

Analysis of Incentive Programs in Information Technologies Companies

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ABSTRACT

The research of international experience of incentive programs in information technology companies is conducted. Comparative characteristics are given to three models of work incentives, applied in world practice: American, European and Asian. Following the results of the carried-out analysis of world practice of stimulation, the developed tendencies in this area are designated. As a result of the carried-out analysis of the Russian practice of stimulation of personnel of branch of information technologies and their motivational features, the conclusion drawn states that at today's stage of development of management, the Russian companies haven't reached the sufficient level of understanding for creation of effective systems of stimulation. It is shown that systems of stimulation mainly have an intuitive character that negatively affects their efficiency and as a result, competitiveness of the Russian branch of information technologies in general.

Keywords

Stimulation of personnel, system of stimulation, work stimulation, personnel of companies specializing in information technologies.

1. INTRODUCTION

At the present stage of development of the theory and practice of administrative sciences, special attention which, often, takes the main place in a personnel management system of many organizations in different branches, is paid to stimulation of a staff. Not the exception is also made by the organizations of branch of information technologies where stimulation of staff's work is especially significant and specific, owing to a row of features of the branch, work of the staff, its professional and motivational features. Ineffective organizational stimulation of a staff within the branch of information technologies, today, the widespread phenomenon also has the state scales which directly and indirectly specify data on balance of supply and demand in labor market, to flowability of a staff in the organizations, to the unsatisfactory professional grade of a staff and others. In this regard, theoretical and practical researches in the field of stimulation of staff's effort in an area of information technologies acquire special relevance. Despite a wide study of questions on stimulation of work of a staff in different aspects and the scientific directions, and the existing imposing baggage of theoretical and practical knowledge, aspects of stimulation of a staff in branch of information technologies are poorly illuminated in science and practice. However, we consider that at this stage, for the solution of problems of branch, recommendations about enhancement of the mechanism of stimulation of work of a staff of branch of information technologies it is objectively not enough. The systems and the integrated approach allowing in the database, received in case of diagnostics of the system of stimulation existing in the organization are necessary not only to develop an essentially

new system of stimulation of a staff or to transform the existing one, but also to estimate the efficiency of its functioning. Thus, in connection with an extremely feeble scientific development of subjects of diagnostics, development and estimates of efficiency of systems of stimulation of a staff in general and in branch of information technologies in particular, the designated directions of enhancement of systems of stimulation of work of a staff deserve special attention for a research, development of the appropriate techniques and methodical recommendations for the purpose of the decision of the urgent tasks of branch of information technologies demanded so far.

2. MODELS OF WORK INCENTIVES IN IT COMPANIES: WORLD PRACTICE

In variety of international experience of stimulation it is conditionally possible to select three models - American, European and Asian. At this stage of development of branch of the information technologies (IT) in the USA, there was a situation of fierce competition among the companies for the best experts. Many corporations of IT faced certain economic conditions, as a result of which the issue of profitability of holding of the already available employees, before looking for the new ones.. Therefore, attracting and holding of the most effective employees by means of systems of stimulation, are of a primary value in the personnel strategy of controlling the talents of the majority of the largest US corporations.

In recent years the system of material stimulation "Pay for Performance" (PFP) - "a board for execution" which implies the use of any payment method of work in case of which the reward earned by the worker depends on personal and group distinctions in their activities widely adopted. It is expressed in systems of variable and flexible compensation (commission charges, payments for achievement of goals, awards, payments in case of distribution of profit, an action and options for their purchase). As experts, the PFP program mark increases the organizational productivity for 5% – 49%, and the income of employees - for 3% – 29% [1]. The "InformationWeek" issue conducted a research of the salary of IT experts in the USA for 2011 (2011 U.S. IT Salary Survey) [2]. As it was clarified, the expert of IT receives an average of \$87 thousand a year (about 2,6 million rubles a year or 217,5 thousand a month in terms of rubles). Level of the salary of the main professional categories of IT is quite high and during inquiry of 55% of respondents told that they "are very satisfied" or "are satisfied" with the compensating [3].

Such largest companies of the USA, as: Dell Computer Corporation, IBM, Microsoft, etc. apply the complex systems of stimulation including both material and non- material components using a diverse internal policy of stimulation today. According to the CEO of Dell Michael Dell "In Dell, incentives of each employee and compensation are tied to health of business" [4]. The company considers that

effectively it is possible to stimulate personnel if to know the employees. Information on families, friends of experts, their ambitions - all this is valuable to the employer who wants to find effective ways of stimulation of the employees. Dell uses four key ways of stimulation of personnel: favorable conditions for work, encouragement of work in team, flexibility in stimulation, training and possibilities of growth for employees. The policy of remunerations in IBM gains additional value thanks to generous system of collateral payments which other companies can't offer. If the worker gains a considerable part of income in the form of the guaranteed income, the company has the right "to direct" this worker as it would be impossible to receive only commission charges or working at his own risk [5]. IT – directors of the company IBM consider that the training possibility is a basis for preservation of key talents in IT. When the company shows the interest in preservation of the employees, workers feel more valuable. They also understand that to remain in the company is a good way for advance in career and improvement of professional skills. Other leader of Microsoft has promoted further, using nonconventional types of stimulation, thereby having deserved reputation of "the beautiful place for work". Microsoft is one of the first IT companies of the USA which has applied as a strong incentive personal participation of workers in profit therefore it has in the state not only the most large number of millionaires, but also highly professional, devoted employees for whom the factor of money plays a limited role in work incentives. Being guided by the idea that their financial progress or failures have a direct bearing on activity (and also to image) the companies, employees work with big force for maintenance of success of the company [6]. Additional factor of high motivation of Microsoft personnel, according to the consultant Steve McConnell is a stimulation orientation on morale of personnel [7]. Besides, individual approach to employees attracts interest. For example: the developer is able to afford that every day, after school, his daughter came to him to office and did homework while he works.

Against the background of the best practices of the USA in the field of stimulation the European stimulation looks conservative, but it is possible, not less effective owing to mentality of personnel. Still seldom is the participation in profit and individual approach practices. System of stimulation is less flexible and more standardized. But at the same time, it should be noted that unlike most companies of the USA, in Europe higher basic material remuneration is offered and more than a half of personnel are satisfied with the situation in work. It is known that, having only satisfied requirements of the lowest level, Europeans, concordant with A. Maslow, it is possible to pay attention to satisfaction of requirements of higher levels (in self-esteem, self-realization, knowledge, beauty, etc.). Therefore to hold the worker in firm and to stimulate him on high-quality performance of work, it is necessary to give him the chance of obtaining the good income for his performance [8]. For example, in SAP the whole system of stimulation consists of three blocks: a fixed part, a flexible part and a stimulating part, where fixed and flexible parts are understood only as a reward, and the stimulating part is material not monetary and non-material incentives. The management of the company declares that it is necessary to find the correct balance between private and professional life. Most of the large European companies declare that they use certain techniques for increasing the efficiency in work and at home, reducing stress [9] using the principle of "Work Life Balance" ("Balance of work and life"). Use of flexible working hours became the main tendency in stimulation of personnel in recent years. In Europe only 23,4% of staff of IT companies work full time; another 45% of experts of IT work according to replaceable

schedule, and 27% are accepted on the terms of flexible hours [10].

In the majority of large IT companies there are special programs for involvement of experts from around the world directed to a staff deficit covering in branches of IT. For example, Atos (France) develops a program "Talent Search Atos" directed to sharp increase in a possibility of training in the companies, practice of the principle "work study" and programs of closer cooperation with schools and universities. The impressive share from the world community of IT companies is occupied by the Asian companies. Asian management, is based on a collectivism, system of lifelong hiring, the concept of continuous training and a susceptibility to the new ideas. In Wipro (India) consider that remuneration and recognition are one of the main ways of increase in motivation level of personnel. The company has a unique package of non-material incentives under the name "Encore" which works on the principle of "basket" and allows to make the choice of the most necessary incentives. The leading subject in Wipro is wellbeing of employees. According to the management, their compensation package is one of the best in branch and has as the purpose not only attraction, but also deduction of the best talents. Stimulation of each employee or group depends on the achieved results, their potential and market value. Both current and last employees are proud of the fact that they work for or worked with Wipro. To keep this tradition there are very strict selection criteria of personnel. The company creates all conditions for free initiation and realization of the ideas and the purposes [11]. In the company Fujitsu ("Fujitsu", Japan) the average length of service by 2010 was : men - 19 years, 16,7 years – women. Such indicators have provided favorable conditions created for work and a family and based on observance of "The law on measures for support of development of the next generation". Conditions include services of the nurse, child care facilities, the shortened working hours, maternity leaves, a possibility of distant work. In 2010 the company conducted a survey among 65000 people, and 79,3% from them have answered that they are proud of the work in Fujitsu. Today, the compensation level in Japan is nearly the highest in the world. According to the principle of growth of payment depending on an experience a 50-year-old employee receives monthly about 482 thousand yens (a little more than \$4000). If to charge the average salary of the Japanese for 100%, then in Germany at the same quality of work his level makes 81%, in the USA — 78%, in Italy 60%, in South Korea and Taiwan — 33%. And in China the worker receives the salary 30 times smaller, than his Japanese colleague. At the same time monetary stimulation in Japan isn't as effective, as in the European companies. Perhaps, it is connected with the general wellbeing of the state, high economic development, high spiritual potential of Japanese, richness of traditions and patriotism developed by a feeling of collectivism and group qualities [12]. Thus, the main objective of stimulation in Asian companies is wellbeing of the employees based on moral and psychological levers of impact on the personality such as: numerous and various awards, increase in command spirit, full social security and constant maintenance of level of professionalism.

3. RUSSIAN EXPERIENCE OF WORK INCENTIVES IN IT COMPANIES

Speaking about the Russian features of stimulation of experts of IT in branch of IT it should be noted that the national model or the concept doesn't exist. Every year, domestic systems of stimulation become more and more similar to the European and American ones. Such tendency exists owing to high integration of IT companies and active loan of foreign experience by the Russian managers. Attraction of

professional shots and their deduction belong to the main objectives of IT companies of Russia, owing to deficiency of qualified personnel. In Russia there is still an opinion that the main incentive to work is exclusively material. Thus, the basis of systems of stimulation is made by various concepts of material encouragement or punishment. So, personnel director of the Sitroniks company And. A. Avdeenko holds the opinion that the employee has to see accurately the reference points and understand for what specifically he will be promoted and by what criteria this decision will be passed. Stimulation, in this case material, means the creation of conditions at which the person to seek to show big effectiveness in comparison with an average, "standard" indicator. One of the main stimulating levers, according to A. Avdeenko, are awards [14] in spite of the fact that compensation occupies 80% in the structure of expenses of the IT organization at an average market indicator in 13% [14]. As for salaries of experts of IT in the USA about \$92 thousand a year (or 2,76 million in terms of rubles or 230 thousand rubles a month), average salaries of their Russian colleagues are 10 times less. For comparison, in Russia the minimum salary proposal of the 1C programmer in Moscow is 40 thousand rubles, maximum – 150 thousand rubles a month. Programmers of mobile applications can earn up to 170 thousand rubles monthly [15]. In the results of comparison a lag of the actual salary from the average values of the branch is tracked. Thus, the difference between the average values depends on specialization from 5% to 29%. In our opinion, these indicators have become possible as a result of the fact that the analytical agencies use the data provided by the companies in the dug-out sources which are, as a rule, overestimated, and actually the real income of experts is slightly less than declared by employers in media about what polls of experts of IT testify.

Very popular instrument of stimulation in the West – awarding by stocks and options in Russia only begins to gain popularity. The first this tool was entered by the foreign companies working at the Russian market. So in the Parallels company ("Parallels") 43% of developers hold shares, and within the new option program 60% of programmers [16] will become shareholders. In the Russian companies options are distributed differently. For example, in the Sitroniks company, 9,82% of the share capital in the form of actions are distributed between 23 approved top managers [17]. Not to mention the fact that the Russian management in IT companies about holding of shares of the company only begins to get used that the salary of an expert can exceed the income of his head and it is normal practice worldwide.

Three typical and main components not of monetary stimulation of the Russian IT company are: additional medical insurance, compensation of sports activities and food). Here it is possible to note the following tendencies: 74% of the companies use VHI, 54% of the companies partially or completely compensate training in a foreign language, in 40% of the companies there is a system of crediting of employees, in 17% of the companies they provide sports. The most expensive option from all variety of types of stimulation is food. 14% feed the employees and it is about 30000 rub a year on one employee. And on holding corporate actions, the company spends on average 9000 rub for one employee a year. Speaking about an operating schedule, most IT companies entice experts of IT by flexible hours, but do not provide partial work at home, as in the USA. According to statistical data in Russia, 93% of IT staff work full-time, 4- according to the replaceable schedule and only 1% are accepted on distant work [18].

Important element of stimulation of experts of IT is their training and development. In Russia there is a strong mathematical and technical school, prestigious HEIs, the diplomas of which are a good recommendation for the

employer of any level. However, one of the sensitive issues among employers is the quality of education which is estimated as insufficient to begin productively to work. According to the T-Systems company universities traditionally try to train universal experts, and acquisition of practical skills is adjusted due to cooperation of HEIs with IT companies which provide students with a platform for practical work and often conduct HEIs seminars or facultative courses on urgent subjects. As an additional tool for involvement of personnel serve programs of training which so far are more often supported only by large, foreign companies. So, at SAP companies, HP, Kaspersky Lab annually trains, and further from 5 to 30 students find a job per year [19]. In the conditions of severe competition with a shortage of qualified IT staff, many companies incur expenses for internal training of the employees [20], large companies organize corporate universities or training centers. However, it should be noted that the career development system in Russian companies has not developed yet and the listed above ways of attracting IT experts are available to the elite.

As a result of consideration of the Russian practice of stimulating IT experts and their motivational features, note that at today's stage of management development, the Russian companies haven't reached the sufficient level of understanding to create effective systems of stimulation. Thus, systems of stimulation mainly have an intuitive character that negatively affects their efficiency and, as a result, competitiveness of the Russian.

It should be kept in mind that distinctions in the strategy of stimulation are caused historically, as well as various national characters and differences in mentality.

On the basis of the carried-out analysis of IT industry in Russia, it is possible to reveal peculiar distinctive features of systems of stimulation of IT industry from the systems of stimulation of other branches of economy of Russia (Tab. 1) on the basis of the allocated factors of external and internal environment of the organizations of IT industry.

Tab. 1. The specifics of systems of stimulation in IT industry in Russia set by external and internal factors of the environment of the organizations of IT industry

Factors	The specific sign of systems of stimulation of personnel of the organizations of branch of IT set by a factor
External	
Demand for IT experts exceeds the offer and deficiency of qualified IT specialists prepared according to requirements of business.	1 Combination of duties by the IT expert, despite various risks.
	2 Preference when hiring skilled IT experts.
	3 Deduction of skilled and professional IT experts by creation of individual conditions of stimulation.
	4 A big gap in material and non-material stimulation between skilled, professional and inexperienced IT experts.
	5 Overestimate of market salary offers rather actual.
	6 Stimulation with emphasis on a possibility of training and career development.
Insufficient level of knowledge of graduates of IT HEIs.	Programs of training for young specialists (only large companies).
Imperfection of the legislation. Lack of obligatory introduction of	1 Insufficient regimentation, opacity, incomprehensibility of the system of work incentives for IT experts.

quality management systems (formality of quality control).	2 Informal employment and application of "grey" schemes of compensation. 3 Insufficient contributions to the pension fund, medical and other social funds. 4 Insufficient payment or its absence for a holiday and sick-list. 5 Social and legal vulnerability of IT experts.
Lack of modern uniform industry qualification standards for IT experts	Intuitive character of a market assessment of qualification of IT expert that leads to bias in stimulation.
Outflow of young IT specialists from regions to other regions or the countries. High degree of concentration of IT experts in Moscow and St. Petersburg.	1 Big differences of quality, level and structure of work incentives systems between the Russian companies in the capital and regions. 2 Work operation, infringement in remuneration for young specialists work from regions contrary to legislative rules.
Unequal competitive advantages of the Russian companies over the foreign ones in Russia.	Big differences of quality, level and structure of the work incentives systems between the Russian and foreign companies in Russia.
Internal	
Features of work content and motivational features of IT expert.	Creative atmosphere, lack of a dress code, etc. Stimulation by participation in projects, new ambitious work.
Insufficient professional level of managers in IT companies.	1 Conservatism in application of stimulation methods of IT experts. 2 Limitation in application of material not monetary and non-material stimulation. 3 Formality of KPI, that does not meet business objectives. 4 Conservatism of the schedule of work. 5 Use of the European and American technologies of stimulation without adaptation to organizational features. 6 Stimulation without professional, motivational features of personnel and their work. 7 The basis of the work incentives systems is made by various concepts of material encouragement or punishment owing to strong influence of stereotypes and influence of the Soviet experience.

4. CONCLUSION

The revealed peculiar features of systems of stimulation for employees of IT branch are inherent in the systems operating in the average organization of IT industry. Environment factors, unambiguously, set requirements to the system of stimulation, forming a set of distinctive features. Any system isn't identical to another. First of all, these requirements concern the strategy and purpose of stimulation, depending on which other parameters of the system of stimulation are formed.

Thus, it is possible to draw a conclusion that in modern conditions the role of a differentiated approach to personnel and the creation of flexible forms of work with human resources are increasing that requires the solution of problems

of high-quality studying of a manpower, labor collectives and development of not only corporate policy of human resource management, but also corporate systems of stimulation in the organizations of IT industry taking into account a number of specific factors forming its features.

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