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## **“A Study on Training and Career Development as an Employee Retention Strategy in IT Industry in India”**

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### **Abstract**

The purpose of this study was to investigate the organizational factor (Training and Career Development) impacting on employee retention in IT industries in India. Retention is defined as “the ability to hold onto those employees you want to keep, for longer than your competitors” (Johnson, 2000). In modern times, employee’s retention has become one of the leading challenges for organization. Given today’s weak company loyalty, employees are increasingly “jumping ship” for better job opportunities elsewhere. The issue isn’t simply losing a key member of your team; there is also the hassle-and cost-of replacement. It is obvious that employee’s retention is one of the most pressing issues that Human Resource Professionals face today.

**Keywords:** Training and Career Development, Employee Retention, Productivity

### **Introduction**

For managers, nothing feels better than having a physically powerful, thriving, satisfied workforce in place that is mutually focused on the organization’s performance. It is an essential to any manager’s ongoing process is a critical retention strategy for hiring top-quality individuals on its own. In fact, hiring does not end the process when the candidate has acknowledged the place. Profitable initiatives and well-planned processes must be firmly in place and constantly nurtured so that employees will have motives to remain with your company for intensification to continue.

Employee retention has become a serious and complex problem for all organisations. Managing employee retention and keeping turnover rate below target and industry norms is one of the most challenging issues facing organisations (Phillips & Connell, 2003).

## Training & Career Development and Employee Retention:

The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). Eyster, et al. (2008) state that job flexibility along with embracing career and life options, is a critical incentive for all employees. Research shows growing trends of employers providing greater job flexibility that includes flexible career options (i.e. training, mentoring, workstation accommodations, job mobility, and reduced work hours) and life options (i.e. counseling services, health and wellness programs) (Eyster, et al., 2008). The challenge to organizations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities. Today every institute take pain in sending their employees to attend the seminars, conferences and workshops so that they can learn innovative skills and competencies for upgrading their students. They also facilitate the exchanging programs for developing their talents. It actually helps to retain the employees.

## Literature Review

**Kewenin (2013)** examined the relationship in Vodafone Ghana limited between work environment, career development opportunities and employee retention and found that work environment and career development opportunities had positive relationship with employee retention. The researcher applied Pearson coefficient correlation to measured the association among the variables.

**Rajnish Ratna & Saniya Chawla (2012)** in their study 'Key Factors of Retention and Retention Strategies in Telecom Sector' focused on a high rate of employee attrition is a challenge for most companies in the telecom sector. The most effective retention strategies that can have a long-term impact. Companies now accept more than one technique to create an interior milieu that will retain their employees. The purpose of the study was to examine the key factors of retention, employee's satisfaction level about key factors and the retention strategies being followed in the telecom sector.

**The study of Punia and Sharma (2008)** has focused on the influence of organizational procurement practices on employee retention on the basis of positions and personal variables of employees and also examined that the variables like induction programme, scientific job analysis and fair & skill based distribution of work assignment are the key factors in influencing the employees retention intentions in IT sector and organization in current scenario. During scientific job analysis before selecting the employees and resorting to fair and skill based work distribution practices, the corporate sector has to build up their induction programmes.

**Patrick Owens' (2006)** studied on the relationship between training and organizational outcomes found just that to be true. This study hypothesized that employee's in training programs report higher levels of commitment and is less likely to consider turnover. The research avowed the hypothesis that training has a positive impact on commitment and turnover cognitions. Many other scholars and practitioners in addition to the study of Owens have had similar research findings.

**According to Bailey (1993)** effective practices help in retaining the talent employees. According to him a wide-ranging practice should consider the following issues:- Employees must have a lucrative incentive (compensation, recognition, reward etc.); Employees must strengthen their necessary skills and competencies to make their efforts more meaningful (selection, training, development, career opportunities etc.); Employees must grasp opportunity to participate at various levels. (Communication, participation, promotion etc).

## Objectives of the Research

The primary objective of this study was to investigate the impact of training and career development on employee retention in IT industries in India.

## Research Methodology-

This study is primarily a descriptive and analytical study. The study is undertaken on the employees of IT industry in India.

Sample Size: Total 500 employees were selected from IT industry in India.

Source of Data: Questionnaire technique is used to collect primary data from the targeted respondents.

## Hypothesis-

**H<sub>01</sub>:** Increased Training and Career Development do not result into higher Employee Retention.

**H<sub>02</sub>:** Increased Training and Career Development result into higher Employee Retention.

**TABLE 1 (A) DESCRIPTIVE STATISTICS ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

	Mean	Std. Deviation	N
Employee Retention	6.7020	1.15926	500
Training and Career Development	7.4620	1.08946	500

**TABLE 1(B) CORRELATIONS ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

		Employee Retention	Training and Career Development
Pearson Correlation	Employee Retention	1.000	.789
	Training and Career Development	.789	1.000
Sig. (1-tailed)	Employee Retention	.	.000
	Training and Career Development	.000	.
N	Employee Retention	500	500
	Training and Career Development	500	500

Above table shows the correlations and it is evident from this table that Pearson's correlation coefficient between Employee Retention and Training and Career Development is 0.789 which is significant since the significant value (p- value) 0.000 is less than 0.05. Therefore, we may conclude that there is significant association between Training and Career Development and employee retention. Furthermore, since the value of correlation coefficient r suggests a strong positive correlation, we can use a regression analysis to Model the relationship between the variables.

**TABLE 1 (C) MODEL SUMMARY<sup>B</sup> ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.789 <sup>a</sup>	.622	.620	1.13961	.620	18.360	1	498	.000

a. Predictors: (Constant), Training and Career Development

b. Dependent Variable: Employee Retention

**TABLE 1 (D) ANOVA<sup>A</sup> ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.844	1	23.844	18.360	.000 <sup>b</sup>
	Residual	646.754	498	1.299		
	Total	670.598	499			

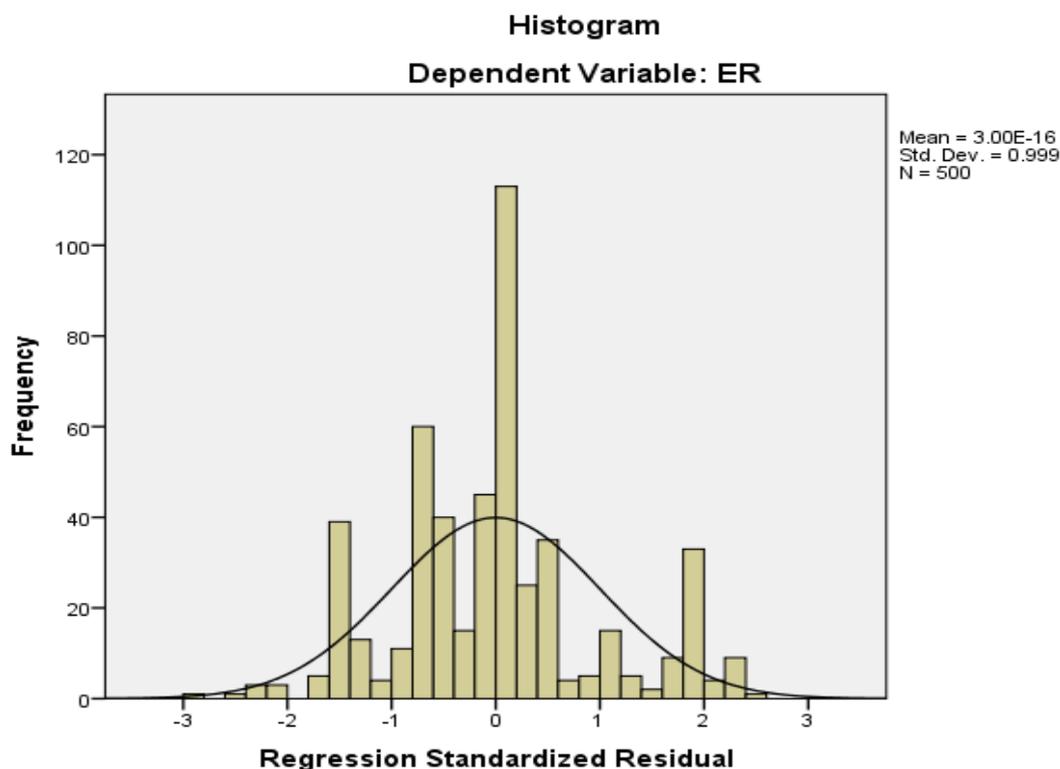
a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Training and Career Development

**TABLE 1 (E) COEFFICIENTS<sup>A</sup> ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.205	.353		14.740	.000
	Training and Career Development	.601	.047	.689	4.285	.000

a. Dependent Variable: Employee Retention



**FIGURE 1: HISTOGRAM ON TRAINING AND CAREER DEVELOPMENT & EMPLOYEE RETENTION**

Over all model summary shows the value of linear correlation coefficient  $R=0.689$ , it is the linear correlation coefficient between observed and model predicted values of the dependent variable, Its large value indicates a strong relationship.  $R^2$ , the coefficient of determination is the squared value of the multiple correlation coefficients. Adjusted  $R^2=0.620$ ,  $R^2$  change is also 0.622 and these values are significant which shows that overall strength of association is moderately noteworthy. The coefficient of

determination  $R^2$  is 0.622; therefore, 62.2% of the variation in employee retention is explained by Training and Career Development.

ANOVA is used to exhibit model's ability to explain any variation in the dependent variable. ANOVA table exhibits that the hypothesis that all model coefficients are 0 is rejected at 1% as well as 5% level of significance which means that the model coefficients differ significantly from zero. In other words we can say that there exists enough evidence to conclude that slope of population regression line is not zero and hence, Training and Career Development is useful as predictor of employee retention.

From the table of coefficients, the regression equation can be obtained as

**Employee Retention = 5.205 + .601 \* Training and Career Development**

The normal probability plot is obtained to test the assumption about the normality of residuals and it appears that the residuals are approximately normally distributed. Thus the assumptions for regression analysis appear to be met.

### Findings and Discussion:

Findings revealed results in the expected direction for the hypothesis has proven that : *Increased Training and Career Development do not result into higher Employee Retention* is rejected and the alternate hypothesis that : *Increased Training and Career Development results into higher Employee Retention* is accepted at 5% level of significance. To test the hypothesis correlation and regression were applied and it is concluded that Increased Training and Career Development has positive relationship with employee retention. The important values, generated by SPSS through running regression on the data collected are as follow: Coefficient of Correlation, R-.789, Coefficient of Determination,  $R^2$ -.622, F-Test Value- 18.360 at P-value-.000 and lastly tolerance level is determined through Coefficient of independent variable, Beta-.601.

The calculated value of F is higher than tabulated value at 5% significant level, so null hypothesis is rejected and alternate hypothesis is accepted. The value of T-test is 4.285 **{Refer Table No. 1 (E)}** is significant at 5% level of significance. F value is greater at 1 degree of freedom. Hence, the relationship between independent variable and dependent variable is .622 and 62.2% change is explained in the variable of employee retention Increased Training and Career Development **{Refer Table No. 1 (C)}**. The estimated regression model of data shows that there is a (strong effect) positive relation between employee retention and Increased Training and Career Development also tells us that a change in Increased Training and Career Development (a strategy of retention) will enhance up to .601 employee retention. The F-calculated value is 18.360, so, the overall model is significant under the condition that F- calculated > F- tabulated. In this case the data shows that the model is significant at p-value. The p-value from the result is less than 0.05. Thus, the null hypothesis is rejected and the alternative hypothesis is accepted. The findings are statistically significant at the 5% level.

Opportunities for career development are considered as one of the most important factors affecting employee retention. It is suggested that an organization that wants to strengthen its bond with its employees must invest in the development of these employees (Hall & Moss, 1998; Hsu, Jiang, Klein & Tang, 2003; Steel *et al.*, 2002; Woodruffe, 1999). This does not, or not only, involves the creation of opportunities for promotion within the company but also opportunities for training and skill development that allow employees to enhance their employability on the internal and/or external labor market (Butler & Waldrop, 2001). Other factors relating to career development are the provision of mentoring or coaching to employees, the organization of career management workshops and the set up of competency management programs. For instance, in a recent study Allen, Shore & Griffeth (2003) found that employees' perceptions of growth opportunities offered by their employer reduced turnover

intentions. Steel *et al.* (2002) also report empirical data showing that lack of training and promotional opportunities were the most frequently cited reason for high-performers to leave the company.

## **Conclusion-**

In the ever growing competition, it is highly essential for organisations to develop new strategies for their retention. Every employee seeks to be in a better position in the organisation while learning every day. Monotonous work kills the willingness of employees thereby decreasing their productivity. Also, in order to march to the competitive edge of the market, the organisations need to change their systems time and again. It is highly essential to provide them with proper training so as to make sure that employees can work smoothly without any disruption. The combination of both these factors reveal that employees' training and development also form an important part for the elimination of resistance of change.

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