

# TALENT RETENTION CHALLENGES IN IT SECTOR OF INDIA

Harshita Shrimali<sup>1</sup>  
Bhanupriya Khatri<sup>2</sup>

## **Abstract:**

*In current economy, HR leaders endorse the consideration of employees as their prime assets & foundation of their competitive advantage. In the competitive scenario, the volume of information has transferred the equilibrium of control in support of employees compared to employer.*

**Keywords:** Talent Management, Talent Retention

**JEL Classification:** O15

## **Introduction:**

The employees have now huge knowledge of the organizations, employers & their talent retention practices through internet & media. Varieties of career options are waiting for talented employees. So, there is a big necessity to endorse talent retention practices by HR managers.

## **Review of Literature**

According to Hartley (2004)<sup>1</sup>, Talent Management is a term that extends over a wide set of activities, such as succession planning, HR planning, employee performance management etc. Creelman (2004)<sup>2</sup> defines Talent Management as the process of attracting, recruiting and retaining talented employees.

According to Knez et al (2004)<sup>3</sup>, Talent management refers to a continuous process of external recruitment and selection and internal development and retention. A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs.

Bill Gates once said, 'take our twenty best people away from us and I can tell you that Microsoft would be an unimportant company' (Stross, 1996).<sup>4</sup>

A survey of top executives by the Society of Human Resource Management found that 75% of them cited succession planning as their most significant challenge for the future, while over two thirds cited recruiting, selecting and retaining talented employees as among the next most important challenges (Society of Human Resource Management, 2007)<sup>5</sup>.

The academic literature (Dalton et al cited in Abelson, 1987)<sup>6</sup> suggests that differentiating avoidable and unavoidable turnover (from the organization's point of view) can help organizations to understand voluntary turnover more fully. Avoidable reasons include employees leaving to find better pay or working conditions elsewhere, problems with management or leaving for better career opportunities. Unavoidable reasons - which are beyond the organization's control - include, for example, an employee having to move because of relocation by a spouse or leaving to fulfill family or caring responsibilities.

IDS (2004)<sup>7</sup> suggest that where there is a general turnover problem within the organization, companies often take a holistic approach aimed at fully engaging with staff.

For organizations, across the globe, talent management of knowledge workers and managers is of strategic importance. Organizations are facing severe difficulties recruiting and retaining the necessary talent to support global operations. (Scullion, Caliguri & Collings, 2008)<sup>8</sup>.

---

<sup>1</sup> Dr., Professor, Faculty of Management Studies, Pacific University, Udaipur (Raj),  
harshita\_shrimali07@yahoo.com

<sup>2</sup> Dr., bhanupriyagidwani@gmail.com

## Research Methodology

### 1. Objective of the study

To study the challenges faced by IT firms to retain talent.

### 2. Hypotheses of study

Based on objective, following **hypotheses** were defined as below:

- IT sector is facing great challenges in retaining talent
- Commitment of top management helps in retaining talent in the organization.

### 3. Area of the study

Top 30 IT companies are selected from all over India.

### 4. Sample size and its selection

- Top 30 IT companies dealing in software and hardware are selected through **judgmental sampling**.
- For HR manager's questionnaire 100 HR Managers from Top 30 companies are selected by **convenience sampling**.
- For employee's questionnaire, **stratified random sampling** is used. For this 2 strata are created, one from MBAs side and second from Engineers side.
- In total 10 employees are selected from each company making sample size of 300 employees (3 MBAs & 7 engineers).

### 5. Data collection

- The entire study is focused on IT firms of India.
- To collect Primary Data, questionnaire is designed to collect data from HR managers as well as employees of IT firms.
- Mainly Top 30 IT companies are selected and from them around 100 HR managers are chosen to fill questionnaire and around 300 employees are selected randomly who are considered as talent by the IT firms for filling up the questionnaire.

## Data Analysis

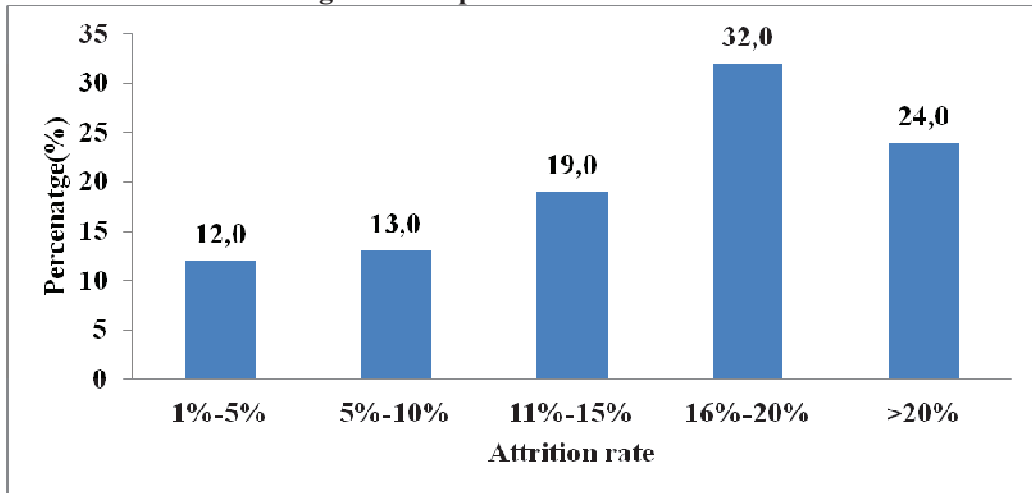
**Table 1. Distribution of attrition rate in your organization**

	Frequency	Percent
1%-5%	12	12.0
5%-10%	13	13.0
11%-15%	19	19.0
16%-20%	32	32.0
>20%	24	24.0
Total	100	100

Table 1 represents the details of attrition rate in your company. It was found that 32.5% respondents showed 16%-20% attrition rate, 24.0% showed greater than 20% attrition rate, 19% showed 11-15% attrition rate, 13.0% showed 5%-10% attrition rate where as 12% showed 1%-5% attrition rate. HR managers believe that the attrition rate in IT companies is 16-20%. This shows that this is a very dangerous issue. This is prevalent very significantly in the IT industry, more than any other industries, for a host of reasons. Proportion of attrition rate showed by respondents is represented in Figure 1.

Proportion of attrition rate showed by respondents is represented in Figure 1.

**Figure 1. Proportion of attrition rate**



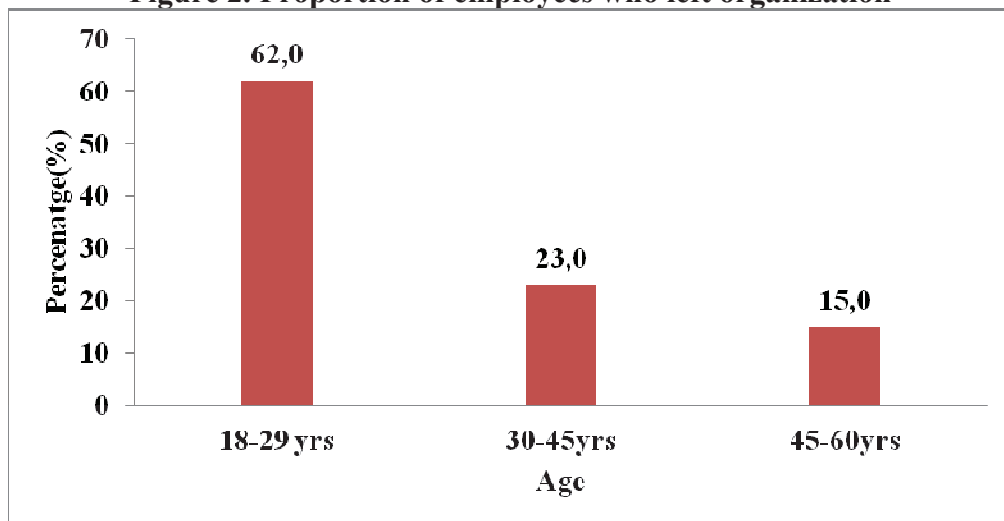
**Table 2. Distribution of number of employees who left the organization**

Age	Frequency	Percent
18-29 yrs	62	62.0
30-45yrs	23	23.0
45-60yrs	15	15.0
Total	100	100.0

Table 2 represents the details of number of employees who left organization. It was found that maximum 62% employees of 18-29 years left organization, 23% employee of 30-45 years and 15.0% employees left organization and their proportion of left organization is shown in Figure 2.

Companies need to recognize that these young workers are very mobile. They have to understand that they want a personal and clearly articulated career path. With their social media skills and easy access to job postings on the Web, they don't have to work hard at all to find new opportunities.

**Figure 2. Proportion of employees who left organization**



**Table 3. Distribution of position attrition level**

Level	Frequency	Percent
Lower	43	43.0
Middle	36	36.0
Higher	21	21.0
Total	100	100.0

Table 3 represent the details of attrition level of respondent .Maximum attrition was found 43.0% Lower level, 36% Middle level and minimum attrition for Higher level. Proportion of attrition occurred between position level is shown in Figure 3.

The attrition rate in the lower and middle level departments troubled the company. The nucleus of this group belongs to fresher and comparatively newcomers in the industry.

**Figure 3. Proportion of attrition among position levels of respondents****Table 4. Distribution of main causes of leaving a job in your industry (according to employees)**

Statements	Strongly agree N(%)	Agree N(%)	Neutral N(%)	Disagree N(%)	Strongly disagree N(%)	Mean	Rank	Chi-square	p value
High stress level	105(35.0)	56(18.7)	34(11.3)	34(11.3)	71(23.7)	3.3	R8	58.6	0.00**
High work pressure	132(44.0)	23(7.7)	24(8.0)	23(7.7)	98(32.7)	3.2	R10	177	0.00**
Irritating boss	24(8.0)	87(29.0)	34(11.3)	102(34.0)	53(17.7)	2.8	R19	75	0.00**
Lack of knowledgeable boss/leader	27(9.0)	67(29.0)	90(30.0)	99(33.0)	17(5.7)	3.0	R17	90	0.00**
Health issues	89(29.7)	89(29.7)	77(25.7)	43(14.3)	2(0.7)	3.7	R6	93.7	0.00**
Lack of time for Social Interaction	56(18.7)	45(15.0)	56(18.7)	45(15.0)	98(32.7)	2.7	R21	32.1	0.00**
Intense monitoring	46(15.3)	78(26.0)	67(22.3)	56(18.7)	53(17.7)	3.0	R17	10.3	0.03*
Lack of growth opportunities	109(33)	97(32.3)	23(7.7)	34(11.3)	66(22.0)	3.8	R5	86	0.00**
Poor talent engagement	45(15.0)	99(33.0)	56(18.7)	45(15.0)	55(18.3)	3.1	R13	33.5	0.00**
Lack of extra facilities Like housing, conveyance, medical facilities, child care facilities etc.	109(33)	34(11.3)	35(11.7)	56(18.7)	66(22.0)	3.2	R10	62	0.00**
Lack of feeling for organization	34(11.3)	45(15.0)	88(29.3)	78(26.0)	55(18.3)	2.8	R19	33.9	0.00**

Statements	Strongly agree N(%)	Agree N(%)	Neutral N(%)	Disagree N(%)	Strongly disagree N(%)	Mean	Rank	Chi-square	p value
Lack of Promotional opportunities	209(34.3)	34(11.3)	45(15.0)	3(1.0)	9(3.0)	4.4	R2	484.5	0.00**
Discouraging attitude of team leaders and managers	103(34.3)	34(11.3)	34(11.3)	45(15.0)	84(28.0)	3.1	R13	66.7	0.00**
Communication gap between operations and HR	99(33.0)	34(11.3)	45(15.0)	56(18.7)	66(22.0)	3.1	R13	155.7	0.00**
Unattainable High Targets	209(69.7)	34(11.3)	45(15.0)	11(3.7)	1(0.3)	4.5	R1	471.8	0.00**
Off hours shift	99(33.0)	123(41.0)	34(11.3)	34(11.3)	10(5.0)	3.9	R4	155.7	0.00**
Work Life Imbalance	34(11.3)	99(33.0)	87(29.0)	76(25.3)	4(1.3)	3.3	R8	42.2	0.00**
Lack of challenging task	45(15.0)	99(33.0)	56(18.7)	45(15.0)	55(18.3)	3.1	R13	33.5	0.00**
Lack of good salary/monetary benefits	208(69.3)	34(11.3)	23(7.7)	34(11.3)	1(0.3)	4.4	R2	468.4	0.00**
Power and Politics in the Organization	34(11.3)	45(15.0)	44(14.7)	132(44.0)	45(15.0)	2.6	R23	109.4	0.00**
Lack of time for social interactions	45(15.0)	89(25.3)	76(25.3)	56(18.7)	34(11.3)	3.2	R10	33.6	0.00**
Intense monitoring	41(13.7)	34(11.3)	78(26.0)	89(29.7)	58(19.3)	2.7	R21	36.8	0.00**
Monotonous task	45(15.0)	45(15.0)	56(18.7)	56(18.7)	98(32.7)	2.6	R23	32.1	0.00**
Uncommitted top management	55(18.3)	157(52.3)	32(10.7)	45(15.0)	11(3.7)	3.7	R6	241.1	0.00**

Uncommitted top management showed significant difference ( $\chi^2=241.1$ ,  $p<0.01$ ) at 0.01 level of significance and responses are as strongly agree (18.3%), agree (52.3%), neutral (10.7%), strongly disagree (15.0%) and disagree (3.7%).

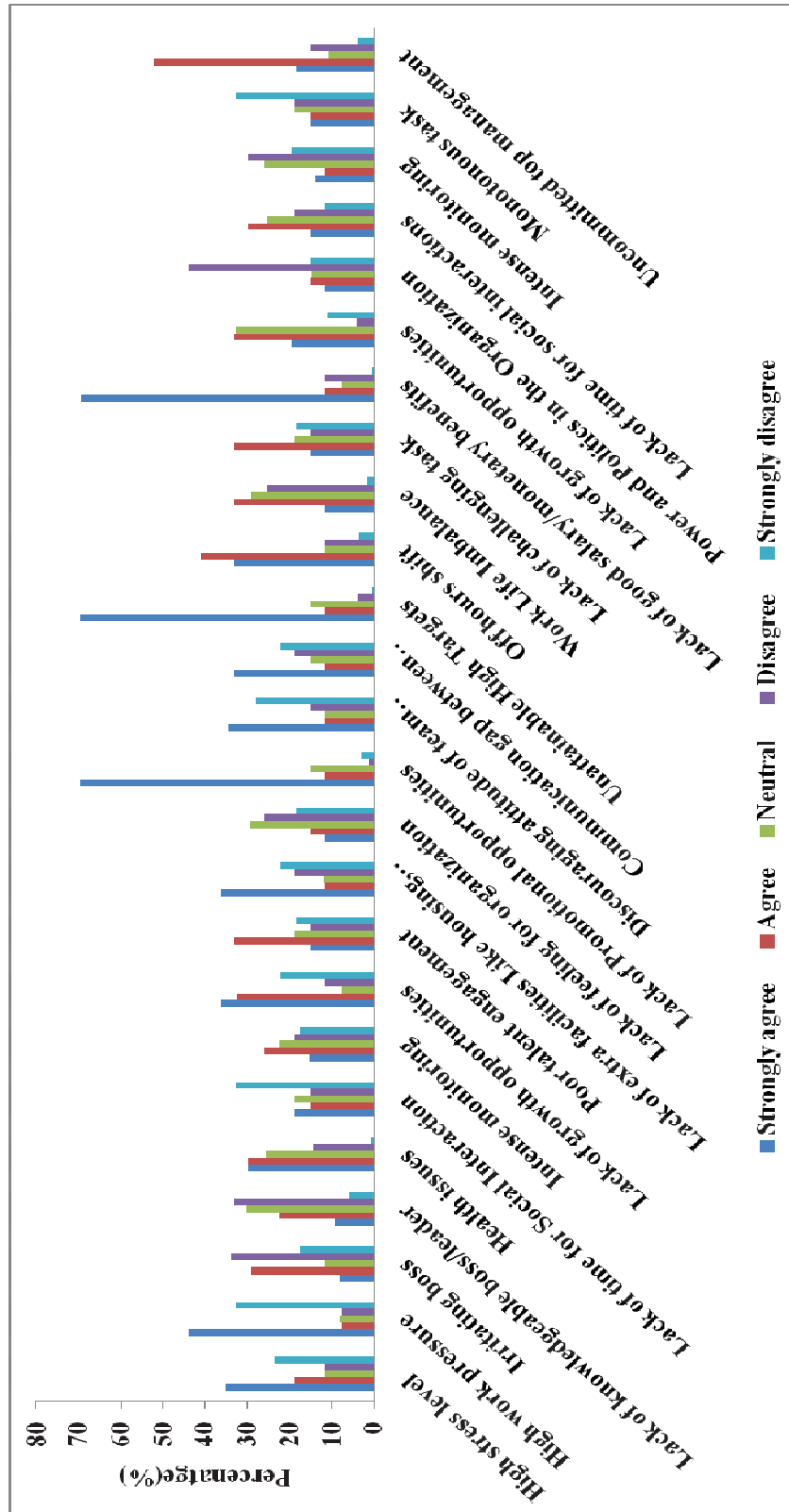
Hence the hypothesis: **Commitment of top management helps in retaining talent in the organization** is accepted.

### Results & recommendations

- In this objective, all the two hypotheses are accepted:
  - a. IT sector is facing great challenges in retaining talent.
  - b. Commitment of top management helps in retaining talent in the organization.
- According to 32 % HR managers, the attrition rate in IT companies is found to be 16-20%.
- The maximum no. of employees who left the organization falls in the age category of 18- 29 years.
- The maximum attrition is found to be at lower level.
- **The main causes of leaving job are as follows:**
  - a. Unattainable High Targets
  - b. Lack of good salary/monetary benefits
  - c. Lack of Promotional opportunities
  - d. Off hours shift
  - e. Lack of growth opportunities
  - f. Uncommitted top management
  - g. Health issues
  - h. High stress level

- i. Work life Imbalance
- j. Lack of extra facilities like housing, conveyance, medical facilities, child care facilities etc.
- k. High work pressure
- l. Lack of time for social interactions
- m. Commitment of top management helps in retention of talent

Figure 4: Main factors of leaving company



### **Recommendations**

1. The companies must follow talent transitioning strategy.
2. Companies should build the strategies to retain the younger employees also.
3. Top management should be committed to retain talent.
4. Every employer needs to understand the importance of talent management & talent retention.

### **Conclusion**

Creativity & innovation are the pillars & assets of IT Industry. The intellectual function of people impel business of IT industry. The success of companies depends on managing the talent of people.

### **References:**

1. Hartley, D. (2004) Digital Beat. T D, 58(3), 22 — 25
2. Creelman, D. (2004): Return on investment in Talent Management: Measures you can put to work right now, Human Capital Institute, Position Paper.
3. Knez, M. (2004) 'Optimizing your investment in your employees', in Berger, L. & Berger, D. (eds) (2004) Talent management handbook, New York: McGraw-Hill.
4. Stross, R.E. (1996), The Microsoft Way, Addison-Wesley, Reading, MA.
5. Society for Human Resource Management (2007). Strategic research on human capital challenges. Alexandria, VA: Society for Human Resource Management ([www.shrm.org/foundation](http://www.shrm.org/foundation)).
6. Abelson M. A. (1987), 'Examination of avoidable and unavoidable turnover' Journal of Applied Psychology, vol. 72(3), pp. 382-386.
7. IDS (2004), Improving staff retention, IDS HR Studies No. 765, Jan 2004.
8. Scullion, H., Caligiuri, P., & Collings, D. (2008). "Call for Papers: Global Talent Management", Journal of World Business, 43: 128-129.