



A STUDY ON CHANGE IN HUMAN RESOURCE MANAGEMENT PRACTICES IN THE IT-ITES INDUSTRY

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Abstract

The paper attempt to showcases the change that took place in the Human Resource Management practices from the last two decades in the IT industry. The rising trend that the Indian IT sector companies are witnessing today is also because of various newly implemented and executed HRM practices and policies. Data has been collected from various journals, books research papers, and the internet. From the study, it has been observed that how specifically the HR practices like recruitment, training and development, performance management, compensation, and rewards take place in the industry. If studying the major change in HRM practices then it is the transition from traditional HRM practices to E-HRM practices. The study highlights the future prospects of E- HRM in the IT sector in India. The discussion is also about the impact of the HRM practices in achieving the organizational goal. The work provides detailed insight for both academicians and practitioners and opens room for further research on HRM practices in the IT sector.

Keywords: HRM practices, IT industry, E-HRM.

INTRODUCTION

India has a large workforce working in the IT industry. From the last decade, it was noticed that the IT workforce increased at a rate of 3.4 percent each year. In 2011, the IT -BMP sector workforce accounted for 2.6 million and by the financial year 2019-20, it became 4.36 which is almost double from the last ten years. They are certain factors that are boosting the IT sector in India and one of them is the new approach to deal with Human Resource Management. The impact of HRM in an organization was never out of the discussion but in the present era, the proper utilization of human resources is used as a weapon to compete in the Information Technology industry. Common practices that take place in HRM are Recruitment and selection, Training and development, Performance management, Compensation and rewards which are also the parameters of the study. The study conducted in the same subject matter by Raval and Trivedi, 2014; Anitharajathi and Divya, 2016 but their paper doesn't give the present-day scenario. Thus, it makes the study more important which put efforts to present the change in the HRM practices, its impact in an organization and the future of E-HRM in the IT sector.

SIGNIFICANCE OF THE STUDY

Human resource is one of the important resources among the 4Ms of management. Human Resource Management is used as a parameter to judge the efficiency of the management. Thus, it makes the study more important to get the insight how the HR practices and policies are changing now and then to make an impact in achieving the organization goal. The study not only talks about the present-day scenario but also about the future of Human Resource Management in the context of Electronic Human Resource Management.

REVIEW OF LITERATURE

Kumar and Prasad (2013) – Studied the Human Resource Practices of five IT firms and concluded that the traditional ways of getting competitive advantage have to supplement with organizational capability i, e. the firm ability to manage people. Organizational capability in case of hiring and retaining employees should develop through effective human resource practices.

Raval and Trivedi (2014) - Provided a summary of HRM practices prevailing in IT-ITES Industry. The study says majority of the sample companies have not implemented six sigma technologies in human resource planning but HR practices like feedback on performance of employees, rewards and compensation are also taken care off by the sample companies but none of them provides leadership program.

Anitharajathi and Divya (2016) - The study was about the employee's perception towards HR policies in Information Technology (IT) companies. The paper concluded that HR policy in India is at infancy age and various inexperienced policies are undertaken by the organization which do not turn suitable for them. The paper suggested various areas need to take care off while preparing HR policies.

Ganeshan and Vethirajan (2020) – Research shows that functional outcome affects the acceptance of e-HRM and the interpersonal outcome doesn't affect the acceptance of e-HRM. The future of e-HRM in a broader context is a transformation and a step forward where trip is towards a zone of the paperless department where high speeds are ensured.

RESEARCH GAP

An extensive review of existing literature was done in reference to various HRM practices that took place over the period of time and also the role it played to improve organizational performance. The existing research papers has faced certain shortcoming or gaps, as detailed below-

1. Some attempts have been made to study the HRM practices but very few in the context of IT/ITES industry.
2. Studies that have been conducted in the area of HRM practices but don't give a present-day scenario about the HRM practices.
3. Study relating to the employee's perception towards HR policies in IT companies was conducted but it was found HR policies does not turn to be suitable for them. (Anitharajathi and Divya, 2016).

OBJECTIVE OF THE STUDY

The present study is conducted by keeping in mind the following objectives: -

1. To study the change in the HRM practices in the IT Industry
2. To study the impact of HRM practices and policy in organizational performance
3. To study the future prospects of E- HRM

RESEARCH METHODOLOGY

The population for the study was the IT/ITES industry operating in India. For the study organization having more than 2 lakh employees and the market cap of above 50000 cr. The sample population for the study was selected according to a convenient random sampling process. The survey is descriptive. For conducting the study, secondary data has been collected. The data has been collected from various journals and periodicals, individual research reports and articles, websites, etc. in connection with the study.

Based on the above criteria, only 3 (three) compromised fulfilled the criteria for being selected as a participant company. Therefore, the sample size of the survey is three companies and they are Tata Consultancy Service, Infosys and Wipro.

It is not possible to cover all the policies at a time. Core HRM practices like Recruitment & Selection, Training and development, Performance management, and compensation and rewards were considered for the study.

EVOLUTION OF HRM

The development of human resource management includes three different stages: human resource management stage, traditional human resource management stage and current strategic human resource management stage. The personnel management phase all through the 20th Century. In this phase, policies were framed by the government concerning employee welfare and rights. During the latter part of the 20th Century, The Traditional HRM phase came into action. This phase was known for its advanced and dynamic 'Human Resource Management approach. The human resource was treated as the assets of the company from this phase. The current strategic HRM phase stepped into the early part of the 21st century. The importance of HRM was felt due to the rise of globalization. Innovative learning and developments programs, suitable compensation policy was introduced to encourage the employee. Continuous feedback is there for performance management. E-HRM is also a new way of managing people along with artificial intelligence in HRM practices.

HRM PRACTICES AND ITS CHANGE IN IT-ITES SECTOR

Human Resource is life and blood of IT Industries as skillful talents are source of competitive advantage in the industries. The HRM practices in Indian IT companies like human resource planning and human resource developments initiatives are remarkably different from the other sectors. It has been claimed that the HRM practices and policies are best formulated and implemented by the IT-ITES industry in India. Lot of change take place in the HRM practices and policies in the last decade in IT firms. Major shifts took place from personnel management to HRM and again from HRM to e-HRM. The LPG policy in 1991 has not resulted only flow of investments and technology but also transfer of global human resource practices which were seen in Indian IT companies in the later part of the decade. So, from that period the demand for HRM was felt. The study has analyzed the change in HRM practices and policies of sample companies.

HRM PRACTICES AND TATA CONSULTANCY SERVICE

Recruitment and selection – TCS recruitment process include both internal and external hiring but in traditional form with rare use of electronic media. The earlier selection process was quite lengthy include various steps. In 2015-16, TCS introduced iBegin and iBelong platforms for scalable green recruitment processes. From 2017 to till now different initiatives like 'Campus Commune', 'TCS Digital Recruitment' and 'National Qualifier Test' were implemented to digitalize the full process. The selection has also summed up to just three steps Aptitude test, technical round, and HR round. Recruitment and selection are fully conducted in online mode due to global pandemic for the last one and half years. In order to reduce biasness in the process of recruitment. In 2022, TCS has implemented AI-powered intelligent assistance. AI-led tools will ease and refine recruitment processes.

Training and Development - The training formats are of two types on the duty training and off the training. There are programs for fresher's, lateral employees, self-learning, and compensatory Management tools. New recruits follow the Initial Learning program from the last decade. TCS also has an "Aspire – E-learning module" in 2013 and "TCS Ignite" for the fresher's. TCS has introduced "Ambassadors Corp" which a worldwide leadership program for the prevailing employee followed by "Building Enterprise Architects" in 2015. Self-learning/ Compensatory Management tools like ICALMS, Books 24x7, and KNOWMAX also are used for training and development purposes. In response to the COVID situation, "TCS Elevate" has been installed that links learning and careers. TCS has launched a massive program called Secure Borderless Workspace (SBWS) model to produce seamless digital working facilities for the staff. TCS corporate digital library has been introduced which offers up skilling programs for the employees.

Performance Management - Another important practice of HRM is performance management. In the last decade, there was a serious shift in the performance appraisal from the Bell curve model to the Continuous feedback model. In the Bell curve, two appraisals were conducted one at the tip of the year or one at the tip of the project. Every appraiser is given 15-20 goals which are rated from zero to 5 stars. If the staff get 2 or less than within the two-consecutive appraisal, the warning levels go up. This model continued till 2017 but in 2018 TCS

abandoned the bell curve model and moved to the continuous feedback model and found that it ends up in greater efficiency.

Compensation and rewards – TCS compensation management based on EVA model since 1999 for giving incentives. In EVA based model, the salary compromise of two types fixed and variable. Fixed pays are wages and pension while the variable a part of the salary is bonus, portion, and option at three EVA levels. TCS is also given various rewards to acknowledge the skills like Start Performer – TCS gems, best project Award, Spot Award, EVA Increments, future service awards, etc. In 2015, TCS has also announced a one-time bonus to its employee. TCS also gives 100% variable pay from time to time but it completely depends upon the corporate performance.

HRM PRACTICES AND INFOSYS

Recruitment and selection - The recruitment and selection process were traditional and offline. From 2014, there was a change in the recruitment and selection process. Infosys started to use various agencies like TAPL and web portals like indiaindianjob.com, monster.com, and nakuri.com. By 2017, seventy percent of the recruitment process was carried via online mode. Infosys conducts three rounds for new recruits, preliminary t, and technical tests are done by online process and the final HR round conducts face to face. In 2019, Infosys has launched “InfyTQ” aimed at mass campus hiring. “Launchpad app” was used to guide the flow of our new recruits through the on boarding process in the global pandemic.

Training and Development – Infosys has versatile training and development programs for the last two decades. In 2015, Infosys has set up the “Global Education Center” in Mysore which is one of the biggest corporate training centers in the world. New recruits pass through a program called Infosys U for 14.5 weeks at GEC. There is “Infosys Leadership Institute” for the leadership program at Mysore. In 2018, Infosys has introduced “LEX” an online training platform used at Infosys, and due to COVID -19 its importance has doubled. There were many pieces of training and development program implemented by Infosys like “Be the Navigator” informs of hackathons, marathons, ideathons, and knowledge sharing session. Other programs are “Talent Anywhere Model”, “InfyMe”, “iEnage”, “Campus Connect” and “Digital Quotation”.

Performance Management - Before 2016, Infosys used to follow the Bell curve model which is generally called the forced ranking appraisal program. Performance Management used to be done in four steps performance assessment, performance measurement method, ratings, and feedback. Infosys uses a system called perform magic through CRR rating system that ranges from 1+ to 4. 1+ is a star performance, 3 or 4 star means partially or do not meet expectations. In 2016 Infosys has abandoned the bell curve model and implemented a new performance appraisal system “iCount” which is called an open ranking system. This new appraisal system focuses on the contribution of the individual employees and continuous feedback.

Compensation and rewards –Infosys follow the LEAD strategy to compensate its employee. In 2011, the company has introduced the “Restricted Stocks Unit” plan which provides grants of RSU to eligible employees. But in 2015, Infosys came up with the “2015 Incentive Compensation Plan” which replaced the RSU plan. It has been reported till 26th Feb 2020, Infosys has allotted 223297 equity shares under the “2015 Incentive Compensation Plan” to the employees. In order to expand the incentives benefits scheme towards the middle and lower-level employees, Infosys launched the “Expanded Stock Ownership Program” in 2019. Various awards given to the employees are “employee of the month”, “employee of the quarter”, “long term service award”, “CMD awards” and “Award for excellence” remains the largest rewards and recognition platform at Infosys.

HRM PRACTICES AND WIPRO

Recruitment and selection - In Wipro, there are two methods of recruitment internal and external. In 2015, Wipro started recruitment its employee through NSR (National Source for Skill Registry) via online mode. Earlier there were five phases of selection but now only three steps Aptitude test, Technical Interview and HR Interview. In 2018, Wipro used interview bots for hiring and on boarding. In 2019, Wipro moved towards digitalization and conducted National Level Talent Hunt for engineering graduates. In FY 2021, as a part of digitalization initiatives and also to navigate the pandemic effectively, the entire hiring process was touch less and remote

Training and development – For Wipro’s new recruits, Project Readiness Program (PRP) is structured which is a sixty-eight-day induction training program. Wipro’s oldest training program is “Wipro Academy of Software Excellence” which still exists. In 2013-14, Wipro introduced two trainings programs “Unified Competency Framework” and “Online Placement Campus”. Another program specifically for women was introduced “Your career your choice”. In 2015-16, to ensure that our employees are trained in digital sector, programs like “Future Ready”, “Digital Foundation Academy” and “Cutting EDGE Program” are implemented. In 2017 -18, Wipro has introduced two behavioral transformation programs called “Win More – Account Mining for Growth” and “ADROTI”. “Top Gear” introduced in the same year which is a social learning and crowding platform. For training employee in delivery and presales ADAPT and PRiSM program was launched in FY 2019. Virtual lecturer guided learning (VILT), self-study modules, virtual learning, game inventions and summits enable employees to effectively manage their work in a new normal.

Performance Management – Wipro follows top-down approach in managing the employee performance. Performance of the employee is reviewed once in a year before they abandoned bell curve model. Wipro has GP rating where “G” means process /performance and “P” stands for personal effectiveness. It follows 5 rating that ranges from G1P1 to G5P5. G1P1 is the lowest rating for an employee whereas G5P5 is a highest rating. In the middle of 2016, Wipro shifts towards new appraisal system by discontinuing the bell curve. Wipro introduced quarterly review introduced in 2016-2017, continues to be a strong platform to encourage the employee till today. Wipro have 360° degree feedback process for employees in the middle and senior management roles. In 2022-23, Wipro used Artificial Intelligence to aid manages in writing reviews

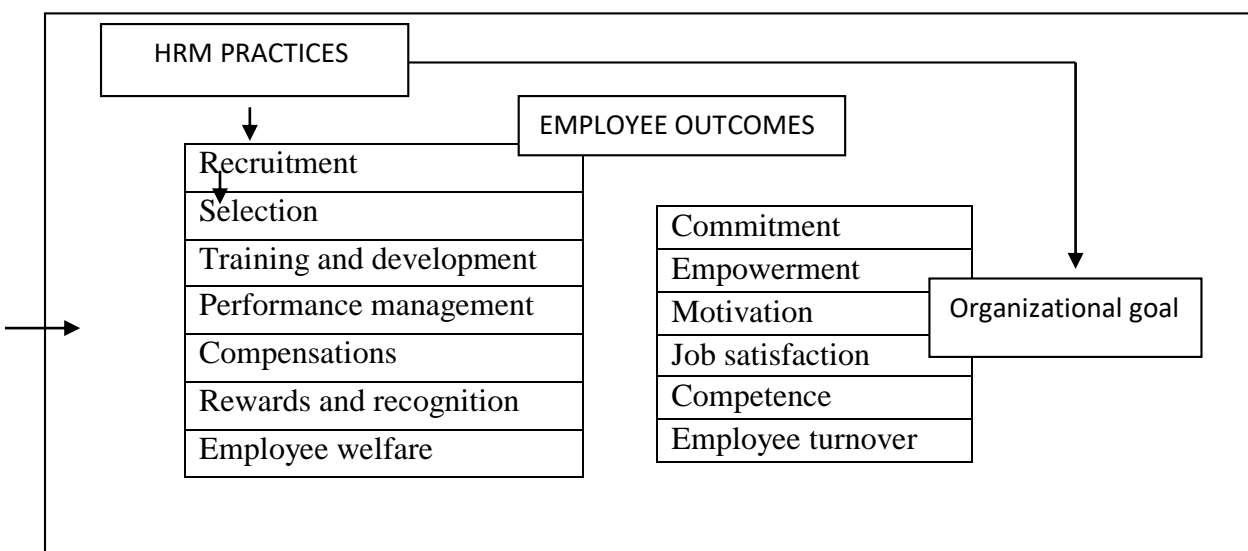
Compensation and Rewards – Wipro always strive to provide our employees with competitive and innovation compensation packages. In 2004, Wipro has implemented Restricted Stock Option Plan (RSU) as a long-term incentives plan. In 2015-16 Wipro has also introduced “Moneywise” a financial wellbeing program which helps them in better financial planning, tax savings as well as contingency planning. In nut shell Wipro compensation management consists of Flexible benefits, medical assistance plan and medical claim benefits, group life insurance program and employee deposit linked insurance (EDLI) program, Wipro cares “Miltr”, Kids @Wipro, Fit for life and Eco Eye as on 31st March 2021.

IMPACT OF HRM PRACTICES AND POLICY IN ORGANISATIONAL PERFORMANCE

For decades, the relationship between human resource management practices and corporate performance has debated. Various scholars and researchers have drawn conclusions about the impact of HRM policies and practices on business performance. A case study (Pollitt 2004) showed that Nokia's HRM practices and guidelines helped capture 40% of the global mobile phone market. The results of (Chand, Kator 2007) showed that the performance of the organization is positively related to the HRM systems of recruitment and selection, the workforce, planning, workplace design, training and development, the quality circle and the payment systems.

Figure 1

A typical firm model of HRM practices linked to organizational performance



Note – The model shows the relationship between HRM practices and Organizational performance. From “Impact of HR practices on Organizational”, by S.C. Das and A. Jaiswal, 2016, *Time’s Journey*, 5(1), p.19. Copyright 2016 by Sudhir Chandra Das.

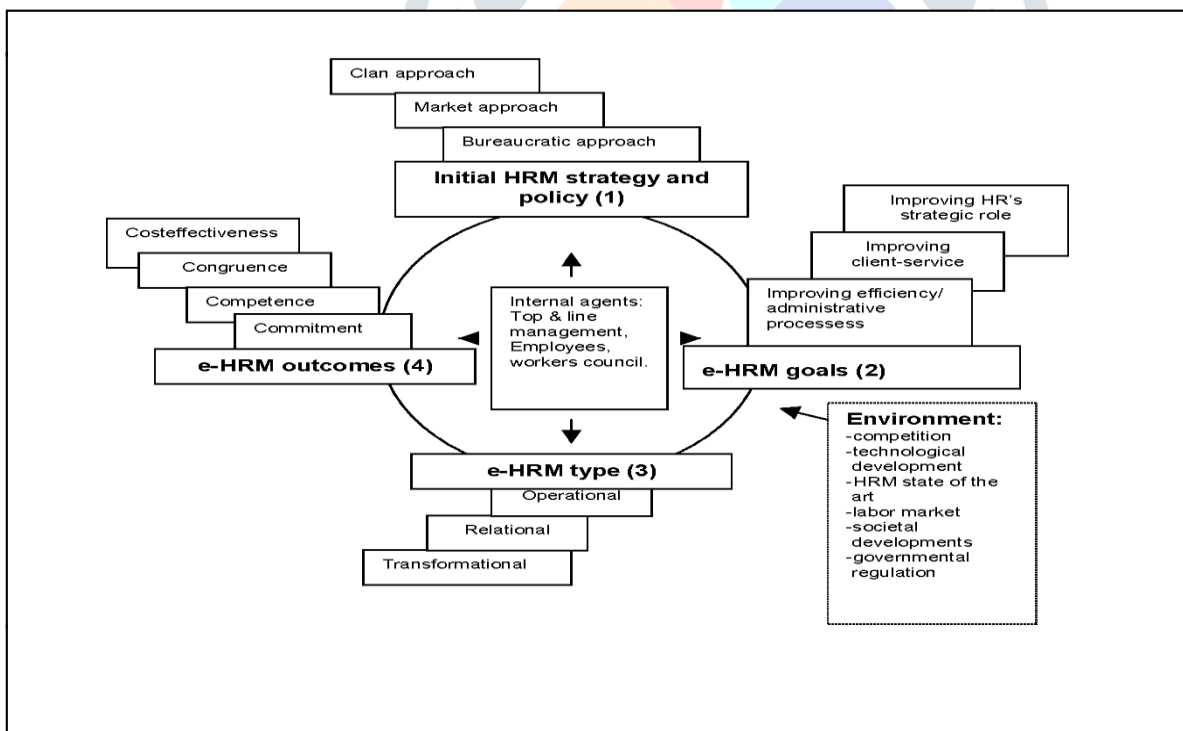
As shown in figure 1, it can be clearly seen that HRM practices has a direct impact on the organizational performance. HRM practices are regarded independent variable and organizational performance are dependent variable.

FUTURE PROSPECTS OF E-HRM

HRM has passed through from many shifts in India and one of them is transitions from traditional HRM to E-HRM. The pioneer of E-HRM in India is IT sector. E- HRM includes e-recruitment, e-selection, e-training, e-performance management, e-compensation, e-learning. E-HRM has gained a lot of attention in the recent few years due to effective use of human resource. (Pant, Chatterjee, and jaroliya,2012) study revealed that e-HRM system exists at three distinct levels of granularity and also augured that the e-HRM offers benefits in two ways – performance improvement and strategic advantage. (Chauhan,2019) This paper studies e-HRM thoroughly and suggests e-HRM as a tool for benefitting employee of Indian IT industry in terms of employee engagement, boosting motivation, minimizing attrition and maximizing the productivity of employee. (Nanda and Randhawa, 2020) e-HRM functions are expected to witness accelerated development. The future of e-HRM in India is a journey which aims to move forward paperless office, have retrieval and analysis of data done at very high speed and provide transparency, enhance the efficiency of the organization which helps in financial gains will lead to satisfaction and productivity.

Figure 2

A theoretical framework of E-HRM MODEL



Note – The e-HRM Model. From “E-HRM: Innovative or Irritation. An Exploration Empirical Study in Five Large Companies on Web based HRM”, by Ruel et al, 2004, *Management Revue*, 15(3), p.370. Copyright 2004 by Tanya Bondarouk.

As shown in figure 2 it can say that the framework basically portrays Initial HRM Strategy and policy, e-HRM types, e-HRM goals and finally the e-HRM outcomes.

In India, the IT industry were first to adopt E-HRM for effective utilization of human resource. IT giants like TCS, Wipro, Infosys are trying to have a full-fledged e-HRM from the last few years. The impact of COVID-19 has revoulise the HRM process. Implementation of hundred percent of e-HRM has been witness in various companies due to Global pandemic. Some Indian companies choose to let employees work until they want. So, the presence of e-HRM will be seen in various organization even after the COVID effect in future.

FINDINGS

The findings of the study are summarized below in reference with the objectives.

Objective (1): To study the change in HRM practices in the IT industry.

In the study it has been found that a lot has changed in the IT/ITES industry. The major shifts that took place in the HRM practices are E-HRM and Artificial Intelligence.

Objective (2): To study the impact of HRM practices and policy in Organizational performance.

In the study it has been found HRM practices are independent variable and organizational performance is a dependent variable. So, from the study it is clear that HRM practices has a direct impact on organization performance.

Objective (3): To study the future prospects of E-HRM.

After studying the present-day HRM practices of the sample companies it can be said that firms have abandoned the traditional HRM practices and moving to e-HRM model. The future will be dominated by e-HRM practices backed by Artificial intelligence.

CONCLUSION

Conclusively, we can say that this study provides compressive understanding of the HRM practices and policies that changed over a period of time in Indian IT industry. The study ensures that there is a direct impact of HRM policies and practices in organizational performance and also gives a picture about the future drama of e-HRM in India.

LIMITATIONS

This study was a limited to Indian IT industry where only three companies were taken as a sample. The study results will have some deviation in context of small IT firms.

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