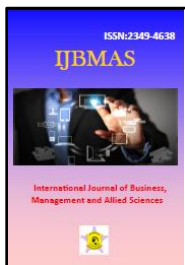

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A STUDY ON THE STRATEGIC ROLE OF HR IN IT INDUSTRY

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ABSTRACT

The Human Resource function has evolved over the years from the labour officer, to the personnel officer, personnel manager and the human resource manager of today. The change in terminology also suggests a change in the objectives and boundaries of the function. The dynamic and competitive business environment resulting from globalization has led a new focus on how human resource should be organized and managed. This has led to the emergence and increase in the use of the term strategic human resource management (SHRM). There has now been a visible convergence between HRM and strategy.

Keywords: human resource, manager, business, objective and terminology

INTRODUCTION

The role of human resource management in gaining competitive advantage has been discussed in the western literature since the early eighties. Many studies have been conducted regarding how companies can gain a sustainable competitive advantage through their human resources and human resource management practices.

1. To assess the quality of human resource function in IT organizations.
2. To find out the extent to which the strategic role is performed by the human resource function in these organizations.
3. To find out if there is any variation between the operational and strategic role of human resource function across these organizations.
4. To compare the perception of the human resource function's role by employees and human resource department staff.
5. To suggest measures for improving the strategic role of human resource in these organizations and
6. To suggest measures for improving the overall quality of human resource function in these organizations.
7. The quality of current services provided by the HR function in IT organization is poor.
8. The HR function performs more of Administrative role than the strategic role, and
9. There is a significant difference of perception between the employees and the HR staff about the role of HR function in IT organizations.

Research Methodology

The current study was based on both primary and secondary sources of data. The primary data was

collected with the help of a survey questionnaire. The population consisted of all the IT/ITES organizations in Pune city. The final sample consisted of 30 organizations selected randomly from the population of about 600 IT / ITES organizations in Pune city. The research instrument used for the survey was the human resource role assessment survey questionnaire developed by Ulrich and Conner. The instrument was tested for its reliability using Cronbach's alpha, which was found to be 0.86. The data was checked for normality and was analysed using SPSS including appropriate statistical tests.

1. The quality of services provided by the HR department in the IT organization was found to be in the range of 101 to 163.
2. The lowest value of 101 was found to be more than 90 which denote a moderate level of service delivery by the HR department.
3. The highest value of 163 was found to be greater than 160 which denote a high level of service delivery by the HR department.
4. The mean value of the score was 125 which denote a moderate level of service delivery by the HR department.
5. Among the four roles the strategic partner role was found to be dominant in 13 (43%) organizations, administrative expert in 8(27%) organizations, employee champion in 6 (20%) organisations and change agent in 3(10%) organizations.
6. The highest values for the Strategic partner role was found to be 44 (out of 50), Administrative expert 40, Employee champion 45 and that of Change agent was found to be 40.
7. The lowest values for Strategic partner role was found to be 30, Administrative expert 24, Employee champion 26 and that of Change agent was found to be 23.
8. Organization scoring highest (163) in the Business partner role (summation of all the four roles) also scored highest in Administrative expert (40), Employee champion (45) and Change agent (40).
9. The organizations scoring lowest in one of the four roles (i.e. Change agent, 23) score also scored lowest (101) in the Business partner role.

The organization can also outsource their routine administrative tasks to third party vendors and consultants. Many organizations have started outsourcing their HR tasks to cut cost and improve the quality of their HR services. Many administrative functions such as recruitment and selection, reference checking, payroll processing, training, legal compliance, transport, canteen etc. can be outsourced, thereby relieving the HR department and HR professionals from the day to day administrative burden and helping them to focus on long term strategic activities.

The overall efficiency of the HR function can also be improved if the line managers and involved and trained in the discharge of routine HR functions like recruitment, training, performance appraisals grievances etc. The involvement of the line manager in these functions will create a better understanding and co-operation of the line managers in the delivery of HR functions. However care should be taken to provide adequate training to ensure that line managers have the necessary skills needed to perform these duties and that they are not overburdened by these tasks.

DISCUSSION

Today when the very existence of the HR department / function is being challenged the HR function has to have a strategic focus, enabling the firm in the accomplishment of business goals and objectives.

The analysis of the data and the findings show that the mean score for the four roles does not differ significantly that means all the four roles are given equal emphasis and importance. However if the HR function is to become a partner in formulation and implementation of business strategy it has to have a strategic focus.

In order to focus more on the strategic role the organizations should free the HR department from the burden of routine day to day administrative and clerical work; this will free them from these routine tasks and allow them to focus on how HR can contribute to the attainment of business goals. This can be

done by the use of information technology i.e. automation and computerization of the operations or by outsourcing these activities to third party vendors or consultants. The line managers can also be trained to perform many of these tasks.

It has been found that the change agent role was found to be the least dominant (10%) in the organizations surveyed. The lowest percentage (6.7) of rank 5 rating given by the employees was for the question related to HR helping the organization adapt to change. This means the employees perceive that the HR function does not help the organization in adapting to the changes taking place within and outside the organization.

The environment in which today's organizations are operating is dynamic and turbulent. There are continuous changes taking place in the business environment all of which have an impact on the organizations. The organizations have to continuously monitor the environment and adapt themselves to the changing environment. This requires fundamental cultural change within the firm. The HR professionals/ department has an important role to play in this transformation and change process. They should help organizations to identify and implement processes for change. They should help employees let go of old and adapt to a new culture and should help identify process for managing change. Many a times the HR departments have been distant from the change process. The HR work was viewed as antithetical to change, with HR systems and procedures providing obstacles to not impetus for change.

Hence the HR professionals should be trained in the change management and acquire competencies related to managing and implementing change.

Suggestions for the Government

1. The Government also plays an important role in the development of the IT / ITES industry. The IT/ ITES industry has great potential for earning foreign exchange as well as creating direct as well as indirect employment. Moreover it is a non polluting industry. Hence the Government should take appropriate measures for promotion and development of the industry. The following measure should be addressed by the Government.
2. The industry is facing a shortage of trained and skilled manpower, hence the Government should set up national and State level institutions on the lines of IIM's and IIT's for human resource development in the sector, so as to meet the demand of the industry.
3. The Government should extend the Software Technology Parks of India (STPI), Scheme (STPI) as it has helped the small and medium IT / ITES organizations. It may be extended for another 5 years, so as to face the turbulent environment and prepare them to for the competition confidently.
4. The IT / ITES policy of the Government of Maharashtra is set to end by June 2008, it is suggested that the policy and concessions provided by the Government be extended for another five years, taking into consideration the pressures on the IT / ITES organization in wake of the appreciation of the dollar and the recession in the U.S. economy.
5. The power scenario in the state should be improved by planning and setting up more installed capacity for uninterrupted power supply which is very much necessary for the growth of the industry.
6. There have been instances of theft of data and other sensitive information by the employees of the ITES / BPO organizations. The Government should set up a institute for data security to provide training in data security as well as strict implementation of the information technology act.

Conclusion

The concept of strategic human resource is fast becoming a reality and the role of human resources in management gaining sustained competitive advantage has been proved empirically by numerous studies.

The service sector's contribution to the country's GDP has been steadily increasing and has reached more the fifty percent. The service sector and more so the information technology sector is heavily people driven and hence requires proper management of its human resources. The present study in this regard attempts to understand the dynamics of human resource management and the role of human resource function in the IT / ITES organizations.

The results of the study show that the current levels of services provided by the HR department were found to be of a moderate level. Only one organization out of the total organizations showed a high level of service quality. Although many Indian organizations have been certified at the highest level i.e. SEI CMM level 5, the quality of services provided by these organizations is of moderate quality. However in absence of comparative data regarding the quality of services in other service sectors or in the manufacturing sector, it is difficult to comment about the relative quality of services in these organizations. A comparative study of the relationship between HRM practice and strategy in the service (Banking and financial services) and manufacturing (electronics / electrical, textile, food and plastics) in Malaysia was conducted by Othman and Ismail (1996). The study did not find that service firms exhibited stronger fit between HRM practice and strategy.

A comparative study of quality of HR service between and across different sectors could be an area for further research.

The comparison of the mean values for the four roles of strategic partner, administrative expert, employee champion and change agent shows that it varies from a high of 31.80 in case of administrative expert to a low of 30.06 in case of change agent. There is no significant difference in the mean values of these roles which means that the HR departments in the IT organizations gives equal importance to all the roles and follow a merged approach.

Although there is no significant difference in the mean values of all the four roles, there are significant differences in the mean values across organizations. These organisational differences may be due to a number of factors such as the organization philosophy, organization culture, organization commitment, values, beliefs etc. which can be further researched.

The analysis of the perception of quality of services by the employees and HR staff shows significant differences in their perception about the four roles. It has been found that the HR staff rated highly on almost all the parameters as compared to that of the employees. This means that there is a mismatch between the services provided by the HR department and the expectations of the employees. The HR staff perceived their work to be of high quality, while the client i.e. the employees did not rate it as of high quality. This may lead to self deception where the HR department believes their services to be meeting the expectations of the employees and adding values while the employees do not. It becomes necessary to have a common understanding among the HR department and the employees regarding their needs and wants, so that the HR department can devise programs and processes best suited to fulfill the expectations of the employees. This will go a long way in attracting and retaining competent employees, which is one of the most important challenge faced by the IT / ITES sector.

The current study thus helps us in understanding the role of HR in the IT / ITES organizations, the extent to which the different roles are performed the variation of these roles across organizations. The study also helps in understanding the difference in the perception of the quality of services provided by the HR department and the perception of these roles by the employees as well as the HR staff.

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