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**Factors influencing Intention to leave in Supervisory Cadre with reference to IT (Information Technology) Organizations**

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**ABSTRACT**

*Employees are considered to be the lifeline of any organization which are essential for profit making and sustainability. In today's scenario, when there is no dearth of good opportunities, voluntary resignations are at an all-time high. Therefore, retaining competent employees has become a business imperative. When people at supervisory positions leave the company they carry with themselves the tacit knowledge which is a huge loss for the company as well as have a far reaching impact on customer's perception about the company. HR needs to understand the dynamics between an employee and his work place. Factors like lack of skilled workforce, economic growth, innovation & technology and increasing employee turnover demand to devise competitive policies to increase employee retention. This research paper explores individual and organizational determinants of retention. An attempt has been made to understand the experience of employees in supervisory cadre towards retention factors.*

*b: Employee Retention, HR Practices, Job satisfaction, Organizational commitment*

**INTRODUCTION**

Employee retention can be defined as the policies and practices organizations implement to avoid resourceful employees from quitting their jobs. The main purpose of retention is to prevent the loss of competent employees from leaving the organization as this could have an adverse effect on productivity and profitability. A number of factors have been articulated in order to explain the reasons why people leave organizations. Pay is rarely the only reason why people leave. However, low pay levels are often a disincentive to stay as well. Employee retention is determined by a cluster of factors. These include developmental opportunities and quality supervision, compensation & benefits, recognition at work and challenging work assignments, promotion and onsite opportunities, relationships with colleagues and manager, work-life balance, communication, training & developmental opportunities, fair and equal treatment, organizational culture, autonomy, work-schedule flexibility and social support. An emphasis on management style and leadership to increase organization retention capability cannot be ignored. This paper aims to examine the major factors of retention namely- HR practices, Job satisfaction, Organizational commitment and Leadership. This study contributes a significant implication in view of the general scarcity of empirical studies in India concerning the relationship between employees in the supervisory cadre and retention factors.

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## OBJECTIVES

- To identify factors influencing employee retention in IT sector
- To determine the effect of retention factors on intention to leave among employees in supervisory cadre

## LITERATURE REVIEW

Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time. (Bidisha,2013) According to Workforce Planning for Wisconsin State Government (2015), employee retention is “a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs”. Retention is a voluntary move by an organization to create an environment which engages employees for a long term (Chaminade, 2007).In 2004, a study of 240 organizations in the US found that the greatest impact of employee turnover was lost knowledge—not profitability. Organizational as well as individual job retention factors as outlined by Chandler (2004) are as follows:

Organizational Retention Factors include opportunities for promotion or advancement, variety of work or work scheduling, office environment, facilities, equipment, quality of support staff, recognition of supervisor, understanding & fairness of supervisor, benefits, retirement package, salary, job security and no direct supervisor monitoring work regularly. Individual Retention Factors include manageable workload, interesting work, opportunity to travel on the job, recognition from clientele served, opportunities for professional development, personal satisfaction, professional relationships with co-workers and peer through professional associations, opportunity to be creative through challenging work. The above elaborate factors have been grouped into four major retention factors namely - HR practices, Job satisfaction, Organizational commitment, Leadership which is the ultimate focus of this study.

**HR Practices** play a pivotal role in employee retention. Various studies have found that HR practices related to compensation, rewards, job security, training & development, supervisory support, org culture, work environment have helped reduce attrition and have led to increased productivity. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson 1987).According to Huselid (1995) HR practices are defined in terms of compensation and performance management systems, employee recruitment and selection procedures, employee training and employee involvement. It is considered that compensation is one of the largest factor for the retention of employees. Compensation plays significant role in attracting and retaining competent employees. Wright et al. (2008) viewed HR practices as the means through which employee perceptions, attitudes, and behaviors are shaped. Human resources management practices play a very crucial role in achieving the organization’s goals and maintain the competitive advantage. Martin (2011) conducted an investigation to find out the influence of HR practices on job satisfaction, organizational commitment and intention to leave. HRM practices included recruitment & hiring, compensation & benefits, training & development, and supervision & evaluation. The result of research found a significant relationship between perceptions of human resource practices and intention to quit, mediated by organizational commitment and job satisfaction.

**Job satisfaction**, as defined by Robbins, Odendaal and Roodt (2003) and Lu, While and Barriball (2004), is the attitude or the feeling that an employee has towards various aspects of his/her job. The attitude develops when an employee feels positive about his/her working conditions and also when there are constructive responses from the organisation. Jaime X. Castillo & Jamie Cano (2004) in his paper factors explaining job satisfaction among faculty have described the amount of variance in faculty member's overall level of job satisfaction. The factors recognition, supervision, and relationships explained the variability among faculty members' overall level of job satisfaction. Additionally, they also investigated the suitability of a one-item versus a multi-item measure of overall job satisfaction. Milda Astrauskaite, Raimundas Vaitkevicius and Aidas Perminas (2011) examined Job Satisfaction Survey's (JSS) relevance for estimation of job satisfaction in teacher population. Furthermore, the best model in the present study was determined to be a three facet model, including promotion, supervision and nature of work. Job satisfaction is the attitudes and feelings people have about their work. Positive and favourable attitudes towards the job indicate job satisfaction. Negative and unfavourable attitudes towards the job indicate job dissatisfaction (Armstrong, 2006). Employee job satisfaction is the fulfilment, gratification, and enjoyment that come from work. It is not the money or the fringe benefits, but the feelings employees receive from the work itself (Asegid, *et al.*, 2014).

**Leadership** is the relationship between the person in charge and the people who choose to follow (Kouzes & Posner 2002). A leader is a person that models the way, inspires a shared vision, challenges the process, enables other to act and encourages the heart (Kouzes & Posner 2007). Supervisors get paid more than the other employees. They're happier or more satisfied in a wide spectrum of other areas, from family life to job satisfaction, according to a new survey by the Pew Research Center (2014). Among top managers, 83% report being very satisfied with their home life, compared to 74% of workers, the survey finds. And 69% of managers are happy with their current jobs, while less than half of their workers are. Managers are much more likely to consider their job a career, believe they have the education and training to succeed, and think that they're paid fairly. Differences are likely due to managers' relative financial security.

**Organizational commitment** (O'Reilly and Chatman (1986) is defined as a psychological attachment to an organization. According to Ruokolainen (2011) it reflects the degree to which employee internalizes or adopts the characteristics or perspectives of the organization. One of the most widely used theories in organizational commitment is Allen and Meyer's (1990) three-component model - Affective Commitment, Continuance Commitment, Normative Commitment. Affective Commitment relates to emotional attachment; Continuance Commitment emphasizes cost-consciousness; Normative Commitment reflects obligation-consciousness. Researchers have noted that organizational processes and practices deserve attention as potential determinants of Organizational Commitment (Appelbaum et al. 2000, Paul & Anantharaman 2004, Malhotra et al, 2007, Angel et al 2008, Grant et al. 2008). Ogilvie (1986) believed that employee perceptions of organizational policies reflect a sense of reciprocity and the levels of concern that the organization appears to have for its employees.

**Intention to leave** is described as the behavioural intention of an individual to voluntarily leave a profession or organisation (Terranova 2008). According to Bobko (2001), intention to leave refers to a

decision made by an employee that is based on a continuum from initial thinking about leaving to implementing the actual behaviour of leaving.

### **HYPOTHESIS FORMULATION**

H<sub>0</sub>1 HR Practices have no significant influence on intention to leave in the supervisory cadre

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H<sub>0</sub>2 Job satisfaction has no significant influence on intention to leave in the supervisory cadre

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H<sub>0</sub>3 The organizational commitment has no significant influence on intention to leave in the supervisory cadre

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H<sub>0</sub>4 The people-centric leadership practice has no significant influence on intention to leave in the supervisory cadre

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### **METHODOLOGY**

#### **Sample & Data Collection**

The targeted population of study consisted of IT professionals from Bangalore and Hyderabad. A total of eight organizations both public and private IT firms were selected and 500 employees were contacted through convenience sampling -250 from Hyderabad and 250 from Bangalore to complete the survey questionnaire with an aim of receiving back at least a total of 250 filled in questionnaires. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

Data was collected from both primary and secondary sources. Primary data was collected through administration of questionnaires. The questionnaire was intricately designed to tap the demographic variables and also respondents overall level of satisfaction, with HR practices & leadership, Org commitment and intent to leave or stay with the organization. Secondary data was collected from journals, e-books and available literature on employee retention. The survey data was processed using SPSS (version 20).

### **FINDINGS & TESTING OF HYPOTHESIS**

The data collected through survey questionnaire by administering to Bangalore and Hyderabad employees is analysed combinedly and presented in following sections. The questionnaire was administered to 500 target employees in Bangalore and Hyderabad in both public and private IT firms. Out of a sample of 500, 297 completed questionnaires were received having a response rate of 59.4%. Descriptive and inferential statistics were computed from the data to get substantive results and draw necessary conclusions.

**1.1 Relationship between Retention Factors and Intent to leave**

Retention Factors	Pearson r	p value (Significance)
	<b>Intent to Leave</b>	
<b>HR Practices</b>	-0.535	0.000
<b>Job Satisfaction</b>	-0.634	0.000
<b>Organizational Comittment</b>	-0.511	0.000
<b>Leadership</b>	-0.614	0.000

\* 5% level of significance

*Table:1.1 Relationship between Retention factors and Intent to leave*

In order to examine the relationship between retention factors namely HR Practices, Job satisfaction, Organizational Commitment, Leadership and Intent to leave, Pearson correlations were used. HR practices ( $r = -0.535, p=0.000$ ), job satisfaction ( $r = -0.634, p=0.000$ ), and Org Comittment ( $r = -0.511, p=0.000$ ) and Leadership ( $r = -0.614, p=0.000$ ).

The results indicate that the intent to leave the organization is significantly and negatively correlated with retention factors. This is to say that if the organization has employee friendly HR policies then employees are less likely to leave the organization as it will lead to job satisfaction. Similarly if the manager has a participative style of leadership, then the employees will have a belongingness or commitment to the organization and are less likely to think about leaving the organization.

**1.2 Comparisons by Supervising Others**

Retention Factors	Yes/no	N	Mean	Std Deviation	T-test	p value
HR Practices	Yes	166	4.4458	.49856	6.866	.000
	No	131	4.0229	.56112		
Job Satisfaction	Yes	166	3.7229	.44892	-.027	.978
	No	131	3.7252	.95316		
Organisational Commitment	Yes	166	4.2771	.64785	6.151	.000

	No	131	3.7023	.95832		
	Yes	166	4.3313	.74986	1.904	.058
Leadership	No	131	4.1679	.71417		
	Yes	166	2.5120	.50137	-4.663	.000
Intent to Leave	No	131	2.7939	.53662		
	Yes	166	2.5120	.50137	-4.663	.000

Table:1.2 Comparisons by Supervising Others

The above table shows the means of the employees base who supervise staff or have direct reports under them and those who do not supervise others for the variables namely HR Practices( $t=6.86, p=0.00$ ), Job satisfaction( $t=-.02, p=.978$ ), Org Commitment( $t=6.15, p=.000$ ), Leadership( $t=1.90, p=.058$ ) and Intent to leave/stay( $t=-4.66, p=0.000$ )

The results indicate that there exists a significant difference in terms of HR Practices, OC and Intent to leave. Those who supervise others have rated high on leadership practices. There is no significant difference in terms of Job satisfaction. Employees those who supervise others have reported higher values for Organizational commitment than the employees who do not supervise others. The results indicate that HR Practices, Organizational commitment and leadership is positively related to supervisory cadre. Hence the alternative hypothesis for  $H_{11}, H_{13}, H_{14}$  is accepted and hypothesis  $H_{01}, H_{03}, H_{04}$  rejected respectively. The research findings shows that Job satisfaction is not positively related to supervisory cadre. Hence,  $H_{02}$  hypothesis is accepted in this case and hypothesis  $H_{12}$  rejected.

## DISCUSSION & CONCLUSION

The major Retention factors considered for this study were HR Practices, Job satisfaction, Organizational commitment, & Leadership. The results indicate that the intent to leave the organization is significantly and negatively correlated with retention factors. The findings showed that there was a significant relationship between employee retention and HRM practices as well as leadership practices. The empirical data confirms that those who supervise others have rated high on leadership practices. Employees those who supervise others have reported higher values for Organizational commitment than the employees who do not supervise others. This is to say that if the organization has employee friendly HR practices especially related to supervisors' developmental needs for coaching, mentoring, training and career progression then employees are less likely to leave the organization. Similarly if the management has a participative style of leadership and delegation and autonomy of task given to managers, then the employees will have a belongingness or commitment to the organization and are less likely to think about leaving the organization. Findings also indicate that though supervising others had a significant effect on organizational commitment and leadership, but no significant association with job satisfaction was found. The possible explanation of this could be that supervisors are often expected to perform all the administrative tasks along with carrying out managerial responsibilities for their business unit on their own adding to stress. It also eats up the quality time which could have been better

utilized by ideating new strategies for improvement. They feel that their competency is not fully being utilized in the right direction. The stress of being a manager or a supervisor can drain some of the sense of satisfaction one gets from business unit's (BU) and personal accomplishments. As job satisfaction is a multi-dimensional concept and is virtual in nature, it differs from person to person depending upon how one approaches his job. For ensuring job satisfaction a proper balance between task demand and individual demand needs to be maintained. Therefore, the study reveals that the intent to leave the organization among the employees who are in supervisory positions is comparatively lower than employees in non-supervisory positions.

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