Role of Modern HRM Practices in IT Industries with special reference to Madhya Pradesh

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Abstract

At present when business are functioning in competitive and rapid changing diverse scenario operating smoothly and successfully is a major challenge for employers. In order sustain and succeed in complex business surroundings companies need to execute distinctive approaches. As we all know that to run any organization key requisite is M5 comprise of Man, Machine, Material, Money and Method. On comparing those M5 managing man i.e. also known as human resource is quite challenging as rest of M4 are well aligned to work process because of human intellectual in order to successfully attain objectives of organization. Effective HRM practices lead way to efficient organizational performance. This study highlights the role of modern HRM practices. The study is conducted to identify employee perception towards current HRM practices for its enhancement exclusively focusing on IT industries in Madhya Pradesh

KEY WORDS: Human Resource Management Practices, IT industry, Competitive, Madhya Pradesh

Introduction

The phrase 'Human Resource' denoted by HR refers to the People, human being, individuals which comprise the workforce of an organization. And the term Human Resource management denoted by deals with recruiting, managing, developing and motivating people including specialized support and managing system for regulating compliance with employment and human rights standards. It is considered as the backbone of organization. It is man who align other M4 i.e. money, material, machine and method to attain both individual and organizational objectives. The theme of Human resource management is human being, people, staff of any organization as it is the component of management process which is linked with the optimum utilization of the workforce resources. The process of aligning people at work in a business firm is major function of HRM practices.

Indian IT Sector

IT–ITES industry has two major components: IT Services and Business Process Outsourcing (BPO). The growth in the service sector in India has been led by the IT–ITES sector, contributing substantially to increase in GDP, employment, and exports. According to NASSCOM, the IT–BPO sector the Indian IT sector is expected to grow at a rate of 12-14 per cent for FY2016-17 in constant currency terms. The sector is also expected triple its current annual revenue to reach US$ 350 billion by FY 2025.

Employees from 12 Indian start-ups, such as Flipkart, Snapdeal, Makemytrip, Ola, and others, have gone on to form 700 start-ups on their own, thus expanding the Indian start-up ecosystem. India ranks third among global start-up ecosystems with more than 4,200 start-ups.

Total spending on IT by banking and security firms in India is expected to grow 8.6 per cent year-on-year to US$ 7.8 billion by 2017. Whereas India's internet economy is expected to touch Rs 10 trillion (US$ 146.72 billion) by 2018, accounting for 5 per cent of the country's GDP

The public cloud services market in India is slated to grow 35.9 per cent to reach US$ 1.3 billion according to IT consultancy, Gartner. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the main drivers for continued growth of data centre co-location and hosting market in India. The Indian Healthcare Information Technology (IT) market is valued at US$ 1 billion currently and is expected to grow 1.5 times by 2020^^. India's business to business (B2B) e-commerce market is expected to reach US$ 700 billion by 2020 whereas the business to consumer (B2C) e-commerce market is expected to reach US$ 102 billion by 2020.

Cross-border online shopping by Indians is expected to increase 85 per cent in 2017, and total online spending is projected to rise 31 per cent to Rs 8.75 lakh crore (US$ 128 billion) by 2018

Investments and Developments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US$ 22.83 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra, are diversifying their offerings and showcasing leading ideas in block chain, artificial intelligence to clients using innovation hubs, research and development centers, in order to create differentiated offerings.

IT Sector Growth and Development in Madhya Pradesh

Madhya Pradesh is located in Central India. The state is bound on the north by Uttar Pradesh, the east by Chhattisgarh, the south by Maharashtra and the west by Gujarat and Rajasthan. It is among the fastest growing states in the country. At current prices, the Gross State Domestic Product (GSDP) of Madhya Pradesh for 2015-16 was US$ 86.32 billion. Between 2004-05 and 2015-16, the CAGR for GSDP was 11.84 per cent.

Vision of IT Sector in Madhya Pradesh

The broad vision of the Madhya Pradesh in the Information Technology sector is summarized as follows:

a) Improve the life of the common man leveraging the strengths of e-Governance.

b) Attracting investment in the sector so that the educated youth is able to contribute to the development of the State Create a pool of highly skilled professionals who are at par with the best in the country.

c) Transforming Resource Based Economy to Knowledge Based Economy.

The industry grew in tier I cities such as Bangalore, Hyderabad, Chennai and Delhi. Due to congestion and infrastructural problems it has started looking at tier II cities such as Pune, Chandigarh, Bhubaneswar and Nagpur for expanding operation and reducing cost. The State can capitalize on this development and promote investment in Indore, Gwalior, Bhopal and Jabalpur.

Current Status of IT Sector in Madhya Pradesh

➢ 14 IT-SEZs and 5 others total 19 SEZs granted formal approval in the state.
➢ Existing IT parks at Electronics Complex Indore, Khandwa Road Indore and Ganga Malanpur Gawalior.
➢ Proposed IT parks at Bhopal, Indore and Jabalpur.
➢ Software exports work INR 230 cores approx. Yearly.

Literature Review

Several studies have been conducted in India and abroad on Human resource management and its various functional areas in the past few decades. A survey of existing literature reveals that no study has been made so far relative to the HRM in IT sector. Some of the important studies conducted on Human resource management and its various functional areas are reviewed here **Anil Kumar V (1995)** in his study indicates that in order to motivate the employees and to raise their efficiency, the management should adopt measures toevaluate

the merit of the employees and to make them feel that their merit is appreciated by the management.

Guest D. (2000) discussed in his report about the significant performance in HR practices led to effective implementation thereby enhancing the performance of organisation indicated in terms of their productivity, labor turnover or financial outcomes.

Budhwar et al. (2001) pointed out the sound advancements in the field of human resource management briefly and then highlighted the need for more cross-national HRM studies.

Rao et al. (2001) stated that changes from regulated environment to free market environment has direct implications for SHRM practices in India and HRM specialists and the HRM departments are under severe pressure to bring about scale-up professionalized changes in their organisation in order to cope with the challenges brought about by economic liberation

Buck and Watson's (2002) indicated nine important HRM practices such as decentralization, Compensation, Participation, training, development, employment security, social interactions, management style, communications, and performance appraisal.

Joe (2003) analyzed that globalization has a significant effect on HRM practices. He observed that there are factors which governs the transfer of inter-cultural practices thereby influencing HR and IR practices.

Armstrong (2006) The overall purpose of human resource management is to ensure that the organization is able to achieve success through people

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Dessler (2007) Human resource management (HRM) refers to the policies and practices involved in carrying out the „human resource(HR)" aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations

Cascio and Boundrenau (2008) proposed a methodology to study behavioural costing in order to measure the financial impact of HRM activities. HRM measures the economic consequences of employees behaviour such as absenteeism, turnover, employee attitudes, work life programmes and employee training

Saxena and Tiwari (2009) have examined in their article, the HRM Practices implemented by leading IT Companies such as TATA, Infosys and Wipro in India. They developed the 3cTER Framework of HRM practices and identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Career Development, Compensation

Mir Mohammed et al. (2010) studied the Impact of human resource management practices on organizational performance in Bangladesh and other developing countries. Data collected from fifty manufacturing

firms in Bangladesh shows that HR practices have significant association with organizational performance. Out of HR practices, only performance appraisal is found to have significant impact on organizational performance.

On the basis of the above literature review, the study consider the following dimensions of HRM practices have impacts on employees' satisfaction towards organization such as

recruitment and selection, compensation and rewards, career planning and management, training and development, Performance management, employee engagement, Organization culture, Welfare measure, and working environment etc.

Need for the Study

Human resource is vital power of IT Industry. It is quiet essential to scrutinize the change in human resource methods, factors, procedure and technique, plan of recruitment and selection in IT sector it is the policy when technology is change with passage of time, code of HR which are being followed by few decades also requisite to be transformed in order to cope up with the changing surroundings. In order to determine the growth and prosperity of any organization efficient management of human resources is essential. One of the most significant wants of the IT sector is to develop the operational competence of their employees. At current situation the success or failure of any organization is depicted by effective management of human resources. In recent time, employees all over the worldwide have become more refined in their demands for high quality work atmosphere, adequate compensation and rewards, proper training and development activities etc. In order to maintain a proportionate balance between the expectations and long term organizational goals, sound HRM practices must exist not only in IT sector but also in other organizations. Furthermore, IT sector wants open-minded, hardworking and optimistic people who are competent of applying their minds in a sensible and thoughtful manner for achieving their organizational goals and improving overall operational effectiveness. Therefore, it is crucial for the IT sector to pay ample attention to hire and train the employees and to their expansion activities and carry out systematic Human resource management practices for long run.

A lack of literature review on the study of HRM in IT sector relating to general and specific problems of IT industry is the subject matter of concern. The present study aims to fill the gap by considering the aspects of Human resource management like Recruitment, Selection, Training and Development, , Compensation and rewards, Career planning and Management, employee Engagement, organizational culture, employee empowerment and participation, welfare measure, working environment, Employee attrition retention etc. in IT sector with special reference to Madhya Pradesh.

Research Objectives

➢ To study existing human resource management practices in IT industries in Madhya Pradesh

➢ To suggest ways and means for improvement of HRM practices in the organization.

Research Methodology

A research design is the arrangement of setting for collection and analysis of data. For this research, descriptive research design concerned with describing the perception of each individuals or narrating factors on HRM Practices. The major intention of descriptive research is description of the conditions as it exists at present.

Research Design: The research design taken on for this research is Descriptive Method. The perception of the respondents on the selected human resource management practices inIT companies in Madhya Pradesh state is considered in the research.

Sources of Data The data collected for this study was through Primary & Secondary sources.

➢ The primary data needed for the analysis were collected through a structured questionnaire using Likert's five point scale.

➢ The secondary data for the study were collected from journals, books, magazines and relevant web sites.

Sample Method Non- probability sampling- Convenient sampling.

Sample Size A sample size of 125 employees working IT industry in MP was taken for the survey.

Data Analysis and Results

Reliability of questionnaire

It should be noted, however, that the researcher applied reliability test the help of the SPSS 20 Version Software to calculate the reliability and the results are discussed below:-

Table 1 Reliability Statistics

Cronbach's Alpha	N of Items
.980	70

Source Primary Data

Interpretation: - Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the "underlying construct." Construct is the hypothetical variable that is being measured (Hatcher, 1994).

Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 5 = excellent). The higher the score, the more reliable the generated scale is. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. Thus on the basis of above Cronbach's Alpha table we can conclude that our questionnaire is reliable

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because here Cranach's Alpha is .980>.9 which is called excellent.

Findings of Demographic Profile

- 54% of the respondents working in IT sector are of age group between 18-25 years.
- 27% of the respondents were married.
- 57% of the respondents have Graduation Degree.
- 64 % of respondents Income per Month were between Below Rs 30000.
- Majority of data is collected from Indore city i.e 79%, 8 % from Bhopal and 6% from Jabalpur, 4 % from Ratlam and 3% from Raipur
- 89% employees are serving current organization since 0-5years
- 80% employees fall under total experience less than 5 years.
- 36% employees have not worked in any organization before.
- Top 3 reasons for joining IT sector are good package 27%, International Exposure 25% and Life style 22% respectively.
- Top reasons for joining current job are career progress 36%, designation 23%, salary 20% and Company's brand Image 16%.

Factor Analysis

Factors analysis has been extracted by using principal component method and rotated by Kaiser Varimax rotation method.

Table 2 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.869

Bartlett's Test of Sphericity	Approx. Chi-Sq	7625.992
	df	2415
	Sig.	.000

Source Primary Data

Interpretation: - KMO Measure of sampling adequacy is used to compare the magnitudes of the observed correlation coefficients in relation to the magnitudes of the partial correlation coefficients. Large KMO values are good because correlations between pairs of variables (i.e., potential factors)can be explained by the other variables. If KMO is below .5, don't do a factor analysis.

As per KMO and Bartlett's Test value is .869 which is at par with .6 recommended value and Bartlett's test of sphericity Chi-square value is 7625.992 and significance value is .000where as degree of freedom is 2415 indicate that factor analysis done for 70 variables is effective.

Table 3 Rotated Factor Matrix

Variables	Component				
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Recruitment and Selection	2.121		1.987		1.623
Training and Development	0.583	2.311			1.164
Performance Appraisal			0.757		1.551
Compensation and Rewards		0.939		1.759	
Career Planning & Management	0.926			1.079	
Employee Engagement	1.014				
Organizational Culture	2.121			1.063	
Employee Empowerment & Participation	1.124				
Welfare Measures			1.856	2.3	
Working Environment		1.728	1.542		
Employee Attrition		2.086			
Employee Retention		3.952			
% of variance explained	*43.29*	*10.38*	*6.81*	*6.02*	*5.75*

Extraction method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
Primary Data source

Interpretation:- At the final stage, 12 selected variables and sub variables are given to factor analysis to identify the 'Factors' (smaller set of variables) considered important by the respondents. The factors are extracted by using principal component method and rotated with Kaiser varimax rotation method. The variables given to factor analyses were Recruitment and Selection, Training and Development, Performance Appraisal, Compensation and Rewards, Career Planning & Management, Employee Engagement, Organizational Culture, Employee Empowerment & Participation, Welfare Measures, Working Environment, Employee Attrition and Employee Retention.

The analysis reveals that the *first* factor contains the variables Recruitment and Selection, Training and Development, Career Planning &

Management, Employee Engagement, Organizational Culture, Employee Empowerment & Participation considering the overall image of the variables in this factor, may be identified by the name *Recruitment and employee engagement*. This factor accounts for *43.29%* of the total variance. Hence, to make the HRM practices in the IT sector more well-organized, precaution should be taken while choosing employees for the companies and steps should be taken to offer more operative and proper training and development, career planning and management, empowerment and retention facilities to the employees of the IT industries in MP.

The *second* factor contains the variables Training and Development, Compensation and Rewards, Working Environment, employee attrition and

employee retention. Considering the complete representation of the variables identified in this factor are named *Employee development and Work Environment.* This factor accounts for *10.38%* of the total variance.

The *third* factor contains the variables Recruitment and Selection, Performance Appraisal, Welfare Measures and Working Environment. Considering the complete representation of the variables identified in this factor are named *Welfare Measure* This factor accounts for 6.81% of the total variance.

The *fourth* factor contains the variables Compensation and Rewards, Career Planning & Management, Organizational Culture and Welfare Measures. Considering the complete representation of the variables identified in this factor are named *Employee Retention.* This factor accounts for *6.02%* of the total variance.

The *fifth* factor contains the variables Recruitment and Selection, Training and Development, and Performance Appraisal. Considering the complete representation of the variables identified in this factor are named *Career Planning and Management.* This factor accounts for *5.75%* of the total variance.

All the four identified factors together explained *72.25%* of the total variance *(Table III)* in the dependent variable –Human Resource Management practices whereas the variance for unidentified variables accounted *27.75%.*

From the factor analysis, it is clear that the highest loading is on the factor *Recruitment and employee engagement* which alone can explain *43.29%* of the variance. Hence, to make the HRM practices in the IT sector more well-organized, precaution should be taken while choosing and engaging employees for the companies and steps should be taken to offer more operative and proper training and development, career planning and management, empowerment and retention facilities to the employees of the IT industries in MP.

Limitations of the Study

Despite the fact that very reliable results that may also be generalized have been arrived at, the investigator would like to point out some unavoidable limitations that have entered into the study. They are stated below:
1. The list of 70 items under 12 variables selected for the study.
2. Since the study is an individual effort, the primary data required for the study are collected from 125 respondents (around 10%of total population) only.
3. Majority of data is collected from Indore city
4. The study has time constraints.
5. The study is confined to Madhya Pradesh only.

Suggestions

It is a very multifaceted task to make and maintain the very sound human resource management practices in IT sectors. It is a constant process. Based on the findings of the study, the following suggestions are made in the various functional areas of Human Resource Management, viz., Recruitment and Selection, Training and Development, Performance Appraisal, Compensation and Rewards, Career Planning & Management, Employee Engagement, Organizational Culture, Employee Empowerment & Participation, Welfare Measures, Working Environment, Employee Attrition and Employee Retention with a belief to improve the effectiveness of Human Resource Management practices in the IT sector of MP mainly in those areas where shortfalls are observed in the research.

- As discussed above human resource management deals with effectively engaging staff to meet the organizations objectives. Managing people is hardest element of any organization as compared to other factor of production like machine money and method etc. Every individual has its own likes, preferences and attitudes towards their work and lifestyle. Hence, HR professionals should take due care of all those things in mind while dealing with diverse people working in the company.

- Employees should be provided proper and periodic training after identifying its needs. Thus, it increases efficiency, improves attitude and reduces employee stress.

- In current scenario, along with the skill development demands for change in the mindset, behavior and attitude of the employees. Consequently, appropriate provision should be made before adopting new policies to carry about the essential changes in attitude and outlook approach in the personnel and creating awareness to align with organizations objective.

- Apart from monetary benefits employees also seeks non-monetary benefits such as medical benefits, educational facilities to the children of the employees, employees education schemes, canteen facilities, maternity benefits, rest room facilities, recreation facilities, participation in management etc., are not up to the expectancies of the employees

- of IT industry. Therefore, it is recommended that the IT sectors have to take some tangible steps for the enhancement of the non–monetary benefits presented to the employees.

- The probabilities accessible for promotion are not at all inspiring in the IT sectors in Madhya Pradesh. Concerning the promotion, importance should be given to proficient efficacy rather than other abilities. It is advised that to raise the effectiveness of the workforces and form an interest in the work, appropriate promotional prospects have to be given to the employees. Seniority and efficiency should be considered jointly for the promotion of the employees for higher positions in their organizations.

- The research advocated that the employees of IT industry have to be offered ample of openings to participate in the management. The managements of the IT sectors have to take certain constructive steps to offer adequate training to their personnel to implement the concept of Workers' Participation in the Management. It will promote team spirit and a sense of belonging among the employees.

- A sound employee assessment system links individual performance to the organizational objectives and priorities. A well-structured performance feedback system supports in recognizing well performing employees.

- There should be two-way communiqué between the management and the

employees as it movements a reflective impact on the employees' gladness. Employees should be kept updated about the organization's strategies and programmes through conferences, bulletins and informal deliberations. Employees should be permitted to ask questions and to get explanations themselves about their worries and hesitation.

- The IT Companies should conduct various awareness programmes related to Human Resource Practices, it will develop the positive approach knowledge of employees about Human Resource Practices.

Conclusion

In the existing competitive surroundings, the IT companies are facing lot of rivalry and skill shortage. Consequently, the IT Company have to devised and implemented a number of innovative human resource practices in order to attract the best talent, providing them a good environment to work with and which also enables the company to retain talents.

In this research, we considered 12 major factors which represented most of the human resources management practices followed by IT companies in Madhya Pradesh. The research discloses that all HRM dimensions applied in the IT sector of MP does not satisfied to the employees uniformly. Majority of employees are dissatisfied and demotivated with compensation and rewards, training and development, career planning and management, performance appraisal.. It is apparent that HRM practices in the IT sector of MP are not full-fledged developed and there is the urgent requisite to make use of the services of HR experts, professional and researchers to help outline and develop innovative directional focus that will guarantee a well-organized and effective human resource practices.

Finally, this paper recommend that IT companies should review existing pay practices so as to offer pay competitive to market, provide challenging and meaningful work tasks, and cultivate positive relationships between workers in order to create an excellent working environment

Acknowledgement

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