ABSTRACT

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H.R STRATEGIES IN THE 21ST CENTURY WITH SPECIAL REFERENCE TO ATTRITION TRENDS AND RETENTION PRACTICES IN SELECT TELECOM COMPANIES IN INDIA

ABSTRACT
As all organizations would agree, employees are the most precious resource of an organization. Skilled manpower is in very high demand and employees themselves are much aware of it. Thus, in the modern workplace scenario, most companies, irrespective of their size and type, are being plagued by loss of manpower. When a valuable employee quits a company, it’s not just the loss of talent, but it all adds up to a much bigger loss, including the time lost in training and orientation, loss of knowledge, co-worker insecurity and apprehension, search and consequent training of a new recruit etc. So, employee retention is something no company can afford to ignore. Contrary to popular belief, not all employees who put down their papers do so in search of a higher salary. A lot of other factors contribute to prompt the employees to switch jobs.

The telecom industry is growing at a great pace and the growth rate is expected to double with every passing year. There are many new developments in the telecom sector, including the ingress of 3G technology that the Indian market is witnessing at present. MTNL, BSNL, VSNL are the major Public Sector Players, whereas Bharti Airtel, Idea Cellular, Vodafone, Reliance Communications, Aircel, Uninor are the leading Private Sector Players in the country. Some of them are entering foreign markets as well.

The reason behind choosing telecom sector is that it is the one of the most attractive sector for employment due its immense growth opportunities. Listing out the reasons for
non retaining of human capital include lack of growth opportunity for the employees, lack of time based promotion, poaching of employees by other competitive telecom companies for higher salaries, employees quitting to pursue higher education, loss of employees personal life, employees physical stress and health reasons, uneasy relationship with peers or managers. A survey has indicated the attrition rate in the telecom sector in the year 2013 is approximately 15.5%, which is quite alarming.

Every Company calculates Employee attrition rate and takes measures to reduce it. The facts and figures are not made public as it may tarnish the image of the company in front of its own employees and its loyal customers. Against this backdrop the researcher, wanted to find out what were causes leading to employee attrition in telecom companies and what measure are being adopted to counteract the detrimental effects of Attrition. Hence the topic “H.R strategies in 21st century with special reference to Attrition trends and retention practices in select telecom companies in India” was identified by researcher.

The research conducted was descriptive in nature and was aimed on throwing some light on the deep rooted problem of attrition as to what may be the actual underlying factors which creates dissatisfaction in the minds of employees. It also discussed on the retention tools being adopted by the companies and their effectiveness and thereby detecting the flaws in the existing strategies and suggesting more apt strategies for improved retention. This research work was distributed in five chapters.

Chapter 1 “Introduction” briefly introduces the topic and discusses about literature review and Research methodology. A need to develop a concurrent strategic method, an
innovative development paradigm that can be utilized to curb the ever increasing attrition in the telecom sector, is strongly felt. Thus the need for this study was felt because of the following reasons:

1) Attrition is a burning problem for the promising and fast growing industry of telecom, especially because it fails to tap the full utilization of the human resources and wastes much of its time, money and resources due to this.

2) Dearth of motivation among the employees of telecom sector is one of the bitter truths that are responsible for the high attrition in this sector.

3) To deal with this problem of Attrition telecom companies are formulating retention strategies as per the market requirements and thus need is felt to judge the impact of these retention practices on the satisfaction levels of the employees thereby reducing attrition.

4) A re-look into the existing H.R policies is needed to frame better retention tools for future.

The subject under study i.e. ‘Employee attrition and retention’ has not been adequately covered in various articles and research papers published in various journals and books. Very little work has been done with regard to problem of attrition and retention practices in telecom sector. Inspite of this the researcher scanned the relevant published material and made an attempt to give a glimpse of some of the aspects dealt with by researcher, academicians and H.R experts. Accordingly, literature review has been divided into 3 parts, books, thesis and research papers/articles. The nature of my research is descriptive. The aim is to explain a phenomenon rather than making any generalizations and to
discover the reality or an established fact without having to fit it into a preconceived theoretical perspective.

Attrition is a well established unavoidable fact in an organization and retention practices are formulated in every organization to combat attrition and hence no hypothesis is formulated. The researcher has delimited herself only to phenomenon of attrition and retention in the telecom sector in India and tried to discover various underlying causes of attrition and various retention practices being followed in the select organizations of this sector and explaining those causes and retentions strategies being adopted by means of case study using both primary and secondary data. There are basically three types of players in the telecom industry i.e. state owned (BSNL & MTNL), Private Indian owned Companies (Reliance Communications, Idea Cellular etc.) and Multinational Companies (Vodafone, Bharti Airtel, Aircel etc.). Since the phenomenon of attrition is almost negligible in State owned companies i.e. BSNL & MTNL, as their employees have job security and enjoy Governmental benefits. Thus researcher delimited her study to the remaining two categories and selected four major companies which are ranked top four players in India besides BSNL. These are Idea Cellular, Bharti Airtel, Vodafone and Reliance Communications, and studied their attrition rates, causes of attrition and retention practices that are being followed in these organizations. Purposive Sampling technique was used for selecting the sample from these companies. The primary data was collected using a bilingual questionnaire (English & Hindi). A pilot survey was conducted on 20 employees of a select telecom company before drafting the final questionnaire that provided useful insights to the final drafts of the questionnaire and also for testing and validating the questionnaire. The questionnaire consisted of 20 questions
relating to above parameters. These questions were both open ended and close ended. 100 employees of each of the telecom company were approached out of which approximately 80 employees responded. Besides this personal interviews were conducted from H.R managers, Circle heads, Zonal heads, T&D officers and employees of these select telecom companies.

Chapter 2 “Attrition” defines various concepts, theories and models of attrition along with the attrition rates across Indian industries, which was based on extensive literature review of the subject. Employee attrition refers to the loss of employees through a number of circumstances, such as resignation and retirement. The cause of attrition may be either voluntary or involuntary, though employer-initiated events such as layoffs are not typically included in the definition. There are six reference theories explaining the concept of Attrition, these are: (i) Social exchange theory, (ii) Human capital theory, (iii) Search theory, (iv) Matching Theory, (v) Equity theory, (vi) Organizational equilibrium theory. Several studies were already conducted that focused on developing and estimating a causal model specifying the factors of voluntary turnover. The common theme which can be observed from the described models is that turnover behavior is a multistage process that includes behavioral, attitudinal, and decisional components. Five turnover models are presented in this thesis, which are chronologically listed as: (1) March & Simon’s Model, (2) Mobley’s Model, (3) Sheridan and Abelson’s Model, (4) Price and Mueller’s model, (5) Lee and Mitchell’s Model. Based on the above five models of Attrition, as per the researcher, the best suited model for this study is Mobley’s Model, because this model described the cognitive stages of quitting and if the reason of dissatisfaction of the employee is initially identified then it will prevent them for thinking
about other alternatives and if this search can be stopped then attrition can be reduced. The major factors affecting attrition are: (a) Monetary Factors, (b) Lack of career mobility and challenges, (c) Working environment, (d) High level of stress and lack of work-life balance, (e) Lack of confidence in supervision, (f) Lack of employee-job fit, (g) People don’t get integrated. (h) Goal setting unscientific & performance goals are unclear, (i) Lack of role clarity, (j) Lack of proper feedback. The attrition of employees has a lasting impact on the firm’s bottom line. When an employee quits, the need for replacement arises, the organization incurs some tangible costs. The direct & indirect impact of attrition have also been discussed in this thesis and also the positive impact of attrition has been stated. The chapter ends with the general industry analysis whereby the attrition rates in the year 2013 across various sectors in India have been described.

**Chapter 3 “Retention”** gives a theoretical outline about the concept and importance of retention, the process of retention, its technique, myths related to retention and role of H.R, supervisors and team leaders in employee retention. According to Get Les McKeown’s employee retention is define as “effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs.” Thus, retaining a valuable employee is essential for an organization for following reasons: (a) Hiring is not an easy process, (b) An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture, (c) When an individual resigns from his present organization, it is more likely that he would join the competitors, (d) The employees working for a longer period of time are more familiar with the company’s policies,
guidelines and thus they adjust better, (e) Every individual needs time to adjust with others, (f) It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization, (g) It is essential for the organization to retain the valuable employees showing potential. The retention process begins from the recruitment stage and continues thereafter. They need to communicate to the candidates not only the role and expectations of the management but also the cultural values of the organization to convey their emphasis on participation, motivation and involvement in decision-making. The techniques to retain low-level, middle-level & top-level employees have been discussed in detail, whereby it is stated that the retention techniques have to be different for different levels of employees and examples of retention techniques of various companies like Proctor & gamble, NTPC, Johnson & Johnson etc have been shown. The next segment of the chapter deals with the role of H.R, Supervisors and team leaders in motivating employees.

Chapter 4 “Case studies of Select telecom companies” namely Vodafone, Bharti Airtel, Reliance Communications and Idea Cellular. This chapter has been further subdivided into six subchapters. The first sub-chapter deals with the Industry Profile of the telecom sector whereby the following three types of major players are discussed in detail.

1. State owned companies i.e. BSNL & MTNL.

2. Private Indian owned companies i.e. Reliance Communications, Idea Cellular & Tata teleservices.

3. Multinational Companies i.e. Vodafone & Bharti Airtel.
The second subchapter is the case study of Vodafone, which incorporates a brief overview of the company, its H.R. practices with reference to Attrition which showed the attrition rates in Vodafone for past six years i.e. for a period 2008-09 to 2013-14, calculated by the following formula:

\[
\text{Attrition rate} = \frac{\text{Total No. of employees moved out in a year} \times 100}{\text{Total no. of employees}}
\]

The current attrition rate for the year 2013-14 was calculated to be 15.09%. The above attrition rates were also graphically represented. Based on the questionnaire, the researcher tried to find the major causes of attrition in Vodafone which emerged out to be: (1) Monetary factors, (2) Very few supportive colleagues, (3) Stress from overwork & work-life imbalance, (4) Organization’s more concern towards business, (5) Lack of challenges in job, (6) Lack of respect, (7) Lack of good working conditions, (8) Lack of appreciation and less frequency of rewards, (9) Increase in Favoritism (10) Lack of Support. In the light of these reasons it was necessary to find out the retention practices being followed in Vodafone. Some of the major retention practices in Vodafone were: (a) for better communication between employees and management, a special intranet network was developed named as ‘Vodafone Hub’, besides this code of conducts were developed by company which sets out their business principles. (b) Various training & developmental efforts are carried out whereby every employee has an annual performance dialogue with his supervisors to set their future goals, the high potential employees are identified through annual talent review process and given the opportunity to take part in Global leadership development training programme named “Inspire”. Inspire is designed to accelerate the progress of high potential managers into senior leadership roles. (c) Special measures are taken to retain female workforce to reduce
gender bias for which special career acceleration series ‘pathway to success’ is developed and provisions for maternity leaves through special ‘maternity transition notes’ is done along with regular health checkups and health workshops. (d) Opportunities for career advancement are provided, (e) Providing Better working conditions by maintaining high health, safety and wellbeing standards, (f) Proper rewards and recognition are given to high performing employees like ‘Vodafone global heroes’ & ‘VodafoneSStars’. The third sub-chapter was the case study of Bharti Airtel, whereby the after the brief overview of the company, the attrition rates were calculated for six years (2008-09 to 2013-14), with attrition rate of 9.94% in year 2013-14 and shown graphically. The major causes of attrition were found out to be as follows: (1) Stress from overwork & work-life Imbalance (2) Monetary Factors, (3) Increase in Favoritism, (4) Poor Career Growth, (5) Poor management Strategies, (6) Lack of Appreciation and Poor people management, (7) Unstable Organizational structure (8) Communication gap between management and employees, (9) Less organized way of working, (10) Job Insecurity. The retention techniques involved forming employee friendly policies like flexi-time option, day care centers for kids, gymnasiums, cafeteria etc. Besides this special measures are taken for Female workforce by providing them ample opportunities of growth, safe working environment. Various competency & skill development measures for employees are undertaken like Young leaders’ development programme. The fourth sub-chapter describes the brief overview about Reliance Communications, its attrition rate for past six years (from 2008-09 to 2013-14) and graph depicting it, Reliance Communications has the highest attrition rate of all the select telecom companies i.e. 20%. The major causes of attrition in reliance communications were identified as: (1) Monetary Factors, (2) Poor Career Growth, (3) Poor H.R Policies, (4) Work- Life Imbalance and stress from overwork, (5) Unstable organization structure, (6) Favoritism, (7) Organization more
concern towards business, (8) Lack of respect, Recognition & Rewards and measures of retention adopted by reliance are providing provisions of choice pay, provident funds and leave travel allowances etc. The fourth sub-chapter was case study of fourth selected telecom company Idea Cellular, which was adjudged the best places to work according to a survey conducted in 2013 and with the least attrition rate of 5.83% in 2013-14, despite this there were certain causes of discontent which lead to attrition in Idea Cellular, they were: (1) Monetary Factors, (2) Stress from work overload & Work-life imbalance, (3) Non Employee Centric & Confusing H.R Policies, (4) Lack of Career Growth, (5) Favoritism and biased supervisor, (6) Communication gaps between employees and Management, (7) Lack of Challenges in Job, (8) Lack of Appreciation and rewards. To reduce attrition measures adopted by Idea Cellular which include four tenets which is articulate in their employee value proposition (EVP) are as follows: (a) Opportunities to build careers, which ensures that 70% of leadership positions are filled internally from talent within the business, established a career support service for employees through career portals, train line manager as career coaches etc. (b) Opportunities to learn and develop in which building specific skills in managers through cutting edge functional skills, leadership training, behavioral competencies, knowledge integration programs, career stage programs, knowledge management etc., (c) Opportunities to be rewarded and recognized in which clear linkages to reward to performances are described. (d) Opportunities for an enriched life whereby employee wellness initiatives depending on demography and local needs are taken care of and also education facilities for employees’ children, scholarship for higher studies, family care, etc. are also included. The sixth sub-chapter showed the comparative analysis of attrition rates for all the four select telecom companies for the year 2013-14, shown below:
An attempt was made by the researcher to find out the impact of retention strategies that were formulated by these select telecom companies namely Vodafone, Bharti Airtel, Reliance Communications and Idea Cellular, on the satisfaction level of their employees. The following graph shows the views of the respondents of the select telecom companies as how satisfied they are about the existing retention strategies of their respective organizations.

Exhibit no. 4.11: Comparative graph of impact of retention strategies on the satisfaction level of the employees
The above graph clearly indicates that most satisfied employees belong to Idea Cellular with satisfaction level as high as 98%, followed by Bharti Airtel 85%, Vodafone 51% and least satisfied are the employees of Reliance communications i.e. 38%. These percentages of satisfaction levels are an indicator of the employee engagement towards their organization and the success of H.R. policies in curbing attrition. These percentages of employee satisfaction are also indicative as to which organization needs to gear up and reform its retention policies to retain and attract best talents in the market.

Chapter 5: ‘Findings & Suggestions’ After making a in-depth study made in chapter 4 about the select telecom companies in India, following major findings were reported which have been explained company-wise in the comparative chart drawn below:
### Comparative Chart depicting major findings (Exhibit no.5)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameters</th>
<th>Vodafone</th>
<th>Bharti Airtel</th>
<th>Reliance Communications</th>
<th>Idea Cellular</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total number of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In 2012-13</td>
<td>91272</td>
<td>15563</td>
<td>18653</td>
<td>7661</td>
</tr>
<tr>
<td></td>
<td>In 2013-14</td>
<td>92812</td>
<td>14645</td>
<td>14169</td>
<td>10505</td>
</tr>
<tr>
<td>2</td>
<td>Attrition Rate (in Percentage)</td>
<td>In 2012-13</td>
<td>In 2012-13</td>
<td>In 2012-13</td>
<td>In 2012-13</td>
</tr>
<tr>
<td></td>
<td>In 2013-14</td>
<td>15.8%</td>
<td>11.5%</td>
<td>22.9%</td>
<td>4.86%</td>
</tr>
<tr>
<td></td>
<td>In 2013-14</td>
<td>15.9%</td>
<td>9.9%</td>
<td>20.3%</td>
<td>5.83%</td>
</tr>
<tr>
<td>3</td>
<td>Major Causes of Attrition</td>
<td>1) Monetary Factors</td>
<td>1) Work-life Imbalance.</td>
<td>1) Monetary Factors.</td>
<td>1) Monetary Factors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2) Few Supportive Colleagues.</td>
<td>2) Monetary factors.</td>
<td>2) Poor Career Growth.</td>
<td>2) Work-life Imbalance.</td>
</tr>
<tr>
<td>4</td>
<td>Major Retention Practices</td>
<td>1) Employee dedicated intranet site “Vodafone Hub”.</td>
<td>1) Flexi work hours.</td>
<td>1) Performance linked Incentives.</td>
<td>1) Providing opportunities for career Building.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2) Global leadership programmes &amp; Training programmes.</td>
<td>2) Employee welfare facilities like day care centre, ATMs, Gyms etc.</td>
<td>2) Housing, uniform &amp; Car allowances.</td>
<td>2) Providing opportunity for learning.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3) Special awards &amp; Recognitions</td>
<td>3) Training &amp; development programmes like YLP &amp; LEAD</td>
<td>3) Adequate provisions for leaves and family welfare programmes for employees’ family.</td>
<td>3) Proper &amp; timely reward systems.</td>
</tr>
</tbody>
</table>
Based on the above findings, it was found that the causes of Attrition in all the companies were more or less the same with slight differences in each, so certain suggestions are stated below which if taken into consideration can help in formulating effective employee retention strategies:

1) The H.R should focus on the areas of employee wellbeing especially in terms of work-life balance, equal opportunity for women and protection against sexual harassment and safety and health of employees.

2) The H.R policies formulate should be simple and easily understandable by all levels of employees with clear directions about the goals, pathways to achieve that goals, benefits, incentives and various such aspects should be precisely stated.

3) There should be some type of reporting system in companies to ensure that the H.R policies framed for employee welfare are being followed down the last leg.

4) Work-load management has to be proper. In order to reduce the tremendous pressure on the existing employees, H.R should make proper recruitment plans and recruit more manpower to fill the dearth of employees.

5) The career growth and succession policy needs to be revised and re-looked into and the career growth path should be clearly shown to the employees to attract and retain them on long term basis.

6) The need to map the pay structure of the organization with the experience, talent and current market value rather than comparing only with the previous packages and bands, is strongly suggested.
7) It is also suggested that H.R needs to invest more time for framing employee friendly policies, especially for the junior management levels, where the tendency to quit is strongest.

8) The exit interview processes should be strengthened to know about the causes of discontent in the employees and the suggestions given the process should be carefully examined and incorporated to frame better retention tools.

9) 360 degree appraisal system not only for the junior & middle management levels but also should be adopted for the top management, to identify any deadwoods and removing them.

10) Encouragement should be given for more free discussions, so that the employee feels that he can speak his mind. Some new channels of communications like intranets need to be created or new platforms for sharing ideas, thoughts and views should be developed.

Some company specific suggestions were also made which are as follow: (1) **Vodafone**: (a) More focus should be given on operational process and hiring of new employees should be done carefully based on only their merit and experience rather than any other factor. Thus will ensure hiring of talented and innovative workforce who can prove to be an asset to the organization. (b) H.R should do counseling and try to reduce gaps between engineers and managers to create a good and supportive working environment by measures like team outing, group discussions or management games etc.

(2) **Bharti Airtel**: (a) In the discussion with the employees of Airtel it was found that emphasis is given to empowerment of Sales department and sales team whereby other
departments are left behind. Therefore it is suggested that all departments of the organization must be empowered to innovate and develop equally. (b) It is also suggested that H.R needs to invest more time for framing employee friendly policies especially for Junior management levels, where the tendency to quit is strongest. Therefore adequate measures should be taken to formulate innovative ways to engage junior level employees. (c) Organization should invest time and money also on technical trainings of their employees and regional growth for the employees needs to be planned. (3) Reliance Communications (a) One of the major reasons of failure of Reliance is the fact that the candidates are placed in the department to which they are no way related even though they are good in some other fields. Therefore before placing the new hires the job responsibilities and employee capabilities should be well matched so that employee does not feel dissatisfied to mismatch between job and his capabilities. (b) At reliance communications looking at the current attrition trends it is also suggested that the organizational structure should be redesigned with radical changes, cutting down on unnecessary and futile hierarchies and reporting structure should be removed. (c) Investment should be made to achieve a long term vision, which is missing in Reliance Communications and the management seems to be focused on only gaining short term benefits. (4) Idea Cellular: (a) more flexibility and independence should be provided to new joinees in terms of selection of desired location for postings and their work preferences. There should be more interaction between different levels of management and also different departments. (b) Increasing the overall speed of the organization an focus should be made on new areas rather than looking to do what competing organizations is already offering.
Finally, a detailed bibliography containing books, journals, thesis, research papers, reports/bulletins, speech/seminar, magazines, and websites have been appended at the end with the view to help the potential researchers. Besides this the bilingual questionnaires (in English & Hindi) used for collecting primary data have also been attached as appendix.

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