

TALENT ATTRITION AND RETENTION: A DIAGNOSTIC STUDY FOR THE IT SECTOR IN INDIA

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Abstract: Employees are the most valuable assets of an organization. Their significance to organizations calls for not only the need to attract the best talents, but also the necessity to retain them for a long term. Organization planning should be giving close attention to why attrition is occurring in the pre-set. To ignore why people are leaving the organization is to ignore the organization's greatest asset - its people. People are needed to accomplish the task, but people are more than just tasks they perform. They are dreams, hopes, ambitions, creativity, and innovation. To recognize and cultivate these valuable assets is one of the surest ways to build an organization that leads rather than follows in domestic and global markets. Thus, Organizations should create an environment that fosters ample growth opportunities, appreciation for the work accomplished and a friendly cooperative atmosphere that makes an employee feel connected in every respect to the organization. Retention plans are an inexpensive way of enhancing workplace productivity and engaging employees emotionally. Proficient employees keep the quality up and business operations run smoothly along with the cost saving in the long run. The current paper delves into the reasons, why IT sector in India is facing high attrition rate, and formulate various strategies of employee retention.

Keywords: Employees, Organization Planning, Attrition, Retention, IT sector

Introduction

Employees are the most valuable assets of an organization. Attrition simply means "A reduction in the number of employees through retirement, resignation or death." Attrition can be conceptualized in many forms; the two prominent forms of attrition for the constraints of this endeavour are attrition due to employees leaving and employee retiring from an organisation. Employee attrition is a chronic disturbance that the

HR department is exposed to. The recent times have witnessed a steep increment in the employee turnover. It's important to know whether their employees are dissatisfied or there any other reasons for leaving the job. Before taking sudden action it is always wise to investigate into the root cause of the issue. Employees today are eager to jump from one organization to other for a better opportunity than ever has been true in the

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past. Employee attrition has become a crucial issue in most of the organizations.

Employee retention is the effort by employers to encourage current employees to remain employed with the organization. It is better to retain the existing talent than to hire continuously. Retaining good employees has always been an issue of utmost importance. Employees today are different. They are not the ones who don't have good opportunities in hand. Employees need to be retained because good, faithful, trained and hard working employees are required to run business. They have acquired good product knowledge over the long run and a trained employee can handle customers better and also solve problems of peers who are new to the organization. A good employer should know how to attract and retain its employees. It is one of the key challenges faced by chemical industries in India. It has been observed that there is a great demand for skilled employees within India and abroad, which has resulted in technocrats leaving the Organization in search of greener pastures.

Companies in India as well as in other countries face a formidable challenge of recruiting and retaining talents while at the same time having to manage talent loss caused by attrition be that due to industry downturns or through voluntary individual turnover. Losing talents and employees result in performance losses which can have long term negative effect on companies especially if the departing talent leaves gaps in a company's execution capability and human resource

functioning which not only includes lost productivity but also possibly loss of work team cohesion and social good will. Taking into account the remarkable growth rates of the Indian economy over the last 10 years, some scholars attribute India's economic fortitude to special strength of Indian companies linked to supposedly unique management culture. One proposition put forward by **Pellegrini et. al. (2010)** is that Indian companies enjoy advantages due to a form of paternalistic leadership style consisting of a mixture of benevolence combined with authority.

Other scholars consider major Indian companies as having an organizational strategy which does not solely focus on shareholder value in contrast to Western especially to US enterprises. **Cappelli et. al. (2010)** propose that these major Indian companies make extraordinary investments in their employees, empower them in decision making and apply a special problem solving approach called Jugaad. In addition, the authors claim that Indian firms invest more in training and are more likely to measure and track all human resource outcomes than

U.S. firms. Many aspects of these scholars' observations and statement hold promise in regard to the development and maintenance of competitiveness of Indian companies domestically as well as in the context of business expansion strategies into developed markets. It is nevertheless useful to keep track of crucial organizational performance factors such as labour turnover. It has been noted that spectacular economic growth in India did

not come without pain or change of social norms. One of the “causality” has been increased employee turnover.

Over the past decade, the way in which people are managed and developed at work has come to be recognised as one of the primary factors in achieving improvement in organizational performance (Marchington and Wilkinson, 1997; Phillips, 1997). (Anand, 1997 and Maguire, 1995) acknowledged that successful organizations share a fundamental philosophy of valuing and investing in their employees. In fact several research studies have described human resource management as a means of achieving competitive advantage. (Huselid, 1995 and Walker, 2001). Consistent with this perspective, the retention of their employees is an important issue for organizations.

Despite several studies carried out on employee retention, the strategic human resource researchers are still investigating the causal mechanisms between HR practices and firm’s performance mostly related to voluntary turnover as a critical component (Shaw, Gupta and Delery, 2005) as employee retention plays a vital role in bridging the gap between the macro strategies and micro behaviour in Organizations. This is because it ensures stability and connects the experiences of individuals in Organizations on a continuous basis to the critical measures of success factors in the Organization. The decision of leaving the Organization is not easy for an individual employee as well as significant energy is spent on finding

new jobs, adjusting to new situations, giving up known routines and interpersonal connection and is so stressful (Boswell, Boudreau, 2005). Therefore if timely and proper measures are taken by the Organizations, some of the voluntary turnover in the Organization can be prevented. The reasons for employee turnover may vary from external environmental factors such as economy that influence the business that in turn affects the employment levels (Pettman 1975; Mobley, 1982; Schervish, 1983). Thus it is important to differentiate between functional and dysfunctional turnover and accordingly encourage or discourage employee turnover. Further voluntary turnover of critical work force is to be differentiated into avoidable and unavoidable turnover (Barrick and Zimmerman, 2005).

Review of Literature

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employment opportunities available compared to average or poor performance employees and thus they are more likely to leave (Trevor, 2001). High rates of voluntary turnover of such employees are often found to be harmful or disruptive to firm's performance (Glebbeck and Bax, 2004). When poor performers, choose to leave the Organization, it is good for the Organization (Abelson and Baysinger, 1984), thus it is important to differentiate between functional and dysfunctional turnover and accordingly encourage or discourage employee turnover. Further voluntary turnover of critical work force is to be differentiated into avoidable and unavoidable turnover (Barrick and Zimmerman, 2005). Estimates of the loses for each employee vary from a few thousand dollars to more than two times the person's salary depending on the industry, the content of the job, the availability of replacements and other factors (Hinkin and Tracey, 2000). In some industries chronic shortage of qualified employees has driven up the costs of turnover. Therefore the acquisition, development and retention of talent form the basis for developing competitive advantage in many industries and countries (Pfeffer, 1994, 2005). Organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport et. al., 2003). Three studies incorporated attitudinal and/or behavioural changes over time to better predict turnover. (Sturman and Trevor, 2001) found that quitters'

performance over time did not significantly change while stays' performance slope was positive. Demographic factors cannot be ignored as age, tenure, level of education, level of income, job category, gender have influenced employee retention and have been found to have stable relationship with turnover intention. Of the above demographic factors, age, tenure and income level was found to be negatively related to turnover intention (**Arnold and Feldman, 1982; Cotton and Tuttle, 1986; Gerhart, 1990; Mobley et. Al, 1979; Price and Mueller, 1986; Wai and Robinson, 1998; Weil and Kimball, 1995**); level of education is positively associated with turnover, the more educated the employees there is a tendency to quit (**Berg, 1991; Cotton and Tuttle, 1986**); **With respect to job category, (Wai and Robinson, 1998; Price and Mueller, 1986)** found that non-managerial employees are more likely to quit than managerial employees. Relationship between gender and turnover showed mixed result. Cotton and (**Tuttle, 1986**) and (**Weisberg and Kirshenbaum, 1993**) found females more likely to leave than males. (**Miller and Wheeler, 1992**) and (**Wai and Robinson, 1998**) reported no relationship between gender and turnover. However the reasons for employee turnover vary from one Organization to the other and from one person to another as they are not getting what they expect from the Organization (**Ongori, 2007**). (**Mobley, 1982**) and (**Dickter, et. al., 1996**) also called for more research and theory pertaining to how the turnover process occurs over time.

(**Kim and Stoner, 2008**) emphasized that employees intend to leave, because of factors related to individual (e.g. demographic factors or personality), job (e.g. nature, content or design of job) or organization (e.g. pay, supervisor or co-worker). Social support and job autonomy might have a direct negative impact on the employee turnover intention. (**Adhikari, 2009**) identified the factors affecting employee attrition in the IT and ITES industry. The paper identified four factors. Work related issues have the greatest impact on attrition. The other three being employer related issue, skill of employees and the compensation. Compensation seemed to have the least effect on attrition. (**Ho et al., 2010**) emphasized the relevance of push and pull factors while understanding employee attrition in the Malaysian service industry. Work stress, improper work-life balance, and poor relations with co-workers are some of the factors which come under the umbrella of push factors and promotion opportunities, better compensations, desire for higher studies, and interesting work are some of the pull factors. (**Deepa and Stella, 2012**) highlighted a number of factors which contribute to employee turnover. Demographics, Organization's performance, Organization's culture (in terms of its reward system, leadership, shared goals etc.), Employees personal traits (like desire to learn, change in personal life, new job offer etc.), Job characteristics, Unrealistic expectations are the factors that are perceived to enhance employee turnover in the IT industry. (**Joy P. and Radhakrishnan**

2012) in their study on marketing executives of financial product companies identified six factors which affect attrition. 58.77 percent of variance was jointly explained by all the six factors. Work specific attrition, human resource policy of the organization, boss behaviour with sub-ordinates, prevailing economic forces, fellow employee influence and opportunities in the society are the six factors identified in this study. A positive relationship among all the factors was supported by the correlation matrix. (Vinit et al., 2013) highlighted that, factors like appraisal, openness, training, and flexibility act as key influencers for employee turnover. Thus these are the parameters on which an employee thinks before deciding to leave an organization. (Saleem and Affandi, 2014) investigated the impact which Human Resources practices have on the employee attrition. Fairness of rewards and growth opportunities were considered to be the key factors influencing the employees decision to leave an organization.

Statement of the Problem and Objective of the Study

Talented employees have clear expectations of their employer and firm idea about what is required to achieve their career ambitions. As talent becomes more exclusive, it will be increasingly tough to keep great people. Indian IT industry is facing acute shortage of skilled IT professionals. Now large numbers of domestic as well as Multinational Companies setup their development centres in India creating number of job opportunities. The Indian IT professionals

are in demand all over the globe. Due to ample of job opportunities available to employee they look for job change and it will cause attrition among organizations. Retaining the quality people have become for HR managers of IT organizations. The current study aims at providing relevant information on factors affecting employee attrition and retention in Indian IT sector and strategies used by IT companies for retaining its employees.

Research Methodology

The current study is based on secondary data. The required data for the study have been collected through secondary sources like e-journals, text books, reports, general websites, and other scholarly outputs. Data collected through these sources were extensive, and covered a wide spectrum of issues. The factors affecting attrition in Indian IT industry have been dissected in detail with relevant insights and case study, and the strategies to retain the employees have also been suggested. Moreover, the challenges in employee retention have also been discussed.

Importance of Employee Retention

When an organization has hired good people, trained them, built them into high performing teams, it does not want to lose them. Given below is some of the rationale that describes the importance of the same:

- A pool of members who are available for organization whenever needed.
- A pool of members who could potentially be future leaders.
- Strong indicators of organizational success.

Organization makes so many efforts to attract and retain its employees. In today's competitive world only high salary and designation is not significant for employees to retain them in the organization, but some other factors also play important role in their retention. The focus of this paper is to know how the organizations retain the talented

employees in the organization focusing on the factors i.e. career development, leadership style, work environment, rewards and recognition, organizational justice, compensation and performance appraisal and different retention strategies adopted by organizations for retaining its talented employees.

Table-1: Major Technology Hub

Position	City	Description
1	Bangalore	Bangalore is known as the Silicon Valley of India and the IT Capital of India. It is considered to be a global information technology hub and it is India's largest exporter both of IT overall and of software. Some of the top Indian IT service providers like Infosys, Wipro, Mindtree and Mphasis are headquartered in Bangalore. It is also the site of the national headquarters of many top international firms like Intel, Texas Instruments, Bosch, Yahoo, Labs, Google India, Microsoft, Facebook, EA, Apple Inc, SanDisk, Harman, Dell, Ericsson, Sabre, Goldman Sachs, HP, Cognizant, Boeing, Wells Fargo, Sony, AT&T, Flipkart, Walmart, Juniper Networks, Inc, CenturyLink, Aricent, Samsung, Oracle, LG, Adobe, JPMorgan, Genpact, Accenture, IBM, Qualcomm, Cisco, L Brand, PayPal, Ebay, Quest, Broadcom, Cerner, EY, Amazon, LinkedIn, BT, and Continental, among others. Bangalore alone accounts for more than 35% of all IT companies present in India and contains close to 5,000 companies, making it India's largest IT contributor.
2	Hyderabad	Hyderabad-known as the HITEC City or Cyberabad - is a major global information technology hub, and the largest Bioinformatics hub in India. Hyderabad has emerged as the second largest city in the country for software exports.
3	Pune	Pune is one of the leading Indian and international IT services and outsourcing exporters.
4	Chennai	The city has a world-class IT infrastructure with dedicated expressway nicknamed as IT expressways, and many other IT parks promoted by both government and private entities.
5	Mumbai	Mumbai is the headquarter of Tata Consultancy Services. Other major IT based companies based in the city include Datamatics, Patni, L&T Infotech, 3i Infotech, Mastek and Oracle Finserv.

6	National Capital Region	The National Capital Region includes Delhi, Gurgaon and Noida, which are the clusters of software development with offices of many multi- national corporations.
7	Others	Andhra Pradesh which includes Vijayawada, Kakinada, Vishakhapatnam and Tirupati.

Table-2: Structure of IT/ ITs Industry

Type	Revenue	Key Characteristics of Business Models
Large Cap	>US\$250 million	Mainly concentrated on Application Development& Maintenance, BPO etc.Well positioned to bag large IT contracts with scalable capabilities.Strong delivery capabilities across multiple verticals.Low client concentration.Competes with global IT vendors such as Accenture, IBM etc.
Mid Cap	US\$50-250 million	Mainly concentrated on specific domain capabilities.Scale and margin pressures.Increasing competition from both large & small cap players.
Niche Players	Focused on key niche areas of operations	Focused on developing capabilities, a specific niche domain & aspire to be a leader in that domain. Scale and growth pressures; limited growth available in niche areas.High client concentration

Reasons for Attrition in Indian IT Industry

Ambitions or Career Aspirations: In growing economy employees at all levels aspire to build their career. There are economic aspirations, professional aspirations, family aspirations and all kinds of aspirations and ambitions that affect persons desire to move. It is better to appreciate the growth and mobility and take attrition as natural phenomenon than to be agitated about it and have sleepless nights. However, if the organizations can do something to create new opportunities, that meet the growing aspirations of competent people, it should

certainly be attempted. However, such attempts require correct diagnosis of the situations.

Personality Factors: Some people have a high need for variety. They get bored and fatigued easily. They need to change their job or what they are doing at periodic intervals. Otherwise they are restless and create morale problems with workers with them. They waste others time discussing organizational politics and polluting the atmosphere. They are highly ambitious and restless. They are highly achievement driven and want to achieve new heights in the shortest time. They have either been socialized so or fulfil their

own power or other motives. Some may have a different motivation or value profile which may not be matched by the current job or the company and hence the decision to leave.

Inadequate Training and Ineffective Management: Other reasons that lead to job attrition are inadequate training and ineffective management style. Many employees need training and directions to do their jobs. These training and directions should be provided by the company and management team. Without proper training, workers feel lost in their positions leading to unproductive performance, which may affect the confidence and self-esteem of the individuals. In most cases, workers would like to be involved in some of the decision making and would appreciate delegations. They also love to be rewarded and recognized for the good work they do. If the managers do not have the latest skills, they may overlook the performance of their good employees. This would definitely discourage employees from continuing to work for the same manager and the same company leading to their departure.

Parental and Family mobility: Sometimes the desire to be with family and with closed ones pushes the person to move. Although we have largely moved away from the joint family concept, there are still strong affiliation and affections. Need for being close with the family, spouse, children, parents etc at different stages of one's life to fulfil different types of affiliation needs prompt a few people to leave their jobs and move from one city

to another.

Conflicts between work strategy and goals: Sometimes the employees may feel that the work strategies the companies are using are not in line with the objectives the company wants to achieve. The employee may be unhappy with the way the performance graph of the company is shaping up, thus he may decide to leave.

Wrong perception by MNCs: Companies also face attrition because they fail to understand the correct reason behind the attrition. They think that a company in India can be run just (or almost) like a company in its home country. Its home country HR policies can appear to be less effective in India than in any other region of the world.

Lack of motivation: If the employees are not motivated then they fail to perform to the expected level. Human needs can be classified into various categories and when one need is satisfied then he will not feel motivated to perform his work unless he's motivated to satisfy his next need. Workers in India don't find their work motivating and challenging enough so they keep on shifting jobs.

Costs of attrition are higher than low cost benefits in India: The cost of attrition in India has become higher than the low cost benefits which lured the foreign players into Indian markets. The companies are spending high on providing specialized training to provide the employees with the necessary skills but the employees leave the organization on getting a better opportunity. Sometimes

people do not stay long enough to be taught or to learn the job. This can have a disastrous impact on a company's success.

Job related factors: The job related factors that cause the decision to leave are many these include the following:

- Inability to use one's competencies
- Lack of challenges
- Boss and his styles
- Lack of scope for growth in terms of position salary, status and other factors
- Role clarity
- Job stress or role stress or role stagnation

- Lack of independence or freedom and autonomy
- Lack of learning opportunities
- Lack of excitement and innovation, novelty etc. in the job

These factors may be intrinsic and job related or extrinsic and job related. Intrinsic factors are the factors related to the characteristics of the job and the extrinsic factors are factors like role clarity, independence and autonomy, bad boss, wrong chemistry of the team, work conditions that can be changed easily etc.

Economic Factors: These factors deal with the aspirations in relation to salary and

perks, housing, quality of living, and need for saving etc.



Fig-1: Traditional Model of Attrition

Some Important Insights

Traditional IT sector business models hinged critically on allowing Indian talent to find positions in their overseas markets (typically US and UK) as this would provide IT companies a cost-effective talent advantage. Such hires were usually paid less than what companies would have to pay if they hired indigenously so being able to recruit Indian talent and send them to work across foreign markets soon became an industry norm, but like many aspects of a modern, globalized world, this too was to come to a halt.

In the latest statement by Infosys, the move of tightening visa rules has had a major role to play in its hiring numbers going down while many have been forced to leave. Indian IT firms have long sought to hold on to employees by offering the prospect of a US posting but this has faced a large over the years. Infosys faced the most visa rejections in 2018 – as many as 2,042 – according to US think tank Centre for Immigration Studies.

The Economist reported that over six Indian companies – Tata Consultancy Services, Infosys, Wipro, Cognizant, and the US arms of Tech Mahindra and HCL Tech – accounted for nearly two-thirds of the rejections among the top 30 companies, the think tank said in March after analyzing data from the US Citizenship and Immigration Services.

A reflection of a larger rise of protectionist policies in the region, the reduction in the of H1-b visas being given to prospective employees has meant a steady fall in hiring numbers. The same has been the case

with other companies like Wipro and TCS who have had major portions of their visa applications denied. Although many such companies have in response began hiring from local talent pools in foreign markets, this is yet to reduce attrition rates significantly.

The other major force reshaping the sector and by its nature, pushing attrition rates higher has been the shift towards using the latest technology. Although the nature of tech-driven transformation has been prevalent across the other sectors, IT sector being at the forefront of such advancements has usually meant swifter application. Even as a response to the rising mandate to hire locally from foreign markets and stricter visa legislation, the adoption of tech like shifting to digitalizing company operations has contributed majorly to the high attrition rates across the sector as many without the requisite skills were let go, at times unceremoniously.

In addition to these major factors, the growing number of alternatives in front of tech talent today has meant that many have over these troubling times for the IT sector have preferred to join other places. The advent of e-commerce and other tech-based startup sectors has helped many find an alternative to taking up jobs within the IT sector. Even companies like Deloitte and Accenture, in addition to fintech and companies, have become a viable option for IT sector relevant talent.

While the regulatory environment in the US and the UK, the largest markets for Indian IT companies, remains uncertain

in how its socio-political climate evolves to shape economic policies, the sector has in recent times seen signs of growth. The investments are undertaken to transform business processes – especially making them digitally driven – in addition to hosts of mergers and lucrative business deals, the sector has certainly begun showing signs of improvement. In 2018, the \$160 billion industry laid off over 56,000 employees as automation and artificial intelligence and this had an overall adverse impact on the attrition rates across IT companies.

But many are now targeted to go out looking for the right fit and are willing to curb attrition rates by improving both on the compensation front by offering attractive salaries and talent management where better retention and employee management practices are to be followed. The on ground changes of such steps are yet to be seen and future uncertainties are certainly not out of the window. But to curb attrition rates remains a major challenge for the IT sector.

A Case of Infosys

The attrition level grew higher to 20.1% in the July-September 2014 quarter as compared to 19.5% in the April- June 2014 quarter and 17.3% in quarter last fiscal. In comparison, TCS reported an attrition rate of 12%, while that at Wipro (IT services) and HCL Services stood at about 16% and 15%, respectively, in the April-June 2014 quarter.

There might be various reasons attributing to the same:

1) Lack of clear career growth -

Employees may leave the company, if they feel there is no career growth. They will try better options.

2) Work Culture - If there is a culture person misfit, people would definitely quit.

3) Superior's Attitude - Superior's negative attitude towards subordinates make their morale down which leads to dissatisfaction at work and altercation with their bosses could also be a factor.

4) Lack of employee engagement programs - People also leave if they feel, if they are not treated well by organisation. Only extracting work and not respecting the employee will increase dissatisfaction.

5) Skewed appraisal process - If the yearly appraisal process does not award the hardworking employees with what they deserve. Then expect attrition rates to shoot.

6) Trainees are not being aligned properly according to their trained technologies which results in lack of motivation. This is affecting big time to the careers/profiles of candidates. As a result, those candidates look for the alternate path to leave the company at the earliest. So company gets fail to retain the talents. Employee satisfaction goes down. Overall, it hampers the growth of the company and productivity as well.

7) Acute Job Stress

Corrective Measures

- Employee attrition rates are worrisome and we are implementing various

initiatives to retain good talent,” said Pravin Rao, COO, Infosys.

- “We have tried hard to listen to our employees. The concern was not so much about compensation but about predictability, career growth, and variable compensation.
- He said the company has done everything as scheduled in the last six-seven months. “We have done quarterly promotions. In fact, this quarter we have promoted 7,500 people. Promotion is a reflection of growth. Our growth created opportunities for our people to go up in the career track,” he said.
- Since July last, the company has also given two wage hikes.
- Apart from these, the company was in the midst of several other employee-retention measures, including restructuring the variable pay programme, stepping up promotions, ramping up of certification and training programmes and a fast-track process for employees, Mr. Shibulal (Former CEO) said.

Experts’ Views

Experts said, though much has been said about high attrition rate, the management has been taking corrective measures to solve the problem. “It is important to remember that there is no magic wand to solve issues and it can take two-three quarters before this can be normalised,” said Sanchit Gogia, chief analyst & CEO.

Many feel the high attrition rate might come down after Vishal Sikka, who is a brand in himself, has joined the company.

“There is a renewed interest and confidence in Infosys now. Young people look up to Sikka with a great hope said an HR expert.

Retaining the Employees

The organizations try hard to retain their employees and reduce their company’s attrition rate so that their resources can be saved and used on other productive purposes. When we are aware of the facts leading to attrition of an employee we can take few measures to retain them.

1. Provide good working conditions and introduce positive work culture so that an employee is at ease and not stresses while working.
2. Appreciate all the good work and mentor him. He will feel at ease and will be delighted that the company cares for him.
3. Fostering a culture of Management concern- Companies today must show an interest in helping people develop to their fullest potential. In addition to reducing bureaucracy, high performing, high -tech companies provide freedom in scheduled hours, and lifestyle choices.
4. Job enlargement- Don’t lock people into positions because they are “so good at it”. Managers must continually ask: “What’s the next step for this employee?”
5. Flexible working hours for those who really need to fulfil others important personal obligations.
6. Rewarding Managers- Many companies say they value people and train their management team to cope with

people issues. Yet these same managers are too often rewarded solely on their technical skills and financial results.

7. Strengthening the Team- Marginal performers in management must be weeded out.

8. Clearly identify the people you want to keep - In recent years; many executives have focused on whom they should get

rid of rather than whom they should keep. Unfortunately, those who decide to leave are often high- impact performers who can find other work quickly.

9. If possible provide him with an insurance policy so that he feels that company cares for him.

Recruit right person for the right job because a mismatch will hamper the work.

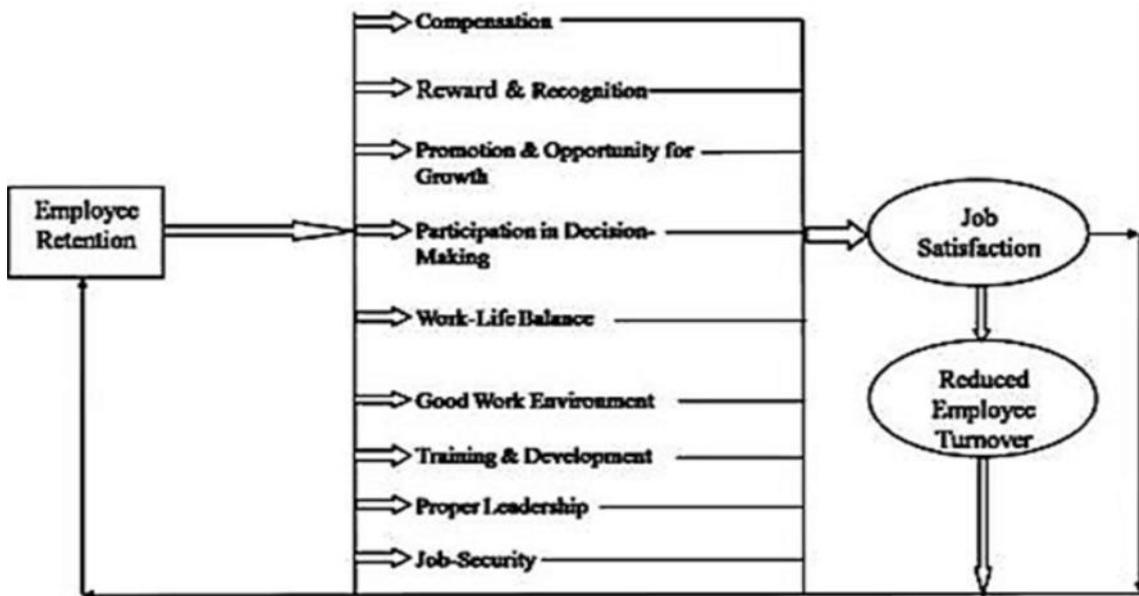


Fig-2: The Employee Retention and Job Satisfaction Model

Challenges in Employee Retention

In the today’s scenario, the major challenge for an employer is to retain their valuable and talented candidates in the organization. Employer takes various steps in retaining their employees, but there are various challenges for employer and managers in retaining their

employees. They are,

Salary Dissatisfaction: Every employee has high salary expectations and this is one of the major reasons, why an employee quits the organization. Retention becomes a problem when an employee quotes for an exceptionally high salary, which is beyond the budget of the

organization. Every organization has a salary budget for every employee which can be raised to some extent but not beyond a certain limit.

Job Opportunities are high: There is a cut-throat competition to attract the best talent in the market. Companies go a long way to lure talented resources from their competitors. Availability of such lucrative offers makes it difficult to retain good resources for long.

Hiring the Wrong Candidate: Recruitment plays an important role, which is the future of any organization. A right candidate hiring will give a good future and a wrong candidate hiring will give a bad future. Candidates speak all kind of lies at the time of interviews for getting a job. It is only later doing people realize that there has been a mismatch and thus look for a change. And problems arise whenever a right candidate is into a wrong job.

No Job Rotation: Any employee gets bored, if he/she does the same job for years together. The job might be good and interesting in the starting phase, but soon, it could become monotonous. In this scenario, the management must go for a job rotation and provide such employees the opportunity to do something new. And if there is no job rotation, then such employees might look for other avenues.

Unrealistic Expectations of Employees: It is not possible for an organization to meet the expectations of all the employees. An employee must be mature enough to understand that one can't get all the comforts at the workplace. Sometimes,

when the unrealistic expectations of the employees are not met, they look for a job change.

Conclusion

Employee retention has become a major concern for corporate nowadays. Now organizations are recognizing that their competitive advantage lies not with capital or physical resources but rather with their human resources. The retention of the precious IT workers become difficult day by day due to complex nature and demands of the work and inability of management to understand their need leading them to change their jobs. When an employee is planning to quit then there are some factors that are responsible for his job change. These factors are organizational culture, social support, work-life balance, job stress, relationship with friends, management policies and career opportunities. Furthermore, compensation, rewards and recognition play a role in employee motivation, which leads to employee retention. Similarly, training and career development are two motivators which lead to retention. The work environment also plays a very important role, as it was found out that, employees leave job due to work environment. Organizational justices also play a pivotal role in employee retention; if organization wants to retain its employee then it has to follow fairness formula. Employee career advance aspects or promotion opportunities have significant relation with employee retention. The current study also suggests that good retention is about more than what a company does once an employee

has been hired and established within an organization. This paper concludes that companies felt the importance of retention strategies and accepted that without it they won't be able to survive in competitive market. Some benefits like lucrative salary, flexible timing, better work environment and better career growth helps in retention. If any employee is leaving organization then HR department should intervene and know the exact reason for leaving. Organization should aim at developing effective retention practices and policies which increase employee retention.

Conflict of Interests

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