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THE IMPACT OF THE HRM PRACTICES ON THE EMPLOYEE TURNOVER AMONG IT/ITES ORGANIZATIONS

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ABSTRACT

The best practices in the management of human resources are the ones which enhance a workforce so that it cannot get the work done, but also ensure a bigger level of efficiency, timeliness and quality as it accomplishes overall increase productivity.

Hence the job of the best practices human resources firm is to make sure that these benefits and pay scales meet the company's budget which are attractive and competitive enough to pull in the very best talent possible. It is know that these figures put the company in a good light while also presenting themselves as engaging and competitive for company's recruitment efforts. The sample for this study is 100 IT professionals with more than one-year experience in IT/ITES Organization. The primary data is collected personally. Before dispensing the final questionnaire all the questionnaire are checked with three IT professionals as to find out whether the questionnaire is explicable, needs improvements etc.

Key word: ITPIL, HRM and Employee Turnover

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1. INTRODUCTION

Employee turnover indicate the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes.

Many factors play a major role in the employee turnover rate of any company and these can from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover.

To reduce the employee turnover rate the company has to concentrate more on working condition and Safety measures. So it leads the organization to retain their employees

2. LITERATURE REVIEW

Manu et al. (2004) indicated that employees quit from organization due economic reasons. Using economic model they showed that people quit from organization due to economic reasons and these can be used to predict the labour turnover in the market.

Loi et al. (2006) has indicated contrary to be true, that is, there existed negative relationship between turnover intention and both procedural and distributional justice.

Elanain Abu (2010) the study disclosed that the perception of organizational justice had an influence on work outcomes. A low degree of turnover intention was observed on employees who showed positive feelings towards procedural and distributive justice.

3. HYPOTHESES FORMULATED

Based on the conceptual model the following hypotheses are formulated for this study.

H1: There is a negative relationship between the realistic job information and IT Professional Intention to Leave (ITPIL)

H0: There is no relationship between the realistic job information and ITPIL

H2: There is a negative relationship between the job analysis and IT Professional Intention to Leave (ITPIL).

H0: There is no relationship between the job analysis and ITPIL

H3: There is a negative relationship between the work family balance and IT Professional Intention to Leave (ITPIL).

H0: There is no relationship between the work family balance and ITPIL

H4: There is a negative relationship between the career development and counseling and IT Professional Intention to Leave (ITPIL).

H0: There is no relationship between the career development and counseling and ITPIL

H5: There is a negative relationship between the compensation and other benefits and IT Professional Intention to Leave (ITPIL).

H0: There is no relationship between the compensation and other benefits and ITPIL

H6: There is a negative relationship between the manager support and IT Professional Intention to Leave (ITPIL).

H0: There is a no relationship between the manager support and ITPIL

H7: There is a negative relationship between the Organizational commitment and IT Professional Intention to Leave (ITPIL).

H0: There is a no relationship between the organizational commitment and ITPIL

H8: Combined HR practices will significantly explain the variance in the IT Professional Intention to Leave (ITPIL).

H9: Combined HR practices and organizational commitment will significantly explain the variance in the IT Professional Intention to Leave (ITPIL).

4. RESEARCH METHODOLOGY AND SAMPLING

4.1. Objective of the Study

- A study on employee turnover in IT industry with special reference to Multinational IT Company
- IT Professional Intention to Leave (ITPIL) refers to IT professional's plans to leave the organization.
- To know the job satisfaction level of the employee working in the industry.
- To provide some suggestion to reduce the employee turnover and retain the employees

The sample for the study is 100 IT professionals who are having more than 1 year of experience in IT/ITES Organization. We are used random sampling method to collect the dada. The period of study from 2012 to 2014. The primary data is collected personally. Before dispensing the final questionnaire the all questionnaire are checked with three IT professionals as to find out whether the questionnaire is understandable, needs improvements etc.

Questionnaire consists of 70 questions. First sixty-six questionnaires are designed in a five point Likert scale to measure the HR practices, organizational commitment and IT professional's intention to leave.

Five point Likert type scale is used in the questionnaire to measure HR practices and organizational commitment. 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree are given in order to analyze the data. Questions are asked regarding the personal details age, experience, sex and education.

To test the hypotheses Pearson's product moment correlation analysis, multivariate analysis and stepwise regression analysis are used. The statistical computer package SPSS version 17.0 is utilized to analyze the data

5. RELIABILITY AND VALIDITY OF THE DATA

The Cranach's coefficient is used to get the inter item consistency reliability. (Walsh, 1995) Cranach's alphas are 0.8450 for realistic job information. 0.7532 for job analysis, 0.8533 for work family balance, 0.7209 for career development and counseling, 0.8603 for compensation and other benefits, 0.8850 for manager support, 0.7530 for organizational commitment and 0.8989 for IT professionals intention to leave suggesting that each instrument's internal consistency is satisfactory.

High internal consistency reliability is an indirect way of ensuring content validity (Walsh, 1995). All the instruments have a high degree of internal consistency reliability (alpha). These kinds of evidence support towards ensuring the content validity of the instruments are developed to measure the variables.

A. Conceptual Framework

Having surveyed the relevant literature on the subject and factors highlighted by key industry personnel in the preliminary interviews, it is evident that one model would not cover the entire spectrum of the HRM practices influencing the turnover which is identified in various studies. The frameworks influenced by the six main HRM practices and organizational commitment. The HRM practices are realistic job information, job analysis, career development and counseling compensation and other benefits, manager support and work family balance. These six HR practices and the organizational commitment are labeled as the independent variables.

B. Testing of Hypotheses

The results of the Pearson's product moment correlation analysis are used to test all the null-hypotheses presented in the table B.1. The desired level of significance is 0.01. As H1 is a directional hypothesis, one-tailed test is used. According to the table B.1, Pearson correlation coefficient suggests that there is a negative relationship between all the independent variables, except work family balance, and ITPIL.

Hence there is a statistical evidence to claim that there is a significant negative relationship between the realistic job information, job analysis, career development, compensation, manager support and organizational commitment, and ITPIL. Therefore, the null hypotheses of the above mentioned variables are rejected by accepting the relevant hypotheses.

Table B.1 Pearson Correlation for all the selected variables and ITPIL

No.	Independent variables	ITPIL(Dependent variable)
1	Realistic job information	-0.415**
2	Job analysis	-0.510**
3	Work family balance	0.104
4	Career development and counseling	-0.513**
5	Compensation and other benefits	-0.652**
6	Manager support	-0.183
7	Organizational commitment	-0.655**

** Correlation is significant at the 0.01 level (one- tailed)

Source: Primary Data Collected by the researcher

The results indicated in the Table B.2 for the work family balance rejects the hypotheses formulated. The null hypothesis cannot be rejected. This means that the data does not support the hypothesized relationship (negative) between the work family balance and ITPIL. The relationship between two variables is positive but not significant.

The Table shows the correlation coefficient of the variables, manager support and ITPIL is not significantly less than zero. This means that there is a negative relationship between the manager support and ITPIL, but the relationship is not significant, so the formulated hypothesis is accepted.

Multivariate analysis evaluates the simultaneous effects of all the independent variables on dependent variable. The eighth hypothesis of this study is concerned with the aggregate/combined impact of the HR practices (realistic job information, job analysis, work family balance, career development, compensation and manager support) on ITPIL. The results of the regressing the six independent variables against the dependent variable ITPIL are shown in the table 4.15.

Table B.2 Aggregate Impact of the HR practices on ITPIL

R	R^2	Adjusted R^2	Std. error of the estimate	F	Sig. F
0.679	0.4610	0.4510	3.567	7.890	0.0006

Source: Primary Data Collected by the researcher

The square of the multiple R is 0.679 indicating that the 45% of variance in the ITPIL is explained by the six independent variables jointly. The F value is 7.890 that is significant at P = 0.0006 suggesting that the six independent variables are significantly explained the 45 percent of the variance in ITPIL. Thus the eighth hypothesis (H8) is supported by the data.

The strengths of influence that each of the independent variable has on the dependent variable. *I.e.* ITPIL is determined by the use of the multiple regression coefficients of the independent variables. The influence of each independent variable is shown in the Table B.3.

Table B.3 Aggregate of the independent variables on ITPIL

Variable	Std. error	Standard beta	t	Significance
Realistic job Information	0.102	-0.056	-0.527	0.567
Job Analysis	0.123	-0.253	-2.129	0.041
Work Family Balance	0.108	0.321	2.856	0.006
Career Development and counseling	0.090	-0.0253	-0.165	0.786
Compensation and other benefits	0.098	-0.319	-2.470	0.032
Manager Support	0.0890	-0.146	-1.112	0.213

Source: Primary Data Collected by the researcher

As shown in the table compensation and other benefits have the strongest significant effect on the ITPIL with a standardized beta of -0.319. Job analysis has a significant effect on the ITPIL with a standard beta of -0.253. Work family shows a high positive t value further confirming the Pearson Correlation results that there is no negative relationship between the work family balance and ITPIL.

A stepwise regression is done in finding out the extent of contribution of the each variable to R square value or the total explanatory power of the regression model. The results of stepwise regression (Table B.4) show that there are three predictor variables that could significantly contribute to the R square value.

Table B.4 Stepwise multiple regression analysis: predictors of ITPIL

Variables	R^2	$+R^2$	Beta	Sig. t
Compensation and other benefits	0.425	0.075	-0.442	.0006
Work family balance	0.010	0.071	0.287	0.007
Job analysis	0.260	0.082	-0.273	0.013

Source: Primary Data Collected by the researcher

The results of the stepwise multiple regression analysis indicates that the compensation has the highest beta value which contributes 42% to the variance in the ITPIL. The ninth hypothesis concerns with the aggregate impact of the HR practices and organizational commitment on the ITPIL. The results of regressing the seven independent variables against the dependent variable are shown in the Table B.5 Manager support, career development and realistic job information are not found contributing to the total explanatory power suggesting that the compensation, work family balance and job analysis explain about 26% of the variation in ITPIL. Work family balance and job analysis contributed about 7.1% and 8.2% respectively. Multivariate analysis is carried out to test the ninth hypothesis.

Table B.5 Aggregate impact of the independent variables and organizational assurance on ITPIL

R	R^2	Adjusted R^2	Std. error of the estimate	F	Sig. F
0.655	0.429	0.420	2.190	8.703	0.0005

Source: Primary Data Collected by the researcher

The square of the multiple R is 0.429 indicating that 42% of variance in ITPIL is explained by the seven independent variables. The F value is 8.703 that is significant at P = 0.0005 suggesting that the seven independent variables have significantly explained 42% of the variance in ITPIL. Thus the ninth hypothesis is supported by the data. The strengths of influence that each independent variable, *i.e.* ITPIL is determined by the use of the multiple regression coefficients of the independent variables. The influence of each independent variable is shown in the Table B.6

Table B.6 Influence of the Independent variables and organizational promise on ITPIL

Variable	Standard error	Standard Beta	t	Sig.
Realistic job Information	-0.107	-0.120	-1.172	0.230
Job Analysis	0.0171	-0.162	-1.512	0.121
Work Family Balance	0.107	0.0252	2.432	0.013
Career Development	0.089	0.0281	1.919	0.052
Compensation and other benefits	0.045	-0.342	-2.431	0.017
Manager Support				
Organizational Commitment	0.070	-0.718	0.710	0.470
	0.055	-0.568	-4.709	-000

Source: Data analysis report derived from Primary Data Collected by the researcher

As shown in the Table B.6, organizational commitment has the strongest significant effect on the ITPIL with a standardized beta of -0.568. Compensation and other benefits also have a significant effect on the ITPIL with a standardized beta of -0.342.

A stepwise regression is done in finding out the extent of contribution of the each variable to R square value or the total explanatory power of the regression model. The results ofthe stepwise regression (Table B.7) shows that there are three predictor variables that could significantly contribute to the R^2 value.

Table B.7 Stepwise multiple regression analysis: Predictor of ITPIL

Variables	R^2	$+R^2$	Beta	Sig. t
Organizational Commitment	0.425	0.420	-0.571	0.0005
Compensation	0.415	0.081	-0.313	0.013
Work family balance	0.612	0.031	0.185	0.017

Source: Data analysis report derived from Primary Data Collected by the researcher

The results of the stepwise regression analysis indicate the organizational commitment has highest beta value and contributed about 42% to the variance of the ITPIL. Compensation contributed about 8.1% to the variance and work family balance's contribution is 3.1%.

As hypothesized it is found that the more negative realistic job information received by the software professionals are more favorable would be the ITPIL. This variable is not found to be a significant predictor of the ITPIL.

Negative and significant relationships are found between the job analysis and ITPIL. The job analysis is a significant predictor of ITPIL. The findings empirically support the arguments of Hon.*et al*. (2000). The findings suggest that the software companies must do a better job analysis in order to retain the software professionals.

The relationship found is not negative between the work family balance and ITPIL. Though the literature supports the negative relationship (Blame, 1993; Bat & Velour, 2003), it is not true for the software professionals in IT organizations. This can be due to the freedom enjoyed by the software professionals. Software professionals are evaluated by the amount of business that they bring. Their job demands a lot of field works where they have to visit customers. They are given enough freedom to strike a balance between work and family. Findings suggest that most of the software professionals believe that the software companies are in support for work family balance.

Career development and counseling are found to be significantly and negatively related to the degree of ITPIL. The findings empirically support the arguments of Miller and Wheeler (1992). However, career development is not a predictor of the ITPIL.

Compensation and other benefits are found to be significantly and negatively related to the degree of ITPIL. Compensation was the strongest predictor of the ITPIL. The findings with Bennett *et al*. (1993),

Trevor *et al*. (1997) and a base and Holman (2000). Findings suggest that the IT/ITES companies must have better compensation schemes (benefits and recognition) in order to retain the competent software professionals.

A negative relationship is found between the manager support and ITPIL. This relationship is supported by the arguments of Firth *et al*. (2004). But the manager support is not a predictor for the ITPIL

From multivariate analysis out of the six HR practices namely compensation and job analysis are found to be explanatory factors having major effects on the ITPIL. The inference of the finding is that if the companies need to reduce the ITPIL or to retain the software professionals, compensation (benefits and recognition) and job analysis are critical to be considered and any strategies to be taken to reduce the ITPIL should focus on improving the quality levels of those factors/ variables. Compensation is found to be the strongest HRM practice predictor of the ITPIL. The implication of this finding is that the compensation is the most critical HRM practice to be implemented by IT/ITES companies to reduce ITPIL.

Apart from the six HRM practices showed in the model, organizational commitment is also included as an independent variable. Company commitment is an attitude reflecting the employees' loyalty to their organization.

The company commitment is found to be considerably and negatively related to the degree of ITPIL. The findings empirically support the opinions of Zeffane (1994). Organizational commitment is the strongest forecaster of the ITPIL when considered in the model with HRM practices. The findings indicate that the seven independent variables (six HR practices and organizational commitment) represent 57% of the variance in the ITPIL. Out of which organizational commitment represents the 43% of the variance.

The findings suggest that above and all the HRM practices; organizational commitment is the strongest predictor of the ITPIL and has the significant effect on the ITPIL. These findings suggest that the IT/ITES companies must not only enhance their HRM practices considered for this study but also more prominently select the ideal candidates, who are trusty to the organization and suitable to the organization. Merely enhanced compensation will not reduce the ITPIL, unless the right person with right attitude is selected for the post. IT/ITES companies must have a better recruitment and selection procedures to attract the ideal candidate.

Descriptive statistics reveal that the normal software professionals are neutral (neither agree nor disagree) about the HRM practices except manager support, where they have indicated that manager support are favorable. These results suggest that all the IT and ITES companies should improve the HRM practices.

The sample indicated that the age of 85% of software professionals are in the range of 21 -34 years and 45% of the software professionals have 1-2 year's experience.

6. CONCLUSION

The study of the HRM practices on the employee turnover among the IT/ITES is concluded and for this study several steps and procedures are followed for the comparison like Person correlation for all the selected variables, aggregate impact of the HR practices, Aggregate of the independent variables, Step wise multiple regression analysis and all the comparative values listed in the table Clearly shows the result.

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