A STUDY ON CRITCAL EVALUATION OF HR PRACTICES IN IT FIRMS IN CHENNAI

P. Raja*   Dr. R. Ramesh Kumar
*Research Scholar, Madras University.
**Associate Professor, Tamilnadu Institute of Labour Studies, Chennai.

Abstract
Human resource management aims at obtaining capable people for achieving the objectives of the organization and for ensuring effective utilization of their services. As the success of any organization largely depends on the quality of its human resources and the extent to which they are motivated, human resource management has come to acquire a special significance in an organisation. 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. The objective of this study is to evaluate the effectiveness of recruitment, selection, induction, training and development practices with respect to organization performance, find out the attitude of employees towards compensation policy, organization culture and performance appraisal system and to calculate the employee retention rate of IT companies and factors determining the retention rate of the organization.

Key Words : HR Practices, IT Sector, Sources of Recruitment, Attrition.

Introduction
In today competitive global business environment it is realized that human resources play a very important role in the success of the organization. Human resources refers to the employees and deals with the   issues related to people such as recruitment and selection, training and development, wage and salary administration, performance appraisal etc. It is also important to note that there could be efficient management of the functions in an organisation such as finances and markets depends upon human resources.   This makes it all the more necessary for anorganist ion to ensure that there is effective management of human resources irrespective of the size and nature of the organization.

Human resource management aims at obtaining capable people for achieving the objectives of the organization and for ensuring effective utilization of their services. As the success of any organization largely depends on the quality of its human resources and the extent to which they are motivated, human resource management has come to acquire a special significance in an organisation. In short it relates to the total set of knowledge, skills and attitudes that firms need to compete. It involves concern for and action taken in the management of people. Such actions may be bound together by the creation of an HRM philosophy.

IT and Changing Role of HR
Human resources are critical in the software industry. Human resources are not only the drivers and principal value-creators but also intellectual property of the industry. Therefore attracting, training, developing, appraising, compensating and rewarding are the critical factors. Keeping in view their importance, it is thought necessary to study HR practices in IT sector.
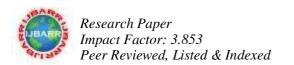
Need for the Study
The success of any organization depends on the performance of people in the organization. There must be a proper fit between business strategy and human resource strategy. Hence organization needs to formulate best strategies for its human resources and facilitate in the achievement of organizational objectives. The present study focuses on various human resource practices in IT sector.

Statement of the Problem
Many studies have been undertaken with respect to the ITsector but not much effort has been made to study the impact of HR related practices such as recruitment, training and development, performance appraisal and reward system on the performance of employees. Though some sporadic attempts were made and stray articles are found on HRM practices in IT industry, no such study has so far been carried out in IT companies in Chennai.

Objectives of the Study
1. To evaluate the effectiveness of recruitment, selection, induction, training and development practices with respect to organization performance.
2. To know the attitude of employees towards compensation policy, organization culture and performance appraisal system.
3. To find the employee retention rate of IT companies and factors determining the retention rate of the organization.

Limitations of the Study
1. The study is based upon the perception of the management staff towards HR practices and does not take in to account the non-management staff.
2. Due to constraint of time, only a small sample from the entire segment of employees have been considered for the study.
3. Most of the questions in the questionnaire were close-ended which did not reveal more information. Hence the choice made by the respondents in answering the questions need not correlate with his/her views fully.
4. Some of the employees may have shown a biased answering to the questions.

Analysis of Data

Table 1: Demographic Details of the Sample

Age	Percent	Total Years of Experience	Percent
21-30	46%	0-1	24%
31-40	27%	1-3	35%
41-50	23%	3-10	28%
50& above	4%	10-15	13%
Total	**100%**	**Total**	**100%**
Educational Qualification	**Percent**	**Experience in Present Company**	**Percent**
Graduate	5%	0-1	44%
Post Graduate	14%	1-3	33%
Professional	61%	3-5	15%
Technical	13%	5-10	8%
Others	7%	**Total**	**100%**
Total	**100%**		

Chi-Square

Hypothesis: H_o : There is no significant relationship between Income of employees and leel of satisfaction with quality of work life.

Table 2: Chi-Square Test for Association between Income and Level of Satisfaction on Quality of Work Life

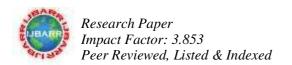| Monthly Income (in Rs)	Low	Moderate	High	Total	Chi-square Value	P value
Below Rs. 50,000	10 (35.7) [45.45]	13 (46.43) [38.26]	5 (17.86) [26.31]	28		
Rs. 50,000-75,000	10 (29.41) [45.45]	16 (47.05) [47.05]	8 (23.53) [42.11]	34	14.555	0.005**
Above Rs. 75,000	2 (16.67) [9.09]	5 (41.67) [14.71]	5 (41.67) [26.31]	12		
Total	22	34	19	75		

Note: 1. The value within (   ) refers to Row Percentage
2. The value within [   ] refers to Column Percentage
*3. ** Denotes significant at 1% level*

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is association between income and level of satisfaction on quality of work life
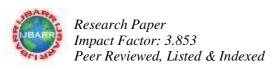
Table 3 : Sources for Recruitment in IT Firms

Particulars	Apr 2014 to March 2015			Apr 2015 to March 2016		
	Total No. of Qualified Application	No. of candidates appointed	Conversion Percentage	Total No. of Qualified Application	No. of candidates appointed	Conversion Percentage
Portals	60	20	33.3%	54	16	29.6%
Advertisement	52	16	30.8%	36	13	36.1%
References	12	8	66.7%	18	7	30.8%
Unsolicited Employees	64	18	28.1%	45	14	31.1%
Campus Recruitment	110	12	10.9%	102	12	11.7%
Total	**298**	**74**	**24.8%**	**255**	**62**	**24.3%**

Research Paper
Impact Factor: 3.853
Peer Reviewed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

From the above table it has been inferred that reference is that main source for recruitment in the year 2014- 2015 and 2015- 2016, next source for recruitment being portal and advertisement.

S. No	Particulars	Extremely Good 7	Very Good 6	Some what Good 5	Neither Good Nor Bad 4	Some what Bad 3	Very Bad 2	Extremely Bad 1	Total	Weighted Average Score
1	Employee Compensation Policy of the company	3*7 =21	5*6 =30	34*5 =170	10*4 =40	11*3 =33	10*2 =20	2*1 =2	316	4.2
2	Timely Payment of Salary	7*7 =49	10*6 =60	15*5 =75	23*4 =92	8*3 =24	7*2 =14	5*1 =5	319	4.2
3	Employer's commitment towards salary	2*7 =14	10*6 =60	8*5 =40	40*4 =160	10*3 =30	2*2 =4	3*1 =3	311	4.1
4	organization design	2*7 =14	8*6 =48	9*5 =40	31*4 =124	5*3 =15	10*2 =20	10*1 =10	261	3.4
5	perfection of organization structure	3*7 =21	7*6 =42	15*5 =75	25*4 =100	7*3 =21	8*2 =16	10*1 =10	285	3.8
6	Delegation of authorities and responsibilities	5*7 =35	7*6 =42	20*5 =100	15*4 =60	18*3 =54	8*2 =16	2*1 =2	309	4.1
7	Employee role definition	2*7 =14	8*6 =48	15*5 =75	20*4 =80	12*3 =36	10*2 =20	8*1 =8	289	3.8
8	Organization culture	5*7 =35	10*6 =60	15*5 =75	8*4 =32	28*3 =84	7*2 =14	2*1 =2	302	4
9	Work relation among employees and management	3*7 =21	15*6 =90	12*5 =60	25*4 =100	10*3 =30	8*2 =16	2*1 =2	319	4.2
10	Work culture	7*7 =21	13*6 =78	20*5 =100	25*4 =100	6*3 =18	3*2 =6	1*1 =1	324	4.3
11	Work environment	8*7 =56	12*6 =72	30*5 =150	15*4 =60	4*3 =12	3*2 =6	3*1 =3	359	4.7
12	Performance appraisal system	1*7 =7	5*6 =30	14*5 =70	20*4 =80	20*3 =60	10*2 =20	5*1 =5	272	3.6
13	Quality of performance appraisal system	3*7 =21	2*6 =12	10*5 =50	15*4 =60	17*3 =51	20*2 =40	8*1 =8	242	3.2
14	Supremacy Policy performance appraisal system	2*7 =14	8*6 =48	20*5 =100	7*4 =28	15*3 =45	18*2 =36	5*1 =5	276	3.6
15	Adequacy of performance appraisal system	2*7 =14	8*6 =48	15*5 =75	21*4 =84	19*3 =57	6*2 =12	4*1 =4	294	3.9
16	Impact of performance appraisal outcome on employee development	3*7 =21	8*6 =48	29*5 =145	8*4 =32	12*3 =36	9*2 =18	6*1 =6	306	4
17	Transparency of performance appraisal system	7*7 =49	15*6 =90	20*5 =100	15*4 =60	12*3 =36	3*2 =6	3*1 =3	344	4.5
18	Involvement of both in performance appraisal system	4*7 =28	11*6 =66	27*5= 135	15*4 =60	9*3 =27	6*2 =6	3*1 =3	325	4.3
19	Recognition employee in performance appraisal	5*7 =35	17*6 =102	15*5 =75	20*4 =80	10*3 =30	5*2 =10	3*1 =3	335	4.4
20	Attitude of management in performance appraisal system	7*7 =49	18*6 =108	10*5 =50	18*4 =72	12*3 =36	9*2 =18	1*1 =1	334	4.4
21	Training development of the employee	5*7 =35	12*6 =72	23*5 =115	18*4 =72	9*3 =27	6*2 =12	2*1 =2	335	4.4

Table 4 : Weighted Average Method

Research Paper
Impact Factor: 3.853
Peer Reviewed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

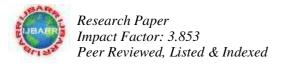| 22 | Adequacy method used for employee training and development | 7*7 =49 | 13*6 =78 | 35*5 =175 | 10*4 =40 | 7*3 =21 | 2*2 =4 | 1*1 =1 | 368 | 4.9 |
23	Training and development Policy	4*7 =28	10*6 =60	15*5 =75	25*4 =100	16*3 =48	3*2 =6	2*1 =2	319	4.2
24	Impact on effectiveness of training and development	2*7 =14	17*6 =102	14*5 =70	27*4 =108	9*3 =27	4*2 =8	2*1 =2	331	4.4
25	induction and bonus	10*7 =70	7*6 =42	18*5 =90	22*4 =88	12*3 =36	4*2 =8	2*1 =2	336	4.4
26	Quality of orientation programme	5*7 =35	12*6 =72	28*5 =140	13*4 =52	10*3 =30	4*2 =8	3*1 =3	340	4.5
27	Adequacy in initial training programme	8*7 =56	15*6 =90	23*5 =115	12*4 =48	9*3 =27	7*2 =14	1*1 =1	351	4.6
28	Provision of basic infrastructure to employee to work	6*7 =42	16*6 =96	18*5 =90	22*4 =88	8*3 =24	4*2 =8	1*1 =1	349	4.6
29	Incentives and bonus	6*7 =42	19*6 =114	27*5 =135	12*4 =48	4*3 =12	4*2 =8	3*1 =3	362	4.8
30	Matching job description with present job	7*7 =49	12*6 =72	21*5 =105	18*4 =72	9*3 =27	6*2 =12	2*1 =2	339	4.5
31	Scope for career advancement	8*7 =56	17*6 =102	24*5 =120	15*4 =60	5*3 =15	4*2 =8	2*1 =2	363	4.8
32	Quality of work life for the employee	9*7 =63	15*6 =90	28*5 =140	18*4 =72	3*3 =9	1*2 =2	1*1 =1	377	5
33	Health measures provided for the employee	5*7 =35	12*6 =72	20*5 =100	18*4 =72	8*3 =24	7*2 =14	5*1 =5	322	4.2

Table 5: Reasons for Employees Leaving the Current Job

Particulars	Apr 2014 to March 2015		Apr 2015 to March 2016	
	Deletion	Conversion Percentage	Deletion	Conversion Percentage
Compensation	32	55%	19	61%
Relocation	9	15%	5	16%
Better Opportunity	12	21%	5	16%
Personal Problem	5	9%	2	7%
Total	**58**	**100%**	**31**	**100%**

From the above table it is clear that 55% of the employees reported that compensation is the main reason for leaving the job in the year 201 – 5 and 61% of the employees feel the same in the year 2015 - 16.

Findings of the Study
From the study it is found that:
- 45% of the employees feel that the compensation policy of the company is somewhat good, 15% of the employees feel it is somewhat bad and 13% of the employees feel it is neither good nor bad.
- 31% of the employees feel that timely payment of salary is neither good nor bad, 20% of the employees feel it is somewhat good and 13% of the employees feel it is very good.
- 53% of the employees feel that employer's commitment towards the salary is neither good nor bad, 13% of the employees feel it is somewhat bad and 11% of the employees feel it is very good.
- 41% of the employees feel that organization design used by the company is neither good nor bad, 12% of the employees feel it is somewhat good and 7% of the employees feel it is very bad.
- 41% of the employees feel that organization design used by the company is neither good nor bad, 12% of the employees feel it is somewhat good and 7% of the employees feel it is very bad.
- 27% of the employees feel that delegation of authorities and responsibilities to the employees is somewhat good, 24% of the employees feel it is somewhat bad and 20% of the employees feel it as neither good nor bad.
- 27% of the employees feel that employee role definition in the organization is neither good nor bad, 20% of the employees feel it is somewhat good and 16% of the employees feel it as somewhat bad.

- 37% of the employees feel that organization culture implemented in the organization is somewhat bad, 20% of the employees feel it is somewhat good and 11% of the employees feel it as neither good nor bad.
- 33% of the employees feel that organization culture implemented in the organization is neither good nor bad, 16% of the employees feel it is somewhat good and 13% of the employees feel it as somewhat bad.
- 33% of the employees feel that work culture is neither good nor bad, 27% of the employees feel it is somewhat good and 8% of the employees feel it as somewhat bad.
- 40% of the employees feel that work environment is somewhat good, 20% of the employees feel it is neither good nor bad and 5% of the employees feel it as somewhat bad.
- 27% of the employees feel that performance appraisal System is somewhat bad, 27% of the employees feel it is neither good nor bad and 19% of the employees feel it as somewhat good.
- 23% of the employees feel that Quality of performance appraisal system is somewhat bad, 20% of the employees feel it is neither good nor bad and 13% of the employees feel it as somewhat good.
- 26% of the employees feel that Supremacy policy of performance appraisal system is somewhat good , 20% of the employees feel it is somewhat bad and 9% of the employees feel it as neither good nor bad.
- 28% of the employees feel that Adequacy of performance appraisal system is neither good nor bad, 25% of the employees feel it is somewhat bad and 20% of the employees feel it as somewhat good.
- 38% of the employees feel that Impact of performance appraisal on outcome of employee development is somewhat good, 16% of the employees feel it is somewhat bad and 11% of the employees feel it as neither good nor bad.
- 26% of the employees feel that transparency in performance appraisal system is somewhat good, 20% of the employees feel it is neither good nor bad and 16% of the employees feel it as somewhat bad.
- 36%of the employees feel that Involvement of employer and employee in performanceappraisal system is somewhat good, 20% of the employees feel it is neither good nor bad and 12% of the employees feel it as somewhat bad.
- 27% of the employees feel that Importance in recognition of employee in performance appraisal system is neither good nor bad, 20% of the employees feel it is somewhat good and 13% of the employees feel it as somewhat bad.
- 24% of the employees feel that Attitude of management in performance appraisal system is neither good nor bad, 16% of the employees feel it is somewhat bad and 13% of the employees feel it as somewhat good
- 31% of the employees feel that Training and development of employee's is somewhat good, 24% of the employees feel it is neither good nor bad and 12% of the employees feel it as somewhat bad
- 47% of the employees feel that Adequacy method used for training and development is somewhat good, 13% of the employees feel it is neither good nor bad and 9% of the employees feel it as somewhat bad
- 34% of the employees feel that Training and development policy used in the organization is neither good nor bad, 21% of the employees feel it is somewhat bad and 20% of the employees feel it as somewhat good
- 36% of the employees feel that impact on effectiveness of training and development method on employees is neither good nor bad, 18% of the employees feel it is somewhat good and 12% of the employees feel it as somewhat bad
- 29% of the employees feel that induction programme given to the employee is neither good nor bad, 25% of the employees feel it is somewhat good and 16% of the employees feel it as somewhat bad.
- 38% of the employees feel that quality of orientation programme is somewhat good, 17% of the employees feel it is neither good nor bad and 13% of the employees feel it as somewhat bad.
- 31% of the employees feel that adequacy in initial training programme somewhat good, 16% of the employees feel it is neither good nor bad and 12% of the employees feel it as somewhat bad.
- 29% of the employees feel that adequacy in initial training programme is neither good nor bad, 24% of the employees feel it is somewhat good and 11% of the employees feel it as somewhat bad.
- 36% of the employees feel that incentives and bonus scheme is somewhat good, 17% of the employees feel it is neither good nor bad and 5% of the employees feel it as somewhat bad.
- 28% of the employees feel that matching job description with present job is somewhat good, 24% of the employees feel it is neither good nor bad and 12% of the employees feel it as somewhat bad.
- 32% of the employees feel that scope for career advancement in the organization is somewhat good, 20% of the employees feel it is neither good nor bad and 7% of the employees feel it as somewhat bad.
- 38% of the employees feel that quality of work life provided for the employee is somewhat good, 24% of the employees feel it is neither good nor bad and 4% of the employees feel it as somewhat bad.
- 27% of the employees feel that health measures provided for the employee is somewhat good, 24% of the employees feel it is neither good nor bad and 11% of the employees feel it as somewhat bad.
- 39% of the employees feel that welfare measures provided for the employee is somewhat good, 17% of the employees feel it is neither good nor bad and 11% of the employees feel it as somewhat bad.

Suggestions

1. Companies have to improve the quality of performance appraisal system and have to clearly define the performance appraisal policy.
2. Companies have to design an effective organization structure in order to execute the work more effectively
3. Companies can go for market oriented compensation policy rather than conventional compensation policy
4. The conversion rate of other sources like Portals, Unsolicited employees, Advertisement and Campus recruitment has to be improved by careful recruitment policy, Job description and job analysis should be clearly given to the employees.

Conclusion

As firms are entering into a more dynamic world of international business and as the globalization of world markets continue apace, HRM issues appear to be gaining momentum. Both practitioners and academics in the field of HRM are increasingly aware of the need to examine and understand the HRM system suitable to different parts of the world. They are also interested in finding relevant HRM policies and practices for different types of organizations.

References

1. Pareek, U., Rao, T .V. (1975), *HR System in Larsen& Toubro,* Ahmedabad: Indian Institute of Management, Unpublished Consultancy Report.
2. Pareek, U., Rao, T. V. (1977), *HR Function in Larsen & Toubro,* Ahmedabad: Indian Institute of Management.
3. Silveria, D.M. (1988), Human Resource Development- The Indian Experience, News India Publications.
4. Rao, T.V., Verma, K. &Khandelwal, A (1988), 'Alternative Approaches and Strategies .of Human Resources Management' Jaipur: Rawat.
5. Rao, T.V., Pereira, D.F. (1986), 'Recent Experiences in Human Resources Development' Oxford and IBH publishing Company.
6. Rao, T.V., Abraham, E. (1989) "Human Resource Development Climate in Indian Organizations". pp. 70-98. New Delhi: Oxford & IBH.
7. Mathur, B.L. (1990), 'Human Resource Development' Arihant Publishers Jaipur.
8. Rao, T.V. (1991), Readings in Human Resource Development, Oxford and IBH Publishing Co. Pvt. Ltd., New Delhi.
9. Prasannasai, K. (1993), 'the emerging Role of Human resource Development' in' Indian Journal of Training and Development' April-June.Vol XXIII No.2.
10. Dandekar, U. A., Karnik, S. C. &Sathye, S. M. (1993), 'Improving HR in the Power Sector: The Case of Performance Appraisal in MSEB', in a HR in the New Economic Environment, .pp 222-228.
11. Huselid, M.A., Becker (1997), 'The impact of human resource management practices on turnover, productivity and corporate financial performance' Academy of Management Journal, 38, 635-670.
12. Cascio, W. F. (1998), Managing human resources: Productivity, quality of work life, profits. 5th ed. New York: McGraw-Hill.
13. Rao, T.V. (1999), HR Audit, New Delhi: Response Books (A Division of Sage Publications).
14. Sharma A., Purang P. (2000), 'Value institutionalization and HR climate: A case study of a Navratna Public Sector Organisation. Vision' The Journal of Business Perspective, 4: 11–17.
15. Bhatia, B.S. and Batra, G.S. (2001), Human Resources Development, Deep & Deep Publications Pvt. Ltd, New Delhi.
16. Alphonsa, V.K., Sr. (2000), 'HR Climate in a Private Hospital in Hyderabad-An Empirical Study', IJTD, Vol. XXX (4).
17. Rao, T. V., Rao, Raju&Yadav, Taru (2001), 'A study of HR concepts, structure of HR departments, and HR practices in India' Vol. 26, No. 1, January-March,
18. Mishra, P. &Bhardwaj, G. (2002), 'Human Resource Development Climate: An Empirical Study among Private Sector Managers', Indian Journal of Industrial Relations, 38 (1): 66.
19. Mishra, Kavita (2002), 'A study of Human Resource Development in Life Insurance Corporation of India', Ph.D. Thesis, Department of Management, Kurukshetra University, Kurukshetra.
20. Subrahmanian Mu. &Anjani, N (2010), 'Effectiveness of employee counseling in automobile industry' Indian Journal of Commerce and Management Studies.
21. 33. Arthur, J.B. (1992), 'The Link between Business Strategy and Industrial Relations Systems in American Steel Minimills' Industrial and Labor Relations Review, 45(4), 488-506.