

EMPLOYEE DISSATISFACTION: A CASE OF XPRO IT COMPANY

Mandira Dey (Dutta)*

Dr.P.K.Tripathy**

It was 2 o'clock at night still the general meeting was going on. The CMD of XPRO IT firm, Mr.S.Venkatarama, along with his board of directors discussing on the issue of declining rate of profit margins of the company and high attrition of employees. The professionals on the table were discussing that they were providing better perks and privileges to the employees compared to other IT firms, still what was the reason for their dissatisfaction which was directly affecting their business performance. According to the view of top management, although the company had undergone a tremendous restructuring process, still the employees' interests had not been ignored. Series of meetings had been conducted but no solutions had come up.

Story of Indian IT industry originated under very unfavourable conditions. There was evidence from past history that IT industry local markets were absent and government policy towards private enterprise was unfriendly. The Indian IT Industry was begun by Bombay-based conglomerates who entered the business by supplying programmers to global IT firms located overseas. But, the size of this sector had increased at a tremendous rate of 35% per year during the last 10 years. Its contribution to the national gross domestic product was expected to be around 8.5 by the year 2010-11, quite similar to that in the United States today. The Indian Information Technology and Industry accounts for a 5.9% of the country's GDP and export earnings as of 2009, while providing employment to a significant number of its tertiary sector workforce. More than 2.3 million people were employed in the sector either directly or indirectly, making it one of the biggest job creators in India and a mainstay of the national economy. According to the National Association of Software and Services Companies

* Research Scholar .Department of Business Administration,Burdwan University.

** Assistant Professor. Department of Business Administration (Burdwan University)

(NASSCOM), India's peak industry body, IT services exports were crucial to India's overall development. NASSCOM characterises the industry as 'IT-BPO', which includes software services (export and domestic), software products, hardware production and ITES/BPO. While total revenue for the industry in 2010/11 was an estimated US\$88.1 billion, software services exports constitute by far the largest and fastest growing sector (NASSCOM 2011). A survey of over 6,000 IT firms sponsored by the Reserve Bank of India concluded that 77 per cent of export earnings came from 'computer services' and 23 per cent from 'ITES/BPO' firms (RBI 2009: 1519). NASSCOM claims that employment in the IT industry grew by eight times between 2000 and 2009, reaching about 2.2 million. It has also claimed that the industry has generated indirect employment for around 8 million people (Government of India 2007, 2010; NASSCOM 2010).

While talking about mergers and acquisitions, considering global scenario in 2009, mergers and acquisitions had been slow this year. Merger and Acquisition activity was down 86% from last year. A Pricewaterhouse Cooper report had emphasized that most of the Merger and Acquisition which took in 2009 had come from the middle market and smaller firms, as financing were easier.

28 Jul 2009, IBM and SPSS Inc. announced that the two companies had entered into a definitive merger agreement for IBM to acquire SPSS, a publicly-held company headquartered in Chicago to expand its focus on business analytics technology and services to meet growing client needs to cut costs, reduce risk, and increase profitability through predictive analytics capabilities, which include advanced data capture, data mining and statistical analysis

On October 23, 2009, Adobe Systems Incorporated completed its acquisition of Omniture to advances its mission of revolutionizing the way the world engages with ideas and information.

Following the footprints of the global IT companies two Indian IT companies XPRO based in Bangalore and CST which was based in Delhi on November 27, 2009 had initiated a acquisition process where the latter one was acquired by the former one. XPRO was a National Information Technology company committed to **Business Revolution**. The company provides software products, IT services and business process outsourcing for a variety of industries including banking & insurance sector, manufacturing, retail, wealth management, healthcare etc with an

employee strength 2522 in 2009. The Company was concentrating more on profitability rather than employee welfare.

CST was a data networking and security solutions industry providing services & technical solution for switching & networking, video conferencing, security and data leak, IT management, wireless networking etc with employee strength of 130 in 2009.

In March 2009, suddenly the owner and CMD of CST IT Company, Mr. Suraj Puri, expired. His sudden death brought instability in the company's financial status. His son, Mr. Arun Puri was busy in other business. He paid less attention to CST; as a result the company had a great setback. Mr. Arun on discussing with his board of directors decided to sell the share of the company. In the mean time XPRO was planning to enhance the customer base in North India. When the CMD of XPRO, Mr.S.Venkatarama, got the news, he thought it was the best option to enter into the North Indian Market. XPRO was planning to acquire CST with a prime objective to increase market share in North Indian Market with a deeper market penetration in a key area of operations. It was also planning to go for diversification of its business .By implementing the acquisition strategy the XPRO was rapidly gaining market entry in wireless networking to establish relative market power over a competitor, and achieve a new product advantage.

The employees at CST had a lot of apprehensions whether XPRO would be able to carry forward their work culture. During this process, the CST firm had lost its identity. The rules, regulations and policies of XPRO IT firms were imposed on CST IT firm. A massive restructuring process took place and all the employees came under one brand umbrella, XPRO. To maintain diversity of employees, the organization had gone for shuffling of employees i.e. the North Indian employees are shifted to South India and vice versa. The organization, on considering the interests of the employees, had not gone for downsizing of employees instead it was thinking for expanding the business. But, on contrary to the vision of the company, the employees were gradually putting down their papers. Buono and Bowditch (1989) mention that, during mergers and acquisitions activity, "rumor mills and the grapevine work overtime, leading to more anxiety and, in many cases, counterproductive behaviors. Often based on fears rather than reality, these rumors can significantly exacerbate employee anxiety, tension and stress".

After the acquisition process was initiated by XPRO firm for the last five years, XPRO had started running at a loss, caused a great deal of concern to the top management. The company lost its leadership position in the market .Absenteeism was on the increase and was found to be hovering around 13-14 percent .Employee turnover had reached 32 % per annum.

Five Years Employee Turnover Percentage in XPRO Company is given below (After Acquisition of CST Company)

Year	Employee Strength	Employee Joined	Employee Left	Turnover Percentage
2009	2652	Nil	261	9.84
2010	2391	22	353	13.84
2011	2060	11	410	19.36
2012	1661	10	451	26.55
2013	1220	25	854	32.05

The management understood that there was a great lacuna in the management of human resources. The employees had started showing the symptoms of dissatisfaction and don't care attitude towards the management. Top management with intensive discussions had taken a decision to hire a consultant from outside to essentially diagnose the problem areas in the management of human resources so that appropriate action can be taken. The consultant also felt that it was important to find out from the employees themselves regarding their perception about their work and how they relate and react to their work environment so that he could identify the underlying issues for their dissatisfaction on the job.

He had extensive discussions with the top management, senior managers & all employees in the organization. A survey questionnaire was administered among employees to know their satisfaction level against the various aspects of job.

The findings of the survey investigated by the Consultant were discussed below:

1. Some of the employees emphasis that after acquisition ,the organization had taken a bureaucratic management style where the employees were not informed about the current thinking & action plan of the management. There was only flow of instructions from the senior manager to the subordinates “let us not argue and go and do as told”.
2. As already discussed that the organization was imposing their decision on the employees. Thus, not encouraging employee participation in the organization.
3. Employees complained that huge work pressure had made their life hell in the organization .Employee were not allowed to take leave even if they have sufficient balance. Employees had to work beyond working hours without any overtime pay as top management had decided the organization was going for expansion, so there was cost-cutting.
4. Excessive Work Pressure in the organization had taken the life of Mr.Anup Tiwari, of age 29, the project manager. Mr. Tiwari was working on a project whose time-frame was 6 months. Suddenly, he was told to complete it in 3 months. He was working on the project day and night without any rest .For the last three days he had sleepless nights. On the fourth day, at 8o'clock in the morning; suddenly he had a severe heart attack which had taken his life. Not only Tiwari, majority of the respondent's opinion was that they were affected by physical problems like Backache (65%), Continual Tiredness (59%), Shoulder Pain (76%), Blood Pressure (66%), Feeling Angry & Irritable (75%), and Eye Problem (70%).
5. The Management was paying less attention towards work-life balance of employees. After the shuffling of employees, the employees were not given sufficient days to relocate their families. The top-level management was giving very less attention to employee problems. It has been observed that compared to men, women employees attrition was very high as they were unable to keep a balance between their work and personal life in the organization. Compared to other IT firms the organization was not providing child-care facilities, recreational facilities to the employees instead compelling employees to stay for late hours.

6. During the survey the consultant noticed that one of the employees, Mr.M.Ramaswamy was desperate to leave the organisation but he was not giving appropriate reason for his dissatisfaction. On repetitive questioning, he lastly confessed that due to food problem he was leaving the organization. Basically, he was a South Indian; suddenly he was shifted to North India. The vendor, who was providing food in the office canteen generally, provides North Indian dishes. Repeatedly he requested the canteen manager to look into the issue but his request was not paid any attention. Three four complains of the same issue came from both the firm situated in North and South India.

7. It had been noticed by the consultants that most of the employees' were suffering from interpersonal problems. There was existing Economic conflict, Value Conflict and Power conflict among employees. The organization was planning for expansion of business so it was providing limited amount of resources to the employees and demanding maximum return from these resources, thus bringing forth hostile behaviours among the employees. There was a big clash of thoughts & ideas between the employees as North Indian employees' value system was different from South Indian employees. After shuffling of employees, both set of employees who were shifted to their opposite zones, suffering from adaptability problem, language problem, etc. Above all, the employees of CST firm were experiencing that employees of XPRO were dominating them. There exist a Power Conflict between the employees of CST and XPRO. According to the version of CST employees, the organization was empowering XPRO employees with more power, authority and responsibility.

8. The consultant noticed that there was a rumour prevailing in the organization that within one year in order to curtail cost the organization would go for downsizing of employees. This rumour had compelled many of the employees to look for new options in the job market. They felt that their job security was at stake.

9. Employees faced problems with their supervisors too. They complained that their work was not appreciated by their bosses instead criticise them. Also the employees claimed that nepotism was existing in the work culture and performance appraisal was not bias-free. The potential

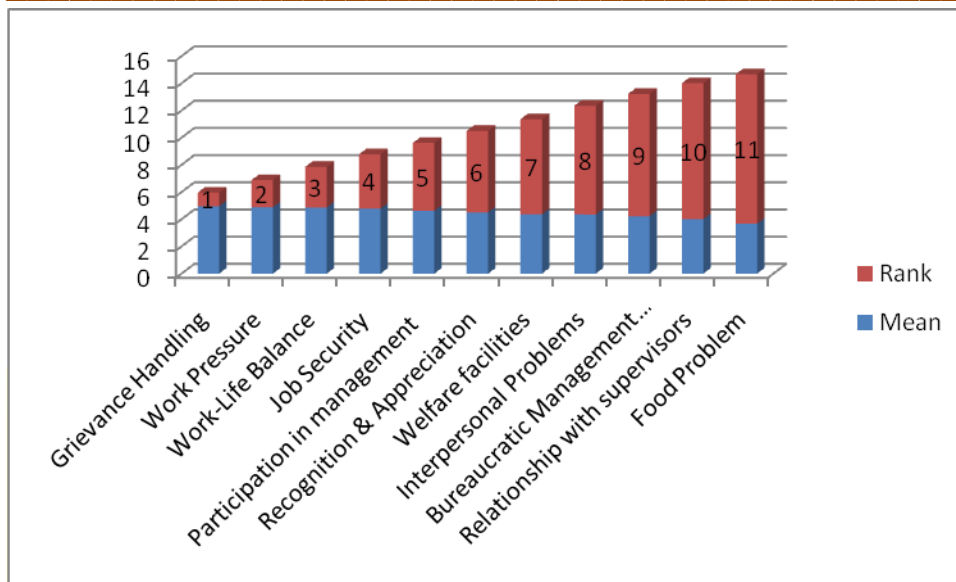
employees were not rewarded and it created a lot of distress and low morale among the employees.

10. Employees claimed that there was no proper grievance handling cell in the organization where the employees can put forth their problems.

11. The consultant came up with a problem that the root cause of the above frictions was there was a lack of exit interview in the organization. The exit interview was just a formality taken by the immediate supervisor. Thus, the employees were not disclosing the actual reason for their departure.

Apart from the above findings a specifically designed questionnaire was administered among the present employees as well as on the past employees. The employees' responses were summarised below regarding dissatisfaction of the various aspects of the job.

Dimensions of Employee Dissatisfaction	Mean	Rank
Grievance Handling	4.96	1
Work Pressure	4.88	2
Work-Life Balance	4.86	3
Job Security	4.78	4
Participation in management	4.62	5
Recognition & Appreciation	4.51	6
Welfare facilities	4.36	7
Interpersonal Problems	4.35	8
Bureaucratic Management Style	4.22	9
Relationship with supervisors	4.01	10
Food Problem	3.67	11



The consultant presented the report before the top management with a view that appropriate measures can be adopted to solve the problem.

The top management on going through the report suggested that not all demands of the employees could be fulfilled; some of the facts could be taken care. The following measures the company decided to take: Formation of a grievance handling cell, the working time and responsibilities of the employees would not be curtailed means work pressure would remain same as the company was planning to go for expansion of business, work-life balance of the employees, welfare facilities for the employees could be taken care of.

The welfare facilities and grievance handling cell could not impress the employees rather it caused a lot of distress and low morale among the employees. Many star performers were leaving the organisation.

The management was in a dilemma why the employees were adopting such an extreme step.

BIBLIOGRAPHY

1. Barnes, T. (2013). The IT Industry and Economic Development in India: A Critical Study. *Journal of South Asian Development* , 8 (1), 61-83.
2. G.V.Vijayasri. (2013). The Role of Information Technology Industry in India. *Abhinav-International Monthly Refereed Journal of Research in Management & Technology* , II.

WEBSITES:

1. <http://www.ukessays.com/essays/commerce/mergers-and-acquisitions-the-front-line-strategic-option-commerce-essay.php> DOA-24-05-2014.
2. <http://www.indianmirror.com/indian-industries/information-technology.html> DOA-22-05-2014.
3. www.abhinavjournal.com DOA-26-05-2014.
4. <http://www.aicte-india.org/ictit.htm> DOA-24-05-2014
5. <http://www.forbes.com/2009/07/13/mergers-acquisitions-technology-intelligent-investing-healthcare.html> DOA-25-05-2014
6. <http://www.adobe.com/investor-relations/omniture-acquisition.html> DOA-22-05-2014
7. <http://www-03.ibm.com/press/us/en/pressrelease/27936.wss> DOA-21-05-2014