Chapter 8
Findings, Suggestions and Conclusion

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Chapter 8

Findings, Suggestions and Conclusion

8.0 Introduction

In the foregoing chapters, the human resource management policies and practices in software companies are studied under four broad headings, namely acquisition, development, motivation and maintenance of employees in the software companies. In the process, the personal and work profile of software professionals and their perception on the policies and practices have been studied and presented. The present chapter is designed for summarizing and presenting the findings of the study. It also presents the suggestions and areas identified for further research.

8.1 Findings

8.1.1 Profile of Software Professionals

About 81 per cent of the software professionals under study are less than 30 years of age and about 74 per cent of them were male. They have varied educational qualifications; predominantly represented by graduates and post graduates with computer science, computer applications and, electronics and communication engineering as major subjects. As regards software technology specialization, they fairly represent the following technologies, namely 40 per cent - Programming Languages, 25.8 per cent - Testing Tools, 10 per cent each - Database and ERP, 11.4 per cent - CRM, 1.4 per cent each - PM and System / Business Analysis. As regards experience, it ranges from less than 1 year to more than 7 years; 20 per cent with more than 7 years of service, followed by 18.6 per cent with 3 to 4 years of service; majority (57.1 per cent) has less than 4 years of total experience. As regards period of service in the current company, they have served for a period ranging from less than one year to more than five years; majority of them (90.1 per cent) have, however, held the position for a period of less than three years.
8.1.2 Acquisition of Human Resource

8.1.2.1 Workforce Planning

In Tier 1 and 2 companies, workforce planning is done every year based on the past performance and sales forecast. Tier 1 companies recruit employees as per plan and keep the recruits on wait till the projects commence. They also plan bi-annually and quarterly when there is a variation in the project estimation, mostly as a corrective measure. Tier 3 companies do not plan annually, instead, plan on *ad-hoc* basis.

Thus, it can be stated that Tier 1 and Tier 2 companies have well designed policies. Tier 3 companies do not have Human Resource planning policies. Software companies in Tier 3 mostly work on small and short term projects and they normally look for utilizing and managing the existing workforce. They seldom need to have manpower planning due to the size, duration, nature of work and volume of business. Mostly Tier 3 companies are manned by working partners or the technically qualified sole proprietors.

8.1.2.2 Recruitment and Selection

From the analysis and discussion of policies, practices and perception of employees related to recruitment and selection, it is found that both Tier 1 and Tier 2 companies have well laid policies and procedures while Tier 3 companies do not have. As it was noticed, policy documents of Tier 1 and Tier 2 companies consider requirements for recruitment such as eligibility criteria, expert panel, types/modes/sources of recruitment, interview process, supporting documents, government regulations for domestic/international recruitment and employment agreement to be signed by both parties and budgeting.

The companies are found to have used various sources and modes of recruitment, namely direct recruitment through job portals, job fairs, website, newspaper advertisements, recruitment agencies, campus recruitment and employee referrals; and lateral recruitment through transfer and promotion of
existing employees. Tier 3 companies are found to have preferred lateral recruitment. In case of urgent needs, they reported to have used referrals from existing employees, social networking and recruitment agencies.

In the recruitment process, Tier 1 and Tier 2 companies are found to have used different methods such as written tests to test technical skill and aptitude; group discussion, interview (telephonic or in-person or both) to test technical skill, attitude, communication and soft skills, while Tier 3 companies use mostly either telephonic or in-person interview or both as their manpower requirements are minimal and financial affordability is less. It is also found that even within Tier 1 or Tier 2 or Tier 3 companies, there is no uniformity with regard to the use of these recruitment methods and tools.

In terms of pre-recruitment training, about 58.6 per cent of the employees reported to have equipped themselves with technical qualification after their graduation. The rest were trained on specific technology after recruitment. Majority reported that they did not undergo any special training on communication and soft skills.

The study found that of the total sample respondents, only 32.9 per cent signed bond with the employer for the entry level position and the nature of the bond varied. Deposit of money was insisted as the security in the case of 55.6 per cent of the professionals; minimum service period in the case of 29.6 per cent; and both money and service period in the case of about 15 per cent of the employees.

With regard to the mode of getting employment, 92.9 per cent of the software professionals reported to have attained the current position through direct recruitment and the rest through campus recruitment.

With regard to the sources (except employee referrals) of recruitment, the employers used different sources. The sources were friends working in companies - 51.43 per cent; job portals and job fairs - 18.57 per cent; recruitment agencies- 12.9 per cent; company websites - 4.29 per cent and
news paper advertisements - 5.7 per cent. About three fourths (78.6 per cent) of the professionals reported that their employers practiced employee referral bonus system and 72.9 per cent of the professionals reported that they referred potential candidates for employment.

The companies use different interview methods to recruit their employees. These methods vary depending upon the position and the nature of the job. The methods were written test and telephonic interview; written test and in-person interview; and written test, group discussion and in-person interview. A sizable number of employees (74.3 per cent) had undergone written test along with either telephonic interview or in-person interview. Only 25.7 per cent of them, in addition to written test and interview, had group discussion also as part of the selection process.

It is evident from the responses that in the case of majority of the respondents (81.4 per cent), the interview process tested both technology and soft skills.

It is found that irrespective of age, sex, educational qualifications, industry experience, position held and software technology specialization, employees working in different categories of companies are satisfied with the recruitment and selection procedures.

8.1.2.3 Induction Process

It is found that 74.6 per cent of the professionals underwent induction training. The rest did not undergo such training, because either personnel were already qualified or able to manage to perform the tasks.

The duration of induction training ranged between less than 1 month period and more than 3 months depending on the platform and the cadre of the personnel. Induction training for a period of less than two months duration was reported to be the most prevalent (86.7 per cent) practice.
The skill development in the domain and technology is the thrust area of the induction training in majority of the companies. This was reported by 75.1 per cent of the respondents. The other areas were company orientation (15.7 per cent) and communication and soft skills (9.2 per cent).

The induction training programmes are found useful by 96.9 per cent of the professionals.

The induction process is very systematic in the case of Tier 1 companies. The process of socialization and training on select vertical domain or application or technology are prescribed in detail. Similar is the case with most of the Tier 2 companies.

The need for socialization process in Tier 3 companies was felt least due to their small size. Also the training is informal and on-the-job in nature. Also they do not have any organizational facility for class room induction training.

8.1.3 Human Resource Development

8.1.3.1 Training

It is found that Tier 1 and Tier 2 companies have policies, related to employee training and development, which normally stipulate different factors such as technology, duration, location, resource persons, training materials, sponsorship, level of training, expected outcome, performance during training, relationship with certification; and agreements/conditions on post- training service and separation of employees. Tier 3 companies do not have a detailed training and development policy even though they practiced on-the-job training. Pre-employment training followed conditional employment based on the satisfactory completion of training. The types of training in post-employment period are On-the-job and Off-the-job. The most prevalent methods of off-the-job training practiced in software companies are classroom and online training programmes.
Particularly Tier 1 and Tier 2 companies adopt different approaches to train the employees, namely internal and external training. They have their own training facility and they also have arrangements with external training companies to train their employees on technology, soft skills and for certification process. Employees are also sent to client sites to acquire domain knowledge. Most of the Tier 3 companies do not have internal class room training facilities and rarely use external training companies to train their employees. Generally, software professionals consider small sized companies as training ground for getting into Tier 1 and Tier 2 companies.

Majority (72.9 per cent) of the software professionals have satisfaction over employee training policies and practices. Majority of them felt that training was useful in acquiring the technical skills. However, about 53 per cent of the professionals only were given opportunity to undergo training programmes. The reason for this was that the employers felt the existing expertise level was enough and that there was no need for special training. But the perception of employees was that there was no due recognition and opportunity for career development.

In the views of the majority (81.4 per cent) of the software professionals, companies did not insist on training agreement with bond or surety to undergo any special training. About 53 per cent the professionals reported that their employers granted permission and sponsored them for certification examination. For this purpose, the employees had to sign agreements with surety. About 31 per cent of the professionals signed agreements in this regard.

8.1.3.2 Career Development

With regard to career development, it is found that Tier 1 and Tier 2 companies follow very clear policies, primarily to retain the best talents. The policies provided the scope for consideration of experience; time bound acquisition of skills and performance efficiency in the promotion of employees.
However, it is noticed that Tier 1 and Tier 2 companies have some differences in the career development practices due to differing organizational vision, culture, client’s demands and future prospects of technology. The employees perceived very positively about training and career development policies, practices and facilities. About 80 per cent of the professionals reported that their companies had career development programmes. Majority of them (77.1 per cent) had satisfaction over career path and promotional avenues available to them in their companies.

It is found that about 75 per cent each of managerial staff and technical staff and 87.5 per cent of the functional staff were satisfied regarding the career path available to them. Tier-wise analysis reveals that 75 per cent of the managerial staff, 81.03 per cent of technical staff and 58.33 per cent of functional staff of Tier 1 companies were satisfied over career path. That is, in Tier 1 companies, a sizeable portion of functional staff are not satisfied in this regard. In the cases of Tier 2 and Tier 3 companies, on the other hand, all the functional staff expressed satisfaction while only 75.36 per cent and 61.11 per cent of Technical staff from Tier 2 and Tier 3 companies expressed satisfaction over career path respectively. Thus, majority of managerial staff and technical staff of Tier 1 companies and the functional staff in Tier 2 and Tier 3 companies are satisfied over the career path.

It is found that Tier 1 and Tier 2 companies adopt different approaches for management development. They sponsor their middle level employees in the management track or those who want to shift to management track from technology track, for pursuing class room and online executive management development programmes with leading business schools in India and abroad. In addition, the companies have the practice of sending their employees to short term training programmes on project management, foreign languages, soft skills (personality development, leadership development, team work and communication). Tier 3 companies, generally, do not have the practice of deputing their middle level employees to such expensive development
programmes. The reasons are the limitations on the affordability (due to small size) of employer and the tendency of employees to leave the company after acquiring enough technical skill and experience for joining Tier 1 and Tier 2 companies.

8.1.4 Motivation of Human Resource

8.1.4.1 Job: Design, Evaluation and Satisfaction

It is found that Tier 1 and Tier 2 companies have detailed design of job considering the roles and responsibilities of employees holding different positions. These companies have difficulties in designing jobs because of the work variability that is very common in knowledge industry with different technologies, applications and domains. In Tier 3 companies, the employees play multiple roles due to limited human resources and hierarchy-free organizational setup. In Tier 1 and Tier 2 companies, the practices are in consonance with the policy statements, while in Tier 3 companies, the practices are guided by convention. It is also found that about 79 per cent of the professionals are satisfied over their job.

8.1.4.2 Performance Management

It is found that the performance appraisal is a routine and consistent activity in software companies. The performance of the software professionals at different levels are reviewed periodically. The periodicity varies from company to company. In addition to these, most of the companies conducts performance appraisal when the projects rolls off. This is done not only by team leads, project leads and project managers but also by clients. It is found that technical abilities, perfection of job done, timeliness, attitude towards work and organization, ability to work in teams, interpersonal relationship, communication and coordination, tendency to cope up with organization and clients’ culture and policies are normally appraised. The companies have the practice of updating performance standards periodically so as to remain competent. The performance reports are used for promotion, demotion, salary
fixation, rewards and awards as well as for making decisions on training, coaching, mentoring, and personal improvement plans (PIP). There is no remarkable difference among different tiered companies except the policy statement on performance evaluation in Tier 3 companies. The majority of employees of Tier 1 and Tier 2 are satisfied over the performance evaluation process practiced in their companies.

The companies use different types of Performance Appraisal Systems. The following were the popular methods of performance appraisal: 1) peer to peer, 2) employee to supervisor, 3) employee to manager and 4) 360 degree performance appraisal. The familiar methods of performance evaluation were ‘employee to supervisor’ appraisal (41.4 per cent) and ‘peer to peer’ appraisal (28.9 per cent). 360 degree performance appraisal was reported by 25.1 per cent of the respondents and the ‘employee to manager’ by 38.9 per cent of the respondents. In majority of the cases, either ‘peer to peer’ or ‘employee to manager’ performance appraisal systems are in vogue.

About 61 per cent of the professionals were of the opinion that the performance appraisal system was fair in their companies. The remaining 39 per cent was not happy, because of the personal attitude of the employee and/or sometimes biased assessment by peers or superiors.

With regard to transfer policy, about 69 per cent reported that they were satisfied over the transfer policy of their companies. 44.3 per cent of the employees reported that transfer was effected only on their request. It had been at the discretion of the employer only in 8.6 per cent of the cases. In rest of the cases, the transfer was effected on mutual consent. As regards transfer, a majority (77.1 per cent) of the respondents reported that their companies normally gave prior notice to the employees.

Tier-wise analysis shows that 74.32 per cent from Tier 1, 70.21 per cent from Tier 3 and 62.58 per cent employees from Tier 2 companies are satisfied over the transfer policy in software companies. These differences among different tiers are found to be statistically significant at 5 per cent level.
About 66 per cent of the professionals reported that they were promoted at least once in their service. In such cases, the wait period varied from less than six months to more than 3 years. In any case, about 78.6 per cent of them reported to have waited up to 2 years for promotion.

It is found that about half of the employees in the software companies are not satisfied over the promotion policies of their companies.

Transfer and promotion are, to a certain extent, influenced by the size, nature and duration of the projects undertaken. As such, the minimum period of stay in one location varies from company to company. It ranges somewhere from one year to more than three years.

8.1.4.3 Employee Recognition and Rewards

It is found that most of the Tier 1, Tier 2 and Tier 3 companies recognize and reward the employees on their achievement at individual and team levels. The rewards may be of bonus or incentive, abroad opportunities, gifts, greeting cards, company party, public announcements of appreciation through newsletters, company website and portals. It is evident from the views expressed by employers that their employees are motivated to perform better when the management recognize and appreciate their work and achievements.

About 81 per cent of the employees had desire to work abroad. About 66 and 68 per cent of the respondents reported that they had short and long term abroad opportunities respectively.

Only 53 per cent of software professionals are satisfied over the salary hike extended to them. The difference in satisfaction over salary hike among employees, with respect to experience, is significant and in respect of position, it is not significant as per chi-square test result at 5 per cent level.

It is found that 32.8 per cent of the employees were either neutral (20 per cent) or dissatisfied (12.8 per cent) with the methods used and measures taken to motivate the employees. Even among those who were happy over the
practices, majority of employees (57.1 per cent) were just satisfied and those who were highly satisfied accounted for only 10 per cent.

About 27 percent of the professionals were either neutral (20 per cent) or dissatisfied (7.2 per cent) and the rest were satisfied over the security of their job. However, 50 and 22.9 per cent of employees are satisfied and highly satisfied respectively.

8.1.4.4 Compensation and Benefits Policies

In all the three tiers of software companies, compensation was fixed, taking into account the educational qualification, experience, functional and technical expertise. The prevailing competition among different companies was noted to be the major factor for fixing lucrative and higher compensation packages in software companies. It is evident from the fact that about only 63 per cent of the employees are satisfied over the compensation package provided to them.

It is found that Tier 1 and Tier 2 companies have very clear policies on employee compensation and benefits that are detailed in the employment agreement itself. Tier 3 companies experience high rate of attrition of employees due to the non-existence of detailed compensation and benefits policies.

The following are the major categories of benefits provided by Tier 1 and Tier 2 companies, namely Pension Plan, Employee Stock Ownership, Loans, Vehicle Mileage, Corporate Transportation, Cafeteria Plans, Credit Cards, Financial Counseling, Insurance (Employee, Family, Travel, Auto, Medical, Life, Dental, Vision, Accident, Disability, Short-term post employment), Workers Compensation, Leave, Allowances and Reimbursements.
The total amount of compensation of the sample respondents ranged from less than Rs. 1 lakh to Rs. 7 lakhs and above. The majority (about 74 per cent) of the employees had an annual compensation package of more than Rs. 3 lakhs.

It is also found that about two-thirds (63 per cent) of software professionals are satisfied with compensation and benefits provided to them.

With regard to satisfaction over the annual review practices, only 52.9 per cent of software professionals expressed satisfaction. About 55.7 per cent of them got only up to 10 per cent salary hike in the recent annual salary revision. The employees who got benefited with more than 20 per cent hike represented only about 18.6 per cent. Thus, the minimum hike in the salary made them not so happy over the annual salary revision process.

The pension plan was available only to 37.43 per cent of software professionals and only 33.14 per cent got benefited with pension plan with company contribution. About 36 per cent of employees were provided with company shares/stocks as bonus.

It is found that provisions for and options to corporate life insurance was available to about 43 per cent of the employees.

About 93 per cent of the employees had medical insurance coverage by the employers. 28.6 per cent of employees were provided with family educational allowance. Automobile loan was provided to only 30 per cent of the respondents. About 32 per cent of Tier 1, about 30 per cent of Tier 2 and about 23 per cent of Tier 3 companies provided this facility.

Housing allowance was available to 50 per cent of the employees. Housing loan with lower rate of interest was made available by companies in the case of only 18.6 per cent of the respondents. For majority of the respondents, overtime allowances were not permitted, while 31.4 per cent of the respondents reported to have received overtime allowance from the companies.
Companies normally allow sick leave to the employees. It is found that about 23 per cent of the respondents are deprived of it, while 45.7 per cent of the respondents have more than 5 days in a year. The rest have sick leave for 2 to 5 days in a year. Majority of the employees (57.1 per cent) have more than 5 days in a year while 24.3 per cent do not have casual leave at all.

Annual vacation is a regular feature of software companies. The duration ranges from 5 to 10 days to more than a month. It is found that in the case of 58.6 per cent of the respondents, the annual vacation is less than 10 days followed by 10 to 15 days of vacation (20 per cent); while those who had more than a month time account for only 4 per cent of the total respondents.

However, the employees reported that they were not provided with all these benefits on account of eligibility and applicability criteria. The employees from all Tier 1 and most of Tier 2 companies reported to have enjoyed most of these benefits. However the employees who got benefited were satisfied with compensation and benefits polices and practices in software companies.

8.1.5 Maintenance of Human Resource

8.1.5.1 Work Environment

It is found that shift system of working is prevalent in most of the companies. However, majority of the employees (88.6 per cent) were working in the regular shifts, and only 11.4 per cent work in the afternoon or evening shifts. In the case of two-thirds of the employees, their companies provided rest room facilities. In majority of the cases (94.3 per cent), the principles of ergonomics were applied by the companies. As regards satisfaction over physical infrastructure, about 94 per cent of the total professionals were satisfied.

In the case of 87.1 per cent of the respondents, their companies adopted 5 day week. With regard to work hours, companies adopted a minimum of 8 hours to more than 11 hours of working. But in sizable number of cases, it was
only 8 hours (37.1 per cent), 9 hours (25.7 per cent), followed by 10 hours (31.5 per cent) and 11 hours (4.3 per cent). Thus, majority of the employees in software companies had to work for more than nine hours in a day.

The duration of break ranged from less than 30 minutes to 1 hour. Majority of the professionals reported that break was less than 30 minutes, followed by others with a break of 30 to 45 minutes.

Similarly, duration of lunch break was 30 minutes and 1 hour in the case of 44.3 per cent and 42.9 per cent of professionals respectively. For the rest, who constituted 12.9 per cent, the duration was 45 minutes.

About 47 per cent of the professionals reported that they had only 2 hours permission per month; followed by another 47 per cent whose companies permitted more than 3 hours of permission per month.

Tier 1, Tier 2 and a few of Tier 3 companies have elaborate policies on work schedules and breaks to maintain discipline in the work environment. Tier 3 companies also practice work schedules and breaks even though they do not have clear policy statements on this and other HR functions.

Majority of the employees (84.2 per cent) were satisfied with their work environment.

8.1.5.2 Work Stress and Health Problems

The study reveals that about 87 per cent of the employees realize the presence of stress. However, the extent of stress varies. Among them, 53.4 per cent stated that the stress was at low levels, whereas 37 per cent reported medium level and 9.6 per cent reported high level of work stress.

The factors like overtime, over workload and frequent project deadlines were found to have been the major causes of stress in sizable number of employees. Other factors such as lower compensation, lack of job security, poor attitude of team members, lead or supervisor, defective HR policies,
ergonomics (mostly in small sized companies) had also contributed to work stress to some extent. The combined effect of all these causes was significant for the presence of stress among the employees in software companies.

The duration between project deadlines varied from one year to more than three years. The duration was more than 3 years for about 57 per cent of the employees. It was 1 year (18.6 per cent); 2 years (18.6 per cent) and 3 years (5.7 per cent) for the rest.

Nearly 60 per cent of the employees reported that they had some health problems due to work related stress. The health problems such as migraine and back pain were the ones mentioned by the employees. A sizable number of respondents reported that they had other health related discomforts also.

8.1.5.3 Employee Relations

The frequency of meetings between employees and supervisors or superiors varies from project to project and company to company. It was reported by majority of the employees that their supervisors had been meeting them more than 3 times in a week (62.9 per cent), followed by a minimum of 1 time (22.9 per cent).

Similarly, majority of the respondents (57.1 per cent) reported that the technical managers met the employees more than 3 times in a month while it was once in a month, for 37.1 per cent of the respondents. Majority (78.6 per cent) of the respondents reported that their HR managers met the employees at least once in a quarter, while 14.3 per cent of the respondents reported that the HR managers met them more than 3 times in a quarter.

As regards the level of satisfaction of employees over relationship with supervisors, 61.4 per cent and 20 per cent of the employees reported that they were satisfied and highly satisfied respectively.
8.1.5.4 Employee Retention

The study found that 30 per cent of the employees reported that their companies adopted certain strategies and techniques for retention of employees. Mentoring was the most widely applied technique. This was reported by 20 per cent of the employees. The introduction of pension plan, incentives, recognition of employees through rewards and awards were also found to be attractive retention techniques adopted by the companies.

8.1.5.5 Employee Discipline

Dress code was insisted by majority of the companies. 65.7 per cent of the respondents reported that their companies insisted on formal dress; 15.7 per cent reported that it was semi-formal. Casual dressing was permitted by the companies in the case of 18.6 per cent of the professionals.

The major causes for involuntary termination are poor technical performance, poor communication and soft skills, indiscipline, lack of time management and team spirit.

The reasons for the voluntary termination as reported by the employers were 1) employees’ desire for better career opportunities and 2) lack of promotional avenues within the company.

Majority of the software professionals were satisfied over the disciplinary procedures. Employees from Tier 3 companies are relatively more satisfied than those from other two tiers of companies, because of flexible practices relating to employee discipline.

8.1.5.6 Employee Welfare

Free snacks and lunch were provided in canteen/cafeteria by the companies only in the case of 44.3 per cent of employees.

Creche facility for the children of employees was reported as available in the case of 22.9 per cent of the employees. The counseling facility was reported to be available to 48.6 per cent of the employees.
Corporate transportation facilities were extended by the companies in the case of 61.43 per cent of the employees.

With regard to welfare measures taken by the companies, more than half of the total employees (60 per cent) were satisfied.

### 8.2 Suggestions

1. At present, Tier 1 and Tier 2 companies practice quarterly, bi-annual and annual workforce planning. It is suggested that they may follow perspective planning for a minimum period of 3-5 years, taking into account the rate of attrition and business growth. It is also advised that Tier 1 and Tier 2 companies may also go in for monthly planning so as to reduce surplus manpower in bench (employees with no assignments) which in turn would reduce the manpower expenses.

2. The campus recruitments are conducted normally at the beginning of the final academic year. The students, upon knowing their employment status, do not pay adequate attention to their studies for the remaining period of the academic year and do not prepare themselves for the offered employment. Hence it is suggested that campus recruitment may be conducted at the end of the course or if it is conducted in advance, the offer letter may be issued with conditions. The conditions may be consistent educational performance and coverage of additional courses or training relevant to the offered employment. Companies may provide post-recruitment training on company specific technology and soft skills during the final year of the academic course.

3. As knowledge, skill and ability are the major requirements to get employment in software companies, it is worth considering that the students (prospective employees) prepare themselves (on technical and soft skills) while undergoing graduate programmes.
4. National Association for Software and Services Companies (NASSCOM) and University Grants Commission (UGC) have already signed MoU to improve the institute-industry partnership. The educational institutes may design flexible curriculum imparting domain knowledge and soft skills along with regular subjects and periodically update the curriculum so as to meet the changing needs of the industry. This needs very dynamic industry-institute partnership.

5. Group discussion may be made mandatory in all tiered software companies as part of the selection process, in the following order: written test-group discussion-interview. The written test may include attitudinal test to find the attitude of the employee.

6. Instead of poaching the employees from small companies, bigger companies may train the employees of small companies. Whenever possible, the bigger companies may subcontract their work to the small companies.

7. The employees may strengthen the relationship with employer with the commitment of staying with the current employer for a reasonable period.

8. Transparent, time bound and performance based career path may be mandatory for all tiered companies, particularly Tier 3 and Tier 2 companies. The companies may also incorporate succession planning in the career path to generate more number of middle level managers.

9. The wait period for hired freshers to start employment and bench period for existing employees may not be too long; instead, they may be assigned to assist ongoing client projects or in-house projects, else they can be trained in new technologies.

10. Tier 3 companies do not have written policy documents for many HRM functions. It is therefore recommended that Tier 3 companies may also have policy statements in writing so as to infuse
professionalism and guide both employee and employer in all HR related matters. Transparency in this regard will attract and retain best talents. In the long run, especially when the company grows in size, this will help in creating a strong foundation for human resource management practices and organization culture.

11. The companies may give importance to keep the stress at optimum level, by balancing the frequency of project deadlines, over workload, overtime and odd work hours.

12. The companies may also provide facilities for physical and mental fitness of employees to reduce the work stress and increase the productivity. The employees may be encouraged to attend yoga classes and practice physical exercises. The software companies may seek the support of specialized organizations to train the employees on health aspects so as to reduce health problems and work stress.

13. Even if promotion opportunities are less, companies may make the employees happy by providing job rotation or change of title even without salary hike.

14. Majority of software professionals aspire for abroad opportunities. When there are no such opportunities, employees may be dissatisfied and leave the organization. Therefore, it is suggested that the companies provide employees with opportunities to work or get trained abroad. Such opportunities may be channeled through clients as part of the total project cost. Companies desirous of attracting highly talented professionals may formulate HR policies in this regard.

15. The feeling of job insecurity prevailing among employees, particularly in Tier 2 and Tier 3 companies, needs serious consideration on the part of both employer and employee. The employees are not able to learn new technologies because of the tight project schedules and over workload. In certain cases, individuals do not show interest in their
own development. The employees need self drive to improve their competency level so as to remain employed, if not in the same company, some other companies where opportunities exist.

16. About one-third of the employees are dissatisfied with the motivation programmes. This shows that the motivation programmes are not up to the expectation of majority of the employees. Therefore, it is suggested that companies design quality motivation programmes based on the suggestions from their employees. These measures would help retain the best talents.

17. One-third of employees were not happy with present compensation package. The companies may practice differential methods for fixing of compensation on par with industry standard. Also, the compensation package may be made attractive by providing periodical salary hikes and additional tax free benefits.

18. The smaller companies may avoid assigning multiple roles to one employee by implementing the concept of specificity in job, cadre, roles and responsibilities.

19. Only about one-third of employees were benefited with pension scheme and employee stock ownership. Companies may extend the facilities to most of the employees as much as possible.

20. The trade unionism is a missing part in software companies. Even though grievance redressal system helps individual employees, an association of employees may be helpful for collective representation and bargaining for legitimate and reasonable demands.

21. Software companies need to have ethics in the matter of poaching talented professionals from other companies. Especially, small companies that specialize in particular domain or technology may form their own association for creating common facilities to improve the competency level of their employees. This would help reduce the
establishment expenses and retain their employees. The bigger companies may adopt strategies such as subcontracting to and collaboration with smaller companies rather than indulging in poaching. These strategies are mutually advantageous to both bigger and smaller companies. This strategy would help not only the companies but also the country to retain its place in the global IT market.

22. Wherever possible, the employers may consider offering employment to the candidate and spouse. Also if the spouse is employed elsewhere, the employee may be placed in the work location nearest to spouse, of course on request from the employee.

23. Long work hours may be reduced.

24. Social security measures, especially retirement benefits, may be introduced in partnership with insurance companies to retain the employees.

8.3 Areas for further research

1. Recruitment and selection strategies and their effect on ensuring employability and employee performance;

2. Policies, strategies and advantages of recruitment through employee referrals;

3. Career path and succession planning as strategies for employee retention;

4. Impact of compensation and benefit policies on the employee retention and attrition;

5. Causative factors of employee attrition in software companies;


7. Congruence of goals of employees and employers in small sized software companies;
8. Work-life balance to increase the productivity of software professionals;

9. Work-life balance of dual career couple;

10. Status and job satisfaction of women workforce in software companies;

11. Employee-employer relationship in software companies;

12. Employee engagement: Issues and Strategies; and

13. Cultural diversity vis-a-vis employee productivity.

8.4 Conclusion

To conclude, it can be stated that HRM policies and practices are at a matured level in software companies, even in the absence of written policy statements particularly in small companies.

The practices pertaining to acquisition, development, motivation and maintenance are satisfactory. The level of satisfaction is almost consistent and significant among the software professional across different tiers. It does not mean that software professionals from Tier 1 and Tier 2 companies have no grievances. A small section of them do have discontentment with reference to career development, promotion and equity in abroad opportunities.

Another issue to be noted here is that the rate of attrition prevailing in India is much higher than those prevailing in other comparable countries. The employees may improve the relationship with employer and the level of commitment.

The suggestions are made considering many challenges in software companies and if these suggestions are taken for action, the industry could gain a lot in improving the HRM policies and practices.