

IMPACT OF HR PRACTICES ON EMPLOYEE RETENTION - EXAMINATION DURING COVID 19 PANDEMIC IN THE INDIAN IT SECTOR

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ABSTRACT

The main objective of almost every organization is not only to select the right person for the right job but also to fascinate and retain them within the organization. Employee retention has considerable importance these days. Due to the pandemic, organizations were compelled to close the offices and build a virtual environment that connected teams whose members were working from home. While several organizations felt the need for downsizing, it was also important for organizations to retain their best talent. This research was conducted to investigate how human resource management practices (employee compensation, employee training, appraisal system and employee empowerment) affect retention of IT employees, especially during pandemic. The data of this study was quantitative collected through questionnaire from 150 respondents from 10 different IT firms of Mumbai. The results of the current study reveal that there is a significant positive relationship between human resource management practices (empowerment, compensation, training and appraisal system) with employee retention during the corona crisis. The study also discusses the limitations and recommendation for future research.

Keywords: Covid 19 Pandemic, HR Practices, Employee Retention

1. Introduction

In all companies, the proliferation of COVID-19 causes disruption, uncertainty, complexity, and ambiguity. Any organization's most valuable asset is its people, who help it realise its objectives. As a result, the organisational strategy review is an acceptable reply for managing human resources sustainably. The COVID-19 pandemic had a number of negative impacts, including economic shock, worldwide health crises, social behaviour changes, and problems for businesses to maintain operations. Flexibility, internal efficiency, talent acquisition, and inventive improvements based on organisational evaluation and demands for smooth company operations were included among the tactics (Azizi, 2021).

The new and widespread COVID-19 illness emerged in late December 2019 in China and quickly spread around the globe, prompting the World Health Organization to designate it a pandemic on March 11, 2020. COVID-19 has been confirmed in over 23.3 million people worldwide as of August 25, 2020, with over 800,000 fatalities documented. COVID-19, with its combined effect on health and the economy, demands rapid action by governments, according to a joint statement

from the World Health Organization and the International Chamber of Commerce. These early and effective actions may lessen the danger of infection for workers in the near term while also lowering long-term expenses for trade and nations' economies (Bratianu, C., & Bejinaru, R. 2021). COVID-19 is presently the world's most serious public health threat, and its widespread and ongoing mutation has left organisations vulnerable to volatility, uncertainty, complexity, and ambiguity. Organizations have faced several issues as a result of the epidemic, including business continuity, poor employee engagement, remote working, and unemployment. In every organisation, personnel are one of the most important aspects in the establishment, development, and execution of organisational operations. Staff efficiency is ensured by effective performance and interaction, which leads to increased productivity, sales growth, and profitability, as well as lower employee turnover. While some firms felt the need to downsize, it was equally critical for them to retain their finest employees. This study looked at how human resource management techniques (employee pay, employee training, assessment system, and employee empowerment) impact IT staff retention,

particularly during pandemics. The information for this research was gathered quantitatively using a questionnaire from 150 respondents from ten different IT companies in Mumbai. The present study's findings show that throughout the Corona crisis, there was a substantial beneficial association between human resource management strategies (empowerment, remuneration, training, and assessment system) and employee retention. The paper also includes a discussion of the study's shortcomings as well as suggestions for further research.

2. Review of Literature

The notion of employee retention first appeared in business in the 1970s. Employee retention refers to an employer's capacity to keep personnel in the organisation (Melhem, 2019). Employee retention is a strategy for encouraging workers to stay with a company for as long as possible (Ibrahim, Ali, & Zumrah, 2019). One of the company's cost-cutting strategies is to keep its employees. Retaining current staff saves money for the firm. Employee retention is one of the company's most essential assets. The employment rate is also relevant, according to the previous research, since any fall in the unemployment rate is related to an increase in employee turnover. To keep talent, powerful acknowledgements are required. Employee retention, according to this notion, contributes to performance management, since engagement and retention increase and raise firm performance. Retaining talented, qualified, and knowledgeable people would have a positive impact on the firm's overall performance, quality, efficiency, effectiveness, and productivity (Alaarj, Mohamed, & Bustamam, 2017). The health and productivity of each employee have an impact on the organization's success (Honget.al, 2012).

Ibrahim (2021) did study to determine the influence of the Covid 19 epidemic on the Malaysian Manufacturing Industry's sustainability, employee retention, and innovative performance. This research intends to provide a framework for the Malaysian manufacturing sector to assist enterprises survive the pandemic while also minimizing the impact on nations and economies. This

research, predicted by Pandemic-COVID-19, looked at the country's top three economic indices. In this study, a quantitative technique was used to gather data from 574 workers in the Malaysian manufacturing sector using an online survey. The data was analysed using SPSS and AMOS for both descriptive and hypothesis testing purposes. According to the research, Pandemic COVID-19 has a detrimental impact on the Malaysian manufacturing industry's sustainability, personnel retention, and inventive performance. Furthermore, the study advised future researchers to investigate each of the model's variables in order to develop thorough models for use in other nations and sectors.

Overall, there is a paucity of research on the influence of HR practices on employee retention. It should be highlighted that there is no literature available that is particular to the IT industry. This raises the study's importance since it is intended to add to new understanding and fill a critical research gap.

3. Methodology

Following methodology was designed for the study to collect primary data.

- a. Identify a sample of 150 employees from 9 leading IT Firms using convenience 10sampling (organizations were having their offices within the limits of the Mumbai Metropolitan Region)
- b. Design and validate a (minimum 10-point) questionnaire for ascertainment of
 - i. Level of Employee Empowerment (10 items)
 - ii. Level of satisfaction related to compensation (10 items)
 - iii. Employee training – specifically related to virtual working environments (10 items)
 - iv. Level of Satisfaction related to appraisal systems (10 items)
 - v. Turnover Intention of the employees (10 items)
- c. Seek responses on a 5-point Likert scale
- d. Conduct the survey
- e. Summarize the responses
- f. Apply correlation analysis.
- g. Analyse the results

The hypotheses set in this regard were as under:

Ho1: The level of satisfaction regarding HR practices is not correlated with the employee turnover intention.

Ha1: The level of satisfaction regarding HR practices is negatively correlated with the employee turnover intention.

The study was conducted across the Mumbai Metropolitan region.

Scheme formed for testing of hypotheses

- A. Responses were collected under 4 sections:
 - a. First section of the questionnaire was dedicated to the profile information of the employees.
 - b. The second, third, fourth and fifth sections were dedicated to measure the following variables:
 - i. Level of Employee Empowerment (10 items)
 - ii. Level of satisfaction related to compensation (10 items)
 - iii. Employee training – specifically related to virtual working environments (10 items)
 - iv. Level of Satisfaction related to appraisal systems (10 items)
 - v. Turnover Intention of the employees (10 items)
- B. For each of the sections an average/ scores were calculated.
- C. Percentages to questions under a particular section of the questionnaire

were averaged to get a single score for that section,

- D. P-values were calculated, and the null hypotheses was checked for rejection or non-rejection.

Cronbach’s alpha score for the questionnaire was calculated the results have been discussed in the next section of the paper.

4. Results and Discussion

Table 1: Results of the Cronbach’s Alpha

Sr. No.	Section of the questionnaire	Number of Items	Cronbach’s Alpha value
1	Level of Employee Empowerment	10	0.801
2	Level of satisfaction related to compensation	10	0.824
3	Employee training – specifically related to virtual working environments	10	0.813
4	Level of Satisfaction related to appraisal systems	10	0.781
5	Turnover Intention of the employees	10	
6	Complete Questionnaire	50	0.773

The above table shows that the values of Cronbach’s alpha were above 0.7 in each of the cases. This shows the level of internal consistency and proves the validity of the measures that have been calculated.

Table 2: Correlations

		Level of Employee Empowerment	Level of satisfaction related to compensation	Employee training – specifically related to virtual working environments	Level of Satisfaction of related to appraisal systems
Turnover Intention of the employees	Pearson Correlation	-.390**	-.392**	-.336**	-.356**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	150	150	150	150

In each of the cases above every element of HR practices has a negative correlation with the turnover intention. This means that the greater the satisfaction regarding the HR practices, the lower the turnover intention. Thus, we can conclude that “The level of satisfaction

regarding HR practices is negatively correlated with the employee turnover intention.”

5. Conclusion

Employees are a company's most precious asset. Every firm strives to retain its personnel

in this ever-changing, dynamic, and competitive environment in order to achieve corporate objectives. Organizations must provide appealing salary, training chances to acquire new ways to improve their abilities, a fair assessment system to discover their strengths and flaws and inspire them to give their best to the business, and empowerment to keep their workers.

The analysis shows that there is a significant negative correlation between the level of employee empowerment and turnover intention. The higher the level of empowerment, the lower the turnover intention of the employees. This implies that employees who are empowered feel that they have more control over their jobs and the company. They are not likely to leave the company as they have a sense of ownership over their jobs. The above table shows that there is a significant negative correlation between the level of satisfaction related to compensation and turnover intention. The higher the level of satisfaction with compensation, the lower the turnover intention of the employees. This implies that employees who are satisfied with their compensation are not likely to leave the company. The above table shows that there is a significant negative correlation between employee training and turnover intention. The higher the level of employee training, the lower the turnover intention of the employees. This implies that employees who are trained feel that they have more control over their jobs and the company. Obviously, they are not likely to leave the company as they have a sense of ownership over their jobs. The above table shows that there is a significant negative correlation between the level of satisfaction related to appraisal systems and turnover

intention. The higher the level of employee satisfaction with appraisal systems, the lower the turnover intention of the employees. This implies that employees who are satisfied with their appraisal systems are not likely to leave the company. Based on the above discussion, it can be concluded that there is a significant negative correlation between the level of empowerment and turnover intention. Based on the analysis, it can be concluded that there is a significant negative correlation between the level of empowerment and turnover intention. The higher the level of empowerment, the lower the turnover intention of the employees. Therefore, empowerment can be used as a tool to reduce turnover intention in the organization. In addition, it can be concluded that the higher the level of employee training, the lower the turnover intention of the employees. Based on the above discussion, it can be concluded that there is a significant negative correlation between the level of employee training and turnover intention. The higher the level of employee training, the lower the turnover intention of the employees. Therefore, employee training can be used as a tool to reduce turnover intention in the organization. In addition, it can be concluded that the higher the level of satisfaction with appraisal systems, the lower the turnover intention of the employees. Based on the above discussion, it can be concluded that there is a significant negative correlation between the level of satisfaction with appraisal systems and turnover intention. The higher the level of employee satisfaction with appraisal systems, the lower the turnover intention of the employees. Therefore, employee satisfaction with appraisal systems can be used as a tool to reduce turnover intention in the organization.

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