EMPLOYEE RETENTION STRATEGIES AND ITS IMPACT ON EMPLOYEE PERFORMANCE IN SELECT IT COMPANIES

Mr. Sake Chandrayudu*   Dr.M.Mutayala Naidu**
*Ph.D Research Scholar, Sri Krishnadevaraya Institute of Management, Sri Krishnadevaraya University Ananthapuramu.
**Professor, Sri Krishnadevaraya Institute of Management, Sri Krishnadevaraya University, Ananthapuramu.

Abstract
The employee retention is the latest buzz in the Indian industries. Due to increasing competition among the companies, the companies have been making the employees to strive more for achieving the objectives set by the company. In the makeup, the employee is leading dissatisfaction, facing the problem of stress and discomfort leading to turnover rate. Higher turnover rate especially in the IT industry is putting challenges for the IT companies to cope up the remedial strategies. The present study is based on 3 select IT companies, where the retention strategies have been studied and presented. The paper is based on secondary data sources.

Key Words: Attrition, Turnover, Retention, Satisfaction, Stress.

Conceptual Overview of Employee Retention

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. 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. **Research says that most of the employees leave an organization out of frustration and constant friction with their superiors or other team members**. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors.

Need and Importance of Employee Retention

Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work. Employee retention has become a major concern for corporate in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

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 joinee is completely raw and the management really has to work hard to train him for his overall development. It is a complete wastage of time and money when an individual leaves 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.

Research Paper
Impact Factor: 5.646
Peer Reviewed & Indexed Journal
www.ijmsrr.com

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

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.

Need and Importance of the Study
The competitive digital business landscape is forcing organizations to become better at recognizing the workforce skills they will need, well before they need them. When companies become reactive in filling key jobs, they have a hard time securing critical talent at the moment of need. The result is they lose out on key hires to companies that have articulated their talent requirements. The statistis on turnover rate of the employees states that the Information Technology Industry has been suffering high with high turnover rate, in this scenario, the paper presents an attempt to study in-depth on the retention strategies adopted by the select IT companies.

Objectives of the Study
The study focuses on ananlyzing the turnover scenario in the IT industry in general and in particular to select IT companies. The study further makes an attempt to study the company wise retention strategies applied by the select IT companies for reducing the turnover rate. The study is based on the secondary data sources collected from the annual reports of 3 select IT companies and the articles presented in journals, news papers and websites.

Industry wise Attrition Scenario
According to the report of Michael Booz(2018), Tech companies (software, not hardware) had the most turnover over in 2017 with a 13.2% rate. Retail—a historically high-churn sector—follows closely behind at 13.0%, while media/entertainment (11.4%), professional services (11.4%), and government/education/nonprofit (11.2%) round out the top five. Over the last few years, these sectors have consistently seen the highest turnover rates.
While tech, retail, and media may have the most "liquid" workforces, each one sees talent turnover for very different reasons.

Table-1: Sector Wise Turnover Rate during 2017-18

Sl.No.	Sector	Average Turnover Rate
1.	ITES	13.2
2.	Retail and Consumer products	13.0
3.	Media & Entertainment	11.4%
4.	Professional Servics	11.4%
5	Government/EduNon-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: Business LinkedIn Report on Industry wise Turnover rate, 2017-18.

Company wise Retention Strategies: The company wise retention strategies adopted in the last five financial years is presented here.

Retention Strategies of TCS

The TCS company has its own unique strategy to tackle with the attrition rate. The Company has more than 350,000 employees around the world today, nearly six times the number of 10 years ago, and other companies have used to retain the best people, as well as hire new ones before there is a run on them.

Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. While setting up the packages, the following components should be kept in mind: 142 Salary and monthly wage: It is the biggest component of the compensation package. It is also the most common factor of comparison among employees. It includes Basic wage House rent allowance Dearness allowance City compensatory allowance Salary and wages represent the level of skill and experience an individual has. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employee's performance and his contribution to the organization. Bonus: Bonuses are usually given to the employees at the end of the year or on a festival. Economic benefits: It includes paid holidays, leave travel concession, etc.

TCS provides long term incentives include stock options or stock grants. These incentives help retain employees in the organization's startup stage. Health insurance is a great benefit to the employees. It saves employees money as well as giving them a peace of mind that they have somebody to take care of them in bad times. It also shows the employee that the organization cares about the employee and its family. It includes payments that an Employee gets after he retires like EPF (Employee Provident Fund) etc.

It may include employee assistance programs (like legal assistance, etc.), discounts on company products, of a company car, etc. Growth and development are the integral part of every individual's career. If an employee cannot foresee his/her path of career development in the current organization, there are chances that (s) he'll leave the organization as soon as (s) he gets an opportunity. TCS knows that the work profile matters a lot for its employees therefore it tries to give its employees the position which synchronizes with their capabilities. The profile should not be too low or too high. N When an employee formally indicates a desire to resign, the HR executives can choose from many different retention strategies to prevent the resignation of that employee.

Apart from such targeted (individual-specific) retention efforts, there are other, broader means at the disposal of HR to reduce impact of attrition.

Some of these are
1. Proactive identification (in advance) of employees at high risk of attrition
2. Training and deployment for "back-up" team members for critical tasks and core employees Improved and effective knowledge transfer mechanisms
3. Creation and implementation of a succession plan for leadership positions, etc.
4. Preparation of a comprehensive and optimized attrition-handling plan, to mitigate the aftereffects of predicted attrition.

Employee Retention Strategies in Infosys
The company's attrition rate has been the highest among employees with 3-5 years' experience. Infosys has taken various steps in terms of skilling its workforce, to address the rising attrition levels. Infosys has created something called digital tags—essentially digital skill sets that employee can learn. The company has identified a set of 32 skill sets in areas such as cloud architecture and internet of things, wherein the company has created specific learning pathways for each of these skills sets. The employees get a certification and a skill tag.

Infosys is also focusing on early career growth of employees with incentives such as "early career rewards" so that they are clear about their growth path within the organization in the first few years itself.   The company has also launched what it calls "bridge programmes", which enable employees to pick up alternative skills, which in turn brings higher compensation. The scheme is expected to help in upskilling to meet the demands of the future as well as open up more career options, especially for young employees.

Infosys, India's second largest software company, has built a predictive tool to identify performers, measure organisational health, and seek and retain talent. The company has developed an algorithm that can give them a heads-up on people at the risk of attrition. This approach enables managers to make personalised retention solutions for individuals.   Infosys also faced 21 per cent attrition and attrition of high performers had declined to 11.2 per cent during the quarter. Along with reporting and deepdive analysis, Infosys has been using big data and predictive analytics to formulate a retention strategy. The company has forumated the talent models to understand current talent mix, inflow and outflow of talent, internal to external hiring mix, and the impact of these on operations.

Employee Retention Strategies of Wipro Technologies
Wipro has launched one of its biggest employee-retention programmes, aiming to stem the exodus of experienced executives by offering them a chance to study at some of the nation's premier engineering and management colleges. The "Notch Up" programme is the second major initiative by India's third largest software exporter this year to retain employees with five or more years of experience, as the rate of people leaving the company from this group is higher than Wipro's overall attrition .

Under the new programme, launched in the second quarter that started in July, Wipro offers employees who have put in more than two years at the company a chance to do Masters at Pune based Symbiosis, Pilani's Birla Institute of Technology and Science or VIT University in Vellore. The company has also partnered with ICFA to offer a two-year regular programme in professional accounting. Indian IT major Wipro has promised to pay a retention bonus of Rs 1 lakh to the freshers hired from campus placements this year who complete one year with the company. The decision has been taken to counter the high attrition rates prevalent across the IT industry.

Wipro has reportedly given bonuses to the tune of Rs 1 lakh each to its junior employees with experience of up to three years who have worked with the firm since the time of their campus placements. The Wipro has given 10 per cent hike to employees with three to fthe company years of experience in the company. Those with digital skills have also been given reasonable increments. However, the company has not given any hike to low-performers. Wipro's delivery managers and those in leadership levels have got a raise between 4 to 5 per cent.The move comes as the company seeks to expand its digital base in the country and retain engineers with expertise in areas such as cloud, digital, as well as business segments. The IT service rivals - Infosys, Cognizant, TCS and

Wipro - often lose employees to each other. The trend of junior employees switching companies for small hike has become a concern for IT firms.

In the quarter ended June 30, 2019, Wipro hired around 6,000 freshers. Meanwhile, the quarterly annualised attrition of the company went up to 17.9 per cent due to employees leaving for wage hikes and other reasons. Wipro's rival, Infosys also witnessed strong attrition at 23.4 per cent during March quarter. Among these top IT firms of the country, TCS has least attrition rate at 11.5 per cent. In the last three years, firms like Infosys, HCL, Wipro and Cognizant have invested millions of dollars to train existing workforce in new technologies and redeploying them in projects.

Conclusions
However, to keep good people and identify the new crop that companies will need, HR executives will have to let go of many traditional hiring and retention practices–methods established at a time when detailed, up-to-date information on employee value, attitudes and company job needs were either missing or locked up in file cabinets stuffed with paper records. companies need to rethink traditional ideas about recruiting and hiring, stress the business value of internal training, and make the HR organization more agile. HR executives, in particular, have an unprecedented opportunity to help business unit managers solve two of their biggest talent challenges: retaining their most valuable employees and determining what new skills they will soon need before competitors do.

The study on the employee retention strategies of 3 companies clearly suggest that, all the 3 IT companies such as TCS, Wipro and Infosys have been clearly concentrating on the Employee Benefits as the primary factor for employee retention. Most of the present day scenario of attrition mainly causing due to lack of satisfaction of the employee towards work, work pressure, lack of financial growth, hence the companies must look into these aspects also while preparing the retention strategy.

References
1. Jack J Phillips and Adele O Connell(2004),"Managing employee Retention- A Strategic Accountability Approach, British Library Calaloguing in Publication Data, Elsevier, HR Society for Human Resource Management, UK.
2. S.T. Vasantham and C Swarnalatha, "Employee Retention in Organization related to Human Resource Management", Laxmi Book Publications, New Delhi.
3. Suresh Chandra.Ch and Kalyani M, "Impact of Work Life Balance on Employees- A Study on Constratints & Cope up Strategies, International Journal of Recent Research Aspects ISSN: 2349-7688, Vol. 1, Issue 2, September 2014, pp. 210-219
4. https://economictimes.indiatimes.com/tech/software/tcs-maintains-best-employee-retention-rate/articleshow/2179065.cms?from=mdr
5. https://www.businesstoday.in/buzztop/buzztop-corporate/wipro-offers-rs-1-lakh-bonus-to-junior-employees-amid-high-attrition-rate-in-company/story/365507.html
6. https://www.business-standard.com/article/companies/infosys-builds-tool-to-predict-attrition-help-in-retaining-top-talent-116081101430_1.html
7. https://economictimes.indiatimes.com/tech/ites/wipro-launches-staff-retention-plan-to-tackle-attrition-to-facilitate-further-academicpursuits/articleshow/44965747.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
8. https://business.linkedin.com/talent-solutions/blog/trends-and-research/2018/the-3-industries-with-the-highest-turnover-rates.