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A study of employee attrition and retention strategies with special reference to telecom sector in Tamil Nadu

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Abstract
The possible effects of specific industries, the size of workforce and the category of employees can affect the outcome in such studies. In order to control the industry-specific effects, the current study focuses on the private sector telecom organizations. It is appropriate for studying the phenomena since it is a buoyant-sunrise industry and having experienced considerable growth over the last one decade and also contributing significantly to the gross domestic product (GDP). It is also playing a significant role in shaping the life- style of the youth in the country and is also important in terms of job creation in the knowledge and technology space. Telecom industry has been part of the growth story in India and continues to occupy the primary attention as regards job seekers and professionals for career advancement. In view of the nature and complexities, it was found desirable to choose this industry part of the study. The researcher has also spent more than a decade as a practicing HR professional from the industry and found it pertinent to study the trends and to understand the phenomena, suggest possible options for tackling the problem from a long term perspective. The State of Tamil Nadu was identified to confine the study to a manageable boundary to ensure the effectiveness, validity and reliability of the study.

1. Introduction

Employees are the most valuable assets of an organization. Attrition simply means "A reduction in the number of employees through retirement, resignation or death". Attrition can be conceptualized in many forms; the two prominent forms of attrition for the constraints of this endeavour are attrition due to employees leaving and employee retiring from an organisation. Employee attrition is a chronic disturbance that the HR department is exposed to. The recent times have witnessed a steep increment in the employee turnover. It's important to know whether their employees are dissatisfied or there any other reasons for leaving the job. Before taking sudden action it is always wise to investigate into the root cause of the issue. Employees today are eager to jump from one organization to other for a better opportunity than ever has been true in the past. Employee attrition has become a crucial issue in most of the organizations.

Employee retention is the effort by employers to encourage current employees to remain employed with the organization. It is better to retain the existing talent than to hire continuously. Retaining good employees has always been an issue of utmost importance. Employees today are different. They are not the ones who don't have good opportunities in hand. Employees need to be retained because good, faithful, trained and hard working employees are required to run business. They have acquired good product knowledge over the long run and a trained employee can handle customers better and also solve problems of peers who are new to the organization. A good employer should know how to attract and retain its employees. It is one of the key challenges faced by chemical industries in India. It has been observed that there is a great demand for skilled employees within India and abroad, which has resulted in technocrats leaving the Organization in search of greener pastures.

2. Retention meaning

Employee Retention is the biggest challenge faced by HR in the modern economy. The best retention strategies are to be framed to curb the attrition. Retention is an art of managing people. Employee Retention is a business management term referring to efforts by employers

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to retain and foster an environment that encourages current employees to remain employed by having policies and practices in place that addresses their diverse needs. The purpose is to avoid employee turnover and associated costs: hiring and training expenses; productivity loss; lost customers; diminished business; and damaged morale among remaining members of the workforce. Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an Organization. Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. An environment of trust and cooperation, and collaborative approach by the management, employees get the feel to connect.

Retention is all about taking measures so as to encourage work force to remain in the organization for a maximum period of time.

3. Significance of employee rentions

Retaining talented employees from getting poached along with reducing the attrition costs are the key areas that need to be given some serious thought. Huge amounts are being spent on hiring and training the recruits and hence the cost of employee attrition adds a lot of money to a company's expenses. Employees who leave the organization take along with them valuable information regarding the company, its customers, current projects and other confidential data. Employees build relationships with customers and clients and help the business of the organization to grow but once they leave, such relationships are severed and can cause potential customer loss. Time is a crucial factor for a business to succeed and a huge amount of it goes in hiring and training a new employee, also involving large amount of money huge cost which is a direct loss to the company, if the employee leaves the organization.

4. The Indian Telcom industry

The Indian telecom industry has undergone significant structural transformation since its liberalization in the 1990's. During the last fifteen years, the industry has evolved into a multi-segment, competitive market from a small supplier-dominated market having public sector monopoly (Preethi *et al.*, 2009). Government Telecom and Communication policies have played a crucial role in shaping the structure of this sector over the last fifteen years. National Telecom Policy 1994 and 1999 has contributed to the overall development and growth of this industry segment.

5. Current 5 structure of Indian Telcom industry

Currently, both public and private sector players are actively catering to the rapidly growing telecommunication needs in India. Private participation is permitted in all segments, including ILD, DLD, basic cellular, internet, radio paging, *et al*. The broad structure of the telecom industry (in terms of service providers) is depicted in Figure 1.
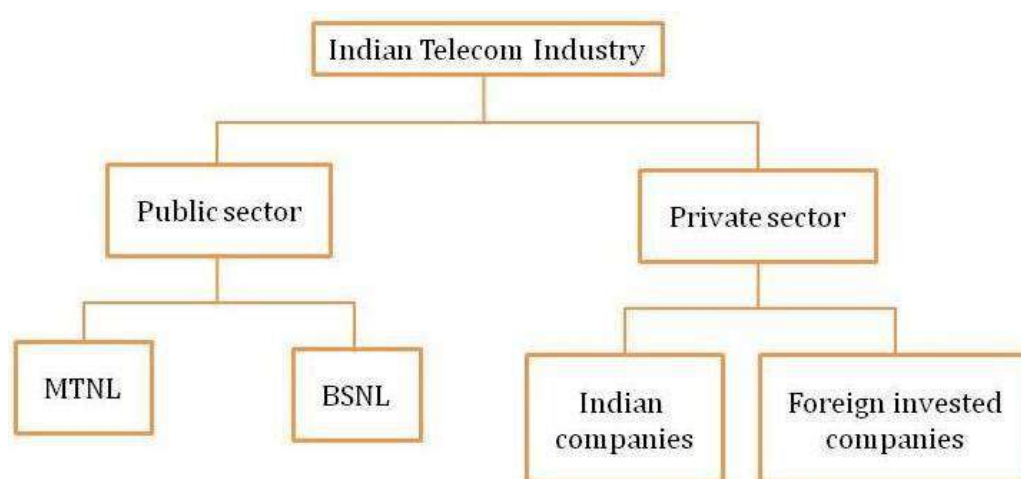

Fig 1: Structure of Indian telecom industry

6. Segments in the Tele Communication industry

The telecom services in India can be divided into two broad segments, wire line services and wireless services. The wire line segment, which accounted for a major share at the start of the current decade, has witnessed a decline in its subscriber base in the last 5 years. Other telecommunication services such as internet services, broadband services, VSAT, have also evolved gradually and have become an integral part of the Indian telecom industry. The industry classification is as under:

- Wire line services (Fixed line telephone and Broadband)

- Wireless service: (Mobile Phone - GSM (2G, 3G and 4G) and CDMA (1x and
- HSD - Wireless Data Cards))
- Internet services
- Public Mobile Radio Trunked Services (PMRTS)
- Global Mobile Personal Communication by Satellite (GMPCS)
- Very Small Aperture Terminals (VSAT)
- Mobile Value Added Services

7. Challenges in the telecommunication industry in India

The industry is currently facing huge challenges owing to

shortage of growth in traditional services. Emerging markets are also seeing decreasing growth rates and lower voice ARPU (Average revenue per customer). On the other hand mobile data is the new frontier, but while volumes of data and applications are exploding, revenues are decreasing and competition is increasing. Service providers need to find new revenue streams in VAS and enterprise services. There is an opportunity around cloud computing. The operators need to transform to attract customers and also take the benefit from the mobile Internet.

With a move to 3G networks and a resulting simplification there is a future for vendors and Information Technology (IT) service providers. All this will positively impact the Indian economy. The market in India is at an inflexion point following the arrival of 3G. The hyper-competitiveness is likely to flatten out in terms of subscriber growth over the next two years. The proliferation of smart devices and availability of high speed data access will result in new service consumption patterns. Operators seeking to monetize this shift will need to support a broader application and services portfolio with better subscriber segmentation capabilities. We have to wait and see the impact of 3G on the Indian landscape.

With fierce competition and concentration of the subscribers and the network in the urban and semi urban markets, the mobile phone operators are going through a tough phase, lack of significant growth in the customer base, drop in revenue per subscriber, high cost of project rollout, high capital deployment, increase in cost of manpower and other inputs is leading to the low profit regime. The cost of rolling out networks in rural areas which would expand the customer base significantly but would not provide for Return of Investment (ROI) in the short/medium term will be an impediment to meet the capital-debt repayment. The perceived crisis therefore can be classified as follows;

- Steep increase in license fee owing to 3G auctions
- High cost of capital deployment for roll out of new technologies and expansion in rural markets
- Costs of equipment are on the rise
- Revenue per subscriber is dropping significantly
- Incremental growth of subscribers not very significant
- Shortage of skilled and experience manpower to address the growth and technology needs
- Cost of Input including manpower cost is on the rise
- Too much competition owing to too many players resulting in crowding, price wars and hence lower revenues
- Expansion of highways and other road infrastructure is resulting in damaging to the telecom infrastructure that has been laid in terms of optical fiber cable (OFC) etc., resulting in network outages
- Broadband penetration in India is still very low when compared to the rest of the world, but catching up slowly in India and in Tamil Nadu in particular
- Education with specific focus is yet to gain prominence considering the fact that it has opened up to privatization in 1994. Shortage of skilled and trained manpower is a nightmare in some segments, resulting in the cost of training.

Hopefully the NTP 2012 will augur well for the industry and for the subscriber at large. The industry contributes significantly to the job market, the GDP and the economy and hence must be categorized as an Infrastructure business for gaining special status. By overcoming the perceived crisis, organizations will grow and consolidate in the years to come.

8. Telecom majors in the state of Tamil Nadu
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- **BSNL:** A Government owned - Public Sector Organization
- **Bharti Airtel:** Bharti Group in tie up with Singapore Telecom is a leading player in the country with pan India presence
- **Reliance communications:** A Reliance Group entity that enjoys a pan India presence
- **Vodafone:** Vodafone India is a subsidiary of Vodafone Group Plc India and is a multinational company
- **Tata Teleservices:** Tata Communications is a wholly owned enterprise of the Tata Group providing wire line services and Tata Docomo is a venture with partnership with Docomo Japan and provides wireless services
- **Idea Cellular:** Is a Aditya Birla Group company
- **Aircel:** The leading shareholder is the Maxis group from Malaysia
- **MTS mobile:** System from Russia in partnership with Shyam telecom is a recent entrant
- **Videocon telecom**: An Indian business house with diverse interests has also joined the bandwagon for providing mobile telephone services in India

9. Attrition in the Indian telecom industry
The industry has been expanding and jobs mushrooming by the minute and hence it has all boiled down to attracting, managing and retention of talent. There is a scarcity of qualified and trained manpower to meet the growing needs. The Indian economy has been growing at a sturdy pace of 8% annually and has surely placed an enormous strain on the existing talent pool in terms of various job opportunities. Conducive business environment, favorable demographic outlook and the political stability enjoyed by the country have contributed to the growth, resulting in the increase in job options (Slideshare, 2011). Shortage of skilled manpower has caused deep concerns in this space and with increasing workforce complexity the challenges have been mounting. The game changer, attrition in an organization seems to decide outcomes. The changing paradigms, the cost of employee turnover, employee perspectives and new retention methodologies are worth studying for any practicing HR manager. Liberalization, Globalization and Privatization in the telecom space has provided job hoppers with multiple options. With more and more players at the marketplace, the pressure in terms of attracting and retaining the right talent is a challenge. The employment scenario is very promising and is creating employment opportunities and adding more and more people to its workforce. There is a huge demand for trained and qualified engineers and other professionals. The trends indicate that the attrition rates of 20 to 30 percent and hence the HR's primary strategic function is to retain the talent and focus on employee engagement. With the launch of 3G and 4G services, the organizations are going for high skill recruitments. There is a huge demand for new projects, setting up of new services, expansion of coverage areas, network installations, maintenance etc., are providing employment opportunities. Job hoppers are cashing in the current scenario.

10. Statement of problem

Erosion of talent resulting from the loss of high performers and critical resources and the average - low performers and de-motivated employees staying back Employee turnover at the junior and middle management level is quite high Overall productivity takes a hit because of the outflow of the top performers and critical resources and learning curve effect (Pindyck *et al*., 2003) of the new entrants Lack of motivation and low morale leads to an increase in employee turnover Recruitment and training cost increase drastically due to employee turnover Difficulty in retaining the skillful and the younger lot of employees who have the skills which are in great demand Employee turnover levels in some specific businesses affect the morale, motivation level and productivity of the team. Morale deficiencies affect the organizational performance and sometimes, result in the 'ripple effect'. Employee turnover implies certain direct costs such as recruitment, training costs and other costs incurred during the vacancy period. Besides these, it also results in indirect costs due to lowered employee morale, quality of handholding and transfer of information. Also when employees leave the existing workplace equilibrium is upset and crisis management leaves less scope for development activities. Therefore an attempt has been made to conduct research under the title "a study on employee attrition and retention strategies with special reference to telecom sector in Tamil Nadu*"*

11. Significance of the study

The field of Human resource management (HRM) faces a significant dilemma, while evidence, theory and practical demands are increasing the visibility and credibility of human capital as a key to organization success, the measure used to articulate the impact of their decision remains still a grey area. Moreover, there is a rapidly-growing body of books and articles suggesting that the key to competitive advantage lies with the organization's human resources. HRM must focus on outcome, rather than solely on programs, activities and costs are becoming well established. Intellectual capital is widely suggested as an emerging key to the organization success that is not reflected in standard accounting and financial reports.

People are the most important asset and the key differentiator to organizations success. From a managerial perspective the attraction and retention of high quality employees is more important today than ever before with more than 50 years of research attention on the subject and over 1500 publication articles on leading business journals world over. This phenomenon continues to occupy mainstream research for finding alternate solutions. Volunteering employee turnover is one of the most studied behaviors in management research (Griffith, Hom and Gartener, 2000; March and Simon, 1958). Retaining employees remains a primary concern for many organizations during days of intellectual property, as intellectual capital has become a critical component of wealth creation. In HR research and practice, employee retention or turnover involves the question of organization employee movement. Exit of employees who have relatively high human capital value and choose to exit, can cause serious loss and impairment, especially when the attrition is on the rise. This study will also help establish what unique value proposition the industry can offer its employees, in terms of compensation, work environment, learning and development, to ensure that the problem of attrition of the critical resources and top performers is controlled or minimized.

12. Scope of the study

This study was conducted on all the permanent employees of the eight private sector telecom organizations operating in the geography of Tamil Nadu. The employee turnover in terms of role/function, time spent in the organization, location, qualification, total experience, age and gender was profiled. This research was carried out through the period May 2009 to March 2012 and seeking responses from the employees, HR managers, senior leaders in the industry, as the primary data and from various other sources like management journals, research papers, manuals, books, TRAI official reports, internet web sites, headhunters and recruitment consultants operating and supporting these eight companies in the State, members of the National HRD Network (HRD), National Institute of Personnel Management (NIPM) and Indian Society for Training and Development (ISTD) as the Secondary Data (also includes the Exit Interview Feedback analysis).

13. Objectives of the study

- To profile attrition in terms of age, gender and tenure in the organization, function/roles, qualification, total experience, location and company wise
- To analyze the employee turnover trends of Chennai vs. Rest of Tamil Nadu (ROTN)
- To understand the impact of the problem of employee turnover
- To understand what motivates people to stay or leave an organization - the push and pull factors in play
- To suggest remedial measures for controlling the negative trends.

14. Research design

This research is a blend of theoretical and empirical work and is descriptive in nature and has been carried out with specific objectives resulting in definite conclusions.

15. Sampling design

This study encompasses both primary and secondary research sources. The inferences from the primary data and the secondary sources have also been examined. To control the variation in the composition of the employees the sample was drawn from all the leading telecom service organizations in the State of Tamil Nadu, proportionately to the size and scale of operations and the manpower strength. The population of the study had individual employees as the major component. The sampling method used for the pilot study was a simple random method and for the final phase of the research the stratified random sampling method was adopted. The primary data was collected through a structured questionnaire from the target universe applying the stratified sampling method.

16. Selection of the sample

Eight leading telecom players from the State has been sampled. The balance was left out purely on the grounds of size of the employee base, recently commenced operation and hence no trends on job hopping or employee turnover could be predicted or established. "For most purposes n=30 is sufficient, provided the universe is not exceedingly

asymmetrical" (Boyd *et al.*, 2005). 100 is a medium sized sample and 300 is a larger sample. More than 5% sample size is an appreciable proportion of the sample universe.

Eight of the organizations were identified for drawing the sample, which by itself is representative of the universe of employees. It was decided to sample all these organizations to have a normal distribution for the samples collected. A minimum sample size was decided for each organization based on its size of operations and the manpower strength. The final survey resulted in 430 responses of which 12 responses were rejected since they did not meet the response criteria, resulting in a total of 418 clean responses, which is a large sample. Each organization sampled had employees between 200-1100 employees (sampling frame) and a sample size of 418 employee represented 9.95% of the universe (37% of the target 1120 employees responded), which is an appreciable sample.

17. Sample size
The sample was drawn from the eight employers (Airtel, Vodafone, Idea, Aircel, Reliance Communications, Tata Teleservices/ Tata Docomo /Tata Communications (all group companies clubbed), MTS Mobile and Videocon), all private telecom operators representing 98% of the industry in the State. The population is approximately 4200 permanent employees {excludes associate employees, outsourced, managed services employees, consultants and retainers, trainees (GET's/MT's)} who are currently working in the targeted organizations. This population was used to draw a sample for studying the trends and the pilot study was conducted by administering the questionnaire on 400 employees and 144 employees responded. For this phase, simple random sampling method was adopted. The responses were adequate and the exercise was completed in a time frame of 90 days. The research was conducted in two phases; exploratory phase and Validation phase.

18. Target population and sampling units
Target population for the purpose of this study is defined as all the permanent employees working in the eight private sector telecom organizations in the State of Tamil Nadu. Individual employees from each of the organizations were drawn up based on the Age, Designation, and Function - role, Work experience, Education qualifications, Gender, Current location and Company to ensure the sample represents the total universe in most respects.

19. Data collection
A sample of 1120 from a universe of 4200 permanent employees (as on 1st October, 2014) was the size of the sample for the final research and a stratified sampling method was adopted. The stratified sampling method was followed as it would have more statistical efficiency. The questionnaires were distributed through email, e-survey, and also through direct interview method. In all 430 responses were received of which 12 responses were rejected, which were not meeting the response criteria, resulting in 418 clean responses at a response rate of 37% and accounting for 9.95% of the universe of employees.

20. Data analysis
The various tests and analysis performed with the raw data using SPSS (Statistical Package for Social Sciences) are as follows:

- Factor Analysis
- Cronbach's Alpha reliability tests
- Chi-square test
- Pearson's Correlation technique
- One-sample Kolmogorov - Smirnov test
- Non- Parametric tests such as Mann Whitney test and Kruskal-Wallis test
- Comprehensive Comparative Analysis of demographic data

The analysis of primary data involved Descriptive, Inferential and Predictive statistics. Non-Parametric tests have been used to validate the hypotheses. The data from the research stands to negate one of the eight hypotheses. The findings of the research have been presented in the research report after statistical validation. Each query has generated responses from the employees, leading to employees subscribing to certain views, which has resulted in conclusive empirical evidence in the area of research.

21. Limitations
This study is limited to the permanent employees of the eight leading private sector telecom organizations operating in the State of Tamil Nadu and does not consider the managed services operator employees, outsourced resources, consultants, trainees [Graduate Engineer Trainees (GET) or Management Trainees (MT)] or retainers.

The lack of published literature on the topic of research was a challenge. The literature survey provided tremendous insights on the overall trends. However, most of the past studies have been undertaken overseas (USA and in Europe). The senior leaders and HR managers were a bit wary to share some of their thoughts and opinions to ensure confidentiality which was also an impediment in some ways. Another handicap was that the organizations had multiple offices in Chennai and ROTN which made it impossible to cover the spread physically by travelling to all the places which hindered face to face administrating of the questionnaire.

The challenge faced by the researcher was that employees were hesitant to part with the information pertaining to their organization, owing to sensitivities. Percentage of senior level and top management employees who participated in this study is not significant when compared to the junior and middle management employees.

Involuntary turnover or attrition was not considered part of this study or its impact on voluntary turnover. Government operators, equipment manufacturers, managed service operators and other service operators not part of main stream have not been covered.

Host of other variables and factors that go into the decision of a job hopper might not have been covered, owing to the magnitude of the social phenomenon may be considered part of the effort for future research. This study also does not cover the impact of non-work domain on attrition.

22. Conclusion
This research has established the clear linkage of job satisfaction and the employee's intention to stay. Job satisfaction is impacted by a range of reasons not restricted to the perspectives covered in this study. The knowledge workers in the present day world are looking at continuously upgrading their skills and competencies and therefore look

forward to support in this connection. Failing to do so by employer's, results in dissatisfaction and exit of employees. Lack of reward and recognition or investment on training and development will trigger top performers / critical resources to exit, since they are able to generate multiple alternate job options with better terms. While pay and compensation might not be the only factor for dissatisfaction at the work place, it plays a significant role in the employee's intention to stay. With possible alternate job options on the rise, organizations need to create stickiness by implementing progressive people practices which are flexible and provide for innovation at work. Employers need to create an environment where employees could look forward to committing long term relationships based on trust and well being of all.

The analysis of data and its findings enabled the researcher to address the key question of the study with the help of theoretical and empirical evidence. The empirical evidence indicates a clear linkage between job satisfaction and employee intention to stay. Job satisfaction is impacted by a range of factors be it investments in training and skill development, innovation at work, implementation of progressive HR policies and practices, reward and recognition for critical, top performers and high potential employees and finally, pay and benefits matching the trends. The uniqueness of the factors that go in making of the decisions on attrition can possibly be explained in terms of the career aspirations of the employees. The final research findings are significant in the sense that they are first hand information based on primary data. The data generated offers multiple possibilities for applying the information in a constructive manner for those who wish to see changes at the organizational and personal level or to pursue further study on the subject. The data can also be used to develop profiles of organizations and employees to assist in coping with attrition. The empirical findings provides for various insights which could be used to tailor make HR strategy in the organizations for better performance and results. Respective organizations can take the essence of this empirical research work for strengthening their people practices. A combination of primary and secondary research makes this a substantial piece of research in attrition, which could be useful for organizations to manage this phenomenon for superior business results. This research also provides a theoretical overview of the different motives of attrition and highlights all the impacted elements of social capital in research. The real test of the information and knowledge provided through this research endeavour is in its end use for managing attrition. While the researcher has spared no efforts in making this study as authentic, elaborate and related to the industry – market trends, there could be further scope for extending the boundaries of the research. Finally, by the findings of this study the researcher hopes to provide various insights and approaches that could be adopted for managing attrition and employee turnover, for the well being of organizations and its employees.

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