Retention Strategies for Executives

Effective retention strategies for mid-level executives in Technology Consulting Industry

**Executive Summary**

Employee turnover is common phenomenon in Technology Consulting industry. Organizations within the industry invest in hiring and training their employees. Employee attrition amongst all job levels is a loss for the organization, and is of higher significance for mid-level executives due to the corelated loss to the organization. Primarily, since productivity index of a mid-level executive is significantly higher than an entry level employee. Moreover, after grooming talent in managerial aspects, which is a reach further than technical know-how, it is detrimental to lose to an organization’s competition.

Current literature on the topic is generalized for all job levels and provides limited insight regarding statistical indication of attrition causes within large organizations in the industry. Moreover, there is absence of appropriate recommendations to tackle this problem. It has been noted that Human Resources (HR) finds it difficult to retain top and middle level employees and it could be attributed to the absence of effective retention strategies (Lewis and Heckman, 2006)[[1]](#endnote-1).

Employees leave an organization for various reasons such as stress due to high demand of the job level, personal dissatisfaction from work-life imbalance, lack of commitment to the organization, mismatch with organizational culture, higher expectations from welfare benefits, etc. In order to minimize costs from attrition, Human Resource Management (HRM) within organizations employ various retention strategies: offering competitive salaries, various welfare benefits such as leave and health insurance benefits, promotion, stocks options, flexible work hours, etc. But the question remains: how effective are these strategies, or worded differently, how significant are these strategies to employees?

This study will focus on studying retention strategies incorporated by large cap organizations, i.e. more than 100,000 employees, to statistically identify key strategies that are most effective in retaining mid-executive level employees.

**Problem Statement**

Human resource is the most valuable currency available to an organization. Mid-level employees are generally head of departments and operations managers, and hence are pivotal in information flow within the leaders of the organization. Successful HR functionalities should include retention of mid-level employees as a priority for the organization. It is long-term strategy that identifies skilled and accomplished employees, promotes their development which invariably improves their utilization for optimal organizational growth.

Assessment of better retention policies differ from one organization to another. Key motivational areas for each job level and its adjunct skill level, are determinant for a successful retention paradigm. However, an organization’s size is crucial in actualizing retention policies modelled by its HRM group. For instance, the organization’s ability to provide monetary as well as non-monetary benefits is directly related to its size and performance. The management dilemma for organization is therefore **to determine and prioritize retention policies based on the organization size and capacity.**

**Importance of the Study**

Technology consulting companies are employed by clients from industries across the board to provide technology solutions to their business problems and models. This often means program development and automating processes which assists the client associates for faster and more effective deliverables. Management staff in such companies are generally from IT background, have extensive client interaction experience and they bridge the information flow within the various leaders of the company and within deliverable units and teams. As such, they are pivotal in realizing any strategic goals for the company. The exit of an employee of such perception and insight, could be detrimental to the company. Additionally, it creates pressure for continuity of strategic deliverables, costs related to recruitment of replacements staff and learning cost and time for the replacement, and ultimately costs related to loss of quality of products till the replacement staff is fully functional. Furthermore, these executives often have intensive interactions with clients, and upon their departure, there is a potential for loss of faith from clients and can take long time to gain it back.

Effective retention required continuous diagnosis of causes of attrition, a strategic approach to curb attrition by determining effective retention policies with respect to the capacity of the organization and job level of employee, and a targeted approach to implementing retention initiatives.

The express need to retain management talent and the complexity of retention process in a large cap organization, creates the need to diagnose and identify the ones which have been statistically significant for the employee as well as the organization. Exploring all the mentioned factor, provides a basis for understanding the process of retention.

**Research Questions and Hypothesis**

Motivating parameters that influence employees to stay employed with an organization can be categorized by retention strategies most commonly implemented, welfare benefits provided by the employer, organization culture and its fit with employees’ personality, employees’ tenure in the current job role and with the organization, and factors which provide a degree of personal satisfaction for the employee (James & Mathew, 2012)[[2]](#endnote-2).

* **Retention Strategies**: rewards and recognition, training and development opportunities, mentoring/coaching opportunities, flexible work hours, stock investment options, performance and appraisal at regular intervals.
* **Welfare benefits**: health insurance, retirement benefits, salary compensation, leave benefits, maternity leave benefits, and other non-monetary benefits.
* **Organization culture**: equal growth opportunity, effective communication channel.
* **Personal Satisfaction**: challenges and recognition amongst leaders and peers, job security, equal pay, growth opportunities, employee ideas and suggestions.
* **Miscellaneous**: time in the current role, time being employed by the organization

The ‘intention to stay’ can be studied to determine the effect of specific combination of retention policies in accordance with the employee data such as educational level and years of experience. This study will hence focus on ‘*Which retention strategies are most effective in curbing attrition rates amidst mid-level executives in large technology consulting organizations?*’.

The null hypotheses can be classified as:

H01: Retention strategies don’t have any effect on the employee’s intention to stay with an organization.

H02: Factors like years of experience and educational background don’t have any effect on the employee’s intention to stay with an organization.

H03: Welfare benefits and organizational culture don’t have any effect on the employee’s intention to stay with an organization.

H04: Personal satisfaction from factors like awards and recognition or growth in the organization, don’t have any effect on the employee’s intention to stay with an organization.

Alternate hypotheses are as follows:

H1: Retention strategies have positive impact on an employee’s intention to stay with an organization

H2: Miscellaneous factors like years of experience and educational background affect the combination of retention policies that would have positive impact on employee’s intention to stay with an organization

H3: Welfare benefits and Organizational culture in combination with retention policies have positive impact on employees’ intention to stay.

H4: Personal satisfaction in combination with retention policies have positive impact on employees’ intention to stay.

**Literature Review**

Numerous studies on retention policies and their contribution to curbing attrition rates, have been conducted so far. According to (James & Mathew, 2012)[[3]](#endnote-3), workplace structures such as autonomy, routine, organizational support, job stress, role ambiguity, workload, work life balance, flexible work hours, and pay grade are determinants of job satisfaction and organizational commitment. Job satisfaction and organizational commitment coupled with individual characteristics like job involvement, can influence attrition rate in an organization.

(Raj & Brinda, 2017)[[4]](#endnote-4) mentions that the responsibility of retention starts at the top. Hence, organizational strategies like recognition and promotion of talented employees, holding managers responsible, and tracking individual growth are influential in retention. Alongside, orientation and on-boarding strategies help in aligning an individual to the organization’s culture. Apart from these, strategies such as communication and connection, career and development, reward and recognition, employee benefits, and employee ideas and suggestion influence retention positively.

Both the studies have discussed parameters that affect an employee’s intention to stay. However, both the studies are generalized and this study aims to focus on mid-level executives and the strategies that can positively influence their intention to stay with an organization.

**Research Plan**

This research study will employ qualitative research method to gain insights and hypotheses the underlying causes for attrition, in combination with quantitative research method of surveys to derive comparable data across the sample. A combination of these methods is chosen to provide insights which can build on this study’s hypotheses by uncovering trends in thoughts and opinions, as well as, do it in a timely manner. This will enable us to gain better understanding of the problem, the relevant reasons, opinions and motivations. This knowledge will be significant in identifying the best of the retention strategies and furthermore, in designing specific strategies.

**Sample Selection:**

The study population will be HR professionals employed for the following ten large cap companies (>100,000 employees) within the technology consulting industry: Infosys, Wipro, TCS, Accenture, Cognizant, Deloitte, PriceWaterhouseCoopers (PWC), Boston Consulting Group(BCG), HCL and IBM. Large cap organizations generally have various functional verticals e.g. Banking, Engineering, HealthCare, Manufacturing, etc., and have HR units for each specific units along with a central HR unit. This structure is mostly found in large cap companies having tens of thousands of employees in each functional unit.

All the HR professionals will be contacted by official email to participate in this study and hence can be considered as the target population of the study. The study will consider the whole population of respondents of the online survey as the sample, since a large sample size guarantees minimal bias and error.

**Data Collection Method:**

These large cap companies often have numerous functional verticals like Banking, Manufacturing, etc; with each functional unit catering to multiple client accounts eg Banking will have client accounts from banking industry (Chase, Fidelity, Bank of America, etc), with each individual client account teams consisting of few hundred employees at a time. HR is configured with each unit for account level, then functional unit level and at organization level (Farndale, et al., 2010)[[5]](#endnote-5)

Keeping the scale in mind, the data collection will be performed by electronically distributing survey questionnaire to all HR employees covering all the units. They can assist in the study by completing the online survey.

The online survey will be a link provided in the email. The link will constitute of a downloadable excel workbook with parameters and questionnaires provided in a template. HR employees can fill in details of employees who either quit or was retained after negotiation followed in their notice period implicating success of retention efforts.

**Instruments of the Study:**

The survey questionnaire will be prepared with the assumption of presence of documented exit interviews in the organization. It will include three sections: employee data, organization data such as welfare benefits provided as well as organization culture, and active retention policies.

First section will document quantifiable employee data: **age, gender, duration of current job role, duration of employment with the organization, and total years of experience**. The first section will also contain a checkbox capturing whether the employee has quit or not(successfully retained). Second section will constitute of questions regarding organization culture and welfare benefits in dichotomous scale of either Yes-No or Agree-Disagree depending on the questions (mentioned below). Third section will constitute of questions regarding retention policies and capturing their effectiveness on employees. This will be done with Likert scale on Always-Often-Sometimes-Seldom-Never.

**Section II questions**:

* Equal Growth Opportunity is advocated in the organization
* Women in management roles is propagated in the organization
* Open and effective communication lines are advocated in the organization
* Feedback on subordinates as well as managers are regularly captured
* Platform to voice issues like skip-level meeting are conducted regularly
* Competitive health insurance is provided as per job level
* Leave benefits are provided
* Competitive salary structure as per job level, is provided
* Stock investment options are provided in accordance to job level

**Section III questions**:

* There were rewards and/or recognition provided to the employee
* Employee availed frequent training and development opportunities
* Employee was in mentoring program as either providing and/or seeking mentorship
* Regular touch points with supervisors were conducted to map career growth plans
* Employee had access to flexible work hours
* Employee suggestions were often implemented
* Employee faired exceptional in their performance appraisals
* Employee frequently availed of on-site amenities provided by the organization
* Employee organized social interactive activities within their teams
* Employee participated in social interactive activities within their teams
* Employee was compensated with competitive salary structure
* Employee was compensated with stock investment options
* Employee participated in social interactive activities

**Data:**

The research will collect employee data such as age, gender, duration of current job role, duration of employment with the organization, and total years of experience; organizational data such as equal opportunity, women in management policy, skip level meeting, health insurance, leave benefits, competitive salary, and stock investment options offered; retention strategy data such as rewards/recognition, training, mentoring, flexible work hours, implemented suggestions, employee performance, and social interaction with peers. These independent variables would be analyzed to determine their statistical significance in an employee’s intention to stay.

**Operational Procedures:**

All the HR professionals will be contacted by official email to participate in this study. The official email with contain link to the survey questionnaire online and a due date for submission will be recommended within 3 weeks of the email being sent out. Upon 2 weeks, a reminder email will be notifying the entire list. Each HR unit heads will be specifically notified of the benefits to the company by participating in the survey. An extension of 2 weeks can be provided on express request from participants, since there could be prioritized work for them.

Participation will be voluntary and the participants can be anonymous and will have access to the results of the study upon full and complete participation. Template needs to be completed and incomplete ones will not be considered for analysis or be eligible for benefits.

HR employees will be notified of the design and purpose of the study in the email. Guarantee of privacy protection will be provided by showcasing a consent to not forward, share or utilizing the data provided beyond the scope of the research study. Participation in the survey will include a consent step before uploading the modified template.

**Statistical Analysis:**

After collecting responses from participants for 5 weeks, the templates will be translated into a dataset with variables mentioned above. The variables with Likert and Dichotomous scale will be converted to factor variables with specific factor level for each scale.

Descriptive statistics will be employed to analyze the gathered data. Mean, Standard deviation, and Logistic regression analysis will be performed on the dataset to identify statistically significant variables affecting the intention to stay. The F-value and significance level will be analyzed. The level of significance will be determined by lower p-value (p-value <0.05). Pearson correlation will be performed to identify any relationship between variables. It is effective in identifying and measuring association between variables by method of covariance and hence might enlighten the results.

Pearson correlation (example shown below) can be studied with respect to the sections of data collected vs an intention to stay.

|  |  |  |
| --- | --- | --- |
|  | Significance | Intention to stay |
| Educational level | 0.005 | 0.111\* |
| Organizational culture related variables | 0.015 | 0.123\*\* |
| Effectiveness of retention policies | 0.009 | 0.108\*\*\* |

\*significance level

The following results could be sample outcome(example):

1. The results revealed that financial strategies were more significant for graduate level employees, whereas post-graduate employees favored flexible work hours.
2. Salary and compensation were more significant in terms of benefits whereas recreational benefits were not preferred.
3. Equal Growth opportunities were perceived to be key aspects for female post-graduate females.

ANOVA will be used to perform hypothetical testing, since the dependent variable is categorical and the other variables are a mix of various averages/means or continuous.

**Limitations and Uncertainties:**

Limitations of the method would be the errors introduced by random sampling error, i.e. from chance error in sample selection. There is a possibility of respondent bias, they might not be completely honest and/or open about their opinion and choices (their selection on Likert scale). The trustworthiness of respondents can be reflective of their attitude at the time of the survey, which again can be contributing to bias in the sample. There can be bias introduced by participating HR employees too, by the way of deliberate falsification as well as unconscious misrepresentation. They might be tempted to falsify records in order to smoothen an organization’s image and to misrepresent the organization’s internal exit interview in response to this study’s questionnaire.

The study is only considering mid-level executives and therefore limited to certain job levels within the technology consulting industry. Perception of effective retention strategies in other industries and various other job levels is not covered.

External factors such as personal decisions at an individual level resulting in an employee quitting the company cannot be scoped and included in the study since they are widely variant and cannot be generalized.

A similar survey of employees who have quit and joined other organization, if conducted, could possibly enlighten variables in effect. A platform like LinkedIn could be unbiased, trustworthy and a promising avenue for such a study.

**Brief Schedule**



**References**

1. Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human resource management review*, *16*(2), 139-154. [↑](#endnote-ref-1)
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4. Raj, S. R., & Brindha, D. G. (2017). A Study on Employee Retention Strategies with Special Reference to Chennai it Industry. *International Journal of Civil Engineering and Technology*, *8*(6). [↑](#endnote-ref-4)
5. Farndale, E., Paauwe, J., Morris, S. S., Stahl, G. K., Stiles, P., Trevor, J., & Wright, P. M. (2010). Context‐bound configurations of corporate HR functions in multinational corporations. *Human Resource Management: Published in Cooperation with the School of Business Administration, The University of Michigan and in alliance with the Society of Human Resources Management*, *49*(1), 45-66. [↑](#endnote-ref-5)