ATTRITION – A CHALLENGE FACED BY INFORMATION TECHNOLOGY SECTOR IN GLOBAL ECONOMY

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ABSTRACT

Services Sector in India is at a faster growth when compared to the rest of the sectors. Its share to India’s GDP is highly significant in several spheres. The manifold contributions are in terms of revenue, generation of employment opportunities in various sectors such as Tourism and Hospitality Services, Software Industry, Information and Communication Technology, Engineering Services and so forth. Although the sector under spectacular growth, it also face numerous challenges from different dimensions. In turn, its growth is at sometimes retards unexpectedly. Due to the developments that take place in the sector it need lot more professional with multitask capabilities. At the same time, the attrition rate also increases in parallel. This paper highlights the factors that lead to increase in attrition rate every now and then with special reference to IT Sector in India.

KEYWORDS

INTRODUCTION

Human Resource Management is one of the most complicated and challenging task. HRM is both science and an art. It aims to utilize the optimum use of personnel power of the workers and to get the co-operation from one and all. HRM is the strategic and coherent approach to the management; it requires people individually and collectively to the achievement of the objectives of the business. In the changing business scenario, the evolving nature of the organizations along with the failures, downsizing, mergers and acquisitions maintaining organizational productivity calls for better strategic planning efforts by the HR professionals.

Service Sector in India

Service Sector in India today accounts for more than half of India's GDP. Services or the "tertiary sector" of the economy covers a wide gamut of activities like trading, banking & finance, infotainment, real estate, transportation, security, management & technical consultancy among several others. The various sectors that combine together to constitute service industry in India are:

- The software services in Indian economy increased by 33 percent which registered a revenue of USD 31.4 billion
- Business services grew by 82.4 percent
- Engineering services and products exports grew by 23 percent and earned a revenue of USD 4.9 billion
- Services concerning personal, cultural, and recreational had a growth of 96 percent
- Financial services had a rise of 88.5 percent.
- Travel, transport, and insurance grew by 23 percent.

The boom in the services sector has been relatively "jobless". The rise in services share in GDP has not accompanied by proportionate increase in the sector's share of national employment. Some economists have also cautioned that service sector growth must be supported by proportionate growth of the industrial sector; otherwise the service sector grown will not be sustainable. In the current economic scenario it looks that the boom in the services sector is here to stay as India is fast emerging as global services hub. The success of the software industry has increased the relative value of professional workers, not only programmers, but also managers and analysts. The growing importance of human capital, in turn, has led to innovative models of entrepreneurship and organization, pioneered by the software sector, and these are slowly taking root and spreading to other sectors of India’s industry. A potentially important and under-appreciated contribution of the software industry is thus its exemplar of good entrepreneurship and corporate governance to the rest of India.
The Indian Software Industry

The Indian software industry is remarkable in a number of respects. It is service rather than product oriented; heavily export oriented, and is largely managed by professional and entrepreneurial managements. Also, domestic market experience and expertise appears to have very little benefits for successful importers. Although the industry has grown in spectacular fashion, sustaining this performance will pose a number of challenges. In order to counteract the widely reported shortages of skilled software professionals and the possible competition from other low wage, human capital rich countries, Indian firms are trying to move up the value chain by acquiring deeper knowledge of business domains and management capability, and to reduce costs by developing superior methodologies and tools. Whether and how many firms will be a key test of the management skills and willingness to invest along a number of dimensions. From a social perspective, the disconnect between domestic and export markets is a major challenge, but one that the growing diffusion of computers and the improvement of the communication infrastructure should make easier to confront.

Satyam Computers Lays off 400 Employees

The termination came as a rude shock to those thrown out, as they were not rookies at their jobs. Most of them were in ‘S’ band, as the company calls it, denoting their experience in the range of two to five years. An associate, pleading anonymity, said that a head honcho of the company sent an e-mail cautioning the employees against not turning up at offices and preferring to remain on the bench. Sources said there were a large number of associates on the bench as they had no project on hand. Thanks to the global economic slowdown, big projects do not seem to be coming forth resulting in some employees remaining idle. The Satyam management has been cautioning them either to move out of its rolls to a contractual employment offered by companies that outsource work to it or leave.

The financial crisis has brought a dark day to India. The chairman of Satyam Computer Services Ltd, the country’s fourth largest software exporter, has resigned after a margin call forced him to admit defrauding investors for years by fiddling the accounts.

Ramalinga Raju controlled just 8% of the prestigious family business. But like New York’s $50 billion (Rs2.4 trillion) Ponzi-scheme fraudster Bernard Madoff, it appears to have been easy for this respected businessman to commit his crime. After years of vastly inflating profits, it turns out Satyam isn’t a rapid-growth bellwether of India’s flagship industry. The reality is shocking. Satyam’s operating margin wasn’t the 24% as shown in its accounts audited by PricewaterhouseCoopers, but just 3%. Satyam had nothing close to the reported Rs5,360 crore ($1.1 billion) cash pile on its balance sheet. The real amount was just a measly $78 million.
Satyam fraud has unravelled rapidly. Alarm bells first sounded last month when the IT software firm tried to buy two construction companies in which the founder also held stakes. Investors vetoed the deal and Satyam shares fell sharply. That appears to have triggered a deadly margin call on a $1 billion loan against shares—and the first reduction of Satyam’s founder’s holding in eight years. Unlike Madoff, Satyam’s founder claims he hasn’t benefited financially from the fraud. But his deceit appears to have been born out of a similar type of greed: for prestige and business accolade in close-knit Indian business circles. Depicting himself as a man consumed, Raju claims what started off as an attempt to cover a marginal discrepancy simply swelled to a deceit of “unmanageable proportions”. Satyam’s revelation is a big blow to confidence in Indian capitalism. Leading family conglomerates have already had a tough year poor performance and acquisition choices have seen confidence falter in both the Tata and Reliance business empires. The Satyam fraud will further erode faith in the whole Indian model of capitalism, which is largely dominated by family-run conglomerates.

**CAUSES OF ATTRITION**

Employee turnover is a much studied phenomenon. There is a vast literature on the causes of voluntary employee turnover dating back to the 1950s. By developing multivariate models that combine a number of factors contributing to turnover and empirically testing the models researchers have sought to predict why individuals leave organisations. Many studies are based on only a small number of variables which often only explain a small amount of variability in turnover. Another criticism of turnover studies is that they do not adequately capture the complex psychological processes involved in individual turnover decisions. A study of turnover by Boxall et al (2003) in New Zealand confirmed the view that motivation for job change is multidimensional and that no one factor will explain it. However, over time there have been a number of factors that appear to be consistently linked to turnover. An early review article of studies on turnover by Mobley et al (1979) revealed that age, tenure, overall satisfaction, job content, intentions to remain on the job, and commitment were all negatively related to turnover (i.e. the higher the variable, the lower the turnover). In 1995, a meta-analysis of some 800 turnover studies was conducted by Hom and Griffeth, their analysis confirmed some well-established findings on the causes of turnover. These include: job satisfaction, organizational commitment, comparison of alternatives and intention to quit. These variables are examined in more detail below, as are a number of other factors where the evidence on the link to turnover is less conclusive.

**Comparison of Alternatives**

Aggregate level economic studies provide consistent and significant evidence of the impact of labour market conditions on turnover rates at an aggregate level. At an aggregate level the relationship between economic factors such as employment levels
or job vacancies and turnover has been well established. At an individual level, the labour market approach emphasises expected utility and rational economic choice among employees and the perceived availability of alternative job opportunities.

**Intenstions to Quit**

Much of the empirical research on turnover is based on actual turnover, although some studies are based on intentions to quit. Apart from the practical difficulty in conducting turnover research among people who have left an organisation, some researchers suggest that there is a strong link between intentions to quit and actual turnover.

**Organisational Commitment**

Many studies have reported a significant association between organizational commitment and turnover intentions. An analysis showed that organizational commitment was a better predictor of turnover than overall job satisfaction. Researchers have established that there are different types of organizational commitment.

**Job Satisfaction**

The relationship between satisfaction and turnover has been consistently found in many turnover studies. Mobley indicated that overall job satisfaction is negatively linked to turnover but explained little of the variability in turnover. Griffeth found that overall job satisfaction modestly predicted turnover.

**The Link between Satisfaction and Commitment**

Some researchers have established a relationship between satisfaction, organizational commitment and turnover. A study of paediatric nurses suggested that organizational commitment has the strongest and most direct impact on the intention to quit whereas job satisfaction has only an indirect influence. They suggested that satisfaction indirectly influences turnover in that it influences commitment and hence turnover intentions.

**Characteristics of Employees**

Despite a wealth of research, there appear to be few characteristics that meaningfully predict turnover, the exceptions being age and tenure. Age is found to be negatively related to turnover (i.e. the older a person, the less likely they are to leave an organisation). However, age alone explains little of the variability in turnover and as age is linked to many other factors, alone it contributes little to the understanding of turnover behaviour. Tenure is also negatively related to turnover (the longer a person is with an organisation, the more likely they are to stay). Mobley concluded that length of
service is one of the best single predictors of turnover. Griffeth also found that age and tenure have a negative relationship to turnover.

**Wages and Conditions**

The research conducted on the link between dissatisfaction with pay and voluntary turnover appears to be inconclusive. Mobley concluded that results from studies on the role of pay in turnover were mixed but that often there was no relationship between pay and turnover. Other studies found no significant relationship. Tang suggests that the most important reason for voluntary turnover is higher wages/career opportunity.

**Pay and performance**

Griffeth noted pay and pay-related variables have a modest effect on turnover. Their analysis also included studies that examined the relationship between pay, a person’s performance and turnover. They concluded that when high performers are insufficiently rewarded, they leave.

**Attitudes to money**

For some individuals pay will not be the sole criterion when people decide to continue within an existing job. In their study of mental health professionals, Tang examined the relationship between attitudes towards money, intrinsic job satisfaction and voluntary turnover. One of the main findings of this study is that voluntary turnover is high among employees who value money (high money ethic endorsement), regardless of their intrinsic job satisfaction. However, those who do not value money highly but who have also have low intrinsic job satisfaction tended to have the lowest actual turnover.

**Training and Career Development**

Martin detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multiskilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills.

**Effect of Vocational Training**

In a study examining the effect of apprenticeships on male school leavers in the UK, Booth and Satchell (1994) found that completed apprenticeships reduced voluntary job-to-job, voluntary job-to-unemployment and involuntary job termination rates. In contrast, incomplete apprenticeships tended to increase the exit rate to these
destinations relative to those who did not receive any training. Winkelmann (1996) reported that in Germany apprenticeships and all other types of vocational training reduce labour mobility in spite of the fact that the German apprenticeship training is intended to provide general and thus more transferable training.

Career Commitment

Chang (1999) examined the relationship between career commitment, organizational commitment and turnover intention among Korean researchers and found that the role of career commitment was stronger in predicting turnover intentions. When individuals are committed to the organization they are less willing to leave the company. This was found to be stronger for those highly committed to their careers. The author also found that employees with low career and organizational commitment had the highest turnover intentions because they did not care either about the company or their current careers. Individuals with high career commitment and low organizational commitment also tend to leave because they do not believe that the organization can satisfy their career needs or goals. This is consistent with previous research that high career committers consider leaving the company if development opportunities are not provided by the organization. However, this group is not apt to leave and is likely to contribute to the company if their organisational commitment is increased. Chang found that individuals become affectively committed to the organisation when they perceive that the organization is pursuing internal promotion opportunities, providing proper training and that supervisors do a good job in providing information and advice about careers.

Rural or Remote Areas and Lifestyle Factors

In a study conducted in 2001 regarding the factors influencing the recruitment and retention of nurses in rural and remote areas found that overall work-related factors were considered to be more important in decisions by nurses to leave rural and remote nursing practice. The five major factors influencing decisions to leave rural or remote area nursing practice were management practices, emotional demands of work, workable communication, management recognition of work and family responsibilities.

Other Factors Contributing To Turnover

Turnover studies have highlighted the relationship between turnover and a range of other factors. Some of these findings are presented briefly below:

- The role of ‘shocks’
- Organisational size
- Unionisation
- Influence of co-workers
TWENTY RETENTION TOOLS FOR CURBING ATTRITION

In today's scenario ATTRITION has become the most dangerous alarm to all HR employees’ ears and Organization is facing troubles to fight it out. Suggested Retention Tools for curbing attrition to a great extent are submitted herewith. These need not be brainstormed and implementation strategy should be worked out immediately.

1. Offer compensation – attractive and competitive.
2. Benefits need to be quantified and qualitative.
3. Train your front-line, managers and administrators.
4. Roles and responsibilities needs to be dovetailed.
5. Enhancement, advancement and progression opportunities.
6. Offer retention bonus.
7. Retention strategies implementation needs to have a process owner.
8. Go in for employee engagement.
10. Paperless organization.
11. Fun is must.
15. Encourage higher learning.
16. Flexibility and pragmatism.
17. Develop an effective induction program.
18. Workplace ambience.
19. Never, never, ever threaten an employee's job or income.
20. Value your employees

Offer Compensation – Attractive and Competitive:

Fair compensation alone does not guarantee employee loyalty, but offering below-market salaries makes it much more likely that employees will look for greener pastures.

- Use of Industry Surveys and other data tools to stay informed on wage trends.
- To benefit both company and employees, tie increased one time performance pay to meeting specific goals aligned with business objectives.
- Collect data from exit interviews to document trends from your departing employees, and then use this data to make a business case for increasing salaries across the board.
• Go for Employee Engagement Surveys / ESS, to find out what perks, benefits and forms of compensation other than money will help keep them motivated.
• Let employees decide their own compensation package / reimbursements once the quantum is fixed.

Benefits Need To Be Quantified And Qualitative.

Although benefits are not a key reason why employees stick with a company, the benefits you offer can't be markedly worse than those offered by your competitors and like minded industries.

• Group Medi-claim Insurance Scheme and Personal Health Care (Regular medical check-ups).
• Corporate Credit Cards and Discount Coupons.
• Cellular Phone / Laptop and other latest technology on-board.
• Interest free loans for higher educations.
• Performance based quarterly incentives.
• Flexi-time and Flexible Salary Benefits.
• Wedding Day and Birthday Gift.

Train Your Front-Line, Managers And Administrators.

It can't be said repeatedly that people stay or leave because of their bosses and not the companies. Make sure your managers aren't driving technologists away. Harp upon the competencies and substantially invest in human capital irrespective of ROI.

• Improve managers’ leadership, communication and interpersonal skills through coaching, training and feedback. Rate these key skills in their evaluations, and tie compensation to performance.
• Create a safe environment and process for employees to bring up concerns with their managers.

Roles And Responsibilities Needs To Be Dovetailed.

• Make sure your employees know what is expected of them every day, every month and every year, what types of decisions they are allowed to make on their own, and to whom they are supposed to report.
• Provide clear vision, brawny and consistent communication, teamwork and respect for human capital’ efforts.
• Share the company vision/mission clearly and regularly.
• Collaborate, communicate and listen. Contented employees achieve amazing things.
Enhancement, Advancement And Progression Opportunities.

To foster employee loyalty, implement a career ladder and make sure employees know what they must do to earn and go in for progression. A clear professional development plan gives employees an incentive to stick around. Do away with your Performance Management System if it has turned to NOVA (Non Value Added Activity) and go in for instant performance rewards. Think! Think out of the box!

- Assess employee’s performance against the focus area’s set in their performance agreement for the appraisal year and improves their proficiency.
- Provide an opportunity to the employees to express their views or to seek further clarification on their performance.
- Identify potential of employees and to develop them for future roles.
- Reward them appropriately.
- Generate data for career planning and succession planning.

Offer Retention Bonus

Employee longevity typically is rewarded with an annual raise and mandatory vacation time after three, five or ten years. But why not offer other seniority-based rewards such as a paid membership in the employee’s professional association after one year, a paid membership to a local gymnasium and clubs after two years, and full reimbursement for the cost of the employee's formal dress.

- Build a high degree of recognition value into every reward you offer. Reduce entitlements and link as many rewards as possible to performance.
- Troubleshoot your reward system to make sure that what it is rewarding is what you really want to happen.
- Give employees a choice of rewards.
- Increase the longevity of your rewards.

Retention Strategies Implementation Needs To Have A Process Owner

Measure your turnover rate and identify a process owner responsible for containing it. If customer returns, in-house rejections and non-confirming products can have a process owner as a countermeasure why not a process owner for implementation of retention strategies? Think better, think bigger, think brighter, think broader, think bolder, think positive and set higher audacious goals.

The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. If so, employees offer ideas, feel free to criticize and commit to continuous improvement.
Go In For Employee Engagement Practices

You won't know what's wrong... or what's right … unless you practice. To check the pulse of your organization, conduct employee satisfaction surveys on a regular basis. Go in for its analysis and implementation.

- One idea: Ask employees what they want more of and what they want less of — Capture Voice of Employees.
- Value addition in terms of ASKPT (Attitude, Skills, Knowledge, Practices, and Trust) has to be the end product.
- Stay Interviews and its implementation, call back your employees and ensure ombudsmen concept.

Teamwork and Cross Functional Teams

It takes effort to build an effective team, but the result is greater productivity, better use of resources, improved customer service and increased morale. Give great emphasis on cross functional approach as it endorses acceptance and accountability.

- Make sure everyone understands the department's purpose, mission or goal.
- Encourage discussion, participation and the sharing of ideas.
- Rotate leadership responsibilities depending on your employees' abilities and the needs of the team.
- Involve employees in decisions; ask them to help make decisions through consensus and collaboration.
- Encourage team members to show appreciation to their colleagues for superior performance or achievement.

PAPERLESS ORGANIZATION

If your high performers and technologists spend nearly as much time filling out paperwork, it's time for a change. Convert paperwork to an electronic format; and hire non-tech administrative staff to take over as much of the paperwork burden as is allowed under legal or regulatory Restrictions.

- Intranet facility.
- Centralized servers for data storage

FUN IS MUST

Celebrate successes and recognize when milestones are reached. Buffet lunches, birthday parties, employee picnics and creative contests will help remind people why an organization is a great place to work.
The companies organizes cultural program as and when possible but most of the times, once in a quarter, in which all the employees are given an opportunity to display their talents in dramatics, singing, acting, dancing and sports programs such as Cricket, football, etc

MISSION STATEMENT FOR EACH FUNCTIONAL AREA.

Everyone wants to feel that they are working toward a meaningful, worthwhile goal. Work with your human capital to develop a departmental mission statement aligned with company’s vision, Make sure employees understand how their contribution is important.

- A place where people work with a smile on their faces and dreams in their eyes.
- A place where your views can be freely voiced and are received with an open mind.
- A place where you know whenever you need help, there is a family of 2000 members waiting to help you out.

ASSIGNMENTS FOR JOB ENRICHMENT

Identify your employees' talents and then encourage them to stretch their abilities into new areas. You have to have a great mentor or mentors. A variety of challenging assignments helps keep the organization stimulating. Lay emphasis on stretch Key Result Areas.

- Employees today want more than just a job. They want to contribute to the big picture and help the company sustain it through the tough times. Provide challenging and meaningful work assignments that stimulate them.
- When employees feel bored, their motivation declines and they lose focus on how their work fits into the big picture.
- Delegate meaningful work whenever possible so employees can learn something new and feel challenged. Additionally, provide regular development and learning opportunities.

TRANSPARENCY IN COMMUNICATION.

Employees are more loyal to a company when they believe management or those at the helm of affairs keep them informed about key issues.

- Communication is the first step toward creating the kind of environment that people care about, and if they care, they just may stay, keep your people in the loop about what's happening with the company.
At any time, all of your employees should have a pretty good idea of how business has been carried out.

They should be aware of what issues the company is attempting to address.

ENCOURAGE HIGHER LEARNING

Create opportunities for your key performers and technologists to grow and learn. Encourage every employee to learn at least one new thing every week, and you’ll create a work force that is excited, motivated and committed.

- To keep morale high, coach and facilitate every day.
- The “I tell/you do” method of management simply does not work for motivating and retaining people. Instead, become a coach to your people and encourage them to try things their own way.
- Allow for mistakes to happen, as mistakes are often our greatest learning opportunities.
- Most people are grateful for constructive feedback. It shows that you’re paying attention to their progress.

FLEXIBILITY AND PRAGMATISM

Employees will be loyal to organizations that make their lives more convenient by offering on-site childcare centers, on-site hair styling and dry cleaning, flexible work hours, part-time positions, job-sharing or involving spouses in CSR activities and promote ownership culture.

Employees of school-age children might appreciate the option to work nine months a year and have the summers off to be with their children.

DEVELOP AN EFFECTIVE INDUCTION PROGRAM

Implement a formal orientation program that’s at least three weeks long and includes a thorough overview of every area of your department and an introduction to other departments.

WORKPLACE AMBIENCE

No one wants to work with equipment that's old or constantly breaking down. Provide employees with the highest quality supplies you can afford. Cheap, leaky pens may seem like a small thing, but they can add to employees’ overall stress level.

A career-oriented, valued employee must experience growth opportunities within your organization.
NEVER, NEVER, EVER THREATEN AN EMPLOYEE’S JOB OR INCOME

Even if you know layoffs loom if you fail to meet targets, it is a mistake to foreshadow this information with employees. It makes them nervous; no matter how you explain the information, even if you're absolutely correct, your employees will update their resumes.

Demonstrate a vibrant workplace that retains and promotes talents and at the same time encourages development of non-performers to perform better and dissuade pink slips.

VALUE YOUR EMPLOYEES

Recognize outstanding achievements promptly and publicly, but also take time to commend on the many small contributions your staff makes every day to the organization's vision, mission and growth.

EXIT STRATEGIES

Exit strategies and good exit practices attract scant attention and form a neglected part of development co-operation. But the number of exits is increasing and will continue to do so with donors concentrating bilateral aid on fewer countries and sectors. Planning for a proper exit and handing over, and thus sustainability, is the exception rather than the rule, and good and careful monitoring of exits is extremely rare. Despite the principles of partnership and mutuality which have become formulated in the Paris Declaration of 2005, all exit decisions studied proved to be unilateral decisions – and only in the case of India by the recipient. There were only few examples of phasing out processes with a clear focus on ensuring sustainability. The force majeure type of exit situations, which are likely to become more frequent in the future, left no scope to focus on sustainability directly. Here, most attention was paid to a rapid winding down of activities. Good exit examples were found, mostly in countries which no longer depend on aid and have the capacity to take over. Successful exits typically involved a mix of realistic timeframes, careful and mutual planning, consultation, and flexibility. Bad exit examples, though, were more frequent, especially in countries still depending on aid. The consequences for people and institutions involved were severe, in some cases even disastrous, and it can be questioned whether the exit decisions and practices in these cases are consistent with agreed principles of partnership and mutuality in development co-operation.

Exits – A Natural, But Neglected Phenomenon

Aid is by nature temporary. Yet, there has been very little focus on the exit of donors. Development organisations and recipient countries know relatively little about how exit issues are discussed and managed outside their own organizations and institutions.
Consequences of the Exits Range from Positive to Disastrous

The consequences of the exits for the beneficiaries were mainly assessed through interviews with selected representatives of sector/local government institutions or beneficiaries.

Little Focus on Sustainability

It is conventional aid logic that the phase out of aid should only take place when the development partners are assured of the sustainability of the outcomes achieved through aid.

A Wide Variety of Exit Justifications, Contexts and Types

An aid form part of political relations and is subject to political agenda on both the donor and recipient sides. Exit decisions are always political. While the exit decisions are not evaluated, a clear understanding is required of the reasons brought forward to justify the decision, because they influence the manner in which the exit is handled.

Various Justifications for Exit Decisions

When the decision to exit was made by the donor unilaterally – which is the most common case – four different arguments were distinguished: The graduation argument: The recipient can manage without the aid. The governance argument: The recipient is disqualified because of perceived violation of good governance standards.

The mismanagement argument: The recipient is accused of mismanagement of aid. Revised criteria for selecting partner countries. The cases of aid exits dictated by the recipient government are fewer, and only represented by India in this evaluation.

Three Different Types of Exits

The management of exits and their consequences in partner countries are conditioned by a combination of the political justification of the exit decision and the context in the partner countries. Three types of exit management were found: Exit from a force majeure situation: characterised by strained diplomatic relations and/or insecure conditions. The exit objective is to wind-up orderly, but as quickly as possible. Exit from an aid-dependent country under conditions that allow for proper planning: the main exit objective is to realise development cooperation goals within a given time period, with an eye especially on the sustainability of results. Exit from a country no longer aid dependent: here, too, the main objective is to realise the development cooperation objectives with an eye on the sustainability of results, while a second objective related to phasing in might be to strengthen new forms of non-ODA funded cooperation and to strengthen bilateral relations.
Four Ways of Phasing Out

Cancellation of contracts: just winding up administratively (e.g. Malawi-Denmark: education programme). Accelerated phase out: attempts to advance the closing date and/or frontload disbursements (e.g. India-Netherlands: education programme in Gujarat; Eritrea- Denmark: education programme). Natural phase out: adhering to agreed plans – which is the most common approach (various examples). Phase out with a focus on sustainability: adjusting plans and budget to accommodate sustainability concerns (e.g. India-Denmark: several projects; Malawi- Netherlands).

Critical Factors for Good Exit Management

The evaluation identified a number of key factors that influenced the way in which the exit process were handled. They are critical to the outcome of exit process and can – if properly addressed – make exits even from aid-dependent countries successful.

- Take communication seriously.
- Involve stakeholders.
- Set realistic timeframes.
- Respect legal obligations AND commitments.
- Be flexible.
- Best and worst practice examples.
- Difficult transformation to post aid relations.
- Increasing need for exit strategies.

CONCLUSION

Attrition is a big HR risk companies face today. The increasingly knowledge intensive nature of many businesses creates serious problems when talented employees leave. So, companies must do what is necessary to retain their best managers. Attracting and retaining talent is not just a matter of higher salaries and more perks. It involves shaping the whole organization, its vision, values, strategy, leadership, rewards and recognition. Companies must look at retention as an exercise that ensures long-term employee commitments rather than as a knee jerk response to hold back employees after they resign. Exit Strategies are hard to design and even harder to execute. One of the best ways to overcome the obstacles inherent in these deals is plain old persistency because a pro-active approach to an Exit Strategy is the only approach to a successful Exit Strategy.
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