EMPLOYEE RETENTION STRATEGIES IN IT &ITES SECTOR IN THE NEW MILLENNIUM

ABHISHIKTH SANDEEP ABRAHAM[1], ANIL KUMAR[2] & J. NARSIMHA RAO[3]

[1]Research scholar, Department of Economics, Loyola Academy, Osmania University Hyderabad, Andra Pradesh, India

[2]Lecturer, Department of Economics, Loyola Academy, Osmania University Hyderabad, Andra Pradesh, India

[3]Professor, Department of Economics, Loyola Academy, Osmania University Hyderabad, Andra Pradesh, India

ABSTRACT

This descriptive paper seeks to highlight the innovative employee retention strategies being adopted by the IT & ITES sector. The paper is significant owing to the fact that the IT & ITES industry is plagued by a very high attrition rate and HR Managers are at a loss to understand the causes that are driving the employees to leave the organization, irrespective of the hierarchical level they are in. The paper dwells upon the psychological aspects and also attempts to gain familiarity about various perceived/alleged problems being faced by IT &ITES sector employees and the manner in which HR Managers are attempting to grapple with it by thinking out of the box and coming out with innovative solutions to retain employees. This paper takes a peek at the aspirations of employees and the attempts made by organizations to decrease the perceived/real psychological problems, thus aiming at increasing the productivity in the organization, the bottom line being that innovative HR strategies aimed at employee retention is the order of the day and is most desirable in retaining Gen-Y. Most of these strategies are all about working differently and in turn benefiting both employees and employers.

KEYWORDS: IT and ITES Sector in India, Manpower Retention Strategies, Customized HR Designs and Career Management

INTRODUCTION

The principal problem plaguing the IT and ITES sector in India is the lack of skilled manpower. HR experts manning the HR departments in various firms in the sector are racking their brains to churn out manpower retention strategies. This assumes significance owing to the fact that the cost of attrition is very high, when the reason for the high rate of attrition was enquired into it was found that apart for the hike in the pay packets of employees with each time they move from one organization to another, another most important cause was attributed to the lack of cultural fit of employees in the organization, this aspect is more significant owing to the fact that most employees hail from diverse parts of the country and hail from different cultures / backgrounds and have a low knowledge and tolerance levels about the customs, traditions and cultures of the people of other states. Recognizing the gravity of the situation, some companies are now evaluating the cultural fitment of the candidate at the time of joining the company itself, The reasoning is that if the organization gives its employees the chance to learn and grow, they'll thrive-and so will the organization.

Research has found that across all types of industries and job types, "happy" employees demonstrated 16 % better overall performance and 125% less burnout. They were 32% more committed to the organization and 46% more satisfied in their jobs. There was found to be two components of thriving-

Vitality: A sense of passion and excitement about the job. Most employees are influenced by their environment. Employees at all levels are energized by the ability to make decisions which affect their work, empowering them in this aspect gives them a greater sense of happiness. It is up-to the management to create the required conditions for thriving, this is possible through concerted attention. This is a vital aspect in employee retention. An employee expects his/her manager to acknowledge other's contribution, raise a toast to the employee where ever it is due. This act conveys a clear message that the manager is not in the business of taking undue credit for work done. This boosts the morale of an employee. We Indians are conditioned to play ourselves down, from our birth we are taught to not "blow our own trumpet", In this era of Globalization, this has just changed…In today's world, lots of opportunities come in the way of an prospective employee, but with it there is also mind boggling competition. Research has shown that people are happiest when they are appropriately challenged when they are trying to achieve goals which are difficult but not out of reach[2]. Happy employees are less absent, less likely to quit & more willing to go beyond the call of duty and attract people who are just as committed to the job. Thus resulting in a consistently high performing work force[3].

Learning: Learning can develop the employee's abilities enabling them to believe in their potential for further growth[4]. Today's employee is expected to constantly keep asking himself/herself the question 'what's keeping me back from achieving that??'Today's employee expects that in recognition of work done, he /she be given newer challenges and responsibilities, instead of seeing him as 'just an employee in the assigned role'. The employee of the twenty first century is a 'man in a hurry', he/ she wants to rise up the corporate ladder rapidly. He prefers to join an organization where there is a well laid out road map to career advancement-both within and outside the organization. Recognizing this trend amongst employees, Information technology (IT) and Information technology Enabled services (ITES) organizations are constantly endeavoring to provide their employees a well planned career growth path and other career developmental opportunities.

Flexible Work Arrangements (FWA): The days of the boss doing a double take when an employee extends his or her break can safely be considered history. Companies across industries are adopting the concept of split shift work timing, wherein employees can log out of work for up to four hours, using the time to run errands, look after children or attend classes, and return to office later in the evening. A split shift or break shift is turning out to be an efficient way for companies to attract those who can devote just a few hours each day. Flexible work arrangements (FWA) provided by employers include arrangements such as flextime work schedules, telecommuting, job sharing, compressed work week etc. which permit employees some level of control over when, at what time and where they work. Flexibility to schedule daily work gives employees more sense of control over their hours of work thus giving employees the ability to respond quickly to family emergencies and meeting responsibilities at home during the non-core hours besides helping them avoid rush hours, thereby reducing commuting time (Gottlieb et al.1998). Employers offer flexible work arrangements for a variety of reasons. According to a survey by Hewitt some of the reasons why employers offer these arrangements are: *To increase retention:* Acceding to the requests of employees who may be negatively influenced by one or more of the factors mentioned above. *Increase productivity:* Improve attendance and reduce labour turnover

For the Employees, FWA is seen as Manna on Various Counts Such as,

- **Health Issues:** Most IT employees are reported to be suffering from are stress, sleeplessness, headache, fatigue, sense of exhaustion, lack of concentration etc. Long working hours a combination of heavy workload-working to deadline schedules and lengthy travel time to and from their offices are taking a heavy toll on the health of employees. On an average an employee puts in about 11-12 hours of work per day and at times it reaches 14

hours. Such "Emotional" exhaustion adds to the physical and mental strain of the workers, leading to higher levels of stress. In this case flextime can be implemented by varying the start and end time of a standard day around core hours either on regular basis or daily adjustments.

- **Societal Issues:** Simultaneously, family life is also becoming more complex. The extended family, even in India, is slowly disappearing **(Patel 2005)**. Small nuclear families have come to stay, where both the spouses go to work. In addition, due to increased divorce rate there is an increasing number of single parent households. These asynchronous changes in working and family life result in a need for employees to continuously attempt a balancing act. Quite often work intrudes into family and social life, while at other times family pressures affect work performance (**Fu and Shaffer 2001**). Work-life balance is a broad concept including proper prioritizing between "work" (career and ambition) on one hand and "life" (pleasure, leisure, family and spiritual development) on the other. Related, though broader, terms include "lifestyle balance" and "life balance". Poor work life balance leads to many disastrous things like tardy/ bad performance, lack of motivation, more errors, absence from work and so on. The worst thing is that poor work-life balance reduces work quality and productivity without any doubt. When an employee is able to not able to give time to his family at home, he will feel stressed out at work. Work place flexibility gives the employee the freedom to choose the when, the where, and how the work gets accomplished, Thus considerably reducing stress levels besides facilitating the employee to balance his/her work and personal life. In the process enhancing his 'Quality of Life (QOL)".

- **Personal Issues**: An employee's stress levels at the work place are directly related to the employee's- Gender- Age- Ability to cope with Physical stress of the job.- Relationships with peers and managers. In all the above circumstances it is proven that work place flexibility options have been proven to deliver the desired results, these options provide a number of alternative work structures which alters the time and / or place that work gets performed on a regular basis. Recent studies and reports from hospitals indicate that most IT employees are suffering from psychological problems, depression being the most prevalent. This was followed by hallucination. The third psychological problem is reported to be loneliness. A large number of employees were victims of sleeplessness- this problem was found to be aggravated especially on weekends, owing to the fact that employees are at a loss to comprehend what is to be done, as their biological clocks would have got used to being awake at nights. FWA's allow flexibility in scheduling of hours worked, the amount of hours worked and /or the place of the actual work.

Factors Influencing Work Life Balance Environment of IT Employees in India

Bangalore based IT services firm **'Phasis'** introduced this option on a pilot project for its domestic business process outsourcing unit. Employees are allowed to work 11am to 3pm and return at 7pm to work till 11pm. Another time slot is from 7am to 10am and again from 3pm to 8pm. IT & ITES Companies are trying out various combinations to attract employees with different needs. In **'Aegis'**, a company which introduced the split shift in end-2010 on a test basis, more than 400 employees have gone in for this option in the past six months while initially only a 100 had enrolled for it. This is because it took some time for everyone to understand the concept, says a company spokesperson. It keeps employees from abandoning their service. **Apollo Health Street** rolled in its break shifts a little more than a year ago in Bangalore.

The hospital chain allows employees with more than a year's experience to come in at 8 am, work till 12 noon and

come back at 4 in the evening to work till 8pm. Experienced staff get this choice so they can man the service desks when it is most crowded and at the same time, take some time off during the slack period without hurting productivity. This will now be implemented in Hyderabad. Workforce solutions firm **Kronos** has been roped in to look at the productivity planning of a retail firm in Pune where a group of 50 women will be given the choice of break shifts so that they can utilize time in between to be with their children. Split shifts have their limitations. However such options work best in front end roles, or for customer service agents and those who work on projects where one does not need to constantly keep tabs on employees. The entire workforce cannot opt for it either, and companies allow this for more experienced staff who can handle peak times. Employees may also lack the energy to get back to work if they take the time out to visit their homes or engage in other activities that could be tiring.

Leveraging the Exit Management Process for Employee Retention

The electronic data processing branch of the worlds "Glocal"- Global Local Bank, the HSBC Bank, **HSBC EDPI Pvt Ltd** has come out with a customized exit process management where the company collects employee feedback during an exit interview at the time of an employee learning the company and remains in touch with him/ her upto a couple of months taking feedback about the job satisfaction levels of the employee at the new job (if any). This is used for making comparisons and for making the necessary corrections (if any) to the organizations H. R. Policy. The reason for this is two-fold, while on one hand the organization aims at bettering its work environment and creating a conductive work atmosphere so that its employees continue to be associated with it, without leaving and also to prove to the employees that it cares for them even as they leave the organization.

This apart, the company also has a policy wherein an employee leaving the organization can rejoin the organization within a period of two years at the same level, with the same perquisites. It is reported that several employees have availed of this benefit and have rejoined the organization after working at other places in the intermitin. From the organizational perspective, such an employee is seen to add value to it, as he/she is seen as a motivator for the other employees to remain in the organization, besides it also enhances the performance of the team/ group through the sharing of his/her experiences increasing employee retention. Thus, peer influence is one of the key retention strategies being adopted successfully in this organization.

Leveraging Self Actualization need For Retention

The approach to leadership development through personal growth is based on the humanistic assumption that individual employees would like to realize their potential. Most present day corporate HR policies are designed to encourage reflection and gain personal insight and enhance self actualization. **Siemens**, the conglomerate having presence in more than 190 countries around the globe and having a presence in diverse fields such as Information Technology, Engineering, Manufacturing and Service sectors has a HR strategy which is closely aligned with its corporate goals.

The company endeavours to constantly develop the potential of its employees on a continous basis and retain them over a long term. The company seeks to achieve this by inculcating a sense of pride and belongingness amongst its employees, in this persuit, it aims at employee retention by propounding to be an attractive employer and maintaining an outstanding employer brand. It also seeks to develop key strategic skills and capabilities in employees through training and continuing education at the highest level. The organization has a mentoring process wherein the mentor provides help to the mentee in the areas of personal development, sharing of personal experiences, self reflections besides receiving

feedback and suggestions to be forwarded to the organizations HR department.

Thus, the company seeks to promote a cordial superior – subordinate relationship based on mutual trust and iron out any employee grievances, which, allegedly is the main culprit in propelling an employee's exit. **Siemens,** also strives towards promoting and maintaining occupational safety, employee health and promoting a healthy work atmosphere. These measures ensure sustained long term performance and employee welfare. The above mentioned measures, seeks to infuse confidence in the minds of the employee and subconsciously create a psychologically and physically comfortable work environment leading to employee retention[6].

CONCLUSIONS

In order to retain today's Gen Y, a combination of several retention strategies are to be adopted, one of the retention strategies is to expose an employee to a variety of experiences, which in turn would help build up the capabilities of employees, their inter personal skills and make them comfortable for operating across cultures in a better and efficient manner. The aim of FWAs should be no only to decrease Work Family Conflict and enhance work life balance, but take it one step further by looking at positive outcomes (e.g. engagement, facilitation) of these arrangements when they are combined with the appropriate organizational culture.

As proven by research, FWA solutions enhance productivity and efficiency of the employee by giving them the freedom to choose their most productive work time. While this implies reduced healthcare costs for the employee, it extends the benefits of business continuity, reduced attrition, replacement and facilities cost for the employer. Research on FWAs suggests that they have positive outcomes such as lower work-family conflict, and better work-family balance. Use of FWAs is related to positive outcomes for organizations such as lower staff turnover and increased job satisfaction. Furthermore, as seen in a meta-analysis conducted by Baltes et al. (1999), he demonstrated that FWAs were positively related to employee productivity, satisfaction with work schedules and overall job satisfaction, and negatively associated with absenteeism. In the Indian Context, which is characterized by nuclear family's it is desirable that the FWA must include some aspects like job sharing, compressed work week, career breaks, sabbatical, part-time, telecommute options, and phased return from leave (maternity, short term disability, long term disability).

There is a need for more guidance to employees who are affected with these problems to encourage them to take up FWA's. For Organizations fighting it out in this competitive market to hire and retain the best, FWA is certainly turning out to be trump card. There is a need for the creation of a psychologically and physically comfortable work environment as a precursor to employee retention. This can be brought about by laying emphasis on occupational safety, employee health and promoting a healthy work atmosphere also by propounding to be an attractive employer and maintaining an outstanding employer brand. There is also a need to develop key strategic skills and capabilities in employees through training and continuing education at the highest level. As seen in the case of HSBC EDPI Pvt. Ltd. Peer influence is one of the key retention strategies being adopted successfully. It is observed that employees are on the look-out to be associated with organizations which promote a work atmosphere where an opportunity is afforded to the employee to test his/her potential to handle higher roles with ease and at the same time satiate their ego, hence corporates proactively should seek to develop such measures which helps boost employee morale and self esteem.

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