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Subject: Human Resource Management

Title of the Case: A Case of INFOSYS

Topic Covered: Job satisfaction & morale, Employee Retention Strategies

A Case of INFOSYS



Objectives of the Case Study

The case study will be focusing on the analytical approach to understand the HR problems which cause dissatisfaction at work and at last results in employee attrition showing the signs of low morale, absenteeism, lesser involvement etc.

The goal is to make the students understand that how job satisfaction can be increased to reduce the high attrition in any company. The case study also focuses on various approaches or the retention strategies that a company may execute to stop the drain in the company's resource to retain the good talent.

Introduction:

Infosys is a global leader in consulting, technology, outsourcing and next-generation services. People at Infosys enable clients, in more than 50 countries, to stay a step ahead of emerging business trends and outperform the competition. The experience gives our clients a distinct advantage. In addition to helping them manage their business, we power their transformation to a smarter organization as well. This allows them to focus on their core business priorities. Their expertise spans industries. From helping build lighter and stronger passenger jets and creating more fuel efficient smart cars, to enabling banks to provide financial inclusion to the most remote corners of the globe and empower technology executives with solutions to maximize global agility – Infosys delivers powerful innovations. And in doing so, Infosys change the way the world works and lives.

At Infosys, it's more than just innovation that has won them the confidence of their stakeholders. People believe their responsibilities also extend beyond the boundaries of business. The Infosys Foundation provides assistance to some of the most depressed sectors of the communities in which they work. The Infosys Science Foundation awards the Infosys Prize to some of the most important research of their times in the sciences and the humanities.

An entrepreneurial adventure that began with seven engineers and US\$250, Infosys is now a publicly traded company driven by 169,000+ relentless innovators and revenues of more than \$8.64 billion

History

Established in 1981, Infosys is a NYSE listed global consulting and IT services company with more than 165,000 employees. From a capital of US\$ 250, we have grown to become a US\$ 8.64 billion (LTM Q3 FY15 revenues) company with a market capitalization of approximately US\$ 36.1 billion. In the journey of over 30 years, they have catalyzed some of the major changes that have led to India's emergence as the global destination for software services talent. Infosys pioneered the Global Delivery Model and became the first IT Company from India to be listed on NASDAQ. Their employee stock options program created some of India's first salaried millionaires.

Awards

Infosys won a leading Green energy award in 2014. We received the Gold Award for sustainable buildings at the 2014 International Ashden Awards, which celebrate pioneering businesses and organizations that are helping tackle climate change and transforming people's lives.

The 2014 Asian Most Admired Knowledge Enterprises (MAKE) award has been presented to Infosys. Infosys is the only Indian company to have won the award 12 times, the first one being in the year 2000.

Once again, Infosys topped ASIAMONEY's Corporate Governance Poll in the 'domestic country' category. The poll was expanded to cover Australia and Vietnam, and is the largest ever, with 322 select analysts and investors voicing their opinions.

At the Institutional Investor 2014 All-Asia Rankings, they were honored with several awards in the IT services and software categories. The recognitions included Best CFO and Best Investor Relations.

- Infosys named a Leader in The Forrester Wave™: North American Applications Outsourcing, Q1 2014
- Infosys Finacle has been rated as a **'Best-in-Class' provider by CEB TowerGroup** in its report titled 'Core Banking Systems for the Large Bank Market'

Infosys publishes sustainability report as per latest GRI (G4) guidelines

Becomes first IT company globally to achieve the feat Infosys has become the first IT company in the world to publish its sustainability report based on the latest Global Reporting Initiative (GRI) G4 comprehensive framework. GRI is the most widely respected sustainability reporting framework, worldwide. (Infosys sustainability Report 2013-14)

Achievements

Infosys BPO has chosen a 12,000 square feet site in the northern municipality of Aguadilla, an aviation hub, to run its operations. The Commonwealth of Puerto Rico and the Puerto Rico Industrial Development Company (PRIDCO) joined senior executives from Infosys BPO during the opening ceremony of the new center. **(March 09, 2015)**

Infosys (NYSE: INFY), a global leader in consulting, technology, outsourcing and next-generation services, today announced that it has been honored with the coveted Daimler Supplier Award 2014 at the Mercedes-Benz Center in Stuttgart, Germany at a ceremony attended by 450 representatives of the major suppliers and about 200 representatives of Daimler management. (March 12, 2015)

Problem

Attrition rate at Infosys

- Infosys has conceded that attrition rates at the company, which has an employee strength of over 1.6 lakh employees, has touched worrisome levels.
- "At 18.7 per cent, compared to 16.3 per cent for the year-ago period, this metric is at an all-time high, and has touched "uncomfortable levels," said the former CEO of the company. The employee attrition today was a bigger concern for the company now.
- Even as high attrition rates continue to haunt Infosys, the country's second-largest IT services firm is confident of bringing it down to 12-14% in the next two quarters as it gets back to the growth trajectory. The Bangalore-based firm has witnessed steady exits, especially of senior level executives, in the last one and half years.
- The attrition level grew higher to 20.1% in the July-September 2014 quarter as compared to 19.5% in the April-June 2014 quarter and 17.3% in quarter last fiscal.
- In comparison, TCS had reported an attrition rate of 12%, while that at [Wipro](#) (IT services) and HCL Services stood at about 16% and 15%, respectively, in the April-June 2014 quarter (last 12 month basis). These companies are scheduled to announce their financial results for July-September 2014 quarter later this month.

There might be various reasons attributing to this

- 1) Lack of clear career growth- Employees may leave the company, if they feel there is no career growth. They will try better options.
- 2) Work Culture- If there is a culture person misfit, people would definitely quit.
- 3) Superior's Attitude : Superior's negative attitude towards subordinates make their morale down which leads to dissatisfaction at work and altercation with their bosses could also be a factor.

- 4) Lack of employee engagement programs- People also leave if they feel, if they are not treated well by organisation. Only extracting work and not respecting the employee will increase dissatisfaction.
- 5) Skewed appraisal process- If the yearly appraisal process does not award the hardworking employees with what they deserve. Then expect attrition rates to shoot.
- 6) Trainees are not being aligned properly according to their trained technologies which results in lack of motivation. This is affecting big time to the careers/profiles of candidates. As a result, those candidates look for the alternate path to leave the company at the earliest. So company gets fail to retain the talents. Employee satisfaction goes down. Overall, it hampers the growth of the company and productivity as well.
- 7) Acute Job Stress

Expectations

- **With Vishal Sikka as its new CEO and a team of leaders, [Infosys](#) is looking at arresting the high attrition rate in the next few quarters.**
- Infosys recently announced a 100 per cent variable bonus payout to its employees for the December quarter as the country's second largest software services firm tries to stem its high attrition rates.
- "We have made 100 per cent variable payout for Q3 and have seen a further decline in attrition as a result of multiple initiatives taken over the last few quarters," Infosys Chief Operating Officer UB Pravin Rao said.
- One of the main tasks before Vishal Sikka when he took over as the chief executive officer last year was to check the high attrition levels.
- The company's attrition (on last twelve months basis) stood at 20.4 per cent for the quarter ended December 2014, slightly higher than 20.1 per cent registered in the July-September 2014 quarter.

Corrective Measures

Infosys takes steps to stop high attrition

- Employee attrition rates are worrisome and we are implementing various initiatives to retain good talent," said Pravin Rao, COO, Infosys.

- "We have tried hard to listen to our employees. The concern was not so much about compensation but about predictability, career growth, and variable compensation.
- He said the company has done everything as scheduled in the last six-seven months. "We have done quarterly promotions. In fact, this quarter we have promoted 7,500 people. Promotion is a reflection of growth. Our growth created opportunities for our people to go up in the career track," he said.
- Since July last, the company has also given two wage hikes ,
- Apart from these, the company was in the midst of several other employee-retention measures, including restructuring the variable pay programme, stepping up promotions, ramping up of certification and training programmes and a fast-track process for employees, Mr. Shibulal(Former CEO) said.

Experts' Views

- Experts said though much has been said about high attrition rate, the management has been taking corrective measures to solve the problem. "It is important to remember that there is no magic wand to solve issues and it can take two-three quarters before this can be normalised," said Sanchit Gogia, chief analyst & CEO.
- Many feel the high attrition rate might come down after Vishal Sikka, who is a brand in himself, has joined the company. "There is a renewed interest and confidence in Infosys now. Young people look up to Sikka with a great hope said an HR expert.

Living up to the Expectations

In his first year as the chief of India's second largest IT firm, Sikka was able to turn the company to "look much like a new-age, youthful, agile company, very different from the traditional Indian IT services firms." However, Sikka's challenge is to inspire the company to regain the IT bellwether status once again, a position it lost due to the lack of innovation and growing competition in the sector. (See Annexure-1)

Questions:

1. What are the reasons of job dissatisfaction which lead to the high attrition rate at Infosys according to your opinion?
2. What are suggestions would you like to give to the company to reduce the high attrition rate?

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Annexure- 1

"Vishal's arrival brought hope that Infosys could make the transition into the digital age and move from a 'has been' to a 'relevant' player," Ray Wang, CEO of Constellation Research, told The Economic Times.

However, Sikka's challenge is to inspire the company to regain the IT bellwether status once again, a position it lost due to the lack of innovation and growing competition in the sector.

One of the first moves taken by Sikka was doing away with the formal dress code for its employees. The employees are now free to wear jeans and T-shirts instead of attending the office in formals with ties.

"Infosys needed a dressing down," said an Infosys employee, referring to a change in dressing policy.

Many internal processes related to employees have also been made simple. A woman employee seeking extension of maternity leave can just inform the manager through mail, without giving any "verbal explanations."

Also, the complex procedure an employee has to undergo while applying for a transfer to other location has been simplified. The company also "institutionalized family events of its employees including carnivals for their children."

The company motivates its employees to take part in decision-making process at "many levels." And the CEO constantly communicates with employees through blogs, town halls, InfyRadio and InfyTV, besides giving prompt replies to employee issues posted on Yammer, the company's communication platform.

"He participates in conversations, and joins groups of his interest. And we are encouraged to learn from each other," said Shruthi Bopaiah, an Infosys employee, according to the ET.

Owing partly to the initiatives taken by Sikka, the company has been able to reduce its attrition rate, once the highest in the industry, to 14.2% in the June quarter from 23.4% in the same period last year.

One of the key changes brought in by Sikka is seeking more "employee engagement" in generating ideas for the company. He rolled out a programme called Murmuration, targeted at "crowd-sourcing ideas from employees."

About 26,000 employees took part in the initiative, sharing 2,650 ideas. The company had shortlisted ten ideas for execution based on employee voting.

"Vishal has shared a simple template that anyone — from any function, however junior or senior — can use to bring in innovation to anything he/she does. Suddenly, innovation is no big deal. It feels great to know that we are in some way part of a great renaissance at Infosys. From being simple 9-to-5ers, we've become people on a mission," said Infosys employee Harini Babu.