



A STUDY ON ORGANIZATIONAL FACTORS FOR EFFECTIVE IMPLEMENTATION OF HUMAN RESOURCE (HR) PRACTICES IN IT SECTOR

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Abstract

The IT companies approaches to staffing, compensation, training and development, performance management, organizational change, and labour relations have profound effects on the company's ability to address these challenges based on its effectiveness and survival. The exploratory factor analysis shows work environment, effectiveness, coordination, job security and innovativeness are the organizational factors for effective implementation of Human Resource (HR) practices in IT sector. The results indicate that there is a significant difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices. The regression analysis shows that work environment, effectiveness, coordination, job security and innovativeness are positively and significantly influencing the overall implementation of Human Resource (HR) practices in IT sector. The IT companies should provide conducive working environment to their employees through adopting advanced technologies, higher organizational values, good organizational culture, incentives and rewards. In addition, evaluation and feedback should be done in regular intervals and the same should be communicated to the employees.

Key Words: *Exploratory Factor Analysis, HR Practices, IT Sector, Organizational Factors, Regression.*

1. INTRODUCTION

Information Technology (IT) sector in India has played a key role in putting India on the global map. IT sector in India has been one of the most significant growth contributors for the Indian economy. The sector has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The sector has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

The IT companies approaches to staffing, compensation, training and development, performance management, organizational change, and labour relations have profound effects on the company's ability to address these challenges based on its effectiveness and survival. Moreover, not all IT companies are the same, and therefore distinctions in the size and nature of the company and the firm's life cycle stage (emerging or established at a minimum) are important.

In every organization, employees should know their goals, feel respected and valued, understand their role, and know how to succeed. When such conditions are created by employees, it leads to organizational success and improves productivity thus reducing the risk involved. In the process of creating effective HR practices and strategies organization face challenges, but creating such effective strategies enhances the organizational effectiveness and helps in resolving issues and problems within the organization.

It is true that the incorporation of HR policies and strategies with the organization's strategy not only improves organizational performance but also employee performance and job satisfaction. Particularly HR practices are more important component of work condition that influences the job satisfaction of employees. With respect of HR practices in clearly explained about the behaviour of top management that is supportive and encouraging in organizations about rules, trainings, work practices, recognition and reward for good work. Therefore, the present research is attempted to study organizational factors for effective implementation of Human Resource (HR) practices in IT sector in Bangalore.

2. METHODOLOGY

Among different IT cubs in India, Bangalore city has been purposively selected for the present study. The 1200 employees of IT sector have been selected for the present study by adopting random sampling technique and the data and information pertain to the year 2014-2015. In order to examine the socio-economic characteristics of employees of IT sector, the frequency and percentage analysis have been worked out. In order to identify the organizational factors for effective implementation of Human Resource (HR) practices in IT sector, the exploratory factor analysis has been employed. In order



to examine the difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices, the ANOVA (Analysis of Variance) has been applied. In order to examine the influence of organizational factors on overall implementation of Human Resource (HR) practices in IT sector, the multiple linear regression has been employed.

3. RESULTS AND DISCUSSION

3.1. SOCIO-ECONOMIC CHARACTERISTICS OF EMPLOYEES OF IT SECTOR

The socio-economic characteristics of employees of IT sector were analyzed and the results are presented in Table-1. The results show that about 59.33 per cent of employees are males and the rest of 40.67 per cent of employees are females. It is observed that about 27.50 per cent of employees belong to the age group of 26 – 30 years followed by 31 – 35 years (24.92 per cent), 36 – 40 years (20.00 per cent), 21 – 25 years (19.83 per cent), 41 – 45 years (5.08 per cent) and above 45 years (2.67 per cent).

The results indicate that about 37.17 per cent of employees have the educational qualification of B.E. followed by B.Tech. (17.00 per cent), M.C.A. (16.00 per cent), B.Sc., / BCA., / B.Sc., (IT) (9.67 per cent), M.E. (8.75 per cent), M.Sc. (IT) (5.83 per cent) and M.Tech. (5.58 per cent). It is clear that about 45.50 per cent of employees are Software Programmers followed by Software Designers (17.50 per cent), Software Testers (13.42 per cent), Software Developers (12.83 per cent) and Software Analysts (10.75 per cent).

The results reveal that about 29.00 per cent of employees belong to the monthly salary of Rs.40,001 – Rs.50,000 followed by Rs.30,001 – Rs.40,000 (21.50 per cent), Rs.50,001 – Rs.60,000 (18.83 per cent), Rs.20,001 – Rs.30,000 (16.83 per cent) and more than Rs.60,000 (13.84 per cent). It is apparent that about 25.42 per cent of employees have the work experience of 4 – 6 years followed by 1 - 3 years (23.25 per cent), 7 – 9 years (18.33 per cent), 10 – 12 years (15.42 per cent), 13 – 15 years (11.58 per cent) and above 15 years (6.00 per cent).

Table – 1, Socio-Economic Characteristics of Employees of IT Sector

Socio-Economic Profile	Frequency	Percentage
Gender		
Male	712	59.33
Female	488	40.67
Age Group		
21 – 25 years	238	19.83
26 – 30 years	330	27.50
31 – 35 years	299	24.92
36 – 40 years	240	20.00
41 – 45 years	61	5.08
Above 45 years	32	2.67
Educational Qualification		
B.Sc., / BCA., / B.Sc., (IT)	116	9.67
B.E.	446	37.17
M.E.	105	8.75
B.Tech.	204	17.00
M.Tech.	67	5.58
M.C.A.	192	16.00
M.Sc. (IT)	70	5.83
Designation		
Software Developer	154	12.83
Software Designer	210	17.50
Software Programmer	546	45.50
Software Tester	161	13.42
Software Analyst	129	10.75
Monthly Income		
Rs.20,001 – Rs.30,000	202	16.83



Rs.30,001 – Rs.40,000	258	21.50
Rs.40,001 – Rs.50,000	348	29.00
Rs.50,001 – Rs.60,000	226	18.83
More than Rs.60,000	166	13.84
Work Experience		
1- 3 years	279	23.25
4 – 6 years	305	25.42
7 – 9 years	220	18.33
10 – 12 years	185	15.42
13 – 15 years	139	11.58
Above 15 years	72	6.00

3.2 IDENTIFICATION OF ORGANIZATIONAL FACTORS FOR EFFECTIVE IMPLEMENTATION OF HUMAN RESOURCE (HR) PRACTICES

In order to identify the organizational factors for effective implementation of Human Resource (HR) practices in IT sector, the exploratory factor analysis has been employed. The principal component method of factor analysis has been carried out with Eigen values greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table-2. The results of Kaiser-Meyer-Olkin (KMO Test) measure of sampling adequacy (KMO = 0.776) and Bartlett's test of Sphericity (Chi-square value = 0.0009; Significance = 0.000) indicates that the factor analysis method is appropriate.

There are five factors which are extracted accounting for a total of 78.10 per cent of variations on 20 variables. The each of the five factors contributes to 28.15 per cent, 18.70 per cent, 12.47 per cent, 10.32 per cent and 8.46 per cent respectively.

Table - 2, Identification of Organizational Factors for Effective Implementation of Human Resource (HR) Practices

Factor	Item	Rotated Loadings	Factor	Eigen Value	% of Variation	Factor Name
I	Advanced technologies	0.76	4.34	4.34	28.15	Work Environment
	Technical proficiency	0.81				
	Organizational culture	0.80				
	Organizational values	0.76				
	Evaluation and feed back	0.74				
	Incentives and reward	0.79				
II	Competitiveness	0.69	3.10	3.10	18.70	Effectiveness
	HR department and its expertise	0.77				
	Proactive HR practices	0.80				
	Encouraged skills sharing	0.74				
	Effective leadership	0.67				
III	Information processing	0.71	2.50	2.50	12.47	Coordination
	Communication facilities	0.76				
	Interaction with employees	0.71				
	Morale and motivation	0.75				
IV	Compensation	0.73	1.53	1.53	10.32	Job Security
	Recruitment and selection	0.82				
	High job security	0.60				
V	Transparency in HR practices	0.76	1.22	1.22	8.46	Innovativeness
	Creativity and innovation	0.74				



	training				
	Cumulative % of Variation	-	-	78.10	-
	Cronbach's Alpha	-	-	-	0.86

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 12 iterations.

Factor-I: From the results, it is inferred that out of 20 variables, six variables have their high, relatively tightly grouped factor loadings on factor-I.

This factor consists of:

- Advanced technologies (0.76)
- Technical proficiency (0.81)
- Organizational culture (0.80)
- Organizational values (0.76)
- Evaluation and feed back (0.74)
- Incentives and reward (0.79)

Hence, this factor is named as “Work Environment”.

Factor-II: is formed with:

- Competitiveness (0.69)
- HR department and its expertise (0.77)
- Proactive HR practices (0.80)
- Encouraged skills sharing (0.74)
- Effective leadership(0.67)

These variables are named as “Effectiveness”

Factor-III: This factor includes:

- Information processing (0.71)
- Communication facilities (0.76)
- Interaction with employees (0.71)
- Morale and motivation (0.75)

These variables are named as “Coordination”

Factor-IV: This factor is formed with:

- Compensation (0.73)
- Recruitment and selection (0.82)
- High job security (0.60)

This factor is named as “Job Security”

Factor-V: This factor includes:

- Transparency in HR practices (0.76)
- Creativity and innovation training (0.74)

These variables are named as “Innovativeness”

The Cronbach's alpha of the scale was 0.86 indicating that each measure demonstrated acceptable internal consistency. It is inferred that work environment, effectiveness, coordination, job security and innovativeness are the organizational factors for effective implementation of Human Resource (HR) practices in IT sector.

3.3. SOCIO-ECONOMIC CHARACTERISTICS OF THE EMPLOYEES AND ORGANIZATIONAL FACTORS FOR EFFECTIVE IMPLEMENTATION OF HUMAN RESOURCE (HR) PRACTICES

In order to examine the difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices, the ANOVA (Analysis of Variance) has been applied and the results are presented in Table-3.



Table -3, Difference between Socio-Economic Characteristics of the Employees and Organizational Factors for Effective Implementation of Human Resource (HR) Practices

Particulars	F-value	Sig.
Gender and Organizational Factors for Effective Implementation of Human Resource (HR) Practices	18.194	.000
Age and Organizational Factors for Effective Implementation of Human Resource (HR) Practices	4.218	.001
Educational Qualification and Organizational Factors for Effective Implementation of (HR) Practices	2.346	.029
Designation and Organizational Factors for Effective Implementation of (HR) Practices	17.139	.000
Monthly Income and Organizational Factors for Effective Implementation of (HR) Practices	6.134	.000
Work Experience and Organizational Factors for Effective Implementation of (HR) Practices	13.884	.000

The results indicate that the F-values are significant indicating that there is a significant difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices. Hence, the null hypothesis of there is no significant difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices is rejected.

3.4 INFLUENCE OF ORGANIZATIONAL FACTORS ON OVERALL IMPLEMENTATION OF HUMAN RESOURCE (HR) PRACTICES

In order to examine the influence of organizational factors on overall implementation of Human Resource (HR) practices in IT sector, the multiple linear regression has been employed and the results are presented in Table-4. The organizational factors derived from exploratory factor analysis are considered as independent variables and the overall implementation of Human Resource (HR) practices is considered as dependent variable. The results show that the coefficient of multiple determinations (R^2) is 0.71 and adjusted R^2 is 0.69 indicating the regression model is good fit. It is inferred that about 69.00 per cent of the variation in dependent variable (Overall Implementation of Human Resource (HR) Practices) is explained by the independent variables (Organizational Factors). The F-value of 45.957 is statistically significant at one per cent level indicating that the model is significant.

Table - 4, Influence of Organizational Factors on Overall Implementation of Human Resource (HR) Practices

Organizational Factors	Regression Co-efficients	t-value	Sig.
Intercept	1.652**	11.105	.000
Work Environment (X_1)	.452**	10.092	.000
Effectiveness (X_2)	.405**	9.998	.000
Coordination (X_3)	.421**	10.137	.000
Job Security (X_4)	.442**	11.251	.000
Innovativeness (X_5)	.397**	9.763	.000
R^2	0.71	-	-
Adjusted R^2	0.69	-	-
F	45.957	-	.000
N	900	-	-

Note: ** Significance at one per cent level.

The results indicate that work environment, effectiveness, coordination, job security and innovativeness are positively and significantly influencing the overall implementation of Human Resource (HR) practices in IT sector at one per cent level. Hence, the null hypothesis of there is no significant influence of organizational factors on overall implementation of Human Resource (HR) practices in IT sector is rejected.

4. CONCLUSION

The study reveals that majority of the employees are males and most of the employees belong to the age group of 26 – 30 years. Majority of the employees have the educational qualification of B.E. and most of the employees are Software Programmers. Majority of the employees belong to the monthly salary of Rs.40,001 – Rs.50,000 and most of the employees have the work experience of 4 – 6 years.



The exploratory factor analysis shows work environment, effectiveness, coordination, job security and innovativeness are the organizational factors for effective implementation of Human Resource (HR) practices in IT sector. The results indicate that there is a significant difference between socio-economic characteristics of the employees and organizational factors for effective implementation of Human Resource (HR) practices.

The regression analysis shows that work environment, effectiveness, coordination, job security and innovativeness are positively and significantly influencing the overall implementation of Human Resource (HR) practices in IT sector.

The IT companies should provide conducive working environment to their employees through adopting advanced technologies, higher organizational values, good organizational culture, incentives and rewards. In addition, evaluation and feed back should be done in regular intervals and the same should be communicated to the employees. The HR departments in IT companies should be competitive and expert in the HR functions and activities and it should have proactive HR practices. Besides, HR professionals should encourage skills sharing and effectiveness of leadership among employees for effective implementation of HR practices.

The HR department should encourage quick processing of information and provide adequate and advanced communication facilities to the employees. The HR department should encourage interaction among employees and improve the morale and motivation of employees. Besides, the IT companies should provide job security for their employees at least a minimum periods of 3-5 years and provide innovative trainings to their employees to enhance the innovativeness of employees.

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