CHAPTER - I

DESIGN AND EXECUTION OF THE STUDY

INTRODUCTION

It is rightly said that the most fertile land on this earth is the human mind. Among the various factors of production human resource is the most important as the efficient use of physical resources *i.e.*, land, machinery and materials ultimately depends on how the human factor is put to good use on various operations. Human Resources Management is the art of procuring, developing and maintaining competent human minds to achieve the goals of an organization in an effective and efficient manner.

SIGNIFICANCE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management can help an enterprise in achieving its goal more efficiently and effectively in several ways. The first and foremost function of HRM is to assist the corporates in attracting and retaining the required talent through effective human resource planning, recruitment and selection. And developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc. It also involves securing willing cooperation of employees through motivation, participation, grievance handling and utilizing effectively the available human resources and then only the enterprise will have in future a team of competent aid dedicated employees.

Effective management of human resource helps at professional level, to improve the quality of work life. It permits team work among employees by providing a healthy working environment. It also contributes to professional growth in many ways, that is, by
providing maximum opportunities for personal development of each employee and then maintaining healthy relationships among individuals and different work groups.

From the society point of view, sound human resource management has a great significance for the society. It helps to enhance the dignity of labour in several ways by giving suitable employment that provides social and psychological satisfaction to people, then to maintain a balance between the jobs available and the jobseekers in terms of numbers, qualifications, needs and aptitudes and to eliminate the waste of human resources through conservation of physical and mental health.

At National level perspective, human resource management plays a vital role in the development of a nation. The effective exploitation and utilization of a nation’s natural, physical and financial resources require an efficient and committed manpower. The level of development in a country depends primarily on the skills, attitudes and values of its human resources. Nations are underdeveloped because their people are underdeveloped.

DEFINITIONS:

According to Edwin Flippo, human resources management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational and social objectives are accomplished”.¹

The National Institute of Personnel Management (NIPM) of India has defined human resources as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up an enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.²

According to Decenzo and Robbins, “HRM is concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential for achieving organizational objectives. This is true regardless of the type of organization – government, business, education, health, recreation, or social action”.

HRM can be defined as a process of procuring, developing and maintaining competent human resources in the organization so that the goals of an organization are achieved in an effective and efficient manner. In short, HRM is an art of managing people at work in such a manner that they give their best to the organization for achieving its set goals.

HUMAN RESOURCE MANAGEMENT: NATURE

Human Resource Management is a process of bringing people and organizations together so that the goals of each are met. The various features of HRM include:

- It is pervasive in nature as it is present in all enterprises.
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential fully.
- It encourages employees to give their best to the organization.
- It is all about people at work, both as individuals and groups. It tries to put people on assigned jobs in order to produce good results.
- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- It tries to build and maintain cordial relations between people working at various levels in the organization.
- It is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.

HUMAN RESOURCE MANAGEMENT: SCOPE

The scope of HRM is very wide. The Indian Institute of Personnel Management has specified the scope of HRM as:

- **Personnel aspect** - This is concerned with manpower planning recruitment, selection, placement, transfer promotion, training and development lay off and retrenchment, remuneration, incentives, productivity etc.
- **Welfare aspect** - It deals with working condition and amenities such as canteens, crèches, rest and lunch rooms, housing transport, medical assistance, education, health and safety, recreation facilities, etc.
- **Industrial relations aspect** - This covers union-management relations, joint consultation, and collective bargaining. Grievance and disciplinary procedures, settlement of disputes, etc.

The Human Resource Management philosophy is based on the following beliefs:

- Human resource is the most important asset in the organization.
- Human resource can be developed and increased to an unlimited extent.
- A healthy climate with values of openness, enthusiasm, trust, mutuality and collaboration is essential for developing human resource.
- HRM can be planned and monitored in ways that are beneficial both to the individuals and the organization.
- Employees feel committed to their work and the organization, if the organization perpetuates a feeling of belongingness.
- Employees feel highly motivated if the organization provides for satisfaction of their basic and higher level needs.
- Employee commitment is increased with the opportunity to discover and use one’s capabilities and potential in one’s work.
- It is every manager’s responsibility to ensure the development and utilization of the capabilities of subordinates.
HUMAN RESOURCE MANAGEMENT: OBJECTIVES

The basic objectives of Human Resource Management may be outlined as follows:

- To help the organization reach its goals.
- To ensure effective utilization of human resources.
- To generate maximum development of human resources.
- To ensure respect for human beings.
- To ensure reconciliation of individual goals with those of the organization.
- To identify and satisfy the needs of individuals.
- To achieve and maintain high morale among employees.
- To employ the skills and abilities of the workforce efficiently.
- To provide the organization with well-trained and well-motivated employees.
- To increase to the fullest the employee’s job satisfaction and self-actualization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To develop overall personality of each employee in its multidimensional aspect.
- To enhance employee’s capabilities to perform the present job.
- To develop and maintain high level of motivation among the employees.
- To equip the employees with precision and clarity in transaction of business.
- To develop employee’s capacity for higher work and greater responsibility.
- To inculcate the sense of team spirit, team work and inter-team collaboration.
HUMAN RESOURCE MANAGEMENT: FUNCTIONS

In order to achieve the above objectives, Human Resource Management undertakes the following activities:

- Human resource of manpower planning.
- Recruitment, selection and placement of personnel.
- Training and development of employees.
- Appraisal of performance of employees.
- Taking corrective steps such as transfer from one job to another.
- Remuneration of employees.
- Social security and welfare of employees.
- Setting general and specific management policy for organizational relationship.
- Collective bargaining, contract negotiation and grievance handling.
- Staffing the organization.
- Aiding in the self – development of employees at all levels.
- Developing and maintaining motivation for workers by providing incentives.
- Reviewing and auditing manpower management in the organization.
- Potential appraisal
- Feedback counseling.
- Role analysis for job occupants.
- Job rotation.
- Quality circle.
- Organisation development.
- Quality of working life etc.
RESEARCH FRAMEWORK

MANPOWER PLANNING

RECRUITMENT AND SELECTION

ETHICS

TRAINING

DEVELOPMENT

COMPENSATION

DECISION MAKING

INDUSTRIAL RELATIONS

SUPERVISORY RELATIONS

HUMAN RESOURCES EFFECTIVENESS
DIAGRAM SHOWING HRM FUNCTIONS

HRM FUNCTIONS

MANAGERIAL FUNCTIONS
- Planning
- Organizing
- Motivating
- Controlling

OPERATIVE FUNCTIONS
- Procurement
- Development
- Compensation
- Integration
- Maintenance
STATEMENT OF THE PROBLEM:

India, the world’s largest democracy and home to nearly one billion people, is quietly but quickly emerging as a leader in the field of software engineering and development. Government of India has directed 1-3 percent of the budget of every government department would be towards IT hardware and software. In addition, the government has also withdrawn import duty on software.

Software units are engaged in the production and marketing of softwares in the study area. Software industry employs different kinds of employees or professionals for various functions. Unlike other industries, software is a kind where human and machine are more important. That is why they have to renew and revise their knowledge, skills and behaviour pattern in their work culture. It is very important that there should not be undue influence by machines and mechanical aspects. Thus, the management of human resources has occupied a pivotal role in determining the destiny of the software units. The effectiveness of human resources employed depends to a larger extent how they are inducted, developed, evaluated and maintained. In this sense, this industry involves development and utilization of human resources.

The kind of project available, their execution, cost estimation; competitive strength, team spirit and professionalism are the interesting factors affecting the strength of human resources. Thus, the utilization and management of human resources become strategic in the sense that each area or activity of human resources management has gained importance. Hence, the objective of this present research work is to examine how far the HR management practices are unique in this industry? What is nature of HRM in software industry in the study area? How are the various kinds of software professionals
recruited and selected? How are they trained? Is there any difference in the training methods adopted? What is the system of evaluation of their performance? How are they compensated? What techniques of supervision are adopted? How does the culture influence the performance? How the HR is adaptive to welcome the frequent changes taking place in the organization? How far the human beings are flexible to accept such changes? What is the nature of industrial relation in the study units? These call for scientific investigation on the employment of HR in the industry. Hence, the present research work is undertaken. Moreover, should there be any variance in the HR practices used for different cadres of software employees and professionals? To what extent the size of the unit, volume of business and other organizational variables affect the HR practices? How the personal variables could be used efficiently to nurture the HR practices in the study units. With the above propositions, the present research work is undertaken.

**OPERATIONAL DEFINITION:**

1. **Software Industry**: It includes businesses involved in the development, maintenance and publication of computer software using any..

2. **Respondents**: Include employees, manager, team leader, project manager and software manager working in the software units.

3. **HRM Practices**: Various activities such as manpower planning, recruitment and selection, training, development, compensation package, decision-making, industrial relations, ethics and supervisory relationship in the software industry.
4. Factors: Major variables of human resources management namely manpower planning, recruitment and selection, training, development, compensation package, decision-making, industrial relations, ethics and supervisory relationship.

5. Dependent Variables: Effectiveness of Human Resources practice in the software industry.

6. Independent Variables: Variables like recruitment and selection, training and development, compensation package, decision-making, industrial relations ethics and supervisory relationship through various items.

7. HRM: The practices from man power planning to supervision used to manage human resources.

8. Software Units: Units taken up for study from software industry.

**SCOPE OF THE STUDY**

This research study has included various dimensions of human resource management. To determine the HRM in the study unit, 62 items were included. The major objectives of the study was to identify the satisfactory level of various factors. To enable the application of research findings, stratified random sampling was used which was determined statistically. No attempt was made in the study to relate actual, physical performance in terms of units or Rupees etc., The HRM practices were examined in the software industries in Tamilnadu, India. The findings and conclusions emanated from the study could be generalized to all similar units in India as the sampling as well as questionnaires had adequate reliability and validity.
OBJECTIVES OF THE STUDY:

1. To describe the profile of software industry in general and particular in Tamilnadu
2. To identify various characteristic features of human resource management with reference to select Indian Software units.
3. To find out the present picture of the state-of-the-art of HRM practices in software units in Tamilnadu.
4. To analyze the HRM practices according to level of employees in software units in Tamilnadu.
5. To examine the relationship between HRM practices and personal factors of employees and organizational background of sample units.
6. To suggest measures for improving human resource management in software units in Tamilnadu.

HYPOTHESES

Following are the various hypotheses of the study.

1. Human resource management practices would differ in its level in the software units.
2. There would be differences in the HRM practices at different levels of employees.
3. There would be association between HRM practices and personal background of respondents.
4. There would be association between HRM in software units and their organizational background.
METHODOLOGY

This research work was basically empirical in nature. The impact of Human resource management was measured through the perception and past experience of the respondents. Sample survey method was adopted to execute the study. Both primary and secondary data were gathered from internal and external sources. The primary data were collected through structured questionnaire. The respondents for this study were selected through stratified random sampling method.

RESPONSE RATE OF RESPONDENTS

<table>
<thead>
<tr>
<th>Categories</th>
<th>Chennai</th>
<th>Coimbatore</th>
<th>Madurai</th>
<th>Tiruchy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>67</td>
<td>25</td>
<td>07</td>
<td>17</td>
<td>116</td>
</tr>
<tr>
<td>Team Leader</td>
<td>23</td>
<td>08</td>
<td>03</td>
<td>10</td>
<td>44</td>
</tr>
<tr>
<td>Manager</td>
<td>28</td>
<td>12</td>
<td>04</td>
<td>06</td>
<td>50</td>
</tr>
<tr>
<td>Project Manager</td>
<td>28</td>
<td>15</td>
<td>04</td>
<td>02</td>
<td>47</td>
</tr>
<tr>
<td>Software Engineer</td>
<td>124</td>
<td>29</td>
<td>32</td>
<td>05</td>
<td>192</td>
</tr>
<tr>
<td></td>
<td>270</td>
<td>89</td>
<td>50</td>
<td>40</td>
<td>449</td>
</tr>
</tbody>
</table>
## POPULATION OF RESPONDENTS

<table>
<thead>
<tr>
<th>Place</th>
<th>Total no of Software Units take up for Study</th>
<th>Total no of Employees Working in Selected Sample Units</th>
<th>Sample no of Employees Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chennai</td>
<td>Mind Tree</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gavs Technology</td>
<td>400</td>
<td>270</td>
</tr>
<tr>
<td></td>
<td>Hewlett Pakard</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ATOS</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>Coimbatore</td>
<td>Cognizant Technology Solutions</td>
<td>2500</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Tata Consultancy Services</td>
<td>320</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CG-VAK Software &amp; Exports Ltd.,</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amulya Info Tech India Pvt. Ltd.,</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Madurai</td>
<td>Honey Well 1</td>
<td>600</td>
<td>50</td>
</tr>
<tr>
<td>Tiruchy</td>
<td>Shalom InfoTech</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Macon System Technologies</td>
<td>18</td>
<td></td>
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<tr>
<td></td>
<td>Tech Cmantix Technologies</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acero InfoTech</td>
<td>24</td>
<td></td>
</tr>
</tbody>
</table>

**Sampling Method:** Stratified sampling method was used for the selection of sample units. There are various strata based on the areas such as Chennai, Coimbatore, Madurai and Tiruchirappalli. From each area disproportionate numbers of respondents were selected. 270 from Chennai, 89 from Coimbatore, 50 from Madurai and 40 from Tiruchirappalli making a total of 449 were selected. The response rate ranged from 5% to 20% from different regions.

**Collection of Data:** Visited many software companies in Chennai, Coimbatore, Madurai and Tiruchirappalli. with a Questionnaire in order to collect information, and further interviews were conducted with the executives of the respective companies in order to fulfil the objectives of the study. A structured questionnaire was designed which was divided into two parts. The first part Included 11 items on the personal background...
of the respondents. The second part elicited responses on 62 items about the practices of human resource management in Software Industries. The responses were measured through Liket’s five point scale. Mean score was to the scale of responses. 5 was assigned to highly effective, 4 to effective, 3 for neutral, 2 for highly ineffective and 1 for ineffective.

The secondary data were gathered from books, Journals, Articles, Newspapers, Websites, Annual Reports, Hand book, Theses, etc.

**STATISTICAL ANALYSIS:**

The primary data collected were processed through SPSS package regoom 11. One way and two way tables were prepared. Control charts were used to identify low and high mean scores obtained by the respondents. Multiple regression was used to identify the most important and the least important factors of HRM.

**LIMITATIONS OF THE STUDY:**

The following were limitations faced by the researcher in this study:

A total of 62 items were included in the questionnaire to elicit information about the practices of HRM in Software Industries. These items would vary from one organization to another. These were applicable especially to Software Industries in the country. The same questionnaire could not be adapted to all. The study was based on the perception of respondents which were subjective in nature. A future study may bring some other responses for the same. The results obtained could not be generalized to public sector enterprises which differ in terms of their characteristics.
CHAPTER SCHEME:

The following are the various chapters designed in this study.

Chapter I : Design and execution of the study.

Chapter II : Software industry in India – a profile

Chapter III : Review of Literature

Chapter IV : Human resource management practices in select software units in Tamilnadu according to categories of employees

Chapter V : Analysis of human resources management practices according to categories of employees in software units

Chapter VI : Human resource management practices according to personal background of employees and organisational background of study units

Chapter VII : Summary of Findings, Conclusion and Suggestions.