

Attrition bugs India Inc as good times roll again

Spoilt For Choice: Average Attrition Rate Doubles to 15%

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NEW DELHI

ONLY a few months ago, 28-year-old Srikant Sapre, a senior executive with a Bangalore-based information technology company, was struggling to change jobs in a bleak economic environment.

Today, Sapre is spoilt for choice: He has no less than three offers to choose from. Better still, his company is making him counter-offers like an immediate promotion, onsite job opportunity, higher salary, job rotation and long-term incentives.

From a time when mass layoffs and salary cuts were the norm, the dramatic shift is not unique to the sector Sapre works in. Corporate India is doing its best to hold on to talent, aware of opportunities that can lure key executives.

While the average attrition rate was at 7.8% for Indian industry in the second quarter of 2009, it had almost doubled to 15% by the end of the year as the job market improved, say surveys conducted by HR consulting firms Mercer and Hewitt Associates. "Companies are rightly worried about retention at this point of time. Job and compensation opportunities have opened up, but are

limited," says Hewitt Associates leader of performance and rewards consulting practice in India Sandeep Chaudhary.

Organisations like Infosys, Genpact, Tech Mahindra, Future Group, Dabur and LG are using a mix of monetary and non-monetary incentives to prevent attrition rates from going up further.

Infosys, for instance, is offering higher salaries, early promotions and bonuses as it foresees its attrition rate touching 13% in the first quarter of the next fiscal, compared to nearly 11% for the quarter ended March 31, 2009.

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Going the extra mile to retain talents

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ONLY last month, nearly a 1,000 people left the organisation. "We have speeded up the process of giving promotions," says Infosys group head (human resources) Nandita Gurjar.

The company has also resumed onsite job opportunities after two years, when the economic meltdown in the US hit many Indian IT and ITeS companies hard. "Such opportunities are usually given to people with three to four years of experience once in two years," says Ms Gurjar.

Some companies in the financial services sector are retaining people by offering guaranteed annual income of up to Rs 3 crore to senior management, while others are planning to pay salary hikes of up to 50%.

Companies that refrained from giving increments last year are doing so this year to partially compensate for last year, and to ensure that employees stay back, says Executive Access partner Charul Madan.

But not everyone believes that more money will do the trick. Genpact considers training and development to be the best long-term retention strategy, even as it focuses on higher compensation. "Counter offers can act as the best means to retain employees in the short term," says Genpact senior vice-chairman (human resource) Piyush Mehta.

The company had an attrition rate of 23% in 2009 and expects some improvement this year. But Mr Mehta acknowledges reining in attrition will be a tough task, with the economy looking up and new busi-

ness flowing in again.

Future Group HR head Sanjay Jog agrees that money alone cannot stop people from leaving an organisation. "We have seen that job rotation or a change in job profile desired by the employee helps a lot," he says.

Marketing and finance professionals, for instance, are encouraged to work in the HR department.

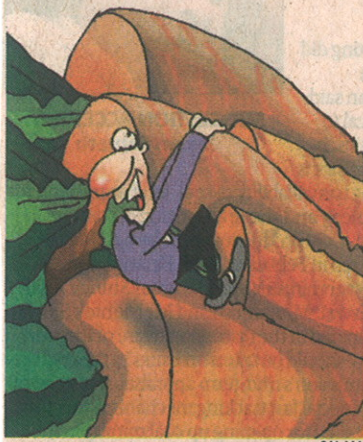
Retention bonuses are another strategy that consumer durable companies are employing. While LG pays a special yearly bonus to every employee who has completed two years, Dabur offers the bonus after completion of one year of service. The bonus could go up to 15% of an employee's annual CTC, says Dabur India ED-HR A Sudhakar.

Dabur is also planning to hike salary

by an average of 15% for the next fiscal. High performers are expected to get increments of up to 20%.

Retaining employees is no longer restricted to ensuring that the senior team doesn't leave. Companies are focusing equally on the mid-level management, as this is where high attrition levels can hurt more. Delay in execution of projects and delivery of services not only hit firms' reputation, but also lead to client and revenue loss, says Tejinder Pal Singh, senior partner at Delhi-based executive search firm Transearch International.

"Good talent, be it at the mid or top level, is scarce and is the only source of competitive advantage in today's fiercely competitive world. Hence, companies do not mind travelling that extra mile to keep it intact," he says.



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