their capabilities, resulting in high turnover of employee and leave their jobs relatively quick and are not very likely to recommend your company as an employer. In order to improve the satisfactory level of employees it becomes obvious to provide all welfare measures to the employees. “Employee” welfare as a term which is understood to include such services, facilities and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work on Healthy, congenial, surroundings and to provide them with amenities conducive to good health and high morale” (Report of the ILO, Asian Regional conference, p.3). Apart from that organization fumbles while administering employee benefits and services yielding to the pressure of unions, employees, demand or in deference to social response trends, companies have added newer benefits and services to the list, which is already length, and organizations have seldom established objectives, systematic plans and standards to determine the appropriateness of the programmers” (Keith Davis - 1993). The IT industries must realize the benefits of providing such facilities to their employees and how those benefits are contributing towards reducing the employee attrition. The term benefit applies to those items for which a direct monetary value to the individual employee can be ascertained, as in the case of pension, Medical insurance, or holiday pay. The work service applies to such items as a company news paper, services, for which a direct money value for the individual employee cannot be readily established” (Dale S Beach - 1994). The working atmosphere is a collective term used to characterize all the activities and disciplines devote to maintaining and promoting good and conducive working environment to the employees (Malhotra Sharma - 1997).

IV. OBJECTIVES OF THE STUDY

The following objectives have been chosen for the study.

1. To study the satisfactory level employees related to the working conditions provided by their employer.
2. To examine the factors influencing attrition in Chennai based IT companies.
3. To offer possible suggestions to improve the productivity of employees.

V. RESEARCH METHODOLOGY

Business research is a systematic inquiry that provides information to guide business decisions and aimed to solve managerial problems. Research methodology is a way to systematically solve the research problems. It may be understood as a science of studying hoe research is done scientifically. It includes the overall research design, the sampling procedure, data collection method and analysis procedure.

V. 1. Sources of Data

The study consists of both primary and secondary data. 600 sample respondents were selected by using stratified random sampling method.



Interview schedule were used to collect information from the employees. Field survey technique was adopted to collect first hand information from them. The researchers personally visited and interviewed each and every respondent for this purpose.

The secondary data were collected from the websites and leading journals. A number of standard text books were also referred to obtain pertinent literature.

V. 2. Construction of Interview Schedule

The main aspect of the present research was identified from the pilot study with some selected entrepreneurs and employees. The drafted schedule was circulated among some eminent research experts, faculty guide and the secretaries of exporters association for critical review with regard to format sequence and the like. The schedule was redrafted after their valuable suggestions.

V. 3. Frame work of Analysis

For analyzing the data, the researcher has used simple statistical tools like Percentage, Average, Range, Standard deviation, Two-way tables, Multiple regression and Chi-square test. In addition to these tools, Henry Garrett ranking method was also employed to rank the reasons for high attrition in the study area.

V. 4. Limitations

The study is limited only to Chennai and hence, the conclusions must be drawn in due care when attempt is to made generalize the results. Further survey method was adopted for collecting the data for this study, which has its own limitations.

VI. DATA ANALYSIS AND INTERPRETATION

I. MULTIPLE REGRESSION ANALYSIS – SIGNIFICANCE OF FACTORS INFLUENCING WORKING CONDITION AND RETENTION

In the following analysis, the relationship between the retention of employees and thirteen independent factors which are influencing the working conditions were studied. It was found that out of thirteen factors, ten factors were closely associated with the retention of employees.

Selected thirteen independent factors are.

1. Salaries
2. Employee – Employer relationship
3. Working hours
4. The companies should view their employees as partners.
5. The companies should invest in people as the primary source of competitive advantage.
6. The companies should communicate their corporate mission, vision, strategy, goals, and objectives to all the levels of employees.
7. Leave facilities
8. Transportation facilities
9. Service awards and work recognition
10. Delegation of authorities and responsibilities
11. The employees needed to carry out the strategies of organization in their daily activities.



12. Work stress

13. Fringe benefits

In order to measure the interdependence of independent factors influencing the satisfaction of employees and improving the retention rate of IT employees, the results were subjected to multiple regression analysis. The results of multiple regression analysis are shown in the following table.

MULTIPLE REGRESSION ANALYSIS

Sl. No.	Variables	Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	1.821	0.234			
1	Salaries	0.440	0.067	0.239	6.609	1%
2	Employee-Employer relationship	-0.202	0.059	-0.132	-3.419	1%
3	Working hours	0.287	0.059	0.170	4.871	1%
4	The companies should view their employees as partners.	0.202	0.040	0.184	5.046	1%
5	The companies should invest in people as the primary source of competitive advantage.	0.064	0.025	0.093	2.608	1%
6	The companies should communicate their corporate mission, vision, strategy, goals, and objectives to all the levels of employees.	-0.012	0.032	-0.013	-0.395	NS
7	Leave facilities	0.001	0.039	0.001	2.022	1%
8.	Transportation facilities	0.068	0.038	0.057	3.521	1%
9	Service awards and work recognition	-0.054	0.031	-0.055	-1.724	NS
10	Delegation of authorities and responsibilities	0.371	0.034	0.383	10.816	1%
11	The employees needed to carry out the strategies of organization in their daily activities.	0.098	0.034	0.106	2.828	1%
12	Work Stress	0.283	0.041	0.245	6.911	1%
13	Fringe Benefits	-0.061	0.076	-0.025	-0.807	NS



R-Value	R² -Value	Degree of freedom – V₁	Degree of freedom – V₂	F Value	Significance
0.961	0.923	13	586	540.97	1% Level

The multiple linear regression co-efficient (dependent variable) is found to be statistically good fit as R² is 0.923. It shows that independent variables contribute about 92.3 percent of the variation in their retention and this is statistically significant at 1% level and 5% level respectively.

The table indicated that the co-efficient of salaries, Employee – Employer relationship, Working hours, The companies should view their employees as partners, The companies should invest in people as the primary source of competitive advantage, Leave facilities, Transportation facilities, Delegation of authorities and responsibilities, The employees needed to carry out the strategies of organization in their daily activities, Works stress are positively associated with the retention of employees in IT companies. On the other hand, the co-efficient of Safety measures, Service awards and work recognition and Fringe benefits are not associated with the retention.

Thus from the above analysis, the following observation could be made. The satisfaction of factors influencing the working condition and the workers’ involvement in IT industry is positively associated with their salaries, Employee – Employer relationship, Working hours, The companies should view their employees as partners, The companies should invest in people as the primary source of competitive advantage, Leave facilities, Transportation facilities, Delegation of authorities and responsibilities Works stress in the study area.

II. HENRY GARRETT RANKING

Henry Garret ranking method was employed to identify the expectations of the employees to work very hard and increase the involvement, and commitment in turn leads reduce the attrition rate in IT industry.

S.No.	Problems	Total Score	Mean Score	Rank
1	Transportation Facilities	31878	53.1	III
2	Attractive salaries	32005	53.3	I
3	The companies should invest in people as the primary source of competitive advantage.	31936	53.2	II
4	Fringe Benefits	27109	45.2	IX
5	Employee-Employer relationship	28638	47.7	VI
6	Service awards and work recognition	27471	45.8	VIII
7	Leave Facilities	31091	51.8	V
8	Organization Culture	31540	52.6	IV
9	Employee-Employee relationship	27984	46.6	VII



It is identified from the above table that the employees of IT industries are expecting “Higher/ Attractive salaries” which was ranked first with the total Garrett score of 32005 points. It is followed by the “Health, Safety & Welfare Measures” with the Garrett score of 31936 points. The third expectation with the score of 31878 is that “The companies should invest in people as the primary source of competitive advantage” which was the most expected among the sample respondents since all are travelling from faraway places; “Organization Culture” and “Leave facilities” were ranked in the fourth and fifth ranks with the Garrett scores of 31540 and 31091 points respectively. The sixth and seventh ranks were placed as “Employee – Employer relationship” and “Employee – Employee relationship” with the Garrett scores of 28638 and 27984 points respectively. The eighth and ninth ranks were placed to “Service awards and work recognition” and “Fringe Benefits” with the score of 27471 and 27109 points.

VII. FINDINGS

1. 56% of the respondents are between 21-30 years of age.
2. 66% of the respondents are male.
3. 44% of the respondents are having 1 to 5 years of work experience.
4. 63% of the respondents belong to design department.
5. 56% of the respondents are earning between Rs. 40001- Rs. 80000 per month.
6. 38% of the respondents have agreed that job insecurity is a major cause which affects the working atmosphere and satisfaction.
7. 45% of the respondents have agreed that the non co-operative attitude by subordinates and colleagues creates stress and spoils the working atmosphere.
8. 28% of the respondents felt that the level of work load affects the working environment and sometimes it becomes major cause for low productivity.
9. 34% of the respondents have agreed that conflict between superior and subordinate, is one of the major sources of poor working environment.
10. 42% of the respondents are dissatisfied with the Service awards and work recognition provided by the IT industries.

VIII. SUGGESTIONS

1. The IT companies should develop a smooth and cordial relationship with employees. They should make employees to feel that owners are also one among them; open door policy can be adopted, so that employees will more freely sort out their problems.
2. Implementing feedback system plays a vital role in improving the productivity of employees. The employees can be given enough opportunities to convey their feedback regarding the working environment and the factors affecting the productivity.
3. In order to improve the performance level of employees the organization should create a needy and good working atmosphere and to provide feedback regularly to the employees on their performance.



IX. CONCLUSION

Even though the researchers started this research work with an idea of identifying satisfied and productive employees in IT industries the authors tried to collect more factors which are contributing to the job satisfaction and improving retention. By implementing proper feedback system in IT industries the researchers tried to show the possibility to bring changes in productivity and to control the attrition rate. In every organization, job satisfaction plays a vital role. Employees tend to satisfy if they meet their needs, wants, requirements and most of all job recognition and encouragement from the top management.

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