Human Resource Development Practices in Software Industry With special reference to Nagpur region
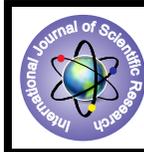
Dr. Yogita Sure — Central Institute of Business Management Research & Development, Pawanbhumi , wardha road , Nagpur25

ABSTRACT

Human resources play not only significant but also a crucial role in building and developing an organization. The difference between two organizations in terms of competencies is due to difference in the capability of their "HUMAN RESOURCE".

As the software industry which has been responsible for phenomenon growth of IT industry is highly labor intensive, its main raw material is the trained and highly skilled manpower. With a global explosion in market-opportunities in the Software Industry, the shortage of manpower both in numbers and skills is a prime challenge for HR professionals. The major concern for software sector is Human Resource Development today. The goal of the study was to study the nature and extend of HRD practices in software industries and study the perception of employees about these HRD practices .The data for the study was collected using self designed questionnaires.

Introduction

Information Technology industry in initial years of its inception was dominated by the hardware components and later on, the software sector started dominating the IT industry and today it occupies the major share and is the prime revenue getter. The software Industry has been responsible for the phenomenal growth achieved by the IT Industry.

Highly skilled human resources coupled with low wage structure and world class quality have transformed India into a global powerhouse in the Information Technology (IT) software services and solutions sectors.

India currently exports software to around 95 countries around the globe and more than 250 Fortune 500 companies have outsourced some part of their software requirements from India. North America and Europe accounted for 86% of Indian exports in 2000-2001.

The industry has been growing at about 15% per year. As the industry is highly labor intensive, its main raw material is the trained and highly skilled manpower. NASSCOM estimates that the software industry will need about 30,000 people per year.

It now encompasses about 650,000 employees. Over the next five years, this number is expected to triple, to over 2 million persons, so as to meet the target of $75 billion in revenues, including exports of over $50 billion.

Being a knowledge-based industry, a high intellectual capital lends competitive advantage to a firm. Intellectual capital comprises human capital and intellectual assets–the latter being any created bit of knowledge or expertise. With a global explosion in market-opportunities in the Software Industry, the shortage of manpower both in numbers and skills is a prime challenge for HR professionals. The related issues are varied indeed: recruitment of world-class workforce and their retention, compensation and career planning, technological obsolescence and employee turnover.

Software Industry at Nagpur

Owing to over-crowding in tier-1 cities, which led to an infrastructure bottleneck, IT companies started seeking space in tier-2 cities, for opening new offices. Cities like Chandigarh, Noida, Gurgaon, Bhubaneshwar, Vishakhapatnam, Mysore, Jaipur, Nagpur etc. have been on their radar since quite a while.

Nagpur has the advantage of being a central location, education hub, This makes available manpower that is around 15 percent cheaper when compared to metros. The cost of doing business is also much lower.

Amidst this mad rush, one thing that makes me wonder is *WHY* hasn't the software industry flourished in Nagpur? Why does Nagpur still not boast of housing offices of any of the major IT giants? Why the intellectual capital of Nagpur is running towards tier-I cities?

Today, there are close to 84 software companies registered under STPI in Nagpur. Around 65 percent of the companies in Nagpur are export-oriented while the rest mostly cater to the domestic market. The total export from Nagpur companies in the year 2010-2011 was 14,418.14 lacks.

Table No. 1.3 Business Done by the All S/W Companies in Nagpur in last 5 years

Financial Year	Business
FY 2006-07	7313.76 (73crore thirteen Lakhs Seventy Six Thousand Only)
FY 2007-08	10646.96 (106 crore Fourty Six lakhs ninety six thousand)
FY 2008-09	15937.57 (159 crore thirty seven lakhs fifty seven thousand)
FY 2009-10	13498.04 (134 crore ninety eight lakhs 4 thousand)
FY 2010-11(Upto Jan2011)	10923.8(109 crore twenty three lakhs eight thousand)

* Researcher complilation

In light of this dynamic business situation, this study has attempted to examine the extent to which HRD is practiced in the software industry in Nagpur pertaining to differences in Ownership & size.

Research Methodology

To carry out this research, software development companies located in Nagpur which were registered under STPI, having more than 25 employees were selected. Based upon the number of employees these companies were divided into large size (above 201 employees), medium size (101-200 employees) and small size (25-100) employees. And from each group, five units are selected randomly. But out of them only 10 sampling units gave respond, hence two from large size, two from medium size and six from small size were selected for the study. Employees from these sampling units were also selected randomly. Stratified Random Sampling technique was applied for selection of sampling unit and employees.

Data collection Methods and technique

A large part of the analysis was based on the primary data collected through survey of 104 employees, 10 HRD/HR mangers from 10 respondent organizations. For the research, Structured Interview Schedule and questionnaire were used as a method of primary data collection. A structured questionnaire was designed on the basis of T.V. Rao's HRD tools for the collection of primary data from HRD Personnel to collect information regarding the HRD practices of the study companies.

To study the perception of employees regarding HRD practices in their organization, views of employees were collected through a separate questionnaire based upon a five point scale.

Findings

The researcher tried to study the existence of HRD department and various HRD subsystems in the sampling units. Only the large size of the organizations were having separate HRD department headed by well qualified and experienced HRD experts. In medium size companies HRD activities are performed by the HR or personnel heads mixed up with the other HR functions whereas in small size organizations CEOs in addition to their administrative task were taking care of HRD activities. In 60% of sampling units manpower planning was a periodic activity done in accordance with the future business plans & projections. The large size of organizations were having tie up with the educational institutions in order to face the problem of lack of employees in terms of numbers as well as skills.

70% of software companies were practicing HRD activities like potential appraisal, Training and development, compensation and reward management. Most of the organizations provide training support in the technical areas, only the large size of organizations were providing training for personality development . Carrier planning was practiced in only large size organization and that also only for high profiles.

Implementation of quality circle, training and development, competency building organization of team building exercises, workers participation through communication forum are some of the organization development practices in 60% of software companies. Continuous improvement in productivity, evolution of lot many constructive suggestions comes up , development of healthy relationship within the organization and also with their customers, team spirit are the noteworthy output of these organization development activities. 10% of organizations have started some organization development practices. But 30% of organization, especially small sized organizations training and development, organization of annual events, some cultural programs are the only activities for developing a good working environment within the organization.

The researcher found that organization development is given importance and practice in large sized organization .But now the small and medium sized organizations had realized that providing good package and working infrastructure is not sufficient for attracting and retaining the employees but organization development activities are essential for attracting, retaining and enhancing individuals and organizational productivity and efficiency.

Perception of Employees with respect to HRD practices in their Organisation.

The study analyzed perception of employees on several parameters of HRD like job description, clarity of job, training, career path , potential appraisal, working culture and atmosphere etc.

The perception of employees was very positive on the parameters like working conditions, assistance or support given by the seniors, value of employees.

The perception was positive on parameters like job descriptions, training for doing job well, performance appraisal system, assistance given for leaves, exams, and subscriptions, promotions , flexibility in the working time, support for family values , work culture in the organization , target set by the company, compensation system.

It was found that about 34.6 % of employees were having positive perception about HRD practices in their respective organization, whereas 30.76% of employees were having very positive perception about HRD practices in their respective organization. 28.84% of employees were having negative and 5.7% had very negative perception about the HRD practices.

The perception of employees about the HRD practices was negative in medium size of organization (53.33%) where as in large and small size of organizations employees were having positive perception (77.5% , 67.59%). The organizations which were at initial stage of growth and those who were well establish and want to retain their position; more importance was given to their Human Capital.

Company Size * Perception of employee

Company Size	Perception of employee				Total
	Very Negative (Perception Score Upto 21)	Negative (Perception Score 21 to 42)	Positive (Perception Score 43 to 63)	Very Positive (Perception Score 64 to 84)	
Small	6	5	12	11	34
	20.4%	14.7%	35.29%	32.3%	100.0%
Medium		16	10	4	30
		53.33%	33.3%	13.3%	100.0%
Large		9	14	17	40
		22.5%	35.0%	42.5%	100.0%
Total	6	30	36	32	104
	5.7%	28.84%	34.6%	30.76%	100.0%

Conclusion

The study provides insight into the practices that were being implemented in the respondent units with reference to HRD. The findings indicates that the software development firms were well aware that their most important asset is the Human resource and these organizations were making all the possible efforts to attract, train, motivate and retain these employees. More than 80% of software companies are following HRD practices. But these practices are more formalized in large size of organizations where as small and medium size of organization need to formalized their HRD practices and opt the modern tool and techniques of HRD.

REFERENCE

Book | • Rao T.V. & Pereira D.F. (1978), 'Recent Experience in HRD' , Oxford & IBH, New Delhi, p.no. 4 | • Michael Armstrong (1988), ' A Hand Book of HRM', Kogan Page LTD. , London, p.no 197-210 | • T.V. Rao(1990), the HRD Missionary, Oxford & IBH, New Delhi, | | Journal s | • Nagarajan, V. (1986). Paper on Organisational Development. Indian Management | • Koch and Mcgrath (1996 Vol-17). Improving Labour Productivity - Human Resource | • Lengnick Hall, (1998). Strategic Human Resource Management - a Review of Literature and a praposed Typology. academy of Management Review , 454-470. | • Peter Capeelli and AnneCrocker-Hefter; "Distinctive Human Resources are firms core competencies", Organisational Dynamics. | • Tichy and Fomburn , Wills and Dyer, (1995). Harvard Business Review | • Schuller and Walker, (1999). Human Resource Strategy-Focussing on issues and action. Organisational dynamics , 4-9. | • K.Devaraju. (1993). A Study on HRD needs for Industrial Development with Special reference to Text Tool Company Limited. Labour Welfare Office Report | • Laxmi Prasad, G. S. (1995, oct. 23). HRD Means Success. Deccan Herald | |