An Analysis of Employee Retention in its Industry

Anant Singh
Research Scholar (Management), UIM, RDVV, Jabalpur MP

ABSTRACT: An effort by a business to maintain a working environment which supports current staff in remaining with the company. Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. The retention of knowledge worker has become extremely critical for the success of a business organization in the present scenario especially in the service sector with lot of people interface. HR department has to play a key role in designing the policies, practices and strategies, which can enable an organization to retain the human resources contributing significantly to the business. The present study examines the phenomenon of Worker Retention in the ITeS sector in the Tri-City of Chandigarh, Mohali and Panchkula in order to develop appropriate strategies, which can help the organizations in this sector to retain their valuable talent. The major objectives of the research are to study: Worker retention strategies followed in the ITeS industry in the Tri-city of Chandigarh, Mohali and Panchkula

Keywords: Worker Retention, ITeS sector, Job satisfaction, Worker attrition.

1. INTRODUCTION

The competencies and skills of knowledge worker have become extremely vital competitive advantage in the present day business scenario. All the professionally managed organizations make an all-out attempt to acquire, retain and develop the talent pool that they encompass.

Importance of human resources has increased manifold, firstly because of their scarce availability and secondly due to an increasing demand by the growing number of business units seeking quality talent. In this context the ability of an organization to keep hold of its vital and skilled manpower becomes extremely critical. HR department has to play a key role in designing the policies and practices which can enable an organization to retain the human resources contributing significantly to the business.

1.1 WORKER RETENTION

Worker Retention refers to retaining the Worker in the company. This is done either directly or indirectly in the company. An Worker can be directly retained when a company signs a legal Bond with the Workers for a certain period of time. This might reduce the attrition rate to an extent but increases the Recruiting rate of keeping the position vacant for a long time.

“Worker Retention involves taking measures to encourage Workers to remain in the organization for the maximum period of time.”

“Worker retention is a systematic effort by employers to create & foster an environment that encourages current Workers to remain employed by having policies &practices in place that address their diverse needs.

“Retention is the process for members or volunteers remain active with the organization. Retention is not a particularly formal process. Instead it focuses on maintaining a welcome environment, member morale, and organizational process.” (Source: Duke University-Student Affairs-Multicultural centre) Thus, Worker Retention is a systematic and organized effort by the management of an organization to retain the skilled and competent manpower acquired thereof.

1.2 IMPORTANCE OF WORKER RETENTION

When an organization has hired good people, trained them, built them into high-performing teams, it does not want to loose them. Given below is some of the rationale that describes the importance of the same: A happy organizational community.

1.2.1 REASONS BEHIND WORKER ATTRITION

There are certain circumstances that lead to Workers leaving their organization. The most common reasons can be:-

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

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

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

- **Lack of appreciation**: If the work is not appreciated by the supervisor, the Worker feels demotivated and loses interest in job.

- **Lack of trust and support**: Trust is the most important factor that is required for an individual to stay in the job. Non-supportive coworkers, seniors and management can make office environment unfriendly and difficult to work in.

- **Stress from overwork and work life imbalance**: Job stress can lead to work life imbalance which ultimately may lead to Worker leaving the organization.

- **Compensation**: Better compensation packages being offered by other companies may attract Workers towards themselves.

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

1.3 **ITeS INDUSTRY**

1.3.1 **ITeS INDUSTRY IN INDIA**

IT services and software continues to be the mainstay of Indian IT-ITeS, accounting for nearly 60 percent of industry revenues. Exports account for a majority share of the segment revenue with the US and Western Europe as the key markets. There has also been a steady growth in domestic demand, which further contributes to this segment's standing in the Indian ITeS industry. India’s supplies constitute 53 percent of the global offshore market for IT and business services. India's edge in the off shoring domain is based on factors such as availability of skilled manpower, a conducive business environment, focus on information security and operational excellence by leading IT-ITeS vendors and relevant financial structures.

A market research conducted jointly by The National Association of Software and Service Companies (NASSCOM) and leading business Intelligence Company, McKinsey & Co. suggests the robust growth of IT, IT-enabled services in India is poised for greater heights.

### 1.3.2 **STRUCTURE OF INDIAN IT/ITeS INDUSTRY**

**Table 1: Structure of IT/ITeS Industry**

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>BUSINESS MODEL-KEY CHARACTERISTICS</th>
</tr>
</thead>
</table>
| LARGE CAP Revenue>US$250 million | Mainly concentrated on Application Development& Maintenance, BPO etc.  
- Well positioned to bag large IT contracts with scalable capabilities.  
- Strong delivery capabilities across multiple verticals. Low client concentration.  
- Competes with global IT vendors such as Accenture, IBM etc. |
| MID CAP Revenue US$50-250million | Mainly concentrated on specific domain capabilities. Scale and margin pressures.  
- Increasing competition from both large & small cap players. |
| NICHE PLAYERS Focused on key niche areas of operations | Focused on developing capabilities, a specific niche domain & aspire to be a leader in that domain. |
MAJOR ITeS COMPANIES IN INDIA
 Tata Consultancy Services
 Wipro Technologies
 Infosys Technologies
 HCL
 GE
 IBM
 Dell

ESTABLISHED IT / ITeS HUBS IN INDIA
Figure 1

Figure one shows the established IT hubs in India like Mumbai, Delhi, Bangalore, Hyderabad etc.

1.3.6 EMERGING IT / ITeS DESTINATIONS IN INDIA
Figure 2

Figure 2. shows the emerging IT destinations in India like Chandigarh, Mohali, Punchkula Nagpur etc.

2, REVIEW OF LITERATURE

To develop a thorough understanding of the conceptual constructs and empirical research for the present study, extensive review of literature was undertaken. This has not only helped in identification of the gaps in the existing body of knowledge but has also enabled to establish a relationship of the present study with what already exists.

A number of researchers examine the effect of advertisement on sales and consumption. The studies of


An Analysis of Employee Retention in its Industry


The area and scope of the studies concerning the retention and turnover of Workers in the organization. Researchers used a variety of techniques and model for collection and evaluation of data. Bhatnagar, Jyotsna. (2008) used interviews and archival data as shared by the organization. Jaiswal, Anand Kumar. (2008) used qualitative methodology involving in-depth interviews. The respondents were senior managers belonging to quality or operation divisions in four large call centre’s in India. Verlander, Edward G. & Evans, Martin R. (2007) studied a framework of 12 strategies to address the Worker retention problem. Bhatnagar, Jyotsna (2007) analyze focus group interview discussion was based on reasons for attrition and the unique problems of Worker engagement. Raghu Raman, S. & Budhwar, Pawan. & Balasubramaniam, G. (2007) evaluated insights into the HR challenges involved and the ways in which they are addressed by KPOs through an in-depth case study of a KPO organization in India which specialized in offering complex analytics, accounting and support services to the real estate and financial services industries. Budhwar, Pawan S. & Varma, Arup. & Singh, Virender. & Dhar, Rohin. (2006) examined the nature and pattern of HRM systems and phase two the emerging issue of attrition. A mixed research approach comprising in-depth interviews and questionnaire survey was adopted to conduct the investigation. Kim, Soonhee. (2005) used Survey questionnaires filled from IT Workers to analyze how job characteristics, work environment, and human resource management practices influence their turnover intentions. Aggarawal, Narendra M. & Thite, Mohan. (2003) studied in-depth interviews of various stakeholders from a representative range of Indian software services organizations. Sheridan, John E. (1992) observed the retention rates of 904 college graduates hired in 6 public accounting firms over a 6-yr period.

3. RESEARCH METHODOLOGY

Research methodology is a design or plan as a guide for conducting research and to systematically solve the research problem. It includes research design, sampling procedures, data collection method and analysis procedure. Following research methodology was adopted for the present study.

3.1 RESEARCH DESIGN

Research design is a blue print or framework which specifies the details of the procedures necessary for obtaining the information needed to structure or solve research problems.

Descriptive Research Design has been employed in the present study to define the answers to what, why and how of the different dimensions of the Worker retention in the ITeS industry in the Tri-City of Chandigarh, Mohali and Panchkula.

3.2 SOURCES OF DATA

Both primary and secondary data has been collected and analyzed to present a comprehensive analysis of the phenomenon of Worker retention in the ITeS industry.

Primary sources: HR Managers of the select organizations of the ITeS industry in the Tri-City of Chandigarh, Mohali and Panchkula were personally interviewed by administering the standard questionnaire as schedules, to collect data for the present study to have first hand account of different dimensions of Worker retention in the ITeS industry.

Secondary sources: Comprehensive review of existing literature i.e., Journals, Books, Magazines, Internet and Newspapers was undertaken to know the contemporary Worker retention scenario and the research undertaken in the field so far. It enabled identification of the prevalent gaps in the existing literature.

4. FINDINGS AND ANALYSIS

To conduct the present study, the following organizations in the ITeS industry were examined to know their HR practices that affect the phenomenon of Worker Retention. The names of the organizations are presented below in the Table No. 3:

4.1 ORGANIZATIONS IN THE ITeS INDUSTRY SELECTED FOR THE PRESENT STUDY

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Organization</th>
<th>Services Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dr. IT Planets</td>
<td>Call Center Services</td>
</tr>
<tr>
<td>2.</td>
<td>Excel Callnet</td>
<td>Call Center Services</td>
</tr>
<tr>
<td>3.</td>
<td>Pugmarks Interweb</td>
<td>Design Development and Web Support</td>
</tr>
<tr>
<td>4.</td>
<td>OSI-Info-Solutions (1)</td>
<td>BPO Services in Finance Domain</td>
</tr>
</tbody>
</table>

Table 3: Respondent Organizations from ITeS Industry
As it is evident from the information reported in Table No. 3, a cross-section of ITeS organizations have been examined in the present study. The findings from such a wide range of organizations would enable a comprehensive analysis of the Worker retention phenomenon in the ITeS Sector.

As per the responses of the HR managers tabulated above in Table No. 19, it can be said that the perception of the HR managers across the select ITeS organizations w.r.t. level of Worker Attrition varies considerably as around 40% of them perceive that the level of Worker Attrition is Less than Industry Average, other 40% think that it is Same as Industry Average and only 16.6% believe that the level of Worker Attrition is More than the Industry Average.

These findings are based on the perceptions of the HR managers of the respondent organizations and are not based on any factual data collected by the researcher.

5. CONCLUSIONS & RECOMMENDATIONS

This chapter includes the conclusions followed by the recommendations.

A wide range of Worker Retention strategies have been employed in different organizations to retain their manpower and they vary from one organization to another.

Worker Retention strategies can be broadly classified into two categories i.e. monetary and non-monetary strategies. Although, majority of the organizations are employing the monetary strategies such as Performance Linked Incentives, Rewards, Increment in Salary; yet good number of innovative non-monetary practices are also being implemented to retain the manpower. These practices include Job Rotation, Job Enrichment, Exit Interviews, Participation in Management, Public Recognition of Achievements etc.

Initial handholding is critical for retaining the manpower in this industry. Therefore, the respondent organizations were observed to be closely monitoring and tracking the performance of the new Workers, providing them with weekly feedback and ensuring a friendly environment.

It has been found statistically that as the Worker gains more and more experience of working in this sector, the probability of his attrition rises significantly. On the basis of the frequency distribution, Age and Educational Qualifications were also reported to be relatively significant factors affecting the Worker retention in this industry. Contrary to the prevalent belief, Marital Status was reported to be as highly insignificant factor by one-third of the respondents.

The provision of Fair and Competitive salaries and Performance related Incentives emerged as the leading factors of Worker Retention in the present study on the basis of the frequency distribution. The non-monetary factors of Organizational Values and Beliefs also emerged as the other leading factors of Worker Retention.

All the select ITeS organizations conduct Exit Interviews. Around three-fourth of the respondents believe in the utility of Exit Interviews as a tool to reduce Worker Attrition and improve Worker Retention. Thus, it can be inferred that Exit Interviews is a highly effective tool for improving the level of Worker Retention.

Majority of the organizations reported that they have put in specific women related practices in order to retain the female Workers. The provision of Fair and Equitable Treatment as well as Security at Work Place were reported as the most significant practices implemented by the respondent organizations for retaining their female work force. Provision of Concession in the Number of Night Shifts for the women Workers was not felt to be of greater significance in relation to the other factors that were examined in the present study.

5.1 RECOMMENDATIONS

The Worker Attrition is relatively higher at the initial period of three months and then subsequently after some years when an Worker gains significant work experience. Therefore, it is strongly recommended that:

The organizations should provide handholding, care and support to the new joiners for a period when they are relatively new to the job. This support will help the organizations to improve Worker retention and avoid the cost of recruiting the new Workers time and again.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Organization</th>
<th>Services Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Vismaad Mediotech</td>
<td>Media and Animation</td>
</tr>
<tr>
<td>6</td>
<td>Kinerk Direct Marketing Solutions: KDMS</td>
<td>BPO Services</td>
</tr>
<tr>
<td>7</td>
<td>Seasia Consulting</td>
<td>Tech Support Services</td>
</tr>
<tr>
<td>8</td>
<td>Omnia BPO Services</td>
<td>Call Center Services</td>
</tr>
<tr>
<td>9</td>
<td>Tata Business Support Solutions</td>
<td>Call Center Services</td>
</tr>
<tr>
<td>10</td>
<td>Competent Synergies</td>
<td>Call Center Services</td>
</tr>
<tr>
<td>11</td>
<td>Techno Beez</td>
<td>Tech Support Services</td>
</tr>
<tr>
<td>12</td>
<td>Ecologic Corporation</td>
<td>Web Support Services</td>
</tr>
</tbody>
</table>
Similarly, the organizations should develop effective career planning programs for the Workers after they attain significant work experience in order to ensure professional developmental opportunities within the organization itself so that the Workers do not have to look for professional growth opportunities outside their organization.

As Educational Qualifications are reported to be significantly related with reduction in the retention of the Workers at the Call Center/Tech Support level, it is recommended that the organizations in the ITeS sector should not hire over qualified candidates for these positions as they are less likely to be a part of the organization for a longer time period.

Since Fair and Competitive Salaries as well as Performance Related Incentives have been reported as highly significant factors of Worker retention, the organizations should constantly monitor the salary structures and performance oriented incentives offered by the competing organizations in the same region so as to maintain parity with the competitors, thus reducing the chances of high Worker attrition.

As no single factor can be considered detrimental for attaining high rate of Worker retention, it is recommended that the organizations should look for variety of effective and suitable Worker retention strategies and practices so that their combined effect can enable the organizations in the ITeS sector to retain their Workers.

6. References:
http://www.businessdictionary.com