EMPIRICAL ANALYSIS OF HUMAN RESOURCE MANAGEMENT PRACTICES IN IT SECTOR

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ABSTRACT

Strategic Human Resource Management is the practice of aligning business strategy with that of HR practices to achieve the strategic goals of the organization and to ensure that HR strategy is not a means but an end in itself as far as business objectives are concerned. Corporate decision-making is more towards conscious & logical discretions of the top management. This involves information gathering, data analysis, intuitions & tacit assumptions. The implementation carrier of the decision maker executes the decision with the expectation to succeed, but often sways in with lesser confidence to achieve the desired results. This research work provides for the skills & techniques needed to make high-quality decisions and problem solving methodology. A strategy shall be devised to foster the management competitively rise when faced with global upheavals. A Decision Perspective process is suggested that peripherals various aspects of the organization focusing on appropriate decision making for right performance. The Research Methodology would focus on Secondary data collection. Case studies and books of renowned authors are referred to understand the Concept, Process, Techniques, Advantages, and Barriers to Strategic human resource management & right decision-making. The information drawn from the research would help us to know an appropriate way to govern an organization for its prosperity, stability and success.

Keywords: Human Resource Management practices, Decision Making, Outsourcing and Talent Management.

INTRODUCTION

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. Human resource (or personnel) management, in the sense of
getting things done through people. It's an essential part of every manager's responsibilities, but many organizations find it advantageous to establish a specialist division to provide an expert service dedicated to ensuring that the human resource function is performed efficiently. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

A change view on human resources management in small industries is required and more study is required to develop new policies. Effective human resources management strategies are very much required to achieve better results. The importance of human resources management (HRM) is improving overall employee’s health outcomes. Small companies are not like big companies where HR Department exists. Small scale industries are highly devoid of HR Practices and thus require a different set of HR practices and systems to support them. (2006) discussed, the current human resource (HR) management practices consistent with the industrial model of management. Interpretation from the theory, researcher argues that HRs are a powerful stick of workable benefit for organizations conception of HR capability for tie together HR practices in MIDC.

LITERATURE REVIEW

HR practices are regarded as elective measures that entail employer investment in and commitment to and trust in employees or the reverse a lack of concern and the thoughtful and considerate people management within an organization potentially signifies interest for support and concern for welfare of the employees (Edwards, 2009).

The resource-based view which considers human and organizational resources, more than physical, Technical or financial as a source of a firm's continual competitive advantage they being predominantly difficult to emulate (Barney, 1991; Wright and McMahon, 1992; Lado and Wilson, 1994) has given way to a knowledge-based theory (Grant, 1996; Nonaka and Takeuchi, 1995) with firms being viewed as knowledge-creating entities with capabilities to create, transfer and utilize knowledge as the most important source of a sustainable competitive edge (Kogut and Zander, 1996). These capabilities naturally vest in people. HRM should therefore ideally focus on human capital skills, experience and knowledge to give a firm economic and competitive boost (Snell and Dean, 1992).

The Indian IT sector is one of the fastest and consistent growing sectors in the Indian economy. With the revenue for the 2006-07 being US $ 47.8 billion, India has emerged as the IT hub of the world. The sector is expected to contribute around 5.4% to the GDP of India. Indian IT sector has established itself as the most preferred destination for outsourcing the various IT services by organisations across the world; and has given many world leaders in the industry like TCS (Tata Consultancy Services), Infosys, Wipro etc. The sector can be classified into 4 broad categories:

- IT Services
- Engineering Services
- ITES-BPO Services
- E Business
HRM IN EDUCATION INSTITUTIONS

There is strong advocacy that HR be viewed as a function in educational institutions playing a critical and interventionist role in educational institutions. The challenges are given below:

1. **Vendor management skills** - To manage service providers for canteen, labs and sports training on campus, specialized coaching centres within campus, etc. which are increasingly being outsourced to effect economies of scale, optimum utilization of facilities, brand building, etc. Management’s focus is on the core competency of teaching, and building competencies.

2. **Retention** - To ensure personnel are not “poached” for higher remunerations laterally. Awareness in teaching fraternity about what is happening outside the education world is a reality, management of institutions should live with.

3. **Motivation of personnel** on a continual basis. Teaching is now being increasingly looked upon as a career of choice, as opposed to it just being a love for teaching, from a noble perspective, alone. Administrators come in with specialized qualifications and skills.

4. **Training & Retraining** – What opportunities are being provided to personnel to get trained and retrained and/to acquire newer skills and proficiencies in technologies.

5. **Career growth options** for personnel so that potential is recognized and rewarded. Are we building a effective succession plan which will be quickly implementable in case of a situation that may have tectonic implications?

6. **Performance driven assessments** to ensure rewards and feedback are given to teachers at periodic intervals. Remarkably, many teacher’s mindset about performance wallows in having taught so-and-so who was a bright student, 20 years ago!

7. **Counseling services for students** – for personal and career reasons. Teachers played a signal role, too, because of sheer dedication and love for teaching and students. This is not so in today’s world of easier access to handheld gadgets, internet, the social media, etc. A lot of handholding is needed and HR can do a stellar turn here.

HUMAN RESOURCE MANAGEMENT

The primary responsibility of a human resource manager is to ensure that human resources are utilized and managed as efficiently and effectively as possible. To this end, the Educational Institution’s Chief administrator is required meet the following objectives:-

1. Recruitment and selection, developing the work place required by the organization.
2. Helping in creating a working environment that is conducive for his members of staff so as to promote maximum contentment thereby motivating them.
3. Ensuring that the abilities and skills of the workforce are used to the optimum in pursuance of the institution’s mission and mandate.
4. Ensuring a fair balance between the personal needs of staff and the needs of the institution in general. The effectiveness and success of any organization is dependent on the efficient use of its resources particularly the human resource.

OUTSOURCING

Outsourcing means, shifting or delegating a company's day to day operations or business processes to an external service provider; of course done in anticipation of better quality, lower rates
and in a sense getting an edge over one's competitors. To be more precise; Outsourcing is the work done for a company by people other than the company's full time employees. Now these people could be anywhere and they might have their offices in any part of the world, speaking a different language and working in a different time frame. That's the reason why selecting your outsourcing destination becomes so very important. Outsourcing is the process by which an organization contracts with another individual or company to get some of its work done. Viewed this way, most organizations go for some kind or other of outsourcing. Generally it is non-core aspects of the business that are outsourced. The firms that offer the services thus required are called service providers or third-party providers. Businesses may thus tie up with service providers for either individual processes or whole projects or operations.

HUMAN RESOURCE OUTSOURCING

Human Resource Outsourcing is a process in which a company uses the services of a third party to take care of its HR functions. A company may outsource a few or all of its HR related activities to a single or combination of service providers located in offshore destinations like India, China, Philippines, etc. Rapidly changing market dynamics and global competitive pressures have caused.

Organizations to spend more time focusing on their core business. Organizations are fast realizing that they can't be all things to all people. So companies now, be it a software company, a service provider or a manufacturing firm, decide what they are good at and outsource everything else, i.e., focus on their core competency, and let someone else do the rest in a more efficient and cost-effective manner. As a result, human resources outsourcing is becoming increasingly prevalent. The number of companies outsourcing HR activities continues to rise, and the scope of outsourced HR activities continues to expand. HR outsourcing can happen in HR functions, like payroll administration (producing checks, handling taxes, dealing with sick-time and vacations), employee benefits (Health, Medical, Life insurance, Cafeteria, etc), human resource management (hiring and firing, background interviews, exit interviews and wage reviews), risk management, etc. Outsourcing has become a common response to manage people and technology resources strategically, enhance services, and manage costs more effectively.

NEED FOR THE STUDY

His purpose of the study is to examine the relationship of human resource practices (retention oriented compensation, formalized training) on organizational citizenship behavior. This study will show how Retention oriented compensation and formalized training is important to improve organizational citizenship behavior. This study will highlight the factors which have greater influence on organizational citizenship behavior and will helpful for organizations to establish how to develop these types of employee behaviors.

TALENT MANAGEMENT

Companies that engage in talent management are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization. Research done on the value of such systems implemented within companies consistently uncovers benefits in these critical economic areas: revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The mentality of this more personal human resources approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention.
From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee’s potential, meaning an employee’s \( \text{f} \)

**Types of Human Resource Management Performance Measures**

Effective monitoring depends on having the right performance measures in place. Human Resource Management performance measures should therefore relate to all aspects of Human Resource Management. Management information will not always be statistically quantifiable and measurable data, but it should be as objective as possible and based on observable quantifiable measures wherever possible.

**HRM Practices and other Variables**

HRM practice directly or indirectly affects several other variables in the organization. The following relationships have been identified in the literature.

**HRM Practices & Competitive Advantage**

HRM practices help the organizations to achieve competitive advantage. According to the resource based view of the firm (Penrose 1995; Barney 1991), competitive advantage can be developed and sustained by creating value in a way that is rare and difficult for competitors to imitate and the quality the human resource within is difficult to imitate.

**HRM Practices & Employee-Employer Relationship**

Employee-employer relations can be made improved if the organization implements effective HRM practices. Tzafrir et al. (2004) conducted a survey to find out the consequences of effective human resource management practices on employees trust. The result indicated a positive and significant influence of empowerment, organizational communication and procedural justice as determinants of employees trust in their managers. The result also indicated that procedural justice mediates the impact of employee development on their trust in their managers. The HRM practices help the organization to increase mutual understanding between the employees and the employer. Guzzo and Noonan (1994) considered HRM practices as a communication channel between employer and employees. Rousseau and Grellier (1994) proposed HRM practices as contract-shaping events.

**HRM Practices & Effective utilization of employees**

Bailey (1993) presented an argument for the application of promoting HRM practices on the grounds that human resources are frequently underutilized. Employees often perform below their potential. Bailey points out that HRM practices may have an influence on employee skills and motivation. HRM practices influence employee skills through the acquisition and development of a firm’s human capital. Recruiting procedures and selection regimes will have an influence over the quality and type of skills new employees possess.

**HRM Practices and Organizational Performance**

HRM practices enhances organizational performance. Rondeau and Wager (2001) examined the relationship between HRM practices, workplace climate and perceptions of organizational performance, in a large sample of Canadian nursing homes and found that nursing homes, which had implemented more ‘progressive’ HRM practices and which reported a workplace climate that strongly valued employee participation, empowerment and accountability tended to be perceived to...
generally perform better on a number of valued organizational outcomes. Chand and Katou (2007) conducted a study to investigate whether some specific characteristics of hotels affect organizational performance in the hotel industry in India; and to investigate whether some HRM systems affect organizational performance. They found that hotel performance is positively associated with hotel category and type of hotel and hotel performance is positively related to the HRM systems of recruitment and selection, manpower planning, job design, training and development, quality circle, and pay system.

**HRM Practices and Employees Productivity**

Some studies show that certain HRM practices, such as working in teams, greater discretion and autonomy in the workplace and various employee involvement and pay schemes, do motivate workers and generate higher labor productivity (Cully et al. 1999; Boselie and Wiele 2002). Employees’ involvement in terms of delegation of responsibility and systems of collecting proposals from employees may have a positive impact on productivity (Arthur 1994, Wallace 1995). Cross functional teams, job rotation, quality circles and integration of functions may all contribute positively to labor productivity. (Banker et al. 1996). HRM activities providing informal and formal training as well as recruitment and selection have also shown to have an impact on productivity and market value. (Huselid 1995, Delery and Dotty 1996).

**HRM Practices and Growth and Innovations**

Panayotopoulou and Papalexandris (2004) found that HRM has a more significant influence on growth/innovation indices as opposed to financial performance. Li et al (2005) examined the relationship between HRM, technology innovation and performance in China and found that employee training, immaterial motivation and process control have positive effects on technological innovation, while material motivation and outcome control have a negative influence on technological innovation. It is also found that technological innovation is positively related with performance.

**HRM Practices Framework**

On the basis of the review of the several studies and various models of HRM which have been developed from time to time, the researchers have designed the following framework providing an overview of HRM practices.

**VARIous MODELS OF HUMAN RESOURCE MANAGEMENT**

- Performance Management
- Manpower Planning
- Recruitment
- Training And Development
- Employee Engagement

**PERFORMANCE MANAGEMENT**

Performance management is a very important Human Resource Management function. Its objective is to improve overall productivity and effectiveness by maximizing individual performance and potential. Performance management is concerned with –
- Communicating management’s expectations to supervisors and staff
- Improving individual and collective performance;
Improving communication between senior management, supervisors and staff; Providing important links to other Human Resource Management functions, such as Training

MANPOWER PLANNING

Manpower planning enables a department to project its short to long term needs on the basis of its departmental plans so that it can adjust its manpower requirements to meet changing priorities. The more changing the environment the department is in, the more the department needs manpower planning to show:
- the number of recruits required in a specified timeframe and the availability of talent
- availability of suitable qualified and experienced successors
- surpluses or deficiencies in certain ranks or grades

RECRUITMENT

Before a department takes steps to employ staff, it should work out the type of staff it needs in terms of grade and rank, and the time scale in which the staff are required. The general principles underpinning recruitment within the civil service are that Recruitment should:
- Use procedures which are clearly understood by candidates and which are open to public scrutiny
- Be fair, giving candidates who meet the stipulated minimum requirements equal opportunity for selection; and
- Select candidates on the basis of merit and ability

TRAINING AND DEVELOPMENT

Training is a process of learning a sequence of programmed behavior. It is an application of knowledge. It gives an awareness of the rules and procedure to guide their behavior. It attempts to improve their performance on the current job or prepare them for an intended job. Development is a long term educational process utilizing a systematic or organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose. In Elite hospital periodical training is given to receptionist, nurses and lab technicians to increase their efficiency of work.
- A variety of training and development methods for different circumstances and Learning styles.
- Linking training and development to departmental goals and objectives
- Regular analysis of operational requirements and staff competencies
- Skilled training personnel

EMPLOYEE ENGAGEMENT

Work place with openness and trust, matching physical facilities, flexibility is quite conducive for satisfaction and job performance. Alternative work schedule like flexi time, compressed work sheet etc., and a work environment which encourages employees to air their views freely is more motivating. Motivation is a process of stimulating people to attain to accomplish the desired goals. Motivation is an internal feeling and in person totality not in part is motivated. There are number of theories in motivation. The motivation is classified into two types. First one is the employees motivated through money. It is called financial motivation.
STATEMENT OF THE PROBLEM

Many researchers have found that human resource management methods take part a significant contribution in planning workers to perform multiple process and different tasks in their profession. But it is observed that many of the literary works did not describe how workers think about the execution and their respond to such human resource management methods, which may lead to a problem in describing the suitable results due to the execution of the process. By accounting this factor, this paper evaluates the participation of human resource management practices in enhancing organizational citizenship behavior.

STRATEGIC HRM & DECISION MAKING

High quality decisions are essential for strong business performance, but only a few people get the training they need to make good decisions consistently, with clarity and confidence. Moreover manager’s need to build competencies by learning how to work on the right problem, develop & structure objectives, understand the consequences and make appropriate trade-offs. An elaborate & systematic plan of action has become indispensable for every organization. The current day working has become so dynamic & competitive that day-to-day decisions are becoming critical. Furthermore, the uncertainty of the outcome makes it imperative for the top management to be prudent with every decision they make.

Decision-making is the process by which managers respond to opportunities & threats by analyzing options, and making decisions about goals & course of action. Decision-making is always circumference by uncertainty & risk of its after effects. Moreover incomplete and ambiguous information along with time constraints befuddle the managers & CEO’s & cast unwarranted distress that digress them towards malfunctioning.

Strategic Human resource management is designed to help companies best meet the needs of their employees while promoting company goals. SHRM is the proactive management of people. It requires thinking ahead, & planning ways for a company to better meet the need of its employees, & for employees to better meet the need of the company. Hence, strategic HRM is concerned with the relationship between HRM & strategic management in the firm. Strategic HRM refers to overall direction the organization wishes to pursue in achieving its objectives through people.

Strategic HRM serves as a linchpin to the decision making in the organization on many facets. First, the decision on the recruitment policy of the organization, placing the right person at the right job is the need of the time. Qualifications just do not suffice this. It is the actual skills, knowledge, and talents of individual employees that prove beneficial for the organization. Secondly, generating right performance is another crucial task because employee performance is the actual indicator of the decisions an organization makes.

HR PRACTICE IN SOFTWARE ORGANIZATION

Right from its humble beginning in 1975, Microsoft had been an innovator in computer software and related services. Its product portfolio included the Windows series of operating system software for clients and servers, the office productivity suite - MS Office, business applications software, games, and software for mobile phones and handheld devices.

Microsoft India's HR Approach

Managing human resources in the IT sector has been a challenge for most companies that have set up operations in India. These companies aimed to take advantage of the relatively low cost of technically competent labor in India as compared to the US and developed countries in Europe.
There was a huge demand for skilled personnel in this sector, but companies confronted by a lack of sufficient numbers of skilled personnel to meet the demand.

CONCLUSION

Based on the several research concepts, this study tries to explicit the impact of high performance HRM practices on individual consequences. In particular the researchers found that (i) Retention oriented compensation and formulized training were positively related to organizational citizenship behavior; (ii) out of which retention oriented compensation plays an eminent role in enhancement of organizational citizenship behavior or. This study helps us to understand that improving retention – oriented compensation and formalized training practices this organization can improve organizational citizenship behavior of employee’s which ultimately results in uplifting the profit of this organization.

In the present competitive world, the companies are facing lot of skill shortage, talent crunch and attrition those reached historically height ever, that made the companies feel the internal customer also more important equally with external customers, so every company try to devise innovative HR practices to attract best talent , giving them nice environment to work with, that enables the company to retain talents, the above said practices are conceived and implemented and found successful by the leading companies in India. It is found that convergence of practices of different companies in different HR areas, if any company wants to apply those practices that will benefit for the company to become more competitive in the global market.

The findings suggest that associations between employee and employer play an important role in growth of an organization and HR Practices in an organization bridge the gap among workers and management. The interpreted results suggest that HR Practices in an organization will enhance the productivity and efficiency of workers in small organizations.

REFERENCES