

**A STUDY ON IMPACT OF EMPLOYEE SATISFACTION TOWARDS
EMPLOYEE RETENTION IN IT SECTOR**

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ABSTRACT:- *Employee satisfaction is supremely important in an organization because it is what productivity depends on. Satisfied employees are more likely to be creative and innovative and come up with breakthroughs that allow a company to grow and change positively with time and changing market conditions. The Main objectives of the paper are to Measure the level of employee satisfaction, to see the effect of the measures being taken to enhance employee satisfaction and employee growth in the organization. In the study, the dimensions across which it was measured were – Superior-Subordinate relationship, Role, Culture, Career Development, Training, Goals and Motivation. Various aspects of these dimensions were listed down and converted into a questionnaire to conduct a survey on the employees of IT sector. Few trainers and trainees were interviewed to understand the system of training as training was the factor which contributed to employee satisfaction more than other factors. There has been quantitative analysis of the results of questionnaire done through Correlation of inter and intra items of each parameter under consideration, the factor analysis has been done after that to find out the items which uniquely determine the employee satisfaction in the organization.*

Keywords: *Employee Satisfaction, Employee Retention, Career Development, Motivation.*

INTRODUCTION

Employee satisfaction and retention have always been important issues for organizations. High levels of absenteeism and staff turnover can affect the bottom line of the organization, as recruitment and retraining take their toll. The term Employee Satisfaction refers to individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes towards the job tend to be more productive, creative and committed to their employers while a person who is dissatisfied with his or her job holds negative attitudes about the job. Organizations that can create work environments that attract, motivate and retain hard working individuals will be better positioned to succeed in a competitive environment that demands quality and cost-efficiency. By creating a positive workplace for their employees, they can increase their employee's job satisfaction. Employee satisfaction can be characterized by job involvement and organizational commitment. Job involvement measures the degree to which a person identifies psychologically with his or her job and considers his or her perceived performance level important to self worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement are related to fewer absences and lower resignation rates. Organizational commitment is a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization.

Quality of life improves with job specification. The employee is concerned and happy with the kind of job done and hence, overall well being for the employee and the family. Employee contributes willingly to the profits of the company. He feels responsible towards the return to the company. He delivers his best and his performance level arises. He shows commitment towards work. He works with full honesty and loyalty. He reduces absenteeism to the minimum as the work he does is of his interest and he willingly do it. Satisfied employees tend to adjust more and handle pressure with ease as compared to frustrated ones. Employees who are not satisfied with their jobs would find a problem in each and every thing. They find it extremely difficult to compromise or cope up with the changing times. On the other hand, employees who are happy with their jobs willingly participate in training programs and are eager to learn new technologies, software's which would

eventually help them in their professional career. Satisfied employees accept challenges with a big smile and deliver even in the worst of circumstance.

LITERATURE REVIEW

Ashraf Shikdar & Biman Das (2003) concluded Worker satisfaction improved significantly as a consequence of the provision of the assigned and participative standards with performance feedback in a repetitive industrial production task. The maximum improvement in worker satisfaction was found for the participative standard and feedback condition. Only this condition had a significant positive effect on worker job attitudes. Monetary incentive, when provided with an assigned or participative standard with feedback, added no incremental worker satisfaction or job attitudes gain. The participative standard with feedback condition emerges as the optimum strategy for improving worker satisfaction and job attitudes in a repetitive industrial production task.

Edward E. Lawler III & Richard J. Hackman (1971) did research on “corporate profits and employee satisfaction”. The authors examined the notion that executives would rather maximize their profits rather than invest in their employee’s job satisfaction. They discuss how the simplification of many work processes, while intended to improve an organization’s profits, often result in a lack of satisfaction on the employee’s end. The breaking down of work into small tasks makes the worker’s job repetitive and easily replaceable. While this process is designed to improve quality it also results in a decrease in morale. The authors examined how it is actually not profitable for companies to continue to use these practices because of the costs related to turnover, absenteeism and the eventual drop in product quality.

Donald P. Schwab & Marc J. Wallace Jr. (1974) examined many aspects of job satisfaction investigated in recent years; satisfaction with pay appears to be most deserving of additional study. Employee satisfaction with pay should be of particular importance to organizations if for no other reason than that pay constitutes a substantial --often the major--cost of doing business. Despite its importance, however, considerable controversy has surrounded discussions of satisfaction with pay, and only recently have we begun to learn something about the personal and organizational factors associated with pay satisfaction. This study examines six personal and organizational correlates of pay satisfaction of both male and female nonexempt employees in a large firm manufacturing durable consumer goods. In general, the results indicate that although satisfaction with pay is related to several of the observed variables, the vast majority of the variance in pay satisfaction is not explained with the variables used in this study.

RESEARCH GAP

Though studies have been conducted by researchers across the world with respect to the employee satisfaction, studies have been undertaken to measure the satisfaction level in terms of pay, customer satisfaction level, employee attitudes, and quality of supervision. This research is undertaken to identify the retention strategies for employee satisfaction. Review of literature suggests that employees get satisfied only when they get good monetary pay, relationship with co workers, goal setting. But no study had been undertaken to analyze the factors like work environment, recognition and rewards, opportunities in development of employees, communication between employees. The present study was taken to bridge the gap between employee satisfactions with retention strategies.

OBJECTIVES OF THE RESEARCH

- To Study the employee satisfaction towards Employee Retention.
- To evaluate and identify factors affecting employees in IT sector.
- To analyze organizational factors effecting retention.

HYPOTHESIS

H0: There is no relationship between employee retention strategies and employee satisfaction.

H1: There is a relationship between employee retention strategies and employee satisfaction.

FINDINGS

From the above table I found that 37% of employees are from 21-30 years of age group, 33% of employees are from 31-40 years age group, 17% of employees are from 41-50 years of group, 13% of employees are from 51-60 years of age group. Male employees are 73% where female employees are 27%.

Table 1. Demographic variables (sample size 100)

Age	No of respondents	% of Respondents
21-30	37	37%
31-40	33	33%
41-50	17	17%
51-60	13	13%
Gender	No of respondents	% of Respondents
Male	73	73%
Female	27	27%
Designation	No of respondents	% of Respondents
Higher Level	19	19%
Middle Level	46	46%
Lower Level	35	35%

CORRELATION

Descriptive Statistics

	Mean	Std. Deviation	N
Employee Satisfaction	1.6100	.52615	100
Employee Retention	1.6800	.53456	100

Correlations

		Employee Satisfaction	Employee Retention
Employee Satisfaction	Pearson Correlation	1	.752
	Sig. (2-tailed)		.000
	N	100	100
Employee Retention	Pearson Correlation	.752	1
	Sig. (2-tailed)	.000	
	N	100	100

The above tables explain about the result of correlation. Since the score .752 hence the Null Hypothesis is Accepted there is a significant relation between the Employee Satisfaction and Employee Retention. Table determines relationship value on the impact of difference between employee satisfaction and retention strategies. Considering the mean values of level of satisfaction and retention strategies in the analysis, since the Sig value is 0(which is greater than 0.5), we can say that there is a significant correlation between the numbers of employee satisfaction and retention strategies. When Pearson's R is close to 1 this means that there is a strong relationship between your two variables. This means that changes in one variable strongly correlated with changes in the second variable. Null Hypothesis is rejected so the relationship between retention strategies and employee satisfaction is positive.

The results of the study have original implications for organizations that employee satisfaction has positive significant correlations with career development and motivation in IT Sector. We may consider that the total explained variance (0.752) of the retention strategies is above a good level. Further studies may analyze the objective of this research to build the understanding regarding the employee satisfaction of employees with organization commitment. The findings of the research conclude that there was significant impact of employee retention strategies towards Employee Satisfaction. Employee Satisfaction is Positively related with Retention strategies. From this research it was explored that retention strategies was very necessary to have negative relationship with employee satisfaction. However, further attempts need to be made by the administration of IT sector companies to identify the deficits and amend them, in order to enhance the level of Employee Satisfaction. The findings of the study showed that male members were having the same level of employee satisfaction as that of female employees. Further, the study indicates that there is no statistically significant difference between age groups for the overall employee satisfaction.

LIMITATIONS OF THE STUDY

This research has several limitations. Its main limitation deals with the fact that organizational employee satisfaction is too complex a concept to be tested. Although the questions about many of the relevant aspects found in the literature, it does not include them all, and does not make a difference in weight between items on the scale for quantitatively.

CONCLUSION

The purpose of this study was how Employee satisfaction has impact on Employee Retention. The study found high efforts provided by IT Employees to retain existing employees and they provide good working environment to retain their Employees. About career development and motivation the management has to re-think and re-model about these two factors in order to retain their efficient employees in their organization This study can help the top-management decision makers of IT sector to enhance the major factors that may better develop their faculties' retention and thus meeting organizational goals and objectives.

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