Chapter 2

REVIEW OF LITERATURE
REVIEW OF LITERATURE

"Attrition occurs because of crisis of leadership. People do not leave companies but leave bosses. Leaders have to take responsibility for the way they treat their employees"

This chapter is presented under the following headings:

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   b. Attrition costs
   c. Recruitment costs
   d. Training and development costs
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2.1 Introduction

Now days, no one stays with one company for very long. Many talented professionals leave their organization because management/ senior managers do not understand the psychologies of work satisfaction. People who excel at their work are not necessarily happy in their jobs. Timorthy Butler and Lames Waldroop [43], were of the view that in the days of talent wars, the best way to keep your stars is to know them better than they know themselves and use that information to customize the careers of their dreams.

Rathore and Sachitanand [33], says that in the 1970s and early ‘90’s, people still talked about “lifetime employment” and a career within a company. Starting in late 90s, the pendulum started swinging. The unspoken employee and employer contract was broken, as companies across industries restructured operations and reduced headcount. People then started talking about “owning their own careers”, collecting experience and skills in various jobs at various companies to enhance their ongoing employability.

By the year 2000, due to a growing imbalance between an expanding demand of talent and limited supply, the other extreme was reached in the pendulum’s swing. Employees became “free agents”, more concerned, with their own employability and personal gain than with long-term job security-or their employer’s success.

It is well known the world over, that India’s main competitive advantage in software and a service is its abundant, high quality and cost effective pool of skilled knowledge workers. Today, India is a magnet for software clients because of its vast resource of skilled manpower. The most immediate concern facing the industry is the increasing levels of attrition. IT companies for instance have an attrition rate between 25 to 35%. Other than the natural rate of attrition, “poaching of employees”, “burn out” and “high stress” environments are causing an
increasing churn rate. Managing attrition is becoming increasingly important, not only because knowledge professionals are the lifeline of a service oriented industry, but also staffing costs are one of the largest expenses regularly charged to the budget of a company in the IT/ITES sector. When one counts salaries, benefits, bonuses, training and other personnel costs, companies invest a great deal of resources in their employees. Thus attrition becomes a twofold issue, one that is cost related and the second, retaining the much needed and often, experienced talent.

The IT industry is being looked upon as the next big thing as an employment generator. According to a NASSCOM –Mckinsey IT report [96], by 2010 there will be significant shortage of manpower: an estimated 0.5 million. Smart companies have started seeing the talent crunch. Which is why, they are already taking steps to fix the problem.

The Government of India in 1991 created Software Technology Park in India (STPI) [109], which in turn provided VSAT communications to IT firms to do business. Indian firms soon convinced their American customers that a satellite link was as reliable as a team of programmers working in the clients’ office. This along with economic reforms in 1991, leading to a new era of globalization and international economic integration fuelled the growth of IT sector. The share of IT (mainly software) in total exports increased from 1 percent in 1990 to 18 percent in 2001. IT-enabled services such as backoffice operations, remote maintenance, accounting, public call centers, medical transcription, insurance claims, and other bulk processing are rapidly expanding. As per the table given below, the software revenues have increased from 21.6% in 2004 to 47.8% in 2007.
Table 4: India’s IT industry revenues from 2004 - 2007 (Source NASSCOM [96])

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
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<td>IT services</td>
<td></td>
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<td></td>
<td>- Exports</td>
<td>7.3</td>
<td>10.0</td>
<td>13.13</td>
<td>18.1</td>
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<tr>
<td></td>
<td>- Domestic</td>
<td>3.1</td>
<td>3.5</td>
<td>4.5</td>
<td>5.6</td>
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<td>2</td>
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<td>5.2</td>
<td>7.2</td>
<td>9.5</td>
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<tr>
<td></td>
<td>- Exports</td>
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<td>4.6</td>
<td>6.3</td>
<td>8.3</td>
</tr>
<tr>
<td></td>
<td>- Domestic</td>
<td>0.3</td>
<td>0.6</td>
<td>0.9</td>
<td>1.2</td>
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<tr>
<td>3</td>
<td>Software Products</td>
<td>2.9</td>
<td>3.9</td>
<td>5.3</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>- Exports</td>
<td>2.5</td>
<td>3.1</td>
<td>4.0</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td>- Domestic</td>
<td>0.4</td>
<td>0.7</td>
<td>1.3</td>
<td>1.6</td>
</tr>
<tr>
<td>4</td>
<td>Hardware</td>
<td>5.0</td>
<td>5.9</td>
<td>7.0</td>
<td>8.2</td>
</tr>
<tr>
<td>5</td>
<td>Total IT Industry</td>
<td>21.6</td>
<td>28.4</td>
<td>37.4</td>
<td>47.8</td>
</tr>
<tr>
<td></td>
<td>- Exports*</td>
<td>13.4</td>
<td>18.2</td>
<td>24.2</td>
<td>31.9</td>
</tr>
<tr>
<td></td>
<td>- Domestic*</td>
<td>8.2</td>
<td>10.2</td>
<td>13.2</td>
<td>15.9</td>
</tr>
</tbody>
</table>

(* Dollars)

Juhi Bhambal [72], opines that, while it is true that 2.5 million students graduate from India every year, a majority of these graduates are un-hirable. Those hirable do not necessarily stay. 56% of the workforce in India (across the entire IT sector) is disengaged, hence more likely to leave for another job, as opposed to a global standard of 24%, according to Hay Group [66]. With the demand for outsourcing work far outstripping the supply of employees, IT companies are setting up operations in so-called tier two cities, employing retired people or housewives. HR people are also playing an important role by offering career growth to employees: training, career counseling and even involving families in career discussions. They are establishing policies that cover certifications, screening tests, reference checks and non-poaching agreements. Some companies are wielding sticks, forcing employees to sign employee contracts and performance guarantees, while some are dangling carrots- pizza parties, beer bashes, movie tickets, dating allowances, birthday cakes and most importantly higher wages.
2.2 Attrition

As per Jeffery Mellow [26], attrition is defined as reduction in the number of employees through resignations, retirement or death. Attrition rate is the rate of shrinkage in size and number. In this cut throat competition it is the HR's great challenge for retaining employees. Attrition is considered to be a business cost but it is actually a loss in terms of revenue. New motivational theories need to be established as part of the retention strategy. Apart from psychological and safety needs, the generation X and Y needs more emphasis on other needs.

Figure 1 – The Change in the mindset of employees [26]

Attrition is caused mainly because of conflict between Generation X and Generation Y, as “They need too much attention” and “Have idealistic and naive expectations of future career plans”.

According to David Klutterbuck [19], mentoring leads to improved retention of employees. The core competitive advantage is in attracting, nurturing and retaining best talent. In a war for talent, any reduction in employee turnover is a major benefit and a positive sign. Mentoring plays an active role in retention. The US studies of employees “intention to quit” indicate that 35% are thinking of leaving
the organization within the next 12 months. Where there is a mentoring programme, the percentage of leaving is just 16%. Klutterbuck further noted that in Smith-Kline-Beecham, the staff turnover in 2001 was 27% and when the mentoring system was introduced; it came down to 2% in 2007.

Carr and Hartsfield [46], opine that, before any conversation related to attrition can begin, one must think about the construct as an entity that has many implications for any organization. When one speaks legitimately about this construct it may be very easy to speak of it apart from the people who are the actual citizens of an organization. In essence, if one considers the people of an organization the construct of attrition cannot be described as being separate from those people. HR practitioners must realize that without the people there would be no attrition. Attrition can be conceptualized in many forms; the two prominent forms of attrition are: attrition due to employees leaving an organization; and employees retiring from an organization. Measuring employee turnover is important for HR managers to understand the effect of employee turnover as it has far reaching impact on decision making, says Dr. John Sullivan [09]. Retention will almost go from non-issue to a major issue. Most HR personnel miss the boat when it comes to measuring and reporting turnover.

According to Dr. John Sullivan [09], the 20% attrition figure can be interpreted in a different way by providing more information to stakeholders as shown in Table 5 alongside.
Table 5: The following examples show how the “20% turnover” could be made useful by adding additional information

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Statement</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>“our turnover is 20%, but our competitors is 4%”</td>
<td>By adding a comparison number, we now know that out turnover rate is 5 times that of our competitor</td>
</tr>
<tr>
<td>2</td>
<td>“of that 20%, 19% were top performers”</td>
<td>By adding information relating to whether those that left are top or bottom performers, losing top performers would have 2 or 3 times the economic impact of losing a bottom performer</td>
</tr>
<tr>
<td>3</td>
<td>“of that 19%, all were in key, high impact jobs”</td>
<td>We now learn that each of these top performers also held key positions in the organizations</td>
</tr>
<tr>
<td>4</td>
<td>“of that 19%, 90% were in hard to fill jobs”</td>
<td>Adding this information now tell that job market is tight for those vacated positions. This means that replacing these employees could be expensive</td>
</tr>
<tr>
<td>5</td>
<td>“Even when replacement are found for this 19%, it takes 6 months to find them and 2 full years before they are up to the minimum productivity levels”</td>
<td>This information tells that these positions are guaranteed to be filled by under-trained talent for at least 21/2 years</td>
</tr>
<tr>
<td>6</td>
<td>“of the 20%, half went to our direct competitors”</td>
<td>Any calculation of the cost of losing this talent must be doubled or tripled, because the lost employees will now bring in their skills and talents to your direct competitor</td>
</tr>
<tr>
<td>7</td>
<td>“one of the 19% that left was an award winning technologist”</td>
<td>Losing individual with strong reputations within industry can impact stock analysts assessment of your firm and in turn lead to more turnover and this may make your customer nervous and harm product sales</td>
</tr>
<tr>
<td>8</td>
<td>“the remaining 1%of the 20% that left were top salespeople”</td>
<td>This information tells that individuals left sales positions, which are arguably the positions with the highest impact in most companies</td>
</tr>
<tr>
<td>9</td>
<td>“we lost 33% of the customer accounts when a top sales person left”</td>
<td>By adding the sales impact to the basic turnover metric. We know the severity of the economic impact</td>
</tr>
<tr>
<td>10</td>
<td>“half of the 19% that left took a colleagues with them”</td>
<td>Few managers would be earned of the high turnover in the same area</td>
</tr>
<tr>
<td>11</td>
<td>“of that left, almost half of the turnover came from a single business unit”</td>
<td>Reporting companywide turnover may hide the fact that most of the turnover is concentrated in a single business unit/manager</td>
</tr>
<tr>
<td>12</td>
<td>“Follow up exit interviews indicate that 90% of the turnover was preventable”</td>
<td>This tells that whether the turnover was preventable and what can be done to prevent additional turnover in the future</td>
</tr>
<tr>
<td>13</td>
<td>“Profits in low turnover divisions are 2 times higher than the profit in high turnover divisions”</td>
<td>By connecting the dots and looking at past turnover, we are able to direct link turnover rates and profits in a business unit</td>
</tr>
</tbody>
</table>
2.3 Attrition and related costs

David Brerton, Ruth Beach and David Cliff [07], opine that determining what constitutes high attrition is a complex issue. There is not a single linear relationship between turnover rates and the social, economic performance of companies and sites.

Attrition rate has always been a sensitive issue for all organizations. Calculating employee turnover rate is not as simple as it seems to be. No common formula can be used by all the organizations [105]. A formula had to be devised keeping in view the nature of the business and different job functions. Moreover, calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root cause the problem by going back to the hiring stage.

a. Attrition rate:

According to Prasad and Rahman Siraj [31], there is no standard formula to calculate the attrition rate of a company. This is because of certain factors as:

The employee base changes each month. So if a company has 1,000 employees in April 2004 and 2,000 in March 2005, then they may take their base as 2,000 or as 1,500 (average for the year). If the number of employees who left is 300, then, the attrition figure could be 15 percent or 20 percent depending on the base taken. Many firms may not include attrition of freshers who leave because of higher studies or within three months of joining. In some cases, attrition of poor performers may also not be treated as attrition.

Calculating attrition rate: Attrition rates can be calculated using a simple formula:

\[
\text{Attrition} = \frac{\text{No. of employees who left in the year}}{\text{average employees in the year}} \times 100
\]

Thus, if the company had 1,000 employees in April 2004, 2,000 in March 2005, and 300 quit in the year, then the average employee strength is 1,500 and attrition is \(100 \times \left(\frac{300}{1500}\right) = 20\%\).
b. Attrition Costs

According to Mrudula [27], one of the best methods for calculating the cost of turnover takes into account expenses involved to replace an employee leaving an organization.

**Costs Due to Person Leaving:** Calculate the cost of the person(s) who fills in while the position is vacant. Calculate the cost of lost productivity at a minimum of 50% of the person’s compensation and benefits cost for each week the position is vacant, even if there are people performing the work. **Calculate** the lost productivity at 100% if the position is completely vacant at any period of time.

**Calculate** the cost of conducting an exit interview to include the time of the person conducting the interview, the time of person leaving; the administrative costs of stopping pay roll, benefit deductions, benefit enrollments.

**Calculate** the cost of the manager who has to understand what work remains, and how to cover that work until a replacement is found.

**Calculate** the cost of training that the company has invested in for the employee who is leaving.

**Calculate** the impact on departmental productivity because the person is leaving. Who will pick up the work, whose work will suffer, what departmental deadlines will not be met or delivered late etc.

**Calculate** the cost of knowledge, skills and contacts that the person who is leaving is taking with him out of the door. Use a formula of 50% of the person’s annual salary for one year of service, increasing each year of service by 10%. Subtract the cost of the person who is leaving for the amount of time the position is vacant.

c. Recruitment costs

The cost of advertisements; agency costs; employee referral costs; internet posting costs, the cost of internal recruiters time to understand the position requirements, develop and implement a sourcing strategy, review candidates backgrounds, prepare for interviews, conduct interviews, prepare candidates assessments, conduct reference checks, make the
employment offer and notify unsuccessful candidates – all this can range from a minimum of 30 hours to over 100 hours per position. Calculate the cost of the various candidates’ pre-employment tests to help assess candidates’ abilities, skills, aptitude, attitude, values and behaviors.

d. Training and development costs
To estimate the cost of training and developing new employees, cost of new hires must be taken into consideration. This will mean direct and indirect costs. Calculate the cost of orientation in terms of the new person’s salary and the cost of the person who conducts the orientation. Also include the cost of orientation materials. Calculate the cost of departmental training as the actual development and delivery cost plus the cost of the salary of the new employee. The cost will be significantly higher for some positions such as senior engineers etc. Calculate the cost of person(s) who conduct the training. Calculate the cost of various training materials needed including company or product manuals, computer or other technology equipment used in the delivery of training.

e. Lost Productivity Costs
She further says that as the new employee is learning the new job, the company policies and practices etc, they are not fully productive. The following guidelines are used to calculate the cost of this productivity:
Upon completion of whatever training is provided, the employee is contributing at 2 productivity levels for the first 2 -4 weeks. The cost therefore is 75% of the new employee’s full salary during that time period.
During the weeks 5- 12, the employee is contributing at a 50% productivity level.
The cost is therefore 50% of full salary during the time period.
During the weeks 13-20, the employee is contributing at a 75% productivity level.
The cost is therefore 25% of full salary during the time period. Calculate the cost of mistakes the new employee makes during this elongated Indoctrination period.
f. New hire costs

*Calculate* the cost of bringing the new person on board including the cost to put the person on the pay roll, establish computer and security passwords and identification cards, telephone hooks up, cost of establishing email accounts, or leasing other equipment such as cell phones, automobiles.

*Calculate* the cost of a manager’s time spent developing trust and building confidence in the new employee’s work.

It is clear that there are massive costs associated with attrition or turnover and, while some of these are not visible to the management reporting or budget system, they are none the less real. The “rule of thumb” appears to be very inaccurate indeed and, while it depends upon the category of staff, it is probably better to estimate around 80% salary as a true rule of thumb- and this will be on the conservative side.

According to Swamy [35], it means that if a company has 100 people doing a certain job and being paid Rs. 25,000 and that turnover or attrition is running at 10%, the cost of attrition is:

\[(\text{Total staff} \times \text{attrition rate}\% \times \text{annual salary} \times 80\%)\]

100 staff at 10% attrition means 10 people leave and are replaced each year.

A replacement cost of 80% of a salary of Rs.25,000 means the cost of each replacement is Rs.20,000.

The cost of turnover is therefore 10* Rs. 20,000 or Rs.2,00,000 a year.

The cost of the overall salary bill is 8%.

The annual saving of 8% on salary costs would make the average HR manager a hero.
According to Mathis [23], employee turnover cost can be calculated as under:

g. **Employee Turnover Cost Calculation:**

**Employee Detachment Cost**
Exit interview (One Hour: Preparation, interview, follow up) ...........
Cost of termination time ...........
Cost spent in administrative procedures ..........
Increased unemployment (based on the Department of Labor) ...........

**Cost of vacancy**
Overtime ............
Labor.............
Wages.............

**Cost of substitution**
Job advertising............
Pre-employment administration ..............
Cost of new hires’ interviews.............
Staff cost........

**Cost of training**
Stationary cost (Books, training manuals, etc.).............
Formal training sessions (Class room, lab, etc).............
Informal training (Mentors, etc.).............

**Employee performance differential**
Difference in performance (Productivity, learning, etc.)............

**TOTAL TURNOVER COST PER EMPLOYEE**.............
As per the study conducted by Brerton David, Beaeth Ruth, Cliff David [42], the cost of attrition can be broadly categorized in the following headings as shown in the Figure 2.

**Departure/Exit costs**
1. Exit interview cost
2. Benefits continuation/termination cost
3. Paid continuation/severance
4. Legal expenses
5. Outplacement costs
6. Management time
7. Vacancy costs, Overtime and Temporary costs, Total separation costs

**Replacement costs**
1. Job advertisement, Recruitment fees
2. Administrative processing, interview costs and other expenses
3. Sign up bonuses, selection, interviews
4. Testing/Pre-employment exam
5. Travelling and moving expenses
6. Medical examination costs
7. Management time
8. Total replacement costs

**Training and Orientation costs**
1. Pre employment training
2. Initial training
3. Orientation costs
4. Formal on the job training
5. Off site training, Total training costs

**Financial costs**
1. Administrative costs associated with resignations, dismissals, deaths etc
2. Vacancy costs includes productivity loss, overtime payment
3. Training costs includes introduction on the job training
4. Operational costs includes increases stress/tension among employees, loss of group synergy, continuing workforce instability-distressed work culture

**Consequences of Attrition**
1. Work disruption
2. Loss of productivity
3. Loss of expertise and knowledge
4. Loss of morale
5. Missed deadlines
6. Reputation of organization is questioned
7. Quality problems
8. Customer dissatisfaction
9. Loss of precious management time
10. Higher operation costs

Figure 2: Costs and Consequences of employee attrition [42]
2.4 Agony of Attrition

According to Sujata Patnaik [59], apart from causing the company a monetary loss and breaks in their day-to-day operations, attrition contributes to knowledge transfer, which is horrific and adversely affects the business. In the ‘war for talent’, the company suffers much casualty and requires focused strategy to keep workers on the job. Why employees are jumping the ship is a matter of concern- is something wrong with the ship, the captain or the weather? The battle against attrition should start from every employee’s first day of work. A wise company could begin with a flower in a soda bottle as a welcome and carry it forward with performance appraisals, mentoring programmes, counseling, smart training and appropriate incentives and rewards. It’s all about instilling a sense of loyalty and drive in the employees to keep them on the job.

Armstrong [01] opines that holding on to high performers must involve more than just providing challenging work or adequate compensation. It also requires a systematic and focused review of what is being done to retain employees, especially those who are identified as high performers. Though the direct costs associated with losing an employee are well documented- ranging from anywhere from one to three times the employee’s salary- these calculations often fail to factor in the hidden cost of turnover. These include lost productivity and missed revenues, as well as intangible repercussions such as reduced morale and diminished company reputation. Responding to what many experts now consider a retention crisis, some companies like Microsoft, Ernst & Young, Drake Beam Morin have set up a special department with their corporate HR function that exclusively focuses on keeping annual attrition low.

The best way to manage turnover and retain high performers is to implement a well planned and coordinated retention strategy, which sometimes requires fundamental changes in how a company selects, develop and rewards its employees. An effective retention strategy begins at the earliest stages of the recruitment and selection process. According to Mini Joseph Tejaswi [94], overseas clients are not willing to accept excuses about project delays on account of attrition. Nor are they willing to foot financial losses
resulting from delayed delivery. So these overseas clients are now introducing a “retention clause” in contracts. This will make enterprises responsible for rethinking of people/teams working on the client’s projects. Failing that, they would attract a financial penalty. With this, the rampant practice of internal poaching – shifting people from dedicated projects to unrelated projects- will also come under scanner. Normally, clients and providers agree on a minimum retention of 85% of those on a project for 18 to 24 months. Any break in this could attract a financial penalty amounting to 10% of the monthly invoice. Under this clause, the providers are also obligated to keep their clients posted on any possible exit of anyone in the team and what would be the alternative arrangements.

According to Sushma Marathe [21], the IT companies should focus on the factors that cause people to join, stay and leave the company. She says that retention is a matter of probability. If you get an employee to stay for 1 year, probability of stay will go up. Hence the focus should be on retaining people in the 1st year of their joining the organization. As per Marathe, the time frame for people leaving the organization is given below:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Time frame</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1</td>
<td>After 1 year</td>
<td>27</td>
</tr>
<tr>
<td>2</td>
<td>After 6 months</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Within first 90 days</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>After 3 years</td>
<td>16</td>
</tr>
<tr>
<td>5</td>
<td>Not sure</td>
<td>13</td>
</tr>
<tr>
<td>6</td>
<td>During initial training</td>
<td>1</td>
</tr>
</tbody>
</table>

Again as per the recent survey conducted by Sonnebery [34], employee commitment is highest among first year employees who take up new jobs with enthusiasm and dedication. The level of commitment begins to fall in the second year and moves in even lower by the fourth year. The individual expresses dissatisfaction and the most deadly of them all is apathy because the organizations do not realize that problem even exists. It surfaces in many ways.
According to the study conducted by Srikant and Tyagi [63], the loss of experienced talent is a performance and financial drag on an organization and an emotional drain on its employees. The following table throws light on areas most impacted by employee turnover. It also highlights how turnover can spread negative consequences throughout the organization.

**Table 7: Impact of Employee Turnover [63]**

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Areas of impact by turnover</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High recruiting cost</td>
<td>75</td>
</tr>
<tr>
<td>2</td>
<td>Lost productivity</td>
<td>71</td>
</tr>
<tr>
<td>3</td>
<td>Employee morale</td>
<td>62</td>
</tr>
<tr>
<td>4</td>
<td>More stress</td>
<td>61</td>
</tr>
<tr>
<td>5</td>
<td>Service quality</td>
<td>56</td>
</tr>
<tr>
<td>6</td>
<td>Lost organizational knowledge</td>
<td>46</td>
</tr>
<tr>
<td>7</td>
<td>Higher training cost</td>
<td>42</td>
</tr>
<tr>
<td>8</td>
<td>Additional turnover</td>
<td>26</td>
</tr>
<tr>
<td>9</td>
<td>Lower profitability</td>
<td>24</td>
</tr>
<tr>
<td>10</td>
<td>Weakened mentoring and peer coaching</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>Lost sales prospects</td>
<td>14</td>
</tr>
<tr>
<td>12</td>
<td>Lost customer</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>Other</td>
<td>18</td>
</tr>
</tbody>
</table>

According to Ramani and Usha Ragunandan [67], the talents at product development companies are filled up and HR tends to spend more time in searching for right candidates for the right job. Whereas in IT services companies, the emphasis is more on headcount who are billable and the employers tends to focus on mass hiring with less emphasis on skills and knowledge of the people.

Swamy [64], says that the cost of attrition breaks the bond between the company and their clients as replacements have to be found, hired and trained to make the employee productive. If the employee leaves the project in between, the knowledge on particular technical skills and their ability to net-work with customer’s organization are lost. Unhappiness in the work place also manifests itself in physical and psychological ailments that cause workers to be less productive.
2.5 Attrition Rate in Asia

In May 2006, companies from China, Hongkong, India, Korea, Japan, Malaysia, Philippines, Singapore and Thailand attended Hewitt’s Attrition and Retention Asia Pacific study 2006 [88], conference. The findings revealed the following:

1. The overall attrition in Asia Pacific is 2005 was 16% marking a 2% increase in 2004 and 6% in 2003. This can also be seen clearly in Figure 03 given on the next page.

2. Employee turnover was highest at the professional/supervisor/technical level which is at 30% of total Asia.

3. Attrition was lowest among senior/top management levels at 0.5% of total attrition in Asia.

4. The banking and financial services industry in Asia is facing unprecedented growth, fuelled by stable economies and growing market.

5. The study demonstrated that most organizations are not successful or accurate in predicting the rate of attrition. They need to become more accurate in reviewing employee salaries more frequently.

6. The top three retention measures adopted as per the survey study are pay above the market, provide the opportunity to learn new skills and encourage a favorable work-life balance.

7. Overwhelming majority of companies have exit-interviews policy to learn more about why employees are leaving but it is inadequate in being implemented.

8. One of the reasons for attrition is external inequality of compensation apart from limited growth opportunities and role stagnation.

9. Most HR professionals from these companies believe factors like career development, training, rewards and recognition make people stay. However, these factors need to be coupled with competitive pay to retain talent.
The table below reflects the attrition rate in Asia as given by the Hewitt’s Attrition and Retention Asia Pacific study 2006 [88].

![Attrition rates in Asia](image)

**Figure 3: Showing attrition rate in Asia**

According to the employees, attrition at the professional/supervisor/technical level was the highest (39%) and lowest at the senior/top management level (1% approximately).

![Attrition at different levels](image)

**Figure 4: Attrition rate at different levels in IT companies**
Hewitt’s Salary Increase Survey and Retention Study, Asia Pacific study 2009 [89] sees a drastic decline in salary increase in the two prominent markets of India and China for the first time in the last 5 years. The actual salary rate went down by 8% and 4% respectively. Hewitt’s data shows that most Asian companies continued to experience double digit turnover rate. The top four markets reporting the highest turnover rate were:

- India (13.6%)
- Australia (11%)
- China and New Zealand (10.3%) each

Further, the report reveals that while many would believe that the economic uncertainty should help ease the pain on employee voluntary turnover, the Hewitt survey report 2009/2010 does not reveal the same. Better external opportunity is consistently the top reason for employees leaving their organizations across all the markets. This means companies continue to search for talented people even under tough economic situations. Organizations will continue to face a tight talent market.

Kerala IT sector hits lowest attrition rate

In a sector that has high attrition rates, Kerala’s IT sector has shown the way. At a mere 7%, its attrition rate was the lowest in the country as given by Indo-Asian News Service Bureau [107]. In other states, the attrition rate was as high as 20%. Kerala IT sector over a period of time has expanded in terms of companies and IT professionals. Better opportunities, good pay-scales and a preference to stay near their families have contributed to lowest attrition rate.
2.6 Attrition rates in different sectors in India

According to the survey conducted by BES and Data Quest [82], Sierra Atlantic recorded the highest attrition rate (29%) followed by Kanbay with 25% and Accel Frontline with 20 per cent. They say that though the IT/ITES sector is booming, it is constantly facing high attrition rates of 25% - 30%. Even the big brands are also facing the same problem. Table 8 below gives the details of attrition rates of various players in IT sector in India.

Table 8: Attrition rate in different companies [82]

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Attrition rate (FY 06)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sierra Atlantic</td>
<td>29%</td>
</tr>
<tr>
<td>2</td>
<td>Kanbay</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>Accel Frontline</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>Sasken</td>
<td>19%</td>
</tr>
<tr>
<td>5</td>
<td>Nucleus</td>
<td>18%</td>
</tr>
<tr>
<td>6</td>
<td>Geometric</td>
<td>18%</td>
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<tr>
<td>7</td>
<td>Flextronics</td>
<td>18%</td>
</tr>
<tr>
<td>8</td>
<td>HCL Infosys</td>
<td>16%</td>
</tr>
<tr>
<td>9</td>
<td>Induslogic</td>
<td>16%</td>
</tr>
<tr>
<td>10</td>
<td>NIIT Technologies</td>
<td>15%</td>
</tr>
<tr>
<td>11</td>
<td>Cybage</td>
<td>15%</td>
</tr>
<tr>
<td>12</td>
<td>Wipro</td>
<td>13%</td>
</tr>
<tr>
<td>13</td>
<td>Hexaware</td>
<td>13%</td>
</tr>
<tr>
<td>14</td>
<td>Computer Sciences Corp</td>
<td>12%</td>
</tr>
<tr>
<td>15</td>
<td>Infosys</td>
<td>10%</td>
</tr>
<tr>
<td>16</td>
<td>TCS</td>
<td>9%</td>
</tr>
<tr>
<td>17</td>
<td>Interra</td>
<td>9%</td>
</tr>
<tr>
<td>18</td>
<td>RMSI</td>
<td>8%</td>
</tr>
<tr>
<td>19</td>
<td>Cadence</td>
<td>8%</td>
</tr>
<tr>
<td>20</td>
<td>Aztecsoft</td>
<td>6%</td>
</tr>
</tbody>
</table>

*BES Survey 2006 Source: Data Quest -IDC*
According to Gallup- Business world IT companies’ survey [86], the high attrition started from 2004 and continued until end of 2008 unabated as the IT companies started growing, they had to deal with high attrition rate as well.

Figure 5 below shows the attrition rate in IT companies in 2006.

![Attrition in IT companies (FY 2006)](chart)

**Figure 5: Attrition Rate in IT companies - 2006**

According to Gallup- Business world IT companies’ survey [86], the high attrition started from 2004 and continued until end of 2008 unabated as the IT companies started growing, they had to deal with high attrition rate as well.
Almost every sector in India is facing high rates of attrition these days. A recent study [98], revealed that employees leave either because of compensation reasons or due to better growth opportunities. According to NASSCOM, Indian IT-ITES industry recorded US$ 39.6 billion in revenues in 2006-07. The revenue of US$ 49-50 billion has been projected in 2007-08 at a growth rate of 24-27 per cent. The IT industry's contribution to GDP was 4.8 per cent in 2005-2006.

All the sectors are facing attrition. But the reasons and effects of attrition in every sector are different.

![Attrition rates in different sectors (2007)](image)

**Figure 6: Attrition Rates in different sectors – 2007**
2.7 What is Employee Retention?

According to Ghoshal, Pirmal and Barlett [30], employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee.

Employees today are different. They are not the ones who do not have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they do not, they would be left with no good employees. A good employer should know how to attract and retain its employees.

The Gallop-Business World Compensation Survey [50] aimed to benchmark current practices in retention management. According to the survey retention involves five major aspects:

1. Compensation
2. Growth and Career
3. Support
4. Relationship
5. Promote an employee based culture

1. Compensation

Compensation constitutes the largest part of the process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees.
Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. While setting up the packages, the following components should be kept in mind:

a. **Salary and monthly wage:** It is the biggest component of the compensation package. It is also the most common factor of comparison among employees. It includes: Basic wage, House rent allowance, Dearness allowance, and City compensatory allowance.

![Figure 7: Salary and Monthly wage pyramid](image)

Salary and wages represent the level of skill and experience an individual has. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employee’s performance and his contribution to the organization.

b. **Bonus:** Bonuses are usually given to the employees at the end of the year or on a festival.

c. **Economic benefits:** It includes paid holidays, leave travel concession, etc.

d. **Long-term incentives:** Long term incentives include stock options or stock grants. These incentives help retain employees in the organization's startup stage.

e. **Health insurance:** Health insurance is a great benefit to the employees. It saves
employees money as well as gives them a peace of mind that they have somebody to take care of them in bad times. It also shows the employee that the organization cares about the employees and his family.

**f. After retirement:** It includes payments that an Employee gets after he retires like EPF (Employee Provident Fund), Gratuity etc.

**g. Miscellaneous compensation:** It may include employee assistance programs (like psychological counseling, legal assistance etc), discounts on company products, use of company cars, etc.

2. **Growth and Career:**

Growth and development are the integral part of every individual's career. If an employee cannot foresee his path of career development in his current organization, there are chances that he will leave the organization as soon as he gets an opportunity.

The important factors in employee growth that an employee looks for himself are:

**a. Work profile:** The work profile on which the employee is working should be in sync with his capabilities. The profile should not be too low or too high.

**b. Personal growth and dreams:** Employees responsibilities in the organization should help him achieve his personal goals also. 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 is not satisfied with his growth, he will not be able to contribute to organization growth.

**c. Training and development:** Employees should be trained and given a chance to improve and enhance their skills. Many employers fear that if the employees are well trained, they will leave the organization for better jobs. Organizations should not limit the resources on which organization's success depends. These trainings can be given to improve many skills like: Communications skills, Technical skills, In-house processes and procedures improvement related skills, Customer satisfaction related skills, Special project related skills etc. Need for such trainings
can be recognized from individual performance reviews, individual meetings, employee satisfaction surveys and by being in constant touch with the employees.

3. **Support:**

Lack of support from management can sometimes serve as a reason for employee attrition. Supervisor should support his subordinates in a way so that each one of them feels success. Management should try to focus on its employees and support them not only in their difficult times at work but also through the times of personal crisis. Management can support employees by providing them recognition and appreciation. Employers can also provide valuable feedback to employees and make them feel valued to the organization. The feedback from a supervisor helps the employee to feel more responsible, confident and empowered. Top management can also support employees in their personal crisis by providing personal loans during emergencies, childcare services, employee assistance programs, counseling services, etc. Employers can also support their employees by creating an environment of trust and inculcating the organizational values into employees.

4. **Relationship:**

Sometimes the relationship with the management and the peers becomes the reason for an employee to leave the organization. The management is sometimes 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 bitter towards the management or peers. This bitterness could be due to many reasons. This decreases employee’s interest and he becomes de-motivated. It leads to less satisfaction and eventually attrition. To enhance good professional relationships at work, the management should keep the following points in mind.

**a. Respect for the individual:** This is a must in the organization

**b. Relationship with the immediate manager:** A manager plays the role of a mentor and a coach. He designs and plans work for each employee. It is his duty to
involve the employee in the processes of the organization. So an organization should hire managers who can make and maintain good relations with their subordinates.

c. **Relationship with colleagues:** Promote team work, not only among teams but in different departments as well. This will induce competition as well as improve the relationships among colleagues.

d. **Recruit whole heartedly:** An employee should be recruited if there is a proper place and duties for him to perform. Otherwise he will feel useless and dissatisfied. Employees should know what the organization expects from them and what their expectation from the organization is.

5. **Promote an employee based culture:**

A supportive work culture helps employees grow professionally and boosts employee satisfaction. The employee should know that the organization is there to support him at the time of need. Show them that the organization cares and he will show the same for the organization. An employee based culture may include decision making, authority, availability of resources, open door policy, etc.

a. **Individual development:** Taking proper care of employees includes acknowledgement to the employee’s dreams and personal goals. Create opportunities for their career growth by providing mentorship programs, certifications, educational courses, etc.

b. **Induce loyalty:** Organizations should be loyal as well as promote loyalty in the employees too. Try to make the current employees stay instead of recruiting new ones.
2.8 Reasons for employees leaving the organization

Mike Johnson [18] reckons that many employers and employees feel that trust has gone. He further elaborates saying that there is not a modern alternative to trust. Employee engagement, commitment and new social contacts are at best concepts to fill the vacuum trust left behind.

According to the study conducted by Sushma Marathe [22], the most common reasons for employees leaving the organization are:

1. Career opportunities elsewhere (78%).
2. Better compensation and benefit package (65%).
3. Poor Management (21%).
4. Relocation of spouse/partner (18%)
5. Returning to school (15%).
6. Retirement (14%).
7. Job security fear (10%)
8. Poor relationship with boss, colleagues (10%).
9. Perception about discriminatory issues (5%).
10. Health related issues (4%).

According to another study conducted by Michael R. Losey [20], the major reasons for employees quitting are:

1. Compensation and benefits (53%).
2. Career development (35%).
3. New experience (32%).
4. Career change (21%).
5. Job security (21%) followed by the management indictment.
6. Poor management (20%).
7. Boredom (18%).
8. Conflict with values (18%).
According to Jeffery Christian [17], the employees leave the organization for the reasons as given in Figure 8.

Boredom or lack of challenging work,
Limited opportunities for growth or advancement,
Unreasonable work hours,
Lack of appreciation from supervisors,
Boss running a personal agenda,
Hypercritical boss,
Poor work life balance,
Manipulative or selfish supervisors,
Lack of leadership or supervision,
No mentoring, no clear career paths,
Low expectation and standard for job,
Too much bureaucracy, too many conflicts and infighting with colleagues-bosses,
Too many repetitive problems, inferior and ineffective co-worker,
Others stealing your ideas without giving you credit, company refuses listen customers,
Putting a wrong person on the job, long commute,
Company is not willing to embrace the change,
Company is not a winner, no competitive compensation packages

Figure 8: Reasons for employees leaving the organization [17]
Robert D Gray [13], in his research study has opined that there are five primary reasons for employees leaving the organization. They are:

1. Career opportunities (perceived opportunity for advancement, presence and/or clarity of development plan).
2. Enjoyment of work (including how well work utilizes skills, "fits" with job, work/life balance).
3. Corporate leadership, (including clarity and strength of vision and mission, management style, overall perception of leadership, level of respect and support received).
4. Availability of training (including opportunity to learn new skills/develop new talent, corporate commitment to training and development, keeping up with latest technology)
5. Compensation/ rewards (including base/variable pay, benefits, recognition of contribution, communication regarding performance).

Stephen Taylor [36], found four main reasons for employees leaving the organization. They are:

I. **Pull Factors:** Higher rate of pay, more valued benefit package, job security, better long term career opportunities, less pressure on the job, opportunity to work overseas, shorter journey to commute, flexible working hours, work for high profile or well respected company, desire to work with particular colleagues.

II. **Push Factors:** Working life will improve, dislike for prevailing organizational culture, personality clashes with colleagues, unfair treatment, looking for something, bored with job etc.

III. **Unavoidable turnover outside the control of the organization unconnected to work in any direct sense:** Retirement, Illness, Maternity, Relocation (join a spouse or partner), Travel – reenter full time education or pursue some other interest.

IV. **Involuntary turnover initiated by the organization:** Redundancies - short term layoff, ended contract term, dismissal of one kind or another, resignation
(jump before they are pushed due to poor performance), decision on the spur of the moment etc.

Mary Veitch [38], confirms the above. She says that in most cases a range of different factors had contributed to the decision to leave. Some were push factors resulting from dissatisfaction with their present jobs but there is clear evidence that pull factor, positive attraction to new employer had an effect too. The major causes of resignations were:

I. **Push Factors** :

1. **Job insecurity** – Slightest suggestion of job losses causes jump ship mentality. The effect of redundancy warnings in one or two industry can extend to the whole industry. The desire to look for a job which offers the best chance of a secure and long term future.

2. **Boredom** – Lack of challenge and role development are significant push factors. Engineers are motivated by challenge in their day to day work. If their work becomes routine, job satisfaction is reduced considerably. New challenges coupled with changes in role, help create interest and allow the opportunity to further develop skills.

3. **Career progression** – Young engineers perceive regular job changes as important for their effective career progression. They fear being pigeon holed in a certain role which causes stagnation. If promotion or change in role is unlikely in their current employment, they will seek it elsewhere.

II. **Pull Factors** :

1. **Large company backing** – In a situation where there is much uncertainty, any considerable investment made by larger companies creates a feeling of security and seen as having a more positive and long term future. Younger engineers view such opportunity as very attractive.

2. **Brand Marketing** – Engineers often want to work for well known and respected corporations, especially with international reputation. Reference in the CV’s having worked in such organization provide a boost to their chances
of securing desirable jobs in future, well known high quality brand name is perceived as managed by professionals and well looked after by their new employer.

3. Development opportunities – Development opportunities are the most important feature of a job when looking for new jobs. The technical content of the job is therefore a central factor. Smaller employers can be more attractive to gain new skills, explore new areas and specialize later and provide more materials for CV’s and prevent boredom.

4. New product development – It is one of the motivating factors. A new product development activity provides both challenge and is exciting and also rewarding.

111. Push – Pull factors
Pay acts as push and pull factor. Relative pay between younger and older (push) does matter. In attracting engineers, pay is generally not an important factor. Other factors attract and retain people. (Priority wise)

1. An improved role.
2. A perceived long term future for the company.
3. Exciting products to work on.
4. Opportunities for changes in role and development
5. Location

Nalwade and Nikam [78], conducted a study on Employee Turnover with reference to Information technology Firms in Pune City in 2008. The study provides an insight into causes of employee turnover and remedial measures need to be initiated to retain human resource assets. The findings have implications for redesigning work settings to attract, motivate and retain the best employees. Data regarding perception towards employee turnover had been collected from 57 employees working in different IT firms and 13 employers in Pune city. The conclusion of the study was that there are various reasons behind employee turnover and these reasons are conceptually categorized into pull and push factors. Pull factors include...
personal betterment viz – lucrative opportunity outside organizations, career advancement etc. Whereas push factors include domestic obligations, job dissatisfaction, sense of powerlessness, insufficient information on how to perform the job adequately, unclear expectations of peers and supervisors, ambiguity of performance evaluation methods, extensive job pressures and lack of consensus on job functions or duties, lack of commitment in the organization etc. The researcher proposed remedial measures, if implemented and executed properly would help concerned organizations to minimize the intensity of the problem.

However, according to Gallup- Businessworld IT companies’ survey [49], Career Growth and learning opportunities, Compensation, Brand Equity of the Organization and Job content formed the top reasons for employees leaving the organization.

Griffith Ridger and Hom Peter Friffith [14], say that employees do not leave an organization without any significant reason. There are certain circumstances that lead to their leaving the organization, which can be as follows:

**Job is not what the employee expected it to be:** Sometimes the job responsibilities don not come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.

**Job and person mismatch:** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he will not be able to perform it well and will try to find out reasons to leave the job.

**No growth opportunities:** No or less learning and growth opportunities in the current job will make candidate’s job and career stagnant.

**Lack of appreciation:** If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in job.
Lack of trust and support in coworkers, seniors and management: Trust is the most important factor that is required for an individual to stay in the job. Non-supportive coworkers, seniors and management can make office environment unfriendly and difficult to work in.

Stress from overwork and work life imbalance: Job stress can lead to work life imbalance which ultimately leads to employees leaving the organization.

Compensation: Better compensation packages being offered by other companies may attract employees.

New job offer: An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

2.9 Employee Retention Strategies:

Companies now adopt more than one approach to create an internal environment that will retain their employees. As per the survey study conducted by Baron James N, Kreps David M [02], the most popular retention strategies/initiatives include:

1. Increasing the organization's level of professionalism: Employees leave companies where intro-organizational interactions are unstructured and decisions are ad-hoc and driven more by personal prejudice rather than professional contribution.

2. Making performance appraisals objective: Employees like to know how, when and by whom their performance is going to be measured.

3. Involving people in the decision making process: People like to work in organizations where their opinions count. The higher an employee's involvement in decision making, the higher the organization's retention levels.

4. Ensuring a match between authority and accountability: Most companies fall into the trap of holding an employee accountable for a specific activity without empowering him with the authority to perform well. Often, the
situation is exacerbated by the fact that they vest another employee with the same authority, but do not hold him accountable.

5. **Measuring employee satisfaction**: Periodic employee satisfaction surveys can highlight the potential flash-points and enable the company to take corrective actions.

6. **Achieving a match between individual and organizational goals**: Many companies fall into the trap of expecting their employees to subsume their individual objectives.

7. **Increasing organizational transparency**: People do not like to work in black-box like organizations, where information is rationed out on a need-to-know basis. They prefer a transparent organization that is willing to share every aspect of its functioning with its employees.

According to Holbeche [16], the challenge of integrating work and family life is a part of everyday reality for majority of employees. Organizations have to innovate and come up with a program that provides scope for employees to balance their responsibilities at work place and the interests they have outside work. In his study, employees were asked to list their most important job component, the first on the list was “having a work schedule that allows me to spend time with my family”.

Watson Wyatt’s Worldwide study [69], found that the best retention strategies are flexible work arrangements, job sharing, telecommuting, part time employment, modified retirement, not allowing to work after usual work hours, not allowing working on holidays, compulsorily enjoying holidays, providing help desk for doctor’s appointment, payment of bills, ticket booking arrangements etc. These boost the bottom line and increase productivity.
According to Blessings and White [06], the following approaches will help to retain the technical professionals in the product development companies

1. Improve the knowledge of technical workers and their needs
2. Share knowledge across all disciplines
3. Communicate how their contributions support the corporate vision and mission
4. Invest in state of the art tools and technologies
5. Develop climate of trust and get out of the way
6. Allow for differences in policies and practices
7. Improve the skill level of managers who supervise technical professional
8. Provide management development training, including effective leadership skills
9. Create mentoring programme
10. Invest in “toys” and make work fun
11. Assign employee stimulating projects and give contractors mundane work
12. Do not burn workers out
13. Pay your best talent who they are worth, even if their worth goes up after training
14. Invest in ongoing development and job enrichment systems
15. Align employee goals with organizational goals
16. Reward loyalty
17. Invest in maintaining the ongoing commitment

**Figure 9: Approaches to retain technical professionals in product development companies**

Build a successful company and talent will not only come, it will stay. GE’s real secret source is people. A great leader is a powerful magnet for talent and to remain successful, you need to keep your talent.
Further Jeffery Christian [17], opines that smart companies keep the circle of talent spinning and they practice the following strategies.

The quickest defense tactic – Money, Recognition, More responsibility & autonomy, Do the right things- even if it threatens bottom line, Encourage innovators & entrepreneurs, create a culture of learning & mentoring, Make sure the managers are visible and accessible, Cultivate geeks & Techies, Enforce diversity, Encourage a balance between work and life, Foster a sense of community, Give people the sense that they are part of something important, Communicate the vision of the company non-stop, Get people engaged in problem solving, Get them committed to subordinates & customers, Identify best people and be nice to them, Be nice to your new employees, Create a environment that allows mistakes, Be a company’s top recruiter, When the challenge runs out, move them up, Get rid of those who drag the organization down, Be clear about who the enemy is, Ask your team members what they appreciate most, Offer training and education, Let people know that no job is a small job, never underestimate the appeal of job security, Institute a periodic reassessment of retention strategies

Figure 10: Strategies as approaches to retain people [18]

Bhsaduad [05], says that the basic practices which should be kept in mind in the employee retention strategies are:

1. Hire the right people in the first place.
2. Empower the employees: Give the employees the authority to get things done.
3. Make employees realize that they are the most valuable asset of the organization.
4. Have faith in them, trust them and respect them.
5. Provide them information and knowledge and keep providing them feedback on their performance.
6. Recognize and appreciate their achievements. Keep their morale high.
7. Create an environment where the employees want to work and have fun.

These practices can be categorized in 3 levels: Low, medium and high level.

Figure 11: Employee Retention Strategies [05]

Adele O’Connell [29], opines that the best way to manage employee attrition and retain high performers is to implement a well planned and coordinated retention strategy, which sometimes requires fundamental changes in how a company selects, develops and rewards its employees. Effectiveness of a retention strategy begins at the earliest stages of the recruitment and selection process. She recommends introducing recruitment practices focused on cultural fit. Conduct job analysis; gather data skills and competency requirement context which job will be
performed spend time with employees who excel or high performers. Further, job analysis help define “critical” success factors for the job-required specific behavior and attitude within its culture. Prepare “ideal candidate profile” for recruitment- “cultural fit”. She also recommends conducting behavioral based selection to find out organizational fit as a good way to uncover evidence of success factors.

Karen Unwin [55], opines that today, talented – knowledge workers are in great demand and short supply. It has been recognized that an effectively implemented talent management strategy is an important part of a company’s intrinsic value. Further, employer branding plays an important role in the talent war. She also offered few suggestions to help create “reputation management plan”.

1. Employer of the year entry
2. Press release –meet journalist
3. Create and collect opinions from VIP, Industrialists, ex-employees, politicians
4. Take an active part in seminars and conferences
5. Publish newsletters –update internet
6. Write HR case studies and submit to business schools
7. Keep suppliers and other stake holders informed.

Building a strong employer brand involves HR professionals shifting from internal focus to looking outside to understand and influence its reputation as an employer. Employer brand management is not a luxury, it is a necessity. According to Garger [24], in today’s dynamic business environment, companies that want to remain competitive must adopt more strategic approaches to retain employees in the organization. A three part approach involves:

1. **Selection and Orientation**

   It is observed that 80% of mistakes are made during the hiring phase itself. One should not hire if the person does not fit the organizational culture. The IT companies should hire for attitude, train for skills and should integrate cultural issues into its selection practices. It is also important to involve families of new employees in the orientation programme and allow senior managers to participate
in the orientation programme. One should assign departmental mentor for new employees.

2. Training and Career management

It is observed that the relationship between development and retention is stronger. Provide the employees growth and learning opportunities to improve their employability. It is important to introduce “career path” to identify growth opportunities for employees. IT companies should set development goals and provide resources, assistance to facilitate development process.

3. Motivation and Compensation

Many IT companies use traditional retention tools and methods to motivate and compensate people in their organization. It is observed that financial incentives may improve performance but their value as a retention tool is not effective. Approaches like ownership of projects and involvement in decision making process is more critical for retaining people.

Yogesh Goutam – Executive Director-HR, Pfizer India [87], is of the view that while dissatisfaction with job content, career growth, pursuit of higher education are primary reasons of employees for leaving the organization. The fact remains that executives are increasingly getting restless, especially in the hi-tech industry. According to him, dissatisfaction with current salary and designation along with a felt sense of lack of growth opportunities come out as a biggest actual reason for leaving the job- as high as 30% to 35%. Employees point them as the trigger for change. There cannot be a retention template for all in the organization. Organizations should try and segment their workforce on different parameters and work to meet the requirements of each. The job hopping phenomenon is more prevalent in people who have 2 to 4 years experience as they are attracted by immediate gratification without a long term view. Professionals in the middle management levels are more focused on self growth and the reasons for job
dissatisfaction are not driven by salary and perks, but maintained by lack of exposure and development in the job.

According to Michael Meighan [25], a systematic and properly organized induction programme for new employees can bring a whole range of benefits to the organization and help the employer to retain people in the organization. He asserts further that the amount spent on recruitment will be directly proportional to staff turnover. i.e the higher the turnover rate, the higher will be the recruitment budget.

Possibly, there are a number of reasons for people leaving the organization. For example, better paid jobs, nearer to job locations, attractive career prospects and working conditions etc. However unless some sort of analysis is carried out to determine to what extent leavers leave because their initial aspirations have not been met. Is it a waste of money by having comprehensive programme of induction to new entrants?. A well designed induction programmes commits not only an individual but also organization. It ensures that only barriers to proper integration are identified right away and remedial actions are initiated. It can show that the organization has recruited them and it cares them positively. Induction programme can be seen in direct saving- recruitment- administrative cost and indirectly retaining the best talents builds a reputation of being a great organization to work with.

According to Joshi [91], IT companies create a shadow talent pool, with no slack in the job hopping proclivities of technology professionals. Companies are adopting a practice that some call “shadow hunting” to preempt any work flow discontinuity due to attrition. This involves mandating head hunters to identify and maintain a “warm talent shadow” outside their organizations to ensure ready availability of talent as and when the need arises.

According to Herman [15], there are five basic strategies to retaining people in the organizations and they are represented in the table given below.
Table 9: Herman’s strategies and measures as approaches for retaining people in the IT organization

<table>
<thead>
<tr>
<th>Environmental Strategies</th>
<th>Relationship strategies</th>
<th>Task focused Strategies</th>
<th>Compensation strategies</th>
<th>People growing strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share a common vision and value each individual</td>
<td>Appreciate values and ethical standards,</td>
<td>Give people real things to do, give specifics in performance feedback</td>
<td>Present full value of compensation</td>
<td>Give people challenging responsibilities</td>
</tr>
<tr>
<td>Loyalty is a two-way relationship, Make work fun, establish clear policies,</td>
<td>Hold regular meetings of team members, be accessible, have a sense of humor, set an example, show leadership</td>
<td>Provide challenges, fight frustrations, avoid rejection, raw criticism, humiliation</td>
<td>Provide linking opportunities to all employees</td>
<td>Support formal education and offer learning material for personal growth</td>
</tr>
<tr>
<td>Offer stability, security, risk as needed, avoid stupid rules</td>
<td>Give recognition strategically and deliberately, stick up to people,</td>
<td>Adjust jobs to fit strengths, abilities and talents, appreciate routine work</td>
<td>Link performance with rewards</td>
<td>Help people to grow into bigger jobs</td>
</tr>
<tr>
<td>Prohibit discrimination of any kind, apply progressive discipline fairly, respond to complaints with solutions, share information, use your business plan</td>
<td>Give people freedom and flexibility, understand behavioral style, find opportunities to talk to people, enable people to be together, set an example,</td>
<td>Empower people to work as a team, reduce stress, be firm and fair, keep anxiety to stay sharp, Do not question or second guess people all the time, be firm and fair, Do not look over people’s shoulders</td>
<td>Leverage the total cash compensation package for maximum effectiveness</td>
<td>Encourage intellectual growth, Assign special projects, build competency deliberately, provide incentive for growth</td>
</tr>
<tr>
<td>Eschew profanity, be fair and honest</td>
<td>Trust your people, show genuine, sincere appreciation</td>
<td>Provide the resources to get the job done</td>
<td>Design reward system for employees involvement</td>
<td>Send people to outside seminars</td>
</tr>
<tr>
<td>Promote healthy working environment with workplace safety,</td>
<td>Balance praise and criticism, Look for positives and negatives, express confidence, listen, let people be who they are</td>
<td>Encourage initiative, inspire and enable creativity and innovation</td>
<td>Compensate high potential/low skill employees with a skills based system</td>
<td>Enable people to discover the wealth of talents they have</td>
</tr>
<tr>
<td>Provide advancement, opportunities, promote from within</td>
<td>Build everyone’s self esteem, do not gossip</td>
<td>Establish limits, parameters, Give clear direction</td>
<td>Use flexible benefits in a changing workforce</td>
<td>Offer freedom of choice: break time, dress, vacations</td>
</tr>
<tr>
<td>Do not tolerate, remove unsuitable people</td>
<td>Care about people as individuals</td>
<td>Reduce reporting requirements</td>
<td>Consider ESOPs and employee stock ownership</td>
<td></td>
</tr>
</tbody>
</table>


According to Nina Sandhu Johal [90], the exponential growth of the IT/ITES industry is supported by three strong pillars that lend themselves in creating business excellence, new technological advances and an unparalleled intellectual capital. These are employee engagement, innovation and leadership asserts Johal. When diagrammatically presented, it reads as under:

**Figure 12: The three strong pillars that lend themselves in creating business excellence [90]**
Johal further, opines that three parameters that keep employees engaged are given as in the Figure 13.

**Work environment**
Employees are engaged-
- perks, benefits,
- Crèche,
- Recreation facilities,
- Multi-cuisine restaurant,
- Fitness centre, Maternity and Paternity leave,
- Adoption leave,
- Sabbaticals, Part time work

**Work engaged**
Regularly connecting with people, driving conversation around work, matching aspirations, discussing work-environment and team environment, modify style behavior, work-culture, schedule exchange, discussing company's commitment to product quality and connection with customers

**Managers alignment**
Deeper investment in developing management capability.
Employees leave managers and not organization. Encourage regular meeting. Quality time management. Deeper conversation. Manager and employees pride and excitement.

**Figure 13: Employee Engagement Strategies [90]**

As companies continue to grow, it is this population of employees that can serve to build a bench for leadership position. As management practices become embedded in the organization, it becomes the true fabric of how the organization operates and employees will remain more fully in gear.
Select the right people those who not only possess the skills that are needed but also demonstrate the attitude, personality traits and behaviors that fit organizational culture and promote commitment [102]. This is critical to retention because most turnover is due to the fact that 80% of turnover is the result of mistakes made during the hiring phase. The vast majority of cases is due to the fact that they do not really fit the culture of their organization. For this reason many companies are now adopting the strategy of hire for attitude, train for skills as it is easier to develop the skills and capabilities that an employee needs than to attempt to change the employees personalities or mind set. To determine the cultural fit, one has to look beyond the information provided in job description when asserting the potential candidates and making hiring decisions.

But sometimes, due to some reasons, it hardly takes time for engaged employees to turn. According to Kiran Kumar [56], an engaged employee is the one who:

- Is enthusiastic and is inspired by his/her work
- Is committed and is fascinated by his/her work
- Cares about the future of the organization
- Shares a strong emotional bond with the organization
- Is loyal to the organization and the customers
- Makes more money for the organization by putting in his 100% efforts
- Is productive, ethical, accountable and dependable

Kumar has outlined the models as given in Figure 14 and Figure 15 explaining how employee engagement leads to their staying on longer in the company. As per his study, the percentage of employees in an organization who are actively engaged, not engaged and actively disengaged in their jobs are 30%, 55% and 15% respectively. Engaged employees need less focus and attention from managers as they know their duties and perform their tasks efficiently. They set their aims and meet the expectations into disengaged employees. At this point of time the managers need to identify the symptoms of budding employee disengagement and
take preventive measures to limit it from growing further. This problem can be solved by having a conversation with the employee and discussing the problem that the employee is facing.

**Employee Engagement**

![Employee Engagement Module](image)

*Figure 14: Employee Engagement Module*

![Employee engagement levels in an average organization](image)

*Figure 15: Percentage of employee engagement levels*
According to Rao [32], four key approaches when properly integrated help to retain employees. They are:

a) Job sculpting
b) Structured career progression
c) An open managerial style
d) An effective reward strategy

1. **Job Sculpting**: Design the job around the candidate skills and preferences. Consider strength and weakness across different areas. Have flexibility in terms of roles in mind. Job sculpting is very difficult to imitate, especially in larger companies where engineers are highly specialized. It is an effective tool of retention.

2. **Structured career progressions**: Perceived lack of career progression is a very strong push factor. Meeting expectations is key retention. Career stagnation leads de-motivations and boredom - no gaining of new skills.

3. **An open managerial style**: Employees are particularly sensitive to rumor of job losses. During recruitment process, it is important to emphasize the long term and future plans of the organization.

4. **An effective reward strategy**: Engineers are particularly attracted to a job because of salary. However appropriate overall reward strategy serves to prevent dissatisfaction. Pay plays a role as a push rather than a pull factor.

Bhattacharya, Sankar Sen and Daniel Kurschun [03], opine that success of any organization comes from being able to attract, motivate and retain a talented pool of workers. In the prevailing scenario, it has become evident that a company’s corporate social responsibility (CSR) activities comprise a legitimate, compelling and increasingly important strategy to attract and retain talented employees. Chief executive officers of high profile companies such as Home Depot, Delta Airlines and SAP recently pledged to deploy employees to work on community projects. In a way they want to burnish corporate image as a social responsible company and
thereby attract and retain talent. CSR activities reveal the identity of a company and it can be a part of the employee value proposition. Today managers view it as talent management. The message is that the company exists as a contributor to society rather than as an entity concerned solely with maximizing profit. The researchers assert that “pay cheque may keep a person on the job physically but it alone will not keep a person on the job emotionally”.

According to Keye Thorne and Andy Pellant [37], real talent management is about playing to everyone’s strength rather than development of a special few people. Talented people are different. Instead of seeing them as a commodity, focus on them as individuals.

1. Be committed to and respect all you’re your human capital
2. Encourage and develop diversity within your workforce.
3. Do not just pay lip service to the concept of talent management.
4. Focus and demonstrate commitment from top management.
5. Create an honest positive and thinking environment.
6. Develop emotional intelligence.
7. Give freedom to innovate and generate ideas and receive feedback.
8. Be committed to identifying and recognizing talent at all levels.

According to Jacques Creeen [85], Human Sigma may be claimed as an HR management of excellence in an employee’s performance elevating him to the level of an engaged employee. While the common financial incentives like “increments, promotions, bonuses and other facilities and perquisites do motivate people, a conducive atmosphere in the work place is known to raise the employee to the level of an engaged employee as he feels wanted and respected in the warmth of such a business ambience. Naturally, the adoption of “Six Sigma” as an innovative tool by HR professionals to tackle employee retention problem has been of immense success.
Interestingly, Craig Taylor [65] in his article titled “Retention Leadership” traced the historical development of leadership studies and the relevance in the changing role of leadership in retention management. He said that the study of employee retention needs to be analyzed, understood and effectively managed. The critical reasons for attrition from various studies have affirmed that career opportunities are the primary reasons for attrition followed by the allurement of better compensation. In this context the leader plays a very significant part in providing necessary opportunities, personal care and committed support.

According to Taylor, “competitive pay, benefits, team building programmes which are helpful are no longer enough to keep workers from shopping their opportunities. Leaders should use their skill in building a climate of retention, a culture that speaks to employees in a way that encourages them to stay. Leaders are the secret weapon in keeping valuable talented –employees in the organization. The satirical view of a leader is given in the cartoon below:

Figure 16: Leaders are the secret weapon in keeping valuable talented –employees in the organization. [95]
2.10 Truths about Employee Turnover

According to Mike Johnson [53], it is difficult to accept when organizations say they have zero attrition rates. Companies may have healthier turnover rates, however, there is no such thing as zero attrition. There are other such facts about turnover, which are highlighted below:

- **Turnover always happens:** Companies who believe in zero attrition rates only fool themselves. This is because employees keep on moving due to reasons like marriage or further education. Nothing can stop these employees from moving on. So, rather than achieving zero attrition, companies should focus on identifying whom they want to keep so that they have healthy attrition rate.

- **Some Turnover is Desirable:** Zero attrition is not desirable mainly because of two reasons. First, if all employees continue to stay in the same organization, most of them will be at the top of their pay scale which will result in excessive manpower costs. Secondly, new employees bring new ideas, approaches, abilities and attitudes which can keep the organization from becoming stagnant.

- **Turnover includes costs:** Turnover always includes some costs. Consider the costs of replacing the key employee who falls into the category of high performers. This includes the costs of recruitment advertisement, referral bonuses, selection testing, training costs, etc. Moreover, turnover results in loss of time and efforts, low productivity, loss of morale, loss of knowledge etc.

- **High salary does not work:** Most managers assume that a high salary package is enough to keep employees loyal to their organization. Employees may face other problems like low job satisfaction, low engagement levels, no recognition, poor working conditions, less support
from superiors and so on. Salaries are not always the solution to attrition. Managers should try to identify the roots of the problem and then find a feasible solution.

- **The manager can reduce attrition:** Managers should take primary responsibility for retaining their employees. Much of the employees' perception of job satisfaction stems from the relationship they share with their immediate supervisor. Managers should try to support their subordinates and give proper feedback on performance. HR managers should work in collaboration to make the key employees stay longer in their organization.

- **Reducing Turnover takes Commitment:** Reducing turnover takes an investment in coaching, developing, motivating, mentoring and listening to people. There should be universal acceptance of the goal of reducing turnover along with top management commitment and dedication.

### 2.11 Retention Success Mantras:

According to Sushama Marathe [22], in the face of intense competition for talents and the extraordinary costs of recruiting and training new employees, a few companies have adopted innovative measures. She outlines them in Table 10 below:

**Table 10: Innovative measures taken by different companies [22]**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Company</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Valero Energy</td>
<td>Foster a sense of family and community among its employees</td>
</tr>
<tr>
<td>2</td>
<td>General Electric</td>
<td>Identifies its best people and then invest heavily in training and mentoring</td>
</tr>
<tr>
<td>3</td>
<td>Home depot</td>
<td>Allows all employees/extensive decision making authority</td>
</tr>
<tr>
<td>4</td>
<td>Goldman Sachs</td>
<td>Tries to create a culture of exclusivity and a reputation as a market leader</td>
</tr>
</tbody>
</table>
Further, she found that there is a likelihood of an employee being fired or quitting within 30 days of being hired. The results identified as "Turnover Personality" that consisted of these traits: bitterness, cynicism, outspokenness, lack of involvement, hedonism and avoidance of involvement and challenge. Identification of these factors in applicants could potentially reduce unplanned or uncontrolled turnover.

According to Lowell Sandra [57], retention of people involves "Ask with intent, listen without excuse and act with courage". Encourage people to act rather than simply think. It is better to be roughly right than exactly wrong. Men are like the stars. Some generate their own light while others reflect the brilliance they receive. There is not enough darkness in the entire world to extinguish the light of even one small candle. Anyone who sees in his occupation merely a meaning of earning money degrades it, but if he sees in it, service to mankind, it enables both his labour and himself.

As per the literature available from www.happiness-project.com [106], employers should care whether their employees are happy and productive on the job. The article lists some factors to control attrition as:

- **Control**: Research shows that people would like to control their personal and professional life in their own way and hence employers can look for ways to amplify employees’ sense of control over their work, schedule and environment.

- **Commuting**: People feel frustrated, powerless and stressed due to long hours of travel. Employers can provide telecommuting or staggered start/end times for work to allow people to avoid rush hours.

- **Wasted time**: People get upset with tight work deadlines. One way to free up work time to meet deadlines is to stop having long and inefficient meetings. Employers can take a look at meetings- how often are they being called? Is anything actually being accomplished? Could conference calls substitute? One easy fix – have a meeting without chairs.
• **Social connection:** To foster social connections among employees, employers can consider office designs that make social interactions more pleasant and convenient, encouraging office celebrations, like birthday or holiday parties, and other ways to help people have closer relationships.

• **Health and Energy:** Employers can also consider ways to bring down the stress level of the work place. Employers can also take steps to educate and encourage folk to take steps that will help them manage stress.

• **An atmosphere of growth:** Employers can consider of providing benchmarks for people whose jobs do not provide a sense of completion and accomplishment. Providing training so employees can expand their skills, giving employees a chance to take risks and enlarge their responsibilities.

• **Surprise:** Employers can think of some kind of intermittent small benefit or give-away. People love treats.

According to the Watson Wyatt Worldwide report [69], to deal with employee turnover, the first step is to find out what is making employees leave and what can be done to stop them from leaving. The report suggested the reasons and remedies could be as follows:

• **Money matters:** Could it be the pay? Maybe the organization did not follow up on the promised appraisal and salary hike. Maybe it’s time to raise the bar for the green-circled employee and win his loyalty. Maybe it’s time to lay on the perks.

• **Pressure levels:** Too much or too little to do? Some employees just can’t take pressure. Others leave because they are underused. Match performance expectations with ability. Create opportunities for those who can scale up but avoid overloading the scales.

• **Growing pains:** What are the growth prospects you offer? Make sure that the employees are learning and building experience. They should have the
experience of adding to their skills through work, training and responsibilities.

- **Ego message:** Self-esteem is a big key and HR should focus on giving credit to achievers. Employees feel they are valued and build organizational loyalty. Have in-house counseling and workshops on soft skills to increase effective communication and build self-awareness.

Fisher [10], opines that retention management is a two way process and organizations must do much more for employees to win their loyalty. He recommends the following retention mantras.

1. **Review of Recruitment process:** If the base is not strong enough, it won’t hold anything longer. Hence the prime check to be made always. The candidate must have the enthusiasm and interest in the work, comfortable with the conditions at the work and its toughness.

2. **Remuneration benchmarking:** Organizations should carry out regular compensation surveys to establish benchmarks.

3. **Highly visible communication and implementation plan:** All communication across the organization in the context of employee’s benefits should be visible and transparent. Setting up a grievance cell with independent authority which needs to be polite and welcome all sorts of queries and suggestions.

4. **Flexibility to shift to any locations on requests, if any:** Understanding employees’ problems and hence talent is not lost but only relocated.

5. **Understanding the social needs of individuals and trusting their maturity:** Allowing people to design their flexible work schedule for each month, with all contingencies kept in mind.

6. **Providing loans for house, car, marriages etc:** This is an effective method as it provides fixed a bond of care between the employee and the employer.

7. **Besides Induction and Project training, the organizations should also encourage psychology, motivational training for employees.**
8. **Implementation of golden banana concept**: Immediate reward schemes, with live prizes like a good tie, watch or group success dinner organized along with on-site display of achievers.

9. **Giving the true picture of the organization well before recruiting**: New employees need to be made aware of the realistic situation from day-one itself, with the training session conducted in the nights, so that they get accustomed to things right at the beginning.

10. **Properly handling the growth aspirations of the employees**: With proper career planning, the employee competencies can be mapped for the individual and the organizational growth leads to the overall success.

11. **Keeping very lively and energetic work environment, supporting with good infrastructure**.

Vivek Punekar [62], opines that Indian IT companies have five main reasons behind the attrition problem. These reasons and the typical response to tackle them are outlined below by way of providing what may prove to be helpful tips.

**Reason- 1**: Demand is more than supply: There is no dearth of graduates but the supply of people with English speaking ability in this category is not adequate.

**Strategy**: Constantly identify talent, recruit and train either in-house, if scale of operations permit that or through an outsourced training agency in case of smaller operations.

**Reason -2**: People join with a short term view and as a stepping stone to something else.

**Strategy**: Create a culture and work environment that encourages people to think of it as a long term career option. Use counseling by HR and line management to demonstrate and perceived efforts by the management to move up the value chain.

**Reason -3**: Long term or intangible or contingency benefits such as PF or medical coverage do not have much attraction for IT employees – they want everything in cash here and now.
**Strategy:** Redesign the compensation package for IT employees and try to pay as much as possible in hard cash. Work out if necessary a new pay structure highly skewed towards cash benefits.

**Reason -4:** IT employees have an average age profile of 22 to 26 years, so they are highly emotional, impulsive and immature when taking career decisions.

**Strategy:** Constant counseling.

According to Alok Tripathy [83], in his study has outlined some strategies for retaining manpower and they are:

**a. Transparent work culture:** In today’s fast paced business environment where employees are constantly striving to achieve business goals under time restrictions; open minded and transparent work culture plays a vital role in employee retention in every organization. Although employees most often prefer to stay with the same company and use their time and experience for personal growth and development, they leave mainly because of work related stress and dissatisfactions. Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and are not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment, while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harboring bright new ideas for its growth.

**b. Quality of Work Life (QWL):** The success of any organization depends on how it attracts, recruits, motivates, and retains its workforce. Organizations need to be more flexible so that they develop their talented workforce and gain their commitment. Thus, organizations are required to retain employees by addressing their work life issues. The elements that are relevant to an individual’s quality of work life include the task, the physical work environment, social environment within the organization, administrative system and relationship between life on and off the job. The basic objectives of a QWL program are improved working
conditions for the employee and increase organizational effectiveness. Providing quality work life involves taking care of the following aspects:

i. **Occupational health care**: The safe work environment provides the basis for the person to enjoy working. The work should not pose a health hazard for the person. The employer and employee, aware of their risks and rights, could achieve a lot in their mutually beneficial-dialogue.

ii Suitable working time: Some organizations offer flexible work options to their employees wherein employees enjoy flexi-timings.

iii. **Appropriate salary**: The attractive salary has always been an important factor in retaining employees. Providing employees salary at par with the other counterparts or above that what competitors are paying motivates them to stick with the company for long.

c. **Supporting employees**: Organizations these days want to protect their biggest and most valuable asset and they want to do this in a way that best suits their organizational culture. Retaining employees is a difficult task. Providing support to the employees acts as a mantra for retraining them. Employers can also support their employees by creating an environment of trust and inculcating the organizational values into employees. The management can support employees directly or indirectly. Directly, they provide support in terms of personal crises, managing stress and personal development.

The Third Business Today-Hewitt [84] study of best employers in India - 2007, has covered top 25 Public Sector companies. The study includes information in respect of total number of employees, average training hours, training budget, attrition rate, gross revenue and key drivers for attraction and retention of talents as perceived by the company. Only the key 115 responses in respect of top 25 companies have been tabulated, analyzed and grouped under 13 main headings since it has direct bearing with the final results. The results are represented in Table 11.
Table 11: Key drivers for attraction and retention of talent as perceived by the companies in India – 2007 [84]

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Perceived by companies</th>
<th>Responses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Comprehensive development and learning programmes</td>
<td>15</td>
<td>12.93</td>
</tr>
<tr>
<td>2</td>
<td>Companies Brand</td>
<td>11</td>
<td>9.48</td>
</tr>
<tr>
<td>3</td>
<td>Organization philosophy and culture</td>
<td>10</td>
<td>8.62</td>
</tr>
<tr>
<td>4</td>
<td>Structured career planning</td>
<td>9</td>
<td>7.76</td>
</tr>
<tr>
<td>5</td>
<td>Management according to the managing with respect guiding principles</td>
<td>8</td>
<td>6.90</td>
</tr>
<tr>
<td>6</td>
<td>Performance rewards</td>
<td>7</td>
<td>6.03</td>
</tr>
<tr>
<td>7</td>
<td>Autonomy- Freedom to work and innovate</td>
<td>7</td>
<td>6.03</td>
</tr>
<tr>
<td>8</td>
<td>Value compatibility trust, caring, welfare etc</td>
<td>6</td>
<td>5.17</td>
</tr>
<tr>
<td>9</td>
<td>Challenging work content</td>
<td>5</td>
<td>4.31</td>
</tr>
<tr>
<td>10</td>
<td>Work life balance</td>
<td>2</td>
<td>1.72</td>
</tr>
<tr>
<td>11</td>
<td>Leadership position in market</td>
<td>2</td>
<td>1.72</td>
</tr>
<tr>
<td>12</td>
<td>Job stability</td>
<td>1</td>
<td>0.86</td>
</tr>
<tr>
<td>13</td>
<td>Complete alignment across the organization</td>
<td>1</td>
<td>0.86</td>
</tr>
</tbody>
</table>

According to Glasscock Sue and Graham Kimberly [11], management can support employees, indirectly, in a number of ways as follows:

Figure 17: Ways in which management can support its employees [11]
- **Manage employee turnover**: Employee turnover affects the whole organization in terms of productivity. Managing the turnover, hence, becomes an important task. A proactive approach can be adopted to reduce attrition. Strategies should be framed in advance and implemented when the times arrives. Turnover costs should also be taken into consideration while framing these strategies.

- **Become employer of choice**: Becoming an employer of choice involves following a road map which tells one where to go as a brand.

- **Engage the new recruits**: The newly hired employees are said to be least engaged in the organization. Keeping them engaged is an important task. The fresh talent should be utilized to the maximum before they start feeling bored in the organization.

- **Optimize employee engagement**: An organization’s productivity is measured not in terms of employee satisfaction but by employee engagement. Employees are said to be engaged when they show a positive attitude towards the organization and express a commitment to remain with the organization. Employee satisfaction also comes with high engagement levels. So, organizations should aim to maximize the engagement among employees.

- **Coaching and mentoring**: Employees whose work performance suffers due to poor interpersonal relationships or because of lack of interpersonal skills should be provided proper coaching by their superiors. Planned coaching sessions help an individual to work through issues, maximize his potential and return to peak performance.

According to Anandan Pillai [60], feedback acts as a channel of communication between the employee and his manager. The amount of information employees receive about how well or how poorly they have performed is what we call it as feedback. It is a dialog between a manager and an employee which acts as a way of sharing information about the performance. It suggests where the employee
performance is effective and where performance has to improve. Managers can provide either positive feedback or negative feedback to employees. This feedback helps the employee assess his performance and identify the improvement areas.

- **Positive feedback** communicates managerial satisfaction. Positive recognition for good performance boosts morale of employees and results in performance improvement to a higher productivity level. It is believed that positive feedback is the only type of feedback that generates performance above the minimum acceptable level.

- **Negative feedback** communicates manager’s dissatisfaction. However, negative feedback sometimes makes an employee put more efforts to improve his performance. But this is very rare. Moreover this improvement is short term.

- **No feedback** Some managers do not provide any kind of feedback to their employees. Due to no feedback, employees may assume that they are performing productively or they may feel that the manager is satisfied with their performance. Performance tends to be same or even decreases, if no feedback is provided. Thus, feedback is necessary because:
  - It builds trust and enhances communication between manager and employee.
  - It gives managers and employees a way to identify and discuss skills and strengths.
  - Positive feedback leads to retention and motivation.
  - Feedback helps in identifying performance areas that need improvement and specific ways to improve them.
  - It acts as an opportunity to enhance performance by identifying resources for skill development.
  - Feedback is an opportunity for managers and employees to assess and identify career and advancement opportunities.
2.12 How to increase the retention in the organization

According to Neelima Mahajan [93], HR personnel get into a hyper mode to keep the growth engine humming; fuelling growth needs the right kind of people in the right jobs. Many companies like Accenture, TCS, Wipro, Infosys, India Bulls, ITC are tied up with premier education institutes in India to maintain the growth and also ensure contribution to the employee supply pool. TCS for example, has ties with close to 250 academic institutions, placement agencies and technology hiring companies offering permanent employment, temporary employment and student internships. When the companies have such close tie ups with academic institutes, students naturally gravitate towards the company and tend to stay for a longer duration.

Secondly, many companies have rigorous induction programmes which include 52 days of training on processes and technology, leadership systems, strategy and customers. It even tackles issues like how to work in the global context.

Thirdly, many companies have managed to plug the attrition rate of employees. Handling a younger age group has its own set of challenges. The top three drivers for them are career growth, learning and compensation and rewards. The companies are charting out individual career paths. People are allowed to choose the kind of work they want to do within certain parameters. Job rotation is encouraged in the first 10 years in terms of geography, customers or skills etc. This way people get to play different roles and get international exposure.

According to the Hay Group [66], in its recent report titled Managing Attrition in IT companies: A strategic priority, it states that companies have now realized the importance of retaining their quality workforce. Retaining quality performers contributes to productivity of the organization and increases morale among employees. They further say that four basic factors that play an important role in increasing employee retention include salary and remuneration, providing
recognition, benefits and opportunities for individual growth. Figure 18 below outlines these 4 basic factors and how they can help them to retain employees.

Figure 18: 4 basic factors and how they can help them to retain employees [66]

According to Dessler Gary [08], job sculpting is the art of matching people to do job that allow their deeply embedded life interests to be expressed. It is the art of forging a customized career path in order to increase the chance of retaining talented people. Good number of people, regardless of the reasons, until mid life, do not actually know what kind of work will make them happy? Their research work focuses on three variables – Abilities, Values and Life interests. Abilities and Values provide short period of success and slowly employees lose their interest and either they quit or just work less productively. Life interests are the most important of the three variables of career satisfaction. Only life interest will keep most people happy and fulfilled over the long term and that is the key to retention.
Gopalkrishanan and Conrad Goveas [74], ascertain that the problem of attrition in Indian IT industries lies mostly upon how the employees are treated, making it a strategic people management issue. Treating people with dignity and respect and a certain amount of managerial maturity should form the basis of any well-planned and equally executed HR intervention.

IT companies in India are resorting to the signing of employment bonds with employees to retain the people in their organizations. This has resulted in unhealthy relationship between employers and employees because of mistrust between them according to Bipul Tripathi, Economic Times [99].

Many companies take their prospective employees on a reality trip to address the potential attrition [100]. The selected employees are brought to the campus and they are updated with realities of IT world. Any misconception about the glamour of IT industry is fine tuned in these meetings and companies do reality check with their employees so that there is wrong notion about the IT professional life. This exercise pre empties future mismatch of expectations between the employees and the employer.

Sushma Marathe [22], found that the key drivers to attract and retain the best talent in different companies are as given in Table 12.
Table 12: Key drivers to attract and retain talent in the organization[22]

<table>
<thead>
<tr>
<th>Employers</th>
<th>Key Drives To Attract And Retain Talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procter and Gamble India</td>
<td>Early responsibilities in career</td>
</tr>
<tr>
<td></td>
<td>Flexible and transparent organizational culture</td>
</tr>
<tr>
<td></td>
<td>Global opportunities through a variety of exposure and diverse experiences</td>
</tr>
<tr>
<td></td>
<td>Performance Recognition</td>
</tr>
<tr>
<td></td>
<td>Strong global brand</td>
</tr>
<tr>
<td>American Express (India)</td>
<td>Value-based environment</td>
</tr>
<tr>
<td></td>
<td>Pioneer in many people practices</td>
</tr>
<tr>
<td></td>
<td>Learning and growth opportunities</td>
</tr>
<tr>
<td></td>
<td>Competitive rewards</td>
</tr>
<tr>
<td></td>
<td>Opportunity to grow, learn and implement</td>
</tr>
<tr>
<td></td>
<td>Strong social security and employee welfare performance-oriented culture</td>
</tr>
<tr>
<td></td>
<td>Strong values of trust, caring fairness, and respect within the organization</td>
</tr>
<tr>
<td></td>
<td>Freedom to operate at work</td>
</tr>
<tr>
<td></td>
<td>Early responsibility in career</td>
</tr>
<tr>
<td>NTPC</td>
<td>Training and learning opportunities</td>
</tr>
<tr>
<td></td>
<td>Visible, transparent and accessible leaders</td>
</tr>
<tr>
<td></td>
<td>Competitive rewards</td>
</tr>
<tr>
<td></td>
<td>Innovative HR programs and practices</td>
</tr>
<tr>
<td></td>
<td>Performance-driven Rewards</td>
</tr>
<tr>
<td></td>
<td>Its belief in “Growing our own timber”</td>
</tr>
<tr>
<td>Glaxo Smith Kline</td>
<td>Comprehensive development and learning programs</td>
</tr>
<tr>
<td>Consumer Healthcare</td>
<td>Flat organization, where performance could lead to very quick progression</td>
</tr>
<tr>
<td></td>
<td>Challenging work context</td>
</tr>
<tr>
<td></td>
<td>Competitive rewards</td>
</tr>
<tr>
<td></td>
<td>Exhaustive induction and orientation program</td>
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<tr>
<td>Tata Steel</td>
<td>Organization philosophy and culture</td>
</tr>
<tr>
<td></td>
<td>Job stability</td>
</tr>
<tr>
<td></td>
<td>Freedom to work and innovate</td>
</tr>
<tr>
<td>Colgate Palmolive India</td>
<td>Company brand</td>
</tr>
<tr>
<td></td>
<td>Open, transparent, and caring organization</td>
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<tr>
<td></td>
<td>Management according to the managing with respect to guiding principles</td>
</tr>
<tr>
<td></td>
<td>Training ad development programs</td>
</tr>
<tr>
<td></td>
<td>Structured career planning process</td>
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<tr>
<td></td>
<td>Global career opportunities</td>
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<tr>
<td></td>
<td>Company’s brand as an employer</td>
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<tr>
<td></td>
<td>Early opportunities for growth</td>
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<tr>
<td>Wipro</td>
<td>High degree of autonomy</td>
</tr>
<tr>
<td></td>
<td>Value compatibility</td>
</tr>
<tr>
<td></td>
<td>Innovative people program</td>
</tr>
<tr>
<td></td>
<td>Company brand image</td>
</tr>
<tr>
<td></td>
<td>Work ethics</td>
</tr>
<tr>
<td>Indian Oil Corporation</td>
<td>Learning and growth opportunities</td>
</tr>
<tr>
<td></td>
<td>Challenging work assignments</td>
</tr>
<tr>
<td></td>
<td>Growing organization</td>
</tr>
<tr>
<td></td>
<td>The group brand equity</td>
</tr>
<tr>
<td></td>
<td>Strong corporate governance and citizenship</td>
</tr>
<tr>
<td>TCS</td>
<td>Commitment to learning and development</td>
</tr>
<tr>
<td></td>
<td>Best in people practices</td>
</tr>
<tr>
<td></td>
<td>Challenging assignments</td>
</tr>
<tr>
<td></td>
<td>Opportunity to work with fortune 500 clients</td>
</tr>
</tbody>
</table>
2.13 Relevance of an attrition study in Indian Companies

According to the Gallup Business World Compensation Survey [50], in its recent report titled “Managing Attrition in IT companies: A strategic Priority”, it states that IT companies spend as much as 76% of an employee’s annual salary or 27% of their annual operating expenses to ensure business as usual by recruiting, hiring and training new people. The other equally important though less tangible, impact of attrition is how it affects customer satisfaction, delivery schedules, productivity and process knowledge. Any new hire faces a learning curve before he/she reaches an acceptable productivity rate. So, each time workers are assigned to an account leave, there is a dip in the productivity level of the offshore employees. Unfortunately, there is neither a one-shot remedy nor a one-size fit-all solution to the problem. Stemming high attrition requires a combination of strategies built on a carefully formulated partnership between customers, service providers and ultimately employees too. While downturns can spawn lean and mean organizations, no company would like its best talent to walk away at any time, least of all when they are most needed.

The India Attrition Study 2008, done between October 2008 and March 2009, is a partnership between BT and PeopleStrong [80] to figure out why employees quit. In the good times before September-October 2008, attrition in India Inc. was as high as 20 per cent (and up to 40 per cent in the booming services sector). Now, with the economy in a recession, Also, organizations that have shed chunks of the workforce are left with insecure employees who tend to jump ship if they can, to avoid a pink slip. HR experts underline that, in a downturn, voluntary attrition means letting go of top performers. Companies that ignore attrition in a downturn do so at their own peril.“High-end talent is always high on aspiration,” says Shekhar Arora, Executive Director for HR at heavy vehicles maker Ashok Leyland. Their worry is not one of survival, but how fast they climb up the corporate ladder.
“You tend to lose them at all times if you do not reasonably address their concerns,” says Arora [80].

Managing attrition

Some companies are adopting a two-pronged approach. On one hand, companies are strengthening systems to identify the top performers and to reward and retain them. On the other, non-performers are being put on performance improvement exercises: if there is no improvement, they are asked to leave. With companies looking at smaller headcounts, most are easing out at least 5% of the bottom performers—or so they think. The question is: how good is a company in identifying real bottom performers?

The SRF President (HR), Bipul Tripathi [101], says that organizational tolerance and values decide the timeframe and the process for handling poor performers. SRF itself has an individual who was considered a write-off in one role but has now become a key talent and one of the most sought-after professionals. “Our patience and process of giving opportunity has paid. At the same time, we have people who did not improve despite multiple role changes as well as different assignments. We let them go,” says Tripathi. While SRF got it right, how many have the patience to do all this in a slowdown, when the focus is on cutting costs? “One of the first challenges HR must surmount while facing the economic downturn is resisting the pressure to right-size as first option,” says N.S. Rajan, Partner for Human Capital and Global Leader of HR Advisory, Ernst & Young [80].

The attrition challenge:

a) In a slowdown, companies are forced to check their staffing budgets
b) Wages costs have ballooned in the past few years, due to a scramble for talent
c) Though the intent is to ease out bottom performers, that may not always happen
d) Keeping top performers secure and motivated becomes a key challenge
Toppers and early leavers

Spread across 59 companies from eight industry verticals, the BT-PeopleStrong India Attrition Study 2008 [80], categorizes Leavers as—Top Performers, Early Leavers (those who leave within 12 months of joining) and Universal Leavers (all the remaining Leavers who are important for sustaining current operations of a company). The proportion of Early Leavers is relatively higher in the services sector—BFSI, ITES, Retail and Telecom. FMCG and Manufacturing have the smallest proportion of Early Leavers. In IT, close to one in two people leaving is a Top Performer, which doesn’t augur well for the future.

ICICI Prudential Life Insurance has 15 to 20 per cent annual attrition at managerial level while frontline attrition is 40-50 per cent. “Of this, 50 to 60 per cent attrition would be involuntary as performance-led exits have been higher this year,” says Judhajit Das, HR Head [80]. However, there are counterviews. Says Tripathi, “While there is some merit in considering region specific HR policies, it is likely to create more problems. We keep rotating our people from one part of the country to another so commonality of policies is desirable lest any difference is seen as a reduction or a retrograde step by people.” Quality of work is the clear winner when pitted against salary. According to the study, career path is of topmost priority. “A very high percentage of attrition at the entry level or the junior level happens purely because of salary. But yes, career growth is the main reason for attrition at the middle and senior levels,” says Tapan Mitra, Chief-HR, Apollo Tyres [80].

BT-PeopleStrong India Attrition Study 2008 [80], shows that Early leavers are highest in the north whereas the rest of India has a high share of Universal leavers. Women form the major chunk of early leavers defying the usually accepted phenomenon of women being more stable. The same is outlined in the Figures 19 and 20 below:
Key Drivers for Leaving
Money Matters, But Career Matters More

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity for Career growth</td>
<td>20</td>
</tr>
<tr>
<td>Salary</td>
<td>10</td>
</tr>
<tr>
<td>The Type of Work</td>
<td>9</td>
</tr>
<tr>
<td>Provisions for Training and Development</td>
<td>8</td>
</tr>
<tr>
<td>Family Circumstances</td>
<td>7</td>
</tr>
<tr>
<td>Current Job Dissatisfaction</td>
<td>5</td>
</tr>
<tr>
<td>Personal Health</td>
<td>5</td>
</tr>
<tr>
<td>Workload</td>
<td>3</td>
</tr>
<tr>
<td>The Number of Working Hours</td>
<td>2</td>
</tr>
<tr>
<td>Recognition for the Work Delivered</td>
<td>2</td>
</tr>
<tr>
<td>Work Environment</td>
<td>2</td>
</tr>
<tr>
<td>Provisions for Training and Development</td>
<td>1</td>
</tr>
<tr>
<td>Relationship with My Team Members</td>
<td>Others</td>
</tr>
</tbody>
</table>

% Leavers Giving Top Rank

Leaver Type Across Industries
Top Performers Leave IT High and Dry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Early Leavers</th>
<th>Top Performers</th>
<th>Universal Leavers</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>23%</td>
<td>45%</td>
<td>32%</td>
</tr>
<tr>
<td>ITES (n = 793)</td>
<td>40%</td>
<td>13%</td>
<td>47%</td>
</tr>
<tr>
<td>FMCG (n = 422)</td>
<td>17%</td>
<td>11%</td>
<td>72%</td>
</tr>
<tr>
<td>BFSI (n = 954)</td>
<td>54%</td>
<td>22%</td>
<td>44%</td>
</tr>
<tr>
<td>Manul (n = 516)</td>
<td>17%</td>
<td>23%</td>
<td>60%</td>
</tr>
<tr>
<td>Pharma (n = 373)</td>
<td>24%</td>
<td>9%</td>
<td>87%</td>
</tr>
<tr>
<td>Retail (n = 202)</td>
<td>40%</td>
<td>10%</td>
<td>60%</td>
</tr>
<tr>
<td>Telecom (n = 198)</td>
<td>30%</td>
<td>18%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Leaver Type Across Regions
Share of Early Leavers is Highest in the North

North: 43% (n = 1,542)
South: 45% (n = 1,218)
Rest of India: 51% (n = 1,264)

Top Performers: The cream of the company and they carry majority of the company on their shoulders.
Early Leavers: Those who leave the company within 12 months of joining.
Universal Leavers: All the remaining leavers who are important for sustaining current operations of a company.

Figure 19: Key drivers for employee leaving the company [80]
Figure 20: Total number of exits from October 2008 to March 2009 [80]

Young and Footloose
The young and restless workforce is creating new challenges in the tough environment. At HSBC India, the majority of the workforce is 30 years old or less, so the current slowdown is the first that they are experiencing. What also differentiates the millennial workforce is the realization that they are far more information savvy than their predecessors. This workforce has access to information that can often be mere speculation, and given the happenings, specifically over the last 6-9 months, they are likely to believe a lot of what they hear,” says Tanuj Kapilashrami, Head, HR, HSBC India [92].

The challenge for organizations with a young workforce is to keep the flock together and prevent undue anxiety from spreading. “We are committed to the governing principle that if our employees need to know anything about the bank, they will hear of it first from us,” says Kapilashrami.
So, what is it that companies are doing to hold on to their best? Two-and-a-half- 
year old Quattro BPO Solutions has nurtured a concept that S. Varadarajan, 
Executive VP and Chief HR Officer [108], calls ‘Homing Pigeons’. “We are in 
touch with high performers who leave us and home in on them whenever they want 
to come back,” he says.

At Samsung India, attrition levels have always been below 10 per cent. Bali [94] 
credits this to the fact that people have more options to move into other roles in the 
organization. “While we do not believe in giving hefty bonuses, everyone has an 
opportunity to grow and move into a bigger role. A clear-cut career path is drawn 
out for key employees,” says Bali. If someone has spent more than 18 months with 
Samsung, chances of their staying back are more.

Genpact, the BPO pioneer, uses a pre-hiring process to help arrest attrition. “We 
bring people before they join and have them look at what we do. If they choose to 
not join, that reduces potential attrition,” says Piyush Mehta, Vice-President, HR 
[80]. He says a young workforce tends to leave for higher education, so Genpact 
provides education at work. “Attrition levels are half for those employees who have 
taken this opportunity”.

The ‘Right’ to stay
But the bigger question is that, when companies are looking at lightening the ship, 
how do they ensure they are losing the ‘right’ people? “There really is no fool-
proof way to ensure that only some people leave and others do not during a time 
when the company is looking to reduce its headcount,” says Mitra [80]. However, 
having said that, each company follows certain patterns.

For Apollo Tyres, the key issue is to ensure that the process is transparent at all 
times. Employees who are seen as under-performers are clearly told to improve 
their performance. “Chances are given, and we have found that this has often
resulted in improvement. However, repeated failure or inability/disinterest in improving performance is taken seriously,” Mitra says.

Ashok Leyland constantly scrutinizes the quality of talent, all the more in bad times. It has a 3x3 matrix that tracks potential vs performance across nine levels. “We take care of the high value talent by offering them a development-linked career plan and insulating them against business cycles. They are our best people and we need them all the more in bad times,” says Arora [80]. The middle-level talent is used in projects that require good performance but are low in strategic thinking. It takes every exit very seriously. “We do this for low value talent also as the same reasons could trigger dissatisfaction among the high-end performers too,” says Arora.

While it is not easy to regulate the attrition trends to ensure that only the non-performers leave, there’s no better time than a slowdown to put your house in order says Grag Robert [12].

The game plan for HR professionals
Attrition can never be wished away. One can reduce it to the right level. But what is even more important is—are you losing the right people? Attrition Study appeared in Journal of Applied Psychology [70], has some interesting data. Since the study covered 59 companies in eight industry sectors across India, for the first time, they had comprehensive data on attrition. Until now, each company had only its own data, since others would shy away from sharing theirs. But, they now have the benefit of seeing some trends that could be used to make HR strategies.

Reducing Attrition: Losing new employees early leads to a lot of loss of opportunity as well as wasted expense and energy. The above study shows that 33.8 per cent of those who quit are Early Leavers. One of the most effective ways to reduce attrition would be to cut this down by half. If the overall attrition of a company is 15 per cent and early leavers are one-third of this, then cutting down
the latter by half would mean that attrition would get lowered to 12.5 per cent, a huge change! A strong new employee induction and orientation programme would create strong glue to hold them back. The first 90 days are most risky. Early Leavers constitute a whopping 54 per cent in BFSI, followed by a significant 40 per cent each in ITES and Retail. If your company operates in these industry segments, you know where the priority must be.

**Regional Practices:** While each region may have its own cultural flavour, they all fall under the gamut of common corporate policies. This study clearly shows that different regions need to execute a different implementation plan for the same HR strategy. For example, 40 per cent of leavers in the North and 27 per cent of leavers in Rest of India are Early Leavers. What this means is that there is a different need in North because of which a stronger and different approach is needed, so a common broad brush may not work. And the gains would be much higher, too. Also, as an HR Head, it makes more sense to implement 'reduce Early Leavers' plan in the North as the gains there would be maximum.

**Quality of Attrition:** No company likes to lose the Top Performers. They are the ones who drive growth as well as are the key strategic initiatives. Surprisingly, the IT sector has emerged as the dubious winner here with 45 per cent of quitters rated as Top Performers, followed by Manufacturing at 23 per cent and BFSI at 22 per cent. The best are Pharma (9 per cent) followed by Retail and Telecom (10 per cent each) and FMCG (11 per cent).

One of the best ways to keep the top performers engaged would be by implementing a strong career planning program for them. Give attention to everyone, but focus on them. This is well supported by the study's findings—the biggest driver of attrition is Opportunity for Career Growth (25 per cent) followed by Salary (10 per cent).