An Empirical Study to Analyse the Stay Aspects versus the Voluntary Turnover Intentions of Software Professionals in India

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Abstract

Understanding the reasons why employees prefer to stay is equally important as to investigating why employees leave an organisation. Most of the software companies in India today devote a considerable amount of their time and energy in formulating constructive retention strategies to retain their critical talent.There are a plethora of reasons as to why the software employees resort to job hopping.It could be due to the attractive offers in another company or due to their dissatisfaction with the present employer. Employees prefer to stay in a company which gives them competitive wages and other benefits and allow them to grow and achieve. This research paper aims to analyse the factors that may encourage an employee to stay with the present employer versus reasons that make him voluntarily quit the company. Friedman's test for k related samples is used for this study. Software employees working in Chennai city were the respondents for this analysis.

Keywords: Retention, Voluntary turnover, Software Industry, India

1. Introduction

Employees are key to any industry and software industry is an employee intensive industry thereby attracting and retaining the employees, especially key talented work force becomes challenging in the competitive dynamic environment. Due to the presence of a large number of IT companies employees have an option of switching over their jobs very frequently. Many organisations particularly software companies where job hopping is common, spend their time and money to understand the reasons why employees leave them mostly through exit interviews.The core reason being that by conducting these exit interviews a company can identify the reasons for an employee's choice for exit. In order to retain good talent an employer must clearly know what the employees require.Almost all IT employees prefer to work for a company that gives them scope for career development. They also look forward to getting regular feedback on how they perform as well as the company's performance. A flexible work schedule that enables them to have a healthy work life balance and benefits that are fine tuned to their individual needs.The moment they feel they are being underutilized, they start searching for a new job, and most often they get the job of their choice. In such a scenario, organizations face a lot of trouble, as a high turnover rate may lead to under productivity. To avoid such situations, organization have to adopt retention strategies to make employees stay for sufficient period in which the employee is able to contribute and perform. An important concern here is which strategy or strategies should be adopted, which works well with all the employees.

If a company wants to keep its employees it is important that they understand the reasons that make the employees stay in their company. The employer should carefully introspect the reasons as to what makes an employee stay for a longer period. Studies have indicated that a low turnover rate necessarily does not mean that the employees prefer to work in the same company.It could signal tight job market conditions or other reasons. A proven fact is that Employees prefer to remain with the same employer until some force causes them to leave. This force could be internal or external.The amount of job satisfaction that an employee derives and the company environment that he works serves as the internal forces that determine his stay with the same employer.External forces may include job opportunities in other firms as well as well as personal reasons. Compensation also plays an important role in holding an employee with the same company.Regular raises in pay is always regarded as an effective strategy to retain talent. If an employer pays adequate attention to the reasons why an employee prefers to stay then they can reinforce right strategies for retaining the employees driven by voluntary turnover intentions.

2. Review Of Literature

Numerous studies have been made in the area of retention of employees. Previous researches have shown that a number of factors determine the stay aspect of an employee. They include compensation,challenging job, training and development opportunities,career development etc. Higginbotham(2012) observed that money is still the primary incentive that is used to retain professionals in their jobs.Kochanski and Ledford(2012) supported this view and stated that employees attach importance to feelings about pay raises and the method that is used to administer them. Tomlinson (2011) mentioned in his study that once an employee reaches his desired pay level the other factors such as career, supervisor support,work and family balance gain priority.Hoyt and Gerloff (2011) stated that compensation offers an employee a sense of security,autonomy,recognition and an improved self worth which in turn makes him committed to his employer making him stay for a longer period of time with the same company.Wiener (2010)

concluded in his study that salary alone does not provide motivation to the employee. He opined that monetary compensation in the form of bonuses and profit sharing plays a vital role in determining the stay aspect of an employee particularly high skilled workforce such as IT professionals.

Lazenby & Herron(2011) observed that high technology employees such as IT professionals prefer to do work that is interesting as well as challenges them and utilizes their skills and knowledge.This will in turn minimize their intention to voluntarily leave the company.Mc Eacham (2010)observed that high technology employees develop a sense of competency if they perform challenging jobs.Mathieu and Zajac(2010) in their study found a positive correlation between skill variety and employee retention.He stated that individuals may develop a sense of competency is by working in a job with high skill variety.He also pointed that skill variety is related to affective commitment than continuance commitment because of the increased feelings of belonging towards the company.Several studies have also indicated that employees value the autonomy they have over their roles and jobs.(Pretorius & Roodt)2008 found a relation between job autonomy and organisational commitment. They stated that the higher the level of autonomy that the individual possesses, the more negatively it is correlated with turnover.

With regard to training and development,many studies have stated that the employees who possess key information technology skills have become increasingly difficult to find.Cataldo, Assen and D'Alessandro (2008). Thus many companies have identified proactive retention strategies for maintaining these knowledge workers.Tomlinson (2011) had opined that training is necessary for the survival of any IT professional for maintaining a company's knowledge reservoir.He also suggested that it is important for the organisations to have a cutting edge over other firms by having their employees well trained in latest technologies. Chang (2007) observed that employees who receive adequate training and development develop an affinity towards the company thus enable them to develop stay intentions for a longer period of time.He stated that training and development improve the psychological state of an employee. It entrusts in him the feeling that the company is

concerned about improving this skill and ability.(McElroy, 2006) concluded in his study that employees who are aware of the expenses that the company incurs on them for training and development appreciate the company's efforts and develop a sense of obligation to stay committed to the company for a considerable period of time.

Many employees have vouched on the fact that supervisor support enables them to develop positive attitudes towards the company thus making them stay in the same company for a longer period of time.Kochanski and Ledford (2005) stated that high technology employees value feedback from their supervisors and colleagues.They observed that when employees are provided with praise and constructive feedback stronger feeling of loyalty develop towards the organisation.Job hopping is very rampant among the software professionals. The main reason for this phenomenon is the quench for career development. Human resources professionals are of the opinion that employees always look forward to career progression and promotions.Baruch(2005) stated that provision of career development opportunities yield significant retention results than any other type of reward. He also opined that an organisation's adherence to career oriented practices that includes internal promotions, training and development and employment security are positively related to retention.

Work/life policies include flexible work scheduling (e.g. part-time work, job-sharing, variable starting and quitting times), family leave policies allowing periods away from work for employees to take care of family matters, and childcare assistance (e.g. referral service, on-site or offsite care centres) (Burke & Cooper, 2002). McCrory (1999) indicates that the majority of high technology workers value work/life initiatives as very meaningful. Loyal, high technology employees (those who cannot envision changing jobs in the foreseeable future) are more concerned with leave (vacation, holidays etc), flexible work schedules, family friendliness and a proximity to their home, than job seeking employees who are actively looking for a new position (Dubie, 2000).

As studies have discussed,the employer uses exit interviews to understand the reasons why an employee has decided to quit a company. Thomas(2000) observed that the companies should adapt themselves to a smarter way in tackling the issue of voluntary attrition. He advocated the application of stay interview as a better tool in understanding retention of employees.He opined that the motive behind a stay interview is similar to that of an exit interview.But the real objective is to create strategies for retaining key talent.

3. Research Objectives

1) To explore the voluntary turnover intentions of the software employees in leaving the present company to work for a competitor.
2) To understand the areas of change that the employees recommend for improving their stay intentions.
3) To analyse the opinion of the employees regarding their stay intentions if the changes are incorporated in the company.

Research Hypotheses

Null hypothesis H_01: All the interests in leaving the present company to start working for a competitor carry equal importance.

Research Methodology

The respondents for the study were the software employees of the IT companies in India.Well structured questionnaires were used for the study. Questionnaire was sent via e-mail to 983 respondents.14 were rejected on account of inadequate data.Hence the sample size chosen for the study is 947. 961 questionnaires were returned.The questionnaires were circulated online to the employees by the researchers themselves.Employees who were employed with the major IT companies in India were chosen for the study.Out of 947 respondents, 63.16% are males and the remaining respondents are females (36.84%). It is observed that majority of the respondents (63.16%) working in the software industry are men.

4. Analysis and Interpretation

Interest in leaving the present company in order to start working for a competitor

Software professionals have ranked their interest in order to start working for a competitor in Software industry. Testing the significance of various interests in leaving the present company to work for a competitor, Friedman's test for k-related samples is applied to study the relationship between various interests in leaving the present company.

Table :1:Interest in leaving the present company

Factors	Mean Rank	Chi square value
More challenging tasks	5.36	
Better pay	3.94	
Better benefits	4.23	
Better work environment	4.61	
Better Leadership	5.01	58.852** (p<.001)
Better career opportunities	4.93	
Better training opportunities	6.66	
Better working conditions	5.00	
More healthy work family balance	5.32	

** Significant at 1% level

The results in the table show that the null hypothesis "All the interests in leaving the present company to start working for a competitor carry equal importance" is rejected at 1% level. Hence, the interests in leaving the present company to start working for a competitor do not carry equal importance.

The mean ranks in the table 1 shows clearly that "Better pay" followed by "Better benefits" and "Better work environment" are the important reasons to leave the present organization. "Better training opportunities" followed by "More challenging tasks" and "More healthy work family balance" are the least interests for quitting the current organization.

Areas employees expect changes in your company

Employees working in software industry were selected for the study. Software professionals have given their opinion about their expectations towards the changes required in the present company. Respondent's opinion about their expected changes is displayed in the Table 2.

Table :2:Areas employees expect changes in your company

	Number of respondents	Percentage
Pay philosophy	189	20.0
Organizational policy	520	55.2
Training and Development	158	16.8
Others	75	8.0
Total	942	100

Table2 explores the respondent's expectation about the changes in particular area of their company. 55.2% of the respondents expecting the company to change organizational policies, 20% of the respondents would like to pay philosophy changes, 16.8% of the respondents expecting training and development policies and the remaining 8% of the respondents expecting changes in other areas. It is observed that more than half of the respondents (55.2%) working in Software industry is expecting changes in organizational policies.

Figure 2: Areas you expect changes in your company

Preference to stay with present company

Employees working in software industry were selected for the study. Software professionals have given their preferences to stay with present company if their expected changes are implemented. Table 3 shows the respondent's preferences to stay with present company if their expected changes are implemented.

Table 3:Preference to stay with present company

Factors	Number of respondents	Percentage
Strongly agree	256	27.2
Agree	394	41.8
Neutral	206	21.9
Disagree	61	6.5
Strongly disagree	25	2.7
Total	942	100

Source: Primary data

Table 3 exhibits the respondents' preference to stay in the company, if the changes are incorporated. 41.8% of the respondents agreed that they will stay in the present company if changes are incorporated, whereas 27.2% of the respondents strongly agreed to stay within the company, another 21.9% of the respondents neither agreed nor disagreed about the preference of staying in the organization, 6.5% of the respondents honestly disagreed that they won't stay in the current organization even the changes are implemented and only 2.7% of the respondents strongly agreed they are not willing to stay within the same company. It is observed that more than two fifth of the respondents (41.8%) agreed to stay with the present company if changes are incorporated.
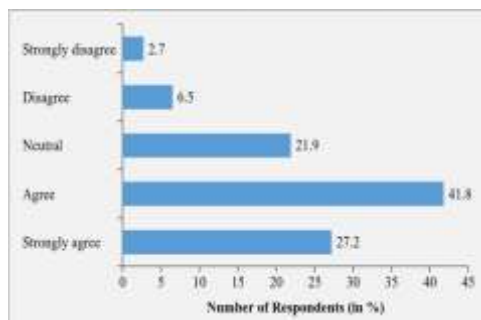

Figure 3: Preference to stay with present company

5. Findings

1) This study shows that employees consider compensation as an important determinant of their stay intentions. Better pay significantly prioritizes their decision to remain or quit a company.

2) Employees also value better training opportunities for the enhancement of their skills and knowledge base. When they do not receive adequate training opportunities the employees develop mixed feelings about remaining with the same employer which in the due course of time may develop as turnover intentions.

3) Employees particularly technology workforce prefer to do tasks which are challenging in nature. The moment they feel they are underutilized they make plans to voluntarily leave the company.

4) This study also reflects the reality that employees value their family, so they demand a healthy and balanced work life which gives them adequate time and space to meet their family demands also.

5) This study also indicates that employees are willing to remain with the same employer if certain changes are incorporated within the company as per their recommendations.

6. Suggestions

Improving the stay intention of the employees is of primary importance to the organisation. Better compensation, career growth,training and development opportunities go a long way in improving the stay intentions of employees. Equal importance should also be given to
Rewards and recognition as well as respect for the employees should be be a priority for improving the stay intentions of the employees.HR professionals have opined that respect is the foundation for keeping the employees.Without respect, rewards and recognition will not work in the desired direction. Issues of retention occur because because the management does not give adequate attention to employees needs and aspirations. Hence it is suggested that the companies give importance to the

rewards and recognition programmes that boost the morale of the workforce.

7. Conclusion

This paper throws light on the preferences of an employee in remaining with the company in comparison with his voluntary intentions of quitting . Most of the employees expressed their opinions regarding the various changes that are need within the company. It was also understood that the employees were willing to stay with the same company for a longer period of time if the necessary changes were incorporated. Compensation ruled the mindset of the employees. But several employees also gave preference to career development as well as a healthy work life balance. As emphasized by previous researches , retaining employees have gained tremendous significance particularly when job hopping is the trend. Thus it is highly recommended by the study that the stay intentions of an employee should be analysed by the company so as to determine the voluntary turnover intentions.

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