AN EMPIRICAL STUDY ON RETENTION OF EMPLOYEES IN IT INDUSTRIES WITH SPECIAL REFERENCE TO WIPRO TECHNOLOGIES

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ABSTRACT

The most valued assets of an organization are the people who directly or indirectly contribute to achieving the various business objectives laid down by the organization. Human Resource Management is a very strategic approach to managing these most valued assets. It helps management in identifying key skill sets, knowledge, values required in the employee and the rewards that are needed to be given to the employees so that the organization goals are fulfilled. This current paper “Retention of Employees-A case study of Wipro” studies various reasons for attrition of the employees and also strategies to retain the employees. This study includes general study and also case study of Wipro.

INTRODUCTION

Retention management is the latest and most pressing problem of the new Millennium. Each and every business in this economy has now become knowledge based. It has therefore become essential for the top management to preserve the dynamic repositories of learning, which are their employees.

Staff retention in the current economic environment is a major challenge. The major focus for employees in hyperinflation environment is survival. If the organization cannot provide enough to enable the employee to survive, the employee is likely to look elsewhere for survival. However if organizations manage to identify causes of staff turnover that they can control, they should target those areas for change or making improvements.

NEED FOR THE STUDY:

Employers have a need to keep employees from leaving and going to work for other companies. This is true because of the great costs associated with hiring and retraining new employees. The best way to retain employees is by providing them with job satisfaction and opportunities for
advancement in their careers. It’s not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached.

A study of employee retention in Wipro is taken for the following reasons:
• Wipro is emerging as one of the top global player in the IT sector.
• The number of projects in Wipro has been increasing the last two years.
• Wipro has the highest attrition rate in the IT industry at 20.3%.
• The cost of attrition is very high and eats into the profits of the company.
• The loss from the knowledge pool is very high and can lead to bringing projects to a standstill.
• The cost and time involved in replacing an employee is very high and it might effect the reputation of the company.

OBJECTIVES OF THE STUDY:
1. To study the factors that affect employee retention in IT sector.
2. To study the attributes that can be adjusted to retain employees in Wipro Technologies.

HYPOTHESIS:
$H_0$ – Pay and benefits, Career Growth, Training and Development, Work Environment and Job Satisfaction doesn’t have impact on employee retention in Wipro.

METHODOLOGY:
The primary data was collected through questionnaires. These questionnaires were distributed to 60 employees of Wipro Technologies. Due care was taken to make sure that the employees filled this with interest and not as a routine.

The data was collected only from those employees who have completed at least one year in the organization. The selection of employees is sampling for the study. Questions 1 to 6 are related to the employees tenure in the organization and the ratings that he or she would assign to each of the factors considered for this study in view of their longer tenure with the organization. Questions 7 and 8 are related to Pay and Benefits, 9 and 10 are related to Career Development & Growth, 11 and 12 are related to Training and Development, 13 and 14 are related to Work Environment and 15 and 16 are related to Job Satisfaction.

SAMPLE:
The study is of employee retention in IT sector (Wipro). Since all the companies, irrespective of their ownership and projects undertaken, compete in the same global market, it is deemed appropriate to analyze one of the leading companies. The sample comprises employees from Wipro Technologies, Gachibowli. The basic motive behind choosing this organization is increasing global presence of Wipro in varying aspects of technology solutions.

SOURCES OF DATA:
The data required for the study is collected both from primary and secondary sources. Primary data is collected by conducting personal interviews, discussions with the employees and managers considered for the study. In addition, data was collected through questionnaires, feedback, observations etc.
Secondary data includes reports and records of the organizations for the past two years and the data collected from the NASSCOM website on the rates of attrition. Research studies conducted by individuals, institutions and agencies, and various other journals were considered.

**SCOPE OF THE STUDY:**
The data required for the present study was collected using questionnaires. The data was collected from the employees of Wipro Technologies, Gachibowli across the age group of 20 to 40 years.

Wipro’s global IT services business has 97,552 employees. There are 2645 employees in Wipro, Hyderabad and 1453 employees in Wipro Technologies, Gachibowli. The sample represents 4.1293% of the total headcount.

Talent retention is identified as the second top HR challenge to critically meet the business demands beyond tomorrow. Organizations can use a combination of five strategies viz., **pay and benefits**, **career growth**, **learning and development**, **work environment and job satisfaction** to create and retain pool of talented employees for the organization. Successful companies assign the same importance to employer branding as they give to product branding which help them in becoming an employer of choice. They are continuously innovating and inventing new ways to keep talented to the organization which is changing the face of talent management in India. Now more than ever in the history of business, it is imperative for the organizations to manage people well.

**Wipro** uses a combination of these to succeed in their talent management efforts. The various talent management strategies and the success achieved by Wipro and its competitors by using these strategies are discussed below:

**PAY AND BENEFITS:**
Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation Packages. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. Employee benefits typically refers to retirement plans, health life insurance, life insurance, disability insurance, vacation, employee stock ownership plans, etc. Pay is the most important factor responsible for keeping the employees in the organizations. It should be kept competitive to ensure that the employees do not defect to competitors. IT & ITES players are using variable pay as a strategic tool not only to retain but also for taking the best out of their employees.

The component of Performance based pay in the pay in the pay structure is increasing year by year. However, on one hand when performance based pay motivates an employee to work to his best, care should also be taken to make sure that the component of performance based pay should not be too stressful for the employee. It might so happen that an employee was unable to perform for a particular period considered due to some personal issues, however, he is generally at the top of the performance rating.

Wipro has adopted a flexible pay system in which all managerial employees can design their own compensation package based on their individual needs like car, furnishings, etc.
Chart 1: Responses For Pay and Benefits

**Source:** Primary Data (compiled from tabulated responses)

Out of the sample size of 60 employees, 33 answered that performance based pay is important to a large extent, 21 to some extent and 6 to little extent. When asked about Benefits given to the employees, 20 employees answered that it is significant to large extent, 24 to some extent and 16 to little extent. χ² value between performance based pay and the benefits given to employees is 7.9326 (>5.99) at 2 degrees of freedom. Thus the null hypothesis is rejected and the alternative hypothesis is accepted. This proves that Pay and benefits is significant for retention of employees.

**CAREER GROWTH:**

Career Growth can be defined as a way of success where at every regular interval we must have new challenges to face, new activity to do, responsibilities to handle and most importantly new process to learn.

A promotion is the advancement of an employee's rank or position in an organizational hierarchy system. Before the company promotes an employee to a particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on-the-job experience. As per Guidelines for supervisory employees’ promotion/up gradation, applicable to the present year, Manager (HR) prepares the list of eligible employees. Simultaneously, V P (HR) also asks for recommendations from HODs.

**Bases of Promotion:-**

1. **Seniority:-**
   
   Seniority simply depends upon how long the employees is doing job with the company. The length of service and talent are both interrelated with each other. It is based on the tradition of respect for older people. It creates a sense of security among employees and avoids conflict arising from promotion decision.

2. **Merit:-** Merit implies the knowledge, skill and performance records of an employee. It helps to motivate competent employee to work hard and acquire new skills. It helps to attract and retain young and promising employees in the organization.
Wipro also prompts employee by conducting different case studies on different aspects of Information Technology. Working at Wipro is very competitive and smart work and projection is required for growth.

**Chart 2: Responses for Career Growth**

*Source: Primary Data (compiled from tabulated responses)*

In Wipro, 27 employees feel their career aspirations have been to large extent, whereas 24 employees feel their career aspirations have been met to a little extent. However, when asked about mentoring, 23 said to large extent and 25 said to some extent. \( \chi^2 \) value is between these two points is 12.6778 (>5.99) at 2 degrees of freedom, implying that we have to reject the null hypothesis and accept the alternative hypothesis. This proves that career growth is significant for retention of employees.

**TRAINING AND DEVELOPMENT:**

According to the recent review by Harvard Business Review, there is a direct link between training investment of the companies and the market capitalization. Those companies with higher training investment had higher market capitalization. It clearly indicates that the companies which have successfully implemented training programs have been able to deliver customer goals with effective results.

With the growing investment by IT companies in the development of their employees many companies have now started their own learning centers. As an example, Sun has its own training department. Accenture has Internet based tool by the name of “My Learning” that offers access to its vast learning resources to its employees. Companies are investing in both the technical training, which has always been an essential part in IT industry, as well as in managerial skills development. Companies now keep aside 3-5% of revenue for training programs. As an example, some of the major players like Accenture and Wipro are allocating 7% and 3% respectively of the company’s overall revenue.

Training & Development of individuals is a key focus area at Wipro. Wipro invests about 4 percent of its annual revenues in Learning and Development, to build competency capital within the company in cutting edge technologies, domain and functional areas. Special emphasis is placed on providing necessary learning interventions to associates with potential of being leaders in the company. Wipro has state of the art training facilities in all its delivery centers. The centers are equipped with world-class infrastructure. The Talent Transformation Division handles this in Wipro. For those with less than one year of experience a well-structured induction training
program is conducted. This will cover all aspects of software development skills that are required.

**Chart 3: Responses for Training and Development**

**Source: Primary Data (compiled from tabulated responses)**

Out of the 60 employees, 29 feel that the training and development programmes are at par with industry standards only to some extent. The study reveals that 36 people feel that they are provided equal opportunity to attend training programmes only to some extent. The \( \chi^2 \) value between these two factors considered is 6.986 (>5.99), at 2 degrees of freedom, which implies that the alternative hypothesis should be accepted. This proves that training and development is significant for employee retention.

**FACTORS AFFECTING RETENTION IN WIPRO**

Retention is a costly affair for any company. Wipro, with the highest rates of attrition, needs to work really hard on its retention management strategies. Wipro registered an attrition rate of 0.3% in the year 2008-2009. When an employee leaves an organization, the organization not only loses out on the cost of training the employees but also the loss of intellect from the talent pool. Today, every organization is trying to increase its talent pool. The organizations strive on their intellectual capital and any loss on the same hits the company really hard. This is so because the projects undertaken by the company would require talent of special expertise and loosing that level of expertise would make it difficult for the company to complete the same project or even take up a new one. The case with Wipro is no different. Wipro conducts campus recruitments in all major engineering colleges in India. The number of recruits per year is large. However, so is the level of attrition, the number of recruits barely balances the number of cases of attrition per year. These effects the company’s cost and the budget for the year concerned. When asked about the reasons why people would generally leave Wipro, the answers were varied. However, most employees agreed on some common parameters. They feel they are not paid at par with industry standards. Some feel that the training does not develop their skills enough. The following graph represents the factors affecting retention in Wipro.
COMPARATIVE STUDY OF RETENTION OF EMPLOYEES BETWEEN TWO AGE GROUPS

When the sample from age group from 20 to 30 years is considered, then study is dealing with individuals who are either fresh into the industry or with experience ranging from 2 to 4 years. The average ranking given by this group was as follows:

Table 1: Ranks Assigned by Sample of 20-30 years

<table>
<thead>
<tr>
<th>Factors</th>
<th>Pay Package</th>
<th>Job Satisfaction</th>
<th>Lack of Career Growth</th>
<th>Problems with Supervisors</th>
<th>Lack of Training and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rankings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Primary data (compiled from tabulated responses)
This sample is relatively young in the industry. Hence, for them their pay package and career growth plays a vital role. They are up to date with the technological aspects and therefore would not feel the need for immediate training and development. When the study deals with an age group of 30 – 40 years, the following is the mean of the rankings given by the individuals.

Table 2: Rankings Assigned by Sample of 30-40 years

<table>
<thead>
<tr>
<th>Factors</th>
<th>Lack of Career Growth</th>
<th>Pay Package</th>
<th>Lack of Training and Development</th>
<th>Job Satisfaction</th>
<th>Problems with Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rankings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Primary data (compiled from tabulated responses)
This sample deals with a group of individuals who have more experience in the industry. For them, career growth plays an important role. They rate training and development after that because for a quick career growth they need to updated with the current case technologies. Hence, higher end training and development should be provided by the company. Basically for retention of employees, the organizations must concentrate on pay package, career growth that is charting out a career plan for the employees, and training and development of skills of the higher talent. This can be shown by the following rank correlation between the two groups.

Table 3: Rank Correlation Between the two age groups

<table>
<thead>
<tr>
<th>Factors</th>
<th>Age Group 20-30 years</th>
<th>Age Group 30-40 years</th>
<th>D=R1-R2</th>
<th>D2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Package</td>
<td>1</td>
<td>2</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Lack of Career Growth</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Lack of Training</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Problem with Supervisors</td>
<td>4</td>
<td>5</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>2</td>
<td>4</td>
<td>-2</td>
<td>4</td>
</tr>
</tbody>
</table>
**Source:** Primary data (compiled from tabulated responses)

65% of the sample consisted of employees who have completed only 1 to 2 years in Wipro, whereas only 5% of the sample was in the 4 to 6 year bracket and a mere 2% were above 6 years. This clearly indicates that the average tenure of employee in organization is not very high. The correlation coefficient for the above table would be +0.3 showing that, though there is a low degree of correlation different retention strategies should be adopted for different groups.

**FINDINGS FROM THE HYPOTHESIS:**

\( H_0 \) – Pay and benefits, Career Growth, Training and Development, Work Environment and Job Satisfaction are not significant for employee retention. The test of chi square applied to the data collected in the study helped to reject the null hypothesis and accept the alternative hypothesis; proving that Pay and benefits, Career Growth, Training and Development, Work Environment and Job Satisfaction are significant for employee retention.

The study shows that performance based pay is a very strong factor for employee retention with more than 50% of the sample agreeing to the same.

The responses regarding benefits were rather varied. The study reveals that people who feel their career aspirations have been met and people who feel they haven’t follows almost a 1:1 ratio, with 27 feeling the former and 24 feeling the latter. This could be due to the difference in age groups considered. Whereas, the study clearly shows that mentoring is a strong factor for career growth and hence for retention.

From the study conducted it was found that the expectations and requirements of employees who are in the age group of 20 to 30 yrs and 30 to 40 yrs are different. This is because, the employees who are in the age group of 20 to 30 years are relatively new to the organization. The group who are in the 30 to 40 age bracket are usually people who have a wider range of experience ranging anywhere between 6 to 10 years. The finds that though the requirements of the two groups are different a small level of correlation \((r=+0.3)\) exists between the groups showing that though different, there are minor similar requirements like that of career growth.

**CONCLUSIONS:**

- A huge fraction of the people have less experience only one to two years in Wipro and hence high level of importance should be given to employee retention. All the factors viz. Pay and Benefits, Career Growth, Training and Development, Work Environment and Job Satisfaction are important for employee retention.

- The study of rank correlation between the two age groups show that there is a small level of correlation which implies the needs of the two age groups are different however, the small level of correlation implies the importance of career growth in both the sections of employees differs.

- For retaining a talent from an age group of 20 to 30 years, the HR manager must concentrate more on career growth and charting out a good career plan. When it comes to an employee of an age group of 30 to 40 years, more emphasis must be paid on training and development as without training, this cadre of employees may not be on par with the current technology.
REFERENCES