

CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

The importance of Human Resource Management is recognized in India as a source of competitive advantage for continuous success in the business activities Murali Manohar, B (2002). In recent years, after economic reforms 1991, emergence of foreign companies, Indian corporate have started to give much importance to the Human Resource practices to develop the skill and efficiency of their work force and to develop their commitment to the organization for better performance. Generally, to improve their overall efficiency in the era of high tend competition, human resource practices have to play a vital role in achieving the required organizational goals explored through extensive review of books, articles and web pages.

2.2 EMPLOYEE RETENTION / RETENTION STRATEGY IN HRM

The loss of skilled IT professionals is very expensive. Annual rates of turnover in IT departments have been estimated up to 20% or more. In addition to the cost of replacing the experienced staff turnover takes its toll on productivity and morale through disruption of projects, heavier workloads and negative impact on team cohesion. Some sources view high turnover as inevitable consequence of tremendous demand for technology skills .The only

remedy for this trend is research and development to increase commitment among IT professionals.

Employees are a valuable asset to any organization. It is essential to protect this vital resource as talented and motivated employees play a crucial role in overall growth and success of the organization. Retention of key employees is critical to the long-term health and success of any organization. Focusing on employee retention techniques can positively impact the organization as it increases employee productivity, performance, quality of work, profit, and reduces turnover and absenteeism.

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. Effectively creating an engaging environment, recognizing good performance, giving benefits and rewards, promoting mutual respect are some of the ways for effective employee retention.

Employee retention is beneficial for the organization as well as the employee. Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization.

Various estimates suggest that losing a middle manager in most organizations costs up to five times of his salary. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. From an employee perspective, consultants feel that people are looking for breadth of role more than monetary benefits and promotions. “Promotions and

financial perks do have their attraction, but to an extent, these are knee jerk reactions from companies, and may not be sustainable in the long term. What employees truly want is to have greater depth and breadth in their job roles and functions.

Michael Armstrong (2006) defines Employee retention as a normal flow of people out of an organization through retirement, career or job change, relocation, illness and so on. Jack, Philips and Adele (2003) define Employee Attrition as the percentage of employees leaving the organization for whatever reasons.

Khurshid Khurana (1998) Employee retention (also known as labour turnover or wastage) is the rate at which people leave an organization. The term 'natural wastage' is also used to describe the employee retention.

Griffeth & Hom (2001) Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Organizations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer.

Fombrun & Shanley (1990) retention is even more important than hiring. There is no dearth of opportunities for a talented person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he's doing, he may switch over to some other more suitable job. In today's environment, it becomes very important for organizations to retain their employees. The reason may be personal or professional. These reasons should be understood by the employer and should be taken care of. Most organizations are becoming aware of these reasons and are adopting many strategies for employee retention. The top organizations

are on the top because they value their employees and they know how to keep them glued to the organization. Employees stay and leave organizations for various reasons.

Jackofsky (1984) in contrast to “culture,” the term “strategy” refers to a more formalized and planned system of practices that are linked with an overall vision, a set of values and a mission. Many companies, particularly larger ones with fully developed Human Resource Departments, engage in elaborate planning exercises in order to develop a cohesive and unitary strategy to deal with employee retention or, more generally, Human Resource Management which often includes retention as one of its objectives will roll out particular programmes or interventions with explicit reference to an overall organizing principle.

Muchinsky (1977) indeed, many experts within the Human Resource literature emphasize the importance of such exercises, and emphasize that good retention is best assured when companies take a strategic approach to the question. Yet it is clear that taking a strategic approach to Human Resource Management can require considerable resources, and may prove to be resource-intensive for smaller companies, particularly companies that are too small to have a department dedicated to Human Resource matters, or even too small to have an executive exclusively devoted to Human Resource questions.

Lockwood (2006) has provided evidence that indicates a correlation in firms between “good” workforce outcome which includes reduced layoffs, quit rates, accidents and grievances and Human Resource Strategies that emphasize employee participation and intrinsic rewards. The presence of practices related to internal career development is often the best predictor of an employee's affective commitment. Such plans include advancement plans, internal promotion and accurate career previews at the time of hiring. It is still

unclear whether successful practices engender high performance, or whether strong performance creates the resources for the implementation of such practices.

Wayne Cascio & John Boudreau (2008) introduced two popular ways of classifying employee retention as voluntary retention versus involuntary and functional retention versus dysfunctional retention. Following gives the description of the two types: voluntary on the part of the employee (for example, resignation) or involuntary (for example, requested resignation, permanent layoff, retirement, death). Employee retention is functional to the extent that the employee's departure produces increased value for the organization. It is dysfunctional to the extent that the employee's departure produces reduced value for the organization.

2.3 RETENTION FACTORS

2.3.1 Compensation Levels

Lockwood (2006) there is general agreement about the importance of competitive compensation for employee retention, there is also a growing consensus that competitive, or even generous compensation will not single-handedly guarantee that a company will be able to keep its most valuable employees. The key issue in retention is the amount of total compensation relative to levels offered by other organizations. "Organizations that have high levels of compensation," he wrote, "have lower turnover rates and larger number of individuals applying to work for them." Furthermore, he argued, high wage workplaces may create a "culture of excellence."

Mike (2009) observed that Staff attrition (or turnover) represents significant costs to technology and business process outsourcing companies. High attrition rates drive up training costs, and increase human resources,

recruiting, and productivity costs. They also increase the prospect of customer service complaints or quality problems, and create substantial continuity problems for longer-lived projects.

Radhika (2008) records that 40% attrition happens in first 120 days of hiring. The cost of replacing a front-line employee, even by conservative estimates, is very high. She says that your best bet therefore would be to curb attrition not fuel it where it hurts the most. She also says develop 'retention matrix' to keep track of and continue to reward your best performers.

Anandan Pillai (2007) *writes that* the HR policies need to be framed to suit different kind of employees across the ladder. The BPO entities need to create a brand identity for their firms amongst society to ensure not only the regular inflow of employees but also their consistent retention.

Anupama D Raina (2007) highlights how the growth of attrition rates has been a major concern for the last couple of decades. It was also found that attrition was more common with the age group of 20-25 years and within three months of joining the organization. The article explains the problems and effects of attrition on call centers. Another objective of the article was to study the retention measures adopted by the call centers to retain employees and, in the end, develop a module for them which can help in curbing the existing problems faced by them.

Beth Ellyn Rosenthal (2008) research paper "Why the Attrition Rate at Indian BPOs is 23.5 Percent" observed that the attrition rates at Indian BPOs are an important criterion as outsourcing buyers determine the best location for their offshore work. Key findings of the paper include: the remuneration structure is not as competitive in BPO firms as they are in the rest of the Indian market, the short-term variable pay was just four percent last year while the rest of India's workers enjoyed 10 percent, the attrition rate at BPOs

in the year 2008 was 23.5 percent compared to 15 percent in the general market, the benefits package mainly focused on retirement benefits, which is a disconnect since most of these workers are in their 20s.

Chaudhuri (2007) shows that the causes of attrition/ turnover in the Indian ITES industry are unchallenging work environments, long working hours, and limited career growth, less promotional opportunities, lack of proper leadership, non attractive compensation packages, job opportunities elsewhere and poaching of talent by the competitors. Indeed, voluntary turnover, popularly termed 'job hopping', has been a persistent problem for human resource management practitioners.

Muchinsky (1977) it is worth remembering that building "affective commitment" involves much more than paying well, and that retention based on the principle of "compensation-based commitment" is of course sensitive to changes in compensation within the company. Employers that base their retention on compensation-based commitment will always be vulnerable to the possibility that their competitors will be able to offer better wages and thus lure away their employees.

Staw (1980) argues that "money gets employees in the door, but it doesn't keep them there." Aquino et al (1997) Classify money as a "satisfier," meaning that it is a necessary but insufficient factor in employee retention, while Collins (2007) agree that money is not the primary motivator for employees. In fact, many companies have done a very good job of retaining their employees without any pay-based retention incentives. Successful retention under such circumstances seems to depend on a wide number of factors. Clearly, the existence of other Human Resource practices is also a key to retention, and there is a great deal of interdependence between compensation and these other practices. One should not discount the

possibility that certain companies get along very well without offering high levels of compensation for reasons that are not of their own doing.

Branham (2005) compensation can also drive commitment-oriented behaviour by: Sending employees a strong message about what results are valued. Recognize and reinforce important contributions so that employees feel valued. Provide a sense of “emotional ownership” and increased commitment that comes from giving employees “a piece of the action.” Maintain or cut fixed payroll costs and allocate variable pay to the employees they want most to attract and keep.

Finally, it is important to distinguish between what might be called normal or standard compensation like wages, salaries, benefits, etc. and what is commonly referred to as performance-based compensation, that is, specific forms of compensation that are paid for workers or groups of workers who attain certain objectives vital to a company’s business strategy. Performance-based compensation or ‘pay for performance’ is becoming an increasingly popular form of compensation, particularly since its various forms are closely tailored to very specific company objectives, including employee retention.

2.3.2 Benefits

Aquino et al (1997) Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place. However, it is often the case that many employees do not realize the "true value" of the benefits they receive. Nor are they always sure what motivates the employer to provide these benefit.

Trevor (2001) the link between benefits and employee commitment is not always strong. Adequate communication with employees is, as with most other retention practices, essential. The range of benefit offered by companies includes the following categories: health, dental, visions, vacation, parental/family leave, disability, retirement/pension, employee assistance programs, life insurance, extended leave, etc. Employee benefits are constantly evolving as the workforce itself evolves, and as people identify new priorities as being important. We may note, for example, the growing interest in fitness subsidies or eldercare provisions which are a direct response to changes in personal priorities and demographic changes.

Tompkins & Beech (2002) in addition, there is also growing concern within industry about the mounting costs of health-related benefits and the magnitude of pension obligations for an aging workforce. Thus, while benefit does not necessarily figure prominently within the literature as a major area of Human Resource innovation, they are the subject of considerable concern among employers and workers, and a few key observations are worth making with respect to employee retention. It is important to note that the relative importance of benefits will vary according to the specific needs of each individual. The importance of a benefit plan to an employee with dependents may assume far greater importance particularly in an environment where benefit costs are increasing rapidly. Companies with older workforce demography might see their retention efforts best served through benefit plans that cover health-related expenses, care for elderly parents, etc. Companies with a significantly younger population may find education subsidies or tuition rebates to be more effective retention drivers.

Milman (2003) most innovations in the area of benefits appear to be focused on the concept of flexibility. Many companies are responding to the increasingly diverse needs of their employees by introducing a greater

element of choice in the range of benefit from which their workers can choose. Thus, the introduction of flexibility in benefit packages can be a key ingredient in ensuring good retention, particularly since it affords greater responsiveness to the specific needs and circumstances of individuals.

Some companies have become more creative in the types of benefits they offer their employees, and many such initiatives are focused on allowing employees to strike a better balance between their working and non-working lives. Examples are numerous and include: earned time off, on-site child care, paid paternity leave, sabbaticals, tuition reimbursement, etc.

DiPietro & Milman (2004) in the interest of facilitating a better work-life balance, advise employers to make it easier for employees to transfer from full-time to part-time work and vice versa, introduce pro-rated benefits for part-time workers, guarantee a return to full-time status for those who elect to work part-time, and protect employee seniority when shifting from full to part-time work, and vice-versa.

2.3.3 Performance-based Compensation

Meyer (2003) in general, the key purpose behind performance-based compensation is twofold. It is a means of modifying individuals' behaviour within an establishment in order to better align their activity with particular business objectives, and a way of influencing the development of particular types of organizational culture (for example, team-based pay can lead to a stronger team-based culture, skill-based pay or profit-sharing can contribute to a culture of stability and mutual commitment, etc.

2.3.4 Incentive Pay

Griffeth et al (2005) identified the following compensation systems as it retains the essential categories in which people think about performance-based pay. Incentive pay systems pay pre-determined amounts for each unit produced (piece-rate).

2.3.5 Merit Pay

Milind Godbole (2008) Merit pay allocates pay increases based on individual performance. It can play a major role in attracting and retaining particular employees, and can lead both to good retention and beneficial turnover, that is, good performers stay and poor performers leave. Where teamwork is an important part of productive activity, individual merit pay may not work well. As with other forms of performance-based compensation, individual merit pay can cause excessive competition for incentives, and can promote counter-productive behaviour, for example, hoarding important information rather than sharing it widely within the company and other forms of 'zero-sum' behaviour.

2.3.6 Gain Sharing

Financial gains in organizational performance are shared with all employees in a single plant using a predetermined formula measured against a historical benchmark. Gain sharing is usually based on a participative management approach, for example, suggestion systems, shop floor committees, self-directed work teams, in order to enhance the coordination of teamwork and sharing of knowledge. Gain sharing also may be effective in smaller firms with less than 500 employees.

2.3.7 Profit Sharing

Pay is related to the company's overall financial performance. Profit sharing is different from gain sharing in that it does not necessarily involve participative management, and does not measure employee-controlled or productivity-related financial performance.

2.3.8 Employee Stock Ownership Plans (ESOPs)

Meyer (2003) for publicly traded companies, employees are partly compensated through shares in the company's stock. Employee ownership arrangements can include stock options plans, stock purchase plans, and employee stock ownership plans. Research also indicates, however, that ESOPs in and of themselves, are not sufficient to increase "affective commitment." For example, measures to increase employees' say in how the company is run might be one type of support needed to increase commitment.

2.3.9 Skill-based Pay

Under this arrangement, the employee is paid according to his or her skills and experience. In this case, Skill-based pay can help organizations meet their skill requirements by directly motivating workers to learn specific skills. The major advantage of this pay system is that it can promote a culture of flexibility. Individuals can perform multiple tasks, including filling jobs in the wake of turnover. Skill-based pay can also contribute to lower turnover since individuals will be paid more for their knowledge and will be unlikely to find Similarly, attractive pay in firms are using more traditional job-based pay systems.

2.3.10 Bonus Plans

Rappaport et al (2003) these have the advantage of being flexible, and capable of targeting particular behaviours that a company might want to change or promote without increasing fixed costs.

2.3.11 Retention-based Compensation

Rappaport et al (2003) these include bonus and other forms of compensation based on job tenure. Note that a potential disadvantage to this form of compensation is that it can contribute to reduced employee motivation, inhibit behavioural change, encourage risk aversion, and can often be expensive for organizations with long employee tenure.

2.3.12 Team-based Pay

Brosseau (2000) Given the increased interest in employee participation and a growing interest in team-based work, the list of compensation options would not be complete without some mention of team-based pay, in which work teams are uniformly compensated for the performance of the team as a whole. Again, team-based pay must be aligned with intention to promote certain types of behaviour. Properly managed, team-based pay can reinforce cohesion at the group level and generate strong performance by particular work teams. Similarly, individual performance bonus or pay needs to be aligned with a structured process for evaluating and managing employee performance.

Secondly, it should be noted that labour unions are often reticent about embracing pay-for-performance. Pay-for-performance naturally introduces pay differentials among employees with similar job classifications, and this is contrary to the spirit in which unions normally negotiate with management on issues related to compensation. However, cited instances in

which pay-for-performance systems have successfully met with union approval. Organisation notices that the involvement of the union in the design, implementation and operation of skill-based pay system is essential to successfully implementing such systems in unionized environments. Indeed, union involvement at this level appears to be consistent with what much of the literature has to say about the need for open communications, as well as employee participation and involvement.

2.3.13 Reward and Recognition

Staw (1980) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailoring the right rewards to the right people. It would, however, be impossible to list all the various types of recognition and rewards that companies actually give their workers.

In general, and for the purposes of this study, “Reward and Recognition” covers all of those incentives that are not captured under the other categories of retention measures described in this report, and we may tentatively make the observation that while they are not generally seen to be the decisive elements in ensuring good retention, they often do much to sustain a workplace culture that is aware of the contributions of its members, while at the same time helping to reinforce positive behaviour.

Staw (1980) Rewards must be well justified, everyone must have a fair chance at getting one, and that reward must be something that the recipient employee values. Everyone who keeps the company productive deserves a fair share of awards, interesting new assignments, honours or other motivational treats that the company hand out. Morale will plummet if employees see the employer as arbitrary, unfair or playing favourites.

Hunter & Hunter (1984) offer the general principle that employees emphasize that the principle must be connected to the organization's core culture. (Staw 1980) suggests that recognition and rewards are strongly tied to the 'culture' of a particular workplace, they support that culture, and they are consistent with that culture whether or not that culture is something consciously managed or iterated by the company. Rewards must, in other words, 'fit in' with people's perception of their employer and their workplace. In workplaces where labour-management relations are strained or where workers are distrustful of management's intention, People will often react with skepticism when rewards are suddenly introduced.

Dibble (1999) does include money in her discussion of financial incentives but she also points out that money is not always an appropriate reward. In a survey that she conducted, almost a quarter of respondents said that they left their previous job because they did not feel valued or appreciated. In her view, showing appreciation "is not related to money, flexible work hours or career opportunities. It is more personal."

Collins (2007) also notices the drawbacks with some types of incentives. They write: For some employees incentives designed to motivate may actually demotivate if they seem to be unfair or too difficult to obtain. Also, incentives can sometimes cause unhealthy competition among employees and either force employees to cut corners or sabotage their colleagues. Incentive programmes should be well thought-out before implementation and used with care. Finally, (Collins 2007), who also includes rewards and recognition in his list of high-retention practices, also argues that incentives and rewards can turn out to be counter-productive.

Hom (1995) several companies that have relied so heavily on incentives that before any action are taken, employees ask, "What's in this for me?" They have robbed their employees of the intrinsic motivation of pride

and self-respect a dangerous malady that is very difficult to change. Too many gimmicks and too much extrinsic motivation will eventually harm their creativity and initiative.

Hom & Griffeth (1995) cautions, rewards, recognition, praise, and bonus can be manipulative and controlling and amount to little more than a bribe for behaviour. In many instances, these behaviorist techniques create an effect opposite from that intended. It is true that rewards can undermine intrinsic motivation. It is unfortunate to see companies wipe out initiative and turn their employees into Pavlov's dog sitting ready for the next bone thrown their way.

Hom (1995) concludes by stressing that "goal-setting and training" ought to have a greater impact on productivity than rewards and recognition.

Siegel (1989) discussed compensation, benefits and work schedules from the point of view of Human Resources Management, which revealed common areas of their impacts and effects. These include employee morale, motivation and performance and workforce recruitment, retention and turnover.

Storey (1989) in the book titled "Human Resource Management: A Critical Text", stated that Human Resource Management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable task force using an integrated array of cultural, structural and personnel techniques.

David Needle (1989) in his book titled "Business in Context", stated that Human Resource Management is a responsibility of all those who manage people as well as being a description of the work of those who are

employed as specialists. It is that part of management, which is concerned with people at work and with their relationships within an enterprise. According to him HRM applies not only to industry and commerce, but also to all fields of employment.

Khurshid Khurana (1998) carried out a study on “Human Resource Development Practices in Large Scale Industries in the Pune Metropolitan Region”. His findings reveal that large scale industries in Pune do follow certain logical procedures for the Human Resource practices.

Vishwanath Risbood had carried out “A Study of man power planning and its effect on Business Development in Tourism industry”. He concludes that growth in an organization is a part of business dynamics and accordingly the organization itself also needs to initiate dynamic approaches; professionalism in all HRM practices may recruitment and selection or training and development of the people. He emphasizes that proper care of these two functions of HRM would take care of motivation and retention level of the people working in the organization.

Ramanand Ramakrishna Manjeshwar (2000), conducted a study on “Human Resource Management Systems in a Multinational Organization - a case study of Philips India Ltd”, to examine impact of HRM practices on the improvement of operational, managerial, and individual efficacy on the whole. In his findings there has a strong bearing to the HRM practices as such for it vouches for the fact that the objectives of the organization can be achieved well purely on the basis of a strong orientation of HRM practices. He concluded that organizational goals are subservient to good HRM practices.

Leena Chatterjee (2000) in her article “Towards an Effective Performance Appraisal System,” aims at providing a framework for

improving the effectiveness of performance appraisal in organization. She also presents a framework for understanding and improving the effectiveness of performance appraisal system. She identifies some key issues and concerns in designing and implementing effective appraisal systems.

Venkateswara Rao (2008) in his article, “The Indian IT Industry Will it Rebound”, has emphasized on the Indian IT companies, which have excelled in IT field, are now witnessing a global slowdown. Especially, the industry is witnessing a tough time against the US economic recession. On the other hand, constant rising labour costs are making the country a less attractive destination for business outsourcing operations. The significant change in global economic outlook is posing new challenges and at the same time has opened up newer opportunities for Indian IT players. With the rupee strengthening against the dollar, the operating profit margin of top players has been adversely impacted in the current fiscal year. Still several foreign companies are eyeing India which is emerging as a hub of process expertise. If the industry builds an ecosystem around the process expertise, the Indian IT industry will be the best in the world. The industry is also known for its re-engineering expertise and has largest pool of Six Sigma experts. However, the industry should address shortage of skills and infrastructure problems urgently to grow further.

Campion et al (1997) in their study has reviewed the research literature in order to describe and evaluate the many ways selection interviews can be structured. Fifteen components of structure that may enhance either the content of or the evaluation process in the interview have been identified. Each component is explained in terms of its various operationalisation in the literature. Then, each component is critiqued in terms of its impact on numerous forms of reliability, validity, and user reactions. Finally, recommendations for research and practice are presented. It is concluded that

interviews can be easily enhanced by using some of many possible components of structures and the improvement of this popular selection procedure should be a high priority for future research and practice.

Ranga Rao et al (2000), in his article, has suggested that the success of any organization depends on how it utilizes the resources and how effectively it satisfies the customer requirements. He pointed out that there should be a balance between cost and quality of the product and this can be achieved through the effectiveness in utilization of resources and by eliminating the non-value added activities.

Shweta Varma (2001) in her article “The Olive Branch” has made an attempt to study the various aspects relating to Human Resources in IT industry. She focused on the recruitment, reward and retention aspects of the manpower. She observed that any IT professional has the job offers at any given point. A Human Resource Manager, therefore, not only has to examine the offer on hand for an IT professional, but also needs to ascertain whether that person wants to continue in the organization and for how long. She also felt that environment for learning also plays an important role in retaining people. In this article, it is focused that the challenge of retaining the staff already on the roles, is a job tough enough to all the software companies.

Ravi (2001) has made a study relating to the Human Resources in the present scenario. He pointed out that new economy demands new thinking and even otherwise the machine era has ended being replaced by that of the mind. Managing knowledge workers is a new challenge which HRD faces today. In his opinion, on account of the fast expansion of the IT industry and the intense competitions for attracting skilled personnel and retaining them and reducing employee turnover, HR professionals facing new challenges can be met by satisfying the employees by providing social recognition, turning subordinates in to fellow executives and by making employees as partners.

Anindya Shee (2002) has highlighted that in order to make training to be effective, training has to be linked with the organization's strategic agenda. It is pointed out that good training design provides excitement to participants and gives them opportunities for implementing subsequently what they have learnt. Further, the output should be measured in tangible and intangible forms and employees achieving them should be recognized and rewarded. A stand alone training design, without linkages to other HR systems like administration, participate management and career planning has been considered to be successful.

Vara Prasad (2007) in his article on "HR Practices and Business Performance," has discussed that organizations can gain competitive advantage by implementing successful HR practices. Such practices consistently generate attentiveness on the part of employees to attain business goals in the best possible and ethical manner. He also stated that the use of HR practices contribute to enhance employee commitment and is in turn linked to higher levels of productivity and quality of services.

Venkatesh (2007) in his article entitled "HR's new touch points" had discussed Human Resource Department's ability to see beyond its traditional role and extended it across the organization and has the ability to integrate various functions and process. He also stated that HR plays a vital role in having the right people through whom strategies of the organization will be executed.

Sharma (2008) in his article titled "Competence and Training of the HR in the Light of New Challenges", highlighted the era of LPG which has brought revolutionary change, evolution and growth in almost all fields more so in HR. New challenges in business have brought new challenges to HR. Consequently HR personnel have to enhance their competence to meet these challenges and their own survival. HR has to equip themselves through

development of competencies and through new areas and trainings etc. He summarizes that HR personnel must concentrate to enhance their competence to take higher responsibilities.

Vedanta (2006) in her article entitled “HR Trends in Information Technology” has discussed about how growth trends in corporate India are pushing HR Managers to look towards technology for solution. She also emphasizes on the use of technology in the form of HR systems that is aiding the HR department in keeping pace with the growing needs of Indian business and the benefit of using technology in human capital management.

Rabia Jahani Ferzana (2006) in her article entitled “Changing role of HRM,” outlines the changes required for HRM to become a dynamic contributor to competitive advantage in the contemporary knowledge-based business environment and also highlights the innovative HRM practices being adopted by Indian firms to brace competition in the post-liberalization scenario. She also discusses HRM need to be strategically directed towards developing and sustaining organizational capabilities through activities that overlap with traditional business functions such as finance, marketing, strategy and non-traditional activities such as knowledge management.

Michael Carrell (1995) has observed, “Sound Human Resource Research can significantly strengthen an organization’s Human Resource Programme. Some specific uses of research include measurement and evaluation of current personnel policies, programmes and activities and appraisal of proposed policies, programmes and activities.”

Pasha (1996) emphasized in a perfect world, networks would not need management, and they would just run themselves. However, in reality it is not possible because changes are made, performance is often below expectations and abuse of resources is a reality. These are some of the

challenges, small business is facing today as they are growing annually and are deploying new technologies. He suggests that in order to succeed, an organization must manage its network - every node, every server and every connection. It should be managed not just from a technology perspective, but from a business perspective as well.

Srinivas Aninavolu (2007) in his paper has highlighted the uncovered potential factors determining the performance of Indian IT companies. He also studied the profitability of ITS firms in relation to the variation in other parameters of interest like economic effects, business model effects and long term effects. The study found that larger companies are more profitable, on account of their ability to take on larger projects and the economics they reap in terms of savings derived in overheads.

Alok Bhattacharya (2007) in his article “What Makes Software Project Managers Unique”, describes software projects have unique job demands. A developer, who starts with a narrow focus of developing a software product, is a project manager in writing within a mere five years. The depth and breadth of the skills of project managers also certain competencies of leadership is the greatest challenge that the software industry faces in developing the project managers with right skills in the short time.

Vinita Gupta (2007) in her article holds a view about how the HR function has undergone tremendous change overtime. Over the recent years, organizations have started considering the HR function as a more strategic role in optimizing performance through adequate staffing, training and talent management. Hence, the new role of HR is to add value to employees through various initiatives and retain them by creating interesting engagement programmes and growth related initiatives. She also says the role of HR Department in an IT company differs from other verticals due to regular innovations in IT, increased competition, and boom in IT sector, talent

creation, training and developing of current workforce according to the regular and fast paced changes. Thus today the HR plays a key role in collaborating with the business to develop the workforce strategy, which influences the company's operating strategies to meet the corporate objectives.

Nishchae Suri (2008) viewed that compensation is becoming more important to the new-age employees. Organizations have to create innovative compensation strategies to attract, motivate and retain high quality talent. Companies are facing a huge challenge in keeping employees happy through compensation alone. In his opinion Organizations have to develop a compensation strategy that catches top performers' attention and sends a signal to mediocre performers, establishing well-defined rules for performance that make clear how the rewards are gained, challenge the entitlement mentality and optimize the organization's compensation investment by using variable pay incentives instead of focusing on base pay increases.

Resmi Jaimon (2008) in her article views to survive in today's highly competitive world; companies need talented people on their roles. It is not enough to merely have a good business strategy they need talented personnel to be able to implement it too. In this environment, job portals have emerged as credible and important sources of appropriate talent. Job portals can play a major role in ensuring that the right person gets the right job. Recruiters are of the opinion that job portals are emerging as a primary source of talent in many firms, especially in the IT and ITES sector.

Venkata Subramaniam (2008) viewed as in spite of being considered an IT super power, India, is facing a shortage of talent in this field. One of the biggest problems faced by technology firms today is the lack of capable, 'ready-to-work' manpower. By this companies have entered the

endless race for poaching employees from competitors. The author views that the industry partner technical institutions in taking a hard look at the curriculum and revamp it to keep up with the knowledge-based economy. We need a workforce that is agile to keep up with the needs of the market place and that which takes initiatives and generates the technologies of tomorrow. Our education system should be equipped to produce this workforce.

Anjali Ganesh (2008) in her paper narrates performance appraisal, and training and development at Videocon Ltd., Mumbai. The author views employee performance is measured in terms of job knowledge, skill and competence and also quality and quantity of output. However to get positive rating one has to be trained depending upon the needs and demands. Any organization will be successful if it uses integrated HR approaches. The vitality and success of any HR process depends upon intelligent networking of different processes with each other. Training and development should upgrade the skill and competence of the individuals and in turn should facilitate in enhancing the performance of the employees. The author has also mentioned performance appraisal system should act as a feed back to training and development programmes, which will enhance the image of the organization and keeps up the satisfaction and motivation of the employees.

Murali Manohar (2002) in his paper highlights the different roles of HR like leadership, managerial and operational role. The company's best human resource practices can play a pivotal role in enhancing brand equity. Openness in work culture, flexibility to employees to plan their work and personal life, providing for thoughtful life benefit to retain employees for long work periods, equity in eligibility to benefit, employee- oriented work environment and thoughtful perks are some of the best practices that can attract, retain and motivate talented employees in order to stand out in a globally competitive environment.

Janaki Ramudu (2001) emphasizes on the changing role of HR manager in his article “Paradigmatic shift in H.R Profession”, as manpower, out of all factors of production, plays a very important role in any organizational success. It is only the resource that has existence and managing such resource is undoubtedly a challenging task. He also finds the need to change, as the change has become the order of the day, the need for redefining the role of HR profession cannot be overemphasized in order to ensure HR profession to be highly contributing one to organizational success. The present scenario demands HR manager has to be very clear about the concepts like customer satisfaction, return on investment and wealth maximization etc. It is therefore felt that HR manager has to expand his autonomy and understand the business as a whole and make his role quite significant by setting himself and everyone involved as partners of the business.

Upasana Aggarwal et al (2007) in their article *The Relationship between Human Resource Practices, Psychological Contract and Employee Engagement- Implications for Managing Talent*”, has stated that HR practices have a significant impact on employees’ attitude and behaviours. HR practices determine to a large extent the relationships between employers and employees, and play a significant role in shaping employee psychological contract. The formation of the ‘exchange’ relationship begins during the recruitment and selection process and continues throughout the employee’s tenure in an organization.

Gopal (1988) in his study analysed personnel cost ratios and suggested for an improvement in qualitative aspects.

2.3.14 Negative Impact of Retention on the Organization

The impact of employee retention can be disruptive and costly. The CIPD Survey (2009) of recruitment, retention and employee attrition found that the average rate of retention in the United Kingdom was 15.7 per cent.

The negative impacts of employee retention as described through the factors given by Jack et al (2008) is listed below:

- a. High Financial Cost
- b. Survival as an Issue
- c. Exit Problems and Issues
- d. Productivity Loss and Workflow Interruptions
- e. Service Quality
- f. Loss of Expertise
- g. Loss of Business Expertise
- h. Administrative Problems
- i. Disruption of Social and Communication Networks
- j. Job Satisfaction of Remaining Employees
- k. Lost Image of the Organization

2.3.15 Procedure for Measuring Employee Retention

Generally, the rate of retention /turnover in percentage over any period can be calculated by the following Equation (2.1)

$$\frac{\text{Number of retention / turnover incidents per period}}{\text{Average work force size}} \times 100 \quad (2.1)$$

The retention rates are inversely related to unemployment rates (local, regional national). That is, when unemployment is high, employees tend to remain with their current employers because there are limited opportunities elsewhere. On the other hand, when unemployment is low, employment opportunities are more plentiful, and thus, employee retention tends to increase.

Michael Armstrong (2010) developed three measurement methods of employee attrition which are described as given below Equation (2.2)

2.3.15.1 Crude employee retention rate

The number of employees leaving over a period as a percentage of the average number employed over the period. This is the most common method in practice and it is easy to calculate and understand, and can be used readily for benchmarking.

Here we express attrition as a percentage of the number of people employed.

$$\frac{\text{Number of leavers in a period}}{\text{Average number of people employed in the period}} \times 100 = \% \text{ retention / turnover} \quad (2.2)$$

This is normally quoted as an annual rate and may be used to measure attrition per organization, department or group of employees. The advantage of this index is that it can alert HR planners to unusually high percentage of the workforce leaving compared with the HR plan, or with the industry average, say , which would suggest that something is wrong, or that more effort is needed to retain employees. The disadvantage of this index is that it does not indicate who is leaving the department or organization: even a high turnover rate may not reflect any real instability if the core of experienced staff consistently remains.

2.3.15.2 Labour stability index

This is the second method of measuring employee retention which focuses mainly on stability. Here, eliminate short-term employees from the analysis, thus obtaining a better picture of the significant movements in the workforce.

The Labor Stability Index value is calculated using the following Equation (2.3)

$$\frac{\text{Number of employees with one or more years service}}{\text{Number of employees employed at the beginning of the year}} \times 100 = \% \text{ stability} \quad (2.3)$$

Particularly in times of rapid expansion, organizations should keep an eye on stability, as a meaningful measure. The purpose is similar to the survival index and it provides a simple, if rather limited, basis for measurement.

2.3.15.3 Survival rate

The labour stability index ignores new starts during the year and does not consider service, which may be added to the measurement via length of service analysis, survival rate analysis. Here, the organization calculates the proportion of employees who are engaged within a certain period who are still with the firm after various periods of time.

There may be a survival rate of 70 percent after two years, for example, but only 50 percent in the third year. It is a good indication of the effectiveness of recruitment procedures as well as, typically, the high proportion of people who leave after relatively short period of service. It can therefore highlight where action is required.

2.3.15.4 The cost of employee retention

Employee attrition can represent a substantial cost of doing business. It is necessary to measure employee retention and calculate its costs in order to forecast future loss for planning purpose and to identify the reasons that people leave the organization.

Unfortunately many organizations are unaware of the actual cost of retention. Unless this cost is known, management may be unaware of the financial implications of attrition rates, especially among pivotal talent pools. Management also may be unaware of the need for action to prevent controllable turnover, and may not develop a basis for choosing among alternative programs designed to reduce retention.

2.3.15.5 Key cost components

According to Wayne Cascio & John Boudreau (2008), the general procedure for identifying and measuring retention costs is founded on the premise that in measuring attrition, the organization must consider three major, separate cost categories: separation costs, replacement costs, and training costs. The cost of attrition should also include the economic value of lost business.

The key cost elements, that apply to total attrition costs include costs involved in conducting exit interviews (S_1), costs linked to administrative functions related to termination (S_2), separation pay (S_3), and unemployment tax (S_4), if applicable.

1. The key cost components to be considered in the calculation of total employee attrition cost are listed as follows: Cost involved in conducting exit interviews (S_1)
2. Costs linked to administrative functions related to termination, such as deletion of the exiting employee from payroll, employment, and benefit files (S_2).
3. Separation pay as per Organizational policy decisions (S_3).
4. Unemployment tax calculated as per appropriate Government rules and Legislation if applicable (S_4). By taking into consideration, the above cost components namely S_1 , S_2 , S_3 and S_4 , the Total Attrition Cost is computed using the following formula:

$$\text{Total Employee Attrition Cost } (S_T) = S_1 + S_2 + S_3 + S_4$$

2.3.15.6 Potential advantages of employee retention

There are many useful, potential advantages of employee retention. They can be stated as given below:

- a. Opportunities to inject 'new blood' into the organization: new people bringing new ideas and outlooks, new skills and experience in different situations.
- b. Balance in the age structure of the workforce. Absence of labour turnover would create an increasingly aged workforce, often accomplished by an increasing wage/salary cost.
- c. The ability to cope with labour surpluses, in some grades of job, without having to make redundancies.
- d. The creation of opportunities for promotion and succession which offers an important incentive to more junior employees (Jack et al 2008).

2.4 INTRODUCTION TO INFORMATION TECHNOLOGY SECTOR

Information Technology (IT) industry in India is one of the fastest growing industries. Indian IT industry has built up valuable brand equity for itself in the global markets. IT industry in India comprises of software industry and information technology enabled services (ITES), which also includes Business Process Outsourcing (BPO) industry. India is considered as a pioneer in software development and a favourite destination for IT enabled services. The origin of IT industry in India can be traced to 1974, when the mainframe manufacturer, Burroughs, asked India sales agent, Tata Consultancy Services (TCS), to export programmers for installing system software for a U.S. client. The IT industry was originated under unfavorable

conditions. Local markets were absent and government policy toward private enterprise was hostile. The industry was begun by Bombay based conglomerates which entered the business by supplying programmers to global IT firms located overseas.

Sanjeev Sharma (2006)The Indian Information Technology industry accounts for a 5.19% of the country's GDP and export earnings as of 2009, while providing employment to a significant number of its tertiary workforce. More than 2.3 million people are employed in the sector either directly or indirectly, making it one of the biggest job creators in India and a mainstay of the national economy.

In 1991, the Department of Electronics broke this impasse, creating a corporation called Software Technology Parks of India (STPI) that, being owned by the government, could provide VSAT communications without breaching its monopoly. STPI set up software technology parks in different cities, each of which provided satellite links to be used by firms; the local link was a wireless radio link. In 1993, the government began to allow individual companies their own dedicated links, which allowed work done in India to be transmitted abroad directly. Indian firms soon convinced their American customers that a satellite link was as reliable as a team of programmers working in the clients' office.

The Indian economy underwent economic reforms in 1991, leading to a new era of globalization and international economic integration. Economic growth of over 6% annually was seen between 1993-2002. The economic reforms were driven in part by significant the internet usage in the country. The new administration under Atal Bihari Vajpayee which placed the development of Information Technology among its top five priorities formed the Indian National Task Force on Information Technology and Software Development. India is now one of the biggest IT capitals in the modern world.

2.5 EMPLOYEE RETENTION IN IT SECTOR

Employee retention is a much studied phenomenon. Researchers have sought to predict why individuals leave organisations. Many studies are based on only a small number of variables which often only explain a small amount of variability in turnover. Another criticism of retention studies is that they do not adequately capture the complex psychological processes involved in individual turnover decisions.

Armstrong (2006) defines Human Resource Management (HRM) as a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives. HRM involves all management decision and practices that directly affect the people, or human resources, who work for the organization, the present study entitled 'Human Resource Development Practices in Information Technology Industry in India' deals with Human Resource Development practices being followed in Indian Information Technology industry.

The dynamic nature of Human Resource Management in ITES sector has inspired many researchers belonging to different faculties of knowledge to study the various issues related to the high employee retention in IT industry. Many studies have been conducted on studying the nature and state of high employee retention in IT industry and also in addressing the serious retention problem.

Paul & Anantharaman (2002) studied the, 'Impact of HRM Practices on Competence of Software Professionals in India: An Analytical Study'. The companies based in Bangalore and Chennai had been chosen for study. The study shows that there was a positive and moderate correlation between Human Resource Management practices and a sense of competence.

Incentive, performance appraisal and selection process made a significant impact on sense of competence. However, induction training, work environment, compensation and career development did not show significant level of relationship. Results show that age, sex, marital status, educational qualification, work experience and tenure with the organisation did not show any significant difference in the sense of competence.

Boxall et al (2003) in New Zealand confirmed the view that motivation for job change is multidimensional and that no one factor will explain it. However, over time there have been a number of factors that appear to be consistently linked to retention.

Griffeth et al (2000) in 1995, a meta-analysis of some 800 turnover studies was conducted by Hom and Griffeth, which was recently updated. Their analysis confirmed some well-established findings on the causes of retention. These include job satisfaction, organisational commitment, comparison of alternatives and intention to quit. These variables are examined in more detail below, as are a number of other factors where the evidence on the link to retention less conclusive

Chakraborty Samik (2008) in this article, it reveals the present scenario situation of employee attrition rate, and which are responsible for this threat. In olden days the employees were well satisfied with the salary package they used to get, but now it's only one factor to retain the employee with the organization. This article also reveals that the organization should be very careful in handling with various issues regarding the employee because it is very sensitive. The article also talks about the various elements like rewards and recognition, grievance redressed mechanism, career progress, ego troubles which should be taken care.

Mobley et al (1979) revealed that age, tenure, overall satisfaction, job content, intention to remain on the job, and commitment were all negatively related to turnover.

It is imperative for the organization to manage people well. The shift from industrial age to the knowledge worker's age is sweeping the country. In fact the whole world is in today's information economy, people's knowledge, skills and relationships are an organization's biggest asset and main source of competitive advantage. People related cost to have risen to more than two third of organizational spending. Increasingly, talent attraction and retention is viewed as significant drivers According to a survey done by the all India Management Association (AIMA),

Madok Anneta (2006) in a recent survey of 57 CEO's and H.R professional "Talent Retention" is identified as the second most HR challenge to critically meet the business demands beyond tomorrow, then comes the issues of "Creating high performance culture".

Rynes & Colleagues (2003) suggest that this is related to the concept that financial incentives may function as a motivator due to an individual being driven by the desire to have a salary which is larger than that of their peers. Rynes suggests that it is the differentiation of pay which is actually the largest motivator for this reason. This then would suggest that high salary alone is not sufficient for retention of desirable staff, but that differentiation according to achievement is crucial. Rynes argues that high achievers would not wish to work in a company in which achievement is not recognized through reward. This would then imply that any company which does not engage in pay-for-performance schemes is likely to lose desirable employees to a company which does operate with financial incentives.

Trank & Colleagues (2002) were that individual pay-for performance schemes were potentially most effective amongst high achievers. As these high achievers are likely to also be the most desirable employees which a company would wish to retain this then would suggest financial incentives to be an effective tool for retention. There is little evidence of a person's sex being linked to turnover.

Campion (1991) cited in Tang suggests that the most important reason for voluntary turnover is higher wages/career opportunity.

Martin (2003) investigates the determinants of labour turnover using establishment level survey data for the UK. Martin indicated that there is an inverse relationship between relative wages and turnover detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills.

Mike (2009) observed that Staff retention represents significant costs to technology and business process outsourcing companies. High retention rates drive up training costs, and increase human resources, recruiting, and productivity costs. They also increase the prospect of customer service complaints or quality problems, and create substantial continuity problems for longer-lived projects. Job Hopping in the Indian IT sector which has been disastrously due to the high retention rate in the IT industry.

Moumita Bakshi et al (2009) records that the Quarterly retention in Genpact was down by 5 percentage points to 21percent, EXL reported a record 8percentage-point dip, WNSfell to 22 percent, down from 29 percent last quarter and Wipro BPO has come down to 13 percent from 18percent.

Ashok Agarwal (2008) feels that the challenge in the IT industry is lack of discipline. While there is a similarity with the manufacturing industry, a worker on the shop floor does not have the options that the IT employee has. IT employees belong to a generation that does not like rules – they have had multiple choices from the time they were born. “The minute you hurt the dignity and self-respect of the people of this generation, they are bound to leave, which is probably the reason the retention rate is so high,” says Ashok.

Vivek Kumar (2008) assessed that the present salary package in IT industry is not as lucrative as compared to other industries. In his opinion, redesigning of the total pay package and inclusion of some short term incentives could help maintain retention for these jobs.

Kirschenbaum & Mano-Negrin (1999) indicated that retention is affected by organisational size, with size being the key mediator of an organization’s internal labour market. They suggest that organisational size impacts on turnover primarily through wage rates but also through career progression paths. Developed internal organisational labour markets produce lower departure rates since promotion opportunities have a strong negative influence on departures for career-related reasons.

Sagar Chakraverty (2007) discusses the reasons for attrition and ways to improve the turnover rate in Indian IT-ITES sector. Impact of

attrition is gone through and employee's concern is highlighted. Initiatives of retention are talked about with reference to employee's perspective.

Sheela Krishnamurthy (2007) writes that a stress-related job and bad dietary habits are a lethal combination, which makes this Information Technology sector susceptible to lifestyle-related diseases-like obesity, diabetes and high blood pressure. Chetan Bhagat (2006) gives a clear and live description of the stressful work environment in call centers.

Mobley et al (1979) concluded that a number of studies offered moderate support for a negative relationship between satisfaction with supervision and turnover

Radhika (2008) records that 40 percent retention happens in first 120 days of hiring. The cost of replacing a front-line employee, even by conservative estimates, is very high. She says that your best bet therefore would be to curb retention not fuel it where it hurts the most. She also says develop 'retention matrix' to keep track of and continue to reward your best performers.

The article "High attrition A big challenge" (2008) deeply focused on the issues leading to high employee attrition in IT's in India. The Article titled "Issues and concerns of health among call centre employees" (2008) lists in detail the stress factors and ailments peculiar to some call centre and IT companies in the country.

Harsh Bhargava & Annie Acharya (2008) assessed and stated that the segments like the IT are witnessing high levels of employee attrition. The study, which is based on a management research project (including fieldwork), highlights and defines 'burnout' and related terms in layman's

words. It then analyzes the symptoms, types and phases of 'burnout', followed by the findings of a field survey and recommendations.

Anandkumar & Subhasish Biswas (2008) in their extensive study on IT companies across the globe, reports that the call centre industry across the globe have high attrition rates. In the US, high school dropouts are the ones joining the industry. In India, it is college graduates, who do not look at the call centre industry as a long-term career, who are joining. The biggest reason for people leaving a IT organization is a 'lack of self-respect and dignity'. While most companies focus on retention in the operation floor, the bigger challenge is attrition during training, which is double that of attrition at the operation level. This could be the result of excessive zeal to meet CSAT scores, which in many cases are linked to variable pay, Team Leader wants to be at the top of the stack ranking as he faces pressure from his manager, the manager is only two or three years older, is not a trained manager, and has his own set of favorites, people are not seen as long-term assets – the use-and-throw mentality is prevalent in the organization.

Milind Godbole (2008) examined that, in a typical IT, one trainer comes in for four weeks to teach a group of agents. Most people joining IT firms are not toppers. They probably have studied in colleges where they have attended less than 50 per cent of the classes, bunking the rest, and spending most of their time in the cafeteria or with friends. Given this background, coming to an industry where you cannot come late for training or bunk training without prior intimation makes a person squirm. Every minute of your time in office is tracked in an IT firm. Milind Godbole and his team monitored a group of 37 people who kept jumping from Wipro to EXL to MphasiS to V Customer to Ventura and WNS during a two-year period. They used to attend the training program for three months and then leave to join the next company.

Rhea Khanna (2008) gives an overview of the IT industry and analyses as to how attrition is the predominant challenge facing the industry. How it has attempted to deal with the problem is also discussed. Examples are given as to how companies like Aegis IT and Wipro IT have dealt with the problem of retention. Lastly a discussion is made as to how the IT industry, in the process of dealing with retention, has contributed towards Human Resource Development.

Beth Ellyn Rosenthal (2008) research paper “Why the Attrition Rate at Indian ITES is 23.5 Percent” observed that the retention rates at Indian ITES are an important criterion as outsourcing buyers determine the best location for their offshore work. Key findings of the paper include: the remuneration structure is not as competitive in IT firms as they are in the rest of the Indian market, the short-term variable pay was just four percent last year while the rest of India's workers enjoyed 10 percent, the retention rate at BPOs in the year 2008 was 23.5 percent compared to 15 percent in the general market, the benefits package mainly focused on retirement benefit which is a disconnect since most of these workers are in their 20s.

Chaudhuri (2007) shows that the causes of retention /turnover in the Indian ITES industry are unchallenging work environments, long working hours, and limited career growth, less promotional opportunities, lack of proper leadership, non attractive compensation packages, job opportunities elsewhere and poaching of talent by the competitors. Indeed, voluntary turnover, popularly termed ‘job hopping’, has been a persistent problem for Human Resource Management practitioners.

Sanjeev Sharma (2007) opines that HR professionals all over the world, working in Call-Centre or BPO industry are breaking their heads to formulate Retention Strategies but nothing is working in their favor. The average retention rate in this sector is still 35-40%.

Booth & Hamer (2007) found that labour turnover is related to a variety of environmental and organizational factors such as company culture and values, supervisory style, fair pay, corporate value, giving support to each other, trust and respect between employees, manageable workload, development and career building satisfaction and degree of job satisfaction.

Anupama Raina (2007) highlights how the growth of attrition rates has been a major concern for the last couple of decades. It was also found that attrition was more common with the age group of 20-25 years and within three months of joining the organization. The article explains the problems and effects of attrition on call centre. Another objective of the article was to study the retention measures adopted by the call centers to retain employees and, in the end, develop a module for them which can help in curbing the existing problems faced by them.

Sudeshna Bhattacharya (2007) discloses the multiple causes which force IT employees to leave the sector thereby raising the attrition rates in the sector. The article also analyses the costs incurred by a company in this sector as a result of such high attrition rates. He also encapsulates various measures adopted by the companies to retain its trained workforce.

Santoshi Sen Gupta & Aayushi Gupta (2007) reports that IT is growing at a phenomenal pace. Despite its momentous growth and bright future, the IT industry continues to suffer from very high attrition rates. New employees come with a lot of enthusiasm but their motivation gets depleted as job realities unfold with the passage of time. Attrition can be combated by enhancing the perceived value of working in an IT. It needs to be repositioned and the positive value of working in ITES sector needs to be brought out.

Anandan Pillai (2007) writes that the HR policies need to be framed to suit different kind of employees across the ladder. The IT entities need to create a brand identity for their firms amongst society to ensure not only the regular inflow of employees but also their consistent retention.

Sagar Chakraverty (2007) discusses the reasons for attrition and ways to improve the turnover rate in Indian IT-ITES sector. Impact of attrition is gone through and employee's concern is highlighted. Initiatives of retention are talked about with reference to employee's perspective.

Sheela Krishnamurthy (2007) writes that a stress-related job and bad dietary habits are a lethal combination, which makes this IT sector susceptible to lifestyle-related diseases-like obesity, diabetes and high blood pressure.

Chetan Bhagat (2006) gives a clear and live description of the stressful work environment in call centre.

Abraham & Sharma (2005) examined the 'New Technology and the Emerging Labours Market: A Study of Indian IT Industry.' It covers the study about education and training, models of the structure of job hierarchy etc.

2.6 CONCLUSION

The literature Review shows that there is continuing relation between employees and their IT sector. Managing high-performing employees can also be stressful at times. To retain employees, you must choose the right tools to achieve your goals. The possibilities are numerous – compensation schemes, crèches, pension plans, cars, bonuses, fresh paint, coaching, 360-degree assessments, barbecues, to name just a few.

The benefits of retention are lower costs for their agent, less price sensitivity, greater market share, improve productivity, increase employee's

performance and thus increase profit and meet their organizational goals and objectives.

The importance of this study can be viewed from two dimensions: theoretical contributions and practical implications. Theoretically, the study fills an important gap in the literature; that is, exploring IT sector workforce retention factors in the state of Karnataka. Therefore, this study can add to the existing body of the literature and can serve as a starting point on which future studies can be built.

On the practical side, this study can help the top-management decision makers of IT to enhance the major factors that may better develop their employee's retention and thus meeting organizational goals and objectives. Such information should help human resource management of IT sector in devising appropriate Human Resource strategies for attaining and attracting Bangalore IT Industry sector workforce.

For future research, the relation between IT sector workforce retention and their satisfaction need to be focused and studied to fulfill the gap.