

# Motivational measures within limited means

Companies have to maintain a balance between cutting costs yet not letting the workplace spirit die down. **Renuka Vembu** looks at how they are motivating employees in the wake of restrained upcoming appraisals



**T**he industry and the people working in it are stuck alike in the recession tide. With no immediate reprieve in sight, the upcoming appraisals are bound to take a hit. But companies even while playing tight with their

budgets have to work towards keeping employees motivated so that the spirit does not take a dip.

Motivational measures amidst monetary constraints is important to retain employees and maintain the productivity standards. It is impor-

tant for the company to maintain its brand image in the eyes of its employees and also for employees to keep their faith in the organization alive. It has to be a collaborative effort to sustain and surpass these testing times. ▶

### ► Appraising the appraisal

Immaterial of whether companies are affected by the financial melt-down or not, all organizations are either taking precautionary steps or adopting the after-effect syndrome to sail through the rough weather. Industry experts do give a unanimous view that appraisals and increments will this time depend on the market conditions and more focus would be on individual performances. Even if they are flatly rolled out according to performance, productivity or position brackets, the hike provided will be less than expected. Incentives on the basis of performance matrix and rating scale will prove to be beneficial for companies rather than giving a specific percentage or pre-defined minimal bonus amount.

Vishal Chhiber, HR Head, Kelly Services, India, further opined, "Single digit increments and in a few

cases, nil increments may also happen. The focus would be on more performance linked increments rather than the vanilla percentage increments for all employees at a certain level or function as in the past. Hence, within a given salary band or employee level, the percentage range of increment would be wide so as to motivate and incentivize the good performers within the existing salary increment budget. Also, going forward, the salary increase as percentage would be more in the variable performance linked components like incentives and lesser increase in the fixed salary components. The better an employee performs the higher would be his take home salary, linked directly to the performance/productivity. Individual incentives would be implemented and may replace group incentives in a few cases."

VSoft is a company that does not maintain any bench. This has helped them to steer clear not only of lay-offs but also avoided them of undue pressure with respect to payroll and benefits costs.

They undertake appraisals every six months; promotions and role revisions are reviewed every sixth month and so is compensation. They have also conducted six-monthly salary surveys over the last 18 months.

Murthy Veeraghanta, Co-founder and President, VSoft, added, "As a philosophy we have always believed in honest, stringent performance appraisals to ensure that we as a team are on our toes. This process, therefore, does not need to be unnecessarily tightened in these times. Also, we have always communicated to our team members that our salaries would be in line with the market place."

Considering the current market



**Om Prakash Deoli**  
HR HEAD, SAFENET INDIA

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place, VSoft does not see the need for any revision. However, they will continue to monitor the marketplace and will continue to have independent compensation surveys done. This approach has ensured that they did not have to change their processes or philosophy in these times.

"This has definitely helped us retain our credibility within the team," added Veeraghanta.

### Revising the financial plan

For some years now, the IT industry has been giving unreasonably high salaries, perks and other added benefits to its employees. On the need to re-look and amend these financial stances, Sr VP, HR, J C Jhuraney, Samtel Group, explained, "One reason for this is that for the last three years, the salary increases were artificially high as we tried to curb the increasing attrition rate through high increments. In the last few years, the increments were high due to the inflation, correction based on market rates, and an endeavor to retain the talent within the company. This year, the attrition is very low to the extent of being negligible. Also, the factor of correction based on market rates is also not being considered given the market situation." Jhuraney added that thus, increments will be marginal depending upon the market trends and company performance, but rather are focusing more in bringing down overheads, and reducing employee cost as percentage of turnover. There is an increasing trend to give the increments based upon merit and performance. Across the board, increments will be replaced by payments on merit. Performance/potential and criticality of the jobs will be the guiding factor.

Companies who have not properly planned their accounts and controlled their overheads; where operating costs and extravagant



**Rajita Singh**  
HEAD HR, BROADRIDGE FINANCIAL SOLUTIONS INDIA

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spending were a common phenomenon are now facing dire straits. Vishal Chhiber, HR Head, Kelly Services, India, said, "Layoffs have happened more in organizations with a high bench strength and excess manpower. As companies start focusing on the salary cost, productivity and performance of the existing employees would be closely monitored. Even non-revenue functions and roles would be given tangible targets and KRAs to justify their existence and contribution to the overall bottom-line of the organization."

Om Prakash Deoli, HR Head, SafeNet India, rightly noted that before controlling perks, other areas where there can be a control on expenses with minimum of impact on the business should be looked into. Companies are thus tightening all loose ends on telecom, travel, administrative costs, etc., which amount to very high operational spending zones.

### The changing phase

Companies have to come up with innovative ways to encourage employees to garner the maximum output even when the going gets tough and the returns may not justify the efforts put in. They need to work a way round to camouflage for the lack of monetary privileges that they are usually furnished with. Clear communication, moderate fun activities, and a transparent functioning system will aid in creating a positive and assertive work atmosphere. A total discontinuation of the activities that were earlier carried out will send out not only negative signals but will also amount to a slump in the morale of the workforce.

Rajita Singh, Head HR, Broadridge Financial Solutions India, said, "It is important to have balance and sustain any initiative/activity which is started. It

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definitely reinforces the faith of our associates towards the organization. Especially at tough times like this, given the Indian mentality and thought process, the decisions of stability/comfort/confidence also come largely from the family."

At GlobalLogic, they have done mid-term review of budgets to ensure that all departments and functions contribute equally in managing the current situation. "HR, which is the custodian of employee events, has worked along with the employee clubs to manage the same company events in lower budgets, and in different ways. Money that we would have otherwise spent on lavish events has thus been cut down. Focus has been on frequent but small-scale events that are economical yet add to the fun element. Movie screenings, family picnic, sports events, bay decoration contests have been done to replace mega company celebrations which we otherwise would have done. Also subsidies, which were being extended have also been reviewed in line with the revised budgets. At the same time, employees are educated on optimum utilization of various facilities and available resources so that there is no unnecessary waste," admitted Ili Kumar, AVP, People Development and Employee Services, GlobalLogic.

Punkaj Shankar, Head HR and RMG Infogain Corporation, gave a glimpse of the initiatives that they have embarked upon or continue with to keep the momentum going. In a period of economic slow down, it is natural for employees to have feelings of uncertainty and apprehension about the future. Most staff wants to know first and foremost that their jobs are secure. Some of the actions that Infogain is taking to ensure employee engagement levels, as provided by Shankar, are:

- Honesty and an open-door policy works best when times are tough. It prevents the spreading of damaging rumours. We are encouraging people to share their doubts, uncertainties and take clarifications. Managers have been specifically directed to proactively communicate with their team members through discussions, meetings, etc., to maintain the employee engagement levels.
- Employee welfare activities are being conducted in the form of a month and a half long event called 'InfoUtsav.' During this, various activities like cultural programs with different flavours like comedy, dance, rangoli, dumb charades, were organized. Additionally, to clear doubts of



**Murthy Veeraghanta**

CO-FOUNDER AND PRESIDENT, VSOFT

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their Infogainers' families, events like Family day and Annual day were conducted at a large scale. While the Infogainers resumed their normal work routine, the families were taken over by HR people and taken for facility tour and finally addressed by the Chairman, Major Gen S K Nanda over a cup of tea.

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Throughout the day different kind of activities like painting competition, animation movie, talent show, were organized for kids. The objective of this event was to actually come closer to families, build relations with them and give them the feeling of comfort and security for their respective people working in Infogain.

Krishnakumar, Head HR, Rangsons Electronics, mentioned that to initiate these things, it would not call for much financials but for total participation resulting in higher employee satisfaction by keeping up their motivation levels high. It is also one of the best strategies to maintain lower attrition rate.

#### To do, not to do

R Subramaniam, VP and MD, Yodlee Infotech, pointed out the things that would assist organizations and also those that should be strictly avoided by companies. "I do not think anyone should be playing



**R Subramaniam**

VP AND MD, YODLEE INFOTECH

**I do not think anyone should be playing down the situation. Playing down the situation on one side and enforcing cost reduction methods on the other will be sending wrong signals**

down the situation. Playing down the situation on one side and enforcing cost reduction methods on the other will be sending wrong signals. The truth should be shared, companies should be transparent and should involve the employees in any kind of hard decisions," said Subramaniam.

He pointed out that this is the time that experienced managers and leaders in the organization should come forward to share their experiences, make the people understand how to handle such challenging situations and encourage the employees. The younger generation certainly need hand holding and counseling—so it will be a good idea to assign mentors to each employee to help them tide over any difficult situations.

#### A collective effort

Yeshasvini Ramaswamy, Director, e2e People Practices, summarized, "Two things that organizations are adopting are by engaging employees by involving them with change initiatives and letting them know you want them to help solve the organization's problems. This builds up camaraderie and helps organizations innovate during tough times. This also builds a great resilient team spirit that can energize organizations across levels. It is here that collective accountability can be seen, and actioned upon."

Just like companies furnish employees with all the privileges and perks during sunny times, similarly during tough times there has to be collective ownership and action. This will help in a smooth transition phase, achieve greater impact and also build a strong bond and a lasting relationship between the employer and the workforce. ■

renuka.vembu@expressindia.com

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