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A CRITICAL STUDY ON HUMAN RESOURCE MANAGEMENT PRACTICES IN IT INDUSTRY

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A Critical Study on Human Resource Management Practices In It Industry

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Abstract – In this paper, an attempt is made to discuss some of the important aspects of human resource management including its importance in software industry. For this purpose the chapter is divided into three parts. First part deals with human resource management and its conceptual background, the second part deals with importance of IT industry and the role of HR in the well-being of the industry. The third part deals with objectives of the study and the methodology adopted in detail.

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INTRODUCTION

In the competitive environment, there is an increased emphasis on organizational efficiency and effectiveness, wherein human resources play a very important role. Therefore, human resource manager's role is becoming more dynamic and challenging today than ever before, as human resources are vital components of the organisation.1 Management of these resources, therefore, is an integral part of business success. HR activities are increasingly becoming more important in the organization and the human resource management has become one of the major business functions.

Human Resources are not only the most important but also most expensive and most delicate resources thus requiring a gentle treatment. They are the resources which have feelings and behavior patterns, which are not easy to predict. Hence there is the need for effective management of human resources irrespective of the size and nature of the organization.2

Human resource management has an important role to play in equipping the institutions with the personnel necessary to meet the challenges of an expanding and increasingly competitive sector. Increases in the number of employees, contractual diversification and changes in the demographic profile of the employees are reconfiguring the role and significance of human resource management. HR functions are responsive to current staffing needs, but can be proactive in reshaping institutional demographics and staff trends. HR practices play a significant role in shaping, influencing and enhancing the capability of the employees.

Human resource management aims at obtaining capable people for achieving the objectives of the organization and for ensuring that their efforts are utilized effectively. As the success of any organization largely depends upon the quality of its personnel and the extent to which they are motivated, personnel management acquires special significance in an enterprise.

William R. Tracey, in The Human Resources Glossary defines Human Resources as: "The people that staff and operate an organization"; as contrasted with the financial and material resources of an organization. Human Resources is also the organizational function that deals with the people and issues related to people such as compensation, hiring, performance management, and training. A Human Resource is a single person or employee within your organization.

STATEMENT OF THE PROBLEM

Software industry is in boom. Though industry runs through machines, it is the fact that these machines are managed by men. Hence they are considered as valuable resources. Moreover the success of any organization depends on the performance of people in the organization. There must be a proper fit between business strategy and human resource strategy. Hence organization needs to formulate best strategies for its human resources and facilitate in achievement of organizational objectives. The present study focuses on various human resource management practices in IT industry.

NEED FOR THE STUDY

Many studies were undertaken on IT industry but no effort has been made to study exclusively Human Resource Management practices emphasizing Recruitment, Training and Development, Performance appraisal, and Reward system. Though

some sporadic attempts were made and stray articles as found on HRM practices in IT industry, but no study is so far carried out on HRM practices in one of the lead corporate giant like SUBEX LIMITED, BANGALORE. Hence, the present study is imperatively called for.

OBJECTIVES OF THE STUDY:

The main objective of the present research is to study, know and analyze human resource management policies, practices and procedures in the select software company on the basis of the respondents' perceptions, opinions and experiences. This main objective can be delineated into the following sub-objectives.

1. To know and analyze the recruitment and selection process, procedures and practices in the selected software company.

2. To study and evaluate the employee training and development related programmes and practices in the selected software company.

3. To analyze the employee perceptions on performance appraisal system in vogue in the selected software company.

4. To study the promotion policy and practices in the selected software company.

5. To study the analyze employee perceptions on the reward management in the selected software company.

6. To offer suggestions if any for improving human resource management practices in the company.

HYPOTHESES

Based on the objectives of the study the following hypotheses have been formulated. Those hypotheses provide direction to the study.

1. The recruitment and selection policy, practices and procedures are mostly acceptable to the employees of the company.

2. The training and development related practices in the company are mostly acceptable the employees.

3. The performance appraisal system in vogue in the selected software company is good and agreeable to different types of employees.

4. The promotion policy and practices in the selected software company is agreeable to majority of the employees.

5. The employees are satisfied with reward management in the selected software company.

REVIEW OF LITERATURE:

Chakrabarthy in his study on "Personnel Management in Consumer Co-Operatives" observed that nepotism and favoritism are still the main hurdles in the field of personnel management, especially in recruitment and selection.

Collins in his study on "Incentive Programmes" identified two primary reasons why many employee incentive programmes do not work because the progammme does not meet the needs and priorities of enough employees and the programme is improperly designed or implemented by management. The author has suggested criteria for successful incentive programme and even emphasized that management should take all necessary steps for communicating all the employees before the implementation of the programme.

Bhatia has focused on new trends that are occurring in the practice of personnel function. He also concentrated on the areas such as, the new role of the personnel departments, result orientation in personnel function, concept of organization development, utilization of human resources, career planning, production, performance appraisal and counseling, which will meet the overwhelming concern for improving productivity and better utilization of human resources in the plants.

Hax in his study contended that the importance of human resources in business has been identified due to recent competitive pressures and changing values in the workforce. A methodology for enabling managers to translate the basic principles of human resource strategy into pragmatic and concrete action programmes has been presented. It is indicated that this strategy can be applied to selection and promotion, appraisal, rewards, management development and labor relations.

Mahoney and Deckop have examined recent shifts in orientation within personnel administration and human resource management such as changes from personnel to human resources from administration to management and from human relations to organizational effectiveness. These shifts have been interpreted as indicative of a search for a unifying analytical frame work. Integrative concepts from the organization sciences, particularly the idea of different labor market structures have been viewed as possibilities for synthesizing HRM strategy.

Appa Rao in his study on "Personnel Management in Small Industry" has examined the personnel management policies and practices in Indian small scale industries and pointed out the deficiencies there in. He has suggested measures for improving

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personnel management policies and practices in small scale sector.

Roback has reviewed the literature in the field of human resource management and development, with emphasis on training and evaluation, career development systems and management, and discipline. Particular research patterns focusing on public personnel perspectives have been emphasized and analyzed.

According to Beer , "Human resources management involves all management decisions and actions that affect the relationship between the organization and employees – its human resources".

Pettigrew and Whipp said "human resource management relates to the total set of knowledge, skills and attitudes that firms need to compete. It involves concern for and action in the management of people, including: selection, training and development, employee relations and compensation. Such actions may be bound together by the creation of an HRM philosophy."

Storey expressed that human resource management can be regarded as a 'set of interrelated policies with an ideological and philosophical underpinning'.

The goal of human resource management is to help an organization to meet strategic goals by attracting, and maintaining employees and also to manage them effectively.

Human resource management is the strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business.

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers.

Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

Human resources management is a strategic approach to the motivation and development of people, and to gaining their commitment so that they can make their best contribution to organizational success, while also meeting their own needs and aspirations. HRM takes place within the context of the organization and must therefore be concerned with how it structures, the use it makes of people and the impact of its processes and systems on this interaction, commitment and performance.

HUMAN RESOURCES DEPARTMENT: ROLE WITHIN THE ORGANIZATION

The existence of a human resources department is vital to overall productivity and efficiency of the strong workforce in any thriving company. In most professional organizations, the role of the human resources department is not sidelined or eclipsed by other departments. In fact, good human resources can be one of the most valued and respected departments in an organization; their job is people, and people are the company's most important assets.

The major roles of a human resources department in a successful business involve a lot of observation and analysis from behind the scenes. Indeed, the intelligence of the human resources department often involves what can be likened to "crunching numbers." Compiling complex data and metrics that follow the performance of individual employees, as the move through the workforce is an important task, which has helped human resources, work out crucial solutions to inefficiency, sagging profit margins and more.

Due to the sensitive nature of human relations and the work that human resources departments must carry out, discretion is a crucial element to this field. That's because the management of performance can often involve tough decisions such as choosing who to let go, who to promote and who to hire. Keeping the decision making process behind closed doors is an ethical practice that breeds the least amount of contention possible.

HUMAN RESOURCE PRACTICES IN IT INDUSTRY

Software is a wealth and job creating industry. India's software industry is growing at a rapid pace as overseas companies continue to move jobs to the country. India's huge pool of skilled, English-speaking, technology workers has helped it become one of the prime destinations for such work. The industry is expected to grow by 30 per cent, helping it reach its target of $50 billion by 2009. India's IT industry now employs more than one million people in the country, and the boom has raised worries about possible shortages of skilled manpower in the coming years.

RESEARCH METHODOLOGY

Within the framework of the study and the objectives mentioned above, a detailed and micro level study has been carried out on HRM practices in software

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industry by taking SUBEX LIMITED, Bangalore as a sample organization for analysis.

DATA SOURCE

There are many ways of collecting data: through documents and through interviews or questionnaires. The use of multiple sources of evidence gives an opportunity to obtain multiple measures of the same phenomenon. This will in turn increase the validity in a research like this.A structured questionnaire has been used in this study. These structured questions take the form of a questionnaire where the respondents were asked to fill out a form on how they perceived various aspects of human resource practices of the selected company. This comprised primary data.

Questionnaire has been divided into two parts. Part I is designed to collect personal profile of the respondents age, sex, designation and educational qualifications. For the purpose of a better overview, the questions in Part II have been divided into five segments covering various human resource practices such as recruitment, performance appraisal, training and development and reward system.

Questionnaire consists of a series of statements, which prompt alternative responses. It consists of closed statements, in the sense that respondents must select their response to each statement from those available rather than originating their own.

SAMPLING DESIGN

Employees under this study are IT professionals. For a detailed study, 600 questionnaires were handed over to the HR managers of the SUBEX LIMITED, Bangalore. The researcher has explained the purpose and importance of the study and requested the managers to circulate the same among their colleagues. The questionnaires were also accompanied with a request letter to fill and return the same within 30 days. Finally 275 questionnaires are filled and returned by the employees. Only 218 questionnaires are found filled correctly in all aspects. Thus, 218 questionnaires are taken as basis for analysis. Simple random sampling technique has been applied for the selection of 218 employees. After making repeated efforts only 218 questionnaires have been collected.

TOOLS AND TECHNIQUES

Data so obtained were classified and arranged in the form of tables. To highlight the HR practices and outcomes, appropriate statistical techniques such as simple percentages, weighted scores and weighted average scores have been used.

SCOPE OF THE STUDY:

HR management consists of many activities. However, the present research is confined to a study and examination of select human resource practices – recruitment and selection, training and development, performance appraisal and reward system in the select software company.

LIMITATIONS OF THE STUDY:

Essentially the study is aimed at bringing out the qualitative aspects into greater focus. Accordingly, study is confined to SUBEX LIMITED in Bangalore only for eliciting the employee opinions through questionnaire. In spite of the best efforts it was unable to get 100% free and frank opinions and the written responses. It is on account of the fear psychosis of the respondents. The findings of this research may not be generalized to the IT industry as a whole, as human resource practices may be rather unique. Since only one organization is involved in this study, any relationship found can only be indicative of a possible trend rather than a definitive causal link.

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