



OPINION

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Reducing Turnover and Increasing Retention in Offshore Centers

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Today, most enterprise software companies either own their offshore centers or work through outsourcers in India. Often enough the offshore center grows rapidly and becomes the single largest employee location for the company. While the quality and the cost of employees are the reasons why these companies move aggressively into India, the motivation and retention of these employees increasingly becomes a matter of importance and concern for most managers. In fact all companies big and small often cite this as the most critical issue regarding India.

In this article, we will delve into the issue of what causes these high attrition rates in India and what company managers can do to motivate employees and increase retention. Let's start by answering a few basic questions. First, what makes people leave well paying and challenging jobs in a very short time? Are there any implicit cultural differences that could explain this problem? Finally, is it even practical to hope for a stable workforce, given the pace at which companies come into India/Bangalore?

What makes people leave well-paying jobs?

Studies, surveys and personal interviews in India repeatedly confirm that people do not leave solely for money. Rather, various other challenges are the main reasons for quitting, including the following:

- A lack of challenging work
- A low sense of "belonging" accentuated by not having a window into what is happening in the market and business
- Poor local leadership lacking necessary role models.

These factors contribute to a dull and monotonous workday for engineers who are mostly in their late twenties and are usually seeking fun and adrenaline highs. For some, the process of changing the job becomes something to look forward to! It actually energizes them and also reinforces their sense of "self worth". This is by far the single biggest contributor to staff turnover at junior levels.

Can this be attributed to cultural differences?

We don't believe so. A very similar situation was seen in the bay area during the dotcom and telecom boom time between '95 and '00, even when the teams were in a single location. Given the huge influx of companies into places like Bangalore - with almost two new ventures coming in every other day - it would have been a surprise if it had turned out any other way in India!

Is there a practical way to address this challenge?

Yes, there surely is. There are many product companies that have succeeded in attaining virtually negligible turnover in their offshore centers (It is TRUE!). These companies achieve such phenomenal results due to several things they do to ensure a dedicated and thriving work force. Such factors include, but are not limited to, the following:

1. Charismatic local leadership: The key person on the ground is a charismatic leader with strong people management skills. This person is the constant interface to the rest of the team and is usually inspirational. Since motivating and retaining a team of talented engineers requires technical depth, the leader employs a business outlook and a “hands-on”, “roll up your sleeve” management style. The importance of this individual cannot be overemphasized. In fact employees take this as a cue to measure the company’s perceived degree of commitment to the offshore center.

2. Circulation of people across geographies: People in offshore centers look forward to a short stint in the corporate headquarters. This practice goes a long way in developing a stronger sense of belonging to the company. They get to know people across different groups and start relating at a deeper level. Similarly, getting the team members from headquarters to spend time at the offshore center is equally important. This also helps to spread the work culture of the parent company effectively in the offshore center.

3. Budgeting generously for team members at all level to attend conferences/ professional events and graduate school: Most engineers come to work directly after completing their under graduation and are therefore anxious about continuing training and education. They are willing to compromise on other issues if they perceive that the company is helping them equip themselves adequately for the long run.

4. Giving similar employee benefits and stock option grants to India employees as their US counterparts AND communicating it to them: Almost always companies are advised that Indian engineers do not care for stock options. This could not be further from truth especially when we see the success companies like Infosys had in their early years in retaining engineers with a great ESOP scheme. However it does not work if the employees realize that they are at a significantly lower level at the offshore center. Hence enough attention needs to be paid to devising an attractive and fair scheme as well as continuously educating employees about its impact.

5. Getting senior management to travel frequently and spend physical time at the offshore locations: Typically, executives do not visit offshore locations, especially if they are not directly responsible for the center. When they do come, they are treated like “visitors”, and never get to relate to the offshore employees as much as they would with their team back home. Correcting this can go a long way in creating that all important bond with the company.

6. Ensuring a good spread of work content at the offshore center: A good balance of work including design, new development, maintenance, and testing, has to be planned at the offshore center so that it can attract high quality talent. Good peer group is a great hook for retaining a good team.

7. Locating a few global roles in India: Moving up managers in the offshore center to lead global programs is a great way of signaling a level playing field to the offshore employees. Again this motivates them to stay on and put up good performances instead of looking out for bigger roles.

In short it is all about implementing sound people management strategies at the offshore center exactly as you would if the employees were at the home location.

This happens only when the offshore center gets the right CXO level attention.

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