

Employee Engagement Practices and Challenges in Today's Business Organization: A Study of IT Sector

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Abstract

In the challenging global economy, technology has become much more fluid and changes more rapidly. It is important for IT/ITES sector to sustain in the competitive environment in today's scenario. Employee engagement has become major challenge for IT sector. Employee engagement refers to employee's involvement in work and commitment to the vision, mission and goals of organization. Engaged employees are more productive, thus resulting in growth and development of organization. Earlier the working process was different and little easy to perform, but with the growing technological changes and advancement the nature of work has become tough and challenging. There are several roadblocks that are holding IT employees back from doing their best. IT managers need a good understanding of the employee engagement to meet its strategic goals. This paper studies the employee engagement practices and challenges in IT sector. The challenge faced by the management is not just in retaining the talented employees but in engaging them. So, monitoring levels of employee engagement is a key element in managing human capital where engagement helps employees add value to the IT business. IT industry is making systematic efforts, in designing policies & practices, for making work more meaningful for employee engagement.

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Introduction

In competitive global economy, change is inevitable in the business world. This is particularly true for the IT sector, where technologies become obsolete very soon. Today's business environment is constantly evolving and organizations are countering new challenges. IT (Information Technology)

sector has grown enormously. Technological advances present an abundance of opportunities, as well as challenges. We have witnessed a tremendous transformation in the working structure of IT sector. The sector contributes significantly to India's GDP. As business world is growing, IT sector is facing technological change and sustainability challenges. With building competition and rising opportunities the IT companies challenges are employee engagement, retention and talent management. Research shows companies with high employee engagement scores perform better in areas like productivity, absenteeism, turnover, safety and quality incidents, customer metrics and profitability (Gallup, 2015). IT sector today is moving towards managing human capital and focussing more on engaging the employees attaining good performance. Employee engagement is a key to retention and talent management. A good level of engagement of employees leads to opportunities for growth and enhanced productivity in the IT/ITES (Information Technology Enabled services) sector.

Competition and the scarcity of skilled employees make searching and retaining talent as major priorities for organizations (Fegley, 2006). The Indian IT/ITES need to sustain its vast pool of specialised talent to ensure that it remains "industry-relevant" and "rightly skilled" to make employees engaged and their organizations more globally competitive (Simhan, 2006). In today's globalized world it is easy to handle the technological change but it is difficult to manage human resource. IT sector face new management challenge is employee engagement. As changing socio-economic culture influence the employees to approach new opportunities. Employees have raised level of expectation and stepping towards improving job skills, working condition, productivity and profitability which will enhance their contribution and career path. The employee anticipation in order to sustain growth and opportunities are setting new standard and challenges in engaging employees for IT sector. In order to attract and retain the best talent anywhere in the world, an organization must have a strong and positive employer brand (Brewster et al., 2005).

Employee Engagement

Employee engagement is the emotional commitment the employee has to the organization and its goal. Employee engagement is gaining recognition across all sectors. Organizations which effectively engage their workforce have more satisfied employees, better outcomes and are more efficient. Welbourne (2007, p.45) said that engagement is one of the "hottest topics in management". Engaged employees are fully "psychologically present" (Kahn, 1990), they give their "all" to their jobs and are willing to go "the

extra mile'' to achieve success (Schaufeli et al., 2002). Employee engagement is the extent to which people enjoy and believe in what they do and feel valued for doing it. The research shows that the higher the employee engagement scores, the better the performance of the organization. Every organization aims to build higher level of engagement as it results in increased productivity and outcomes. There are several factors which help in engaging the employees, the two powerful factors are culture of organization and leadership. Culture has impact upon employee engagement that motivates them in the work culture environment. It is hard to find highly engaged employees without highly engaged leaders. Baron (2013) discussed the emotional and transactional employee engagement at work and seeks to offer an explanation of base of engagement.

Employee engagement is a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization' (Mowday, steers, & porter, 1979, p.226). Employee engagement is two way process between employer and employee. Vance (2006) explains the fact that employee engagement is inextricably linked with employer practices. It's the responsibility of employer to socialize the employee with the workplace, keep him engaged and intact in their job, it connotes involvement, commitment, passion, dedication and enthusiasm at work. Engaged employees within an organization provide a competitive advantage to organizations, and hence there is a need to continuously engage employees. Capacity to engage in various initiatives; give honest feedback; develop their strengths; identify their 'blind-spots'; make decisions; and most of all, value each person's unique style and capabilities (Buckingham and Coffman, 1999). The rational factors relate to the relationship between the individual and the broader corporation, the extent to which employees understand their role, and their unit's role, relative to company objectives (Perrin, 2003).

The literatures show importance and positive impact of employee engagement on the business performance, outcomes, higher employee retention, increased productivity, profitability and growth. Research also indicates that engagement is positively related to customer satisfaction (Coffman, 2000; Ellis and Sorensen, 2007; Towers Perrin Talent Report, 2003; Hewitt Associates, 2004; Coffman and Gonzalez-Molina, 2002). Employees are an asset and intellectual capital to an organization, has become an important source of competitive advantage. Buckingham and Coffman (1999) assert that the employees who are highly engaged would drive customer loyalty for the organization through their efforts. They

introduce the term engagement by explaining it was “the right people in the right roles with the right manners drive employment”. Employee engagement is crucial in structuring job contents and making it more meaningful to work. It leads to trust, better communication, removing the barrier that comes in the way of teams doing their jobs, retention and also help the leaders in decision making process.

IT Sector in India

Indian IT sector has an important role in global market. It has become one of the most robust industries in the world due to swift advances in the technologies. India’s IT industry can be divided into five main components – ITES/BPO, Software products, IT services, Engineering and R&D services and Hardware (Kulkarni, 2015). The two major components of information technology: IT services and business process outsourcing sector has increased its contribution to India’s GDP from 1.2% in 1998 to 7.5% in 2012 (IT sector, 2014). Information Technology (IT) is the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a micro-electronics-based combination of computing and telecommunications. Information technology is set of tools, processes, and methodologies used for coding and programming, data communication and conversion, storage & retrieval, system designing, system control and process to present information (Vijayasri, 2013). In broad terms, IT includes office automation, multimedia, and telecommunications. Digital IT involves the electronic processing, storage and communication of information, where anything that can be represented in digital form is included in the term ‘information’ (Singh, 2014). The IT industry transformed India’s image on the global platform and also supporting economic growth by development of science and technology, alleviation of poverty and unemployment through industrialisation. IT is bringing social changes, more job opportunities by energising the higher educational sector especially in engineering and computer science.

With the growing need for communication media like computer, internet, television, printing & publication and prompt access to the required information. IT sector has surfaced as major source of both employment and growth The IT sector is generating 2.5 million direct employments (NASSCOM, 2015). IT has impact in increasing the India’s brand economy as well attracting FDI (foreign direct investment). Indian IT companies have started expanding their footsteps through increased number of discretionary projects, improved pricing, business volume and delivering services to worldwide client. Global companies such as Accenture, HP Enterprises

Services, IBM and Capgemini have a strong presence in India. These companies have a large number of India-based employees and trying to provide global services at low cost.

The contribution of the IT sector to India's GDP rose to approximately 9.5 percent in financial year 2015 from 1.2 percent in financial year 1998. The top five IT firms are contributing over 25 percent to the total industry revenue, indicating the market is fairly competitive. India's technology and BPO sector (including hardware) generate revenues of US\$160 billion during FY16 compared to US\$146.5 billion in FY15, implying a growth rate of 9.2%. According to NASSCOM, the sectors aggregated revenues of US\$147 billion in 2015, where export revenue stood at US\$99 billion and domestic at US\$48 billion, growing by over 13%. India has started 'Digital India' project to give IT a secured position inside and outside India.

Nature of Jobs in IT Sector

Global economy has created a complex, dynamic, highly volatile and competitive environment in which organization must learn to compete effectively and efficiently to achieve sustainable growth. The way of conducting the business has changed. Digitization, internet of things, agile entrepreneurial ecosystem, improving business environment, prioritized on enhancing efficiency and enabling transformation for digital initiatives are the trends that are becoming popular in IT-BPO industry (NASSCOM, 2015). Nowadays the most important innovations are digital. IT sector is increasingly investing in digitized solutions to drive future growth opportunities. IT is a high technology industry, hiring only professional engineers, it also draws flak for being a place where intelligent people are drained of their creativity while doing mindless back office work (De, 2008). The IT software industry need analyst & experts to use their knowledge to evaluate existing applications, data, hardware and other system in order to recommend enhancements. Now software companies have started investing in enterprises like- health IT, network n system design, technical writing, web development & security.

In the late 80's and mid 90's the proposition was more about providing scalability and lower operating cost to client (Kapur, 2002). The nature of work has changed- IT industry is creating more and more value for customers, having achieved scale and complexity in its offering, focusing on increasing technology adoption and developing new delivery platform (Yojana, 2012). BPO's are providing customer services by attending and making calls n also providing services to foreign clients with the help of outbound processes. In IT hardware sector, computer hardware engineers

modifying the hardware components for computer as demand is changing in the market rapidly. They evaluate existing computer systems and use complex problem solving skills to improve models. Jobs in IT and ITES industry are knowledge driven and stress is existent in reality. IT work culture is transformational in nature and include creativity, innovation, critical thinking, job re-engineering and highly skilled professional to perform the task (Fadnavis, 2012).

Challenges in the IT industry includes repetitive work like testing, production support and maintenance, which result in employee's lack of interest in job. Managers or team leaders have no idea about software development, proper programming & design skill and employee don't take decision because it's risky (Dhal, 2015). IT sector HR related challenges are paucity of skilled manpower, low quality of management, rising diversity, attraction & retention of talent, employer branding and employee engagement (IIT sector, 2014). In a report titled 'The State of Employee Engagement in Technology', beyond the high pay packages, brand image and facilities employees working in the information technology sector are unhappy and stressful compared to other sector and falling behind on several areas of job satisfaction as they don't see any opportunity for professional growth or support from management (TINYPluse, 2015). IT & ITES sector is facing engagement issue because employees disagree with vision, mission, values, policies, practices and culture of companies (Wang, 2013). The concepts of work-life balance have been lost due to accelerating technology and the breakdown in barriers between work and life, working for too long gives employee anxiety feeling, health and family issue, so they get bored, feel distracted and finding hard to engage themselves in their job (Likavec & Troyani, 2015).

Employee Engagement Practices in IT Sector

IT sector is facing HR challenges in terms of getting highly competitive workforce and is exploring the ways for getting employee engagement. The shift to the knowledge society therefore puts the person in the core (Drucker, 2001, p.287). Effective talent management policies and practices demonstrate commitment to human capital, resulting in more engaged employees and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent management (Bhatnagar, 2007). In order to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment (Senthilkumar, 2013). IT companies are taking systematic efforts to create and foster conducive working environment, structuring policies, redesigning

job content better to make work more meaningful (Chauhan, 2016); employee retention program, leverage on team building activities, events and celebrations to sustain perception of fun, providing avenues to employees to contribute to the big picture (Indian IT sector, 2014).

Gallup's research (2013) suggests happiness is what brings engagement that boosts workers creativity and innovation in the technology world as IT play a special role in the process of innovation. Employees feel enthusiastic about their job and take positive action which leads to employee engagement at workplace (Miller, 2015). Employee engagement is the fuel that drives the value of intangible assets. IT sector now focussing on areas – personnel management, empowerment, people development, teamwork, recognition, leadership style, performance management, talent attraction, retention, employee engagement and creating a better workplace culture (Joshi & Sodhi, 2011; Bartlomiejczuk, 2015). Indian IT and most big MNC's conducting activities to take care of stress levels of employees, to keep the people busy, they rotate employees from one engagement to another, from country to country, and one technology to another so they feel motivated and engaged in their job. They started training and development program to engage their employee, each sector requires engineers to be knowledgeable in developing software, the company apply elements of design thinking and seeking feedback from employee through open and direct communication, employee empowerment (Sharma, 2016). Many Indian MNCs have launched a social platform where employees can come, interact and discuss work related issues. IT companies are also providing facilities to work from home, medical and health insurance, child care, maternity leave & vacation time, providing home loans at discount to support their families and related issues, especially to women's who do night shift (Shankar, 2010; Belli, 2015; Messieh, 2012; Borkar, 2015).

In USA, IT based industry is creating a culture of transparency and freedom. The brand is keeping their employees engaged, happy and productive by providing perks – pool tables and bowling, alleys, free food & gym members. So, when they feel bored can come and relax. They provide health & medical related insurance, travelling allowance facility to employees and their family (Barton, 2012). Workplaces all over UK are creating breakout zones and gaming areas, where staff can chill out, chat and stimulate their creative juices or offering classes that equip staff with creative skills, such as language, painting and learning music, through these they are engaging their employees (Besse, 2012).

Many IT companies, has started special programs for engaging the PWD (person with disability) employees like technology assistance is available in

the form of modified laptops, voice activated programs and other assistive applications to support them and make their work easy. IT have institutionalized health and safety processes, as we know people working for very long hour leads to their health and family issues (Bersin, 2015). While discretionary effort is comparatively high among IT sector employees, there is a need of highly skilled professionals, re-recruitment of their existing talent, retention, motivation for the next role of valuable employees and their engagement (Thirulogasundaram, 2013). IT deals with the use of electronic computers and computer software to convert, store, protect, process, transmit and secure relative information this requires employees participation and engagement for proper functioning of work. Performing IT sector task is not easy as the economy is working globally. IT companies have started working on hiring process, strategies, training and development to provide foreign assignment and clients (Gill, 2007).

Table 1: Summary of employee engagement practices in IT sector

Authors (year)	Employee Engagement Practices
Bhatnagar (2007); Sharma (2016); Chauhan (2016)	Training and development program, re-structuring work culture and job content.
Gill,(2007); Thirulogasundaram, (2013)	Talent acquisition, motivation and retention programs & new hiring process
Joshi & Sodhi, (2011); Bartlomiejczuk, (2015); Sharma (2016)	Recognition and appreciation, employee empowerment.
Shankar,(2010); Bersin,(2015); Belli (2015)	Providing facility-work from home, insurance scheme and home loans
Bersin. J (2015); Messieh (2012); Borkar (2015)	Special programs for PWD and women's employee, safe work practices, support services to children & family
Gallup (2013); Miller (2015)	Strategies for employee happiness at workplace.

Conclusion

The India's IT-BPO industry has made a lasting, sustainable, phenomenal and multi-fold contribution to the country's economy over the decades. It has empowered the country's diverse human resources, created an innovation platform and most importantly, put India on the global map. The vital component in the success of IT sector is IT employees and their engagement in the job. IT&ITES are struggling for employee engagement by aligning the

business strategy and talent strategy. Employees engagement in meaningful work, can lead to perceived benefits from the work. Research has shown that there is a direct relation between the level of employee engagement in a company and the company's overall financial and operational performance. There is a widespread workplace dissatisfaction in the technology world and this is weakening the happiness and engagement of the employees. Gallup research found that engagement is one of the key ingredients for employee innovation. In order to be first in the technological world, IT sector need to focus on it's employee engagement for the better result, productivity and outcomes.

Managerial Implications

India expects the IT-BPO sector to play an even bigger role in creating balanced, socially responsible and inclusive growth for the country. Employees directly impact others with their work. To drive the creativity and productivity, leaders must make it a priority to accelerate IT employee engagement and workplace dissatisfaction. It is important to sustain in the competitive business environment, high level performance are demanded in today's scenario. It's up to the supervisor and company leader to make sure their workforce has the tools needed for professional development. The talent management tools with the managerial competencies enhance the employee engagement. IT leaders have to concentrate and draft new strategies, hiring and assessment procedure, training & individual development program, initiative and innovation, and performance appraisal system. Work should be done removing the mismatch between employees and their company culture, employee-oriented culture is required.

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