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Human Resource Management Strategies and Challenges In IT Industry

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Abstract: Organization's competitive advantage could be generated from human resources (HR) and organization performance is influenced by a set of effective HRM strategies. IT (Information Technology) industry is a wealth and job creating industry, which has employing millions of professionals worldwide. The Indian IT industry has burgeoned, showing a nearly 50% compounded annual growth rate over the recent years. Being a knowledge-based industry, a high intellectual capital lends competitive advantage to a firm. With a global explosion in market-opportunities in the IT sector, the shortage of manpower both in numbers and skills is a prime challenge for HR professionals. The related issues are varied indeed recruitment of world-class workforce and their retention, compensation and career planning, technological obsolescence and employee turnover. This paper explains the HR challenges and practices in IT Industries operating in India.

Keywords: HRM, IT, HRM Strategy.

I. INTRODUCTION

Information Technology Industry in India has come of age and the competition between the various players have intensified. The main resource based on which IT companies define their core competencies have always been "manpower". Therefore attracting capable employees, developing them in the organization, retaining them and maintaining the knowledge they create is a major strategic objective for all the organizations in the sector. To do so the Human resource departments in these companies has to evolve and take on a more central role in the organization. With the top management support, the HR function in IT organizations has taken to the new challenges posed by the business environment by bringing in innovation in the Human Resource practices.

II. STRATEGIES AND POLICIES OF IT INDUSTRIES

1. Motivation & Retention of Employees

Retention and motivation of personnel are major HR concerns today. People a Gartner group company specializing in management of human capital in IT organizations has observed that the average tenure for an IT professional is less than three years. Further, the use of new technologies, the support of learning and training, and a challenging environment ranked higher than competitive pay structures as effective retention practices.

2. Best Talent Attraction

In a tight job market, many organizations often experience precipitous and simultaneous demands for the same kinds of professionals. In their quest for manpower, they are cajoling talent around the world. In such a seller's market, software companies are striving to understand which organizational, job and reward factors contribute to attracting the best talent one having the right blend of technical and person-bound skills.

3. Compensation and Reward

Increasing demands of technology coupled with a short supply of professionals (with the requisite expertise) has increased the costs of delivering the technology. This makes incentive compensation a significant feature, with the result that software companies have moved from conventional pay-for-time methods to a combination of pay-for-knowledge and pay-for-performance plans. With the determinants of pay being profit, performance and value-addition, emphasis is now on profit sharing (employee stock option plans) or performance-based pay, keeping in view the long-term organizational objectives rather than short-term production-based bonuses.

4. Training for up-gradation of Skills

Rapid and unpredictable technological changes, and the increased emphasis on quality of services are compelling software businesses to recruit adaptable and competent employees. Software professionals themselves expect their employers provide them with all the training they may need in order to perform not only in their current projects, but also in related ones that they may subsequently hold within the organization. And when the rate of technological change is high may be higher than the time required to acquire competence in one area professionals could undergo psychological turbulence owing to the need to work in a new technology throughout their career. They want to gain new knowledge, which will be utilized by their organization. On the basis of the new learning they want to work in higher segments of software value chain. Therefore, constant up gradation of employee skills poses yet another challenge for HR personnel.

5. Integrating HR strategy with Business Strategy

The strategic HR role focuses on aligning HR practices with business strategy. The HR professional is expected to be a strategic partner contributing to the success of business plans, which to a great extent depend on HR policies pertaining to recruitment, retention, motivation, and reward. The other major areas of concern for HR personnel in this context are, management of change, matching resources to future business requirements, organizational effectiveness, and employee development.

III. CHALLENGES FOR IT INDUSTRIES

1. Recruitment Planning:

Recruitment planning is most important component in new people management with special reference to IT industry. We have to deal with human assets so it becomes important and have good quality of people in the organization. We have to take the recruitment planning in very serious manner to ensure that we can get best talent in the organization.

2. Performance management:

Now the challenges how to manage the performance of your employees. You have to get right person in a organization to Manage your business. The challenge should be to create a performance culture where you can provide opportunities for enhance performance, where optimum performance becomes a way life.

3. Training and development:

This is another challenging area in IT industry. We have to chalk out a suitable strategy for training & development so that employees are well equipped to handle the challenges in advance.

4. Compensation management:

The IT industry is one of the high paying industries. This is very competitive industry, we have to attract best talent, offer best possible compensation package to the employees. The major issue for IT companies to get right man for right job. They have to find person with the required skills, experiences, mindsets, and also he must be suitable for these organizations.

5. Attrition and Retention:

IT companies are having high degree of attrition. The challenges for these companies are to keep this attrition rate as low as possible. Various companies adopt different techniques to retain their employees like high pay packets, ESOP, other benefits. So we have to keep this attrition rate as low as possible to retain super achievers.

IV. CONCLUSION

The IT companies have to concede that their valued employees are leaving them, a new concept of career and human resource management is bound to emerge. The focus of this new paradigm should not only be to attract, motivate and retain key 'knowledge workers', but also on how to reinvent careers when the loyalty of the employees is to their 'brain ware' rather than to the organization. As strategists, HR professionals require to achieve integration and fit to an organization's business strategy. As interventionists, they need to adopt an all embracing approach to understanding organizational issues, and their effect on people. Finally, as innovators, they should introduce new processes and procedures, which they believe will increase organizational effectiveness.

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