CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

Bengaluru – the Silicon Valley of India – has been the home for majority of the software development companies and organizations both of Indian origin and firms formed as the IT wings of leading multi-national companies. During the last two decades Bengaluru has grown into a destination for both the IT sector entrepreneurs and the young engineers and professionals wanting to make a career in the IT industry. But it is also a fact that the industry has been facing the problem of high rates of employee attrition due to the sudden growth of the industry and simultaneous scarcity of the qualified manpower in the changing environment. This rate has varied from year to year and from organization/company to company/organization. In this industry, the knowledge workers/ professional employees constitute the most important resource an organization must acquire. Acquiring the right people is rather easy and simple with the improving financial conditions of the IT industry but recruiting them in the jobs for which they are hired is much difficult. The expanding global job opportunities offering highly attractive terms and conditions of employment simply induce the employees to leave their current jobs and get highly attractive and remunerative jobs elsewhere. They are also attracted by the career and other opportunities available and provided by the global level organizations in their own country as well as outside their native countries. A qualified professional employee finds the opportunities up the hierarchy very fast which he wants to grab. At less than 40 years of age he gets the opportunity to become a Director, a Vice-President, or Executive Vice-President, etc, which his seniors and parents did not get. At the same time he gets perks which he and his family never dreamt.

In fact, this study is not a full length survey of the IT industry on the subject, instead a study of nine selected IT organizations. But the employee attrition and retention have been quite a challenge. Employers are making regular efforts to find ways and means to retain not only good and performing employees but at times whoever is in employment, for the simple reason that not only the cost of replacing the employees leaving the organisation is very high in terms of several factors including the
efficiency and productivity but it is rather quite difficult to get the right substitute. According to several estimates of cost of employee turnover/attrition runs in thousands and lakhs of dollars or rupees. Even then they find replacements not meeting the organizational requirements. Recruitment necessarily becomes a regular and continuous function for the HR Managers.

The studies on employee attrition and retention reveal that the rate of attrition at times increases wildly leading to serious concern for employee retention. The average employer has the problems of taking up serious measures to retain his employees. Even then they are not in a position to arrest the problem by themselves. Hence specialists and experts in attrition or retention issues are invited to help them. Thus in 1991, Roger E. Herman and in 2007 Gregory P Smith were asked to come out with their studies and recommend extensive employee retention strategies. While Herman, the father of Employee Retention Strategies came out with five sets of Employee Retention Strategies of Employee Retention Strategies viz. (1) Environmental strategies, (2) Relationship strategies, (3) Task-focused Strategies, (4) Compensation strategies, and (5) People growing strategies. Smith advocated seven sets of strategies. These were: (1) Organizational strategies – A Good Company Reputation, (2) Organizational Onboarding Strategies, (3) Communication and connectivity strategies, (4) Career and Development Strategies, (5) Rewards and Recognition strategies, (6) Employee Benefits Strategies, and (7) Employee Ideas and Suggestions - the Ritz Carlton Way. These two sets are no doubt extensive and exhaustive. They are being adopted by employers in US and other industrialized countries.

The strategies recommended by these two specialists do have a cultural dimension. Therefore they may not be producing the same results, as the US employers get, in countries like India which basically has a different culture and employment relations ethos. Though the modern industries including IT have entered the Indian economy in a big way and the younger generation of job seekers and employees are often guided by the opportunities prevalent, the sense of loyalty and commitment, the younger generations of employees are often guided by their parents and seniors in employment. Hence, all that Herman and Smith recommended do not hold water in
IT Indian Scenario. So it was decided to study the Employee Retention Strategies in IT' Industries,

In fact, during the last decade of the previous century the IT Industry in general and the software and other organisations did face the problem of employee attrition rather very seriously for two important reasons: (1) the high rate of growth of the industry, and (2) scarcity of qualified people (engineers, computer science and computer application graduates. rate was in some cases closet to 50%. This problem was reduced with the increasing number of young persons graduating from new colleges and different retention strategies adopted by the employers. Considering today’s scenario the rate of employee attrition in the industry is between 25 to 30% which one may say is still on the higher side. However, the organizations covered under this study claim that the rate of attrition in their organisations is low – in some cases this is single digit figure while in others it is less than 20% .Hence, we tried to find out the reasons for attrition as well as the retention strategies these organisations have adopted to reduce the intensity of the problem rather successfully.

Attrition Reasons as Revealed by EXIT Interview in Cisco:
- Higher studies.
- Family reasons.
- Change of location (city) because of spouse and family concerns.

7.1: The Reasons Which Make the Employees of the Professional Access to leave their jobs, as identified by the HR executives of the organization through the exit interviews are:

- Leave the manager
- Better brand
- Boundary is limited
- Better professional
- Loyalty
- Retiring of people
- Death
- Transfers.
7.2: Employee Attrition in Siemens: It is surprising to know that the rate of attrition this organization has been experiencing is around 20%. This is also the rate of attrition the industry in general has been experiencing at present. An important reason advanced for this higher rate of attrition in this organization has been the change of management from Siemens to Autos Origin. The employees are not sure of the new management’s policies, approach to people, and the opportunities the new management would provide. Hence, they are taking the first opportunity to get into another organization that is perhaps equally good as the Siemens has been. The other reasons as revealed by the exit interviews conducted by the HR executives from time to time are as follows:

1. For higher education
2. Higher salary outside
3. Onsite opportunities
4. Petty reasons
5. Health reason,
6. Marriage,
7. Location constraints,
8. Accommodation problems (housing),
9. Starting one’s own business,
10. Maternity/child care responsibilities,
11. Personal reasons such as elderly parent responsibilities,
12. Desire for change in function to match one’s interest/abilities,
13. Need for more flexible work schedule,
14. Lack of recognition for work,
15. Unpleasant working conditions in the company and the department,
16. Relations – conflicts with superior,
17. Compensation,
18. Poor culture,
19. Lack of growth opportunities,
20. Change in field/industry, e.g. FMCG, IT, etc,
21. Was not consciously looking for a job, but got a better offer.

It is also to be noted that when an employee decides to leave his job in one organization and join another, he looks for:
> Better compensation, 
> Better designation/position, 
> Match/fit with his interests/abilities, 
> Better working conditions, 
> Better benefits/perks, 
> Better career opportunities, and 
> Better location and Better facilities.

7.3: **Employee Attrition in Symphony**: Symphony Services hires only the people with work experience. An important aspect of the recruitment of employees in this organization is that the prospective employees are interviewed by the customers of the company before they are finally selected. As a matter of fact, the organization does not suffer much from the problem of attrition. Yet the rate of employee attrition has been around 15%. Consequently, every year about 400 persons are added to the payroll. The primary reasons causing attrition in this organization is employee desire for change, better offer outside, need to change the location, family reasons, and.

7.4: **Employee Attrition in Wipro**: The people in employment of Wipro are put to different job roles and an employee is supposed to be in one role for 18 months. After 18 months he is required to move to another role. It is a phenomenon in Wipro that after 3 years of stay people move out. This indirectly implies that Wipro is constantly experiencing the problem of employee attrition. The rate of attrition in Wipro, the HR manager claimed, is calculated per quarter unlike other organizations which have the practice of working out the rate of attrition per annum. The attrition rate in Wipro was around 6 to 8 percent a couple of years ago – during and soon after the global economic downturn. But it has shot up to 18 to 20 percent as of now. Yet it is claimed the rate of employee attrition in Wipro is much lower than the industry situation. According to their claim, the employee attrition rate in the industry is 25 to 30 per cent per annum.

The reasons why the employees in Wipro seek change are: desire for better opportunities, better offer from another organization, better compensation and
position,, on-shore better opportunities, better and higher job responsibilities, and desire/need for change of location (city).

Having taken note of the reasons for attrition in different IT organizations now let us have a brief view of the retention strategies these companies have been following to retain their employees.

**7.5: Employee Retention in Cisco:**

The Cisco has successfully created a brand name of the company, created good bondage with the employees, provided them good and pleasant work culture and work environment, pays them good compensation and benefits, , a strong feeling of work-life-balance among the employees, created an environment of effective communication, a sense of belongingness and respect for the individual, openness, etc,. In fact this list is endless. In short it may be stated that the retention strategies adopted and practiced by CISCO Bengaluru are simply good and effective. Employee benefits, employer of choice status the status in employment market, on-site job opportunities even for freshers, absence of service bond, equipments and facilities have also been the retention strategies of this organization to retain the employees. Similarly, the employee engagement programs in place are also acting as the retention strategies. These engagement programs include: regular mentoring work, one to one meeting every week, give feedback immediately, employee assimilation program, mentorship program, classroom training, employee car pick up and drop, stretch yourself beyond cross function projects, showcase talent, women welfare schemes, cisco pride at cisco, instant recognition program., cap award financial benefits up to us $ 500 as one time payment and not more than $ 1000, and tremendous work motivation program.

**7.6: Retention Strategies in Dover:** DSI is another organization that claims a low attrition rate of 5 to 6 per cent per annum. The employees are retained in the organization by following just two measures: (1) providing on site opportunities to the employees, and (2) putting employees on job rotation. The management of DSI also provides the following compensation benefits to its employees: loan for an employee - 1 and a half months gross salary; refundable in 12 monthly equal installments. The rate of interest charged is a flat rate of 3 percent, and the Company also gives 30%
subsidy on transportation and 25% subsidy on lunch. The management claimed that they have been able to retain their employees without much difficulty.

**7.7: Retention strategies in Philips:** The retention strategies in Philips revolve around the 4 Ds. These are as follows:

**Delight Customers:** We anticipate and exceed customer expectations
- We demonstrate passion for Philips and “Sense and Simplicity”
- We create superior customer experiences, based on deep insights
- We act as One Philips ambassadors all the time.

**Develop People:** We get best from ourselves and each other.
- We attract the best players to create strong and diverse teams.
- We take risks by giving people stretch assignments to accelerate their development.
- We personally invest significant time to coach and recognize people.

**Deliver Great Results:** We continually raise the bar.
- We play to win big and always set ambitious targets
- We challenge the status quo and experiment with new ways
- We take clear decisions and implement with speed and disciple

**Depend On Each Other:** We deliver more value by working as “One Philip”
- We think as One Phillip and act as owners.
- We trust and empower each other to contribute our best.
- We team up and allocate resources to the most promising opportunity.

**Team up and allocate resources to the most promising opportunity.**

**7.8: Retention Strategies of Siemens:** Although a whole lot of reasons lead to employee attrition in an organization, the concerned management takes only a select few steps to prevent the employees leaving the organization and retain them. The oft-repeated steps taken by the management of Siemens are:

1) Bonus.
2) Lunch with CEO.
3) Higher roles and responsibilities.
4) Lateral promotion.
5) Onsite opportunities.
6) Salary increase.
7) Employee engagement programs.
8) Welfare and benefit programs.

9) Employee empowerment.

7.9: Retention Strategies in SonicWALL: The management of SonicWALL though does not face a double digit attrition rate like many other companies, a few employee retention strategies are put in by its HR executives. These include: good compensation and salary benefits - ‘equal pay for equal opportunities’. More importantly, the management believes that treating the employees in a fair manner is very important in retaining the employees. This is a change from the earlier culture of the organization. Now it is open door system, transparent honest and sociable approach towards employees, supply of newspapers - Economic Times and Times of India, flexi time, only one attendance register for all employees have been new retention strategies introduced by the present management. Medical insurance, life insurance, accident insurance for immediate family and parents, father mother, and dependent children below the age of 18 years, self and spouse are also in place as retention strategies. SonicWALL is the one among 5% of companies who have introduced this - medical visits, online support 24x7 access to doctors and it is tied up with medical agencies. PF, Gratuity starting from the second year of service itself, superannuation benefits, LIC program, etc., are also in place. Additionally, the employees are provided with the benefit of Car pick up and drop, 24 hours food free from Halli Mane, fruit juice, fruit bowl breakfast, evening snacks, lunch and dinner. Star awards based on performance appraisal to the performing employees are given once a year subject to a maximum of US $ 5000 (INR 2 lakhs) along with certificates.

7.10: The Employee Retention Strategies at Symphony Services revolve around 4 Cs, viz. Culture, Communication, Compensation and Career. The employees in Symphony experience a different type of work culture since the company is not in software development business; they are engaged in software development products. They are also guided by the larger values of the organization, its mission and vision, approach of openness. The vision of Symphony has been “The undisputed Market leader in product engineering and R & Globalization services”. On the other hand, the Mission is: To create unprecedented value for all stake holders through innovation, collaboration, operational excellence in partnership with clients who embrace
globalization to boost engineering and R&D performance and optimistic value across the full product and life cycle”.

The Core Values of Symphony are:

1. Employee empowerment.
2. Innovation and entrepreneurship.
3. Integrity.
4. ESPRIT-DE-CORPS.

The employees of Symphony totally identify themselves with this culture and take pride in being a part of Symphony.

Communication is Symphony is top-down, bottom-up, and circular, face-to-face. Being an IT organization intra-communication network functions to the full capacity and employees have instant communication on every aspect of the organization and their role and responsibilities.

Thirdly, compensation system also acts as a strong retention strategy and measure. Compensation is externally competitive and internally motivating and comprehensive. Om fact, it is the Total Reward System. Symphony’s Total Rewards compensation philosophy helps the Company attract and retain the best talent. They benchmark themselves against top companies in compensation surveys to make sure they remain competitive. Symphony provides individual and team rewards: appreciation for service excellence, leadership, contributions to client innovation and many other formal rewards and recognition programs. Beyond compensation the employees are also entitled to benefits such as stock options. The compensation package of Symphony is around 70th percentile of the industry compensation package.

Lastly, as for career as a retention strategy, the management strives to provide an atmosphere of learning and growth to every employee. The employees have three streams of career – Technical stream, the project management stream, and product management career stream. Employees also enjoy higher education assistance and comprehensive health insurance. The employees enjoy the freedom to select and work towards a career of their choice once they are in Symphony. In fact, the management engages international career experts like Ernst & Young to prepare and recommend career plans for the employees. The Chief Peoples’ Officer is also planning to identify
the Career Coaches (similar to Mentors) and allow the employees to choose their Coaches and work under their guidance for the development of their careers.

7.11: Retention of Employees In Wipro: The most important retention strategy measures include: (1) the Brand name of the Company, (2) the career development opportunities the employees have in Wipro, (3) the onsite opportunities the employee gets, and the various benefits the management provides to the employees in general. Of these certainly the Brand Name of the Company and the career opportunities provided stand apart. To these may be added the employment security the people in the company enjoy. The employees have the benefit from WASE systems, WIPRO ACADEMY SOFTWARE EXCELLENCE; they will continue their studies in BITs Pilani for 4 years in MS program or any other course. Every Wipro ITE is required to undergo training for 40 hours per annum as designed by the company.

Retention Strategies also include: PF, Gratuity, Medical Benefits, bonus small percentage for performance, scheme for high performers, stock option opportunity, medical insurance, accident insurance, LIC, non monetary and monetary benefits.

Personalized rewards may be given by teams to anybody in the organization. You can decide what reward that you can give. Employees are given service awards for 5, 10, 15 years. Business level rewards, best performance awards, CEO Level awards are also given in recognition of the role played by the employees. Wipro conducts the Town Hall meeting where every employee participates and the President of the Company presides. In these meetings free exchange of views takes place.

At every step, Wipro management believes that they have been built by individuals who have gone beyond the limits of personal goals and leaped across boundaries. It is the freedom provided to every individual at Wipro to learn, grow and create a career path that makes them an organization of opportunities beyond boundaries - beyond boundaries of region, age, gender, ability and routine rewards are given.

A very unique career promotion for the Wipro employees is the WASE. WIPRO Academy of Software Excellence (WASE). WASE provides opportunities to young non-engineering graduates to pursue their MS studies at BITS Pilani. Such of the
employees will be working on global projects and cutting edge technology. This education helps them to stay ahead of their peers and become a professional with in-depth IT knowledge and vast experience. This opportunity no other IT organization in India and Bangalore provides. It serves as a strong tool and strategy to retain the employees who get converted as IT Professionals of high caliber and quality. Wipro also provides sabbatical leave for its managers to develop their career as per their interests.

101 Strategies to Retain Employees:

The retention strategies adopted by the nine organizations (case studies) may be grouped into the following six categories, namely:

1. Organization Image Strategies,
2. Work Culture Strategies,
3. People Management strategies,
4. Talent and Career Development Strategies,
5. Compensation and benefits strategies, and

Each of these categories consists of several strategies devised and put to practice by different companies which have benefitted them to retain their employees and reduce the rate of retention much lower that the market rate. We now list the strategies under each category as follows:

I. Organization Image Strategies:

- Creating a brand name of the company in the employment market.
- Creating a good bondage with the employees.
- Creating a sense of belongingness among the employees.
- Respect for the individuals and groups/teams of employees.
- Developing personal relationships with the employees.
- Creating a world class work environment.
- Company to be a destination for innovations by employees.
- Creating employee owned organization.
- Value based and mutually beneficial relationships with the employees.
- Creating most exciting and challenging work and work environment with learning opportunities.
Creating inspirational, honest and ethical Code of Conduct for all employees.
Creating a sense of alignment with the company among the employees making them feel energized.
Encouraging the employees to grow with the organization.
Sticking to the company’s vision, and values
Make employees a part of the Corporate Social Responsibility campaigns and programs.
Make the organizations a desirable workplace where the employees have the joy of working on cutting-edge technologies and have a sense of ownership of work.
Creating unprecedented value for employees (and other stakeholders) through innovation, collaboration, operational excellence in partnership with clients (internal and external).

II. Work Culture:

1. Creating pleasant work culture and work environment.
2. Creating a strong sense of work-life-balance among the employees.
3. Freedom for employees to work from a place convenient to them with the provision for internet facility.
5. Providing on-site work experience to the employees.
6. Empowering the employees.
7. Freedom for employees to be innovative and creative in their work.
8. Tolerance for failure.
9. Fun at work.
10. Highly motivating work values that develop people, lead to great results, delight customers, and create a sense of mutual dependence among the employees.
11. Recognition and appreciation for achievement publicly.
12. Fair and equitable treatment of the employees.
13. Create among the employees a sense of pride.
14. Maintain a workplace where each employee’s privacy and personal dignity are respected and protected from all threats and dangers.
15. Set an environment of transparency, fun and fair play.

III. People Management Strategies:

- Creating an environment of effective communication.
- Provision of flextime.
- Creating and providing interesting work to the employees.
- Putting employees on job rotation.
- Providing varied work experience to the employees.
- Innovative but pragmatic HR Philosophy, policies and practices.
- Instituting different employee engagement programs.
- Providing different and enthusing overseas opportunities with a provision for relocation according to the employee’s choice.
- Assignment to higher roles and responsibilities in appreciation of achievements of the employees.
- Lateral promotions.
- More and more onsite opportunities.
- Star awards based on performance – up to $ 5000 per annum.
- Adopt an employment policy that underlines equal opportunities and prohibits discrimination and harassment.
- Have in place a transparent job posting system like the Wings Within of the Wipro.
- Create a Life-Work Ethos that provides for Pride, Passion and Integrity as the integral part of every day life at work.
- Employment security the people in the company could enjoy.
- Opportunity to work on Global Projects and cutting edge technology helping them to stay ahead of their peers and become professionals with in-depth IT knowledge and vast work experience.

IV. Talent and Career Development Strategies:

1. Recognition for individual brilliance.
2. Talent development through self learning measures.
3. Creating need based and global learning systems.
4. Provision of performance based training by national and international experts
5. Career development opportunities and programs within and outside the organization.
7. Facilitating higher education.
8. Provide higher education assistance.
9. Be innovative; maintain integrity, and spirit de corps.
10. Provide an atmosphere of learning and growth for every employee.
11. Give the employees freedom to select and work for a career of their choice once they join the company.
12. Facilitate career development under the guidance of international career experts/specialists.
13. Appoint Career Coaches who are available to the employees in the organization always like the mentors.
16. Create e-learning solutions to be available to all employees - a virtual campus with a ‘Training on demand’ facility that enables individual employees to take care of their own learning.
17. Help employees to build on their existing educational qualifications.
18. Offer the employees career opportunities in core business divisions such as Enterprise solutions, Finance solutions, Product engineering solutions, and Technology services.
19. Instill in the employees a sense of energy, free spirit, social responsibility and commitment to human values leading to success in life and work.
20. Opportunity to continue studies along with the job and obtain a higher degree.
21. Freedom to every employee to learn, grow and create a career path that makes the company an organization beyond boundaries of region, age, gender, ability.
V. Compensation and Benefits Strategies:

- Jobs with attractive compensation package.
- Providing welfare facilities to the employees in a comprehensive manner – transport, entertainment, etc.
- Provision for creating wealth sharing opportunities.
- Provision of Loyalty Bonus and awards for achievement.
- Special salary increases.
- Compensation and perks or benefits based on the principle of “equal pay for equal opportunities”.
- Non-statutory social security benefits.
- Special maternity and paternity leave.
- Develop a total reward system.
- Develop team reward system.
- Benchmark against the companies that have the best reward systems in the industry and remain competitive.
- Go beyond compensation system and institute Employee Stock Option Programs (ESOP).
- Introduce flexible benefits.
- Introduce Performance linked variable compensation system.
- Paid holidays beyond the statutory ones and provision of sabbatical leave to enable the employees to develop their career interests.
- Personalized rewards by teams of fellow employees
- Performance bonus and schemes for higher bonus
- Service awards (for 5, 10, 15 years).
- Business level rewards and performance rewards.

VI. Quality of (Work)-life Strategies:

1. Celebrating annual days, family days, birth days of employees, technical events.
2. Lunch with the CEO or the President of the company.
3. Gifts to the employees on different occasions.
4. Arrangement of picnics and social gatherings.
6. Fun Friday and cake cutting.
7. Theme Month Celebrations – January – Sankranti & Pongal, April Ugadi and Good Friday, October Deepavali, etc.
8. Medical insurance and accident benefits to the members of the employee family
9. Free and special food during the work day.
10. Online 24X7 medical service and support by qualified doctors.
11. Provision for programs like “Fit for Life” educating and giving insights into the right diet, best exercises for the body and soul.
12. Include the children of the employees into the organization by way of providing “Fun Way of Learning” like the Kids @ Wipro.

This listing of the strategies of the IT organizations in Bengaluru and their comparison with the lists of Herman and Smith brings out one truth that the retention strategies adopted by the IT organizations in Bengaluru are largely comparable with the lists of Herman and Smith. However, our list is smaller than those two lists. Perhaps we too would have been able to list a large number of retention strategies in this study also had we covered the IT industry in Bengaluru as a whole instead of concentrating on only a few cases. Yet we state that the strategies this study has brought out are fairly detailed.

Now that we have been able to identify and list the employee retention strategies in the IT organizations in Bengaluru and come to the conclusion that these strategies are fairly comparable to the strategies advocated by the two US specialists, let us present the perception of the managers and non-managers on the Seven sets of Employment Retention Strategies advocated by Gregory P. Smith.

**Major findings of the Present study**

- Irrespective of management and employees, maximum focus for ERS was given for orientation strategies, followed by Training and development strategies, Management/organizational strategies, Employee ideas and suggestion strategies, Employee benefit strategies, Communication effectiveness strategies and lastly Reward and recognition strategies.
Employees and management differed significantly in their opinion on retention strategies on ‘management/organizational strategies’, reward and recognition strategies’, and total strategies for employee retention, where employees had higher scores than respondents from management side.

Job level analysis revealed that executives, managers, heads, AVP, Vice president and Directors differed significantly in all the strategies except for orientation strategies. The general trend was that Executives and managers were more for adaptation of retention strategies than directors and heads of the departments.

Gender-wise comparison revealed that female respondents favored more of management and organizational strategies and total employee retention strategies. In case of rest of the strategies male and female respondents had similar levels of perception.

Only in one strategy respondents with different educational levels differed significantly, i.e., ‘Reward and recognition strategies’ where diploma holders and respondents with other types of education favored more of Reward and recognition, graduates and post graduates favored least

Respondents from both MNC and Indian companies did not differ in their perceptions regarding individual retention strategies and total retention strategies.

Experience of the respondents had significant influence over their perception on all the retention strategies, where respondents with lesser experience had higher scores on more of the retention strategies than respondents with long years of experience.

Significantly positive and high correlations were observed between each and every strategy individually as well as with total employee retention strategies.

**Verification of the hypotheses**

**H1: There will be differential perception on employee retention strategies**

H1 stated as “There will be differential perception on employee retention strategies” is accepted, as the descriptive analysis of the perception of respondents
clearly revealed that there were differential perceptions (Table 6.1) by selected respondents for various retention strategies. The analysis clearly revealed that maximum focus for ERS was given for orientation strategies, followed by Training & development strategies, Management/organizational strategies, Employee ideas and suggestion strategies, Employee benefit strategies, Communication effectiveness strategies and lastly Reward and recognition strategies. It is evident from the table that of all the ERS, the priorities were for management than employee. The analysis indicated that importance was given more for management centered than employee centered.

**H2: Management and employees differ significantly in their perception on employee retention strategies**

H2 stated as “Management and employees differ significantly in their perception on employee retention strategies” is partially accepted as F values obtained through MANOVA and Contingency coefficient values obtained were found to be significant for some of the ERS and non-significant differences for remaining factors. Hence the hypotheses formulated above are partially accepted (Table 6.3). Significant differences were observed between respondents in management/organizational strategies, reward and recognition strategies, and employee benefit strategies and non-significant differences were observed for rest of the employee retention strategies. Further few of the contingency coefficients were found to be significant and for some of the statements non-significant associations were observed indicating a similarity between respondents in employee and management categories.

**H3: Respondents working in different job levels differ significantly in their perception on employee retention strategies**

H3 stated as “Respondents working in different job levels differ significantly in their perception on employee retention strategies” is partially accepted as F values obtained through ANOVA obtained were found to be significant for some of the ERS and non-significant differences for remaining factors (Table 6.3). Of all the strategies, significant differences were observed for all the strategies, except for only one strategy i.e., orientation strategy, where F value failed to reach the significance level criterion of .05 level. Hence, hypothesis 3 is partially accepted.
H4: Male and female respondents differ significantly in their perception on employee retention strategies:

H4 stated as “Male and female respondents differ significantly in their perception on employee retention strategies” is partially accepted as male and female respondents differed significantly only in management/organizational strategies and in total employee retention strategies as revealed by MANOVA. Only in these 2 factors, F values revealed significant differences between male and female respondents as the significance values found be below .05 level. In rest of the employee retention strategies non-significant differences existed between male and female respondents in their mean scores. Hence, hypotheses stated for difference between male and female respondents is partially accepted.

H5: Respondents with different educational levels differ significantly in their perception on employee retention strategies:

H5 stated as “Respondents with different educational levels differ significantly in their perception on employee retention strategies” is partially accepted. Only in one of the employee retention strategies significant difference existed between respondents with different educational background. Only in Reward and recognition strategies, MANOVA revealed significant difference between respondents with different educational backgrounds. In Management / organizational strategies, Orientation, Communication effectiveness strategies, Training and development strategies, Employee benefit strategies, reward and recognition Employee ideas and suggestion strategies and in total strategies MANOVA revealed non-significant difference between respondents with varied educational background, where F values failed to reach the significance level criterion of .05 level.

H6: Respondents working in Indian and MNCs differ significantly in their perception on employee retention strategies:

H6 stated as “Respondents working in Indian and MNCs differ significantly in their perception on employee retention strategies” is rejected as MANOVA revealed non-significant differences between Indian and MNC in all the independent employee retention strategies and for total retention strategies. In Management / organizational strategies, Orientation, Communication effectiveness strategies, Training and
development strategies, reward and recognition strategies, Employee benefit strategies, Employee ideas and suggestion strategies and in total strategies MANOVA revealed non-significant difference between respondents working in Indian and MNCs, where F values failed to reach the significance level criterion of .05 level.

**H7: Respondents with different years of experience differ significantly in their perception on employee retention strategies:**

H7 stated as “Respondents with different years of experience differ significantly in their perception on employee retention strategies” is accepted as MANOVA revealed significant differences among respondents with varied levels of experience in all the independent employee retention strategies and for total retention strategies. In Management / organizational strategies, Orientation, Communication effectiveness strategies, Training and development strategies, reward and recognition strategies, Employee benefit strategies, Employee ideas and suggestion strategies and in total strategies MANOVA revealed significant difference between respondents working in Indian and MNCs, where F values showed significance levels much below .05 level.

**H8: There will be mutual and linear relationship between different strategies perceived by employees and management:**

H8 is stated as “There will be mutual and linear relationship between different strategies perceived by employees and management” is accepted as the Pearson’s product moment correlation revealed significant and positive correlations among different employee retention strategy scores. All the obtained correlation coefficients were found to be highly significant (P <.000 level) and positive. Hence, the hypotheses related to mutual relationship between various employee retention strategies is accepted.

**Concluding Discussion:** One of the greatest challenges in today’s business world is to keep pace with technological and business growth. Companies spend billions to stay on the cutting edge. As we move ahead in our business, we are unfortunately facing an increased shortage of highly skilled employees. Employee retention is a concern for companies in this dynamic job market. There are extensive employment opportunities for talented professionals. Higher skilled the employees are, the greater the demand for their services. The knowledge workforce is growing faster. The axiom
of trimming the fat and keeping the healthy part of the cow continues to be a serious challenge. The cost to replace an employee is becoming more documented and the news is not good for employers. It costs a great deal to replace an employee.

Hiring managers and recruiters know that recruitment is only one component of successfully staffing the enterprise with talent. The hard part is retaining contributors in the organization. Well, the three Rs of employment are Recruiting, Retention and Retraining. This is very much true in the high tech industries. It goes without saying that recruiting efforts and dollars spent will have been largely wasted if a company can't keep its staff. Another important advocacy is the need to begin retention efforts during the interviewing stage. This may sound odd to some. After all, if you haven't even offered a position to an applicant, why should you even be thinking about retention at that time? Frankly, that is probably one of the big mistakes many organizations make. Almost every company tries to sell itself and sell the benefits of joining the organization to applicants and potential contributors. The Researcher suggests that hiring managers and recruiters take the extra time required to design interview questions aimed at eliciting responses to assess long term commitment and/or loyalty. This is difficult to do and will vary depending on the company, it's culture and the type of position.

According to Smith (2007), a major factor, which minimizes attrition and maximizes retention, is a Career Development Plan. People need to know what their career ladder is and what investment the company is willing to make in them. As many motivational speakers have said, you can't expect to get there if you don't know where you're going. Companies must provide some type of roadmap for their staff. A career development plan does not have to be complicated. It simply needs to reflect what skill sets (through education or training) an individual needs or wants to acquire in order to do their job more efficiently and to be more valuable to the company. An individual is much less likely to leave knowing there is a commitment for education, training and career goals on the part of the employer. A number of surveys have proven that retention is not just about higher salaries and various types of bonuses. However, retention is about creating a work environment that provides a sense of belonging, pride, empowerment, stock options, control, benefits, flexibility, career growth, praise, benefits, excitement, childcare, eldercare, training, etc., etc., etc. All
of it is, of course, not reasonable and probably not affordable for all but a few select companies. The Researcher’s contention is that retention strategies need to fit the organizational culture, sometimes the industry, and sometimes the geographical area. One will need to decide what will work best for him and his workforce.

Focusing on the starting and end points of managing talent (acquisition and retention) rather than on the middle ones (deployment and development), organizations ignore the things that matter most to employees. When this happens, companies set themselves up for inevitable churn, which becomes especially hazardous in a tight labor market. Attraction and retention are important metrics, or outcomes. But to be effective, talent management strategies must be built around the things that generate the most value and matter most to employees—the “customers” of this process. That is, their development and deployment and connection to others.

A growing number of successful companies are taking more than their fair share of the talent marketplace and cultivating high performers in key positions through a very different method. Rather than starting with recruiters, they first look inside to match employee experience and aspirations to the company’s evolving strategic needs. This doesn’t mean that they ignore external talent. They take recruiting seriously, in large part to achieve ambitious growth targets. But their historically low turnover rates let them spend much less time battling churn— and a lot more time outmaneuvering the competition. As the competition for critical talent heats up, organizations must rethink the ways they manage these people. To begin, they must identify the segments of the workforce that drive their current and future growth. Then, rather than focus on metrics and outcomes ("acquisition" and "retention"), they must concentrate on the things that employees care about most: developing in ways that stretch their capabilities, deploying onto work that engages their heads and hearts, and connecting to the people who will help them to achieve their objectives. By focusing on these three things, attraction and retention largely take care of themselves. In the next three sections, we will describe how this model of develop, deploy, and connect really works, and why it helps companies generate superior performance.
Improving Employee Retention

The first two steps to take when developing an employee retention strategy are to find out:

- Why the employees in hard to recruit groups are leaving?
- What employee turnover among these groups is costing the organisation?

Data from exit interviews can be used to develop a costed retention strategy that focuses on particular causes of turnover in your organisation. It is worth considering the following elements, all of which have been shown to play a positive role in improving retention:

- **Job Previews** - give prospective employees a 'realistic job preview' at the recruitment stage. Take care not to raise expectations only to dash them later. Advances in technology present employers with increasing opportunities to familiarize potential candidates with the organisation before they accept a position.

- **Make Line Managers Accountable** - for staff turnover in their teams. Reward managers with a good record for keeping people by including the subject in appraisals. Train line managers in people management and development skills before appointing or promoting them. Offer re-training opportunities to existing managers who have a high level of turnover in their team.

- **Career Development And Progression** - maximize opportunities for individual employees to develop their skills and move on in their careers. Where promotions are not feasible, look for sideways moves that vary experience and make the work more interesting.

- **Consult Employees** - ensure wherever possible that employees have a 'voice' through consultative bodies, regular appraisals, attitude surveys and grievance systems. This will provide dissatisfied employees with a number of mechanisms to sort out problems before resigning. Where there is no opportunity to voice dissatisfaction, resigning is the only option.
• **Be Flexible** - wherever possible accommodate individual preferences on working hours and times. Where people are forced to work hours that do not suit their domestic responsibilities they will invariably be looking for another job which can offer such hours.

• **Avoid The Development Of A Culture Of 'Presenteism'** - where people feel obliged to work longer hours than are necessary simply to impress management. Evaluation of individual commitment should be based on results achieved and not on hours put in.

• **Treat People Fairly** - never discriminate against employees. A perception of unfairness, whatever the reality when seen from a management point of view, is a major cause of voluntary resignations. While the overall level of pay is unlikely to play a major role unless it is way below the market rate, perceived unfairness in the distribution of rewards is very likely to lead to resignations.

• **Defend Your Organization** - against penetration by headhunters and others seeking to poach your staff. Keep internal e-mail addresses confidential, refuse to do business with agents who have poached your staff, and enter into pacts with other employers not to poach one another's staff.

Employee retention is like an epidemic; the more it is talked about, the more it will spread. The goal here is for not to look at what is not working but at what is working and what one can do to feel good about what managements are doing. The employer is investing in employees for the long term. Employers want to keep employees who want to stay and be productive. The management role will be to coach and help retain staff.

This is the age of “knowledge workers” and people are the best assets one can have. The corporate are grappling with the problem of high employee turnover and the general exodus of their best talents to the bigger companies and MNCs. Even with the prevailing high rate of unemployment in the country, finding and retaining good and right people is a no mean task. As a result the companies are feeling the need to develop a countrywide company culture to attract and retain best talents. They are trying to be extremely careful in the way they go about selecting the right people.
Right now the problem lies in the way in which the HR professionals go about recruiting managers. In most of the companies (barring a handful) the first step in recruiting a candidate is to conduct a group discussion, in which these professionals select a few candidates (rather reject a few) on the basis of entirely subjective judgements, sometimes based on just the appearance of the candidate. Those who are selected after such a process are often not interested in the job or the company and leave within a few months of joining and sometimes they don’t even accept the offer in the first place.

Moreover when it comes to the interview the interviewers often come unprepared without doing their homework. They are not clear exactly what they are looking for. The interviewers hardly list down what attitudes, skills, interests, abilities they are looking for in a candidate, what are the weightages of each and how to measure them accurately. This is the reason why we still have managers who worship the proprietor to go up in the corporate ladder. Wide unprofessionalism is one of the main reasons that the MBAs leave companies, frustrated and dejected. And here is where HR can play an effective role.

HR management practices the world over shows that the role of the HR professionals is changing rapidly. They are now more proactive. The primary role of an HR professional in future would be to enable the line managers to perform the role of an HR manager as well as decide on recruitment, training etc. The HR manager’s role will become the role of a missionary, where he empowers, enables the line managers and thereby makes the traditional HR functions of a personnel manager, obsolete. There will only be few HR professionals in the organisation but their roles will be very important.

Employee retention as a term did not hold the same meaning across the different industry segments. For companies operating in the traditional industry it was construed as retaining only good employees and motivating them to perform well. However, companies operating in the IT sector are of the opinion that retention means retaining all the employees in the company since the company has invested a lot in each one of them.
The IT industry has reported the problem of retention to be the highest followed by the marketing companies. The problem of employee retention is related with the number of employees - it increases with the number of employees. It has also been seen to be related with the size of the company. The mid sized companies face this problem to a large extent. Employee retention is an area of concern in companies operating in slow growth industries. Employee retention is thus a function of the number of employees, the size of the company and the rate of growth of the industry.

The problem of employee retention is higher among the junior level employees across all the industries. However, in the sunrise industries and the IT industries the turnover rates are high in the middle as well as senior levels. Across all industry segments, the turnover among the technical staff is higher than the non technical staff. However, it is highest in the IT. The replacement as well as the induction rate for new business is on a decline in the traditional and services industries. The induction rate for replacement as well as new business has witnessed high growth among marketing and IT companies.

Size lends stability to the retention levels. Retention rates have declined in the medium sized companies but have gone up in large sized organizations. Traditional companies mention that retention of employees is not an issue at all since at the time of recession in the industry employees are reluctant to leave. In marketing companies retention levels had gone up due to better growth opportunities within the company but in case of service industries the turnover has been rapid as most opportunities are sensed outside. In the IT industry, however, the turnover rates have increased at all levels but most companies have become conscious towards this and have introduced better working conditions and compensation packages for all levels and technical as well as non technical employees.

**Policy Suggestions**

Policy basically implies that the management of organizations think futuristically to handle the difficult situations in future. They try to define the future/ intended course of action. The problem of employee retention is a perennial problem in the labour scarce industry like the IT. Hence, it is imperative that the managements in this
industry should have their policies defined as to how they should be deal with the problem and restrict the problem affecting the organization. Though we have listed 101 strategies the IT companies in Bangalore have adopted, it is suggested that they need to think and adopted their policies on employee retention giving significance to the following strategic areas of employee retention:

**Flexible Workplace and Work:** The IT industry always needs to hire the knowledge /professional workers. The professional workers need to be managed by giving them flexibility of working for the organization hiring them. Where the employee feels that he lacks flexible working he may not stick on to the organization. Hence, the companies that do not have the system of flexibility in the working systems need to make it a policy to provide for flexible work systems and work place arrangements.

**Total Employee Engagement:** The professional employees also have a desire to be meaningfully engaged in their work and organization. Such a work environment enables to be more creative and innovative. Both the organization and the employee are benefitted by a work environment that provides for total employee engagement. Hence, the managements should think and constantly review the employee engagement programmes. It should be a policy of the management to review and reformulation.

**Employment Equity:** The knowledge workers or the professional employees also prefer and expect an equitable employment. The actual work or assignments may vary, but the terms and conditions of employment cannot be inequitable. The employees do resist the inequitable employment. Hence, providing employment equity also needs to be a regular and pronounced policy that makes the employees to stick on to the organization.

**Encourage Performance:** Professional employees do have a strong desire to perform and perform for the benefit of the organization as well as for their career growth and development. Hence, it should be the policy of the organization to encourage their employees to perform constantly. They need to provide a conducive atmosphere for performance. Performing employees when adequately rewarded would stick on to the organization. The managements should recognize this truth through an adequate policy measure.
**Boost Employees’ Self-Esteem:** Once again it is a truth that the professional employees give highly importance to self-esteem in their employment and profession. They would not continue in an employment where their self-esteem is at stake. Hence, the managements in general and the HR managers in particular should create and environment that ensures self-esteem of the employees in general and of the IT professionals in particular. The work and contributions made by the professional employees need to be highly appreciated and rewarded. Special measures should be planned and developed to boost the employee self-esteem. It shall also be an integral policy of the organization.

**Sense of Ownership:** Another important practice the organizations should adopt as a policy is to create a sense of partnership in the organization as for its employees are concerned through various measures such as Employee Stock Ownership programs. When the employees feel that they are partners in the organization - may be to a small extent – they think twice before leaving the organization. Hence, it should be a policy of the management to create opportunities of employee ownership in the organization through not only employee stock ownership programs but also through other means.

**Suggestions for future research:**

- A researcher needs to go beyond the seven sets of retention strategies advocated by Gregory P. Smith and study the employee retention strategies the Indian companies have been able to design and develop. The research in future can even go beyond the IT industry in identifying the employee retention strategies since the percentage of the knowledge workers in all the industries has been rapidly increasing.

- The future studies can be done with adequate sample size when it comes to managerial levels

- The study on employee retention strategies should also cover the impact of the strategies adopted by different employers on the rate of attrition in the respective organizations.