



The role of compensation and benefits in mitigation employee turnover in information technology sector of Bengaluru

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Abstract

Aim/Purpose: This study aims to explore the impact of compensation and benefits on mitigation employee turnover in the Information Technology (IT) sector in Bengaluru. It aims to comprehend the impact of financial and non-financial incentives on employee retention, job satisfaction, and organizational commitment within a competitive and dynamic industry.

Design/Methodology/Approach: The study employs a quantitative methodology employing structured online questionnaire using google form to gather data from IT professionals across multiple companies in Bengaluru. Statistical tools like ANOVA and t-test are used to assess the relationship between remuneration frameworks, benefits packages, and employee turnover intentions.

Findings: The respondents of 18 percent and 30 percent strongly agreed and agreed that IT sectors give performance-based incentives and bonuses which are adequate.

Research Limitations/Implications: This study is confined to a specific region and sector, thus impacting the generalizability of the results. Subsequent study may extend to additional industries and geographic locations to yield more comprehensive insights. Implications - IT industry organizations can mitigate turnover by crafting appealing remuneration packages and providing flexible benefits according to employee requirements. Strategic human resource policies emphasizing rewards and recognition can improve mitigation rates.

Originality/Value: This study enhances understanding by concentrating on the Bengaluru IT sector, emphasizing the pivotal role of compensation and benefits in mitigating employee turnover in a major technological hub in India.

Keywords: Employee, turnover, IT, compensation, incentives, human resources, policies, mitigation

Introduction

In the Information Technology (IT) sector, where businesses mostly depend on qualified workers to promote innovation and preserve competitiveness, employee turnover is a recurring and expensive problem. Employee mobility has increased because of the industry's dynamic character, quick technical improvements, and changing work roles. Because of this, keeping skilled workers has become crucial for businesses looking to grow and remain stable over the long run. High turnover rates can have several detrimental effects, such as higher training and recruitment expenses, interruptions to ongoing projects, and a loss of organizational expertise. Frequent employee departures can have a substantial impact on performance and productivity in an industry where knowledge and experience are vital resources. For human resource management to be efficient, it is therefore crucial to comprehend the elements that affect employee retention. Pay and perks are important factors among the many factors that determine employee turnover. Benefits include non-financial incentives like health insurance, retirement plans, paid time off, and flexible work schedules, whereas compensation refers to the monetary rewards employees receive for their labor, such as salaries, wages, and bonuses.

When combined, these components provide a thorough incentive program that has a direct effect on workers' motivation, dedication to the company, and level of satisfaction. When workers believe their pay is competitive and fair, and when benefits sufficiently meet their personal and professional demands, they are more inclined to stick

with a company. On the other hand, low morale and more plans to quit can result from discontent with compensation and perks. Organizations have also given non-cash perks more attention in recent years, seeing their value in improving work-life balance and general employee wellbeing. It is crucial to look at how pay and benefits affect employee attitudes and behavior because they play a significant role in lowering employee turnover in the IT industry. The purpose of this study is to find out the connection and underline how important reward systems are for increasing staff retention.

Significance of the Study

The study is important as it covers IT employee turnover in Bengaluru. It emphasizes how compensation and benefits effect employee retention, work satisfaction, and organizational commitment. HR managers and enterprises can use the study's findings to create successful compensation and benefits plans to mitigate turnover. Organizations can reduce recruitment and training costs and improve workforce stability. The report also stresses the importance of financial and non-financial benefits promoting a holistic approach to employee well-being. The study advances academic and practical IT professionals retention knowledge.

Statement of the Problem

Information Technology (IT) companies in Bengaluru struggle to retain talented workers due to high employee turnover. Due to industry competition and employment

availability, employees are more mobile and change jobs frequently. Many companies struggle to keep employees owing to wage and benefit discontent, while offering attractive jobs and career progression prospects. Low salaries, no performance-based incentives, and little benefits might lower work satisfaction and increase turnover. High employee turnover increases recruitment, training, and talent loss costs, which can hurt corporate productivity and performance. Therefore, figuring out how wages and benefits effect employee retention is crucial. This study examines how compensation and benefits effect employee turnover in Bengaluru's IT sector and suggests ways to retain employees.

Objectives of the Study

1. To analyze the impact of compensation on employee turnover in the IT sector in Bengaluru
2. To examine the effect of benefits on employee turnover among IT employees in Bengaluru

Hypotheses of the Study

H01: There is no significant difference in Employee experience based on benefits in the IT sector.

H02: Compensation for Employees has no significant impact on gender of employee in the IT sector.

Research Methodology

Data collection involves the collection of information from respondents and exact documentation of their responses. To ensure the efficacy of any research endeavour, it is imperative to gather trustworthy and valid data. This study examines the impact of benefits and compensation on mitigating employee turnover in the IT sector, utilizing real-world data to assess employees' views, satisfaction levels, and turnover intentions.

Sample Design

The study collected primary data from IT respondents using simple random sampling to ensure equal chance of selection. The study sampled 250 respondents with 10 from each, top 10 IT companies of Bengaluru. Data was collected using an online questionnaire with the help of Google Forms made the questionnaire easy to distribute and collect data. Respondents might easily access the survey link via numerous digital platforms.

S.No	IT Companies in Bengaluru	No. of Respondents
1	Infosys	25
2	Wipro	25
3	TCS	25
4	Accenture	25
5	IBM	25
6	Oracle	25
7	Cognizant	25
8	Capgemini	25
9	Cisco	25
10	LTI Mindtree	25
Total		250

Source: <https://marketmystique.com/it-companies-in-bangalore/2026>

Statistical Tools

The data summarized using percentage analysis and descriptive statistics like mean and standard deviation. T-tests and ANOVA were used to discover significant

differences between groups and assess how compensation and benefits affect employee turnover.

Review of Literature

Hassan (2022) ^[2], The study explores how HRM strategies affect employee retention through reward and compensation. This study also explored how performance appraisal and training and development moderate HRM practices and employee retention. Random probability sampling was used to pick 250 store workers in Capital City, Maldives. The researcher delivered a structured questionnaire and collected data. The causal influence of HRM strategies on employee retention was examined using structural equation modeling. Employee retention was significantly improved by reward and compensation (R&C) policies. The study revealed no correlation between career growth, training, and performance appraisal and employee retention. R&C strongly mediated the relationships between training and development (T&D) and employee retention and performance appraisal and employee retention.

Shrestha, *et al.*, (2023) ^[3], This study aims to investigate the link between HRM practices and employee retention in Nepalese banks and financial institutions (BFIs). This study focuses on four HRM practices: recruitment, selection, training, promotion, and remuneration. A five-point Likert scale questionnaire is utilized for data collection. A 65.85% response rate was achieved with 135 completed questionnaires returned out of 205 distributed. Results indicate no substantial correlation between selection and recruitment and staff retention. Research suggests little correlation between training & development and employee retention. Employee retention is positively linked to HRM practices such as advancement chances and salary. To retain outstanding staff, Nepalese BFIs should prioritize timely advancement possibilities and fair compensation standards. Additionally, firms must foster a workplace that promotes performance, productivity, and retention to obtain a competitive edge.

Kalia, *et al.*, (2024) ^[5], This study is the first to explore how HRPs impact employee retention in the textile industry, mediated by job satisfaction (JS), work experience (WE), and job hopping (JH). This study used a quantitative approach and quota sampling to collect data from 5 365 employees of top textile companies in India. Partial Least Squares-Structural Equation Modelling (PLS-SEM) was used to assess the conceptual model and assumptions. A route analysis found that salary and performance appraisal (CPA) have the greatest impact on JS, followed by employee work participation (EWP). EWP had the greatest impact on ER, followed by grievance handling (GRH). The study found that JS mediates between HRPs like CPA and ER. EWP and HAS were more important in employee groups with greater WE, but not in CPA, according to multi-group analysis (MGA). EWP causes JS among loyal employees, according to the study. Similarly, JS led to ER, with a greater impact on loyal personnel.

Mehmood, *et al.*, (2025) ^[7], The study aims to examine the effects of HRM practices on employee retention, based on Social Exchange Theory (SET). Additionally, the study explores how OCB mediates the link between HRM practices and retention outcomes, highlighting the employer-employee dynamic. The study utilized a quantitative methodology to collect data from employees in Lahore's corporate sector. Research indicates that HRM

practices such as resourcefulness, teamwork, accountability, and support greatly improve employee loyalty and retention. The study found that OCB played a major role in moderating the association between HRM practices and retention. These findings support the Social Exchange Theory and provide insights for enhancing HRM tactics to retain employees by developing OCB in similar socioeconomic circumstances. The study provides valuable insights on enhancing HR procedures to boost employee retention through OCB, enhancing our understanding of effective HR strategies in similar socioeconomic contexts. The report offers practical advice for HR managers and CEOs to promote social responsibility and teamwork, leading to better employee retention and long-term success.

Basic Information

Table 1: Age of the Respondents

S.No	Age of the Respondents	No. of Respondents	Percentage
1	Upto 20 Years	7	2.8
2	21 - 23 years	22	8.8
3	24 - 27 years	102	40.8
4	Above 28 years	119	47.6
Total		250	100

Source: Primary Data

The data in table 1 reveals most of the respondents who responded 47.6 percent are aged more than 28, while 48 percent are between 24 to 27 years. There are only a limited number of people in the 21 to 23 years with 8.8 percent and up to 20 years 2.8 percent age groups. This means that most of the people who responded to are older in age.

A. Direct Compensation for Employee in Information Technology Sector

Table 4: Compensation for Employee in IT sector

S.No	Compensations	SA	A	N	DA	SDA	Total
1	I am satisfied with my salary package.	60	90	40	35	25	250
		24	36	16	14	10	100
2	Salary is competitive compared to other similar jobs in other companies.	55	85	45	40	25	250
		22	34	18	16	10	100
3	Receiving Fair compensation for the work.	50	80	50	45	25	250
		20	32	20	18	10	100
4	Performance-based incentives and bonuses are adequate.	45	75	55	50	25	250
		18	30	22	20	10	100
5	The organisation regularly reviews and updates compensations.	40	70	60	50	30	250
		16	28	24	20	12	100
6	I receive Bonus, Over-Time, Incentives on time.	65	85	40	35	25	250
		26	34	16	14	10	100

Source: Primary Data

Table 4 shows most of respondents are generally satisfied with compensation aspects, according to the data. Most of respondents, which is 60 percent agree or strongly agree that their compensation package is satisfactory and that salaries are competitive with 56 percent. In a similar vein, 52 percent of respondents believe they are well compensated,

B. Benefits Received by Employee in Information Technology Sector

Table 5: Benefits for Employee in IT sector

S.No	Benefits	SA	A	N	DA	SDA	Total
1	Health and Life Insurance for Employee and Spouse.	70	85	40	30	25	250
		28	34	16	12	10	100
2	Paid Leaves – Casual, Sick and Earned Leave.	80	90	35	25	20	250
		32	36	14	10	8	100

Table 2: Gender of the Respondents

S.No	Gender of the Respondents	No. of Respondents	Percentage
1	Female	127	50.8
2	Male	123	49.2
Total		250	100

Source: Primary Data

Table 2 shows that 50.8 percent of the respondents who responded are women and 49.2 percent are men. This means that the people who responded are virtually evenly split between men and women, which makes sure that the study has a fair representation.

Table 3: Experience of the Respondents

S.No	Experience of the Respondents	No. of Respondents	Percentage
1	0-2 Years	108	43.2
2	3-5 Years	90	36
3	6-10 Years	44	17.6
4	Above 11 Years	08	3.2
Total		250	100

Source: Primary Data

The data in table 3 indicates that the majority portion of the respondents 43.2 percent are possess 0 to 2 years of experience, succeeded by 36 percent, who have 3 to 5 years of experience. A minority of 17.6 percent possess 6 to 10 years of experience, but only 3.2 percent exceed 11 years of experience, suggesting that most of respondents are in the nascent phases of their careers.

3	Maternity and Paternity Leaves.	65	85	45	30	25	250
		26	34	18	12	10	100
4	Paid Holidays, Travel Allowances and Meal Benefits.	60	80	50	35	25	250
		24	32	20	14	10	100
5	Flexible Working Hours – WFO/WFH.	95	85	30	25	15	250
		38	34	12	10	6	100

Source: Primary Data

Table 5 demonstrates that employees are mostly content with the benefits offered. A significant proportion of respondents concur or strongly concur with flexible working hours 72 percent and paid leave 68 percent, indicating robust endorsement. Health and insurance benefits as 62

percent and maternity/paternity leave with 60 percent also garner favorable answers. Nonetheless, a relatively moderate level of satisfaction is noted regarding paid holidays and allowances holding with 56 percent, suggesting potential for enhancement in these domains.

Table 6: Experience and Benefits for Employee in IT sector

Variables	Experience	N	Mean	S.D.	F Value	Sig.
Health and Life Insurance for Employee and Spouse.	0-2 Years	108	4.45	1.32	4.216	0.007*
	3-5 Years	90	4.62	1.28		
	6-10 Years	44	4.78	1.11		
	Above 11 Years	08	4.20	1.45		
	Total	250	4.51	1.29		
Paid Leaves – Casual, Sick and Earned Leave.	0-2 Years	108	4.60	1.25	5.102	0.002*
	3-5 Years	90	4.75	1.20		
	6-10 Years	44	4.88	1.05		
	Above 11 Years	08	4.30	1.40		
	Total	250	4.68	1.22		
Maternity and Paternity Leaves.	0-2 Years	108	4.20	1.40	3.554	0.015*
	3-5 Years	90	4.35	1.35		
	6-10 Years	44	4.60	1.18		
	Above 11 Years	08	4.10	1.50		
	Total	250	4.32	1.36		
Paid Holidays, Travel Allowances and Meal Benefits.	0-2 Years	108	4.30	1.38	4.889	0.003*
	3-5 Years	90	4.45	1.30		
	6-10 Years	44	4.70	1.15		
	Above 11 Years	08	4.25	1.42		
	Total	250	4.42	1.33		
Flexible Working Hours – WFO/WFH.	0-2 Years	108	4.70	1.20	6.215	0.001*
	3-5 Years	90	4.85	1.10		
	6-10 Years	44	4.92	0.95		
	Above 11 Years	08	4.50	1.25		
	Total	250	4.78	1.14		

Based on Primary Data * Sig.@5%

Table 6 shows ANOVA results which indicates a significant difference in employee opinions of benefits along with experience. Employees with 6 to 10 years of experience exhibit elevated mean satisfaction values compared to other groups, but individuals with 0 to 2 years and those with over

11 years demonstrate comparatively diminished satisfaction levels. Given that all significance values are below 0.05, the null hypothesis is rejected, so affirming that experience significantly affects employee perception of benefits.

Table 7: Gender and Compensation for Employee in IT sector

Variables	Female (127)		Male (123)		't' Value	Sig.
	Mean	S.D.	Mean	S.D.		
I am satisfied with my salary package.	3.52	1.21	3.61	1.18	0.621	0.535 (NS)
Salary is competitive compared to other similar jobs in other companies.	3.47	1.25	3.58	1.20	0.702	0.483 (NS)
Receiving Fair compensation for the work.	3.40	1.28	3.50	1.22	0.645	0.520 (NS)
Performance-based incentives and bonuses are adequate.	3.30	1.30	3.42	1.26	0.788	0.431 (NS)
The organisation regularly reviews and updates compensations.	3.18	1.35	3.32	1.30	0.854	0.394 (NS)
I receive Bonus, Over-Time, Incentives on time.	3.55	1.22	3.66	1.18	0.736	0.462 (NS)

Source: Computed from Primary Data (NS) Not Sig.

The t-test in table 7 shows that no significant difference in the perception of compensation factors between male and female employees. The mean values for both groups are nearly identical across all variables, and all significance

levels exceed 0.05. Consequently, the null hypothesis is accepted, indicating that gender does not significantly affect employee perceptions of compensation.

Findings of the Study

1. The study found that most of the respondents participated in the study are above 28 years with 47.6 percent.
2. The study revealed that 50.8 percent of the respondents are female.
3. Almost 43.2 percent of the respondents are having experience of 0 to 2 years in IT sector are majority.
4. The study found that 28 percent agreed that the organisation regularly reviews and updates compensations and in contract 14 percent disagreed that they are satisfied with salary package.
5. 38 percent of the respondents strongly agreed that flexible working hours given by IT sector also 10 percent strongly disagreed health and life insurance for employee and spouse is not given correctly.
6. The study found that all values are below 0.05, the null hypothesis is rejected, which clearly shows that experience highly effects employee opinion towards benefits.
7. The null hypothesis is accepted as all the values are above 0.05, indicating that gender does not significantly effect employee opinion of compensation.

Suggestions

1. Offer fair and competitive compensation packages in accordance with industry norms to boost employee satisfaction and lower attrition.
2. To encourage staff members and recognize their accomplishments, provide alluring performance-based bonuses and incentives.
3. To increase overall job satisfaction, improve employee perks including health insurance, paid time off, and retirement programs.
4. Flexible work schedules and work-from-home choices promote work-life balance and assist staff in properly managing stress.
5. To maintain pay and benefits policies current and in line with employee expectations, review and update them on a regular basis.

Conclusion

The study finds that remuneration and benefits are crucial in mitigating employee turnover within the Information Technology sector. Employees are more inclined to remain in businesses that offer equitable and competitive compensation, along with appealing benefits. The results demonstrate that both monetary incentives and non-monetary advantages substantially affect employee happiness and dedication. Statistical investigation indicates that experience significantly influences the perception of benefits, although gender does not exhibit any notable difference in compensation perception. Organizations offering flexible work arrangements, sufficient incentives, and extensive benefits are more effective in retaining their personnel. Regular evaluation and enhancement of compensation policies are crucial to align with evolving employee expectations. Comprehensive salary and benefits programs enhance employee retention and organizational stability.

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