

# Impact of Employees Retention Strategies Towards Organization Performance in Selected IT Companies at Mysore City

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**Abstract:** *In today's competitive business landscape, particularly in the IT sector, employee retention strategies have become essential to improving organizational performance. IT companies, which face high turnover rates, a fast-paced work environment, and an ever-evolving job market, must prioritize retention to maintain a stable, skilled workforce. Effective employee retention strategies play a pivotal role in enhancing productivity, performance, and profitability within organizations. The study conducted on selected IT companies highlights the effectiveness of various employee retention strategies in fostering organizational success. It is evident that strategies such as team-building, creating strong interpersonal relationships, ensuring employees understand organizational priorities, and recognizing performance significantly impact employees' perceptions of their work environment. These initiatives are key in promoting synergy and collaboration within teams in turn, directly enhances organizational performance by encouraging idea-sharing, innovation, and better problem-solving across the company. Lastly this study results that IT companies must continue to refine and implement retention strategies to ensure maintain a motivated, engaged, and high-performing workforce. A strong focus on team-building, fostering positive relationships, and recognizing achievements will help overcome the organization challenges at IT sector, improve employee satisfaction, and drive overall organizational success in selected IT companies at Mysore City.*

**Keywords:** Rewards, Recognition, Compensation, Benefits, Retain Talents

## 1. Introduction

The strategic importance of employee retention in modern organizations. HRM is increasingly viewed as a critical function for not just managing but also nurturing talent. The retention of key employees is seen as integral to securing a competitive advantage, particularly in industries where intellectual capital (i.e., knowledge and skills) plays a central role. The ability to retain top performers through a combination of training, development, and effective compensation structures can help an organization achieve its long-term goals. However, it also points out the need for constant adaptation in HR practices, as the business environment is dynamic, and employee expectations and market conditions change. Therefore, HR managers must be proactive in addressing the challenges of talent retention. Organizational performance to various internal and external factors, particularly employee retention and human resource management. The central idea is that retaining employees plays a critical role in an organization's success. High-performing employees contribute to higher productivity and more efficient resource use, which helps the company meet its goals. Employee retention is crucial for a company's performance, especially when companies have invested time and resources in hiring and training skilled employees. Retaining these employees is vital to maintaining a high-performing workforce. An organization's ability to adapt to changes in the external environment, such as market trends or technological advancements, is essential for maintaining consistent performance. Moreover, having a reliable and committed workforce is vital for fostering cooperation and

ensuring that all members of the organization work together toward common goals.

**The role of human resource management (HRM) in maintaining a skilled workforce (Retain the existing employees).**

- **Retention as an Ethical Practice:** HR professionals have recognized the importance of using holistic retention incentives ethically to influence employee behaviors. These incentives help organizations retain valuable employees who can contribute to long-term success.
- **Competitive Advantage through Employee Retention:** Organizations are increasingly focusing on retaining their top employees, as these individuals are seen as key assets that provide a competitive edge. Skilled employees contribute directly to the productivity and survival of the business.
- **Adaptation to Changing Environments:** As organizations face high turnover rates, retention strategies are constantly evolving. Organizational leaders and HR experts are continually adapting their retention policies to overcome challenges posed by a high turnover environment.
- **The Knowledge Economy:** In today's knowledge-driven economy, businesses require a talented workforce with specialized skills and knowledge. HR professionals are focusing on creating environments that attract and retain employees with the expertise necessary to achieve organizational objectives.
- **Commitment to Organizational Goals:** Successful organizations implement effective performance

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management policies and practices aimed at retaining competent employees. These employees' knowledge and skills are viewed as essential to the organization's success.

- **Continuous Monitoring and Training:** To ensure employee retention, organizations must monitor performance closely and adapt to the changing environment. HR managers need to make informed decisions that provide the right support (e.g., training, compensation) to high performers, which is crucial for reducing turnover etc.

## 2. Review of Literature

**Deepa E, Kuppusamy S (2014)** conducted a study on "The Effect of Performance Appraisal System in Organizational Commitment, Job Satisfaction and Productivity", This paper summarizes the conceptual foundation of performance appraisal system and its relationship between Job Satisfaction, Organization Values, Employee Engagement and thus with Productivity. The researcher has found that the performance appraisal system helps both the workers and therefore the organization in increasing their productivity.

**Srinivasa Reddy (2016)**, investigates a study on employee retention strategies in software companies in Bangalore. The study explores how employees feel about various strategies used to retain them and highlights the challenges HR managers face in retaining top-performing employees. The employee turnover (attrition) is a growing issue, especially when companies lack well-defined retention strategies. This problem is becoming increasingly difficult for HR managers and employers to manage, particularly when trying to retain skilled and high-performing employees.

**Hotner Tampubolon (2017)** conducted an enquiry on "The relationship between Employee Engagement, Job Motivation, and Job Satisfaction towards the worker Performance" found that the worker Engagement positively and significantly influenced employee performance. The aim of the study is to research the effect of employee engagement, job motivation and job satisfaction to employee performance in Ministry of Export and Import Department, the Indonesian Ministry of Trade.

**Sequeira (2018)**, emphasizes a study on the importance of employee retention as a critical function of Human Resource Management (HRM). It highlights the risks of not prioritizing retention strategies and offers insights into how these strategies should be tailored to different groups and levels within an organization. Employee retention is described as a fundamental responsibility of HRM. Without a focused effort from management, organizations risk losing valuable talent to competitors who can offer better opportunities or incentives.

**Mahabub Basha (2020)**, aims to explore the factors influencing employee retention in software companies. Specifically, the study examines how various aspects of the IT industry impact the effectiveness of retention strategies and whether these strategies can successfully retain employees for a long duration. The study identified a significant relationship between age, gender, and years of experience with key retention factors such as compensation and benefits. This implies that the demographic and career-

related factors of employees play a crucial role in their decision to stay with the company.

**Jagadeesh Kumar (2022)**, which explores the impact of employer branding on employee retention in the IT sector, specifically within four major companies: TCS, Wipro, IBM, and Accenture in Bangalore. The study investigates how employer branding influences retention strategies in these companies. Employer branding refers to the perception that current and potential employees have about an organization as a place to work. It encompasses a company's reputation, culture, values, and the overall employee experience. This study suggests that strong employer branding plays a significant role in retaining employees.

**Renee Namrata (2024)**, investigates a study on organizational effectiveness and the theoretical framework related to employee retention strategies within the IT industry, specifically focusing on the city of Bengaluru. The study found that there were significant differences between demographic variables (such as age, gender, and experience) and organizational variables (such as company policies, work culture, and management practices) in terms of their influence on the effectiveness of employee retention strategies. The results indicate that demographic factors (such as age, gender, or experience) and organizational factors (such as work environment, leadership, and retention policies) effectively influences companies can retain employees in the IT industry.

## 3. Research Methodology

In this study purely focused on empirical analysis the data has been collected through google form by issuing of structured questionnaire to 100 employees working in Wipro Technologies Limited and Infosys Limited at Mysore City. The method of sampling used systemic random sampling. The secondary data was collected from research publications in books, journals and periodicals, dailies, dissertation work and conference proceeding on human resources management. The analysis of data using SPSS 21.0 Version applying descriptive statistics, Chi square Test and paired sample T-Test etc.

### Objectives of the study:

- 1) To assess the socio-economic variables of employees working in selected IT Companies at Mysore City.
- 2) To assess the effectiveness of employee's retention strategies towards increasing the organization performance in selected IT Companies.

### Hypothesis of the Study:

- **H0:** There is no significant relationship between socio-economic variables of employees working in selected IT Companies at Mysore City
- **H1:** There is a significant relationship between socio-economic variables of employees working in selected IT Companies at Mysore City.
- **H0:** There is no significant relationship between effectiveness of employee's retention strategies towards increasing the organization performance in selected IT Companies.
- **H2:** There is a significant relationship between effectiveness of employee's retention strategies towards

increasing the organization performance in selected IT Companies.

### 1) Socio-economic variables of employees working in selected IT Companies:

The below table shows that socio-economic variables of employees working in selected study area. The overall respondents were numbering 100 respondents considered for data analysis out of that 50% of the male and another 50% of female employees. Majority average mean of 4.11, 4.78 and 4.88, this assigned values indicates that majority of the employees belongs to age group between 30 to 40 years and married employees, around 4.12 and 4.44 employees, they are earning annual income of above 10 lakhs and had work

experience of more than 10 years respectively. This category of socio-economic background of employees correlated with employee retention in selected IT companies. Lastly this study's results highlight that both demographic variables (age, marital status) and organizational variables (work environment, compensation) significantly influence employee retention. High-income employees and those with extensive experience (more than 10 years) are more likely to be retained due to the competitive benefits and job security offered by their employers. Conversely, younger or less experienced employees might seek more career growth opportunities and flexibility. Thus, tailored retention strategies based on employees' socio-economic background could enhance organizational effectiveness and retention rates in selected IT companies in Mysore City.

**Table 1:** Shows the Socio-Economic Variables of Employees

Age Pattern		
Variables	Average Mean	Chi-square Test
Less than 30 years	2.89	Pearson Chi-Square =3.73 P Value=0.555 H0=Accepted
30 to 40 years	4.11	
Above 40	3.55	
Marital Status		
Married	4.78	Pearson Chi-Square =4.44 P Value=0.641 H0=Accepted
Unmarried	3.77	
Annual Income		
Less than 5 Lakh	2.96	Pearson Chi-Square =2.87 P Value=0.000 H0=Rejected
5 lakhs to 10 Lakhs	3.11	
Above 10 Lakhs	4.12	
Work Experience		
Less than 5 years	3.21	Pearson Chi-Square =3.77 P Value=0.000 H0=Rejected
5 years to 10 years	4.44	
Above 10 years	3.98	

**Sources: Primary data**

The above chi-square test result shows the table value of  $\chi^2$  of, education annual income and work experience, variables shows that less than the critical value which is 0.005, hence the null hypothesis is rejected at a 5% level of significance. For the age pattern and marital status, the table value of  $\chi^2$  is 0.555 and 0.641 which is more than the critical value, hence the null hypothesis is accepted at a 5% level of significance respectively.

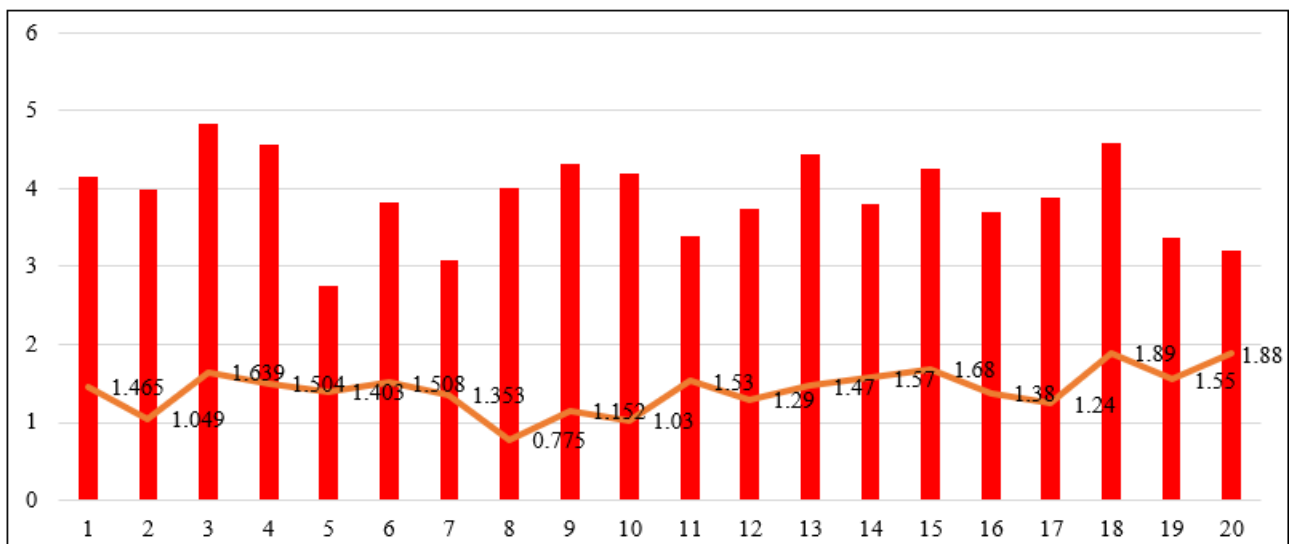
### 2) Effectiveness of Employees Retention Strategies towards Increasing the Organization Performance in selected IT Companies:

Table No.2 shows effectiveness of employee's retention strategies towards increasing the organization performance in selected IT Companies. According to the descriptive statistics, the highest-mean, indicating that respondents strongly agree or positively perceive the effectiveness of team-building efforts within the organization. A high mean score like 4.83 suggests that the organization is excelling in fostering a collaborative and cohesive work environment through team-building strategies. In terms of interpersonal relations, the relationship between employees is generally positive, with a score of 4.31, reflecting that employees work

well together across different departments or teams. However, the relationship between supervisors and subordinates in IT companies scored lower at 3.70, suggesting that while it's relatively good, there may be room for improvement in communication and interactions between supervisors and their teams. Additionally, organizational priorities are well understood by employees, reflected in a strong rating of 4.44. This shows that communication around the company's goals and objectives is clear and effective, ensuring that employees are aligned with the organization's direction. This was followed by the variables of commitment level of employees has improved with retention strategies, reflected in a score of 4.20. This suggests that employees feel more connected and committed to the company, which is vital for long-term retention. In terms of employee performance recognition, the mean score of 3.80 indicates that while there is some level of recognition, there may be room for improvement in how performance is acknowledged and rewarded consistently. In this context, rewarding superior performance is seen as a strong factor, receiving a high rating mean score of 4.58, indicating that the organization places importance on recognizing and rewarding top performers respectively.

**Table 2:** Shows that effectiveness of Employees Retention Strategies towards Increasing the Organization Performance in selected IT Companies (*Source: Field Survey*)

Independent Variables		Mean	SD
X1	Retention strategies develop the employee's alignment with the organization positively	4.15	1.465
X2	It improves the performance of the employees.	3.98	1.049
X3	Team building is successfully achieved.	4.83	1.639
X4	Organizational goals are achieved within the expected time.	4.56	1.504
X5	The morale of the employees are significantly improved.	2.75	1.403
X6	Top level management is able to address the grievance of the employees.	3.83	1.508
X7	Organizational efficiency is increased considerably.	3.09	1.353
X8	The organizations are able to retain the skilled employees	4.01	0.775
X9	There is a smooth interpersonal relationship among all type of employees	4.31	1.152
X10	Employees commitment level is found to be improved	4.20	1.03
X11	Employee competency and industrial competency is improved sufficiently	3.40	1.53
X12	Organizational priorities are well understood by the employees.	3.75	1.29
X13	Organizations are able to plan for their tremendous growth and development.	4.44	1.47
X14	Employee's efficiency and performance are well recognized.	3.80	1.57
X15	Organizational productivity is also achieved.	4.25	1.68
X16	Relationship between supervisor and subordinate in IT companies	3.70	1.38
X17	Recognizing the competencies of employees	3.88	1.24
X18	Rewarding the superior performance of employees	4.58	1.89
X19	Additional non-monetary and welfare benefits	3.37	1.55
X20	Organization is always fair and consistent when administering polices.	3.21	1.88

**Graph 2:** Shows that effectiveness of Employees Retention Strategies

According to the paired sample T-Test of effectiveness of employee's retention strategies towards increasing the organization performance in selected IT Companies. except the variables of organizations are able to plan for their tremendous growth, organizational priorities are well understood by the employees and development and rewarding the superior performance of employees except the variables, remaining all the independent variables of employee's

retention strategies statements results that, the P value (Sig 2-tailed) is less than the Alpha value of 0.05, it was found to be significant. Therefore, the results indicate that the stated null hypothesis to be rejected and alternative hypothesis is accepted. This indicates that these aspects might not have had a noticeable impact on organizational performance, according to the data analyzed.

**Table 2:** (a) Showing the results of Paired Sample T-Test

Independent Variables	Paired Sample T-Test	P-value	Results
1) Retention strategies develop the employee's alignment with the organization positively	5.41	0.004	<i>Ho = Rejected</i>
2) It improves the performance of the employees.	2.05	0.000	<i>Ho = Rejected</i>
3) Team building is successfully achieved.	5.80	0.002	<i>Ho = Rejected</i>
4) Organizational goals are achieved within the expected time.	3.38	0.012	<i>Ho = Rejected</i>
5) The morale of the employees are significantly improved.	6.70	0.000	<i>Ho = Rejected</i>
6) Top level management is able to address the grievance of the employees.	4.34	0.003	<i>Ho = Rejected</i>
7) Organizational efficiency is increased considerably.	2.10	0.001	<i>Ho = Rejected</i>
8) The organizations are able to retain the skilled employees	3.54	0.000	<i>Ho = Rejected</i>
9) There is a smooth interpersonal relationship among all type of employees	2.11	0.000	<i>Ho = Rejected</i>



10) Employees commitment level is found to be improved	3.17	0.001	<b>H0=Rejected</b>
11) Employee competency and industrial competency is improved sufficiently	3.20	0.004	<b>H0=Rejected</b>
12) Organizational priorities are well understood by the employees.	3.85	0.001	<b>H0=Rejected</b>
13) Organizations are able to plan for their tremendous growth and development.	2.00	0.523	<b>H0=Accepted</b>
14) Employee's efficiency and performance are well recognized.	4.01	0.004	<b>H0=Rejected</b>
15) Organizational productivity is also achieved.	2.78	0.099	<b>H0=Accepted</b>
16) Relationship between supervisor and subordinate in IT companies	2.11	0.001	<b>H0=Rejected</b>
17) Recognizing the competencies of employees	3.01	0.000	<b>H0=Rejected</b>
18) Rewarding the superior performance of employees	2.22	0.000	<b>H0=Accepted</b>
19) Additional non-monetary and welfare benefits	3.41	0.000	<b>H0=Rejected</b>
20) Organization is always fair and consistent when administering policies.	4.01	0.000	<b>H0=Rejected</b>

Source: Field Survey

#### 4. Suggestions of the Study

- **Strengthen the recognition program** by creating a more structured and transparent reward system. This can include monetary rewards, public recognition, or career development opportunities for top performers. Both financial and non-financial rewards (like praise and promotions) can have a positive effect on motivation and performance.
- Implement programs that enhance employee engagement and satisfaction, such as wellness programs, mental health support, and team-building activities. Regular feedback mechanisms, where employees can voice their concerns, are also important for boosting morale.
- Improve communication of organizational goals and make sure that all employees clearly understand the company's vision, mission, and goals. Regular town hall meetings, team meetings, and transparent communication can ensure alignment between employees' work and organizational priorities.
- Invest in employee development programs (e.g., workshops, certifications, mentorships) to enhance skills and foster career growth. Create a clear career progression path and provide employees with opportunities to grow and advance within the organization. This will help improve job satisfaction and loyalty.
- Encourage open communication between employees and supervisors. Implement leadership development programs to help managers improve their people management skills, including emotional intelligence, conflict resolution, and active listening. Promoting a collaborative environment can enhance teamwork and overall organizational performance.
- Expand and communicate the non-monetary benefits offered, such as flexible work schedules, remote work options, health and wellness programs, paid time off, and employee assistance programs. These benefits can improve work-life balance, making employees feel valued and supported outside of their salaries.

#### 5. Conclusion

Employee retention strategies have a profound impact on organizational performance in IT companies in Mysore City. By focusing on key factors such as employee recognition, career development, work-life balance, and effective leadership, IT companies can enhance employee satisfaction, reduce turnover, and improve overall performance. When employees clearly understand organizational priorities, they can better focus their efforts on contributing to achieving

these objectives. This alignment typically leads to higher efficiency, more focused efforts, and improved organizational performance. This was followed by the higher level of commitment is associated with greater job satisfaction, lower turnover rates, and increased employee retention. Committed employees are more likely to perform at a high level and contribute to organizational success over the long term and high rating for rewarding performance is a key driver of employee motivation and productivity. Employees who know their hard work will be rewarded are likely to stay committed, perform at their best, and contribute to organizational success.

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