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ITES: Important tool to manage HR

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Abstract

There are many challenges such as unavailability of skilled employees, attrition, retention of suitable employees, global economic slowdown, etc., facing by the service provider ITES companies in India. They are trying hard to resolve these challenges through various innovative measures. Clients are always kept on the top. Vendors are providing training and various HR initiatives are taken to keep their employees fit for work as well as to keep them satisfied to retain them longer. Companies are taking care of their employees in the context of their health related issues. Although India is having a lot of educated people, there is still a dearth of suitable employees for ITES companies. Retaining the skilled as well as experienced employees is also a big challenge for these companies. Outsourcing is a contract-based relationship between client and vendor organizations in which a client(s) contracts out all or part of its services to a vendor(s), who provides agreed services in return for remuneration. It is a phenomenon in which a user organization i.e., client, transfers property or decision rights over Information Technology (IT) infrastructure to an external organization, i.e., vendor. Outsourcing of services from developing countries is increasing day by day.

Keywords: ITES, employees, global economic.

Introduction

Information Technology (IT) is one of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern. The Information Technology enabled Services (ITeS) sector has not only changed the way the world looks at India but has also made significant contributions to the Indian economy. IT enabled Services (ITeS), also called web enabled services or remote services or Tele-working, covers the entire gamut of operations which exploit information technology for improving efficiency of an organization. These services provide a wide range of career options that include opportunities in call Centre, medical transcription, medical billing and coding, back office operations; revenue claims processing, legal databases, content development, payrolls, logistics management, GIS (Geographical Information System), HR services, web services etc. The Information Technology Enabled Service (ITES) industry steadily increasing its contribution to India's gross domestic product. Initially, after IT outsourcing, outsourcing of low value services such as help desk, customer support, etc., was started and companies earned a large amount of profit. These low value services are called business process outsourcing (BPO) as the process is outsourced from an external vendor. Thus, outsourcing companies here play a crucial role and the companies make the service available 24x7. BPO is one of the fastest growing segments of the ITES industry. Reasons for continuous growth of the industry in India and other developing countries are the advantage of labour cost arbitrage, economies of scale, risk mitigation, flexibility in operation, availability of competent skilled personnel in lower salaries, government support, etc. The evolution and maturity of the Indian BPO sector has given rise to yet another wave in the global outsourcing scenario in the form of knowledge process outsourcing (KPO). KPO work is more skill based, analytical, and judgment oriented. KPO works include pharmaceutical, biotech, data integration and management, financial, research and analytics, technology research, computer-aided simulation, engineering services, etc.

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It also includes professional services such as business research, legal services, financial analysis, management consulting, etc. India is continuously showing higher growth in outsourcing of not only low value added services but also the high values added services. Reasons behind this success are the availability of large and diverse talent pool, large English speaking skilled workforce, reduced time for data analysis, etc. The high end-value KPO promises to provide long-term jobs for intellectual, analytical, and knowledgeable people with a pay scale much higher than the BPO sector. However, because of global recession and increased competition, ITES firms in India are facing difficulties in dealing with their offshore clients. Initial market dynamics had enabled large corporations to establish their captive centres in India. However, with the emergence of local vendors, captive centers are facing increasing competition. The third-party vendors took a lead over captive centers by 2009-10, particularly in service domain and product development. The major reasons for this upcoming trend in the industry are increased costs, increased attrition, lack of integration and management support, and lesser flexibility in case of captive centres. In the present study, we try to find out the challenges faced by the ITES companies in retaining their employees as well as discuss their strategies of dealing with these issues. Objective and significance of the study tries to find out the challenges faced by the ITES companies. The ways ITES companies try to manage these issues are also discussed. Finally, policies and strategies followed by the companies to resolve the challenges and derived solution of the problems are discussed. Increasing demand to outsource to developing countries is creating a lot of opportunities as well as competition in many host countries. However, the impact of the ongoing changes in the world economic order on this sector may have far-reaching consequences, which need to be delved upon. Preliminary research from various companies indicates significant impact on export segment as ITES is a globally integrated industry. Reason for continuous outsourcing may be a constant pressure on companies to cut their costs and remain competitive. It becomes very crucial to get success in this unpredictable environment. Attrition the ITES industry in India is currently undergoing a growth of 25-30 per cent per annum. Average salary of the employees is also increasing which would see a further spurt in the coming five years. The projected salary increase was 3.4 per cent in 2009, which is 5 per cent in 2010. India produces about a million graduates annually and BPO companies take up about 6-7 per cent of the whole. As against a projected growth rate of 35 per cent, the industry saw a decline in growth by 25 per cent. A high attrition rate of 30-35 per cent coupled with an unprecedented 100 per cent hike in metro property prices has declined the growth of BPO firms.

HRIS

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically. Human resource information systems are electronic systems that compile information in databases to be easily accessed and analyzed. Some information systems allow automation of processes, such as payroll tax calculations, while others streamline processes by minimizing the need for manual data

entry and paper records, thus increasing accuracy and efficiency.

Key Roles of HRIS

Total Rewards

One HR function that can benefit from the use of human resource information systems is total rewards, which refers to all components of the overall compensation model, including salary and benefits. Your company's HR department can more effectively track and plan for changes to employees' salary, insurance, retirement and other benefits options using an HRIS. Electronic records keep track of current expenses, and many systems offer projection models and calculators that can help you analyze the impact of various changes. This is especially useful when preparing for annual increases or benefits open enrollment.

Workforce Planning

Human resource information systems keep track of critical employee data such as demographic information, job titles and Equal Employment Opportunity Commission identification codes. Storing this information in an electronic database allows you to analyze it more easily when working on recruitment strategies, progression planning and affirmative action programs. HR reps can quickly run reports to determine items such as how many employees were hired last year, average length of tenure and a breakdown of the employee population by specified EEOC criteria such as gender and race.

Training and Development

Small businesses also may look to an HRIS to assist with training and development initiatives. Depending on the needs of your company, you can use an HRIS to facilitate the annual performance review process, to allow employees to sign up for company-sponsored training classes or to build a talent inventory of what education, experience and training each employee has. Having this information readily accessible by managers and human resources representatives is an asset when developing new training programs or when restructuring departments or positions.

Risk Management

Human resource information systems also minimize risks and potential liabilities. This is accomplished by keeping electronic records of items such as employee discipline notices, safety training employees have received, accident logs and workers' compensation claims. This data is analyzed by the HR department to identify ways to improve workplace conditions, safety training classes and disciplinary processes to ensure compliance with all federal and state labor laws.

Challenges to Employee Retention

Monetary dissatisfaction is one of the major reasons for an employee to look for a change. Every organization has a salary budget for every employee, which can be raised to some extent but not beyond a certain limit. Retention becomes a problem when an employee quotes an exceptionally high figure beyond the budget of the organization and is just not willing to compromise. The organization needs to take care of the interests of the other employees as well and can't afford to make them angry. The salaries of the individuals working at the same level should

be more or less similar to avoid major disputes amongst employees. A high potential employee is always the center of attention at every workplace but one should not take any undue advantage. One should understand the limitation of the management and quote something, which matches the budget of the organization. An individual should not be adamant on a particular figure, otherwise it becomes difficult for the organization to retain him. Remember there is a room for negotiation everywhere.

In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge. Every organization tries its level best to hire employees from the competitors and thus provide lucrative opportunities to attract them.

Individuals speak all kind of lies during interviews to get a job. They might not be proficient in branding but would simply say a yes to impress the recruiter and grab the job. It is only later do people realize that there has been a mismatch and thus look for a change. Problems arise whenever a right person is into a wrong profile. An individual loses interest in work whenever he does something out of compulsion. The human resource department should be very careful while recruiting new employees. It is really important to get the reference check done for better reliability and avoid confusions later.

Some individuals have a tendency to get bored in a short span of time. They might find a job really interesting in the beginning but soon find it monotonous and look for a change. The management finds it difficult to convince the employees in such cases. Individuals must also understand that every organization has some or the other problem and adjustment is required everywhere, so why not in the present organization?

Unrealistic expectations from the job also lead to employees looking for a change. There is actually no solution to unrealistic expectations. An individual must be mature enough to understand that one can't get all the comforts at the workplace just like his home. Individuals from different backgrounds come together in an organization and minor misunderstandings might arise but one should not make an issue out of it. An individual must not look for a change due to small issues. One needs time to make his presence feel at the organization and must try his level best to stick to it for a good amount of time and ignore petty issues.

Following are the ways to retain a great employee

- Management thinkers agree that a satisfied employee knows clearly what is expected from him every day at work. Changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and make the employee feel unsuccessful. I'm not advocating unchanging jobs just the need for a specific framework within which people clearly know what is expected from them.
- The quality of the supervision an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel undervalued will contribute to turnover.
- The ability of the employee to speak his or her mind freely within the organization is another key factor in

employee retention. Does your organization solicit ideas and provide an environment in which people are comfortable providing feedback? If so, employees offer ideas, feel free to criticize and commit to continuous improvement. If not, they bite their tongues or find themselves constantly "in trouble" - until they leave.

- Talent and skill utilization is another environmental factor your key employees seek in your workplace. A motivated employee wants to contribute to work areas outside of his specific job description. How many people could contribute far more than they currently do? You just need to know their skills, talent and experience, and take the time to tap into it. As an example, in a small company, a manager pursued a new marketing plan and logo with the help of external consultants. An internal sales representative, with seven years of ad agency and logo development experience, repeatedly offered to help. His offer was ignored and he cited this as one reason why he quit his job. In fact, the recognition that the company didn't want to take advantage of his knowledge and capabilities helped precipitate his job search.
- The perception of fairness and equitable treatment is important in employee retention. In one company, a new sales representative was given the most potentially successful, commission-producing accounts. Current staff viewed these decisions as taking food off their tables. You can bet a number of them are looking for their next opportunity.
- Final tip on every retention list - Your staff members must feel rewarded, recognized and appreciated. Frequently saying thank- you go a long way. Monetary rewards, bonuses and gifts make the thank- you even more appreciated. Understandable raises, tied to accomplishments and achievement, help retain staff. Commissions and bonuses that are easily calculated on a daily basis, and easily understood, raise motivation and help retain staff. Annually, I receive emails from staff members that provide information about raises nationally.

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