EMPLOYEE RETENTION STRATEGIES IN INDIAN IT COMPANIES

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ABSTRACT

"We can't stop employees from leaving unless we have a plan to make them stay"

One of the key worries of any organization is how to retain employees, more so the deserving employees. Not just that it is a setback but also the company has to start afresh with hiring new talent, grooming and nurturing them. The Employee Retention is the process in which employees are encouraged to remain in the organization or the maximum period of time. Stress, lack of trust and support, short of appreciation, no growth opportunities, unequal compensation etc are the main causes of employee quitting the job. This paper aims to discuss the strategies that are adopted in Indian IT Companies to retain the best talent without letting them go to their competitors. Employee retention has gained importance as a part of talent management programs not just to attract but also to sustain the talent primarily by enhancing the job satisfaction of employees.

Key Words: **Retention, Strategies, IT Companies, competence, job satisfaction**

INTRODUCTION TO THE STUDY

It is impossible for an organization to survive if its top performers quit. It is essential for the management to retain its valuable employees who think in favor of the organization and contribute their level best. An organization needs employees who are loyal and work hard with full dedication to achieve the organization's objective. Every organization invests time and money to groom a new joinee, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

MEANING & DEFINITION

According to Get Les McKeon, employee retention is defined as "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. The costs associated with turnover may include lost customers, business and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring and training the new employee just to get back to where you started."

NEED AND IMPORTANCE OF EMPLOYEE RETENTION:

1.   Hiring is not an easy process: The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process.

2.   An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture: A new entrant is completely raw and the management has to work hard to train him for his overall improvement. It is a complete wastage of time and money when an individual quits an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves.

3.   When an individual resigns from his present organization, it is more likely that he would join the competitors: In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joinee is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.

4.   The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better: They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively.

5.   Every individual needs time to adjust with others: One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new joinee with the previous employees and always find faults in him.

6.   It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization: They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favour of the management. For them the organization comes first and all other things later.

7.   It is essential for the organization to retain the valuable employees showing potential: Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.

OBJECTIVES OF THE STUDY:
➢   To study the conceptual framework of retention
➢   To study the strategies adopted by various IT Companies in India to retain the best talent
➢   To suggest new strategies to retain the employees

RESEARCH METHODOLOGY
This research article is based on secondary data. The data is collected from books, company manuals, Journals, Newspapers and scholarly articles.

ATTRITION IN IT SECTOR
In a first for the IT industry in recent times, Cognizant has rolled out a skills premium allowance. This year, it has been given to 40,000 digitally-savvy employees. The move, designed to encourage employees to build and improve their skills in newer digital areas like machine learning and artificial intelligence, is applicable to levels up to that of manager.

James Lennox, global chief people officer in Cognizant, told TOI the world's technology dependence is increasing exponentially and definition of digital is broadening to encompass new technologies and skill sets. "Global demand for the skills we specialise in is increasing even as the tech talent shortage is growing.   One reason for the attractive rewards is Cognizant's relatively high attrition levels in recent quarters. In the first quarter of 2018, its annualized attrition rate of 20.3 per cent was higher than what it has traditionally seen in that quarter.

(Source: Times of India 11 Sep 2018)

Infosys has said it witnesses higher attrition rate among employees with two to four years experience stated by Chief Operating Officer of the IT bellwether Pravin Rao.

*(Source: Economic Times, 17 July 2018)*

"Studies show 75-90 per cent of new employees will decide whether or not to stay in the job within the first six months of employment. Although high turnover costs may not produce recordable associated losses, many employers and HR professionals underestimate the high impact of hidden costs,"

(Source: Business Line 23 July 2018)

Sectors with the Highest Turnover Rates

	Sector	Rate
1.	Technology (Software)	13.2%
2.	Retail & Consumer Products	13.0%
3.	Media & Entertainment	11.4%
4.	Professional Services	11.4%
5.	Government/Edu/Non-Profit	11.2%
6.	Financial Services & Insurance	10.8%
7.	Telecommunications	10.8%
8.	Oil & Energy	9.7%
9.	Aero/Auto/Transport	9.6%
10.	Healthcare & Pharmaceutical	9.4%

(Source: **LinkedIn)**

EMPLOYEE RETENTION MODELS
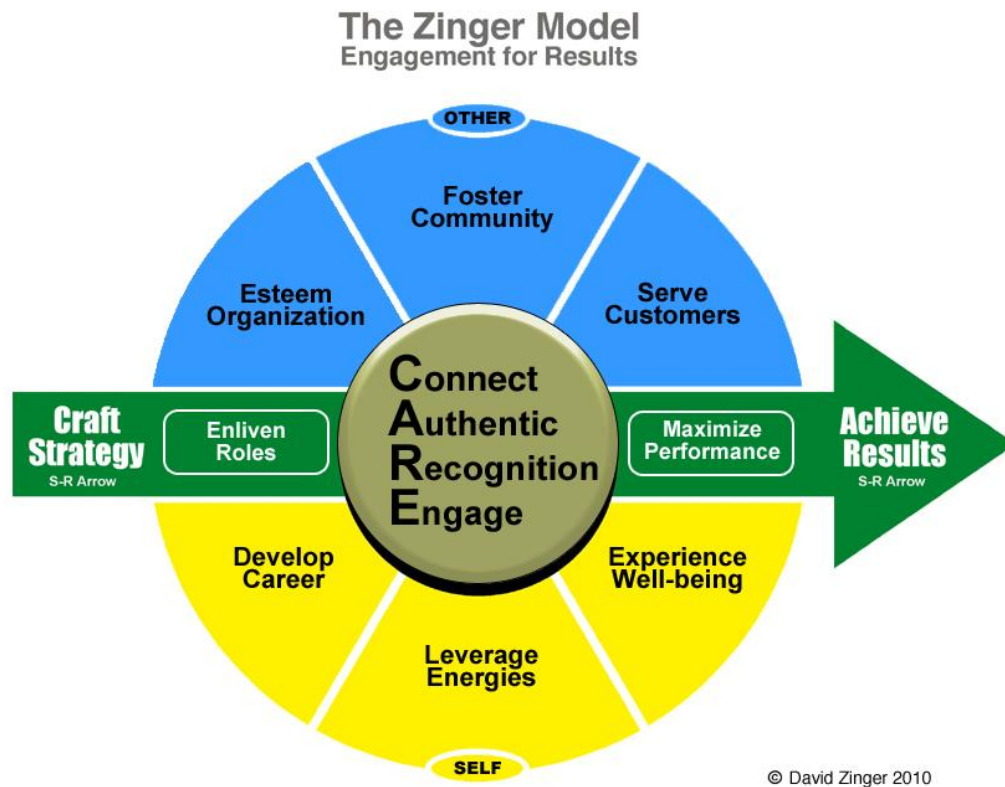
Figure 1: Zinger model

The model provides organisations with 12 keys that a manager must follow to achieve significant results in engaging the employees and ultimately to retain the talent of the organisation. The 12 key factors are Achieve Results, Craft Strategies, Enliven Roles, Excel at Work, Get Connected, Be Authentic, Live Recognition, Fully Engage, Identify with Organisation, Serve Customers, Develop Personally, attain happiness.
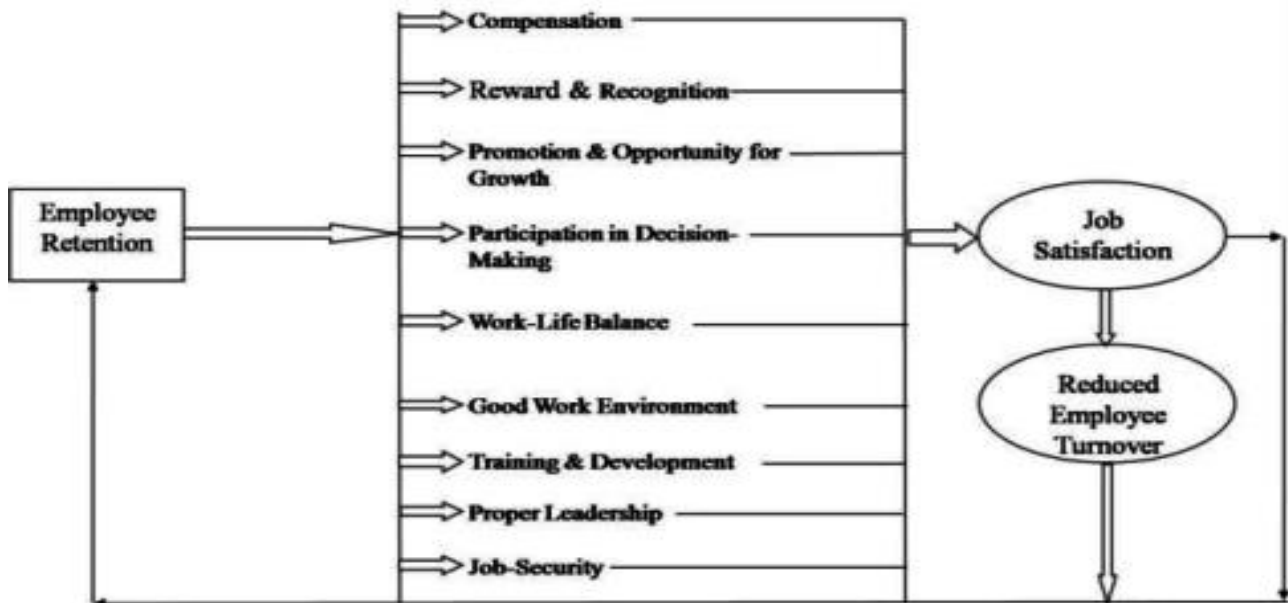

Figure 2: Job Satisfaction and Employee retention model

(Source: International Journal of Social Science and Humanity, Vol. 5, No. 8, August 2015, Alshanbri et al.,Page 701-706)

The above model shows nine factors that contribute towards job satisfaction namely compensation, rewards & recognition, promotion and opportunity for growth, participation in decision making, work life balance, good work environment, training and development good leadership and job security. These factors have an impact on reduced turnover and improved employee retention.

EMPLOYEE RETENTION STRATEGIES
Positive Work Environment

A positive work environment is one of the most important factors when it comes to the retention of your most valued employees. A survey conducted by the American Electronics Association found that "challenging work assignments" and a "favorable work environment" were the two most effective retention techniques listed by IT employees. Other aspects of a positive working environment include flexible hours, an atmosphere of mutual respect and a casual dress code.

Psychometric assessments

Scheduling psychometric assessments at random for batches of employees has been discovered to be an effective manner to delve into the mindset of a dissatisfied employee, much before the decision to quit is made.

Salary and Benefits

A competitive salary is certainly a factor in whether an IT employee stays or leaves. But other benefits can also increase your employee retention rate. HR consulting firm McConnell found that stock options, the potential for bonuses, additional vacation time, family-based leave time and basic medical and dental benefits were all factors that increased retention among IT employees. Non-monetary rewards, such as employee-of-the-month programs, were also cited as factors that increased job satisfaction and helped prevent employee turnover.

Fostering employee engagement and constant innovation

IT Professionals should be engaged through practices like autonomy, mastery, purpose, success etc. In IT sector constant innovation is a predominant strategy to keep employees attached with the company for longer period of time.

Flexibility

Flexibility is key for a multigenerational workforce. Everyone has a life outside work, and people's aspirations and expectations change over time. That's why IT firms run programmes to help people be happy both at and away from work.

Opportunity for Advancement

IT professionals are more likely to stay with a company if they believe they have an opportunity for advancement, and far more likely to leave what they consider it a "dead-end job." A company that promotes workers from within its ranks usually retains more employees than a company that is always hiring outsiders to fill top positions. Provide mentoring programs, employee development plans, training opportunities and tuition reimbursement programs to help your employees envision a positive future with the company.

CONCLUSION

The process of retention is not an easy task. There are so many tactics and strategies used by the organization to retain the employee. The basic purpose of these strategies is to increase the employee satisfaction boost employee moral and hence achieve employee retention.

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