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A Study On Human Capital Management In It Companies

Mrs. J. Praveena,
Research Scholar,
Mother Theresa University.

Dr. M. Sakthivel Murugan,
Professor In-Charge, D.B. Jain College
Chennai.

Abstract:

The main aim of the paper is to investigate the factors responsible for Human Capital Management in IT companies and to classify employee perception towards organizational efficiency in the study domain. Data were collected from 100 employees in IT companies at Chennai city. Multivariate K-means cluster analysis is used to segment the Human Capital Management. The research revealed personal and organizational profile of employees create deep impact over their Human Capital Management in the respective organization.

INTRODUCTION

Human resource management is considered as a vital element in many organizations. Human resource management is all about managing human resource or employees of an organization in a single focused line where employees are hired only for productivity. In the concept of Human Resource Management, employees are viewed as resources from which benefits, productivity and performance and be extracted. Employees play an important role in Human Resource Management but still fall short of being treated as capital investments.

In order to develop and sustain employees, organizations have to invest in their employees. Here the concept of treating Employees as Human Capital comes into focus. Under Human Capital Management employees are not treated as mere resources but as capital to invest in. Human Resource Management was derived from Personnel Management Since Personnel Management was inadequate in managing the human resources of the organizations. Human Capital Management is a more refined form of Human Resource Management (Marcel van Marrewijk and Johanna Timmer, 2003). Human Capital Management lays emphasis on investing in employees to help them achieve competitive advantage and nourish themselves with efficiency and growth in order to increase their commitment, dedication and passion for the organization they work. This study aims to assess the outcome of Human Capital Management.

HUMAN CAPITAL MANAGEMENT

Human Capital Management (HCM) is an approach to employee staffing that perceives people as assets (human capital) whose current value can be measured and whose future value can be enhanced through investment. While studying the existing literature the researcher identified two research gaps. The first lacunae encounter with the exact determination of human capital management elements in IT companies. The second gap emerged out of an undivided issue of relationship between Human Capital Management and Organizational Effectiveness.

This study is based on both primary and secondary data. Primary data is obtained from the well- structured questionnaire with statements regarding Human Capital

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Management and Organizational Effectiveness in liker's five point scale. The meticulous observation in the research identified that the Executive Development focus on IT companies did not utilized the Human Capital completely. Therefore it is concluded that Human Capital Management in the IT companies mainly focus on setting the targets and equipping the employees to achieve the target. Hence it is suggested the coordination among top level executives, middle level managers and operational level employees in IT companies for the collective efforts to manage the Human Capital positively.

Human capital Management is a complete or total development of human potentials for creating organizational value. Human Capital Management is about creating value through people and it is a people oriented philosophy aiming at the development of people. People development can be considered as development of human capital only when it is interpreted or translated into value (Kearns 2005).

Human Capital Management is driven by values and hence strives to create dedication, commitment and motivation among employees (Angela Baron & Michael Armstrong, 2007). The first step to achieve dedication, commitment and motivation among employees is to identify the composition of factors that form human capital. Then the identified factors should be analysed to find out the gaps and shortfalls in managing Human Capital.

REVIEW OF LITERATURE:

The following literature reviews are done to define the research problem:

Ilona Bartuseviciene and Evelina Sakalyte (2013) have analyzed the organizational assessment within effectiveness and efficiency plane. The results revealed that effective yet inefficient organization might survive, while efficient yet ineffective one will bankrupt slowly. It is concluded that effectiveness is much broader perspective, which takes into account quality, creation of value added, employee satisfaction, output interaction with the social and economic environment. While efficiency measures the relationship between inputs and outputs or how successfully the inputs are being transformed into outputs. **Ali Atafar and Saeed Sharifi (2013) have examined** the effective organizational factors for efficiency in the organization of recreational and cultural Isfahan municipality. It is concluded that environmental factors in the higher than average level on the productivity of human resources are impressive. **Piot-lepetit .I, Perrigot .R, Cliquet .G (2014)** have analyzed the links between the organizational form and the efficiency of franchise chains. It is found that the PCO has a positive influence on the efficiency of franchise chains. It is concluded that the higher efficiency level can be reached when the PCO is set at the optimal level of each chain. **Regis Coeurderoy & Albert Lwango (2012)** have concluded that the dilution of the family in the ownership and management of the business, and an increase in the number of actors and possible divergent interests, can handicap the family business in the long term with respect to organizational efficiency and also it can reduce its capacity for survival compared to a non-family business. **Masese Omete Fred, Uttam M. Kinange (2016)** concluded that online recruitment is reliant on a wide range of information and communication technologies and access to the general public at all times. E-recruitment has bought a radical cultural and behavioural change, both within functioning of the HR department and the potential candidates. **Junoid Ashraf (2017)** concluded that enhance

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effectiveness and efficiency of their employees, it is essential that they are given clear directions towards their work, so that the employees know what is expected out of them.

OBJECTIVES OF THE STUDY

- To study the factors responsible for Human Capital Management in IT companies.
- To classify employee perception towards organizational efficiency in the study domain.

HYPOTHESIS OF THE STUDY

- The employees in different managerial levels do not differ in their perception of Human Capital Management.
- There is no significant influence of years of service on Human Capital Management perception.
- There is no significant impact of Human Capital factors on organizational efficiency.

RESEARCH METHODOLOGY

The present research is completely descriptive in nature. It depends upon the rigorous analysis using primary data collected through a well-framed and structured questionnaire to elicit the opinions of the respondents. The empirical evidences are thoroughly analysed using mathematical and statistical tools.

PILOT STUDY

The pilot study is very important in every research to check the reliability of the questionnaire it justify the concepts through literature reviews. The reliability is done with the help of 100 respondents from the top 5 IT companies.

It is formed the Cronbach’s value 0.859, is greater than the required bench mark value 0.75. Therefore, it is proved by the researcher that the statements or the variables generated by the research are highly reliable and well understood by the employees of IT companies.

AREA OF THE STUDY

Since IT companies and their subsequent developments are vastly found in India, especially concentrated over Mumbai, Hyderabad, Calcutta, Banglore and Chennai.

Chennai is a very important city causing vast scale of growth for IT companies due to its infrastructural facilities. The train connectivity, road connectivity and port connectivity create an impact on the investors of software companies. They find both state and central governments are highly cooperative to bring the IT industry in to the lime light. They feel the arrival of IT companies in Chennai create job opportunities to the freshers and youth.

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These are the reasons that the researcher selected greater Chennai as the study area.

SAMPLING SIZE AND DESIGN

The responses of IT company employees for the research instrument is considered as the main data to verify all the objectives and to test the hypothesis proposed by the researcher. Since the research deals with the employees of IT companies, with human approach there is a chance that the employees may refuse to give the appropriate responses to the researcher. Therefore, random sampling method is not possible to obtain the responses. Therefore, the researcher adopted convenience sampling method to obtain the responses.

The researcher selected top 5 IT companies and circulated 150 questionnaires in all the 5 companies which come to the total of 750. Out of 750 responses the researcher found only 627 questionnaires were returned by the employees. After scrutiny the researcher identified 75 responses are not fully filled by the employees. Hence the researcher continued the research with the completed unflawed responses of 552. Hence the sample size of the research is 552.

QUESTIONNAIRE DESIGN

In order to conduct this research the researcher framed the questionnaire with three parts namely demographic and organisational details of the employees, factors of HCM and variables of organisational efficiency.

SECONDARY DATA

The secondary data are collected from journals, magazines, publications, reports, books, dailies, periodicals, articles, research papers, websites, company publications, manuals and booklets etc.

DATA ANALYSIS

After collecting the 552 completely filled responses, those had been coded in the form of numbers in the SPSS data sheet. This is done to test the primary data more accurately and scientifically. The following statistical tools are used to analyse the primary data namely; Simple percentage analysis

LIMITATIONS OF THE STUDY

The study focuses only on Human capital management which was needed in IT companies. The study is limited to only specific IT companies. Due to time constraint and the cost, the study is restricted only to Chennai City. The responses given by the respondents are based on the set-up existing in their respective banks.

ANALYSIS AND DISCUSSION:

The researcher considered nine HCM factors namely, Recruitment and Selection, Performance appraisal, knowledge management, training and development, career growth, profitability, innovation, core competencies, employee participation are more relevant and abundantly found in the IT companies. The employee perceptions on these HCM factors are

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classified with respect to their perception. In order to attain the heterogeneous perception, the researcher applied K-means cluster analysis and derived the following results:

Table No. 4.8

Final Cluster Centers

Factors	Cluster		
	1	2	3
Recruitment and Selection	4.59	4.27	4.35
Performance Appraisal System	4.24	3.57	3.88
Knowledge Management	4.30	3.88	4.19
Training & Development	4.20	3.64	3.79
Career Growth	4.22	2.76	3.63
Profitability	4.14	4.10	3.26
Innovation	4.06	3.92	2.77
Core Competencies	4.09	3.49	2.98
Employee Participation	4.02	3.63	2.70

From the table, it is found that the respondents from three groups based on their perception about the factors of organizational Human Capital Management. The frequency of each cluster is presented in the table.

Table No. 4.9

Number of Cases

Cluster	Transcendental Employees	225	40.76
	Career Seekers	180	32.61
	Innovative Employees	147	26.63
Valid		552	100.0

From the above table, it can be ascertained that the first heterogeneity of the employees in IT companies is that they strongly agree for all the HCM elements in their organization. In fact, they strongly agree for recruitment and selection, performance appraisal, knowledge management, training and development, career growth, profitability,

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innovation, core competencies, employee participation. This shows that employees thoroughly know about their organization practicing HCM. Therefore, this group can be named, **"Transcendental Employees"**.

The next group of heterogeneity has a very good specialty that these groups of employees disagree with career growth opportunities, strongly agree with recruitment and selection and profitability of the organization. At the same time, they have moderately agree for remaining HCM elements namely, performance appraisal, knowledge management, training and development, career growth, innovation, core competencies, employee participation. This group can be identified as, "**Career Seekers**".

The third groups have more disagreements like innovation, core competencies and employee participation. This group can be labeled as, "**Innovative Employees**".

Chi square Tests for Association between the Human Capital Management and Gender

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.659[a]	2	.719
Likelihood Ratio	.659	2	.719
Linear-by-Linear Association	.499	1	.480
N of Valid Cases	552		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 72.97.

It indicates that the chi-square value .659, P = .719 are statistically not significant at 5% level. Therefore it is concluded that there is no association between Human Capital Management and Gender in their respective organization. It shows that in the IT companies both male and female employees are equally distributed in transcendental employees, career seekers and innovative employees. Both the male and female employees in IT companies have the same type of perception in maintain their successful HCM in the respective organization.

Chi square Tests for Association between the Human Capital Management and Age Group

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.755[a]	6	.033
Likelihood Ratio	13.601	6	.034
Linear-by-Linear Association	4.730	1	.030
N of Valid Cases	552		

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a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 3.20.

It indicates that the chi-square value 13.755, P = .033 are statistically significant at 5% level. Therefore it is concluded that there is an association between Human Capital Management and Age.

Chi square Tests for Association between the Human Capital Management and Marital Status

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.148[a]	2	.000
Likelihood Ratio	28.677	2	.000
Linear-by-Linear Association	3.019	1	.082
N of Valid Cases	552		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 62.85.

It indicates that the chi-square value 28.148, P = .000 are statistically significant at 5% level. Therefore it is concluded that there is an association between Human Capital Management and Marital Status.

Chi square Tests for Association between the Human Capital Management and Educational Qualification

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.813[a]	4	.214
Likelihood Ratio	6.434	4	.169
Linear-by-Linear Association	1.394	1	.238
N of Valid Cases	552		

a. 3 cells (33.3%) have expected count less than 5. The minimum expected count is .53.

It indicates that the chi-square value 5.813, P = .214 are statistically not significant at 5% level. Therefore it is concluded that there is no association between Human Capital Management and Educational Qualification.

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Chi square Tests for Association between the Human Capital Management and Managerial Level

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.303[a]	4	.010
Likelihood Ratio	14.182	4	.007
Linear-by-Linear Association	11.307	1	.001
N of Valid Cases	552		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.78.

It indicates that the chi-square value 13.303, P = .010 are statistically significant at 5% level. Therefore it is concluded that there is an association between Human Capital Management and Managerial Level.

CONCLUSION

Human capital management practices are very important for IT companies. It is bracing itself to catch up with the global trends in IT, in the matter of up gradation of service quality standards, newer innovations in software and services. These innovations purely depend upon the proper implementation of HR practices.

Human capital management when designed on a comprehensive basis leads to improvement in service quality of the IT companies with long term benefits.

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