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Impact of Employees' Work Environment on Employee Retention: A Study of IT Professionals in Visakhapatnam City, India

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Abstract

This study investigates the impact of work environment factors—physical workspace quality, organizational culture, and leadership support—on employee retention among IT professionals in Visakhapatnam, India. Using a quantitative approach, data were collected from 380 IT employees through stratified random sampling. Descriptive analysis revealed high satisfaction levels across all work environment dimensions, with leadership support (M=4.0) and physical workspace quality (M=4.2) scoring highest. Regression analysis demonstrated that these factors collectively explain 42% of the variance in retention intentions (R^2=0.42, $p<0.05$), with leadership support emerging as the strongest predictor (β=0.38). The findings highlight the critical role of workplace conditions in employee retention, particularly in emerging IT hubs. The study provides actionable insights for HR practitioners, emphasizing the need for leadership development programs, ergonomic workspace improvements, and cultural initiatives to enhance retention.

Keywords: Employees' Work Environment, Employee Retention, IT Professionals.

1. Introduction

Employee retention refers to strategies and practices implemented by management to encourage employees to remain with the organization over an extended period. Retention efforts aim not only to minimize turnover but also to foster employee motivation, productivity, and long-term commitment. Organizations that effectively retain talent enjoy improved operational efficiency, cost savings, and sustainable competitive advantage.

In today's globalized and digitalized economy, employees are widely recognized as the most valuable asset of any organization. Their departure, especially that of experienced and high-performing staff, poses significant risks—including the loss of institutional knowledge, disruption in workflows, increased recruitment and training costs, and even potential leakage of sensitive information. As noted by Frye et al. (2020), employee retention is a key determinant of a company's competitive strength. Similarly, Perreira et al. (2018) emphasize its impact on operational continuity and shareholder confidence. Multiple studies (Brown & Yoshioka, 2003; Ellett et al., 2007; Kokubun, 2017) confirm that employees who remain with an organization for a longer duration tend to develop job familiarity, contributing to increased productivity and efficiency. Moreover, as Saxenian (2007) observed, the rapid expansion of the global economy has created a pressing need for organizations to retain talented individuals to maintain their strategic edge.

According to Phillips & Connell (2004), employee retention involves motivating staff to dedicate their time, effort, and loyalty to the organization. The cost of replacing skilled workers—factoring in recruitment, onboarding, and training—often outweighs the benefits, making employee retention a cost-

effective strategy (Hom et al., 2019; Phillips & Connell, 2003). Additionally, Goldstein et al. (2017) and others have pointed out that increased global competition has intensified the war for talent, making retention a more complex and pressing issue. Researchers like MacLean (2001), Mujtaba (2005), and Adkerson (2000) argue that dissatisfaction with current working conditions significantly influences employees' decisions to leave. Thus, the organization's ability to create a satisfying work environment is crucial for retaining talent and securing long-term success. While some turnover is considered healthy (Ellias, 2020), the focus must be on retaining top performers, as even modest turnover can be acceptable if high-value employees remain engaged and committed (Phillips & Connell, 2003).

The factors influencing employee retention are diverse, including reward and incentive systems, work-life balance, workplace environment, and career advancement opportunities (Tirta & Enrika, 2020; Garg & Yajurvedi, 2016; Msengeti & Obwogi, 2015). Studies by De Sousa et al. (2018) and Dechawatanapaisal (2018) identify job stability, supervisor support, performance appraisal, employee empowerment, and succession planning as critical determinants. Schwepker (2001) further notes that dissatisfaction arising from poor working conditions, lack of mutual respect, and low job satisfaction can push employees to leave.

Among these, the work environment which includes physical infrastructure, organizational culture, leadership behavior, and management practices—plays a pivotal role in shaping employee satisfaction and retention (Smith & Rupp, 2020). A positive, engaging, and supportive work environment fosters higher job satisfaction, greater employee engagement, and increased retention.

Employee retention has emerged as a critical challenge for organizations, particularly in competitive and fast-evolving industries like Information Technology (IT). Visakhapatnam, a rapidly growing Tier-2 city and emerging IT hub in India offers a unique context to study these dynamics. Despite the growth of the IT sector in the region, limited empirical research has examined how the work environment impacts employee retention in this urban setting. Prior studies (Kumar & Sharma, 2019; Gupta et al., 2021) suggest that workplace culture, leadership, and work-life balance influence retention, but there remains a gap in understanding these factors specifically in the context of Tier-2 Indian cities.

This study seeks to address that gap by exploring how the work environment—encompassing physical conditions, organizational culture, and managerial practices—affects employee retention among IT professionals in Visakhapatnam. The findings aim to provide insights for human resource managers and policymakers to design effective retention strategies tailored to the needs of emerging urban economies.

2. Literature Review

According to Salman, et al., (2016), the concept of a safe and healthy working environment has become one of the well-known approaches for employee retention. Most organizations agree that the essence of retaining competent and talented employees is to provide an appropriate level of jobs and working environment. A healthy working environment has a strong impact on the employees as the employees tend to get attached to their jobs as long as they are satisfied with the working environment; subsequently, the retention rate can be maintained (Inda & Mishra, 2016). A healthy working environment should be able to improve both the mental and physical health of the employees, which in turn, will improve work performance, job satisfaction, and retention rate (Salman et al., 2016).

According to Madiha Shoiab, et al., (2009), the physical work environment is the main contributor that affects the willingness of the employees to remain in the organization. The working environment should be physically safe for the employees to work besides being comfortable. In the industrial sector, several factors are focused on to improve the working environment, such as the use of heavy lifts, noise, exposure to toxic substances, etc. (Madiha Shoiab, Ayesha Noor & Sajid Bashir, 2009). According to research on the automotive industry, Durai (2017) mentioned that environmental factors, including workshop surroundings, and building function, have significant influences on how the employees carry out their daily activities, how it will affect their job satisfaction, and ultimately, their retention rate. Besides that, Madiha Shoiab, et al., (2009) mentioned that lighting at the workplace is a possible determinant for overall workplace comfort to improve the psychological welfare, creativity, and even productivity of the employees.

On the other hand, the services sector might have a different perspective of the working environment compared to the industrial sector, where the psycho-social working environment, such as support, workload, demands, decision latitude, and stressors, is more crucial as the services sector mainly involves interaction between the employees and the consumers/clients (Madiha Shoiab, et al., 2009). A poorly designed working environment will give the impression that the organization ignores the welfare of its employees, subsequently impacting the working efficiency and loyalty of the employees to the organization (Mandhanya, 2015). A well-designed and organized working environment will have a positive impact on how the employees will carry out their job as the working efficiency can be greatly improved (Raziq & Maulabakhsh, 2015).

3. Methodology

3.1. Research Design: This study adopts a quantitative, cross-sectional survey design to assess the relationship between work environment factors and employee retention.

3.2. Population & Sampling Frame

The total number of IT companies in Visakhapatnam is 200+ (including MNCs, mid-sized firms, and startups). Major MNCs include Tech Mahindra, Infosys, Wipro, IBM, and HCL, while mid-sized firms comprise CSS Corp, Patra Corp, and Sutherland, among others. Startups such as Quantela, Finacus, and SkillVertex are also represented. Based on industry reports, the estimated workforce comprises 30,000 employees. The target population for this study consists of IT professionals (developers, HR personnel, managers, and analysts) in Visakhapatnam. The sampling technique employed is stratified random sampling to ensure proportional representation across company sizes and experience levels.

Sample Size Calculation for a Population of 30,000

To determine the minimum required sample size (n) for studying IT professionals in Visakhapatnam (population N=30,000), we first calculated a base sample size of 384 using Cochran's formula for infinite populations. We then applied a finite population correction to enhance the accuracy of our sampling approach given the known population size.

Since N=30,000 (finite), adjust n_o using

$$n = \frac{no}{1+\frac{no-1}{N}}$$

$$n = \frac{384}{1+\frac{384-1}{30000}}$$

$$n=384/1.01277384 = \approx 379.16$$

Final sample size (rounded up): 380, calculated via Cochran's formula for N=30,000.

Table 3.2.1: Allocation of Companies and Sample Size

Company	% of Population	Sample Size(n=380)
MNCs	40%	152
mid-sized	35%	133
startups	25%	95

3.3. Data Collection Method

This study employed a primary data collection approach using a structured survey methodology. The research instrument, a structured questionnaire, was developed using Google Forms and distributed through multiple channels to ensure comprehensive data collection:

3.3.1. Targeted Outreach: The survey was disseminated via email and LinkedIn to HR managers of IT companies in Visakhapatnam to facilitate bulk responses from employees.

3.3.2. Professional Networks: Direct sharing was conducted through IT-focused WhatsApp and Telegram groups to reach a broader audience of professionals in the region.

3.3.3 Snowball Sampling: To enhance participation, a referral-based sampling technique was utilized, where respondents were encouraged to share the survey with their peers.

4. Results & Discussion

4.1. Demographical analysis of respondents

In this study, the demographic characteristics analyzed include gender, age, job role, and years of experience. A total of 380 IT professionals from Visakhapatnam participated in the study.

Table 4.1.1: Gender classification of respondents

Gender	Frequency	Percent	Cumulative Percent
Male	236	62.1	62.1
Female	144	37.9	100.0
Total	380	100.0	

Source: (From field study, 2025)

The gender distribution reveals that the majority of respondents were male (62.1%), while female respondents accounted for 37.9%. This indicates a gender gap in the IT sector in Visakhapatnam, with male employees outnumbering their female counterparts. However, the representation of women at nearly 38% is notable and reflects growing female participation in the IT workforce.

Table 4.1.2: Age classification of respondents

AGE	Frequency	Percent	Cumulative Percent
Up to 25 years	95	25.0	25.0
26–30 years	151	39.7	64.7
31–40 years	115	30.3	95.0
41+ years	19	5.0	100.0
Total	380	100.0	

Source: (From field study, 2025)

The age distribution highlights that the majority of respondents fall within the 26–30 years age group (39.7%), followed by 31–40 years (30.3%). Younger professionals (up to 25 years) make up 25%, while a small proportion (5%) are above 40 years. This indicates that the IT workforce in Visakhapatnam is predominantly composed of young to mid-career professionals, aligning with industry trends of hiring younger talent in technology roles.

Table 4.1.3: Job role classification of respondents

Job Role	Frequency	Percent	Cumulative Percent
Software Developer	171	45.0	45.0
IT Support/BPO	75	19.7	64.7
Data Analyst/AI/Cloud Specialist	58	15.2	79.9
Project Manager	37	9.8	89.7
HR/Admin	39	10.3	100.0
Total	380	100.0	

Source: (From field study, 2025)

Among the respondents, Software Developers constitute the largest group (45%), indicating the dominance of core technical roles in the IT sector of Visakhapatnam. Other roles like IT Support/BPO (19.7%), Data Analysts/AI/Cloud Specialists (15.2%), and HR/Admin (10.3%) also have significant representation. Project Managers make up 9.8%, reflecting a smaller proportion of senior leadership roles. The diversity in job roles suggests a broad range of functions in the IT industry in the region.

Table 4.1.4: Years of Experience of Respondents

Experience (years)	Frequency	Percent	Cumulative Percent
<1 year	57	15.0	15.0
1–3 years	133	35.0	50.0
4–6 years	114	30.0	80.0
7+ years	76	20.0	100.0
Total	380	100.0	

Source: (From field study, 2025)

Most respondents have 1–3 years (35%) or 4–6 years (30%) of experience, indicating a predominance of early to mid-career professionals in the sample. A significant 20% have 7+ years of experience, reflecting seasoned expertise, while 15% are fresh entrants with less than one year. This mix of experience levels offers valuable insights into retention strategies applicable across different career stages.

The demographic profile indicates that the IT workforce in Visakhapatnam is primarily young, male-dominated, and includes a mix of technical and support roles. The experience distribution further reflects that most employees are in the early to mid-career phase, which is crucial for designing effective retention strategies tailored to their expectations and career needs.

4.2. Assessment of Respondents Work Environment

In this section, the researcher has tried to estimate the Employee retention intention based on the Work Environment of IT professionals.

Dependent Variable: Employee retention intention.

Independent Variables (Work Environment): Physical workspace quality, Organizational culture, Leadership support.

In the initial stage of the analysis, the researcher incorporated the descriptive statistics of the select variables to describe the nature of the dependent and independent variables of IT professionals.

Table 4.2.1: Descriptive Statistics of Physical workspace quality, Organizational culture, and Leadership Support'' of IT professionals.

Variables	Mean	Std. Deviation	Skewness
Physical workspace quality	4.2	0.8	-0.3
Organizational culture	3.9	0.9	-0.1
Leadership support	4.0	0.7	-0.4

Source: (Data analysis from Primary Data)

The descriptive statistics demonstrate that IT professionals in Visakhapatnam rated their work environment factors positively, with physical workspace quality showing the highest satisfaction level (M=4.2, SD=0.8). Organizational culture (M=3.9, SD=0.9) and leadership support (M=4.0, SD=0.7) also received favorable ratings, with all constructs exhibiting negative skewness values indicating response distributions leaning toward the higher end of the satisfaction scale. These findings suggest that the sampled IT professionals generally perceive their work environment as conducive, particularly in terms of physical workspace conditions and leadership quality.

Table 4.2.2: Reliability and validity (Cronbach's alpha) of the study variables

Variables	No of items	Cronbach's alpha
Physical workspace quality	4.2	0.82
Organizational culture	3.9	0.78
Leadership support	4.0	0.85

Reliability analysis using Cronbach's alpha revealed strong internal consistency for all measured constructs, with leadership support showing the highest reliability (α=0.85), followed by physical workspace quality (α=0.82) and organizational culture (α=0.78). All values exceeded the standard threshold of 0.70, confirming that the measurement scales used for these work environment factors were reliable and appropriate for further statistical analysis. The slightly lower but still acceptable alpha for organizational culture may warrant minor scale refinements in future studies.

Table 4.2.3: Model Summary to Estimation the work environment based on Physical workspace quality, Organizational culture, and Leadership Support'' of IT professionals.

Model	R	R Square	Adjusted RSquare	Std. Error	F-Value	sig
Regression	0.65	0.42	0.41	12.290	45.32	0.00*

The regression model shows a strong relationship (R=0.65) between work environment factors and employee retention, explaining 42% of the variance (R^2=0.42). The significant F-value (45.32, $p<0.05$) confirms the model's effectiveness in predicting how physical workspace, organizational culture, and leadership support collectively influence the work environment.

Table 4.2.4: Unstandardized and standardized Coefficient of work environment based on Physical workspace quality, Organizational culture, and Leadership Support" of IT professionals.

Model	Un-standardized Coefficients	Standardized Coefficients	t-value	Sig.
	Beta	Beta		
(Constant)	1.12	-	3.21	0.001*
Physical workspace quality	0.28	0.22	4.05	0.000*
Organizational culture	0.31	0.25	4.72	0.000*
Leadership support	0.45	0.38	6.11	0.000*
a. Dependent Variable: employees work environment; * Significance at 0.05.				

Source: (Data analysis from Primary Data)

Leadership support (β=0.38) has the strongest impact on the work environment, followed by organizational culture (β=0.25) and physical workspace quality (β=0.22). All factors show significant positive relationships ($p<0.05$), with leadership being the most influential predictor of employee work environment perceptions in Visakhapatnam's IT sector. The regression equation to predict employees' work environment satisfaction is shown below.

$\hat{Y} = 1.12 + 0.28\ X_1 + 0.31X_2 + 0.45^*\ X_3$

Here, Y = Predicted work environment satisfaction score.

1.12 = Constant (baseline satisfaction when all predictors are zero).

X_1 = Physical Workspace Quality,

X_2 = Organizational Culture,

X_3= Leadership Support.

The standardized coefficients (β) show Leadership Support (β=0.38) has the strongest relative influence, followed by Organizational Culture (β=0.25) and Physical Workspace Quality (β=0.22). All predictors are statistically significant ($p<0.001$), confirming they meaningfully contribute to explaining work environment satisfaction.

5. Conclusion

The study underscores the significant influence of work environment factors on employee retention among IT professionals in Visakhapatnam. Leadership support emerged as the most critical predictor, followed by organizational culture and physical workspace quality, collectively explaining 42% of retention variance. These findings align with global research while offering localized insights for Tier-2 cities, where non-monetary factors often outweigh salary considerations. For HR practitioners, the results advocate prioritizing leadership training, fostering inclusive cultures, and investing in ergonomic workspaces to mitigate turnover. The study bridges a critical gap in retention literature by focusing on Visakhapatnam’s unique IT sector dynamics, providing a framework for tailored retention strategies. Future research could explore longitudinal trends or compare these findings across other Tier-2 cities to generalize the results further. Ultimately, this study equips organizations with evidence-based strategies to enhance employee satisfaction and retention in India’s rapidly growing IT hubs.

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