Job Security - A Motivational factor for Employee Retention in Indian IT & ITES Sector

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Abstract: Employee Turnover is an integral part of running a business and is inevitable in any kind of industry. IT/ITES industry which is intrinsic on human capital is prone for higher employee turnover. Higher employee turnover in the IT/ITES industry is an impediment for organizations to gain competitive advantage. In that context, this article tries to study 'Job Security' as a motivational factor for employee retention. The study was conducted on a sample of 402 IT/ITES employees from various organizations in Hyderabad, AP through a questionnaire. The sample is broken down based on their positions and is broadly categorized as senior level, mid level and entry level employees. The responses were analyzed accordingly.

Keywords*:* ITES Sector, Job Security, Business Challenges, Employee Retention.

Introduction:

The Indian IT & ITES Sector has grown considerably over the last decade and contributed over six per cent of the country's GDP. Growth in Indian IT sector in the world market is primarily dominated by IT software and services, including system integration, IT consulting, application management, custom applications, infrastructure management, software testing and web development. Competitive factors such as skilled manpower, adequate telecommunication networks and appropriate policy framework and regulatory environment have enabled both domestic and foreign firms to rapidly expand in the internationally competitive IT services sector. India is regarded as the premier destination for the global sourcing of IT-ITES, accounting for 51 per cent of the global sourcing market. The year 2009 would, for many reasons, be marked as a watershed year in the history of India's IT/ITES industry.

The industry, that heralded the entry of India as a global economic super power, was significantly impacted by what was arguably one of the most severe economic contractions in decades. After over a decade of 30 per cent compounded annual growth the industry "slowed down" to a growth rate in the high teens and India's largest employment growth sector was talking about "manpower rationalization". The IT sector is now seeing signs of recovery and optimism. The character of this recovery in the aftermath of the Great Recession will be very different from the recovery after the dot-com bust, which was a sector specific correction. India has moved from being a major driver to "the largest player" in the off-shore delivery world. The processes delivered are amongst the highest in the value-chain of companies, the supply-side elasticity of skilled English speaking manpower across technology and non-technology spaces is unmatched, the economic surplus in the industry has shifted to the off-shore players who are now looking at acquisition targets worldwide and the Indian service provider

community is being viewed as a "strategic business partner" – not just an IT services vendor.

Importance of HR in IT/ITES Industry

IT/ITES employees are in high demand and represent a group of employees with elevated turnover potential. As organizations expand globally and increase their use of technology, IT employees become more valuable to the long term success of most of the companies. In this context the competition to retain key employees is intense. Top-level executives and Human Resource (HR) departments spend large amounts of time, effort and money trying to figure out how to keep the valuable employees from leaving the organization.

Employee attrition is one of the most important parts of corporate life today. It has a huge impact on the bottom-line and is a part of cost of doing business. Employee turnover in some cases have far reaching consequences and will hamper the organizations, big time, in achieving their objectives. In many cases losing critical employees may hamper deliverables and will impact the services provided to the client. In this context, it is very important for the organizations to retain their Key employees for the organization to go to the next level.

Nothing can be more frustrating for the organizations than the constant aggravation of employee turnover. Normally employee turnover varies with the industry and the shape of the economy. The competitive advantage of the organizations depends on the skilled and talented employees. It is they who take the organization to the next level. In this context the main emphasis of human resource management is how to retain skilled and talented work force. A loyal and efficient and work force that is aligned with the organizational culture, values and goals are to be treasured. It is very important for the industry to have an outward focus towards its customers. Retaining their key employees is one of the means for the organizations to deliver to their clients with quality and on time. In the above context retaining key employees should be of paramount importance for all the organizations and right retention strategies should be developed to target them.

In pursuit of identifying how job security would influence employee retention, the data was collected from 402 employees from different organizations in Hyderabad city of Andhra Pradesh state. These professionals are at different levels in the organizational hierarchy. For the purpose of the study, the sample is categorized as senior level, middle level, entry level based on the designation of the employees.

The primary data was collected by campaigning exhaustively with a questionnaire to answer which tried to dig deep into their perceptions on their organization and how various job factors would influence them in their decision to remain with their organization or to move on. The results of the study are discussed, analysed below.

Table-1.1: Gender-wise distribution of the sample IT employees

Gender	Employee Levels			Total %
	Senior level %	Middle level %	Entry level %	
Male	74	84	114	272

	(84.1)	(74.3)	(56.7)	(67.7)
Female	14 (15.9)	29 (27.7)	87 (43.3)	130 (32.3)
Total	88 (100.0)	113 (100.0)	201 (100.0)	402 (100.0)

From the table 1.1, it is observed that out of the 402 total employees interviewed – 272 (67.7%) are Male and 130 (32.3%) are Female. Out of 272 male employees in the sample, 74 are senior level, 84 are middle level and the remaining 114 are at the entry level employees within their organization. Out of the 130 female sample employees 14 are at senior level, 29 are at middle level and 87 are at entry level of the organization. Hence from the sample it can be observed that the male employees are higher in numbers when compared to the female employees in any IT organization.

From the sample of 88 employees at senior level, 74 (84.1%) are men and 14 (15.9%) are women. When the same is observed at middle level, 74.3 per cent are men and 27.7 per cent are women. At entry level 56.7 per cent are men and 43.3 per cent are women. It can be observed that from the data that the composition of female employees is reducing from entry level through senior level and is vice-versa in the case of male employees.

Table-1.2: Age-wise distribution of the sample employees

Age	Employee Levels			Total
	Senior level	Middle level	Entry level	
20-25 Years	6 (6.8)	8 (7.1)	84 (41.8)	98 (24.4)
26-35 years	29 (33.0)	98 (86.7)	115 (57.2)	242 (60.2)
36 and above years	53 (60.2)	7 (6.2)	2 (1.0)	62 (15.4)
Total	88 (100.0)	113 (100.0)	201 (100.0)	402 (100.0)

The table 1.2 shows the age wise distribution of sample employees based on their position in the organizational hierarchy. Out of the 98 (24.4%) employees in the age group of 20-25 years – 6.1 per cent are in senior level position, 8.1 per cent are in middle level positions and 85.8 per cent are in entry level positions. Many organizations would hire students from premier institutes like IIT, IIM etc at higher levels and hence we could see about 6.1 per cent employees in the age group of 20-25 years in managerial positions. Out of 242 employees in the age group of 26-35 years- 12 per cent are in senior level positions, 40.5 per cent are in middle level positions and 47.5 per cent are in entry level positions. Out of the 62 employees (15.4%) in the age group of 36-45 years- 85.5 per cent are in senior level positions, 11.3 per cent are in middle level positions and 3.2 per cent are in entry level positions.

Out of the total 402 sample employees the highest employees of 242 (60.2%) comes under the age group of 26-35 years followed by 98 employees (24.4%) falls under the age group of 20-25 years. The remaining 62 employees (15.4%) are in the age group of 36 and above years. In any organization bulk of the employees are with 4-10 years of experience. Hence it can be observed that most of the employees would fall under 26-35 years of experience.

Table-1.3: Years of service with the current organization of the sample IT employees

Sl. No	Service with the Organization	Employee Levels			Total
		Senior level	Middle level	Entry level	
1	Less than 1 year	3 (3.4)	8 (7.1)	47 (23.4)	58 (24.4)
2	1-3 years	19 (21.6)	42 (37.2)	92 (45.8)	153 (38.2)
3	3-5 years	21 (23.9)	37 (32.7)	57 (28.4)	115 (28.6)
4	5-10 years	39 (44.3)	26 (23.0)	5 (2.4)	70 (17.4)
5	More than 15 years	6 (6.8)	-	-	6 (1.4)
Total		88 (100.0)	113 (100.0)	201 (100.0)	402 (100.0)

The table 1.3 records the distribution of the sample respondents by their years of service with their current organization. The employee level and their length of the service are also presented in the table. It is noticed from the table that out of the total sample employees the highest proportion of 38.1 per cent have 1-3 years of experience with their present organization followed by 28.6 per cent employees having 3-5 years of service with the organization and 14.4 per cent of employees with 1-3 years of service. It is understood that approximately 53 per cent of the employees are having less than three years of service with their present organization and the remaining 47% of employees have more than 3 years of service with their organization.

Job Security- One of the top motivational factors for employee Retention

To understand the importance of job security as a factor influencing employee retention, the responses received for the five questions associated with this factor has been analysed. One of the major factors that influence employees to retain with an organization is the job security.

Table-1.4: Job Security

Sl. No	Statements	Levels	SD	D	UD	A	SA	Total	Chi-square
1	I have access to the info about the organizations policies	Senior	1 (1.1)	5 (5.7)	7 (8.0)	51 (58.0)	24 (27.3)	88 (100.0)	20.24**
		Middle	-	7 (6.2)	9 (8.0)	77 (68.1)	20 (17.7)	113 (100.0)	
		Entry	1 (0.5)	4 (2.0)	33 (16.4)	138 (68.7)	25 (12.4)	201 (100.0)	
2	The company retains people who are considered to be good performers	Senior	2 (2.3)	7 (8.0)	27 (30.7)	42 (47.7)	10 (11.4)	88 (100.0)	20.00*
		Middle	5 (4.4)	16 (14.2)	13 (11.5)	64 (56.6)	15 (13.3)	113 (100.0)	
		Entry	4 (2.0)	11 (5.5)	58 (28.9)	106 (52.7)	22 (10.9)	201 (100.0)	
3	The organization always promotes the people who are best equipped to meet the future demands of business.	Senior	-	6 (6.8)	21 (23.9)	51 (58.0)	10 (11.4)	88 (100.0)	14.76
		Middle	2 (1.8)	19 (16.8)	17 (15.0)	61 (54.0)	14 (12.4)	113 (100.0)	
		Entry	1 (0.5)	22 (10.9)	54 (26.9)	111 (55.2)	13 (6.5)	201 (100.0)	
4	The Sr. Leadership of the organizations is trust worthy and always balances employee interests with those of the organization	Senior	-	7 (8.0)	17 (19.3)	49 (55.7)	15 (17.0)	88 (100.0)	9.32
		Middle	3 (2.7)	15 (13.3)	27 (23.9)	58 (51.3)	10 (8.8)	113 (100.0)	
		Entry	2 (1.0)	21 (10.4)	53 (26.4)	105 (52.2)	20 (10.0)	201 (100.0)	
5	The organization is financially strong enough to overcome short term/long term economic crises.	Senior	-	-	7 (8.0)	55 (62.5)	26 (29.5)	88 (100.0)	9.03
		Middle	1 (0.9)	2 (1.8)	13 (11.5)	74 (65.5)	23 (20.4)	113 (100.0)	
		Entry	1 (0.5)	3 (1.5)	34 (16.9)	121 (60.2)	42 (20.9)	201 (100.0)	

*Significant at 0.05 level ** Significant at 0.01 level

It is concluded from the table 1.4 that 85.3 per cent of senior level employees, 85.85 of middle level employees and 81.1 per cent of entry level employees feel that they have access to the information about the organization policies. A marginal 8 per cent, 8 per cent and 16.4 per cent of senior level, middle level and entry level employees of the organization are undecided it they have access to the organization policies. 6.8 per cent, 6.2 per cent and 2.5 per cent of senior level, middle level and entry level employees respectively feel that they do not have access to the organization policies. The chi square value of 20.24** is found to be significant at 0.01 level. Thus it can be concluded that there is a significant difference in the employee responses received from respondents of different levels of the organization with reference to the access to the information about the organization policies. It is ironical that more senior level and middle level employees think they do not

have the access to the information about organization policies compared to the entry level employees.

It can be observed from the table that 59.1 per cent of senior employees, 69.6 per cent of middle level employees, 63.6 per cent of entry level employees feel strongly that the company retains employees who are considered to be good performers. It is astonishing to observe that 30.7 per cent of senior level employees think they are undecided about the same. Among the other category employees 11.5 per cent middle level employees and 28.9 per cent of entry level employees feel the same way, undecided if the company retains good performers. While 10.3 per cent of senior level employees feel that the company does not retain good performers, 18.6 per cent of middle level employees and 7.5 per cent of entry level employees also feel the same. It can be observed that the undecided lot of employees who are not sure if the organization retains good performers is relatively high and if only those numbers can be brought down, it would be great to the organization and they can also create a sense of feeling amongst the employees that the organization will always want to keep them. In a way this would instil a sense of confidence amongst employees about their job security as long as they feel they are performing well. The chi square value of 20.00** is found to be significant at 0.05 level. This indicates that there is a significant difference in employee opinions on company retaining the good performers. It is an important observation that more employees from entry level and middle level agree with it than that of the senior employees. Organizations should instil a sense of feeling among employees that it would treasure good performers and would go always want to retain them. That way they can reduce employee attrition by retaining more good performers.

It is observed from the table that 67.45 per cent of senior level employees, 66.4 per cent of middle level employees and 61.7 per cent of entry level employees either agree or strongly agree that the organization always promotes people who are best equipped to meet the further demands of business. Among the other category of employees 23.9 per cent, 15 per cent and 26.9 per cent of senior level, middle level and entry level employees respectively feel that they are not sure about the same and feel they are undecided about it. The remaining 6.85 per cent, 18.6 per cent and 11.4 per cent of senior level, middle level and entry level employees respectively either disagree or strongly disagree about the same, which means that they think organization doesn't always promote people who are best equipped to meet the future demands of business. The chi square value of 14.76 is found to be not significant. This indicates that there is no significant difference in the employee responses received on company promoting the people who are best equipped to meet the future demands and needs.

Organizations should have a good talent management process in place right from hiring the right kind of employees and providing necessary training etc through their growth in the hierarchy to make sure they adapt themselves with the skills needed to meet the future business challenges. This way, organizations can create a great work force that can realize and agree to the fact that the company always promotes people who are best equipped to meet the future business needs.

It is also noticed from the table that 72.7 per cent of senior level employees, 60.15 of middle level

employees and 62.2 per cent of entry level employees either agrees or strongly agrees that the senior leadership of the organizations is trust worthy and always balances employees interests with those of the organization. While 19.3 per cent, 23.9 per cent and 26.4 per cent of senior level, middle level and entry level employees respectively feel that they are undecided about the same. From the rest 8 per cent,16 per cent and 11.4 per cent respectively either disagree or strongly disagree that it is the case. This means they feel that the senior leadership of the organization is not trust worthy and does not always balance employee's interests with those of organization. The chi square value of 9.32 is found not to be significant. This means that there is no significant difference in employee's opinion across the organization that the senior leadership is trustworthy and always balances the employee interests with those of the organization.

In this context it is very important for the senior management of the organization to have a direct and regular contact with their employees , like town halls, emails etc. to communicate the business situation, performance of the organization, the steps taken by the company to address some of the pain points of the employees etc. This would definitely instil a sense of confidence in the management in employees at all levels, which will create a feeling of security amongst the employees and will help in their retention.

It is good to observe from table-1.4 that 92.0 per cent, 85.95 and 81.1 per cent of senior level, middle level and entry level employees feel that their organization is financially strong enough to overcome short term and long term economic crisis. The chi square value of 9.03 is found to be not significant. This means that there is no significant difference in the responses received from employees across the organization is financially strong to overcome short term/long term financial crises. It is always good for the organizations to share their financial performance with their employees periodically. If they can lay out their plans for the future that would make the employees even more confident that their company is moving in the right direction which would translate into more employee retention.

Conclusion:

In the context of employees attrition being a part of corporate life these days, the way the organizations treat their employees during the financial downturn and the way they support them during the economic troughs will go a long way in creating an employee loyalty and might influence them a big way in retaining with the organization even if offers from other companies pour in. Organizations tend to hire more people during the economic buoyancy, but they tend to lay-off people during the economic distress to survive and reduce their costs. But if only they can take care of their employees during the down time can they score on the job security factor with the employees. According to this survey, one of the top motivational factors for employees is job security. That also means the lack of job security is most likely to wreak havoc with a company's employee retention.

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