

# Employer-Sponsored Employee Volunteerism

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Every organization strives to be different. Being different can be interpreted as having something unique capabilities and practices which makes one preferred over the rest. If you consider the IT space, being different is a means of staying ahead of the pack.

Enabling employees to be part of something bigger than just limiting themselves to their routine responsibilities at the work place sounds like a good proposition. A software engineer playing a part in community development or working on initiatives to improve employee satisfaction in one's organization sounds too good to be true. How does one engage employees and make them responsible for achieving corporate goals?

One of the IT majors in India, an SEI CMMI and PCMM Level 5 company runs a unique program under the banner of "Colors". Colors originated as a concept to enable every employee to be part of the organization building process. The idea was to identify long and short term corporate goals and then assign it to employee groups who would be responsible for achieving those goals. From a HR perspective, one of the most visible benefits seen from this was to create an employee base that would be bonded to the organization and thereby improving retention rates.

## What is Colors?

It is a framework for process improvement and organization-building through people empowerment based on the fact that each employee has the ability to contribute toward specific areas, beyond what the job function naturally stipulates. Colors facilitate seamless

integration of organizational initiatives and employee aspirations. It acts as a powerful tool for communicating organization goals, focus and achievements.

Under the Colors program, the organization is divided into 7 colors with each color having a primary focus area. The organization in focus has more than 5000 employees globally with annual revenues of half a billion dollars. A majority of its clients are in North America and the company is strengthening its presence in Europe, Asia Pacific and South America. The Colors program has been in existence for the past 4 years in the company.

## What each Color signifies

- Purple It focuses on employee satisfaction. Based on employee feedbacks through surveys, initiatives are planned and executed. One of the initiatives that Purple has been doing over the past few years is to conduct "Family Day". This is an opportunity for the family members of employees to come and spend a day at the office, see the facilities, interact with senior managers and enjoy some entertainment. Measure of success would be to continuously score 5/6 on an employee engagement survey.
- Indigo It represents Integrated Processes. Measure of success would be to improve collaboration within the organization as well as to align the organization towards Six Sigma practices.
- Quartz This color stands for quality and speed (in terms of deliverables to clients).

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- Measure of Success would be to sustain CMMi and PCMM processes as well to obtain a rating of 3.6/4 on customer satisfaction rating.
- Green Color Green focuses on organizational growth in terms of revenue, headcount and geographical presence. Measure of Success includes maintaining 60% annual growth and adding Fortune 100 clients every quarter. Caring for the environment is also another focus area for Green.
  - Gold It represents corporate branding. Gold has initiatives aimed at improving the brand value of the organization nationally as well as in countries where they operate out of. One of the initiatives undertaken is for employees to go back to their alma mater and give presentations about their organization.
  - Orange Innovation and Efficiency. Focus on improving productivity of delivery functions by 10% and non delivery functions by 25%.
  - Rose Caring for the community. Rose fulfils the Corporate Social Responsibility of the organization.

### **The Colors Framework**

During induction, all new employees are given an orientation about the Colors program and based on their area of interest; they can choose the color that he/she wants to be part of. The interesting aspect is that each Color has cross functional membership and this improves the collaboration between different functions. For example, there will be software engineers, finance, Human Resources, Business Development and various other functional executives working together on an assignment. This improves mutual respect and Camaraderie among the employees.

Each Color has got a sponsor who would typically be one of the senior managers of the organization. The role of the sponsor is to look at overall goal of

each Color, draw up plans for the year, and monitor the progress of the various initiatives. The operational activities are managed by the Lead and Color Champions. Each Champion would be given the responsibility for execution of a particular initiative(s).

The organization gives a budget for each of the Colors with which to manage their various initiatives. It is up to the Lead and Champions to ensure that they don't overshoot the allowed budget. Each Color can also raise funds from employees for meeting the expenses of running an initiative. For e.g, Color Rose does quarterly raffles to raise money for the various community development initiatives.

Colors Management Team (CMT) overlooks the functioning of each of the Colors. They ensure that there is good collaboration between the Colors. CMT has also instituted a rewards and recognition programs for employees who successfully execute initiatives. Each Color champion keeps track of the contributions of people under their leadership. Ratings are given to each member based on a 5 point scale corresponding to the appraisal ratings followed in the organization. Top contributors for a quarter are featured in the corporate newsletter for the quarter under the section, "Hall of Fame". Rewards consists of gift coupons and vouchers of local retail outlets, cash awards and certificates, dinner with family at the classiest hotel in town and vacation package for employee and immediate family. Rewards and recognition are strictly based on contributions made and as a result, the Colors that is creative and has the highest number of initiatives executed benefit the most. There are no predetermined quota of rewards for each color.

Let us look at attrition and its characteristics in the Indian IT space before venturing out to examine whether initiatives like Colors can curb attrition.

### **Problem of Attrition**

Attrition rates vary between different companies in the IT space, but in general they are in excess of 20 percent. According to the Indian National

Association of Software and Services Companies (NASSCOM) website, by the end of 2007 there will be an anticipated 1.6 million people employed in the IT industry in India (in firms that operate overseas and domestically).

This is indicative of the problems that the Indian IT services companies face, in that demand is so high that at any time, a significant proportion of the 1.6 million will go elsewhere for employment if the pay and conditions are an improvement on what they currently have.

Rather than growing the employee base and training people to acquire the competency needed to be a billable resource, the industry is focused on swiping people from each other. This phenomenon is causing a bit of an issue in the industry.

### **Characteristics of Attrition in India**

What motivates an employee to move from one organization to another? Going by the opinions of industry analysts, as well as exit interviews conducted by different companies, IT professionals are switching jobs for either money, career satisfaction or the opportunity to work with newer technologies. The reasons also vary, based on the experience brackets.

In the less than 3 year experience category, it is seen that money is still considered to be the highest priority. Peer pressure arising out of salary comparisons between different companies act as a trigger for jumping to a higher paying job. In the fresher category, there is a lot of churning among the lady employee category. Lady employees get married and they are forced to quit and move to a location where their spouse is working. But in the higher experienced category, lady employees were less prone to frequent job changes than their male counterparts.

As the experience level increases, money ceases to be the primary factor. Job content, responsibilities handled, career prospects become the priority. People look out for challenging work and they are not content with doing the same kind of work for a period of time. They do not see any value addition

from doing work that is monotonous in nature.

Traditionally, Q1 and Q2 have higher attrition than the remaining two quarters. This is the time frame wherein, organizations go through a salary revision. Employees use their new salary structure to bargain for a higher remuneration with another organization. This is also the period when employees leave for higher education.

### **Can Attrition be curbed?**

The industry has acknowledged the fact that higher levels of employee engagement can reduce attrition. For attaining that, employees would have to be aligned to the organization's vision and goals. They should feel that they have a part to play in the growth of the organization. A culture of partnership would help in unleashing synergies among different groups of employees.

Programs such as "Colors" are able to bring out a culture of partnership between the employees and the organization. Employees feel more involved in the decision making process and feel proud to be associated with the building up process. It is a win-win situation for the organization as well as the employees. The Organization is able to get a workforce that is aligned to its strategic goals, higher collaboration among various functions, and with the added benefit of higher retention. For the employees, it is an opportunity to be part of something bigger than their day to day operational roles. It gives them a sense of belongingness and a feeling that their contributions are valued and appreciated by their organization.

To prove that this truly makes a difference, I would like to highlight the attrition percentage of the organization that has the Colors program. Attrition percentage stands at 13.67 percent compared to an industry average of 20 percent and up. Breaking up it further, it is observed that attrition percentage in the 4 to 6 years' category stood at 17.5 percent which was the highest as compared to other experience-brackets. The 8 to 10 year experience category showed the lowest attrition rate of just 6 percent. In the less than 2 years' experience

category, the attrition percentage stood at 10 percent. From exit interview data collected, the most common reason cited by employees for leaving in the 4 to 6 years' experience category was that there was not a proper career path laid down for people who would like to pursue the technical stream. To take care of this issue, the different

COEs (Centers of Excellence) were working on developing technical growth paths for employees. It has been observed that the average tenure of employees who join as freshers in this organization stands at 29 months while average tenure of lateral hires stands at 14 months. This difference stems

from the fact that freshers are able to align themselves to the organizational culture much better than laterals because they are not burdened or influenced by their previous experience in a different organizational culture. The laterals have also shown a little bit of resistance to the Colors program initially but it is observed that this resistance eases out in course of time. The major reasons for attrition are still applicable in this organization but they are able to create more bonding among the employees and that makes a difference.

### More Carrots, but no reduction in job-hopping

Corporate loyalty, it is established world over, cannot be purchased by the bulging pay packets of senior executives. In a study of a FMCG giant in India, when its wage bill went up by almost 23 percent along with a phenomenal business growth of 30 percent, it was observed that 10 percent of its staff migrated to new pastures. What is intriguing is that about 50 percent of them have been on the pay rolls of the company for 10 to 20 years. It is a professionally managed company, known for its corporate philanthropy.

Out of the 33 executives, who have chosen to desert the company, 10 belong to the MBA fraternity, graduates or post graduates, having been associated with the company for fairly long periods of time. Seven of them parted company after working for nearly two decades. Among the nine technical personnel leaving the company, four are seniors, having completed more than 10 years service. Six of the marketing men, who have crossed the borders, might have been lured by the new breed of head-hunters. As the rural market is opening up quite promisingly, many of the multi-national companies have been vying with each other to hijack the marketing men of proven capabilities. Good salesmen are capable of successfully bargaining for better prospects, more so with the competing firms. The financial experts, numbering eight, also have found openings elsewhere. A couple of years ago, such experts were in sellers's market, as the non-banking financial companies and para-banking joint ventures were hunting for them. For the yuppies, changing jobs is as simple as changing the shirts. But why do the middle level executives change the boat mid-course?

( Extracts from an unpublished study conducted by one of the faculty members of Institute)