A Case Study on Attrition Rate of Infosys

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Abstract - As opportunities are found plenty in the society some people find it easier to shift from job-to-job or company-to-company or from one profession to another. This rate of transformation is getting higher and higher and mainly this can be seen in IT industry. IT's spend more and more not for attracting people, rather for retaining them. Many IT's are facing such problem and Infosys face this issue so seriously. Infosys, one of the top IT in India has been a dream place for many Indians, mainly for youngsters. But due to employee turnover, the company is losing its name in the market. In this paper, the attrition levels of Infosys have been discussed. The attrition level of Infosys gradually increases mainly among the employees with two to four years experience. Hence, this affects the growth and profit of the company. The reason for the turnover are various ones, it ranges from less interest to exhaustment. The COO of the IT said that the company has done multiple things with regard to the employment engagement perspective, including the pay hike. But employees don't find them useful. All they are concerned about is that they get less exposure, opportunities and their personal growth. Certain measures and steps should be adopted to stop the turnover and make use of them in fruitful ways.

Keywords-Attrition, IT, Infosys, COO, Visa, Opportunity, Exposure

I. INTRODUCTION

Infosys is an Indian Multinational Corporation that provides business consulting, information technology, and outsourcing services. It has its headquarters in Bangalore, Karnataka, India. Infosys is the second-largest Indian IT company. On March 29, 2019, its market capitalisation was $46.52 billion. Attrition is the number of employees leaving the company due to dissatisfaction. Recently, Infosys one of the leading IT firm in India is facing the issue.

II. LABOUR TURNOVER

According to various reports, Infosys has witnessed higher attrition rate mainly among employees with 2 to 4 years experience. The reasons included, internal turmoil from the leadership transitions it has had and comparatively lower increments in past years. In the quarter ended March, Infosys reported a consolidated attrition rate of 20.4 per cent, a rise of 50 basis points over the earlier quarter. This is one of the highest attrition rates in the IT sector. During an interview, with the COO Pravin Rao, by The Economic Times, said that the company has done enormous things to the employees, mainly compensation hike of 6% to 8% in India for 85% of the employees, though, they find higher attrition rate at junior level compared to senior level.

The company thought this issue would sorted up soon. But exit of top 3 leaders [Mr. Ranganathan, senior executive; President Rajesh Krishnamoorthy; Healthcare Business Head Sangita Singh] made Infosys to take up the issue very seriously. The departure of the executives has occurred at the company under Salil Parekh's watch [the CEO]. And it is also said that after the step up of Mr. Salil as the CEO, the company faces a lot of exits in its top echelons. The CEO said that the company would hire people from outside to account management, large deals, and digital teams for the betterment of leadership teams and to strengthen them. But even after then, the market shares of the company were not eye catching and dropped by 3.22% on Bombay Stock Exchange. According to many analyst the market erode is due to the announcement on the stepping down of its Chief Financial Officer Mr.Ranganathan. Another point quoted by the CEO on attrition is due to the strong training programmes given to employees. And that made them attractive targets for others companies..! He said in order to reduce the attrition level, multiple interventions are intruded viz.timely wage revisions, more promotions, and better employee engagement.

The following statistical data tells about no. of people employed by Infosys from FY2010 to FY2018:
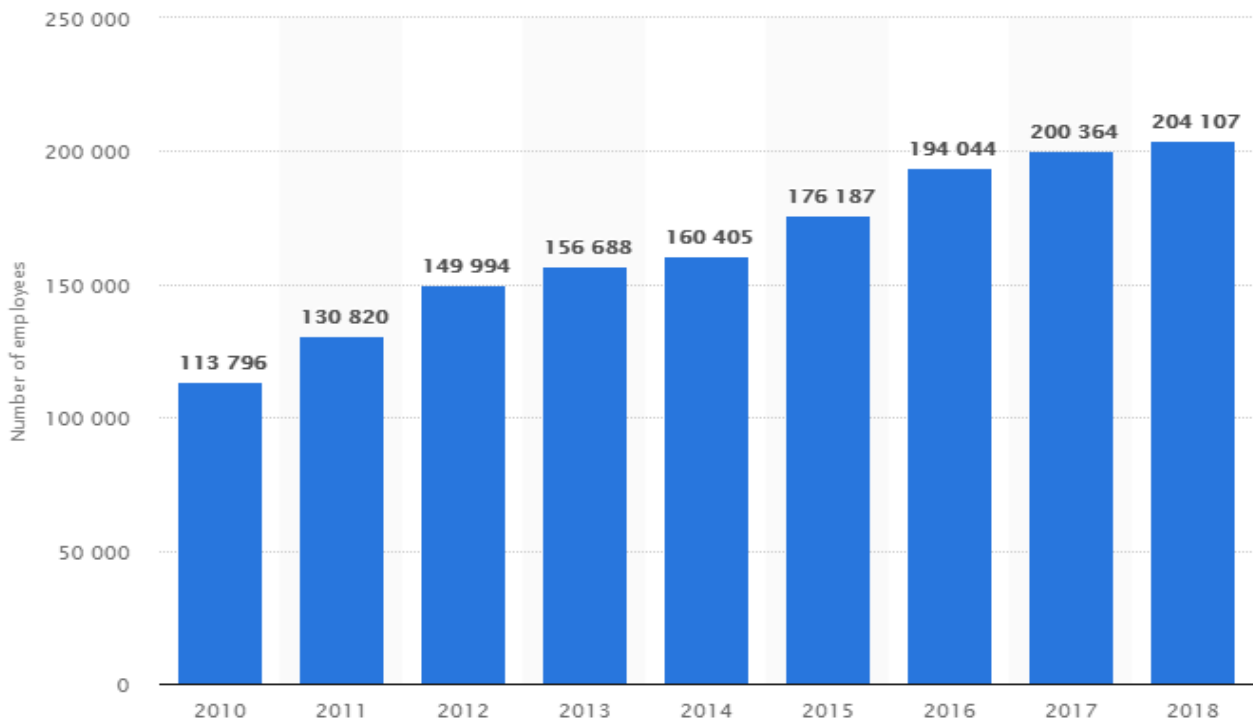
III.   GENERAL CAUSES OF ATTRITION

Employee turnover tends to be higher if employees feel that they are taken advantage and/or undervalued. Working Environment plays important role in employee's life. If they don't feel safe or valued they urge to leave the place. And if managers don't treat equally, employees get frustrated and that causes high resignation.

Management policies can also affect the environment in basic ways such as incentives and employee benefits. If all these things are not implemented properly and effectively, they don't get expected results [motivated employees]. Adding to this, their method of recruiting and lay-offs also influence the work place. There are many employees leave their current position and take the new position in same company just for the reason of department policies or colleagues behaviours.

IV.   SPECIFIC CAUSES

This can be pointed to women. They play multiple roles in their lives. From fulfilling their family duties to completing the given target, they work endlessly. And if they don't feel satisfied and comfortable, they simply quit their job. Some, instead of taking maternity leave, just leave the company. These factors translate into higher women turnover.

V.   CAUSES OF EXPERIENCED PERSON'S RETIREMENT

When they don't get proper compensation and recognition, they switch over to other companies. This causes lower productivity of work too.

VI.   TECHNICAL CAUSES RELATED TO VISA

As per COO, "A big part of this attrition is for people with three to five years experience. For this set, the earlier value proposition was on-site (foreign posting) opportunities, which was a big thing. But, given all the mobility challenges due to restrictive visa regimes, these opportunities are fewer. That is probably one reason why they (these employees) look forward to move to other opportunities, where either they are able to get higher compensation or different kinds of jobs. Sector experts said there were other reasons, too. "The H1B visa (issued by the US government) issue has affected the whole industry, not Infosys alone. Also, hardly one per cent of the total workforce gets on-site opportunities. Another reason could be higher utilisation levels which the company has seen in recent quarters," said the personnel manager at a staffing company. "Lower levels of (pay) hikes at the entry level in past years has its role, though the company has started a course correction in this regard."
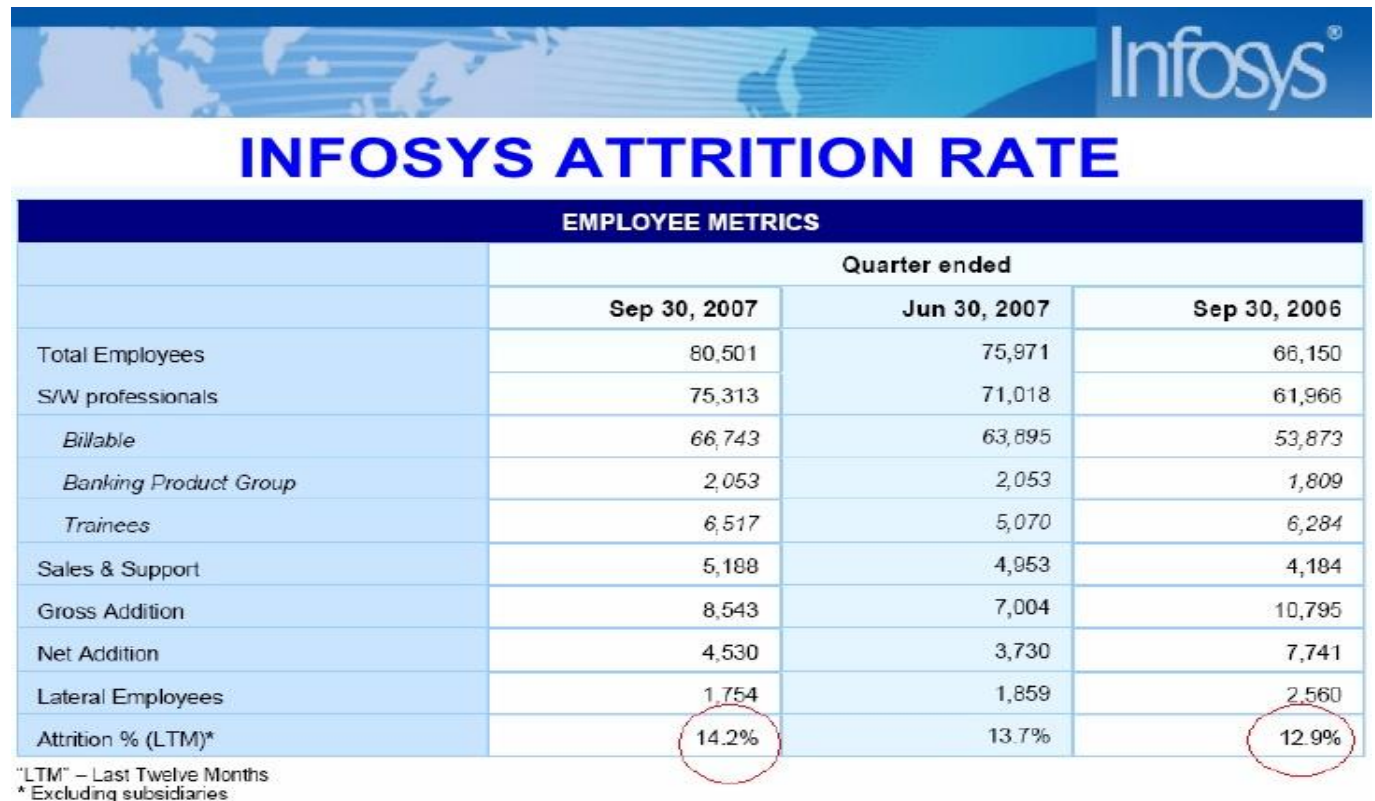
The US, contributing more than 60 per cent of Infosys' total revenue, is the most critical market for the firm. With increasing restriction on employee movement owing to H1B visa restriction, all IT firms are building up local employee base in the US for efficient delivery. While pointing out that the company would continue to hire locals, Chief Operating Officer U B Pravin Rao said there were no new numbers to announce at this point. He was speaking after the second largest IT company announced its FY20 results.

In May 2017, Infosys had announced its plan to set up four technology and innovation hubs in the US and also hire about 10,000 locals over a two-year period as part of its localisation drive. While the company has hired the targeted number of locals from local universities, it has also set up four technology and innovation hubs in Indianapolis (Indiana), Raleigh (North Carolina), Hartford (Connecticut), and Phoenix (Arizona). Given the importance of localization, Infosys had moved Srikantan Moorthy from India to the US last May as head of talent acquisition for the key geography.

Meanwhile, apart from hiring engineering students, the IT firm is also taking students with non-STEM (science, technology, engineering and mathematics) background in the US. Fresh graduates with design or other creative skills are being recruited by the IT services firm, Rao said.

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The following figure tells about the attrition rate due to various causes :

INFOSYS ATTRITION RATE

EMPLOYEE METRICS	Quarter ended		
	Sep 30, 2007	Jun 30, 2007	Sep 30, 2006
Total Employees	80,501	75,971	66,150
S/W professionals	75,313	71,018	61,966
Billable	66,743	63,895	53,873
Banking Product Group	2,053	2,053	1,809
Trainees	6,517	5,070	6,284
Sales & Support	5,188	4,953	4,184
Gross Addition	8,543	7,004	10,795
Net Addition	4,530	3,730	7,741
Lateral Employees	1,754	1,859	2,560
Attrition % (LTM)*	14.2%	13.7%	12.9%

"LTM" – Last Twelve Months
* Excluding subsidiaries

VII.   EMPLOYEE'S VIEWS ON ATTRITION..

1. " Less opportunity of getting an exposure; Employee's growth depends on the no. of years spend on working for the company. And they don't consider though you are more technically sound than your seniors; Getting an On-Site opportunity is 100% luck and doesn't concern with the hardwork."[By **Shiladitya Ghosh**]

 2." Employees leave the company due to their immediate managers; Due to JL6 and JL7 attritions are higher in JL3 and JL4 where the people in JL6 and JL7 start playing with other people for their personal growth." [By **Praveen Kumar**]

[Job Level (JL) are the various job levels in Infosys starting from 3 and ends with 8. Among that JL6a is senior project manager and JL6b is project manager. JL7 is delivery manager. JL3 is system executive and JL4 is technology analyst].

3."The company spends more money on the infrastructure but not productivity related demands; It takes so long to get approval from the senior managers even for emergency causes; Follows the same strategies though employees upgrade their knowledge; The policies are so rigid, that it is very tough for the employees to look for an alternative; More work pressure on the freshers, that in turn causes them depression." [By an employee]

4. "All the 'soft' issues — flexi timing, dress code and others — have already been taken care of by the company. Variable payout and salary hikes have been increased for junior and mid-level employees. Despite all these, if attrition is not coming down, then Infosys should look at its employee practices, at the managers' end," [By **V Balakrishnan**, chairman of Exfinity Venture Partners, a former head of finance and of the board of directors at Infosys.]

The following comparative study was made:

TURBULENT PHASE AT IT FIRM
Infosys's current attrition level of 20.6% is the highest in its history, while its 23.7% profitability is the lowest.
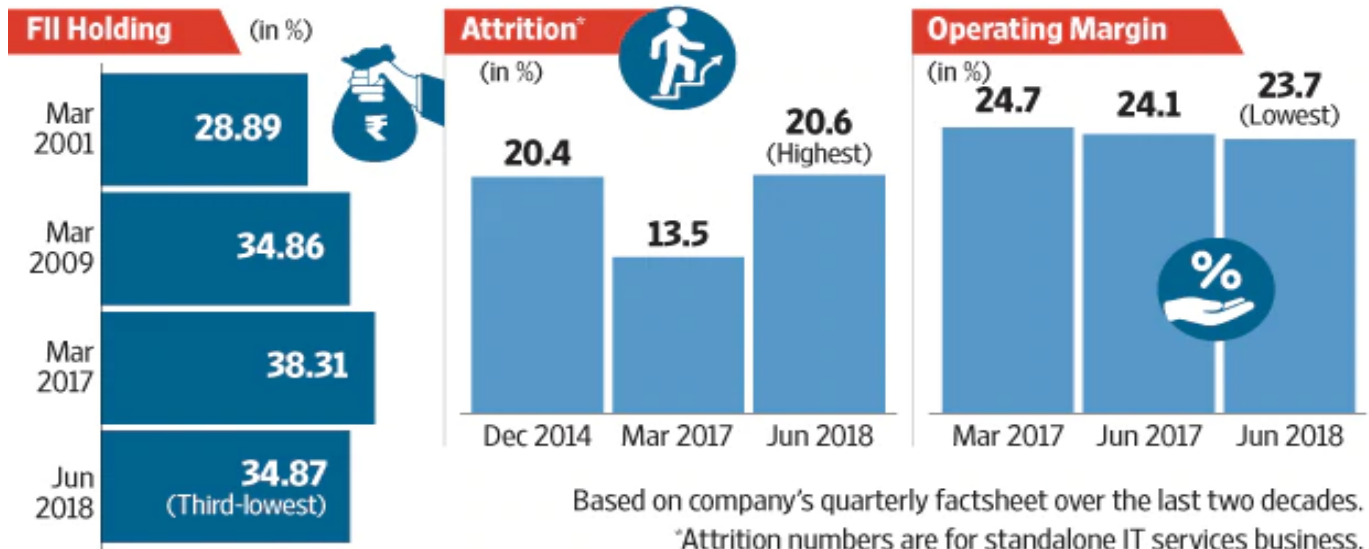
Graphic by **Subrata Jana/Mint**

Source: Mint research

VIII. SOLUTIONS

The company has got very good employees, mainly motivated workforce, but due to many unwanted policies, people feel it stressful to open up about their issues. The company should formulate policies and procedures that are favourable for both, the company and also for the employees. Managers should follow some work ethics; rather to look for personal vengeance, they should look for real talents. The major problem faced by the employees was over-staffing, so the company should have proper interview system and select the best ones. And the company should conduct many inter project programmes so that the employees can meet various people from other project and get an exposure. The rules should be adaptable though not too flexible. The company should keep their employees happy and productive. Setting the right compensation and benefits is important too. Main problem complained by employees are about the visa process. Though the company cannot do with any proceedings due to the rules set by US government, it can convince its employees on that and make them work with pleasure. Many people's mindset about IT industry, mainly Infosys is that they will get onsite opportunities as soon as they enter the company or after a considerable duration, but as it was not done, people felt frustrated about themselves that made tem to fall in anxiety. Work with human resources to get current data on industry pay packages, and get creative when necessary with benefits, flexible work schedules and bonus structures is advisable. Focus on Capability and creating an eco system where people development is at the fore – front of

leadership mindset. Engage employees over and beyond their day to day job and ensure that their insecurities and vulnerabilities are addressed appropriately. Provide growth opportunities and communicate it to the employees. Managing expectation of employees is a key. It is essential to align employees and emphasize on the inevitability of building competencies / capabilities rather than having a single minded focus on vertical growth. Provide opportunities for skill up-gradation through training intervention or internal job assignment / movement. Career Pathing plays a key role. It would serve the purpose if all employees who have spent 18- 24 months in the system are pro-actively spoken and asked for their career preferences to bring about a spark and end Monotony of work. Effectiveness of Reward & Recognition - work hard and party harder is the mantra in IT/ITES industry. Celebrating success is a key. Strong reward & recognition framework keeping in view the context and levels also plays a critical role in employee retention. Hiring the right kinds of people can reduce attrition. Effective training techniques can help reduce attrition rates. Providing some hike for employees who are working in Onsite. From this study, it can be clearly cited that employees expect both compensation and appreciation along with certain exposure too. There are many factors that that are involved in motivating employees to turnover to another company, so the management should have keen check on that and should also work on making its employees happier and wiser. And the companies expect productivity and better understanding from its employees. They are also expected to be the same.

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