

Human resource management assignment

[Business](#), [Management](#)



MORDERN SCENARIO OF HUMAN RESOURCE MANAGEMENT Human Resource Management (HRM) is the term used to describe formal systems devised for the management of people within an organization. These human resources responsibilities are generally divided into three major areas of management: staffing, employee compensation, and defining/designing work. Essentially, the purpose of HRM is to maximize the productivity of an organization by optimizing the effectiveness of its employees. This mandate is unlikely to change in any fundamental way, despite the ever-increasing pace of change in the business world.

As Edward L. Gubman observed in the *Journal of Business Strategy*, “ the basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change. ” Until fairly recently, an organization’s human resources department was often consigned to lower rungs of the corporate hierarchy, despite the fact that its mandate is to replenish and nourish the company’s work force, which is often cited—legitimately—as an organization’s greatest resource.

But in recent years recognition of the importance of human resources management to a company’s overall health has grown dramatically. This recognition of the importance of HRM extends to small businesses, for while they do not generally have the same volume of human resources requirements as do larger organizations, they too face personnel management issues that can have a decisive impact on business health. As Irving Burstiner commented in *The Small Business Handbook*, “ Hiring the

right people—and training them well—can often mean the difference between scratching out the barest of livelihoods and steady business growth....

Personnel problems do not discriminate between small and big business. You find them in all businesses, regardless of size. ” PRINCIPLES OF HUMAN RESOURCE MANAGEMENT Business consultants note that modern human resource management is guided by several overriding principles. Perhaps the paramount principle is a simple recognition that human resources are the most important assets of an organization; a business cannot be successful without effectively managing this resource. Another important principle, articulated by Michael Armstrong in his book *A Handbook of Human Resource Management*, is that business success “ is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate objectives and strategic plans. ” A third guiding principle, similar in scope, holds that it is HR’s responsibility to find, secure, guide, and develop employees whose talents and desires are compatible with the operating needs and future goals of the company.

Other HRM factors that shape corporate culture—whether by encouraging integration and cooperation across the company, instituting quantitative performance measurements, or taking some other action—are also commonly cited as key components in business success. HRM, summarized Armstrong, “ is a strategic approach to the acquisition, motivation, development and management of the organization’s human resources. It is

devoted to shaping an appropriate corporate culture, and introducing programs which reflect and support the core values of the enterprise and ensure its success. HUMAN RESOURCE MANAGEMENT—KEY RESPONSIBILITIES Human resource management is concerned with the development of both individuals and the organization in which they operate. HRM, then, is engaged not only in securing and developing the talents of individual workers, but also in implementing programs that enhance communication and cooperation between those individual workers in order to nurture organizational development.

The primary responsibilities associated with human resource management include: job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force. Job analysis consists of determining—often with the help of other company areas—the nature and responsibilities of various employment positions.

This can encompass determination of the skills and experiences necessary to adequately perform in a position, identification of job and industry trends, and anticipation of future employment levels and skill requirements. “Job analysis is the cornerstone of HRM practice because it provides valid information about jobs that is used to hire and promote people, establish wages, determine training needs, and make other important HRM decisions,” stated Thomas S. Bateman and Carl P. Zeithaml in *Management: Function and Strategy*.

Staffing, meanwhile, is the actual process of managing the flow of personnel into, within (through transfers and promotions), and out of an organization. Once the recruiting part of the staffing process has been completed, selection is accomplished through job postings, interviews, reference checks, testing, and other tools. Organization, utilization, and maintenance of a company's work force is another key function of HRM. This involves designing an organizational framework that makes maximum use of an enterprise's human resources and establishing systems of communication that help the organization operate in a unified manner.

Other responsibilities in this area include safety and health and worker-management relations. Human resource maintenance activities related to safety and health usually entail compliance with federal laws that protect employees from hazards in the workplace. These regulations are handed down from several federal agencies, including the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA), and various state agencies, which implement laws in the realms of worker's compensation, employee protection, and other areas.

Maintenance tasks related to worker-management relations primarily entail: working with labor unions; handling grievances related to misconduct, such as theft or sexual harassment; and devising communication systems to foster cooperation and a shared sense of mission among employees.

Performance appraisal is the practice of assessing employee job performance and providing feedback to those employees about both positive and negative aspects of their performance.

Performance measurements are very important both for the organization and the individual, for they are the primary data used in determining salary increases, promotions, and, in the case of workers who perform unsatisfactorily, dismissal. Reward systems are typically managed by HR areas as well. This aspect of human resource management is very important, for it is the mechanism by which organizations provide their workers with rewards for past achievements and incentives for high performance in the future. It is also the mechanism by which organizations address problems within their work force, through institution of disciplinary measures.

Aligning the work force with company goals, stated Gubman, “ requires offering workers an employment relationship that motivates them to take ownership of the business plan. ” Employee development and training is another vital responsibility of HR personnel. HR is responsible for researching an organization’s training needs, and for initiating and evaluating employee development programs designed to address those needs. These training programs can range from orientation programs, which are designed to acclimate new hires to the company, to ambitious education programs intended to familiarize workers with a new software system. After getting the right talent into the organization,” wrote Gubman, “ the second traditional challenge to human resources is to align the workforce with the business—to constantly build the capacity of the workforce to execute the business plan. ” This is done through performance appraisals, training, and other activities. In the realm of performance appraisal, HRM professionals must devise uniform appraisal standards, develop review techniques, train managers to

administer the appraisals, and then evaluate and follow up on the effectiveness of performance reviews.

They must also tie the appraisal process into compensation and incentive strategies, and work to ensure that federal regulations are observed.

Responsibilities associated with training and development activities, meanwhile, include the determination, design, execution, and analysis of educational programs. The HRM professional should be aware of the fundamentals of learning and motivation, and must carefully design and monitor training and development programs that benefit the overall organization as well as the individual.

The importance of this aspect of a business's operation can hardly be overstated. As Roberts, Seldon, and Roberts indicated in *Human Resources Management*, "the quality of employees and their development through training and education are major factors in determining long-term profitability of a small business.... Research has shown specific benefits that a small business receives from training and developing its workers, including: increased productivity; reduced employee turnover; increased efficiency resulting in financial gains; [and] decreased need for supervision. Meaningful contributions to business processes are increasingly recognized as within the purview of active human resource management practices. Of course, human resource managers have always contributed to overall business processes in certain respects—by disseminating guidelines for and monitoring employee behavior, for instance, or ensuring that the organization is obeying worker-related regulatory guidelines—but increasing numbers of businesses are

incorporating human resource managers into other business processes as well.

In the past, human resource managers were cast in a support role in which their thoughts on cost/benefit justifications and other operational aspects of the business were rarely solicited. But as Johnston noted, the changing character of business structures and the marketplace are making it increasingly necessary for business owners and executives to pay greater attention to the human resource aspects of operation: “ Tasks that were once neatly slotted into well-defined and narrow job descriptions have given way to broad job descriptions or role definitions.

In some cases, completely new work relationships have developed; telecommuting, permanent part-time roles and outsourcing major non-strategic functions are becoming more frequent. ” All of these changes, which human resource managers are heavily involved in, are important factors in shaping business performance. THE CHANGING FIELD OF HUMAN RESOURCE MANAGEMENT In recent years, several business trends have had a significant impact on the broad field of HRM. Chief among them were new technologies.

These new technologies, particularly in the areas of electronic communication and information dissemination and retrieval, have dramatically altered the business landscape. Satellite communications, computers and networking systems, fax machines, and other devices have all facilitated change in the ways in which businesses interact with each

other and their workers. Telecommuting, for instance, has become a very popular option for many workers, and HRM professionals have had to develop new guidelines for this emerging subset of employees.

Changes in organizational structure have also influenced the changing face of human resource management. Continued erosion in manufacturing industries in the United States and other nations, coupled with the rise in service industries in those countries, have changed the workplace, as has the decline in union representation in many industries (these two trends, in fact, are commonly viewed as interrelated). In addition, organizational philosophies have undergone change.

Many companies have scrapped or adjusted their traditional, hierarchical organizations structures in favor of flatter management structures. HRM experts note that this shift in responsibility brought with it a need to reassess job descriptions, appraisal systems, and other elements of personnel management. A third change factor has been accelerating market globalization. This phenomenon has served to increase competition for both customers and jobs. The latter development enabled some businesses to demand higher performances from their employees while holding the line on compensation.

Other factors that have changed the nature of HRM in recent years include new management and operational theories like Total Quality Management (TQM); rapidly changing demographics; and changes in health insurance and federal and state employment legislation. Hrm in it sector EXECUTIVE

SUMMARY “ Talented persons are like frogs in a wheelbarrow, which can jump at any point of time when they sense opportunities” Attracting the best professionals is never easy no matter what industry segment we consider. There is some truth in saying that what the Middle East is to oil, India is to software professionals.

So, in a predominantly manpower intensive software industry, issues of the manpower availability, its cost, turnover and productivity are critical issues. A major proportion of the turnover issue is attributed to movement of manpower to the so-called “ land of opportunities-USA”. The average stay of a software consultant in any given in any given IT company is not more than two years which has further dropped down to one year. HR managers in India are realizing that employee retention is a Herculean task for the IT industry, even for big players.

In such a scenario, where companies are fighting to combat global business competition, and struggling to survive, employee turnover comes as a double blow. The scenario is becoming worse. Companies are facing “ double-edged sword-to recruit and to retain talent”. The present skill crisis has caused a panic in the employment market, with skilled professionals being poached or choosing to change jobs. The attrition rate in the industry is at an all-time high. This trend is likely to continue and even accelerate as more companies suffer erosion while business demands continue to escalate.

HR department must therefore ensure that they donot fall fowl to the talent war by ensuring, foremost, that their talent does not run out the door and go

knocking on the next. Companies that can recruit the best talent and retain them will have an edge in the long run. 1 INTRODUCTION The current scenario in the IT sector India has the largest pool of manpower, second only to the US. According to a study conducted by the National Association of Software and Services Companies (NASSCOM)-quantity of skilled knowledge workers in India seems to be a non-issue, and it would be so atleast for another couple of years.

The arithmetic out of 1. 22lakh engineering graduates qualifying every year in India, about 73, 000 are software engineers from IITs and other RECs. Thus, around 73, 000 fresh software engineers are expected to be available annually. Total demand for software professionals during the next couple of years is estimated at 1. 40 lakh. Against this, India is expected to have a pool of 1. 46 lakh software engineers. Besides, quite a few Indian universities have started courses leading to Masters in computer Applications and there are private Training Institutes which offer high level software engineering courses.

According to an AIMA survey, 60% of the IT Companies have a written job description of all levels of employees. The rest 40% either have a partly written job description or they donot have anything written at all making it difficult for both the employee and the employer. Most CEOs site lack of skilled professionals as one of the major hindrances to growth in the Indian Software Industry. Reputed software companies might get people at the base level but getting somebody with an experience of more than 4-6 yrs is a problem.

The problem of retention was more prevalent in the telecom, IT and the Services sector than manufacturing and traditional sector. When asked about employee retention, the majority among HR professionals of IT felt that it was all about retaining good people in the company and creating such situations for the non-performing employees that they quit on their own. It was felt that employee retention was a collective responsibility of the HR department, top management and individual departments in an ascending order with the HR Department having the maximum and individual department having minimum accountability.

Data shows that in companies with more than 1000 employees, the HR Department was strong whereas in mid-sized companies, the individual department was responsible along with the top management. Large companies with growth rate higher than 10% did not face serious retention problems, but large companies with lower growth rates had acute problems in retaining their employees. In all industry segments, the employee attrition rates at the junior level were on the higher side compared to that at the top management

Studied over the last two years, retention levels have either increased or remained same due to better compensation, healthy competitive environment, higher profitability of the company, and good working conditions. But the case is not so with the IT sector, where the key motivator is the lure of U. S market. 3 OBJECTIVE The boom in the information technology revolution has been rising during the recent past and is expected

to go on for many years to come. Attracting the best professionals is never easy, no matter what industry segment we consider.

This is especially true in the case of the IT industry where the attrition rate has been the highest. Attracting and retaining talent has become a Herculean task in this sector. The objective of this project has been to find out the major causes of employee turnover in the IT companies. It also looks at how this brain drain can be reduced and what methods can be adopted to retain the knowledge worker in the company. The project focuses on 1. The importance of retention in the IT companies. 2. Most effective methods to find the cause of turnover. 3. Factors favoring retention. 4. Innovative methods adopted by companies to retain people. . Constraints faced by the organization in implementation of retention strategies. 6. Effectiveness of the methods used to retain people

RESEARCH METHODOLOGY The objective of this project is to throw light on various strategies used by the IT companies to retain people. This questionnaire purports to find out the issues faced by the various IT companies with respect to retention of talented human resource. These questions have been answered by four IT companies which are Onward Technology Ltd, Mastek Ltd, Atos Origin and Rave Technology. The findings and recommendations have been mentioned later in the project.

QUESTIONNAIRE Name of the company: Respected Sir/ Madam It would be really kind on your part to take out a few minutes from your busy schedule and fill up this questionnaire which would be analysed for the completion of my research report.

INDUSTRY ANALYSIS OF THE IT SECTOR The IT industry

has so far witnessed three major changes. Each changeover has been marked by emergence of technologies that have dramatically increased the number of IT users and applications riding a new wave of growth. Elements of the previous period remained, but new technology was the driving force in the growth of IT industry in the new period.

The first period marked the beginning of mainframes and ushered in computer technology but usage was limited. In the second period mini computers led the IT growth and helped automate several business processes. The third period which began some 20 years ago, belonged to the PCs and client server technologies. Of applications and IT industry revenues. This fueled an 'order-of- magnitude' growth in the number of users, the number of applications and IT industry revenues. Much of this was achieved by making IT products available at cheaper rates, which enabled manufacturers to widen and deepen the market.

The fourth period, which is in its early stages, is the Internet era or the wired market era. The wide and instantaneous reach of Internet, displays its potential to fuel another order-of-magnitude growth in the IT industry. This would obviously require selling at still lower price points and revamping current distribution strategies and marketing approaches. The Internet era provides another opportunity to grab leadership positions- not only in the IT sector but several other industries as well. Companies, which are quick to react and take the initial lead, will grow faster than those who fail to do so.

Already the corporates are using the Internet to deliver product information, establish corporate identity, provide customer service, advertise etc. Internet also provides a cost to effective communication medium. Apart from e-mail, it can be used to make inexpensive phone calls, videoconferencing, real-time interaction etc. Players in the Indian software industry have a mix of a few large companies and several small to medium sized companies. Currently 42 Indian companies have exports of more than Rs 1 billion. First generation entrepreneurs, who had limited access to finance and low risk taking capabilities, operate most of these large companies.

Smaller companies which are also typically entrepreneur run companies, have a similar potential to strike it rich. Some of the key players in this industry are Infosys, Wipro, Mahindra British Tele. , Mastek etc. Geographical Distribution Most of the software companies are concentrated in western and southern part of India. These are further concentrated in a few cities. Choice of location has been driven by availability of infrastructure facilities, cost of space and manpower availability. In terms of business size, Mumbai, Pune, Hyderabad, Bangalore and Chennai have the highest concentration. Procedure for software export

Export of software may be categorized in the following ways: -On-site services: In this category the unit provides the services at the clients site abroad by deputing their professionals. The declaration form for getting remittances in their RBI account is Form “ A” and Form “ B”. -Of-shore service: In this case software development and services will be done in India and exports are done either in physical form i. e. on magnetic media, paper,

etc. or in non physical form i. e. via telecommunication/ data communication links. In the case of physical form the declaration form used is GR form and Softex form for non-physical form.

For exporting the software by the STP unit “ Software Declaration Form” in triplicate need to be attested by. The Jurisdictional Director of STP. The attested copies of the declaration form need to be submitted to RBI after effecting the exports for necessary remittances in this regard from the client. Government Initiatives Government has provided several policies to hold and improve prospects for domestic software companies. These include Setting up of STPs : STPs (Software Technology Parks) are autonomous organizations set up the Department of Electronics (DOE). Under the STP scheme, Member software units are provided various incentives.

Currently the Government has set up STPs at various cities like Bangalore, Pune, Bhubaneswar, Thiruvananthapuram, Hyderabad, Noida, Gandhinagar, etc. To provide further incentives to units in the STP government relaxed the 100% export requirement. Software companies are also exempted from applicability of Minimum alternate Tax (MAT). Export processing zones (EPZ) : The government has set up various EPZs. Units setup inside the zone can have 100% foreign equity. The firms are expected to export 75% of their production and can sell the balance in the domestic market. Additional incentives exemption from income tax on export profits.

Telecom policy : In May 1994, the government released the Telecom Policy to improve the telecommunication infrastructure in India. The policy sought

to encourage privatization of infrastructure, which was a radical step at that time. 9 Curbing piracy : To protect rights (IPR) of software companies, apart from cracking down on piracy, the government has also made several policies to actively discourage piracy, the government has also made several policies to actively discourage piracy. Authorized sellers of imported software are allowed to reproduce software in India and sell it without import duty.

Local software manufacturers are exempt from excise taxes. Other incentives include:

- Depreciation on IT products allowed at 60% pa, taking into cognizance the high rate of obsolescence of such products.
- Exemption of withholding tax on interest on ECB is proposed to be extended to the IT sector as well. This will reduce cost of borrowings for IT companies through the ECB route.
- 100% customs duty exemption on all software used in the sector.
- Extension of 80HHE to the supporting developers. This will enable supporting developers to enjoy tax concessions, similar to the supporting manufacturers concept in manufacturing sect.

The new Information Technology Bill The much-awaited Information Technology (IT) Bill was passed by the Lok Sabha in the month of May 2000. Even though there has been some criticism about the provision of the bill, the fact that the e-commerce transactions / cyber-crimes are still very nascent areas in the Indian context means that it would have been quite impossible for any Bill to have been fully comprehensive. As the market matures and the users get a hang of the existing regulations, new amendments can be brought about as and when required.

Trying to make the first Bill comprehensive would have only delayed the implementation. It would be useful to have a look at the major provisions within the bill and their impact. Should boost e-commerce The Bill is expected to give a major thrust to e-commerce activities in the country. Though e-commerce activities have started off with most e-commerce sites offering payment through credit cards (where the user keys in his credit card number), there were many apprehensions regarding this given the absence of clear-cut laws and the lack of legal recourse available to any consumer.

With the new set of laws, it is expected that buyers on the net would have the required confidence to transact without fear. Digital signatures would come into play. A good part of the new act is the fact that it recognizes digital signatures. The creation of digital signatures, their certification and verification is an absolutely new area which opens up large areas for software companies with an expertise in the areas of encryption. Need to keep electronic records The requirements of maintaining electronic records would mean that all companies would have to progressively move to standardized data storage in electronic form.

Though most companies do maintain electronic records, it would now require verification of security procedures for storing such records. In this aspect, the penalty for “ tampering with computer source documents” which stands at Rs. 0. 2. mm seems quite low. What about taxing transactions on the net ? Taxation issues relating to e-commerce transactions have been considered within the Bill. This is a big grey area which is creating a debate even in the United States.

While supporters of zero-tax on the net say that this is essential to boost e-commerce traffic, those supporting taxation say that this could have an adverse effect on the revenues of state governments. Worrying thoughts on policing of crime eyebrows are being raised by most people on the provision allowing police officers above DSP rank to raid and arrest people for cyber-crimes without a warrant. Giving the notoriety of the police force regarding their tendency to misuse their powers, it is being said that this will just open another avenue to the police force to earn money and will only lead to more corruption.

Quality Aspects Software companies in India improved their quality tremendously in the last few years. Today they are known for the quality of their software services. Indian has one of the largest number of quality certified software companies in the world. The increasing quality perception will help India transcend the cost barrier and increase margins in offshore business. There are several quality standards, which a software company can obtain. These are • SET's Capability Maturity Model – Level 1 to Level 5 ISO 9000 • Tick IT • Bootstrap Spice (Software Process Improvement and Capability Determination) The first three are among the main certificates generally obtained by Indian software companies. There are about 170 software companies in Indian with quality certification. 15 Indian companies now have the SEI CMM Level 5 certification (out of 23 worldwide). Apart from global recognition and quality assurance, government policy also tends to be favorable to companies holding quality certificate. According to EXIM policy

software companies with ISO 9000 series or equivalent certification are eligible for grant of Special Import Licenses(SILs).

Competitive Position The Indian software sector has several competitive advantages, which is allowing it to grow at a fast pace. Some of the key advantages are : Locational advantage India enjoys a locational advantage. The advantage it enjoys over other countries, is a 8 hour difference with the world's largest market- the USA. This enables US companies to establish round the clock software factories by subcontracting to Indian companies.

Manpower There is a tremendous latent potential of manpower supply in India.

India has the second largest pool of technically qualified English speaking manpower (second only to the United States) available at a comparatively lower cost. Demand for manpower continues to surge India has the capacity to supply about 70, 000 software professionals each year, which hardly meets the global demand Indian software industry can therefore continue to have a manpower led growth. Low cost Much of India's strength in software in the past is attributable to the low cost of Indian programmers. Indian programmers are paid only about 15-20% of his/ her counterpart in developed nations.

Even among competing Indian software professionals were paid the least. This provided domestic software companies a cutting edge in pricing for software projects. However the low cost edge has now been considerably eroded with most software professionals getting remuneration at par with global standards. Nevertheless in terms of cost-quality, India continues to

offer significant 'value for money'. Wide gamut of services India's advantage was that it could offer a wide range of software services from clerical support /data processing to sophisticated software systems.

The low cost and easy availability of manpower at all levels enabled it to offer labor intensive support services, while the technically qualified and skilled personnel enabled it to offer quality solutions involving sophisticated software systems. Project Management skills Indian companies have 2 rich experience of working with large global software companies. The forced subcontracting of large Y2K projects has also provided Indian companies with substantial experience in handling and executing large sized projects.

High on learning curve Indian companies have over the last decade build expertise on a variety of platforms-from legacy systems to the latest state-of-the-art systems. Infrastructure facilities India has more than 1200 high-speed communication links of 32-226 kbps, connecting Indian software companies with their clients abroad. A majority of this infrastructure and communication links are provided by software Technology Parks of India (STPI). Conducive regulatory framework Software industry has enjoyed virtually unbridled liberty to conduct its business in the best possible manner.

Government has also encouraged the industry by providing tax benefits to exporters. Risk Factors Manpower availability any cost Indian has more than 1, 900 institutions from which about 70, 000 software professionals graduate each year. This is further supplemented by private training centers which coach about 40-45, 000 students each year. With many students opting for

further studies / other employment streams and several overlap between students at institutions and training centers, it is estimated that India can supply about 75, 000 software professionals each year.

Despite this huge addition to the manpower base each year, the demand-supply situation is expected to remain tight during the next 3 years. The excess of demand over supply will further push salary levels upward. Salary levels for experienced and qualified professionals are broadly at par with developed countries. The rising cost of manpower has already eroded India's position as a cheap source of labor to a large extent. This increases the risk of losing business to competing countries like China and Russia who have cheaper labour, if they would be able to match the quality Indian professionals offer. Moreover, to maintain profitability on the increased cost, software companies will have to increase productivity i.e. maximize revenue / profits per employee. Till the time Indian software companies are able to move up the value chain to products and transcend the cost barrier, to carry a risk of low profitability. Manpower turnover It is essential that an organization keeps employee turnover to a minimum, so as to maximize on productivity.

This is even more important if an employee has to undergo initial training to develop specific skills. Employee turnover occurs as employees show little respect for continuity with a single organization and even employers actively 'poach' from competing companies by offering more lucrative salaries. Most software companies have been providing various incentives and stock option schemes to retain talent, especially at senior levels. Organizations also have

to provide better working facilities to motivate employees to put in their best. Skill and experience levels

Indian programmers have a wide range of skills, with experience on legacy systems and on latest platforms as well. They have also displayed an ability to learn and adapt quickly to the changing environment. However, about 77% of the software professionals in India have a work experience of less of 7 years. Corporate therefore need to continuously invest in training to improve skill levels further, especially in the area of functional domains.

Availability of infrastructure The current boom in the software sector can be sustained through an increase in offshore programming activity.

This places special emphasis on availability of quality infrastructure facilities in the form of hardware / software, power and telecom links. India's power and telecom infrastructure is poor compared to many developing countries. On top of that power and telecom costs are among the highest world. The attempts at privatizing these institutions have not improved the situation in a significant in a significant manner. For software companies, investing in telecom infrastructure is an additional overhead, which few companies will be able to afford. Poor government demand

In most developed countries government / public sector enterprises constitute largest consumers of IT. In India public sector companies are generally reluctant to introduce IT in a major way, as this would antagonize the trade unions. Public sector companies' policies also tend to be pro-labor. The software sector therefore receives negligible most of the leading IT

countries in the world. Government policies Government policies so far have been favorable to software companies. If tax exemption on exports is withdrawn if cable affect software companies adversely.

WTO regards tax exemptions on exports as an indirect subsidy and hence the government may phase out exemption in the near future. Also government policies in future should be framed to encourage development of application software packages, as this can only sustain the current growth rates. Non-tariff trade barriers Several non-tariff trade barriers exist in foreign countries, which could restrict growth of Indian exports. For example, since October 92 only H-1B visas are issued irrespective of the duration of the project.

Earlier for short term project B-1 visas were issued, which were easier and faster to obtain. H-1B visas require several clearances and take about six weeks to process. It also requires retention of legal counsel to follow up with the respective offices. Also the US has permitted to allow only 115,000 visas worldwide for skilled IT professionals. This typically gets exhausted in the first 7-8 months of the year. This year it was exhausted in May itself. Indian software professionals working in US are also subject to security taxes (FICA 12.4% MEDICARE 2.3% and FUTA 6.3%) even if they are deputed on short-term assignments. The benefits from these contributions can be drawn only after a specified term of employment. Therefore this therefore amounts to an extra tax of about 21% which Indian software companies have to forego. Several such subtle trade barriers can restrict Indian companies' ability to maintain the current pace of growth. Financing Software companies require

finance for setting up development centers. Establishing communication links and other infrastructure and for working capital.

Traditionally, lenders have been averse to project finance due to lack of tangible assets as security. The recent spurt in share prices of all the listed software companies reflects the confidence amongst investors. This should enable software companies to raise adequate finance in the form of equity. But government has to set machinery in place to provide software companies with venture capital, project and lease finance etc. Quality India has gradually moved into high quality but competitive cost bracket. Currently, many of the large companies hold quality certificates.

However, there are various quality levels and standards. Moreover Indian companies need to pay more attention to Total Quality Management and not just Production process quality. IPR Indian companies have to move up the value chain to become truly global companies. This requires a strong policy on IPR and strict enforcement procedures. Uniformity of IPR policies with the ‘target countries’ will also help Indian companies to improve export prospects. 2. Education and Training Industry : Indian computer education and training industry came into being in around 70s when a few private institutes were set up.

In 70s and 80s, the focus of training institutes was on a low-end education for creating awareness about computers. High-end computer training was imparted only in engineering, computer science

STRENGTHS INDIA'S
STRENGTHS IN THE Information Technology arena are- • Availability of

unlimited pool of cheap and talented software personnel • Presence of the biggest English speaking population after the U. S. • Availability of western educated management personnel • Lack of regulation in the software industry • Burgeoning middleclass of nearly 150 million consumers No baggage of outdated software technology • Time difference advantage with countries like United States. IT manufacturing in India is going to be on the line of assembling components manufactured in other countries. Since the import duty on hardware component is relatively high, there is a lot of smuggling of components from countries like Singapore and Taiwan into India. Most Indian firms have formed strategic alliance with international companies like Hewlett-Packard and Acer. Hence investment in PC manufacturing is not expected produce immediate profits.

However the LAN and the peripheral markets are growing at fantastic rates and could be good investment areas for companies which are looking to invest in overseas IT manufacturing. Based on the software export growth in India, offshore programming ventures will continue to remain profitable for the next few years. The threat India could face in this area are from Philippines and Pakistan both of which like India have a large pool of trained IT personnel. Chinese Threat to Indian IT Sector Currently the “ China Threat” is perhaps the most spoken about issue in the industry.

Enough to galvanize even one big software house, TCS, into setting up a separate think tank to look into the issue. it is not difficult to see why. Finally fear of infrastructural bottlenecks, lack of quality manpower and inability to move up the value chain add up to one thing- a threat from countries like

China, Philippines and a few other European nations who are making their presence felt in the global industry. According to the Asian Technology Information Program, a Tokyo-based organization that conducts IT related research, China has about 400,000 people working in different rungs of the software industry.

However, most of them are still working at the bottom rung of the ladder, with very few program analysts or system designers. That could change soon. The Chinese are reviving up their IT industry, with 20,000 new software professionals expected to be added every year. More importantly, they are honing up on their English-language skills. The country already boasts of a much better IT infrastructure than India with a 55 Gbps gateway compared with India's 800Mbps. Right now, China is three years behind India in terms of offshore outsourcing, but the Chinese are working hard, even on their language skills.

Besides, they have a cost advantage and might soon surprise us. China could become a strong contender in a couple of years from now, especially at the low end of the value chain. It is definitely going to happen and most companies have to sit up and take notice. Besides, Chinese manpower is approximately 15% cheaper than India. The rising cost of doing business in India makes our offerings less competitive. China's other big advantage is exposure to the US market. Though China is a relatively new entrant in the software sector, Chinese industry has US presence for long.

There is a cross-industry consensus, however, at the end of the day, the threat from China and other emerging countries boils down to two things-the imperative to move up the value chain and remove infrastructure bottlenecks. There is definitely a threat from China in the long run. And to avoid being taken over by them, we need to beef up work on infrastructure.

23 COMPANY ANALYSIS ONWARD TECHNOLOGIES LTD Onward, provides system integration services mainly in the area of banking, CAD/CAM services and customized software development for both domestic and international markets.

The company was traditionally involved in hardware, software development, system integration, networking etc. mainly aimed at the domestic market. However, during the FY 98, the company closed down its underperforming businesses, which were typically labour-intensive and carries low margins. The company downsized its its employee strength and has written off its bad debts. Onward, which made a loss during FY 99, has turned around its operations to register a PAT of Rs. 9. 3Mn for the current year. The company has now restructured its operations to concentrate more on the export markets which was ignored by the company so far.

Onward is well placed to capitalize on the domain knowledge acquired over the years. The company's days of low growth and mounting losses are over and it is now entering the growth trajectory. Revenues are expected to grow more or less in line with the industry. Growth in revenues will be driven mainly by exports division. Operations of the company's US subsidiary have stabilized and has been able to market itself well. Profits and margins, on the

other hand, are expected to witness exponential growth rates. MASTEK LTD. Mastek, is one of the oldest Indian software companies with exposure to software services as well as products.

The company's ERP product MAMIS failed to create any impact on the market and has been largely unsuccessful. Despite being one of the oldest players in the country, the company has not been able to establish itself amongst the top players. The company's poor performance in the past can be attributed to its loss making domestic and South East Asian operations. The company has increased its focus from products to software services and the move has paid rich dividends. Mastek is one of the leaders in Customer Relationship Management (CRM) an extended ERP application.

CRM is expected to account for 25% of the total income. The company is one of the pioneers in the CRM area, which is one of the fastest growing segments in ERP today. Also, margins are relatively higher. ATOS ORIGIN Formerly known as Origin Information Technology Ltd. Atos Origin's core business is to provide value to its clients by helping solve their business problems with enabling technologies. With over 27000 internationally experienced business technologists to serve clients in over 30 countries, Atos Origin helps transform enterprises into communities.

It has world-class experience in e-business, Consulting and Systems Integration, Outsourcing and Online Services. Atos Origin is a proven end-to-end front to back office business solutions enabler. It's leading B2B, B2C e-Solutions portfolio is backed by an innovative relationship model which drives

value creation for its clients. The company's excellent industry sector expertise-Manufacturing & Process, Retail & CPG, Banking & Finance, Hi-Tech & Telcos, and Automotive-gives the company a deep understanding of client's business. This understanding allows it to focus on tuning clients vision into value driven results, quickly and effectively. RETENTION

STRATEGIES Retaining skilled manpower is a major challenge before Indian software companies. Quite often, software companies end up poaching professionals from each other as they compete to attract the same pool of talent. The retention can be improved if the company focuses on career counseling, sharing of vision, providing training for skill-building, opening up new positions within, building a cohesive organizational culture, leadership workshops, joint decision making and others. 1) TRAINING

Companies are now spending a huge amount of money in training to keep the employee morale high so that they do not change loyalties. Some of the factors responsible for influencing the employee retention are the emergence of new competing industries and increase in competition from various multinationals. In the telecom and IT Industry, the IT department had the maximum attrition rate. Today, companies are outlining special training budgets to prevent employee attrition. The companies with less than 5% growth rate keep a training budget of up to 0.5% of its turnover.

The companies having growth rate between 25-50% earmark between 3-5% and companies within growth rate higher than 50% spend as much as 7.5% on training. Upgrading skills-It is not only the quantity, but quality of software professionals is also important " human capital is definitely a

growing concern”. In a bid to tide over the problem, companies such as Silverline Technologies are hiring software professionals from overseas. Such requirements are primarily to ring in project management skills in segment and technology. Both technology and segment expertise are needed in good combination.

In India, there is a shortage of people with a combination of both these skills. At lower levels, technical skills are more needed and business skills are necessary at higher levels. University courses do provide some exposure to these technical and business skills, but in most cases, they fall short of requirement. That is why, candidates invariably undergo further training and acquire hands-on experience before being assigned to live projects. That is why, companies such as Sonata Software, have in-house institutes where freshers are trained for six months to an year.

As business skills are also important, many Indian software companies are opting for non-computer professionals and offering them three to six months training. 2) COMPENSATION In a dot com world, the blink of an eye matters more than anything else and today, speed counts for business like never before. In such a scenario, pay is becoming the accelerator paddle for change initiatives worldwide. But not without some strings attached. Salaries are hitting the roof but so are organizational demands from employees. Performance based pay- Nobody can deny the role of rewards and recognition in attracting and retaining talent.

Naturally then, benchmarking for compensation is a sure shot topper on the to-do list for most HR professionals. But while window shopping for best practices in reward system, we miss the point that there is more to benchmarking than copying interesting practices. Specially, when we fail to reap the same success that our competitors seem to enjoy. The secret of attaining best practices in a reward system lies in aligning it with business goal, performance criteria and company culture. So, stir up your own recipe, but keep it within the norms.

Professional appraisal systems and performance-linked awards are also important. These are important ingredients for employee satisfaction. The compensation package has increased by 10-25% for the telecom and IT Industry whereas the industry average stands at 5-10%. The links of pay and performance are becoming more pronounced. Most companies have some element of compensation, linked to performance. But some organizations step further by relying solely on performance delivery to structure executive compensation. At IBM, performance incentives have been implemented worldwide for all employees.

At GE, performance is a major factor in pay management. Many smart employers are moving towards an annual incentive system. This works for middle and upper management positions and even for teams and individuals lower down the hierarchy. The popular technique is to use annual incentive bonuses linked directly to goal achievement. Substantial increases like this truly perk up energy level of employees. Study competitors trends- Making

waves in the field of compensation is the variable-pay module. Most variable pay awards are paid in cash on an annual or semi-annual or quarterly basis.

The award is determined by company and individual performance against pre-established targets. Variable pay works best when the company performance is equal to or better than the industry average. You will find a wide assortment, sales commission plans, individual incentive/bonus plans, team awards, gain-sharing and even performance sharing plans. Bonus and incentive plans—Earlier restricted to the small pockets of employees, are now spreading to other levels as well. Profit sharing plans—Are funded by the organizations profits based on a specified formula.

The profit sharing pool is then allocated to employee's by some means, usually as a percentage of their base salary. Spot bonuses— Provides recognition for an individual's work accomplishments. These are paid immediately after a significant job performance event. Gain-sharing plans— Allow employees to share in productivity gains in accordance with a pre-determined formula. Normally the plans are established with participant involvement and are typically designed for specific workgroups, but company-wide programs also exist. Fair and competitive pay is a starting point but don't let be the end of the road.

A workplace should be created where employees feel important, where they belong, where their ideas are valued, where their work is appreciated, where they can trust each other, enjoy working late sometimes, look forward to Monday mornings, build a living, human organization, don't just pay for

performance. ESOPs-Very much popular with the IT sector. The most common type of plan is the Stock option plan, where the employee is offered shares which he can buy in the future. The price at which employee can buy the stock is equal to the market price at the time the stock option was granted.

The employee's gain is equal to market value of the stock at the time it is exercised, less the grant price. The assumption is that the recipient of stock options are motivated to help the company perform well, so, in turn stocks will appreciate in value. 3) COMPANY AS A PROVIDER- Employee satisfaction is the bottomline. Tomorrow, (for it is not today), one can safely expect most companies to accord a high priority to work-life issues. A beginning has been made. A few companies like Hughes Software, GE and Hewlett Packard making an arrangement with a third party Concierge Services Co. to help employees core management. Companies are encouraging non-monetary packages like LIC Policy, foreign trips, credit cards, stock options, career development Plans, etc. to keep their staff happy. Companies need to give their employees salary compensation with the needed infrastructure, technology, stock options and other perks. Whatever the company does should be shared and transparent. There are considerate touches. One of the companies, everytime it sends its employees abroad for work, it distributes free telephone coupons to the family members, thereby helping them keeping in touch.

The softer events are driven around the company organising leisure for its employees. The idea is hardly a new one (office picnics span various work

ages and will continue to do so) but has been given a make-over in order to promote the idea of having fun. Some companies have initiated the concept of an evening at a Pub once a month. Flexi-time-Often part-timing or Flexi-timing is put forward as a solution for women and men who will increasingly share the challenge of managing family and work time. A solution which helped individuals work at a pace and place decided by them.

At the same time, this helps companies save money by reducing fixed employee cost. More and more companies are spending time and thought on the idea of adopting the role of a leisure-provider. This is an issue full of potential and one that is still under-developed. As Indian software companies discover the role of recreation and stress relief in employee development and retention, more companies are beginning to offer recreational facilities to their employees. 4) ORGANISATION CULTURE- An open and friendly organization culture is important for employee retention.

Companies must realize that during recession, it is more crucial to retain good employees as they can chart a sharper strategy for the company growth. Open communication, transparency, level of delegation commensurate with accountability and responsibility, increase in level of professionalism and competitive compensation packages. 5) CAREER GROWTH- Organisations sometimes neglect individual aspirations and goals. This might lead to an employee looking out for greener pastures. So it is very crucial for any organization to take interest in individual development also.

Some of the methods used by the Onward Technologies to retain Human Resource are Industry standard compensation ESOPs Training on new Technologies Proper career planning Performance-based compensation and rewards Good work environment Open communication and transparency. Mastek, apart from being one of the first companies in India to provide ESOPs has been a pioneer in offering a stimulating and broad employee growth plan. Methods used by Mastek Ltd: Congenial atmosphere Excellent emoluments and employee benefits Pioneer in Technology Wide range of career streams Global opportunities

Congenial atmosphere As a company, Mastek is one of the few that have a Corporate Objective of Employee Satisfaction on equal footing with the objectives of profitability and revenues. Mastek has some stated values, which they practice more than preach. The first and most revered value being "Open Atmosphere"-Openness extends beyond calling everyone by first names and not having cabins in the office. What they mean by openness is the fact that they encourage, and even demand that, Mastekers question what they do; they push their assumed boundaries, and they raise their disagreements and hold differing views on everything. That is where, reativity is derived in the organistaion. Freedom at work is the freedom to change the way things are, but never at the cost of the result. Mastek encourages people to "Just Go Do It"-which means an excuse-free approach, to deliver results at all costs and nothing is more challenging and motivating to a software professional than seeing himself achieve results, in spite of different schedules, day after day. Excellent emoluments and Employee

benefits Mastek is an employee-driven company with a human-face and approach, and its emolument packages are already best in the industry, besides offering a string of Fringe Benefits to the employee.

Mastek is the first IT Company to introduce ESOPs for its employees and is the only Company that has the concept of ' Runtime', where the entire staff of Mastek, from the CMD to the peon, alongwith their families, board a train and head for a three-day holiday. All employees and their families are booked in 5-Star hotels with all expenses borne by the company. This is just one of the many ways in which they demonstrate that ' Mastekeepers' are a part of one-big family where everyone is respected for their contributions.

Many other small gestures by the company which go a long way in retaining people are: Sending home bouquets on Anniversaries and Birthdays Taking care of few expenses during marriage Different types of allowances

FINDINGS ? Complex business equations made more difficult y competitors all offering great incentives, good work environment, and work place satisfaction and career development opportunities. ? The problem however, is that even though most companies recognize that they could improve, few realize that they have a retention problem. Retention problems are like cancer that can hit any company anytime, but there are ways to combat leaving, most importantly knowing your staff needs and how to provide them. ? The biggest challenge employer's face is the changing nature of workplace with advent of new technologies and practice. ? The buoyant job market is one of the most serious issues facing employers who are struggling to keep staff. ? The number one reason for employees to leave is lack of

opportunities for career development. Opportunity to work on particular technology leads to employees leaving the company. This is more so, where the companies are big with more number of employees and it becomes difficult to assign projects according to skills. ? Other areas of difficulty are poaching by competitors, people chasing money and senior professional positions and the challenge of providing interesting and varied work and global opportunities ? People are becoming increasingly selective about who they work for “ Can I be proud of the company I work for? ” ?

It's a candidate tight market where there are more jobs than candidates and employees feel they are better informed about what the market is providing and employment conditions in competitor companies to make career-shift judgements. ? Salary is not the single most important factor. Employees are also looking at poor management and whether companies have innovative means of rewarding people. ? Highly undesirable turnover can cost companies significantly. ?” Who is hit? ” lower levels are the most vulnerable. Small companies are becoming increasingly vulnerable and departure of even one person hits hard. The Indian scene 87% of the organizations feel attrition concerns acutely. 60% of the companies report increased employee turnover 52% of the employees also feel retention as an issue ? Exit interviews and employee satisfaction survey do help. These are the two most commonly used methods used to find the cause of turnover. ? Major causes of employee turnover Employer's version 1) Growth opportunities 2) Opportunity to work on new technology 3) Compensation 4) Rewards and recognition 5) Good work environment (open culture)

Employee's version 1) Compensation 2) Career advancement 3) Job challenges 4) Work life balance 5) Boss 6) Education 7) Health ? Some of the constraints faced by many of the companies in implementation of retention strategies are: Coping with high salary expectations and demands

RECOMMENDATIONS ? To aid in retention, companies must look at valued employees place highly and attempt to meet these with the core values of the organization. ? Invest efforts and money in becoming an employer of choice and build company branding to overcome retention dilemmas. ? Companies need to continually invest to ensure that they are a step ahead and know what competition is doing. ? Be a people's person Provide an environment which assists in work life balance ? Create an atmosphere where employees perceive the company as being interested in partnering them in their career. An eg. Of work life balance would be providing financial support to learn one new non-work skill every two years. ? Both employees and employers are equally responsible for employee retention. Senior executives can make this happen by discussing both company goals as well as employee's ambitions. ? This can be done by having an open communication across the organization. ? One of the most important tasks for any manager is hiring an employee.

Yet, very few are trained in this skill. Responsibility lies with management in hiring managers. Right hiring will ensure longer retention cycles. HR's past, present Take any HR manager of today, find a working time machine, and set the dials to April 2002 – they'll find themselves in a whole new (or old) world. Tucked into an office corner, a typical HR day could involve browsing

through hundreds of paper files, sifting the necessary from the trash.

Relationships are different too – the door says “ personnel manager” but there’s rarely a chance to meet the CEO.

Indeed, the only people coming are there to lodge complaints. Sandwiched between the employees and the employer, it can be difficult to ascertain which group should be represented, or why both seem to dislike the function. Head back to 2010, and things have changed dramatically – for the better. The personnel manager is now a fully-fledged HR professional, with a key role in writing and executing business strategy. If not already part of the highest decision-making levels, there is at least access and communication with C-Suite helm.

And employers acknowledge the significant contribution of best practice recruiting, talent development, performance management, employee relations and compensation strategy. Moreover, these functions are fast becoming a blueprint for survival. “ Most Singapore companies have come to recognise that effectively harnessing HR is a matter of corporate survival,” Caroline Lim, Global Head of HR and Corporate Affairs, PSA, says. “ It is no longer discretionary but compulsory for companies to embrace the strategic role of HR. ” HR-watchers can expect just as dramatic a shift in the profession over the next eight years as well.

With technology changing every day, and the talent crunch forcing employers to get the most out of each and every staff member, the focus on HR is set to continue. Even without a time machine, it’s clear HR’s role will

move ever-closer to the very heart of business. Plugging the talent gaps This is not to say there are no challenges facing HR in the present day, far from it. At the top of the critical list on Singapore's business landscape is the impending talent shortage that is set to hit organisations of all shapes and sizes. Elizabeth Martin-Chua, local HR expert and author, says businesses are again having to chase talent.

Previously, the situation was the much more ideal reverse – with job candidates pulling out all stops to find work in their favoured organisations. Now, with the baby boom generation set to move into retirement with only smaller-sized age groups available to replace them, the talent crunch is set to move into a more permanent fixture. That means renewed importance will be placed on those HR