

A review of High Performance Work based Practices on Talent Retention in IT Companies

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ARTICLE DETAILS

Article History

Published Online: 07 August 2018

Keywords

High performance, TCS (Tata consultancy Services), IBM (International business machines) and NIIT technologies

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ABSTRACT

In the world of competition, the changing environment has put a lot of pressure on the human resource management to justify its existence and relevance in the IT sector. The manpower is the core competencies and has great significance for the organization. Recently new trends have taken place in the field of Human Resource Management. It has been changed from labour relation to personnel management and was recently to strategic human resource management. The emphasis has been on linking human resource management practices with employee retention to increase the performance of the organization. At present there is a dearth of Indian studies linking human resource practices with talent retention. There is lots of research conducted on High performance work based practices outside India. Few studies are available on Indian Literature. This study attempts to understand the major influence of innovative human resource practices on talent retention on IT companies. Researcher have selected big IT companies IBM, TCS and NIIT technologies on the basis of profitability.

Purpose: The purpose of this study is to know the impact of High performance work based practices on Talent retention.

Research Methodology: The paper is based on the review of the past research and studies conducted over last 15 years, empirical and conceptual, dealing with the large number of variables related with high performance work based practices.

Findings: It conclude that high performance work based practices is positively related with talent retention.

Research Limitations: The paper provides insights into critical issues which IT companies are facing nowadays. This develops a scope for future research.

Practical Implications- The research brings is useful for professionals, entrepreneurs and students.

Keywords- Innovation, Innovative human resource practices, Learning Organization

Paper type- Literature Review

1. Introduction

It is widely accepted that employees play a vital role for the wellbeing of the organization. An organization can take competitive advantage when employees are fully competent and skilled professionals (Price, 2004). An extensive literature supports the notion that the human resource practices of an organization influence individual employee's commitment and satisfaction and retention to an organization. There are innovative HR practices to enhance employee retention. High performance practices provide a number of important sources of motivation which enhanced employee performance and retention (Pfeffer, 1999). As Robbins (1993) discussed about the positive relationship between employee attitude and job satisfaction and retention. Organization success is totally dependent on competent employees. The effective human resource practices can motivate, reward, develop and offer challenging tasks so that employee will contribute more and become a strategic asset. The international competitive business environment has put lot of pressures on HR manager to improve their human resource practices. Sung and Ashton (2005) noted that: The term 'high-performance work based practices' (HPWBP) is the one most commonly used in IT

companies and it is therefore adopted in this study. It is recognized that employee involvement, human resource practices and employee commitment and compensation practices are important factors in the pursuit of high performance.

2. Talent

A talent is a new word in the field of Human resource management. Talent management as a new concept with regard to Human resource management has increasingly gained popularity in the field of HRM. Talent management is the process by which an organization identifies, manages, develops and retains its people for a long time. Employer has to understand the Individual differences and the competencies required for sustainable competitive advantage. Employer should design an action plan for retaining and managing of human resources. High performance companies do better in retaining of talent. Valuation of companies is done by its talent. Biggest challenges related to talent are system, compensation, performance, proper placement, recruitment and their career development. Employer must show a clear career path in the

organization, only then employees will stay for long (Gaurav Bagga, 2013).

3. Variables on which talent retention depends

- i. Compensation practices: Compensation is the main attraction of an employee to join a specific organization. Every day we find that the most renowned companies of the world make campus placement to hire the right talent and of course on high packages.
- ii. High Performer: Top performers are highly productive and efficient worker of the company and hence a special care be taken to retain them.
- iii. Sense of Ownership and control: A sense of ownership motivates an employee to give his best for the growth of the company. He is determined to take the organization at the top of the industry.
- iv. Perks and incentives: In today’s economy, tangible and intangible perks are also a very attractive source of retaining skilled employees. Therefor the organization should have a package of such perks in their social facilities.
- v. Harmonious culture: Where there is a peace and harmony there is a growth. An organization should provide a harmonious culture to its employees. A hassle-free environment is must for the well-being of company.
- vi. Growth opportunity: Learning and development opportunities play a significant role in increasing employee retention. So, Companies need to offer career and development opportunity for employee retention.
- vii. Flexibility: In this world of competition new generation of employees has different expectations for a job. Flexible type of working has become a fashion of today’s organization. Professionals want flexibilities in their job.

4. Why IT Industry?

India GDP’s main constituents in information technology sector. It is growing at a very fast speed. Information technology sector has increased its contribution to India overall GDP from 1.2% to 7.7% in 2017. In 1967 Tata group took a lead with the establishment of Tata group. In 1991 the Indian economy underwent huge change, and new economic policy was formed. Indian economy was opened for private sector and leading to new era of globalization and economic

integration. In 1999 when Atal Bihari Vajpayee took over as prime minister of India, he had a vision that IT industry can play a vital role for the boost of our economy. So far world economy is concerned, India is the second largest exporter of IT services. The Indian IT sector currently focuses on providing low cost solutions in IT sector. As per Google estimates, by the end of 2018 India will be the first to provide software developers.

TCS

In recent years TCS have implemented high performance work based practices as given below.

- i. **Self-managed and self-managed teams:** Tata Consultancy services(TCS) is known for its idea exchange, collaboration and teamwork.TCS follows an open-door policy where culture equality is the prime concern.
- ii. **High pay to retain people:** TCS is a very good pay master which helps in retaining of employees.
- iii. **Sharing of information:** The idea behind sharing of information is to motivate the employees to work in a group. the company share information with others in a company.

IBM

- i. **Pay:** Variable pay is the part of total remuneration. IBM decides the percentage to be given to employee on the basis of department performance, team performance and company performance.
- ii. **Employee Stock Option Plan:** Employee stock option plan is very limited only focuses on productive employees.
- iii. **Basis for promotion:** IBM designed various grades on the basis of performance of the employees to recognize specific and extraordinary accomplishments.

NIIT

- i. **Competency Analysis:** NIIT emphasize on employee development through competency analysis of employee on the basis of their performance. It provides a basis for future development of employees by identifying the potential area of improvement.
- ii. **Career planning & Development:** NIIT is highly concern about their employees. It provides a lucrative career path by providing opportunities from joining stage to the retirement stage available in the organization for the employees.
- iii. **Succession Planning:** NIIT emphasize on Succession planning increase the availability of experienced employees that are prepared to fill Key positions at top level within the organization.

Focus and innovative human resource practice of the selected IT companies

Name of the Companies	Focus of the Company	Innovative work based Practices
TCS	focus on customer satisfaction, innovation, research& development spent 15 billion in financial year 2018.it also focuses on expansion its business in Hungary and Romania (Published	1.Multi lingual training capability module 2.knowledge share 3. Team building

	by Business Standard)	4. ESOP 5. lowest attrition rate 6. self-Managed Teams
IBM	1. Investment in technology to predict flood, cyclones in India. 2. It is calling software developers using data, artificial Intelligence in company plan to hold Road shows in Delhi, Mumbai, Bangalore and Hyderabad to promote the initiative (Article in published in Economic times as on May 25, 2018 about the focus of IBM)	1. Open Door Policy 2. Work life balance 3. Work from Home 4. Skill Development 5. Health Care Policy 6. Award and recognition
NIIT Technologies	1. Greater business benefits for their clients 2. Provide intelligence automation solution	1. 360-degree feedback system 2. Management day out in Six months 3. Facility Tour for parents and spouses. 4. Inhouse training School called SEED

5. Review of Literature

Vijaya Lakshmi Murty (2015) -The findings of the study indicated that senior professionals of HR department agree that new HR practices are important for retaining of employees. There weresome challenges that they faced in the organization. In all the activities which come under the preview of HR professionals,talent Retention strategies were considered the most crucial area in which innovative practices is required followed by compensation practices. The areas which come out as least important for Indian IT companies is investing in innovative practices is CSR. The functions in which HR mangers are currently seeing extensive use of IHRM practices include the Compensation, Rewards and Employee acquisition and retention strategies. Virtual working has also become increasingly acceptable if the organization is able to retain the talent in the organization.

Sung- Choon (2013) - suggests that now a day's IT companies are opting for innovative HR practices to retain the competent professionals. In many organization these kind of HR practices are not applied willingly by the management by the regulators also enforce the organization to develop or adopt the new or innovative HR policies and practices, so that employees can also participate in the prosperity of the company. Due to regulatory enforcement it is become inevitable for the management to implement IHRP. In U.S. the innovative Human resource practices which were initiated are 360-degree appraisal, Self-managed teams, quality circle, Six Sigma, outsourcing, competency based compensation, information sharing etc. IT companies who can be called as global companies feels pressurized to implement these kinds of practices in the organization to deal with the global competitive environment and sustain in the market.

A.J. Timiyo (2014) – This study revealed that high-performance work based practices are having a positive effect on the organization's performance, employee satisfaction and talent retention and but the contingency approach cannot be rejected of its practicality. The studies which were conducted in United states America shows a significant impact of high performance work based practices on the firm's performance but the studies which were conducted in Europe have shown results other way round that contingency approach produce more reliable results than high performance work based

practices. In this study three broad areas have been involved in HPWBP i.e. Human Resource Practices, Employee Involvement Practices and Reward and Commitment practices. The best HR approach is more theoretical and less practical, different sets of variables need to include in HPWBP in different organizations and in different cultural environment.

Bowen & Ostroff, 2004 – A bundle of HR practices needs to implement in the organization to provide more clarity about responsibility of the staff, simultaneously review of compensation structure and employee involvement practices needs to imbibe in the system to make the employee attached and motivated. When an employee feels attached and recognized in the organization they want to stay with the organization for a longer time. By doing these things show the healthiness of the organization and reflect a positive signal to the outsiders of the firm. To make the employee happy and motivated is the most difficult task for any organization and HR manager. Human Resource is the most valuable asset for the organization and toughest to manage for any firm and retaining of talent.

6. Directional Hypothesis

On the basis of review of literature researcher came to know that high performance work based practices have a positive impact and linkage on talent retention.

7. Findings and Results

Our study is related to the managing the human asset and which is the most difficult task of any organization, especially in the era of cut throat competition. Every organization wishes to improve profitability and productivity from its workforce. To achieve these kinds of purposes it is required firstly to have highly productive and efficient workforce. Retention of an employee is only possible when he/she feel satisfied from the organization in terms of monetary benefits, personal and work life balance. Various universities have conducted research in this area and concluded that none of the studies are available in Indian literature. HR practices which can be termed as best practice to apply in all kind of condition in all the organization. But still some authors recommend that HPWBP is the best practices that can be apply in any kind of situation and organization (Wood, 1995)

8. Discussion and Conclusion

The relationship between high performance work based practices and employee retention

The study shows the relationship between HPWBP and employee retention is significant and positive. From the study it

has been observed that the retention policy directly relates to the satisfaction of employees. It was found that if the retention policy of the organization is not suitable to employee satisfaction then there is no guarantee that the employee will work with the organization for a longer period and hence the retention policy should be revised suitably at regular interval.

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