Employee engagement and their impact on retention: A study on the employees of IT Industry in India

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Abstract: After Globalization Information and Technology (IT) industry is indispensable to the country and growth of any country’s economy so it is important to retain talented people for the smooth operation of company. It is only an employee engagement activity by which we can retain employees and make them mentally and emotionally attached with the organization, feels passionate and make them dedicated towards their work so that an organization can easily achieve their short term and long-term goal.

For the study about employee engagement activities, I have taken three major players of IT industry in India, and strategy they are following to retain their talented people. In today’s scenario it is a big challenge for a HR manager to keep their employees engaged for long term due to fluctuation in IT industry. After pandemic most of the companies has changed their working policies, and adopting work from home opportunity so in virtual mode it is slightly difficult to evaluate employee performance and micro management.

The objective behind this study is to explore and analyse the various employee engagement policies like (reward and recognition, management support, appreciation, flexible working timing learning and development program) implemented by IT companies so that they can retain their potential employees. The organisation must work on creating and bringing up engagement, which requires a corresponding relationship between employees and management. So employee engagement may be a estimating system that decides is the association of someone with the organisation.

This is a qualitative study and the tools used for data collection are self-administered questionnaire. A convenience sampling technique was used for this research. A total of 60 respondents responded through questionnaires. Data gathered were shown in table and analyse through pie chart. The findings of respondent give a clear picture about there is a positive correlation between employee engagement and retention.

Keywords: Employee engagement, Employee retention, Talent management, Strategies of employee engagement, IT Industry, Factors affecting retention, engagement activities.

1. Introduction

Employee engagement is a multi-phase process and it involves the acquiring, attracting and advancing the potential employee in the organization. We can say that engaged employees are key factors to achieve the organizational goal easily. Before satisfying the customer, we must satisfy our employees because, it is only an employee engagement process by which we can retain employees and make them mentally and emotionally attached with the organization, feels passionate and dedicated towards its values. Employee engagement refers to create positive vibration among employee towards their roles and responsibility.

Companies are experiencing huge changes due to new technologies, globalization of business, rapid development of knowledge. Companies should make policies to attract, motivate and retain their employees. Employee engagement is not very expensive; it is a necessity if companies are to perform in marketplaces by offering high quality products and services. At the present time employee turnover is a major issue in IT industry due to the high market value and digital transformation of every sector, So it’s a big challenge for HR managers to retain their potential employees and it’s possible only through employee engagement strategies and activities.

“Engaged employees feel deeply connected in their company and work diligently. They formulate alternation and move the organization onward.” Non- Engaged - “Non - Engaged employees are actually ‘overlooked; they are sleepwalking through their day, spend time – but not effective and dedicated into their work.” Unengaged- “The
'unengaged' employees are just not sorrowful at work; they are busy acting out their unhappiness. The profitability of a company and efficiency of productivity depends upon the knowledge and experience of its employees. Involvement is closely related to winning participatory construction activities. Job’s involvement is described as ‘a level of activity. The situation is between a person and his or her unique identity. Type of work involvement judgment of the emotional aspect in relation to the skills that seek to satisfy the task.

Management can inspire employee engagement by many approaches, including communicating expectations clearly, offering prizes and promotions for good work, keeping employees informed about the organization performance, and providing daily feedback. Other strategies include making efforts to make employees feel worthy and honored, and feeling that their plans are being heard and acknowledged. Engaged employees believe that their work is meaningful, believe that they are appreciated and backed by their boss and that they have been entrusted with the success of their organization and they never think to leave that kind of organization.

Which type of strategies you have to formulate will depend on the size and budget of your company. Each organization have their own perspective on the engagement strategies that have to be followed based on their objectives, goals, and core values. Hence the involvement of workers takes different angles and patterns in different industries.

Engagement in the TCS knowns effective engagement as a main technique to fostering a culture of participation, & which helps to interact with employees and management together on a common platform and which also strengthen a culture of transparency and ownership.

1.1 Objective of the study

1. To understand the strategies of employee engagement in IT industry.
2. To understand the impact of employee engagement on retention.
3. To identify the factors that affects retention.
4. To suggest some strategies for a more “effective employee engagement which can decrease the employee turnover.

1.2 Significance of the study

This study will help to understand about the employee engagement, employee retention and what will be the impact of employee engagement on the employee retentions Retention of a positive and motivated employee is very important for the organization's success. High employee turnover increases the expenses and also has a negative impact on the organization's morale.

2. Review of Literature

So far, there have been many studies around the world regarding their impact on employee engagement and employee retention. Some studies were reviewed in this study, and the results are explained as follows.

Employee Engagement
According to Sanchez (2007), employee engagement is defined as “a result of the way employees perceives their work, the leadership of the organization, the recognition and rewards they receive, and the communicative spirit of the organization”. Another study, Cook (2008), defines employee engagement as “a term that describes the passion and energy that employees must provide to an organization to do their best to serve customers. It's about the will and ability of the employees.”

A study by Stairs et al (2006) defined employee engagement as “motivating employees to excel at work, to be committed to their employers, and to do their best for the good of themselves and the organization”. Truss and colleagues (2009) describe employee engagement as “engagement is the creation of opportunities for employees to communicate with colleagues, managers, and the organization as a whole. It is also about creating an environment where employees want to be involved in their work and are interested in doing a good job. It is a concept that puts
flexibility, change and continuous improvement at the core of what it means to be an employee and an employer in the 21st century workplace.”

Employee retention
The study concluded that to retain an excellent and talented workforce, organizations must create a favorable environment in which to do an advantageous job. Research shows that great and successful organizations respect their employees and seek to make policies more flexible to improve employee performance to achieve employee engagement levels. Research shows that retention is the process by which employers take action to prevent key employee turnover. Research shows that retention is an effort by employers to implement good policies to retain competent employees to achieve organizational goals and success. Research shows that a talented workforce is more valuable because of an organization’s experience than knowledge, skills, and experience. Research shows that organizations view assets as assets. Most of the previous studies agreed that good retention strategies not only provide longer tenure in the organization, but also motivate them to perform their duties with dedication. Thus, employee engagement improves employee retention by making employees emotionally attached to the organization and passionate about their work.

Factors that affect employee engagement and retention
Research has shown that an HR management needs to identify key points as to why employees are leaving the organization in order to implement appropriate prevention measures. If an organization fails to deal with the problem of timely retention it becomes a major problem to adopt a certain maintenance practice. Research also shows that there are some factors that affects employee engagement and retention. Job Satisfaction - Job satisfaction is one of the most important emotions that employees feel. From a technical point of view, job satisfaction is usually related to employee satisfaction with a job.

Better Career Opportunities- Career growth is becoming increasingly important to the modern worker. For example, today's workers know that the future of their job is becoming increasingly competitive. At the same time, modern people are getting bored at work and look for other jobs.

Poor Management and Leadership- Leadership and management have a great impact on the workplace climate. When employees respect their leaders, they listen better and follow them.

Correcting bad management takes time and effort, but the reward justifies the investment. Employee engagement increases, friction in the workplace is reduced, and the organization becomes more efficient as a result.

Fair Wage System- Wages are a sensitive issue, but no one can avoid it. Explain to your employees how your company's pay structure works and what they look for when they deserve a raise. If you speak openly to your employees about this sensitive issue, they will understand you better and work harder to prove you are worthy of this promotion.

Work life balance- Work-life balance is becoming increasingly important to employees. This tends to influence an employee's decision to remain in the organization. Employees are now looking for flexible working hours to take care of their personal and professional lives. The balance between personal and professional is very important to them.

Impact on Employee Retention
Employees are the asset of any organization, and organizations always strive not to lose key performers. Employee retention can be defined in different ways depending on the context of use. One study found that many organizations retain 85% to 90% of their employees for a specific period of time that is typically considered a year. In another context, employee retention refers to an organization's ability to retain employee. In this case, employee retention is considered a strategy based on an organization’s effort to retain employees. Employee retention includes taking steps to encourage employees to stay with the organization for a maximum period of time. Conservation management, on the other hand, has become a major source of competitive advantage in today's rapidly globalizing business world.

Research has also found that the need for relocation of families and employees creates family stress and creates financial problems associated with relocation. For organizations, unnecessary workloads can disrupt customer service and result in dissatisfied employees. When an employee with critical community support skills leaves an organization, it has a negative impact on society. It has been observed that increasing employee engagement can improve employee retention
3. Research Methodology

Research methodology is a generic term for a structured process for conducting research. There are different methodologies used for different types of research, and in general, the term is considered to include study design, data collection, and analysis. This study uses primary and secondary data. Data is collected from sources such as questionnaires, Internet, journals, and research papers. Data analysis is performed using native tools for selected companies. The methodology planned for the research purpose is as follows.

3.1 Research Design

The study is qualitative research, exploratory in nature, & involves a detailed knowledge about employee engagement in IT industry. The study also explores into the emerging trends and challenges in employee engagement and their impact on retention [8]-[10]. This study is based on primary and secondary data through survey and existing information on employee engagement and retention.

3.2 Source of data collection

Questionnaire.
Secondary data.
Sampling method:
For purpose of the study, convenient random sampling technique has been adopted. The employees who are working in the IT companies were asked to share their feedback through google forms. From among them respondents were selected for the study purpose.
Sample size:
The sample size selected for the survey is 60.

3.3 Statistical Tool Used

Likert scale: A Likert scale is composed of a series of four or more liker type items that represent similar questions combined into a single composite score or variable. Likert scale data can be analyzed as interval data.
Pie chart: A pie chart, sometimes called chart, is a way of summarizing a set of nominal data or displaying the different values of a given variable, like percentage distribution. This type of chart is a circle divided into a series of segments. Each represents a particular category.

4. Data analysis and interpretation

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<thead>
<tr>
<th>S. no.</th>
<th>Questions</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>1</td>
<td>Does reward and recognition policies motivate employees to work effectively and efficiently.</td>
<td>Through questionnaire it is understood that 58.3% of people are highly agree, 36.7% people are agree and 3.3% are neutral about it.</td>
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<td>2</td>
<td>Working culture of organization is a factor that affects the retention ratio of employee.</td>
<td>From the data collected 36.7% people are highly agreed 53.3% people is agree and 10% people have no idea about that.</td>
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<td>3</td>
<td>Do you agree that learning and training session directly influence the sustainability of employees?</td>
<td>The data states that 35% of people are highly agree, 53.3% people is agree and very few is disagreed with this statement.</td>
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<tr>
<td>4</td>
<td>Does giving new opportunities to your current employee improve retention via employee engagement.</td>
<td>Through questionnaire 36.7% of the respondents are highly agreed while 56.7% people are agreed and very few is neutral about this statement.</td>
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<tr>
<td>5</td>
<td>Does cross functional learning impact employees turn over.</td>
<td>On the basis of data collected 68.3% respondent agrees that cross functional learning impact employees turn over.</td>
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</table>
6 Do you think that the implementation of three R’s (recognition, reward, respect) will increase employee retention? 26.7% respondent is agreed that leave policy is issue for quitting any job 43.3% are agree with this statement while 23.3% of people is neutral about this statement.

7 Appreciation is a major factor that accelerate the performance of employee. 43.3% respondent are highly agreed that appreciation affects the performance, 51.7% people are agreed and only 5% people dose not thing such.

8 Salary is a major factor that impacts the turnover. 80.3% respondent is agree that salary is major factor that impact the turn over and only 19.7% respondents do not agree.

9 Does management and leadership impact the retention. On the basis of response 36.1% respondents are highly agreed that management and leadership impact the retention, 57.4% are agreed and 4.9% are neutral about this statement.

10 Hybrid culture attract employee to join an organization. From the data collected through questionnaire 68.9% respondents are agree that hybrid culture attract employee to join an organization and 31.1% respondents are neutral about this statement.

Interpretation: Graphic Representation of Employee engagement and their impact on retention

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<th>S. no.</th>
<th>Interpretation</th>
<th>Chart</th>
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<tr>
<td>1</td>
<td>From the above chart we can interpret that maximum number of the respondent are agreed with the reward and recognition is a factor that motivates employee to work effectively.</td>
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![Chart](chart1.png)

| 2     | Majority of the respondents are agreed that working culture is a factor that affects the retention ratio of any organization. Very few are neutral about this statement. |

![Chart](chart2.png)

| 3     | The above chart displays that majority respondents i.e., 53.3% and 35% agrees that learning and training session influence the sustainability of employees within the organization. |

![Chart](chart3.png)

| 4     | From the above analysis it is understood that giving new opportunity to your current employees helps |

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organization to decrease employee turnover.

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<th>5</th>
<th>The above chart shows that 68.3% of the respondents agree that cross functional learning impact employees turnover while some have no idea that it impacts retention or not.</th>
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<th>6</th>
<th>The above diagram displayed that most of the employees believe that three R’s will increase employee retention in the IT industry.</th>
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<th>7</th>
<th>Majority of the respondents are agreed that appreciation is a major factor that impacts the creativity and performance of the employees.</th>
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<th>8</th>
<th>On the basis of above analysis, I found that salary is a major factor for employees turn over.</th>
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<th>9</th>
<th>From the above information we can interpret that management and leadership is a major factor that impact retention of employees.</th>
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<th>10</th>
<th>The above chart displayed that hybrid culture is not a big factor to attract employees to work in the organization it statement is true at some extent.</th>
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5. Findings

95% of the respondents agrees that reward and recognition policies motivate employee to work effectively. 54 respondents among 60 agrees that working culture affects the retention ratio of employees. 36.1% people are highly agreed and 52.5% people agrees that training is a good factor that directly influence the sustainability of employees. 56 out of 60 respondents are agree that we should give new opportunity to our current employees so that we can retain our potential employees. 68.9% of the representatives agree that cross functional learning impact employees turn over while 26.2% people have no idea about that. 80.3% people that salary is a major factor that impacts employee turnover, while 19.7 % respondents are not agree with this statement. 34 out of 60 are agree that only on the quantitative results are one of the ways to measure employee engagement. 68.9% respondents agrees that hybrid culture attracts employee to join organization but there is also good amount of people who do not agree with this statement.

5.1 Managerial implications of the study

It is often said that the best managers produce the best results from their employees. As a matter of fact, throughout history, managers have devised several approaches and strategies which have been aimed at enhancing turnover of employees through effective employee engagement strategy. In addition, a lot of research has been carried out with regards to employee engagement and their impact on retention. For this reason, there is need to critically examine employee engagement as well as roles played by managers and relationship between employees’ self-efficacy and managers’ effectiveness. This helps explain the effects and benefits of increasing employee engagement. It also helps highlighting the different methods you can use to increase employee engagement. This article attempts to complement this framework of knowledge and, in particular, critically examine the managerial implications of employee engagement and its impact on employee retention.

5.2 Societal implications of the study

First, businesses must openly acknowledge that they have a social contract with the surrounding communities. Because businesses directly benefit from the community's shared infrastructure, organizations are obligated to return and directly benefit the community, not just providing jobs.

Employee engagement through cause is a vital means by which to strengthen employee relationships, enhance employee morale and even build critical skill sets and expertise. Plus, employees are hungry for ways to get involved in. Additionally, research has also shown that meaningful and impactful socially minded work increases company brand loyalty and reputation (consumers are increasingly holding companies accountable for their social and environmental impact in the world) and creates a more attractive organizational culture that enhances the employee value proposition, allowing organizations to attract and retain top talent in the industry. Additional organizational benefits include enhanced employee/employer relationships, increased organizational citizenship behaviors, enhanced employee creativity and innovation, increased employee organizational commitment and amplified employee motivation and performance. “One of the greatest benefits of a community involvement or corporate social responsibility (CSR) program is that it allows organizations to engage their employees on a variety of different levels, which ultimately drives overall engagement in your company.

6. Conclusion

Employee Engagement is a positive attitude held by the employees towards the organization and its values. Analysing the factors which have emerged as the most important determinants of Employee retention are Organizational culture, Intrinsic motivators, Employee centric Organizational culture, Effective goalsetting, working flexibility, management support, Cross functional learning, Feedback, and Peer Cohesiveness. The findings confirm that employee engagement activities, timely rewards and recognition, pay are the strong drivers of Employee Engagement. Fair pay and satisfying benefits package also lead to highly engaged employees. An organization that wants to increase retention levels will attempt to foster the factors which have a positive effect of engagement through every business activity they perform. Organizations and practitioners are trying to develop metrics that numerically enter employee engagement into their balance sheets, but this is problematic because in many cases employee is treated as an expense rather than an organization's asset.
References


