

THE TALENT JOURNEY: A STUDY OF EMPLOYEE RETENTION STRATEGIES IN THE IT SECTOR

Dr. Satish Ahuja
Principal
DAV Centenary College Faridabad, Haryana
India

ABSTRACT

“Retaining and attracting high performing talent is a top priority for sustain excellence.”

Laurita Thomas

In this era of globalization employees are blessed with numerous opportunities. As shortly as they feel discontented with the current employer or with the task they switch over. It is becoming hard for the employer to retain employees, because the organization wouldn't be left with smart employees. Being HR personnel one should know how to attract and retain its employees. A company, that desires to strengthen its bond with its staff, must invest in their developments. This involves the creation of opportunities for role enhancement within the company as well as coaching & talent development that permits employees to boost their employability within the internal/external employable market. This paper highlights standing of varied companies and turnover ratio of employees and its implications for managing turnover and retention. These concepts challenge the conventional knowledge that discontented people want to leave and money makes them keep. People typically leave for reasons unrelated to their jobs. In several cases, sudden events or shocks are the cause. Employees also often stay as a result of attachments and their sense of fit, both on the task and in their community.

Keywords: Employee, Retention Strategy, Turnover Ratio, HR Personnel

INTRODUCTION

Employee retention: An overview

Employee retention may be a method during which the employees are inspired to stay with the organization for the maximum period of time or till the completion of the project. Employee retention is helpful for the organization similarly for the employee. Most business owners and managers think retention relies on compensation issues--wage and remuneration levels, incentives, and golden handcuffs--when in point of fact the drivers go much deeper into the human psyche to the actions and attitudes that make employees feel successful, secure and appreciated. As a result, a sound retention strategy ought to concentrate on and tactically address four key elements--performance, communication, loyalty and competitive advantage. In today's workplace, there are several employees who quit their jobs as a result they are either helpless or attempt to progress as a result of the management of their organisations had not been able to put in place an effective employee retention strategy.

According to Right Management, a talent and career management consulting firm, it costs nearly three times an employee's remuneration to replace somebody, which incorporates recruitment, severance, lost productivity, and lost opportunities.

Employee turnover is one of the biggest and wide unknown costs an organization faces. Whereas companies habitually keep track of varied costs like supplies and payroll, few take into consideration how much employee turnover will cost them. Employee turnover costs companies 30 to 50% of the annual remuneration of entry-level employees, 150% of middle-level employees, and up to 400% for higher level, specialised employees. Now that so much is being done by organizations to retain its employees, why is retention so important? Is it simply to reduce the turnover costs? Well, the answer is a definite no. It's not solely the cost incurred by a company that emphasizes the necessity of holding employees however conjointly the necessity to retain proficient employees from getting poached.

DIMENSIONS OF RETENTION

Retention involves five major dimensions:

- **Compensation:** Compensation constitutes the biggest part of the employee retention method. The employees always have high expectations relating to their compensation packages. Compensation packages vary from industry to industry. Therefore attractive compensation package plays a vital role in holding the employees. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. While setting up the packages, the following components ought to be kept in mind: salary and monthly wage, bonus, health insurance, after retirement, miscellaneous compensation.
- **Organization Environment:** It is not related to retention. It is related to managing people. If an organization manages people well, employee retention will take care of itself. Organizations ought to concentrate on managing the work environment to create better use of the available human assets. People want to work for an organization which provides:
 - Appreciation for the work done
 - Ample opportunities to grow
 - A friendly and cooperative environment
 - A feeling that the organization is second home to the employee
 - Organization environment includes Culture, Values, Company reputation, Quality of people in the organization, Employee development and career growth, Risk taking, Leading technologies, Trust.

- **Personal growth:** Employee's responsibilities within the organization ought to facilitate him achieve his personal goals conjointly. Organizations cannot keep aside the individual goals of employees and foster organizations goals. Employees' priority is to work for them and later on comes the organization. If he's not satisfied with his growth, he'll not be able to contribute in organization growth.
- **Relationship:** Sometimes the link between management and the peers becomes the reason for an employee to leave the organization. The management is usually not able to provide an employee a supportive work culture and environment in terms of personal or professional relationships. There are times when an employee starts feeling bitterness towards the management or peers. This decreases employee's interest and he becomes demotivated. A supportive work culture helps grow employee professionally and boosts employee satisfaction.
- **Support:** Lack of support from management can sometimes be a reason for employee retention. Supervisor should support his subordinates in order that each one of them is successful. Management should attempt to concentrate on its employees and support them not only in their troublesome times at work but conjointly through the times of personal crisis. Management can support employees by providing them recognition and appreciation. Employers can offer valuable feedback to employees and build them feel valued to the organization.

RETENTION IN THE IT INDUSTRY

Industry employment overview

The dimension of employment offered by the industry can be gauged from the factsheet provided by NASSCOM dated Feb 2012. Direct employment in Indian IT-BPO crossed the 2.5 million mark, an increase of about 226,000 professionals over FY20011; indirect job creation is estimated at about 11 million. IT services (incl. engineering services, R&D, Software products) exports, BPO exports and domestic IT industry provides direct employment to 1040,000, 890,000 and 600,000 professionals respectively.

Hiring and retaining smart employees have become the chief concerns of each IT-ITES industry that has an average attrition rate around 35-40%. Lack of growth opportunity is one in all the main reasons for this attrition rate besides the offer of higher salary or education elsewhere, misguidance, negative policies and procedures, personal life, physical strains and unhealthy professional relationship etc., that create discontentment in the workplace. To overcome this attitude of discontentment, several companies offer employee benefits like insurance,

accommodation, cellular phone/laptop, loans, educational benefits, flexi-time, versatile salary benefits, employee stock option plan and other cultural programs. These are not adequate to curb the attrition rate as with the change in the economy and also the job trends, the new generation employees place a high priority on family orientation, quality of life problems and autonomy that are the main factors that affect on their job satisfaction.

METHODOLOGY

Objectives of the study

- To study the retention rate in IT industry in India.
- To find out the important factors for retaining and motivating an employee in an organization.

Research design

The research design is empirical and descriptive in nature.

Area of the Study

The study is based on the real facts of various firms in famous IT industry in India such as Wipro, TCS, LML, Accenture, etc.

Tools for Collection and Analysis

The data has been collected from primary source (Questionnaire online) and secondary sources (Magazines, Newspapers, Internet, etc.).

Tools of Analysis

Collected data were arranged in logical of sequential order. To analysis the data percentage analysis has been done. Simple bar diagrams or pie charts has been used for diagrammatic representation of data.

Findings

Some charts highlighting the present condition of the Indian IT industry:

Figure : 1

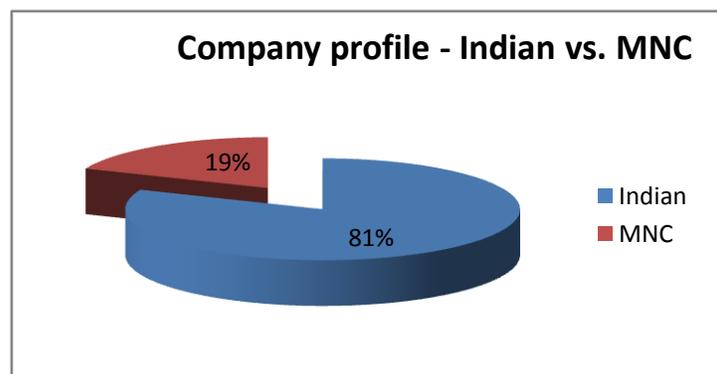


Figure 2:

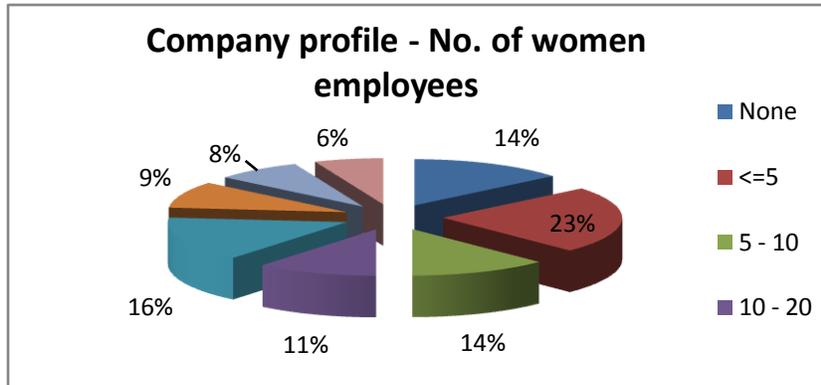


Figure:3

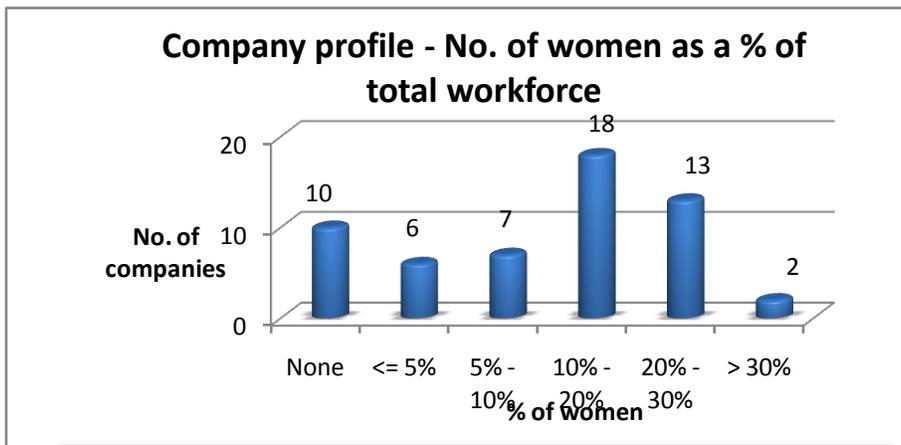


Figure: 4

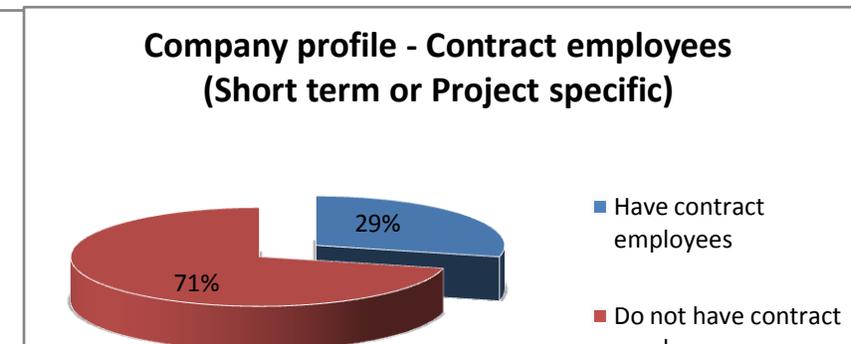


Figure: 5

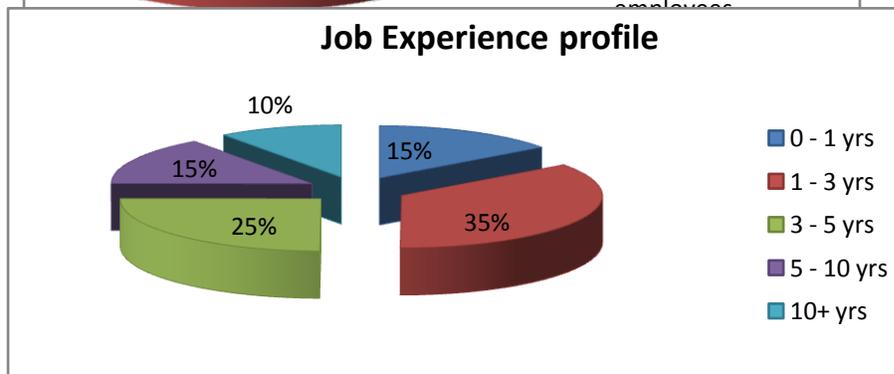
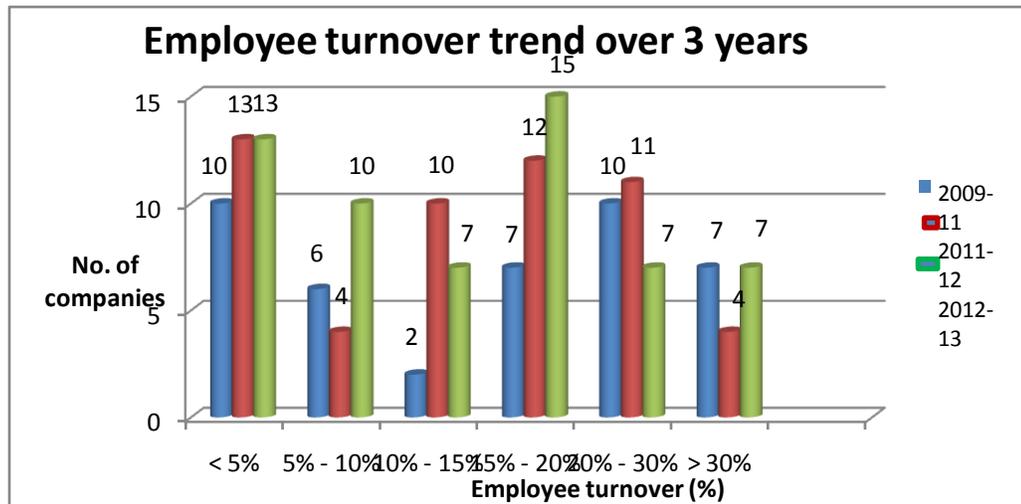


Figure:6



Above shown figures are self explanatory and depict the scenario of IT sector employment features.

MAIN RETENTION WAYS ADOPTED BY THE TOP INDIAN IT COMPANIES

The retention ways adopted by the main IT firms in India are as follows:

Communications - Getting Its People to Care

Communication is the first step toward creating the kind of environment that people care about, and if they care, they just may stay. The decrease in the attrition level of the employees for the Indian IT giants has been majorly because of the communication and transparency showed by the company. These companies have been able to keep its people in the loop about what's happening with the company. At any time, all of its employees have a pretty good idea of how business has been, and they are aware of what issues the company is attempting to address. The point here is that these companies want to treat these people as your partners, which they are. Treat them with a minimum of the maximum amount respect as they offer you.

Setting Clear Expectations

How often do you appraise your employees/team-members?

What are your expectations from your employees/team-members? What are the parameters to measure their performance? Have you ever communicated to them?

What will be the results, if they fail?

What will be the rewards, if they exceed the expected level?

If you're not having any expectations, however you're attending to appraise, your employees? Yes, you are going to be biased, because you don't have set standards.

The role of a CEO, HR Manager is like a director of a movie; choreographer of a stage show, where there is a defined role for each character, each participant.

Setting expectations initiates the process. Managers need to sit down with each employee and clearly define what's expected of them.

Clarity.

Expectations ought to specialize in outcomes, not activities. In different words, you accomplish clarity after you determine the expected results instead of the tactic for achieving them. Managers usually build the error of associate degree attempt} to direct the method that an worker can use instead of being clear regarding results. The advantage of distinctive the end result is that you just, the manager, focus solely on the goal; in spite of everything, the worker can develop the tactic for achieving the required results.

Defining the target usually needs some thought on the a part of the manager because it is easy to fall into the "activities trap."

This understanding typically is accomplished through dialogue between the manager and subordinate, that permits for a additional thorough review of the case and for feedback and discussion. This method builds sensible can with the worker and sets the stage for extra responsibilities.

Simplicity

Simplicity creates a way of grounding for workers as they endeavor to hold out assignments. If managers identify the work in simple, straightforward terms, employees will find it much easier to follow through on managers' wishes. To accomplish this, a manager must identify the key message in a fashion that the employee can embrace.

Proper Rewarding

As you might be aware of Employee Reward covers how people are rewarded in accordance with their value to an organization. It is about both monetary and non-financial rewards and embraces the ways, policies, structures and processes accustomed develop and maintain reward systems. The ways in which people are valued will build a substantial impact on the effectiveness of the organization, and is at the center of the utilization relationship.
Build a high degree of recognition value into every reward you offer.

Recognition is the most cost-effective motivator there is. While the high cost of other rewards forces us to give them sparingly, recognition can be given any time, at very little cost.

Some very ordinary items and events can be imbued with extraordinary motivational significance, far in excess of their monetary value. I am constantly amazed at how motivating a pizza or movie tickets can be if is given with sufficient appreciation. A sincere many thanks will be delivered at anywhere and at any time, costs completely nothing and may be additional motivationally powerful

than a considerable financial bonus. Organizations can provide innovative recognition in an infinite number of ways. Highly motivating organizations even celebrate small successes. A health-conscious company distributes fruit bowls to employees' work areas when key personal milestones are attained. Another company uses an additional finished approach: fresh-baked chocolate-chip cookies to mention many thanks.

Reduce entitlements and link as many rewards as possible to performance.

Clearly the traditional "pay for loyalty" systems in most organizations have to be compelled to. Don't let attendance be your major criterion for rewards. Most staff resent those who only put in their time and yet receive the same reward as those who go the extra mile. Today's staff have higher expectations for what work will and will be, and that they wish to receive rewards that replicate their personal efforts and contributions. This is why so many companies are moving toward performance-based rewards, including performance bonuses, gain-sharing and non-monetary recognition. Although not a panacea, companies are finding that these new reward systems do allow them to give substantial rewards to those who really deserve them. Sensible organizations are probing for opportunities to reduce across-the-board entitlements, and thereby find more resources for discretionary performance-based rewards, without increasing the total value of rewards.

Troubleshoot your reward system to make sure that what it is rewarding is what you really wish to happen.

The Law of Rewards - "What you reward is what you get" - Is extraordinarily powerful. No matter what your orientation materials or job description might say, it is the rewards your organization offers that communicate the real expectations. Start with the results you want to achieve and then pinpoint the types of behaviors required to achieve them. For example:

If you believe teamwork is going to get you the results you want, make sure you reward teamwork, and not internal competition between departments.

If you want quality, make sure that productivity isn't over emphasized. And,

If you want long-term solutions, don't reward quick fixes

Also, don't confuse employees with too many rewards. It is better to focus rewards on the critical few behaviors and results, rather than diluting them by rewarding the trivial many.

Reward promptly.

Rewards should be given as soon as possible after the performance has taken place. This is why the most the foremost roaring gain-sharing programs pay employees monthly, instead of quarterly or annually as within the past.

Conclusion

Though my study is confined to IT industry yet retaining employees for longer is a challenging task for all companies now a days. Companies gain good reputation which has older staff. However with the high level of competition, companies have to adapt many strategies to retain their staff. The big challenge is for IT industry as it is still a developing and growing business in India. Some current sunrise ways that IT firm/companies can adopt are : Buffer” Staff, Modest Cash, Modest ESOP, Job Excitement, High Learning, High Learning, Healthy Work Environment, Bonding. So, the today's need is to decide the whole “mix” in context to your specific organization and aspects that you wish to emphasize.

REFERENCE:

1. Bhatnagar, J., " Talent management strategy of employee engagement in Indian ITES employees: key to retention" Employee Relations Vol. 29 No. 6, 2007 pp. 640-663.
2. Cottrell, T.," Returns and investments “Retreat. Reveal. Retain” The Bottom Line: Managing library finances Vol. 25 No. 4, 2012 pp. 155-158 ,2012
3. Michael Hay," Strategies for survival in war of talent": Career development International 7/1 (2002)..
4. Margaret Deery," Talent management, work-life balance and retention strategies: International Journal of Contemporary Hospitality Management Vol. 20 No. 7, 2008 pp. 792-806
5. Mike Losey, Dave Ulrich, Sue Meisinger, “The Future of Human Resource Management: 64 Thought Leaders Explore the Critical HR Issues of Today and Tomorrow”, pg. 156-168.
6. **Dave Ulrich, Wayne Brockbank**, “The HR Value Proposition”.
7. Gaurav Bagga. (2013), "How to keep the talent you have got". Human resource management international digest, Vol. 21 NO. 1 2013, pp. 3-4.
8. Gberevbie, D. E. (2010), "Organisational retention and strategies".
9. Pankaj Tiwari, Karunesh Saxena. (2012), "human resource management practices: a comprehensive review"
10. www.wipro.com/corporate/news/newsroom/newstory268.htm
11. www.wipro.com/corporate/news/newsroom/newstory268.htm
12. www.allbusiness.com/services/business-services/3912827-1.html
13. www.thehindubusinessline.com/iw/2004/07/25/stories/2004072500130600.htm
14. www.seekingalpha.com/article/38555-tata-consultancy-services-vp-speaks-about-his-company
15. www.hr.blr.com/whitepapers/Staffing-Training/Employee-Turnover/Strategies-for-Retaining-Employees-and-Minimizing-www.wipro.com/resource-center/wipro-council-for-industry-research/pdf/outsourcing_trends_future.pdf
16. www.seekingalpha.com/article/32336-infosys-with-employee-retention-still-an-issue-expect-a-slowdown

17. www.ucd.ie/research/about/officeofthevpforresearchinnovationandimpact/hrstrategyforresearchers/10.http://www.1000ventures.com/business_guide/cs_bd_infosys.html
18. www.pdfqueen.com/pdf/em/employee-retention-policy-of-hdfc-standard-life/9/
19. www.ayushveda.com/blogs/business/employee-retention-hold-on-to-the-best/
20. www.sourcingmag.com/blog/archive/employee_retention_at_infosys.htm