



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

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## MANAGING PEOPLE FOR SUPERIOR PERFORMANCE & RETENTION

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### ABSTRACT

*The Indian telecom industry has seen tremendous growth in the last 10 years due to the liberal policies of the government and the extensive need for communication. A conducive business environment, favorable demographic outlook and the political stability enjoyed by the country have contributed to the growth of the industry. As per TRAI July 2010 report, India has over 621.28 million mobile subscribers with a growth of over 10.52 %, on a quarterly basis. It is also estimated that by mid 2010, around half of the country's population will own a mobile phone. The total number of mobile subscribers is expected to breach the 800 million mark by the end of the year 2012 accounting for a teledensity of around 70%. India is fast emerging as the telecom hub of the world in terms of the growing demand, size of demand and FDI inflows. The rapid growth of the Indian Telecom Industry has been contributing to the India's GDP. With more and more players entering the industry and adding around 1 Lakh employees to the workforce, retaining the best talent is emerging as a major focal area for organizations in general and HR Managers in particular. However, one of the primary areas of concern for the telecom sector is the spiraling attrition rate that is currently hovering around the 25% mark. The 'Job Hopping' in the telecom sector is one of the contributory factors that erode the organizational productivity. One of the primary drivers of this phenomenon is increase in monetary benefits that accompanies job hopping. The objective of this paper is to analyze the causes of the high attrition rate in the telecom sector while understanding their organizational impact and identifying suitable remedial measures.*

### KEYWORDS

Employee Value Proposition, Employee Turnover, Job Hopping, ADIEU Model, Mobley Model.

### INTRODUCTION

The Indian telecom industry has witnessed tremendous growth in the last 10 years due to the liberal policies of the government and the extensive need for communication. A conducive business environment, favorable demographic outlook and the political stability enjoyed by the country have contributed to the growth of the industry. The table 1 presents the unemployment rates across some of the developing countries across the world.

**TABLE 1 - GLOBAL UNEMPLOYMENT RATES<sup>1</sup>**

Countries	Percentage
India	10.7
China	4.3
Japan	5.2
Russia	9.2
US	9.6
Germany	6.9
Brazil	7.3
UK	7.8
France	10

The rapid growth of the Indian Telecom Industry has been contributing to the India's GDP. The following table 2 presents a current snapshot of the Indian Telecom Industry. With more and more players entering the industry and adding around 1 Lakh employees to the workforce the pressure on organizations to retaining their best talent is also increasing. As per the July 2010 TRAI report, India has over 621.28 million mobile subscribers with a growth of over 10.52 %, on a quarterly basis. It is also estimated that by mid 2010<sup>2</sup>, around half of the country's population will own a mobile phone. The total number of mobile subscribers is expected to breach the 800 million mark by the end of the year 2012 accounting for a teledensity of around 70%. The major players in the telecom sector on the basis of the number of subscribers are highlighted in the table 3 below. India is fast emerging as the telecom hub of the world in terms of the growing demand, size of demand and inflow of FDI. Retention of employees remains a significant KRA of all Managers in an organization owing to talent scarcity. The intensifying competition for talent and increasing workforce complexity are the two reasons for the talent scarcity.

**TABLE 2 - TELECOM INDUSTRY SNAPSHOT – 2010<sup>3</sup>**

Description	Value
Wireless Subscribers	584.32 Million
Wireline Subscribers	36.96 Million
Service Provider Revenues (Pan India) Jan – Mar 2010	Rs. 40,265.12 Crores
Rural Teledensity	24.29 %
National Teledensity	52.74 %

<sup>1</sup> Source: Wikipedia –URL< [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_unemployment\\_rate](http://en.wikipedia.org/wiki/List_of_countries_by_unemployment_rate)>

<sup>2</sup> Source - Business Monitor International, India

<sup>3</sup> Source: The Indian Telecom Services Performance Indicators January - March 2010, Published July 2010



The Indian economy has been growing steadily at 8% annually and has surely placed enormous strain on the existing talent pools. The skills shortages have further exacerbated the problem. For instance only 10% of the generalist graduates and 20% of the engineering graduates are employable. This is causing concerns around the long term sustainability of our countries talent supply. Increasing workforce complexity is another issue. 90% of the jobs in India require vocational skills; only 7% of the workforce receives required training, leading to increased training costs and longer time to be productive. Only 9% of the workforce is in the organized sector. Increasing wage on an average 14% is another area of concern. 46% of the Indian employees intent to leave the job in the next 12 months, which is twice as much as compared to the developed talent markets.

TABLE 3 - SUBSCRIBER BASE (QE MARCH 2010)<sup>4</sup>

Companies	Subscribers (Millions)
Bharti	127.62
Reliance	102.42
Vodafone	100.86
BSNL	69.45
Tata	65.94
Idea/Spice	63.82
Aircel/Dishnet	36.86

## RESEARCH METHODOLOGY

This paper is based on primary research data collected internally at the workplace and also from employees in the industry. These include analysis of recruitment trends as well as employee attrition studies over a time span of more than five years. In order to ensure a wider spectral coverage the paper also refers to published secondary research data. This includes data and studies by commercial vendors in the IT & Telecom space, in the form of syndicated reports, as well as public and quasi-public information available from diverse sources. The data sources include both print and online media and have been listed in the reference section. Survey reports published by commercial and non-profit organizations have been referred to in order to better understand the 'Job hopping phenomenon prevalent in the IT & Telecom Space. This includes the V and D100 Indian Telecom survey, conducted by telecom journal Voice and Data, online surveys by CareerBuilder.com, BT-Indicus-PeopleStrong Survey as well as annual IT Best Employer Survey 2010 conducted by DataQuest. The presentation and the inferences drawn are based on the personal experience and knowledge of the author in the field on Human Capital Management.

## ATTRITION IN THE TELECOM SECTOR – KEY DRIVERS

It is seldom heard these days of individuals who started their career with an organization, staying & growing with the organization and finally retiring in the same organization. The quote "Nothing Lasts Forever" aptly describes the status of the current job market. Modern world and its trends has made job hopping a social phenomena worth analyzing & studying. Liberalization, globalization & privatization is providing a Job Hopper with multiple options. The Indian Telecom sector is the 4<sup>th</sup> largest telecom market after China, Japan and South Korea. The sector has been expanding & mushrooming by the minute and the organizational performance is directly linked to attracting, managing and retaining the best available talent in the market. There is a scarcity of qualified people and organizations attract the best brains from competition with high salary and attractive designations. Attrition in the telecom sector has been attributed to the following reasons:

1. Work fatigue (O&M roles, NOC engineers, Customer Care executives etc.)
2. Stress Levels
3. Alternate Openings
4. Career Growth
5. Poaching by competition
6. Job satisfaction [1]

The employee turnover rate is calculated as follows:

$$\text{Attrition} = \frac{100 * \text{No. of employees who left in a year}}{\text{Average No. of employees}}$$

The telecom sector currently faces an attrition rate of 20-25%. Monetary increase is one of the most commonly cited reasons by employees for changing jobs. Long term career prospects, work environment, colleagues, company culture are all considered equally important factors in determining an ideal job. Drop in employee loyalty, dissatisfaction with the job roles handled, including monetary reasons are some of the primary drivers, of job hopping. The secondary drivers of job hopping include: [2]

1. Inability to get along with colleagues or employers
2. Lack of longevity
3. Lack of resilience or loyalty

The following table 4 presents the attrition scenario in the IT & Telecom sectors till 2008. The trend is expected to continue in the subsequent years 2009-2012.

TABLE 4 – ATTRITION RATES IN THE IT & TELECOM SECTOR (2006-2008)<sup>5</sup>

S.No.	Sector	0-3 years %	4-7 years %	8-12 years %	13+ years %	% change (2006-2007)	% change 2008
1	IT & Telecom	32	25	10	5	5	9

## ATTRITION – INDIVIDUAL & ORGANIZATIONAL IMPACT

The attrition rate of an organization has an important bearing on its outcomes. An analysis of the changing paradigms, the cost of employee turnover, the employee perspectives and the new retention methodologies have become imperative for the organizational frontline people managers. People managers have a broader influence on the environment in which the employees carry out their work and are the primary link between the employees and the organization. Employee turnover (ET) is often utilized as an indicator of corporate performance and can easily be observed negatively towards the organizations efficiency & effectiveness [3]. ET is a natural outcome of doing business, yet can be very harmful in large numbers. There is a string of evidence to support the fact that cultural flavors have an impact on attrition regionally<sup>6</sup>. The consequences of job hopping on individuals and organizations include the following:

1. Finding shortcuts for success
2. Poor loyalty to employers

<sup>4</sup> Source: The Indian Telecom Services Performance Indicators January - March 2010, Published July 2010

<sup>5</sup> Source: Emmay HR

<sup>6</sup> Source: India BT Attrition Study 2008

3. Steep compensation increases
4. Instability
5. Brain drain in a corporate

Attrition impacts low productivity, drop in sales and revenue and dip in customer service. The cost of turnover includes:

1. Separation Costs
2. Vacancy Costs
3. Recruitment Costs
4. Training Costs
5. Out-boarding costs

Managers could predict employee turnover in an organization by studying the personality characteristics of his/her team members. The Big 5 personality dimensions could be listed as: [4]

1. Emotional Stability
2. Extra Vision
3. Openness to experience
4. Agreeableness
5. Conscientiousness

Attrition and job hopping can occur in our country either due economic recession, mergers or acquisitions in the normal course. The career in the industry is very lucrative as the telecom sector is booming by offering a variety of career options, with the increase in number of projects, setting up of new branches, expansion of network coverage areas. Entering the rural markets with a bang has thrown open opportunities and challenges for employers on the talent attraction & retention front. The current era is about reducing head count costs and managing a lean and mean organization. However, no organization would like its top performers & critical resources to leave when they are needed the most. High end talent is always lofty on aspiration & losing them to competition would be a high business risk. Therefore, identifying talent, drawing up career and succession plans, providing job rotation and providing a progressive environment, besides sponsoring for training and management development programs would be essential to reduce attrition rates.

One of the greatest strategies of war has been the strategies of attrition warfare, defined in military dictionary as the cumulative destruction of the enemy's material assets by superior fire power. This historical concept has now found its way to the corporate board rooms where organizational managers try to stay ahead of the competition by resorting to the poaching of their competitor's talent pools. There are three specific knowledge types that are under attack through such an attrition strategy:

1. Cultural Knowledge
2. Historical Knowledge
3. Functional Knowledge

## ORGANIZATIONAL ATTRITION MANAGEMENT STRATEGIES

A research undertaken by LSA Global [5] has uncovered six dimensions that are most critical to influencing organizational retention. These dimensions are in turn aligned into three major components for an organization to achieve world class retention. These components are:

### 1. MANAGER RETENTION PRACTICES

The research has consistently validated the reality that the manager plays a significant role in influencing the employee's commitment level and retention. There are a number of manager retention practices which will increase the probability that an employee will remain committed to an organization over time. These retention practices represent the manager's actual behaviors on the job and have little to do with the amount of classroom training received by employees. Most organizations ask their managers to place productivity as the highest priority, underscored by the pressures to fulfill "stakeholder obligations. Good retention practices focus not only on what the employee is contributing to the company, but also focus on how the manager can create a climate so that the employee is retained and committed on a long term basis. Though managers play a very crucial role in retention, they do not control all of the factors that can affect attrition. Therefore, the second component represents the organization's responsibility in the retention equation.

### 2. ORGANIZATIONAL RETENTION SYSTEMS

There are a number of organizational systems and processes that influence retention. These include equity of pay scales. In addition there is evidence that an organization's recruiting systems and processes can significantly impact retention ratios. These systems support the Manager Retention Practices, but they also increase the likelihood that employees are committed on a long term basis and are performing at their best.

### 3. MEASUREMENT AND ACCOUNTABILITY

It is imperative that an organization has a microscopic view of its attrition rates. This will help in uncovering the potential causes of attrition.

A two pronged approach is generally recommended to manage an organizations attrition rates. These include:

1. Identify top performers & reward and recognize talent
2. Non performers put on performance improvement exercises

The following table 5 presents a methodology for organizational attrition estimation and management.

TABLE 5 - ORGANIZATIONAL ATTRITION MANAGEMENT

Instruments	Predictors	Outcomes
Existing Survey	Attrition	Retention Prediction
People Processes	Development Initiatives	Bench Marking
E-Surveys	Employability	Best Practices
	Work Environment	Strong Employees

The primary drivers for the organizational employee retention strategies include the following:

1. Economic
2. Replacement of the older generation with the younger generation
3. Compliance
4. Globalization
5. Capital Intensive to Knowledge Intensive
6. Partnerships
7. Individualization

To achieve organizational goals, leaders must ensure employees perform at high levels. In this context it is imperative that the HR Manager of an organization understands the following:

1. What motivates employees to work with commitment to the organization?
2. What triggers superior performance?
3. What actions drive employee retention?

Line Managers directly control a majority of the effective drivers of employee performance and retention and play a critical role in the organization success. People managers have a broader influence on the environment in which the employees carry out their work. They are the primary link between the employees



and the organization. Managing employee attitudes drives performance and retention. Managers must build employee engagement with the broader organization, thereby increasing employee discretionary effort and intent to stay. In this context it is essential that good managers should:

1. Amplify the good, filter the bad
2. Connect employees with the organization and its success
3. Instill a performance culture
4. Connect employee's with talented co-workers
5. Demonstrate a credible commitment to employee development
6. Provide fair and accurate informal feedback on performance
7. Highlight employees strengths in performance reviews
8. Clarify performance expectations
9. Leverage employee fit
10. Provide solutions to day to day challenges

Organizations need to adopt the ADIEU Model to boost employee morale and loyalty towards the organization [6]. The model includes the following:

1. Affiliation
2. Development Initiatives – Developmental activities within an organization
3. Employability
4. Your work environment

Finally, organizational retention strategies should focus on the following factors:

1. Pay
2. Benefits
3. Recognition
4. Opportunity
5. Growth

## EMPLOYEE VALUE PROPOSITION

Employee Value Proposition (EVP) is a term used to denote the balance of the rewards and benefits that are received by employees in return for their performance at the workplace. [7] Minchington (2005) defines an Employee Value Proposition (EVP) as a set of associations and offerings provided by an organization in return for the skills, capabilities and experiences an employee brings to the organization. The EVP is an employee-centered approach that is aligned to existing, integrated workforce planning strategies because it has been informed by existing employees and the external target audience. An EVP must be unique, relevant and compelling if it is to act as a key driver of talent attraction, engagement and retention. It has become closely related to the concept of employer branding, in terms of the term EVP being used to define the underlying 'offer' on which an organization's employer brand marketing and management activities are based. In this context, the EVP is often referred to as the Employer Brand Proposition. Tandehill (2006) reinforces this link to employer branding, and urges all organizations to develop a statement of why the total work experience at their organization is superior to that at other organizations. The value proposition should identify the unique people policies, processes and programs that demonstrate the organization's commitment to employee growth, management development, ongoing employee recognition, community service, etc. Contained within the value proposition are the central reasons that people will choose to commit themselves to an organization. The EVP should be actively communicated in all recruitment efforts, and in letters offering employment, the EVP should take the focus of compensation as the primary "offer." The following table 6 illustrates the concept of EVP:

TABLE 6 – EMPLOYEE VALUE PROPOSITION

Rewards	Opportunity
Organization	Work
People	

Poor EVP delivery reduces employee intent to stay. The seven attributes of EVP for seeking commitment and intent to stay include:

1. Compensation
2. Future Career Opportunities
3. Recognition
4. Organization Growth Rate
5. Organization Stability
6. Development Opportunities
7. A collegiate work environment

The seven elements of the core EVP impacts 56% of all the major talent segments in India. Employee engagement is to be seen through a comprehensive framework that includes (not limited to) the following:

1. Job Role
2. Engagement Areas
3. Employee Development
4. Work Relationships
5. Feedback & Evaluation
6. Learning
7. Environment
8. Recognition
9. Communication

## CONCLUSION

The purpose of this paper is to highlight the importance of rewarding superior performance in an organization as a planned effort for retention of top performers and critical resources. This paper seeks to elaborate the negative impact of employee turnover and attrition in an organization. Telecom companies need to devise new methods for employee retention, considering the current challenges faced by the Telecom industry in India. The delivery of Employee Value Proposition in the right measure would create an environment where employees will enhance their discretionary efforts and also decide to stay longer in the organization. The researcher has presented a theoretical perspective in this paper and is in the process of presenting a detailed research paper on the said topic for a better understanding of the realities in the Telecom industry with respect to Managing People for Superior Performance and Retention.

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