A STUDY ON EMPLOYEE RETENTION IN IT SECTOR WITH SPECIAL REFERENCE TO RELIGARE TECHNOVA GLOBAL SOLUTIONS, BANGALORE.

BY

G.GEETHA LAKSHMI.

Roll. No.0701MBA2180

Reg. No.68107100477

A PROJECT REPORT

Submitted to the

FACULTY OF MANAGEMENT SCIENCES

In partial fulfillment for the award of the degree

of

MASTER OF BUSINESS ADMINISTRATION

CENTRE FOR DISTANCE EDUCATION

ANNA UNIVERSITY CHENNAI

CHENNAI 600 025

APRIL, 2009.

BONAFIDE CERTIFICATE

Certified that the Project report titled "**A STUDY ON EMPLOYEE RETENTION IN IT SECTOR WITH SPECIAL REFERENCE TO RELIGARE TECHNOVA GLOBAL SOLUTIONS**" is the bonafide work of Ms.**G.GEETHA LAKSHMI** who carried out the work under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.
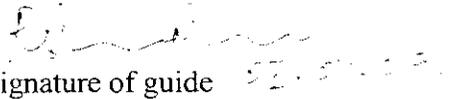

Signature of student

G.GEETHA LAKSHMI

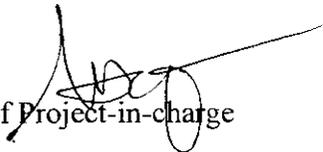Roll No. : 0701MBA2180

Reg. No. : 68107100477

Signature of guide

Mrs. R.HEMA NALINI

Lecturer of Business School

Kumaraguru College of Technology

Coimbatore.

Signature of Project-in-charge

Dr. S. V. DEVANATHAN

DIRECTOR of Business School

Kumaraguru College of Technology

Coimbatore.

DIRECTOR
KCT BUSINESS SCHOOL
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE - 641 006

Certificate of Viva-voce-Examination

This is to certify that **Ms. G.GEETHA LAKSHMI** (Roll No. 0701MBA2180); (Register

No. 68107100477) has been subjected to Viva-voce-Examination on

.........10.05.09.....(Date) at ....(Time) at the Study centre Kumaraguru
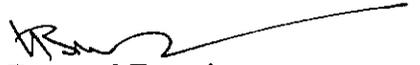
College of Technology, Coimbatore.

Internal Examiner

Name : Mrs. HEMA NALINI. R MBA, Phil(PhD)

Designation: Lecturer, KCT BUSINESS SCHOOL

Address : KCT BUSINESS SCHOOL

External Examiner

Name : Dr. V. R. NEDUNCHEZHIAN

Designation : Prof & Head, Dept of ...

Address : KARPAGAM COLLEGE OF EI...

Coordinator

Study centre

Name : Dr. S. SADASIVAM

Designation : DEAN (ACADEMIC)

Address : Kumaraguru College of Technology

Coimbatore, 6.

CO-ORDINATOR.
KCT STUDY CENTRE.
CDE ANNA UNIVERSIT' CHENNAI
KUMARAGURU COLLEGE OF TECHNOLOGY,
COIMBATORE 641 006.

Date : 10.5.09

ACKNOWLEDGEMENT

The successful completion of my project would be inadequate if I failed to mention those who made it achievable.

I express my sincere gratitude to the **Director B.N.Sankar , Centre for Distance Education, Anna University, Chennai,** who has been the backbone behind every event of the department, and for his constant encouragement in all endeavors.

I would like to thank **Prof.S.V.Devanathan,Phd, Director of Business School, Kumaraguru College Of Technology,** who has been a silent source of energy for all the activities under taken.

My special thanks to **Prof.A.Senthil Kumar, Co-ordinator of KCT Business School,** for his whole hearted support and guidance.

I feel extremely privileged that I completed my project under the guidance of **Mrs.R.Hema Nalini, Lecturer of KCT Business School,** who spent her quality time to make me understand different ways to approach the research problem.

I would to like to thank all the Employers & Staff members of **Religare Technova Global Solutions, Bangalore,** for their kind co-operation rendered during data collection phase.

Last but not the least I would like to thank my **Family** and **Friends** who have always extended their support.
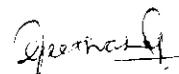
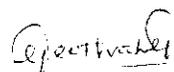Signature of the Candidate

G.GEETHA LAKSHMI

ABSTRACT

The report is the outcome of the project entitled "A Study on Employee Retention in IT sector" with special reference to Religare Technova Global Solutions.

To retain employees the rate of attrition must be reduced. Attrition is a HRM term that describes the rate of reduction in the number of employees through retirement, resignation or death.

The primary objective of the study is to identify the factors which help to control the Attrition. The design of this research study is descriptive in nature. The respondents included are managers, supervisors and staff members of the company. The sample size consisted of 100 samples. The data for the study was both primary and secondary in nature. The researcher collected the primary data through questionnaire and secondary data from journals, magazines, web sites. For analyzing the data chi square analysis, rank correlation coefficient, percentage analysis tools were used.

From the detailed study the researcher examines the factors which help to control attrition in the industry. The factors are compensation packages, free food and transportation facilities, and higher education options, recreation facilities, eliminating hierarchies, good carrier progression, better working conditions, exposure to latest technologies, better superior subordinate relationship. Proper suggestions and recommendations have been provided to managers with the view to improve employee retention.

Signature of the candidate

G.GEETHA LAKSHMI

TABLE OF CONTENTS

Chapter	Title	Page No.

LIST OF TABLES:

LIST OF FIGURES:

Chapter 1
INTRODUCTION

CHAPTER 1

INTRODUCTION

1.1 IT-SECTOR – OVERVIEW

India has a new mantra-Information Technology- and almost everyone as started chanting it. This mantra has its roots in the "passionate and strategic infection" spread by unrivalled success of Indian exports lead software industry. This passionate infection has no only made software sector as one of the high value addition and net foreign exchanging earning industry, but as created history of sorts on the Indian stock exchange. The potential of its high capacity to generate wealth, foreign exchange and employment has already caught the imagination of India's businessmen, citizens, economists, bureaucracy and politicians alike. Software driven IT industry is today at the top of India's economy.

Pioneering work done by Indian software companies using the high speed datacom links brought in new paradigms of offshore software development. Indian software and services industry's strong value proposition - existence of a large, English speaking, technically qualified manpower, competitive building, high productivity gains and scalability – which had helped the country emerge as a key IT services outsourcing destination, continue to hold India in good stead. These intrinsic strengths and advantages gave India a leg up in the burgeoning ITES – BPO space as well, taking it beyond the realms of IT services.

1.2 INDIAN IT INDUSTRY: NASSCOM ANALYSIS

1.2.1 Highlights

Industry performance was marked by sustained double-digit revenue growth. The sector closed the year at record levels, with the revenue aggregate growing by nearly ten times over the past ten years

Positive market indicators include large unaddressed white-spaces and the unbundling of IT-BPO mega-deals with increasing shares of global delivery. Strong optimism of the industry to achieve its aspired target of USD 60 billion in exports by 2010.

Figure 1.2.1 Showing IT Industry Performance over the Last Ten Years
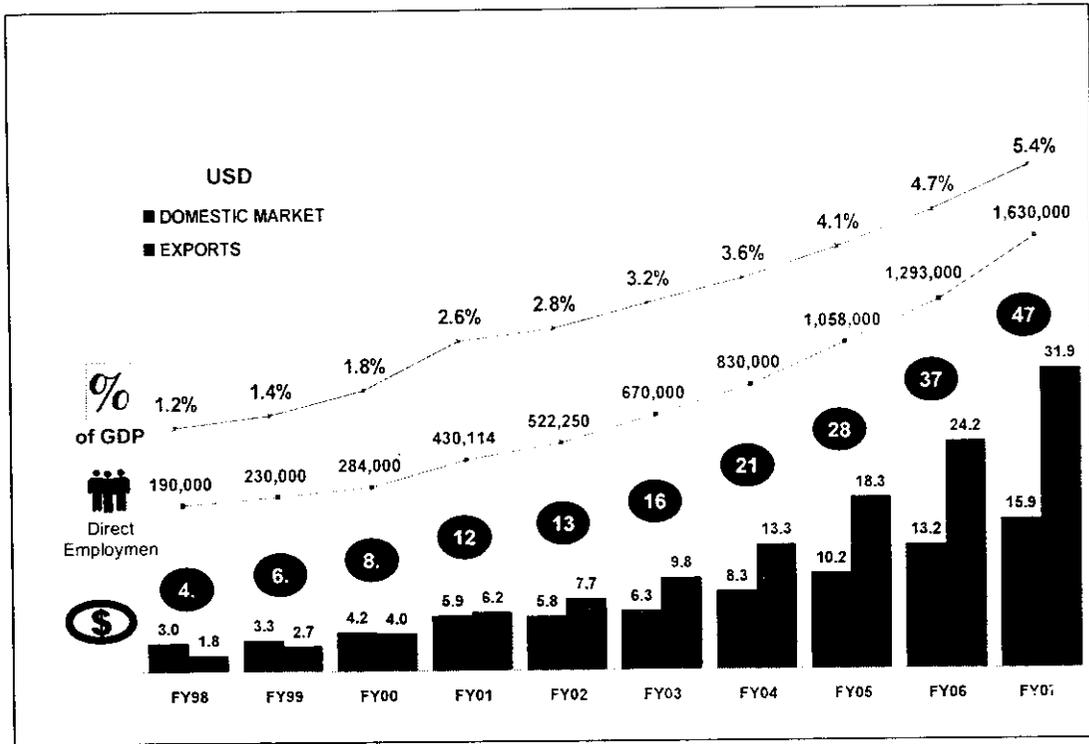
USD billion	FY 2006	FY 2007	FY 2008 P
IT Services	17.8	23.6	30-31
Exports	13.3	18.0	-
Domestic	4.5	5.6	-
Eng Services and R&D, S/W Prods	5.3	6.5	~8
Exports	4	4.9	-
Domestic	1.3	1.6	-
ITES-BPO	7.2	9.5	11-12
Exports	6.3	8.4	-
Domestic	0.9	1.1	-
Total Software and Services Revenues	30.3	39.6	49-50
Of which, exports are	23.6	31.4	39-40
Domestic	6.7	8.2	~10
Hardware	7	8.2	-
Total IT Industry (including Hardware)	37.4	47.8	-

Total may not match due to rounding off

*NASSCOM estimates have been reclassified to provide greater granularity

Historical values for a few segments have changed due to availability of updated information

Table 1.2.1 Showing IT Industry-Sector-wise break-up

1.2.2 Growth in Revenues

As a proportion of national GDP, the Indian technology sector revenue has grown from 1.2 per cent in FY1998 to an estimated 5.5 per cent in FY2008. Net value-added by this sector, to the economy, was estimated at 3.3-3.9 per cent for FY2008.

Rank	Company
1	Tata Consultancy Services Ltd.
2	Infosys Technologies Ltd.
3	Wipro Technologies Ltd.
4	Satyam Computer Services Ltd.
5	HCL Technologies Ltd.
6	Tech Mahindra Ltd.
7	Patni Computer Systems Ltd
8	I-flex Solutions Ltd
9	Mphasis an EDS company
10	L&T InfoTech Ltd.

Source NASSCOM

Table 1.2.2 Showing Top 10 Software Companies in India FY 07-08

1.2.3 Domestic Market Matures

Domestic IT market (including hardware) reached 23.1 billion in FY2008 as against USD 16.2 billion in FY2007, a growth of 43 per cent. Hardware remained the largest segment of the domestic market with a growth rate of 44 per cent in FY2008. Software and services spending supported by increasing adoption, grew by over 41 per cent during the year.

1.2.4 Going forward

For India to fully capitalize on the opportunity and sustain a disproportionate lead in the global IT, stakeholders need to continue working towards timely and coherent execution of initiatives to address supply-side concerns across the following areas,

➢ Augmenting Talent Supply

➢ Creating world-class infrastructure

➢ Strengthening information security

➢ Enhancing operational excellence

➢ Providing regulatory support

➢ Catalyzing domestic market development

➢ Fostering an ecosystem for innovation

Figure 1.2.4 Showing IT Industry targets

CAGR	PERIOD	∎DOMESTIC MARKET*	∎EXPORTS*	TOTAL
10 YR TARGET	FY00-10	22.1%	31.2%	28.9%
ACHIEVED	FY00-07	23.3%	34.4%	31.4%
REQUIRED	FY07-10	19.3%	24.1%	23.2%

* Includes IT Software and Services, ES and Products,

60

39-40

23.6

13-15

12.8

USD Billion

9-10

6.0

7.7

6.2

3.9

1.9 4.0   2.5   2.6

FY00   FY01   FY02   FY04   FY06   FY08P   FY10^

^NASSCOM McKinsey Study
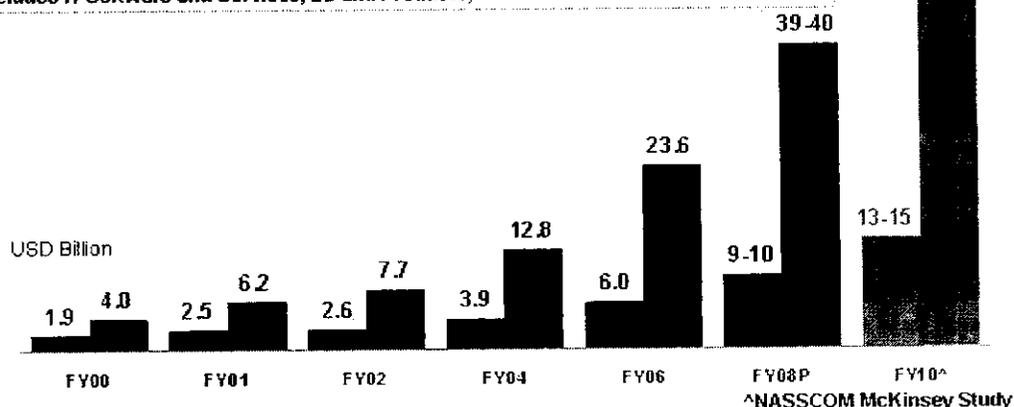
1.3 RELIGARE TECHNOVA GLOBAL SOLUTIONS

RELIGÁRE techn()va

Religare Technova Global Solutions is a leading provider of IT services to clients globally. During the two decade long period of its existence, Religare Technova Global Solutions has provided solutions for dynamic environments where business and technology strategies converge.

Leveraging on our rich expertise in providing financial content & technological solutions to a wide array of clients, we are now poised to take the next leap by serving offshore clients. On this end, we have floated an offshore development center in India, which will cater to a clientele spread across the globe. Needless to say, our development center prides in a state-of-the art infrastructure and a competent workforce comprising of experienced professionals who have worked extensively in the areas of IT services across various Technology platforms and tools.

Our approach extends our innovative technological capabilities to clients across all domains. Religare Technova Global Solutions solutions expand to cover the entire spectrum of IT, Investment Software Products and Financial Analysis services. In order to serve our clients more efficiently, Religare Technova Global Solutions has split its strategic business units into 3 distinct focus areas:

- Knowledge Management Services
- Financial Technology Solutions
- Offshore Services & Support

1.4 BACK GROUND STUDY

Call it short-sightedness, but the fact is that the country's software lads, between 21 and 30, join an information technology (IT) company today and quit, in a few weeks to join another. There's a backlog of projects in most IT departments as the employers lose their employee base. But what causes this high rate of employee turn-over in IT industry? What are the reasons behind this rapid erosion of loyalty factor? Should this be left untouched and unanswered? Can anything be done about it? We are trying to find out solutions to all the above questions through our research- A 360° View of Attrition.

1.4.1 What is Attrition?

- ➤ A reduction in the number of employees through retirement, resignation or death is called Attrition.
- ➤ Attrition is also known as a gradual, natural reduction in membership or personal, as through retirement, resignation or death.
- ➤ Attrition is also called total turn over or wastage rate.

Definition of Attrition Rate

The rate of shrinkage in size or number of employees is known as Attrition rate. It is usually expressed in percentage.

1.4.2 Types of Attrition

Though our study has relieved numerous causes for attrition, we would like to broadly classify them into three types.

- ➤ *Market Driven* – based on the demand for a particular skill. The typical initial reaction by employers to market driven attrition is to increase wages, offer better benefits, escape the market by relocation or site migration or relax hiring standards.
- ➤ *Workload or Stress Driven* – on the actual capacity to perform the work required. This is when there are not enough of the right people.
- ➤ *Process Driven* - variables associated with job design and/or the organization. In some industries and organizations there is a belief that attrition has always been there and always will be there. Addressing this scenario produces the most lasting results.

1.4.3 Causes of Attrition

Several situations work together to cause attrition. Often these are a combination of challenges to employees' inherent loyalty and job design. During our research we found that the causes of Attrition vary at the different levels of Entry, Middle and Top level. This may be due to a number of factors. The attrition at the entry level as well as at the middle levels seems to have some factors in common.

1. Compensation Package: The compensation package offered to an employee plays a vital role in attrition. This determines whether an employee chooses to stay or leave.

2. Work Pressure/ Nature of job: The amount of work pressure employees have is also instrumental in leading to attrition. If employees feel stressed out due to the workload thrusted on them they tend to look for a change. This does not hold good for IT software sector. But over-night stay in offices for meeting the project deadlines without any additional pay can be a factor in making the employee thinks of going for greener pastures.

3. Superior-Subordinate Relationship: It is said that people leave their bosses, not organizations. When employees are happy with their superiors they choose to stay, if not they look for a switch.

4. Glass Ceiling: A company tends to have a Glass ceiling i.e. after a certain time the growth of an employee & the growth of the company becomes a mismatch

5. Opportunities to work with Advanced Technologies: The opportunities to work with new and improved technologies have a bearing on the mindset of employees in influencing their decision with regards to their continuance in an organization. In other words, employees are always keen to explore advanced technologies to improve themselves and if they are denied this opportunity they tend to leave.

6. Lack of Adequate Facilities: If employees are not provided adequate facilities, they decide to leave an organization. These include Transport facilities, Canteen facilities, proper workstations etc.

7. Employee poaching: In an industry where there is a cut-throat competition for acquiring knowledge workers, it is been done by some companies in lot easier manner by poaching skilled workers of their competitors. Why is it done so? Well, the answer is simple-They get people who are trained and ready to work.

8. Domestic circumstances: It comes outside the control of any employer, as is the case when someone relocates with their spouse or partner. It was interesting to find out that the reasons for employee attrition at the higher levels were entirely different from those at entry and middle level employees. Top talented employees recognize they represent a valued organizational asset. When their loyalty deteriorates, the tendency to switch organizations increases. We have segregated the various reasons into the following points

➤ **Ego Clashes:** There is huge amount of EGO clashes between peers & teams. which causes roadblocks resulting in avoidance which leads employees to switchover to new pastures. Difference of opinion with the board of directors and shareholders can also lead to top level people leaving the company.

➤ **Head Hunting:** Traditionally Head Hunting services have been reserved for highly paid, senior appointments, VIZ:- Managers, AVP, VP and more high caliber /lateral profiles. Head-hunting is associated with higher degree of the industry knowledge and a more specialized less blanket approach. Since head hunting involves someone at senior leave they will come to know the business strategies of their competitors. Damage caused will be very high.

➤ **Brand name/ Status/ Power:** People are always attracted towards brands. They feel that it is a matter of pride being in a better brand. People leave the job for brand name with the hope of getting good opportunity apart from the CTC. Of course, the big companies also gives them good infrastructure and working conditions.

➤ **Fulfillment of Vision:** In the due course of employment, some people tend to realize that their job profile does not go in-line with their vision. In order to fulfill their cherished dreams, they walk out of their employment. Some top level managers even dare to go beyond starting their own business in the same industry to compete with their previous employer.

1.4.4 Calculating employee Attrition

There are no standard formulae for calculating attrition. The approach to this calculation might vary from organization to organization. While a few techniques are common, there are no proven theories. Some of the most commonly used formulae are discussed below:

TYPE A:

$$\frac{\text{Total Number of Resigns per month (Whether voluntary or forced) X 100}}{\text{(Total Number of employees at the beginning of the month+ total number of new joinees - total number of resignations)}}$$

TYPE B:

$$\frac{\text{Total Terminations in a month}}{\text{(Total Head Count at the beginning of the month) + (Total New Hires)}}$$

TYPE C:

$$\frac{\text{Total No. of employee left X 100}}{\text{Total No .Of employees present}}$$

TYPE D:

$$\frac{\text{Number of employee separations-involuntary separations X 100}}{\text{Average employee count}}$$

$$\text{Avg. employee count} = \frac{\text{January month strength + December month strength}}{2}$$

The Truth and Fallacy behind the Attrition Calculations

The high attrition rate in the IT industry has always been its greatest concern and a subject of much analysis and debate. Organizations use different methodologies for calculating their turnover rate. It is a known fact that turnover calculation is a grey area which does not always depict the true picture. Disclosure of the figure not only has a direct impact on the business but also affects employee morale and productivity. Significantly, it might also trigger a chain reaction - a high attrition rate will lead to more people leaving the organization, while a lower rate will act as a retention strategy. It is therefore not surprising that most industry observers are skeptical when organizations 'disclose' their employee turnover.

The attrition rate remains a debatable area as there is no standard formula to calculate it. This can be ascribed to many factors.

➤ Many firms may not include attrition of freshers who leave because of higher studies or within three months of joining.

➤ In some cases, attrition of poor performers may also not be treated as attrition.

➤ Some companies do not take into account people leaving them during the probationary period. In most cases probation period extends to first 6 months. Essentially, the attrition number is also a stock/analyst statement and is prone to dressing up.

1.4.5 How to Calculate Cost of Employee Attrition?

Our research has brought out the following method that takes into account expenses involved in replacing an employee leaving an organization.

A. Recruitment Cost

The cost to your business when hiring new employees includes the following five factors plus 10 percent for incidentals such as background screening:

➤ Time spent on sourcing replacement

➤ Time spent on recruitment and selection

➤ Travel expenses, if any

➤ Re-location costs, if any n Training/ramp-up time

➤ Background/reference screening.

Additionally, for the positions that are billable, there is a lost opportunity cost.

This can be done using the revenue factor.

B. Training and development cost

To estimate the cost of training and developing new employees, start off by looking at the cost of new hire orientation. This will mean direct and indirect costs, and can be largely classified under the following heads:

➤ Training materials

➤ Technology

➤ Employee benefits

➤ Trainers' time.

C. Administration cost

Additionally, you may want to measure the per-employee cost to:

➢ Set up communication systems

➢ Add employees to the HR system

➢ Set up the new hire's workspace

➢ Set up ID-cards, access cards, etc.

To estimate the learning curve or productivity cost, estimate the average amount of time it takes an employee in a new position to get up to speed and produce at the average rate for the organization. If it takes a new employee six months to reach average productivity, the average productivity loss is 50 percent. Use your annual revenue factor result and multiply it by the productivity loss.

The result of these costs (and an additional 10 percent to cover other hiring costs such as background checks, credit checks, drug screening, and other administrative costs) can give you fairly accurate calculation of turnover cost.

1.4.6 Consequences of Attrition

Attrition normally brings decreased productivity. People leave causing others to work harder. This contributes to more attrition, which contributes to increasing costs, lower revenue. This often forces additional cost reductions and austerity measures on an organization. This in turn makes working more difficult, causing the best performers with the most external opportunities, to leave.

Big or Small: Who Bleeds More?

Attrition causes bleeding to everyone. But who gets affected more? Our intense research has revealed the answer to the puzzle. Migration is particularly rampant in small firms. Small firms are the real sufferers, losing good people to larger firms even before the employees can settle down in the company. In fact losing people has become routine in small firms, so that if nobody leaves on a day, it is celebration time. The poaching works like a food

chain. As big players poach on the employees of smaller companies and the smaller ones poach on yet smaller firms and start-ups. Smaller firms have now adapted to taking in and nurturing talent, keeping them productive for about 18 months to three years and then passing on a large proportion of the talent to large firms handling multimillion dollar projects. This is the 'circle of life' as defined in terms of software and IT personnel.

Attrition has been known to exist all along. However, when jobs were scarce, the technology change was less rapid. Voluntary attrition was small and companies managed it. However, with technology changing rapidly and manpower costs increasing, small companies do not think strategically in terms of recruitment, placement and retention.

Attrition hurts them badly, and it is a strategic failure. Small software companies are today a good place for big players to poach on trained employees. The smaller one sow the seeds, and the big players enjoy the fruits.

Smaller firms have more intensive training programmes, which is required to bring employees quickly 'up-to-speed' and develop a hands-on attitude from a domain expertise perspective. For example, the concept of 'bench' (employees without a project) is almost alien to smaller firms. Here, talented people get spotted faster, are nurtured better, and become important team members faster. This, often, makes ordinary people perform extraordinary work. And since, despite the extraordinary work, they do not have deep pockets, they are susceptible to migration.

The brighter side of attrition

Some employee turnover positively benefits organizations. This happens whenever a poor performer is replaced by a more effective employee, and can happen when a senior retirement allows the promotion or acquisition of welcome 'fresh blood'. Moderate levels of staff turnover can also help to reduce staff costs in organizations where business levels are unpredictable month on month. In such situations when business is slack it is straightforward to hold off filling recently created vacancies for some weeks.

1.4.7 Leaders and Managers: Role in Attrition

There has been a phenomenal change in employee perception of "loyalty" over the last decade and is especially true of knowledge workers. What the organization can expect from an employee has dramatically changed from "loyalty" to "commitment-to-cause" and so has the factors causing them.

Who then, in an organization, is the custodian of an employee's commitment-to-cause? Without a second thought you can conclude that it is the HR department and the immediate manager of an employee who can most influence this factor and that is where crisis of leadership is hurting IT organizations the most, in terms of bleeding intellectual capital.

In the fast-paced IT work environment, there is very limited time and mindshare devoted by a manager to his team member's personal development and thereby he is not influencing the employee's perception of growth.

We have also observed that the key reasons for many employees of IT organizations to be in the industry is for better pay and working conditions compared to other conventional industries. Therefore, they don't come in with very good talent alignment with the roles they play in the IT industry. Today's IT manager lacks both the time and tools needed for making this assessment and corrective action.

Being too logical and task driven, pushed by deadlines, the typical IT manager is unable to cope up with the flexibility in leadership styles required, based on his team members' maturity levels and the situation. The result is, he sticks to what ever is his natural leadership style. More often than not, it does not work for the employee chosen because he thinks very differently from the manager.

Therefore, the results of any attrition intervention are dependent upon the organization's ability to provide managers with an awareness of those factors, as well as tools to help them meet their personal accountability in retaining top talent.

Furthermore, managers need this guidance more than ever before. Managers' span of control has been widening in most companies over the past several years, and the number of times the manager "touches" the employee is therefore less frequent. Each contact must maximize any opportunity to influence employee motivation and commitment.

1.4.8 Diagnosing Attrition: Commonly Used Techniques in the Industry

Interviews:

A good way of discovering relevant information is through one to one interviews. For an interview to be effective it should be conducted by a neutral third party. There are advantages and disadvantages with this method of information gathering. Its major drawback is that it can be very time consuming (and hence expensive).

The main advantage is the ability to provide much greater detail than you would get from a quantitative approach such as a survey or questionnaire. The key to interviewing is in being able to ask well targeted questions. The emphasis is on to know the main reasons why employees in this specific group leave. Interviews can be structured or unstructured. In the initial stages it is wise to adopt an unstructured format so you can ask additional questions for more detailed information. Keep probing for extra clarity until you feel you have reached the source of the problem. Interviewers need to have well developed listening skills to take on board relevant information; otherwise conducting interviews will be largely pointless.

Questionnaires:

They are commonly used as part of the information gathering process. They are a reasonable way of obtaining relevant information, though response rates are often disappointing. Questionnaires need to be designed carefully to be effective. They should be easy to use, anonymous and fairly brief. Questions can be open or closed, multiple choice answers, ranking of items or checklist format.

Steps for conducting questionnaire survey:

- Determine the information needed
- Choose the type of questions
- Create the precise questions
- Check readability
- Design for analysis
- Test
- Adjust if necessary
- Prepare data summary
- Distribute

Focus Groups

It is a good way to acquire qualitative information, rather the quantitative data that a survey produces. Focus groups are inexpensive when compared to say interviews and take less time to prepare. A focus group provides an opportunity for a small number of people to discuss issues relating to employee turnover and retention. An added benefit of focus groups is that they can be used to generate new ideas, discussing possible solutions as well as diagnosing causes. For larger companies you will need to conduct a series of focus groups in order to get a reasonable sample.

- A facilitator to pose the questions
- Restrict size of each group to between (6 – 10)
- Ensure focus group is representative of targeted group
- Plan broad topics though leave room to explore ideas
- Explain the reason for the focus group
- Avoid letting one person dominate
- Ask why colleagues left
- Ask why colleagues stay
- Ask why colleagues would leave

Nominal Group Technique

One particular type of focus group process is the nominal group technique. This is especially useful in determining the key drivers of employee turnover. Procedure for conducting NGT is as follows:

- Explain the ground rules
- Each member of the group is asked to write down reasons why colleagues have left
- The facilitator goes round the group asking each person in turn for their first reason
- The facilitator uses a flip chart to document the reasons
- They then repeat for each person's second reason and so on
- These lists are then clearly displayed for everyone to see
- Group members are then asked to choose the most important reasons after careful consideration of all those listed
- They rank these in order of importance Scores calculated by awarding a set number of points for no1, no2 etc, then totally the number of points for each reason.

Key points include

- ➢ Group size 8 -10
- ➢ Representative sample
- ➢ Focus on why others would leave, not why they would leave
- ➢ Create trust
- ➢ Integrate the data from a series of groups

Attitude Surveys

The use of surveys to measure employee engagement or commitment is gaining in popularity. The research suggests commitment is a reasonable predictor of turnover if considered across a large enough groups. Unfortunately surveys are not always reliable and response rates are sometimes disappointing. One difficulty with attitude surveys knows which areas to focus upon. It is usually sensible to conduct some form of qualitative information gathering beforehand, in order to get an idea of which issues you should be asking about. Surveys tend to ask the importance of each issue, in addition to rating how the company is performing on that issue.

Retention Surveys:

- ➢ Resources to do the job
- ➢ Career development
- ➢ Relationship with manager
- ➢ Meaningful work
- ➢ Work-life balance
- ➢ Learning new skills
- ➢ Appreciation
- ➢ Recognition
- ➢ Relationship with colleagues
- ➢ Company's values
- ➢ Leadership
- ➢ Salary
- ➢ Benefits

- Job security
- Stress
- Team working
- Communication
- Giving back to the community
- Delegation
- Everyday experience.

Exit Interviews

Exit interviews are used by the majority of companies. They tend to be conducted just before an employee leaves, though some firms wait until after the departure. Exit interviews will normally to be done in the form of a questionnaire, though one to one interviews are also used. Recent years have seen the appearance of internet based exit interview questionnaires.

Unfortunately, research shows exit interviews to be unreliable, as departing employees opt to give socially acceptable reasons rather than genuine ones. It is rarely in the employee's best interests to give any negative reason for leaving at this stage. The need for references is often paramount, and not worth putting at risk, by giving the real reasons. In addition, departing employees may be unwilling to devote much time to completing detailed questionnaires, resulting in incomplete answers. The end result will often be a large number of departures apparently due to an offer they simply could not refuse, or in the wider context, career advancement. Thus organizational data from typical exit interviews fails to surface the 'real' causes of an organization's attrition problems.

Designing a better exit interview involves:

- Ensure confidentiality
- Anonymous if Possible
- Provide a small incentive
- Focus on improving conditions for colleagues.

1.5 NEED FOR THE PROJECT:

To conduct a study with a view to identity those factors contributing to attrition in IT sector with reference to Religare Technova Global Solutions, Bangalore and to recommend measures with a view to improving employee retention rates.

1.6 OBJECTIVES OF THE STUDY:

- ➢ To evaluate the present level of attrition by highlighting the various formulae used.
- ➢ Critically analyze the causes and consequences of employee attrition.
- ➢ To recommend measures so has to enhance the level of retention after analyze.

1.7 SCOPE OF THE PROJECT:

To collect primary data by means of a questionnaire that will be addressed to managers, supervisors and employees of Religare Technova Global Solutions. The responses from the above mentioned respondents will be analyzed, responses evaluated and proper solutions will be recommended.

1.8 EXPECTED DELIVERABLES:

The objective is to identifying those factors influencing attrition in Religare Technova Global Solutions and analyzing the recommend measures with the view to improving employee retention rates.

Chapter 2
LITERATURE SURVEY

CHAPTER 2

LITERATURE SURVEY

2.1 REVIEW OF LITERATURE

Govindkrishna Seshan [1] briefs what should companies be doing to retain employees. The first step to retain your employees is to make the development of talent a key component of leadership responsibility. Organizations can give incentives to make sure employee development happens within the company. Companies that as a policy don't believe in incentives, should then make it part of its measurement process. For instance, we measure leadership against three criteria. One is the activity of the team, another is the performance of the team, not just in terms of money, but customer service and so on. The third criterion is developing your people. To grow at Manpower, you have to be good at developing people. This is because we expect 80 per cent of appointments, other than entry level, to be filled internally.

Leslie Taylor [2] in her study, Shows that workers 55 to 64 have been in their current jobs roughly three times as long as their younger counterparts. Employers who are looking to reduce turnover might want to consider hiring older workers, not recent college graduates. 'Younger workers care more about the upfront compensation". "They don't care as much about the benefits that come along with the salary". Workers over 50, however, cite health-care coverage and competitive retirement benefits as their greatest financial incentives.

Nikki Kelly [3] briefs what's the best way to avoid turnover? The sure way would be to always hire the right person for the job, and make sure that person remains content with the position. The bad news is that this ideal situation does not always occur. The good news is that can have other choices that will help to deal with turnover when it inevitably occurs. Developing a partnership with a staffing firm is an option that at first may appear too costly. In reality, it is an avenue that many companies overlook and should utilize to help keep costs down.

Robin Thompson [4] identified the following details, Employee turnover is expensive. An employer can easily spend $100,000 in exit interviews, severance pay, hiring costs, and lost productivity while training the new hire. Estimations on the turnover expenses of salaried-positions can run high. Retaining and motivating valuable employees requires employers to evaluate their situation and work environment. The extrinsic rewards are the most tangible - salaries, benefits, promotions - yet these incentives alone are not enough.

Watson Wyatt's [5] Strategic Rewards study reveals that none of the employers surveyed believe healthcare coverage is a key reason why top-performing employees leave. Employees will increasingly consider healthcare benefits when deciding whether to stay with their current companies. And if the trend continues, these benefits could become a real differentiator as employers try to hold on to key talent.

2.1.1 REFERENCES

(1) Govindkrishana Seshan , "People don't change jobs for more money" , Business Standard, (10/9/2006).

(2) Leslie Taylor , "Older Workers More Loyal to Employers", Inc Magazine, (2006)

(3) Nikki Kelly , "How to manage employee turnover", US Newswire,(2003).

(4) Robin Thompson, "Secrets to keeping good employees", The Shreveport times, (2005)

(5)Watson Wyatt's , "Employers Underestimate Role of Benefits in Retention",

Business & Legal Reports, (2006).

Chapter3
METHODOLOGY

CHAPTER 3
METHODOLOGY

3.1 TYPE OF PROJECT

The study assumes the characteristics of descriptive research. It aims to identify those factors contributing to attrition in the IT industry and to recommend measures with a view to improving employee retention rates.

3.2 TARGET RESPONDENTS

Managers, Supervisors & Staff members of the IT industry.

3.3 ASSUMPTIONS, CONSTRAINTS & LIMITATIONS

Any study is subjected to constraints like time, effort, cost etc. This study will be conducted under the following limitations.

➢ The study will be conducted only in Religare Technova Global Solutions an IT industry, Bangalore.

➢ It is assumed that those interviewed have answered questions truthfully and to the best of their ability.

3.4 SAMPLING DESIGN
3.4.1 Method

The method used to collect the data is Simple random sampling method.

3.4.2 Sampling Size

100 respondents in the ratio of 10 managers: 20 supervisors: 70 Staff members out of total population 500.

3.5 DATA PROCESSING

Primary data will be the responses collected from the managers, supervisors and staffs of the organization through a well structured questionnaire prepared by the researcher.

Secondary data will be collected from the sources like,

- ➢ Journals
- ➢ Magazines
- ➢ Newspapers
- ➢ Official Websites etc

3.6 TOOLS FOR ANALYSIS

- ➢ Percentage analysis.
- ➢ Chi square analysis.
- ➢ Rank correlation coefficient.

Chapter 4   DATA
ANALYSIS & INTERPRETATION

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 RESPONDENT'S DATA SHEET:

Name	Gender	Age	Educational Qualification	Experience	Income A) 15000 to 20000 B) 20000 to 25000 C) >25000
Shiva	M	25	BE	2	B
Kumar	M	31	BE	8	C
Raja	M	27	MBA	4	B
Manjula	F	32	MBA	7	C
kishore	M	35	M Tech	9	C
Michael	M	33	MBA	10	C
Babu	M	23	MBA	2	A
Karthick	M	44	MBA	20	C
Basil	M	29	MBA	6	B
Sudha	F	27	MBA	4	A
Archana	F	35	M Sc	10	C
Arun	M	29	MBA	6	B
Pankaj	M	46	MBA	22	C
Joseph	M	34	MBA	9	B
Rajkumar	M	45	MCA	24	C
Ramgopal	M	32	B Sc	10	C
Vanathi	F	30	BE	5	A
Vani	F	33	BE	9	C
Pratheep	M	38	MBA	13	C
Kamalish	M	44	MBA	19	C
Mohammad	M	34	MBA	12	B
Aravind	M	40	ME	15	C
Lalith	M	30	MBA	5	B

Ranjith	M	28	MBA	3	A
Priya	F	29	B Sc	4	A
Mani	M	37	MBA	14	C
Harish	M	40	MBA	15	C
Goutham	M	35	MBA	10	C
David	M	32	M Sc	6	B
Fathima	F	25	B Tech	2	A
Inbaraj	M	29	MCA	4	A
Eugene	F	45	MBA	20	C
Madhav	M	27	MBA	4	A
Vishal	M	33	B Tech	9	C
Ganga	F	42	BE	18	C
Krishnan	M	33	BE	8	B
Wasim	M	34	MBA	9	C
Nishant	M	25	B Sc	1	A
Jim	M	36	BE	11	C
Ravi	M	43	MBA	20	C
Jaya	F	32	BE	6	C
Younis	M	36	M Sc	11	C
Sathya	F	45	M Tech	21	C
Pavan	M	28	B Sc	5	B
Ganesh	M	29	BE	4	A
ukesh	M	23	BE	1	A
Roja	F	24	BCA	3	A
Hanif	M	33	MBA	9	B
Rajesh	M	29	BE	5	B
Solomon	M	31	BE	8	C
Ramasamy	M	28	BE	5	B
Senthil	M	38	BE	15	C
Vikash	M	32	BE	8	C
Benny	M	28	MBA	7	C
Tony	M	44	MBA	21	C

Raghavan	M	33	MBA	7	C
Ramesh	M	23	MBA	2	A
Smitha	F	29	MCA	5	A
Kavitha	F	28	BE	4	B
Gunasekaran	M	29	MBA	6	C
Sabari	M	39	MBA	16	C
Raghu	M	26	MBA	8	B
Manoj	M	30	MBA	7	A
Nirmal	M	29	MBA	5	B
Vikram	M	31	MCA	6	C
Vintha	F	35	MBA	9	C
Marimuthu	M	54	BE	25	C
Raja anna	M	33	MBA	9	C
Stphen	M	44	MBA	20	C
Reema	F	29	MCA	5	B
Dinesh	M	36	MBA	10	C
Sandeep	M	31	BE	4	B
Sairam	M	45	MBA	18	C
Prakesh	M	36	MBA	14	C
Banu	F	32	MBA	9	C
Vani	F	38	MBA	11	C
Mukesh	M	29	BCA	5	B
Alexander	M	33	B Sc	8	C
Murugasan	M	28	MBA	4	A
Vasanth	M	26	MCA	3	A
Amith	M	34	MBA	10	C
Sugumaran	M	37	M Sc	14	C
Indira	F	29	MBA	5	B
Thilakam	F	27	MBA	4	B
John	M	38	B Sc	12	C
Nikha	M	28	BE	3	A
Yogesh	M	29	B Tech	5	B

Sowmithri	F	45	MBA	22	C
Himesh	M	34	BE	9	C
Kailash	M	25	BCA	2	A
Praveen	M	39	BE	15	C
Vignesh	M	29	BE	4	B
Swathi	F	33	BCA	8	B
Devi	F	29	B Sc	4	A
Joshi	M	31	BE	7	B
Srikanth	M	38	MBA	13	C
Naveen	M	24	B Tech	2	A
Sharma	M	36	MBA	13	C
Badrinath	M	37	ME	14	C
Kamala	F	24	BCA	2	A

	Manager	Supervisor	Employee	Total
Male	7	18	51	76
Female	3	2	19	24
Total	10	20	70	100

Table - 4.1 States the entire data of the respondents from Religare Technova Global Solutions, Bangalore.

4.2. ATTRITION RATE OF RELIGARE TECHNOVA GLOBAL SOLUTIONS IN THE YEAR 2008

$$\text{Attrition rate} = \frac{\text{Total no. of employees left}}{\text{Total no. of employees present}} \times 100$$

Total no. of employees left = 37

Total no. of employees present = 500

Company's attrition rate = 37 X100/ 500 = 7.4%

Result:

The company's attrition rate is found to be 7.4% in last year.

4.3 PERCENTAGE ANALYSIS

4.3.1 The Level at which attrition found to be highest

RESPONDENTS	ENTRY LEVEL	MIDDLE LEVEL	TOP LEVEL	TOTAL
Managers	3	6	1	10
Supervisors	7	10	3	20
PERCENTAGE	33.33	53.33	13.33	100

Table 4.3.1: Showing the level at which attrition found to be highest.

Inferences:

Out of 30 respondents,

  ➤ 33.33% said for Entry level

  ➤ 53.33% said for Middle level

  ➤ 13.33% said for Top level

Figure 4.3.1: The Level at which attrition found to be highest.
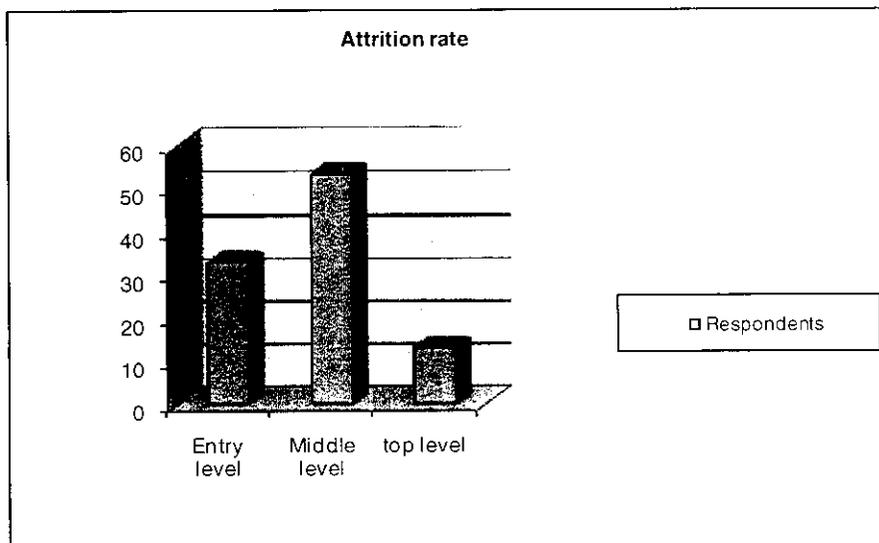
4.3.2 Comparison of attrition rate with industry standard

RESPONDENTS	YES			NO
	AT PER	BETTER THAN	WORSE OFF	
Managers	2	4	1	3
Supervisors	5	6	2	7
TOTAL	7	10	3	10
PERCENTAGE	66.66			33.33

Table 4.3.2: Comparison of attrition rate with that of the industry standard.

Inferences:

Out of 30 respondents,

➤ 66.66% said yes.

➤ 33.33% said no.

Figure 4.3.2 Comparison of attrition rate with that of the industry standard.
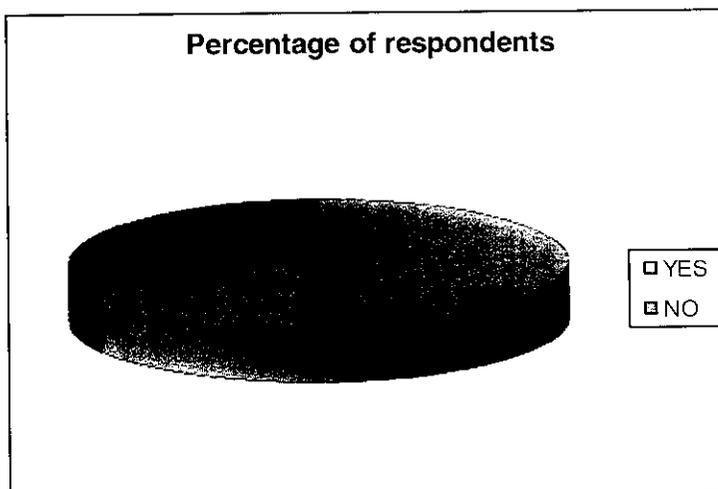
4.3.3 Standard formulae adopted for calculating Attrition

RESPONDENTS	YES	NO	TOTAL
Managers	8	2	10
Supervisors	16	4	20
PERCENTAGE	80	20	100

Table 4.3.3: Showing the results for Standard formulae should be adopted for calculating attrition.

Inferences:

Out of 30 respondents,

> ➢ 80% said yes.
> ➢ 20% said no.

Figure 4.3.3: Standard formulae should be adopted for calculating attrition.

Percentage of respondents
□ YES
◙ NO
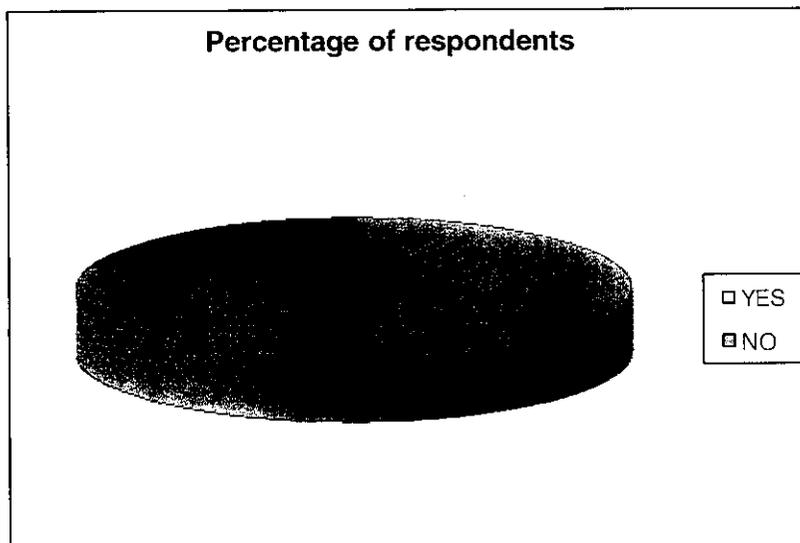
4.3.4 Employers finding the reasons behind employee leaving

RESPONDENTS	YES	NO	TOTAL
Managers	4	6	10
Supervisors	9	11	20
PERCENTAGE	43.33	56.66	100

Table 4.3.4: Results, employers are finding out the reasons behind employee leaving.

Inferences:

Out of 30 respondents,

➢ 43.33% said yes.

➢ 56.66% said no.

Figure 4.3.4 Employers finding out the reasons behind employee leaving.

Percentage of respondents

□ YES
▣ NO
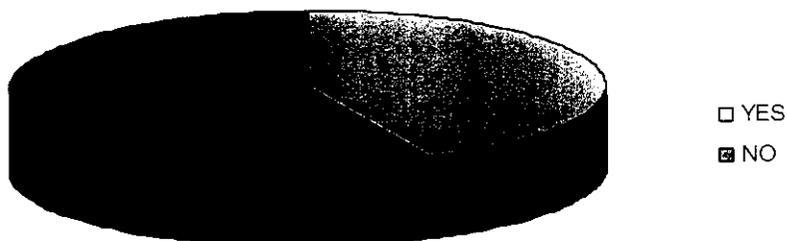
4.3.5 Management Training & Development programmes are conducted

RESPONDENTS	YES	NO	TOTAL
Managers	8	2	10
Supervisors	15	5	20
PERCENTAGE	76.66	23.33	100

Table 4.3.5: Shows the results for, Management Training & Development programmes are conducted often to induce the employees to be familiar with the company standards and its vision to be accomplished.

Inferences:

Out of 30 respondents,

➤ 76.66% said yes.

➤ 23.33% said no.

Figure 4.3.5: Conducting of Management Training & development programmes
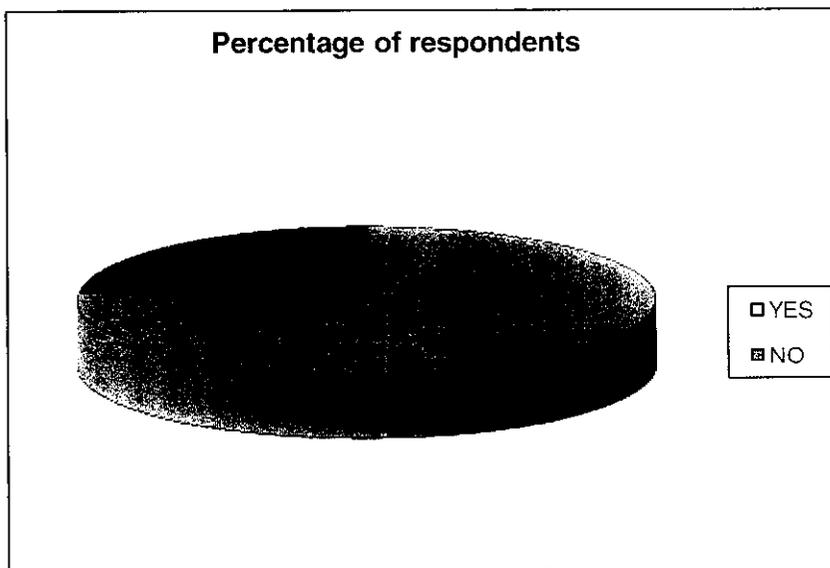
4.3.6 Stress buster programmes are conducted

RESPONDENTS	YES	NO	TOTAL
Managers	3	7	10
Supervisors	5	15	20
PERCENTAGE	26.66	73.33	100

Table 4.3.6: Shows the results for, Stress buster programmes are conducted in our organization in order to improving employee's efficiency levels.

Inferences:

Out of 30 respondents,

➢ 26.66% said yes.

➢ 73.33% said no.

Figure 4.3.6 Conducting of stress buster programmes.
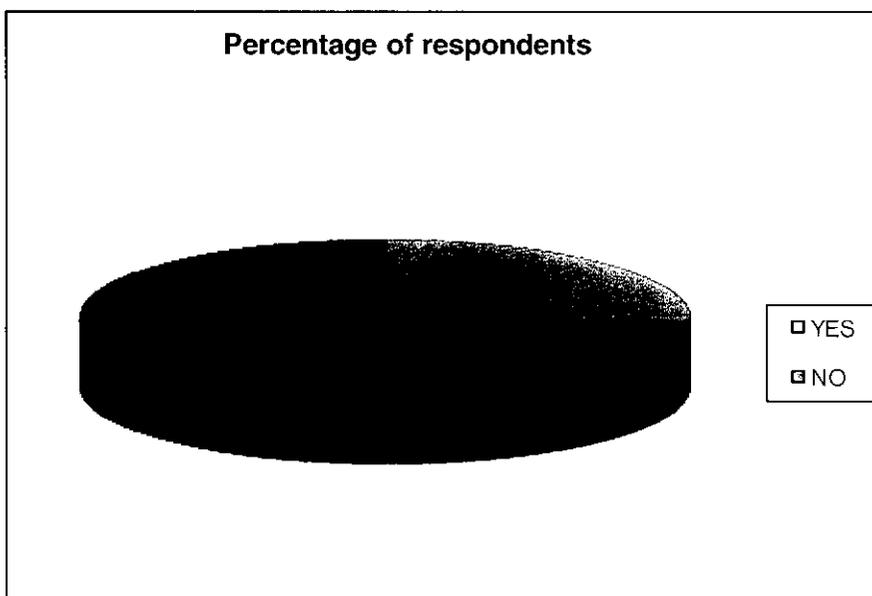
4.4 CHI- SQUARE TEST RESULTS:

Statement 1:

Paying salaries which are higher than industrial standards will lead to better retention

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	1	0	1
Disagree	2	3	10	15
Neutral/May be	4	7	24	35
Agree	4	9	18	31
Strongly Agree	0	0	18	18
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	(O-E)^2/E
2	1.5	0.5	0.25	0.16
4	3.5	0.5	0.25	0.07
4	3.1	0.9	0.81	0.26
1	0.2	0.8	0.64	3.2
3	3	0	0	0
7	7	0	0	0
9	6.2	2.8	7.84	1.26
10	10.5	-0.5	0.25	0.02
24	24.5	-0.5	0.25	0.01
18	21.7	-3.7	13.69	0.63
18	12.6	4.4	19.36	1.53
			TOTAL	6.14

The calculated value is: 6.14

With 95% level of significance and degree of freedom 8 the table value is: 15

since calculated value < table value

Hypothesis H0 is accepted.

Statement 2:

The factors that currently attract and retain people are opportunities to learn and grow

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	0	0
Disagree	0	0	4	4
Neutral/May be	2	11	28	41
Agree	8	8	32	48
Strongly Agree	0	1	6	7
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
2	4.1	-2.1	4.41	1.07
8	4.8	3.2	10.24	2.13
11	8.2	2.8	7.84	0.95
8	9.6	-1.6	2.56	0.26
1	1.4	-0.4	0.16	0.11
4	2.8	1.2	1.44	0.51
28	28.7	-0.7	0.49	0.01
32	33.6	-1.6	2.56	0.07
6	4.9	1.1	1.21	0.24
			TOTAL	5.35

The calculated value is: 5.35

With 95% level of significance and degree of freedom 8 the table value is: 15

since calculated value < table value

Hypothesis H0 is accepted.

Statement 3:

Increasing the compensation packages and fringe benefits periodically can effectively tackle attrition.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	1	1	2
Disagree	0	1	5	6
Neutral/May be	5	11	25	41
Agree	4	4	27	35
Strongly Agree	1	3	12	16
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
5	4.1	0.9	0.81	0.19
4	3.5	0.5	0.25	0.07
1	1.6	-0.6	0.36	0.22
1	0.4	0.6	0.36	0.9
1	1.2	-0.2	0.04	0.03
11	8.2	2.8	7.84	0.95
4	7	-3	9	1.28
3	3.2	-0.2	0.04	0.01
1	1.4	-0.4	0.16	0.11
5	4.2	0.8	0.64	0.15
25	28.7	-3.7	13.69	0.47
27	24.5	2.5	6.25	0.25
12	11.2	0.8	0.64	0.05
			TOTAL	4.68

The calculated value is: 4.68

With 95% level of significance and degree of freedom 8 the table value is: 15

since calculated value < table value

Hypothesis H0 is accepted.

Statement 4:

Lack of good leaders for proper guidance of team may be a significant reason for a high rate of attrition in the industry.

H0: The given statement is true. H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	0	2	14	16
Neutral/May be	4	11	15	30
Agree	4	5	20	29
Strongly Agree	2	2	20	24
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
4	3	1	1	0.33
4	2.9	1.1	1.21	0.41
2	2.4	-0.4	0.16	0.06
2	3.2	-1.2	1.44	0.45
11	6	5	25	4.16
5	5.8	-0.8	0.64	0.11
2	4.8	-2.8	7.84	1.63
1	0.7	0.3	0.09	0.12
14	11.2	2.8	7.84	0.7
15	21	-6	36	1.71
20	20.3	-0.3	0.09	0.004
20	16.8	3.2	10.24	0.61
			TOTAL	10.294

The calculated value is: 10.294

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 5:

Better superior subordinate relationship can reduce attrition.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	1	2	10	13
Neutral/May be	4	7	16	27
Agree	4	4	27	35
Strongly Agree	1	7	16	24
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
1	1.3	-0.3	0.09	0.06
4	2.7	1.3	1.69	0.62
4	3.5	0.5	0.25	0.07
1	2.4	-1.4	1.96	0.81
2	2.6	-0.6	0.36	0.13
7	5.4	1.6	2.56	0.47
4	7	-3	9	1.28
7	4.8	2.2	4.84	1
1	0.7	0.3	0.09	0.12
10	9.1	0.9	0.81	0.08
16	18.9	-2.9	8.41	0.44
27	24.5	2.5	6.25	0.25
16	16.8	-0.8	0.64	0.03
			TOTAL	5.36

The calculated value is: 5.36

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 6:

Giving an opportunity to work with latest technologies may facilitate reduction in attrition.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	0	1	9	10
Neutral/May be	5	10	12	27
Agree	5	7	26	38
Strongly Agree	0	2	22	24
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
5	2.7	2.3	5.29	1.95
5	3.8	-1.2	1.44	0.37
1	2	-1	1	0.5
10	5.4	4.6	21.16	3.91
7	7.6	-0.6	0.36	0.04
2	4.8	-2.8	7.84	1.63
1	0.7	0.3	0.09	0.12
9	7	2	4	0.57
12	18.9	-6.9	47.61	2.51
26	26.6	-0.6	0.36	0.01
22	16.8	5.2	27.04	1.6
			TOTAL	13.21

The calculated value is: 13.21

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 7:

Prospects of career progression in organization forms an integral part of retention tactics.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	1	1	5	7
Neutral/May be	7	12	18	37
Agree	2	6	30	38
Strongly Agree	0	1	16	17
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
1	0.7	0.3	0.09	0.12
7...	3.7	3.3	10.89	2.94
2	3.8	-1.8	3.24	0.85
1	1.4	-0.4	0.16	0.11
12	7.4	4.6	21.16	2.85
6	7.6	-1.6	2.56	0.33
1	3.4	-2.4	5.76	1.69
1	0.7	0.3	0.09	0.12
5	4.9	0.1	0.01	0.002
18	25.9	-7.9	62.41	2.4
30	26.6	3.4	11.56	0.43
16	11.9	4.1	16.81	1.41
			TOTAL	13.252

The calculated value is: 13.252

With 95% level of significance and degree of freedom 8 the table value is: 15

since calculated value < table value

Hypothesis H0 is accepted.

Statement 8:

Councilors or psychologists enable employees in releasing stress and improving efficiency levels. They can also identify the attitude of employees.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	0	2	5	7
Neutral/May be	3	10	24	37
Agree	7	3	24	34
Strongly Agree	0	5	16	21
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
3	3.7	-0.7	0.49	0.13
7	3.4	3.6	12.96	3.81
2	1.4	1.6	2.56	1.82
10	7.4	2.6	6.76	0.91
3	6.8	-3.8	14.44	2.12
5	4.2	0.8	0.64	0.15
1	0.7	0.3	0.09	0.12
5	4.9	0.1	0.01	0.1
24	25.9	-1.9	3.61	0.13
24	23.8	0.2	0.04	0.001
16	14.7	1.3	1.69	0.11
			TOTAL	9.401

The calculated value is: 9.401

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 9:

Work pressure seems to be an important factor in occurrence of attrition.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	2	3	4	9
Neutral/May be	4	10	31	45
Agree	4	4	30	38
Strongly Agree	0	3	4	7
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
2	0.9	1.1	1.21	1.34
4	4.5	-0.5	0.25	0.05
4	3.8	0.2	0.04	0.01
3	1.8	1.2	1.44	0.8
10	9	1	1	0.11
4	7.6	-3.6	12.96	1.7
3	1.4	1.6	2.56	1.82
1	0.7	0.3	0.09	0.12
4	6.3	-2.3	5.29	0.83
31	31.5	-0.5	0.25	0.007
30	26.6	3.4	11.56	0.43
4	4.9	-0.9	0.81	0.16
			TOTAL	7.377

The calculated value is: 7.377

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 10:

Eliminating hierarchies in addressing employee grievances can lead to improved reduction in attrition

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	0	3	5	8
Neutral/May be	3	11	21	35
Agree	5	5	30	40
Strongly Agree	2	1	13	16
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
3	3.5	-0.5	0.25	0.07
5	4	1	1	0.25
2	1.6	0.4	0.16	0.1
3	1.6	1.4	1.96	1.22
11	7	4	16	2.28
5	8	-3	9	1.12
1	3.2	-2.2	4.84	1.51
1	0.7	0.3	0.09	0.12
5	5.6	-0.6	0.36	0.06
21	24.5	-3.5	12.25	0.5
30	28	2	4	0.14
13	11.2	1.8	3.24	0.28
			TOTAL	7.65

The calculated value is: 7.65

With 95% level of significance and degree of freedom 8 the table value is: 15

since calculated value < table value

Hypothesis H0 is accepted.

Statement 11:

Providing employees with an opportunity for higher education is one of the important factors with regards to reducing attrition

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	2	2
Disagree	0	4	8	12
Neutral/May be	6	10	26	42
Agree	3	5	20	28
Strongly Agree	1	1	14	16
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
6	4.2	1.8	3.24	0.77
3	2.8	0.2	0.04	0.01
1	1.6	-0.6	0.36	0.22
4	2.4	1.6	2.56	1.06
10	8.4	1.6	2.56	0.3
5	5.6	-0.6	0.36	0.06
1	3.2	-2.2	4.84	1.51
2	1.4	0.6	0.36	0.25
8	8.4	-0.4	0.16	0.01
26	29.4	-3.4	11.56	0.39
20	19.6	0.4	0.16	0.008
14	11.2	2.8	7.84	0.7
			TOTAL	5.288

The calculated value is: 5.288

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

Statement 12

Giving free transportation, free food and other facilities will be helpful in increasing employee satisfaction and thereby reducing attrition.

H0: The given statement is true.

H1: Not as stated above.

RATING	MANAGERS	SUPERVISOR	EMPLOYEES	TOTAL
Strongly disagree	0	0	1	1
Disagree	2	3	10	15
Neutral/May be	4	7	24	35
Agree	4	9	18	31
Strongly Agree	0	1	17	18
TOTAL	10	20	70	100

O	E	O-E	[O-E]^2	[O-E]^2/E
2	1.5	0.5	0.25	0.16
4	3.5	0.5	0.25	0.07
4	3.1	0.9	0.81	0.26
3	3	0	0	0
7	7	0	0	0
9	6.2	2.8	7.84	1.26
1	3.6	-2.6	6.76	1.87
1	0.7	0.3	0.09	0.12
10	10.5	-0.5	0.25	0.02
24	24.5	-0.5	0.25	0.01
18	21.7	-3.7	13.69	0.63
17	12.6	4.4	19.36	1.53
			TOTAL	5.93

The calculated value is: 5.93

With 95% level of significance and degree of freedom 8 the table value is: 15

Since calculated value < table value

Hypothesis H0 is accepted.

4.5 PEARSON's RANK CORRELATION COEFFICIENT

FACTORS	RESEARCHER'S RANK	RESPONDENT'S RANK	D	D^2
Compensation Packages	1	2	-1	1
Free food, transportation and other Facilities	2	7	-5	25
Higher education options	3	8	-5	25
Recreation facilities	4	6	-2	4
Eliminating hierarchies	5	3	2	4
Good carrier progression	6	1	5	25
Better working conditions	7	4	3	9
Exposure to latest technologies	8	9	-1	1
Better superior-subordinate relationship	9	5	4	16

Table 4.5.1 Calculation by using Pearson's rank correlation coefficient method

Test Calculations:

$P = 1 - 6\sum D^2/(n^3 - n)$

$P = 1 - (660/720)$

$P = 0.0834$

Result:

There is a positive correlation between the ranks given by respondents and researchers.

Chapter 5
CONCLUSIONS

CHAPTER 5
CONCLUSIONS

5.1 SUMMARY OF FINDINGS

- ➤ Attrition rate is found to be highest at the middle level of the industry.
- ➤ Attrition rate is mainly compared with that of Industry standard.
- ➤ Standard formulae should be adopted for calculating attrition rate.
- ➤ Employers are mostly not finding out the reasons behind employee leaving.
- ➤ Management Training & Development programmes are conducted often to induce employees to be familiar with the company standard.
- ➤ Stress buster programmes are not so conducted in the organization in order to improving employee's efficiency levels.
- ➤ Paying salaries which are higher than industrial standards will lead to better retention. The factors that currently attract and retain people are opportunities to learn and grow.
- ➤ Increasing the compensation packages and fringe benefits periodically can effectively tackle attrition.
- ➤ Lack of good leaders for proper guidance of team may be a significant reason for a high rate of attrition in the industry.
- ➤ Better superior subordinate relationship can reduce attrition.
- ➤ Giving an opportunity to work with latest technologies may facilitate reduction in attrition.
- ➤ Prospects of career progression in organization forms an integral part of retention tactics.
- ➤ Councilors or psychologists enable employees in releasing stress and improving efficiency levels. They can also identify the attitude of employees.
- ➤ Work pressure seems to be an important factor in occurrence of attrition.
- ➤ Eliminating hierarchies in addressing employee grievances can lead to improved reduction in attrition.

- ➢ Providing employees with an opportunity for higher education is one of the important factors with regards to reducing attrition.

- ➢ Giving free transportation. free food and other facilities will be helpful in increasing employee satisfaction and thereby reducing attrition.

- ➢ There exists a positive correlation between the ranks given by researcher and the respondents i.e., both sides agree to ranking of factors that can help in bringing a check on attrition levels.

5.2 SUGGESTIONS & RECOMMENDATIONS FOR MANAGERS

- ➢ It is recommended that organization should concentrate on the above mentioned findings before molding their best practices to counter attrition. This will ensure that the step taken is effective and efficient enough to fight the exodus.

- ➢ If you are to conduct an exit interview, it is far better to get a neutral third party to conduct them. This might help to improve the reliability of exit interviews.

- ➢ It is advisable to conduct exit interview after a period of 3-6 months. The information is more difficult to obtain but may be more reliable as the references factor is less significant.

- ➢ Today's HR jobs are confined to recruitment and salary calculation. The enormous growth in the strength of work force has made one to one interaction between HR and employee practically impossible. But it will be wise to get in touch with the team leaders and get a weekly or bi-weekly update on performers and non-performers in a team. Find time to spare for having a word with the non-performers. 'Offer' them assistance in the form of training. Forcing them to take training might hurt their morale making idea backfire.

- ➢ It has come to our notice that often HR managers tend to 'lose' patience with some non performers and eventually end up in firing that employee. It is advisable to seek the help of a psychologist or a councilor to effectively handle such issues- to find out the underlying reasons- than the HR managers handle it by themselves. Remember, he has been recruited by you. You are equally responsible for him being a non-performer.

- Many freshers are not happy with the way their team leaders treat them. They complained that their team leaders often shouted at them for making them do something. Their pride gets a hit when it happens in front of their peer group. Being freshers, they are just out of the colleges and do not have any corporate experience. When the lessons are taught the 'hard-way', they feel that they are being mentally harassed and tortured. Once hurt, it becomes almost IMPOSSIBLE to patch the wound. So it is recommended that the freshers be given enough time to understand the organizational culture and kind of performance that is expected from them.

- A team is as strong as its team leader. So Team leaders under whom the attrition rates are reported to be constantly high should be kept under scanner. It is worth noticing that if a team leader fails to deliver his duties, the team as a whole falters.

- An employee who is educated enough and has innovation in him, but if his ideas are unheard then he will be tempted to go to other company to make full use of his abilities. There has to be open house with the employees (every month) and the management and also a climate survey every 3 months, HR department is not expected to ask the questions what they ask at the time of exit interview. Few questions should be asked to the employees on right time and resolution should be given to the employees on time.

- Rewards and recognition alone can't help in fighting the attrition. It should be properly backed by good career guidance and career counseling. It is sad to notice that many employees are still not fully aware of their growth potential.

- Finally to end with, something for the industry to practice: The most important countermove (against attrition) would be to promote close bonding (as in a club) amongst HR personnel in the industry. Insisting on 'relieving' letters, mutual respect for an 'industry-agreed relieving period' and bilateral 'no-poach policies' are the steps that has to be taken, if at all something can be done.

5.3 CONCLUSION

It is interesting to see that the company's some of the best practices remain as 'just' practices because of the simple fact that those practices are not designed in accordance with their employees real needs. They are designed keeping in mind some general reasons or conclusions. If the causes for attrition are to be found, "Ask your employees"- that is the key note for you. No retention specialist would dream of telling you what your employees' value. Only they know. So ask them. Anyone who tells you x is important, or y is important, does not understand retention and turnover. Of course anyone could tell the top 10 for employees in general but that will be of little use to you.

5.4 DIRECTIONS FOR FUTURE RESEARCH

The million dollar question is "whether to find a new employee or to retain the old in kitty?" It is said that an organization has to spend 6 times more for replacing a lost employee. It is high time that HR managers, team leaders and other top notch officials' wake up to this reality. In the world of globalization and cut-throat competition battles can not be lost for the want of a nail.

APPENDIX

APPENDIX

QUESTIONNAIRE

A STUDY ON EMPLOYEE RETENTION IN IT SECTOR

Name: Designation:

Age: Organization's Name:

Gender: Male/ Female   Experience:

Educational Qualification:

CTC : [ ]15000 – 20000 [ ]20000 - 25000 [ ] >25000

PART-A

1. Formula used for calculating attrition.

   A [ ] B [ ] C [ ] D [ ] Other [ ]

   If Other, Please Specify:

2. The level at which attrition is found to be at the highest is

   Entry Level [ ] Middle Level [ ] Top Level

3. Comparison of attrition rates with that of the industry standards?

   YES [ ]   NO [ ]

   [ ] At par with industry standards

   [ ] Better than industry standards

   [ ] Worse-off than industry standard

4. Companies while calculating attrition, often chose to use a formula that makes them look better off than the industry standards. Don't you think that its high time that a standard formula for calculation should be adopted by all companies

   YES [ ]   NO [ ]

5. A conscious understand to find out why an employee leave your company

   [ ] Yes. We try to understand the reason behind it by -------------------------------

----

   [ ] No. We don't do that because once an employee has decided to leave our

organization, there is no point in trying to hold him back.

6. Management Training & Development programmes are conducted often to induce the employees about the company standards and its vision to be accomplished

      YES ☐   NO ☐

7. There is stress buster programmes are conducted in our organization in order to improving employee's efficiency levels.

      YES ☐   NO ☐

      If yes, what kind of activities ....

....

8. Any positive aspect of attrition

   i.   ....

   ii.   ....

   iii.   ....

9. Account of best practices followed

      ....

....

....

PART- B

Please rate the following statements on a scale of 1 to 5.

1 = **strongly disagree**   2= **Disagree**   3= **May be/ Neutral**

4= **Agree**   5= **strongly agree**.

Paying salaries which are higher than industrial standards will lead to reduced attrition rates

[1]   [2]   [3]   [4]   [5]

The factors that currently attract and retain people are opportunities to learn and grow

[1]   [2]   [3]   [4]   [5]

Increasing the compensation packages and fringe benefits periodically can effectively tackle attrition

[1]   [2]   [3]   [4]   [5]

Lack of good leaders for proper guidance of team may be a significant reason for a high rate of attrition in the industry.

[1]   [2]   [3]   [4]   [5]

Is it said that employees leave their bosses and not the organization. So a better superior-subordinate relationship can reduce attrition

[1]   [2]   [3]   [4]   [5]

An opportunity to work with latest technologies brings about motivation and thereby increases performance levels. This will facilitate employee retention

    [1]   [2]   [3]   [4]   [5]

Prospects of career progression in the organization forms an integral part of reducing attrition

    [1]   [2]   [3]   [4]   [5]

Councilors or psychologists enable employees in releasing stress and improving efficiency levels. They can also identify the attitude of employees.

    [1]   [2]   [3]   [4]   [5]

Work pressure seems to be an important factor in the occurrence of attrition

    [1]   [2]   [3]   [4]   [5]

Eliminating hierarchies in addressing employee grievances can lead to improved employee retention.

    [1]   [2]   [3]   [4]   [5]

Providing the employees with an opportunity for higher education is one of the important factors with regards to employee retention.

    [1]   [2]   [3]   [4]   [5]

Giving free transportation, free food and other facilities will be helpful in increasing employee satisfaction.

[1]   [2]   [3]   [4]   [5]

PART- C

The following factors are considered to help retention of staff in organizations. (Please indicate your order of priority in the brackets provided starting from 1 as top priority)

Factors	Rank
➢ Compensation Packages	[ ]
➢ Free food, transportation and other facilities	[ ]
➢ Higher education options	[ ]
➢ Recreation facilities	[ ]
➢ Eliminate hierarchies	[ ]
➢ Good career progression	[ ]
➢ Better working conditions	[ ]
➢ Exposure to latest technologies	[ ]
➢ Better superior-subordinate relationship	[ ]

PART-D

Your Suggestions if any

....

....

....

....

THANK YOU

BIBLIOGRAPHY

- Anil Varma, "Challenges of Attrition and Retention Strategies", The ICFAI University Press.

- Andrew Lorenz, "Effective control on Employee Attrition", Himalaya Publishing House, Bombay, First Edition, 1995.

- Barb Wingfield, Janice Berry, "Retaining Your Employees", Thomson Crisp Learning, 2001.

- Chip R. Bell, Ron Zemke, "Managing Knock Your Socks Off Service", AMACOM Div American Mgmt Assn, 2007.

- Ekka pradeepkumar, "Managing employee attrition", Indian Management, the journal of all India Management Association volume 24- Issue-2 June 2005.

- J. Leslie McKeown, "Retaining Top Employees", McGraw Hill Professional, 2002.

- Ron Zemke, Claire Raines, "Generations at Work", AMACOM Div American Mgmt Assn, 2000.

- Stephen Taylor, "The Employee Retention Handbook", CIPD publishing, 2002.

- Wolters Kluwer Law & Business, Jennifer A Carsen, "Mr. How To Do Employee Retention", CCH Incorporated, 2002.

WEB SITES:
- http://www.nasscom.in/
- http://www.noblehr.co.uk/serv_turnover.htm
- http://www.itpeopleindia.com/20021216/management1.shtml
- http://www.citehr.com/34950-attrition-management.html
- http://www.employee-retention-guide.com/Calculating.pdf
- http://www.allbusiness.com/management/447495-1.html