INTRODUCTION

Talented men leave, Dead wood doesn’t. Philosophically, employee retention is important; in almost all cases, its senseless to allow good talent to leave organization. When they leave, they take with them intellectual property, relationship, investment (in both time & money) and future of the organization.

Talent retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes powerful recruitment tool. Talent 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.

It is a known fact that retaining your best talent ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. Retaining Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years.

In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies in an intensely competitive environment, where HR managers are poaching from each other, organisation can either hold on to their employees tight or lose them to competition. For gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities abound It is a fact that, retention of key employees is critical to the long-term health and success of any organisation. The performance of employees is often linked directly to quality work, customer satisfaction, and increased product sales and even to the image of a company. In fact, some reports suggest that attrition levels in IT companies are as high as 40 per cent. The only way out is to develop appropriate retention strategies.

Though BPO industry shoots ahead at 40 to 50 per cent a year, it is now losing 35 to 40 per cent of its 350,000-odd employees as well.
In India there are few sectors where the attrition level is much larger compared to other sectors. For example: IT sector and BPO. Where as there are organizations like Air India, HAL, BARC where the attrition is nearly 5% or less than that. Companies attract, develop and retain talented young people, while it is relatively easy to attract these people, long term success depends on Satisfying them. So the key Issue is Retention & not recruitment. Talent turnover is one of the largest though widely unknown cost as organisation faces.

While companies routinely keep track of various cost such as supplies and payroll, few take into consideration how much employee turnover will cost them: Ernst & Young estimates it costs approximately $1,20,000 to replace 10 professionals. According to research done by Sibson & Company, to recoup the cot of losing just one employee a fast food restaurant must sell 7,613 combo meals at $ 2.50 each. Talent turnover cost companies 30 to 50% of the annual salary of entry level employees, 150% of middle level employees and up to 400% for upper level, specialised employees.

Now that so much is being done by organisation to retain its talent.

Why is retention so important? Is it just to reduce the turnover cost? Well the answer is no. Its not only the cost incurred by a company that emphasizes the need of retaining employee but also the need to retain talent from getting poached. There are various issues related to retention like what % of our talented people are leaving? What can we do to control this figure? What can we do to create an environment in which our Talented People are Constantly Stimulated? Have we development career plan for young people? What is our preparedness to combat the Sudden vacuum. (succession) ?. Retention can be categorised in 3 levels: Low, medium and high levels Retention can also be a market driven strategy. Retention involves five major things namely –

- Compensation
- Environment
- Growth
- Relationship

Support the strategies used to retain can be categorised and changed according to the organisation aims and standards.