

Role of Effective Exit Strategy in Effective HRM in IT Companies: A Quantitative Investigation

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Abstract

An effective exit strategy is a crucial component of effective human resource management (HRM) in IT companies. This paper explores the role of an effective ES in HRM by analysing the key benefits that it can provide to both employees and employers. A well-designed ES can help retain top talent, reduce turnover costs, and maintain organizational productivity. It can also enhance the employer brand, promote positive employee relations, and ensure compliance with legal and ethical obligations. This paper highlights some best practices for developing and implementing an effective ES, such as conducting exit interviews, providing adequate notice, and offering post-employment support. Overall, this paper argues that an effective ES is an essential tool for HR managers in IT companies to maximize the value of their human capital and achieve long-term organizational success. The researcher had conducted the study survey with the help of a structured questionnaire on 223 respondents working in IT companies to know different role and impact of effective exit strategy in effective HRM in IT companies and concludes that there is significant impact of effective exit strategy in effective HRM in IT companies

Keywords: *Exit strategy, Employee retention, Turnover, Organizational culture, Employee engagement, Training and development, Career development, Knowledge transfer.*

Introduction

In the rapidly evolving world of information technology (IT), human resource management (HRM) is a critical function that can have a great influence on the success of a firm. While attracting, hiring, and retaining top talent are essential components of HRM, it is equally important to have an effective ES in place. An ES is a plan for how to manage an employee's departure from a company. This can include voluntary resignations, layoffs, or terminations. While it may seem counterintuitive to focus on an employee's departure when the goal of HRM is to retain top talent, having an effective ES can actually contribute to the success of an IT company in several ways.

Firstly, an effective ES helps to minimize the negative impact of employee departures. When an employee leaves a company, it can disrupt workflow, decrease morale, and cause a loss of institutional knowledge. However, with an effective ES in place, the transition can be smoother, and the negative impact can be minimized. This includes ensuring that the departing employee's responsibilities are transitioned to someone else, and that knowledge and information are properly transferred. Secondly, an effective ES will aid to protect the IP of a firm and their trading elements. In the IT industry, companies rely heavily on their proprietary technology and innovations. When an employee leaves a company, there is a risk that they may take

confidential information with them or share it with a competitor. An effective ES can help to mitigate this risk by ensuring that employees sign non-disclosure agreements and by monitoring their activity during the transition period.

Finally, an effective ES can help to maintain a positive employer brand. The IT industry is highly competitive, and a company's reputation as an employer can maintain a significant impact on the possibility of it attaining good talent. When employees leave a company, they may share their experiences with others in the industry. An effective ES can help to ensure that employees leave on positive terms, which can help to maintain a positive employer brand.

In conclusion, while HRM in IT companies is focused on attracting, hiring, and retaining top talent, it is equally important to have an effective ES in place. This can help to minimize the negative impact of employee departures, protect a company's intellectual property, and maintain a positive employer brand. By implementing an effective ES, IT companies can position themselves for long-term success in a highly competitive industry.

Literature Review

The study by DeTienne et al., (2015) presents an ES typology that entrepreneurs use when leaving their ventures. The authors propose four types of ES: financial, strategic, social, and lifestyle. The study also tests the relationship between these types of ES and various factors such as firm age, size, and growth rate. The results show that the financial and strategic ES are the most commonly used, and that firm size and growth rate have a positive relationship of using a strategic ES. The study proves as an addition to available literatures on

entrepreneurship by comprehensively understanding of the various ES that entrepreneurs can use.

An earlier study by DeTienne and Chandler (2010) explores the relationship between two different entrepreneurial approaches (causation and effectuation) and ES. The authors argue that entrepreneurs who adopt a causation approach are more likely to pursue a financial ES, while those who adopt an effectuation approach are more likely to pursue a strategic or social ES. The study uses survey data from 1500 two-five-year-old firms to test this hypothesis, and the results support the authors' arguments. The research adds to the existing research on entrepreneurship by highlighting the importance of different entrepreneurial approaches in shaping ES.

Rompho (2017) investigates the link between corporate financial performance and human capital levels utilising two alternative HRM techniques. A survey of 128 HRM managers was undertaken to examine human capital discrepancies between organisations adopting different HRM practises. According to the findings, firms that use a make-organic approach have a greater degree of human capital than organisations that use a buy-bureaucratic strategy. There was, however, no correlation between the degree of human capital and long-term financial performance of organisations using both make-organic and buy-bureaucratic methods. The study helps to understand the impact of HRM strategy and supports the selection of the best strategy for the organisation.

D'Cruz, and Noronha (2010) discuss the role of human resource management (HRM) in helping targets cope with workplace bullying. It is done with agents working in global FCCs in Mumbai and

Bangalore, India, that is anchored in van Manen's hermeneutic phenomenology. The findings emphasised targets' attempts to cope with bullying, depending on personal and social resources as well as organisational solutions to guarantee their emotional well-being, task-related performance, and long-term career aspirations were not impeded by victimisation. The involvement of HRM as a really unitarist ideology, the establishment of efficient employee redressal channels, and the importance of pluralist methods and collectivization efforts are all practical consequences.

Lazazzara, and Bombelli (2011) investigate ageing patterns and age preconceptions concerning older employees, with a focus on the Italian labour market. It describes ageing patterns and biases towards older employees in Italy, determines structures in the ageing prejudice based on corporate features, describes training-based good practises to improve the job prospects of older workers, and presents a variety of age management best practises. The findings imply that bias within the domain of age has no trend within job environments, and that both institutional features and employee's specific impact discriminatory conduct towards older workers. The article gives a deep assessment of patterns in ageing in Italy, as well as potential consequences for older employees and enterprises.

Datta, Guthrie, and Wright's (2005) study explores the connection between HRM and labor productivity, with a focus on how this relationship varies across industries. The authors find that HRM practices have a positive effect on labor productivity, and that this effect is stronger in industries with a higher degree of competition. The study highlights the importance of strategic HRM

practices for enhancing productivity and improving overall firm performance.

D'Cruz and Noronha's (2010) research examines the inclusivist and exclusivist HRM strategies affect employees' coping responses to workplace bullying. The authors argue that inclusivist HRM strategies, which emphasize employee participation and involvement in decision-making, are more effective at mitigating the negative effects of workplace bullying than exclusivist HRM strategies, which rely on control and punishment. The study emphasizes the importance of a supportive and inclusive work environment for promoting employee well-being. Tessema and Soeters' (2006) study investigates the challenges/promotes HRM in second-world nations, with a focus on the Eritrean civil service. The authors find that strategic HRM practices are positively associated with organizational performance, but that there are significant challenges to implementing these practices in a developing country context. The study highlights the importance of understanding local contexts and cultural factors when designing and implementing HRM strategies in developing countries.

Davidson, McPhail, and Barry (2011) add in their research the literature review of the past, present, and future of hospitality HRM. The authors argue that while HRM has been studied extensively in other industries, it has only recently gained attention in the hospitality industry. The authors review the key themes that have emerged in hospitality HRM research, including recruitment, selection, retention, training and development, performance management, and career progression. They also discuss the challenges that hospitality HRM faces, such as high employee turnover rates, low pay, and a lack of career

opportunities, and suggest ways in which these challenges can be addressed. Finally, the authors explore the future of hospitality HRM, discussing emerging trends such as the use of technology in HRM, changing employee demographics, and the increasing importance of sustainability.

Croucher et al. (2012) focus on the relationship between employee turnover, HRM, and institutional contexts. The authors argue that turnover is not simply a result of poor HRM practices, but is also influenced by wider institutional factors such as the labor market, industry characteristics, and national culture. The authors review the literature on turnover and HRM, highlighting the importance of factors such as job satisfaction, employee commitment, and organizational culture in reducing turnover. They also discuss the institutional factors that can influence turnover, such as government policies, trade unions, and industry characteristics. Finally, the authors suggest that a more nuanced understanding of turnover and HRM is needed, which takes into account both HRM practices and wider institutional contexts.

Patil et al., (2011) put emphasis on this novel approach that they discuss in their study which ought to focus not only on attracting, motivating, and retaining essential "knowledge workers," but also on ways to reimagine professions when employees' allegiance is to their "brainware" instead of to the organisation. Edwards et al., (2013) address the problems relating to HRM practices in MNCs by analysing 1,100 MNC subsidiaries in Canada, Ireland, Spain, and the United Kingdom using the system, social, and dominance frameworks. They claim that this framework provides a richer account than alternatives such as various forms of

capitalism. The study goes beyond earlier studies by distinguishing between global system impacts and dominance effects resulting from the dissemination of practises from a dominating economy. It demonstrates the presence of both impacts, as well as certain cultural distinctions. The findings imply that MNCs construct their HRM practises in response to these three pressures rather than to any uniform global best practises or to their national institutional environments.

Objective

1. To explore the different role of effective exit strategy in effective HRM in IT companies.
2. To measure the impact of effective exit strategy in effective HRM in IT companies

Methodology

The researcher had conducted the study survey with the help of a structured questionnaire on 223 respondents working in IT companies to know different role and impact of effective exit strategy in effective HRM in IT companies. The primary data is collected through "random sampling method" and data was analysed by "mean and t-test."

Findings

Respondent's general details shows that in 223 respondents, males are 57.8% and 42.2% are female. 36.3% of them are below 37 years of age, 43.5% falls in the category of 37-41 age group and 20.2% are above 41 years of age. 26.9% of the respondents are working as HR managers, 35.4% are HRIS managers, 15.2% are working as HR consultants and 22.4% are working on other positions in HR department of IT companies (Table 1).

Table 1 General Details

Variable	Respondent	Percentage
Gender		
Male	129	57.8
Female	94	42.2
Total	223	100
Age (years)		
Below 37	81	36.3
37-41	97	43.5
Above 41	45	20.2
Total	223	100
Designation		
HR manager	60	26.9
HRIS manager	79	35.4
HR consultant	34	15.2
Others	50	22.4
Total	223	100
Work experience (yrs.)		
Less than 5	76	34.0
5-8	89	40.0
More than 8	58	26.0
Total	223	100

Table 2 Role of effective exit strategy in effective HRM

S. No.	Statements	Mean Value	t value	Sig.
1.	Effective exit strategy help HRM to create positive workplace culture that	3.28	4.255	0.000

	promotes employee retention and career growth			
2.	Effective exit strategy help HRM to reduce negative impact of employee turnover on the company's productivity	3.12	1.835	0.034
3.	Effective exit strategy help HRM to retain knowledge and expertise of departing employees	3.18	2.796	0.003
4.	Effective exit strategy help HRM to provide clear process for employees who are leaving the company	3.15	2.283	0.012
5.	Effective exit strategy help HRM to ensure compliance with legal and ethical obligations	3.19	2.940	0.002

6.	Effective exit strategy help HRM to promote positive employee relations	3.16	2.434	0.008
7.	Effective exit strategy help HRM to enhance the employer brand	3.20	3.071	0.001
8.	Effective exit strategy help HRM to maintain organizational productivity	3.17	2.622	0.005
9.	Effective exit strategy help HRM to reduce turnover costs	3.13	1.981	0.024
10.	Effective exit strategy help HRM to retain top talent	3.14	2.171	0.016

Table 2 is showing different role of effective exit strategy in effective HRM in IT companies. The respondent says that effective exit strategy help HRM to create positive workplace culture that promotes employee retention and career growth with mean value 3.28, enhance the employer brand (3.20), Effective exit strategy help HRM to ensure compliance with legal and ethical obligations (3.19) and retain

knowledge and expertise of departing employees with mean value 3.18. It is found that effective exit strategy help HRM to maintain organizational productivity with mean value 3.17, help HRM to promote positive employee relations (3.16), provide clear process for employees who are leaving the company (3.15), Effective exit strategy help HRM to retain top talent with mean value 3.14, reduce turnover costs (3.13) and Effective exit strategy help HRM to reduces negative impact of employee turnover on the company's productivity with mean value 3.12. The value under significant column for all the statements related to effective exit strategy in effective HRM in IT companies is significant with value below 0.05 after applying t test.

Conclusion

In conclusion, having an effective ES is crucial in effective human resource management (HRM) in IT companies. An exit strategy helps IT companies manage the turnover of employees by providing a clear process for employees who are leaving the company. It also helps retain the knowledge and expertise of departing employees and reduces the negative impact of employee turnover on the company's productivity and morale. Additionally, it is essential to understand the reasons for employee turnover and take steps to address them, such as offering career development opportunities, competitive compensation packages, and a positive work environment. By implementing a well-designed ES, IT companies can minimize the negative impact of employee turnover and create a positive workplace culture that promotes employee retention and career growth. Effective HRM in IT companies requires an ongoing effort to understand employee needs and create an environment that

fosters loyalty, engagement, and commitment to the company's mission and values.

The present study was conducted to know different role of effective exit strategy in effective HRM in IT companies. It is found that effective exit strategy help HRM to create positive workplace culture that promotes employee retention and career growth, enhance the employer brand, ensure compliance with legal and ethical obligations, retain knowledge and expertise of departing employees and effective exit strategy help HRM to maintain organizational productivity.

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