

Impact of Recruitment Attraction Strategies on Employee Retention: A Study of Indian IT Sector

Abstract

Recruitment and retention both are human resource management practices. The purpose of this study is to find out the relationship of effective recruitment strategies with employee retention in IT sector companies. This research paper is based on semi-structured questionnaire that was filled from 600 IT sector employees. For the analysis of data factor analysis and linear regression was used through SPSS version 17. The majority of the respondents agreed with recruitment affect the retention. So, this paper concluded that there is positive effect of employee recruitment attraction strategies on employee retention. Effective employee recruitment strategies can help management to retain talented employees in the organization.

Keywords: Employee Recruitment, Employee Retention.

Introduction

In this era of competition, there is increasing the demand of skilled workforce to meet the demand of market. Market demand can fulfill by highly talented and experienced workforce. To recruit and retain talented employees there is a need of an effective recruitment process. Recruitment is one of the practices of manpower systems that can generally be most effectively controlled. Recruitment can be done to meet immediate demands of workforce or for long-term planning programmes designed to improve skewness in the length of service profile without reducing the strength of the system greatly. Recruitment process of every organization should directly connect with promotion and the desired growth of organization. If recruitment process is effective then it will impress employees and will force to retain in the organization (Burt, 2015).

Recruitment is the first stage of employee to enter in an organization and employee retention is the result of all practices that affect employee perception towards organization. Employee retention is the result of all practices of organization for employees. If employee is highly skilled then organization should make strategies to retain them because organizational competitiveness can be maintained through securing highly skilled employees (Kyndt, 2009; Schmidt, 2015). Management of every organization makes a cost benefit analysis before recruiting employees. If current employees are more competitive then new employees in market and cost of recruitment is also more than management tries to retain them in place of recruit new employees.

Information Technology (IT) industry can be treated as a sunrise industry in India. The IT industry is one of the fastest growing industries of the decade in India. A high growth need with the shortage of required skill manpower in industry is the ultimate challenge to the human resource professionals from recruitment to retention. In quantitative as well as in a qualitative way the mismatch between demand and supply of skilled workforce is the complexity of development in IT and in its fast growth. The qualitative problem principally concerns with the knowledge skills and attitudes of IT professionals which are not associated sufficiently to the demands of employees. The main quantitative problem concerned with the need of total number of skilled employees in labor market. In this era, IT companies do their best to attract starting IT professionals as well as experienced ones because of demand exceed the supply. IT companies offer exciting careers, appealing jobs and lease cars as promises in their recruitment campaigns. Talent management comes ahead as panacea to remove all these qualitative and quantitative impediments.

Gita

Research Scholar,
Haryana School of Business,
Guru Jambheshwar University of
Science & Technology,
Hisar,Haryana

Ashok Kumar

Research Scholar,
Haryana School of Business,
Guru Jambheshwar University of
Science & Technology,
Hisar,Haryana

Shishpal

Research Scholar,
Haryana School of Business,
Guru Jambheshwar University of
Science & Technology,
Hisar,Haryana

Review of Literature

This section includes the literature related to recruitment attraction strategies and employee retention to support the study.

Recruitment Attraction Strategies

Perkins et al. (2000) depicted the influences of a regularly used tool in recruitment process, the recruitment advertisement. This research study the influence of the cultural composition of employees represented in the advertisements on a various sample of job-seeker reactions. The reactions include opinions of organizational attractiveness, acquired compatibility to the organization, and evaluations of organizational image. It was expected that the competition of the job seeker, would moderate these relationships.

Dolea et al. (2010) studied a paper provides an analysis of the effectiveness of interferences to attract and retain health workers in rural areas from an effect evaluation perspective. It represents a mixture of the indicators and methods used to extent the impact of rural retention interventions against several policy magnitudes such as: attractiveness of rural, deployment/recruitment, retention, health systems performance and health workforce. The study discusses the quality of the current indication on evaluation studies and emphasizes the need for more thorough evaluations to support policy-makers in developing, applying and evaluating effective involvements to increase availability of health workers in remote areas and finally contribute to attainment the ultimate goal.

Newton (2006) proposed a study to use a recent feminist conceptual framework to frame an inquiry of whether highlighting the major roles of the job in recruitment messages for a hypothetical of superintendent position affected participant job attraction scores. The matters of the recruitment messages affected participant scores to a weighty degree. The findings of this study encourage careful attention of the language used in recruitment memorandums and support the effectiveness of the framework to inform future studies.

Van Hoyer (2012) found that job seekers who spent extra time on getting employment information through empirical recruitment sources such as events and word of mouth recognize information as more credible. Job seekers' knowledge to word of mouth was strongly positively related to their attraction to organizations as an employer. This relationship was mediated by the perceived reliability of the received employment information. The results of this study suggest that to improve their attractiveness for job seekers, specifically those in high demand on the labor market, recruiting organizations should offer credible employment information and inspire the use of word of mouth for getting recruitment information.

Rynes (1987) suggests that compensation is the main feature of any recruitment strategy. Since job choices are complicated decisions, numerous strategies are available to less capable organizations when challenging for new talent. Certain strategies focus on many forms of compensation, such as trade-

offs between compensation levels, variable compensation, and indirect compensation.

Burt (2015) studied that recruitment process influence behavior of new employees as well as old employees. Old employees make perception toward new employees according to the process followed by organization at the time of recruitment. If they feel that recruitment process was suitable to choose a suitable employee according to job then they will feel safe and will behave in a better way with new employee.

McCracken et al. (2015) worked on a research paper that is based on both quantitative and qualitative data from 6 UK established companies- Construction national company, Aerospace multinational company, IT software development multinational company, public sector health care national company Charitable (local operation of worldwide charity and hospitality) regional organization. The data were collected from the annual reports, trade and internal company magazine and strategy documents to collect information on graduate recruitment and development issue. Primary data are collected from face-to-face in depth interview of 16 HR managers. In this paper author found that organizations are taking a no. of initiatives to address the talented graduates. Employee's quality can be measured by performance potential. Employers in these organizations take a more selective approach to recruit talented graduate.

Employee Retention

Mckay et al. (2007) presented a study to examine the influence of diversity climate perception on turnover intention among top level employees in a national retail organization. The authors assumed that pro-diversity work climate perceptions would relate most negatively with turnover intentions between Blacks. A result of the study shows that white men and women revealed slightly stronger effects than Hispanic personnel.

Moncarz, Zhao and Kay (2009) worked on a paper with the purpose of investigating US lodging properties' of organizational employee-retention initiatives, and to examine the effect of those initiatives on employee retention. The results of the study reveal that Corporate Culture, Promotions and Training practices affect non-management employee retention.

Sandhya and Kumar (2011) proposed a study to find out the relationship between employee motivation and employee retention. According to this study employee motivation is one of the major factor that can improve employee and organizational performance. Findings of the paper concluded that employee retention can improve by motivating the employees in the some aspects as: Open communication, Career development program, Employee reward program, Recreation facilities, Performance based bonus, Gifts at some occasions.

Arnold (2005) revealed that human resource management faces challenge of employee retention. Managers try to make significantly appropriate strategies to reduce employee turnover. According to this paper health care services have become very important to effective positively employee retention.

Kyndt et al. (2009) worked on a paper to study the relationship between high potential employees and employee retention. To find out the relationship between these two factor analyses a linear regression methods were used to analyze data collected through questionnaire. Findings of this paper show that there is a positive relationship between high potential employees and employee retention because company invests a more on skilled employees to retain them.

Sheridan (1992) found that human resource management of organization should make strategies of employee retention after recognizing the cost-benefit analysis employee replacement. If replacement of high performing employees is more costly than his retention practices, then organization should focus on retention policies.

Hypothesis 1

Employee recruitment is positively affects the employee retention.

Objectives of the Study

To measure the impact of attraction strategies for recruitment on employee retention in Indian IT sector.

Research Methodology

This part of study includes the research design, sampling design, sampling area and sample size and statistical tools used in the data analysis.

Research Design

The present study is descriptive cum empirical in nature.

Sampling Design

The data for this study was collected through semi-structured questionnaire. A total of 600 questionnaires were used for analysis. The population for this study included the employees of IT sector of NCR. The employees were asked to rate the statement from 1 to 5. The rating 1 means strongly disagree and rating 5 depict strongly agree.

Statistical tools

The Exploratory Factor Analysis is used to extract the factors of statements. After extracted factors regression analysis is used to prove hypothesis.

Factor Analysis

To bring down the statements to manageable level of dimensions, factor analysis using principal components method of factor extraction with varimax rotation was used. The value of KMO measure of sampling adequacy comes out to be 0.937 and Bartlett's test of sphericity was found to be significant, depicting that factor analysis can be applied on this data. The basis for factors extraction was kept as the eigen value of 1.0 and rotated factor loading of at least 0.30 which is desirable (Costello and Osborne, 2005). Principal component analysis with Varimax rotation and Kaiser Normalization extracted 2 factors explaining approximately 83.780 per cent of variance.

Table 1 present the structure of each dimension depicting recruitment and retention of employees. It presents the dimensions and the variables constituting each dimension. The factor loading of each variable of the respective dimension

(recruitment and retention) is also shown in the table 1. The Cronbach's alpha was also intended for each factor to measure the internal consistency of the variables in a specific factor is .970, which shows acceptable results.

Table 1: Variables of Recruitment Attraction Strategy and Employee Retention

Factor and variables	Factor loading
Recruitment attraction strategy	
My organization prioritizes time to interview potential candidate when a vacancy arise.	.826
My organization possesses a good overall knowledge of HR recruitment process and policies.	.848
My organization consistently appoints high caliber employees.	.843
My organization devotes time and energy to attend the filling of a vacancy.	.858
My organization ensures that vacancies do not remain open for a long period of time.	.770
Employee retention	
My organization provides Job Security.	.826
My organization provides promotion opportunities.	.869
My organization provides good working Environment.	.846
My organization helps in career development of employees.	.874
Management of my organization supports for higher education.	.839
My organization provides training and development programs.	.869
My organization gives rewards & recognition on better performance.	.849

Source: Primary data

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization the two factors which were extracted were named as Recruitment attraction strategies, Employee retention.

Regression Analysis

Table 2: Impact of Recruitment Attraction Strategies on Employee Retention in Indian IT Sector

Regression Statistics		Significant
R ²	.507	.000
F Statistic	593.999	.000
Regression	.712	.000
Std. error of estimate	.829	.000
Beta	.712	.000
N	600	

Source: Authors compilation

Table 2 reveals that recruitment strategies significantly affect the employee retention. The value of R square is 0.507 indicating that 50 percent of variation in retention (dependent variable) is explained by recruitment strategies (independent variable). The rest of the effect is because other factors. F statistic

shows that there is a significant impact of recruitment strategy on employee retention. Beta Coefficient value is 0.712 which means one unit change recruitment strategies results into 0.71 unit change in employee retention. The standard error of estimate means estimated distance between actual value and estimated value which is 0.82 in the present study. Only 0.82 percent standard error of estimate shows that prediction is more accurate. In nutshell, there is significant impact on effective recruitment strategies on employee retention.

Conclusion and Discussion

Recruitment and retention both are common and vital practices of human resource management (HRM) in every organization. Recruitment is the first stage to employee to enter in organization after that all practices of HRM will start. Employee turnover is a big problem for management, to reduce employee turnover there is a need of some attractive steps which starts from recruitment process. Results of this study show that there is a positive relationship between employee recruitment practices and employee retention. This study concluded that recruitment alone effect retention 50 percentage and left 50 percentage effected by other variables. So, effective recruitment practices can reduce employee turnover and attract talented employees to stay in organization.

Limitation and Future Directions of the Study

1. This study is limited to quantitative data only. There could be qualitative data also.
2. Sample size is very small. This study depends only on 600 respondents. The large sample size and area can be cover for further study.
3. This study include only IT sector. So, it cannot generalize for whole NCR of India. The other sector can be included for further study.

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