

IMPACT OF MENTORING ON RETENTION IN THE IT AND ITES SECTOR

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Abstract

In the ever changing world of Information Technology (IT) and Information Technology enabled services (ITES) sector, retaining young talent becomes a huge challenge. Young graduates join companies mainly because of the lure of attractive paychecks. Soon the glamorous world changes into a nightmare for them with deadlines and changing shifts. Somewhere the youngsters find themselves in a situation where they are lost. They are clueless about their career development or even the choice of the organization. They look forward to speaking to someone more experienced in the organization for guidance. Most of the time this senior is the boss or a senior team member with deadlines to meet them. Hence they cannot lend the time or ear to these disillusioned youngsters. Mentoring in an organization helps the young employees to look forward to someone who will listen to them with patience and guide them. There are plenty of opportunities in the market, so they can quit and join another organization. The decision needs to be made for change, but after a few years the story of disillusionment repeats itself.

This paper aims to find out whether mentoring has any impact on retention on these youngsters who join the organization.

Introduction

There has been a global change over the last two decades on how business functions. Organizations want to concentrate on their core competencies and hence outsource their support functions. Most of the employees in the IT and the ITES sector are recruited in bulk, either through campus interviews or newspaper advertisements. Though there are various levels of checks, like technical skills, communication skills and psychometric tests, the urgency to fill up a certain number of posts in a given period, makes the recruitment process less effective. Fresher's who are lured by brand name and a good pay packet are in a hurry to join an organization. Whichever that gives them fast money and independence. Less thought goes into the job profile and what they actually need to deliver. The result of the hurry from both sides leads to a disappointing situation where nobody is happy.

In IT sector, the companies do not recruit only Computer Science or IT students. They are also open to recruiting engineers who have done their chemical engineering, electrical engineering, mechanical engineering and even civil engineering and also undergraduates streams from various discipline in Arts and Sciences colleges. The IT companies believe in training and know that with the training for the first few months the campus students will be able to perform. This is the first mistake. Given, that the student had little or less background in IT he may lose interest soon. In ITES sector, mostly graduates with low skill sets are picked up. They are trained on the required skills and put on the job. Most of the companies work for foreign clients, which mean that they have erratic hours, night shifts and stressful work. When the initial euphoria dies and the boredom settles, they find themselves directionless and wonder what their future will be and what their career will be like. In this background this paper tries to find out what can be done to retain the talent that was hired?. A survey was done on small and big IT/ITES organizations to understand their reason to leave the organization and whether mentoring has helped them to see reason to stay or there are different factors which effect retention in the It/ITES sector. This research paper made an attempt to find out whether mentoring these young graduates can be a solution to retention.

Review of Literature

A mentoring relationship is one in which a more experienced person helps a less experienced organization member develop and advance at work (Hunt and Michael, 1983; Kram, 1985; Levinson et al., 1978). There are many

different mentoring relationships that can occur at various stages of a person's life (Levinson et al., 1978; Zey, 1984). Research suggests that mentoring relationships are critical at work, where individuals must develop solid technical, interpersonal, and political skills within their occupation (Kram, 1983), as well as balance the demands of both a professional and personal life (Kanter, 1977). Researchers have described a mentoring relationship in its simplest terms as consisting of a mentor and a protege (Hunt and Michael, 1983). Typically, a mentor is an experienced, high-ranking, influential, senior organizational member who is committed to providing upward mobility and support to a protege's personal and professional development (Hunt and Michael, 1983; Kram, 1985; Noe, 1988a). Mentoring functions analysis of mentor-protégé pairs identified two primary dimensions of mentoring functions: career coaching (vocational) and social support (psychosocial). Vocational support enhances protégé career advancement as the mentor provides opportunities for visibility, coaching, protection, sponsorship, and challenging assignments and also he said psychosocial support involves acceptance and confirmation, counseling, and personal friendship (Kram, 1985). Organizations have become increasingly interested in developing their human resources. One tool that has been explored in this quest is mentoring. This has led to a surge in mentoring research and an increase in the number of formal mentoring programs implemented in organizations. Both organizational researchers and practitioners alike consider mentoring an increasingly important topic in today's complex organizations. As organizations undergo major change, encountering global competition and environmental turbulence, they are faced with increasing pressure to develop and maintain leaders. Organizations in this new millennium will continue to face difficult corporate challenges that arise from changing demographics, downsizing, mergers, increasing competition, and rapid changes in technology. In response, many organizations establish mentoring programs because they serve a business purpose as well as help meet the developmental needs of employees (Catalyst, 1993). Kunich and Lester (1999) in the paper *Leadership and the Art of Mentoring: Tool Kit for the Time Machine* explains the mentoring process as 1. Model, 2. Empathize, 3. Nurture, 4. Teach, 5. Organize, 6. Respond, 7. Inspire, 8. Network, 9. Goal set.

People leave the organization due to various reasons. The experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization; and job dissatisfaction make employees to quit (Firth, Mellor, Moore, Loquet (2007). Outsourcing the non-core processes in order to concentrate on the core ones is how the companies prefer to work now. Business process outsourcing (BPO) has become the obvious strategic choice of the companies looking at the visible profits of cost reduction while improving the quality of service, increasing shareholder value, etc. (Shah and Sharma 2007). With the whirlpool of opportunities, the Indian BPO sector seems to be on a happy ride. It has emerged rapidly, and its exports have grown from \$565 million in 2000 to about \$7.3 billion in 2005 (Budhwar, Varma, Singh and Dhar 2006). The increasing trend of outsourcing has generated considerable debate as to why firms outsource and various explanations have been offered by scholars. Firms may be driven by the need to reduce costs (improve responsiveness to changing market conditions (D'Aveni and Ravenscraft 1994), concentrate on core activities, or to achieve a combination of these benefits (Kern, Willcocks and Von Heck 2002). Turnover intentions can arise from organizational factors as well. Organizational culture itself can be motivating or de-motivating to many employees. Some organizational cultures can be inspiring to their employees and provides an inductive environment to their employees. Organization with strong communication systems enjoy lower turnover of staff (Labov, 1997). According to Gaan (2011) employee turnover has been a major issue pertaining to IT personnel. It has been noted frequently that IT personnel have a stronger than average tendency to leave their current employer to work for another. Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention strategies is to prevent the loss of competent employees from the organization. According to Agarwal and Ferratt (2002), the effective utilization of IT depends on the availability of IT professionals to plan for, develop, maintain, and integrate information systems applications. The ability of organizations to retain their information technology (IT) staff has been a critical factor in the effort to achieve strategic business goals. The exit of an IT professional who knows a project inside and out can delay or even prevent the implementation of a new technology or system (Moore and Burke, 2002). In addition to a number of direct costs associated with the process of recruiting

replacement staff, there are multiple indirect and intangible costs (Clark-Rayner and Harcourt, 2000). Indirect costs include learning costs for new employees; the costs of being short staffed, with knock- on effects for remaining employees; and costs to the quality of products or services, which can in turn result in lost customers (Cheng and Brown, 1998). Employee retention is beneficial for the organization as well as the employee. Employees today are different. When they get dissatisfied, they move to other organizations. It is the responsibility of the employer to retain their best employees, if not; the organization will lose the star performers (good employees), (Gurumani, 2010). Employee retention is beneficial for the organization as well as the employee. Employees today are different. When they get dissatisfied, they move to other organizations. It is the responsibility of the employer to retain their best employees, if not; the organization will lose the star performers (good employees), This is where employees can actually see whether mentoring can play a part as whether effective career development can play a part in retention through mentoring.

Objectives of the study

Based on the review of literature the following objectives have been formulated:

1. To find out the impact of mentoring on retention
2. To find out the variables which effect the retention of an employee

Hypotheses: Based on the objectives, authors have formulated the hypothesis

H1: There is a significant positive impact of mentoring on retention

Methodology

The research design for the study in descriptive in nature. The study is based on primary data collected from the employees of eight IT and ITES organizations where four from global IT development organization and remaining four from backend support organizations with the help of pre-tested and structured questionnaire. The study consisted of 430 respondents who should have been assigned mentors for at least two years and also have been in service in the organization for more than 2 years. The respondents were selected based on random sampling technique. Mentoring was measured using Noe's (1988) questionnaire that attempts to tap into mentoring functions. Only the questionnaire aimed for the mentees was adopted. The parameters of mentoring were based on model, empathize, nurture, teach, organize, respond, inspire, network and goal set. Eleven questions were developed for retention to see impact of mentoring on retention in the IT/ITES sector in India. The questionnaire had been tested for its reliability using Cronbach's Alpha statistical measure and arrived at 89.3% accuracy, which is very much in the acceptable range to proceed for the final survey of the respondents. In this study multiple regression analysis has been used to identify the effect of various mentoring factors on employee retention with the aid of SPSS software (version20).

Sample Description

Table 1 depicts the respondents profile and composition.

Table – 1: Sample Description

Gender	Frequency	Percentage
Male	259	60.2
Female	171	39.8
Age	Frequency	Percentage
18-25	154	35.8
26-30	174	40.5
31-35	68	15.8
36-40	27	6.3
Above 40	7	1.6
Education	Frequency	Percentage
Diploma	94	21.9
Graduate	262	60.9

Post Graduate	74	17.2
Levels	Frequency	Percentage
Entry level	132	30.7
Team leader	228	53.1
Manager	70	16.2

Source: Primary Data.

Nearly sixty percent of respondents were male and nearly forty percent were female. Nearly forty one percent belong to the age category of twenty six to thirty; thirty six percent were belong to the age group of eighteen to twenty five. Nearly sixty one percent employees were completed graduation. Twenty two percent were diploma holders and seventeen percent were post graduate degree holders. More than half of the respondents (53%) were at team leader position; nearly thirty one percent were at entry level and only sixteen percent at manager level.

Data Analysis

Mentoring variables are used as inputs in regression analysis to identify predictors of employee retention. The method used to predict employee retention is multiple regression analysis. It is a statistical tool used to derive the value of a criterion from several other independent, or predictor, variables. It is the simultaneous combination of multiple factors to assess how and to what extent they affect a certain outcome. The goal of multiple linear regression (MLR) is to model the relationship between the explanatory and response variables. In this study employee retention (Y) is dependent variable, Model(X1), Empathize (X2), Nurture (X3), Teach (X4), Organize (X5), Respond (X6), Inspire (X7), Network (X8) and goal set (X9) are predictor variables.

Table – 2: Multiple regression model for employee retention based on mentoring variables

Independent variables	Unstandardized Coefficients		Standardized Coefficients	T	sig	Statistical inference	
	B	Std. Error	Beta			F value	
Constant	-.588	2.553		-.230	.818	R = 0.643	32.82*
X1	.193	.132	.080	1.457	.006*	R ² = 0.413	
X2	.165	.179	.043	.921	.008*	Adjusted R ² = 0.400	
X3	.206	.108	.108	1.905	.050*		
X4	.634	.151	.233	4.188	.001**		
X5	.453	.102	.185	4.439	.001**		
X6	.348	.177	.096	1.961	.050*		
X7	.152	.140	.063	1.082	.080		
X8	-.065	.155	-.021	-.420	.005**		
X9	.427	.192	.109	2.221	.027**		

** sig at 0.01 level * sig at 0.05 level

The table 2 shows that the combination of model, empathize, nurture, teach, organize, respond, inspire, network and goal set together contributed to 64% effect on employee retention. The R² for the overall study suggests that there is a moderate effect of above nine independent variables on employee retention. The F value (32.82) is significant which implies that the model is fit. From the above table it is found that model, empathize, nurture, teach, organize, respond, network and goal set give significant effect on employee retention. It is clear that independent variable with higher level of has higher impact on dependent variable. In this study result reveal that the factor of teach (=0.233, p<0.01) is the most influential factor, organize (=0.185, p<0.01) is ranked second, while network (= -0.021, p<0.05) exerted a statistically significant negative influence on employee

retention. The standardized coefficients Beta column, gives us the coefficients of independent variables in the regression equation including all the predictor variables.

$$Y = 0.080(X1) + 0.043 (X2) + 0.108 (X3) + 0.233 (X4) + 0.185 (X5) + 0.096 (X6) + 0.063 (X7) - 0.021 (X8) + 0.109 (X9)$$

Discussions and Implications

1. **Model:** From the above analysis it is inferred that model has a significant effect with employee retention. Hence the mentor can lead by example and the mentees look forward to following the mentors footsteps.
2. **Organise:** From the table it is inferred that organize has a significant effect on employee retention so the mentee looks forward to someone help him to organize his work and put him in the path of growth and achievement.
3. **Empathize:** As a result of the analysis empathize has a significant effect on employee retention which means the mentee would look forward to someone who can understand him and his situation and expect the mentor to guide him accordingly.
4. **Nurture:** The result indicates that nurture has a significant effect on retention of employees. So the mentee expects the mentor to nurture his skills and make them sharper.
5. **Teach:** It is found from the analysis teach has a highly significant effect on employee retention, hence the mentee would love to be taught the work and the tricks of the trade to carry forward his career.
6. **Respond:** It is examined from the table that respond has a significant effect on employee retention so the mentor has to give feed back to the mentees from time to time so that the mentees understand the right things that they are doing and what they need to improve upon.
7. **Inspire:** The analysis indicate that inspire does not have any significant effect on employee retention which means the mentor is supposed to motivate employees to do their work well, take on new responsibilities and stay back in the organization.
8. **Network:** The above analysis shows that network has a negative significant effect on employee retention; hence the mentee does not really bother about connecting with people through the mentor to stay back in the organization. He doesn't depend on the mentor for networking but may do it by himself and the function of networking may not have any direct impact on retention. According to the literature review (Kunich, Lester 1999) networking is supposed to be one of the key functions of mentoring where the mentor provides platform for the growth of the mentee in the organization. Negative beta value denotes that it doesn't affect retention.
9. **Goal set:** From the above analysis it is inferred that goal set also has a significant effect on retention of employees which means the mentee appreciates if goals are set for the mentee by the mentor, so that the mentee doesn't feel lost and is able to finish tasks assigned to him and doesn't waste time doing unnecessary work. Through response the mentee gets to know how he is performing on the goals set by the mentee.

Conclusion

The need for mentoring for graduates in the IT and ITES sector in India where they leave the organization mainly because they are disillusioned. Mentoring does play a significant role in retention of the employees. Hence mentoring in any organization is a must as along with developing the mentee (employee) to retain him for a longer period of time in the organization. The findings of the study revealed that the mentee follows all the functions of mentoring (model, empathize, nurture, teach, organize, respond, inspire and goal set) positively. The mentee feels comfortable that someone in the organization cares for them and is ready to take care of their growth and development and hence the employee doesn't feel disillusioned and stay back in the organization. However, according to Kunich and Lester (1999) networking is a very major part of mentoring we see that networking does not affect retention for the sample collected. It is concluded that first, the mentee would like to create a circle for himself as he doesn't trust the mentor's contacts as much he trusts the contacts that he makes by himself. Secondly, in today's age, employees don't believe in staying in an organization for a very long period. The feel

comfortable as the mentor, develops skill, listens and organizes work for the mentee. But he like to keep his options open as far as moving out of the organization is concerned. Hence networking may not be affect retention. IT and ITES sector, which is growing in India and has a great future, can introduce a mentoring system to ensure trust and retention of employees. The limitations however of the study is that it was performed only in 4 IT and 4 ITES organizations. 50% employees in the sample have gone through just two years of mentoring, probably if the number of years of mentoring could increase from two to five, for a sample, it could give us a better understanding for the impact of mentoring on retention. The numbers of IT/ITES organizations in India are pretty large and more data would clearly warrant further research.

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