

Investigation Into Hr Practices for It Employees – A Study with Specific Reference to Performance Appraisal and Placement & Recruitment

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ABSTRACT

HR practices play a crucial role in maximizing employee potential and driving their success in assigned tasks. In today's competitive environment, staying relevant is essential. Therefore, it is important to keep employees informed through effective HR practices. This study aimed to examine key HR practices among employees in IT companies in Chennai. It utilized descriptive and empirical research designs, gathering both primary and secondary data. Primary data were collected through a structured questionnaire distributed to 354 IT employees in Chennai. Secondary data were sourced from newspapers, magazines, reputable journals, previous dissertations, Ph.D. theses, relevant websites, books, and libraries. The study used a convenient sampling method. Totally three IT companies in Chennai City were selected for the study such as Tata Consultancy Services, Hexaware Technologies and Capgemini.

Keywords: HR Practices, IT Companies, PA and SEM

1. INTRODUCTION

HR practices are standardized strategies that are effective across various contexts. In HRM research, there are two main theories on managing people: the "best fit" and "best practices" approaches. The best fit approach suggests that HR strategies should align with the business strategy, balancing the needs of both the organization and its employees. In contrast, the best practices approach claims that certain universal HR practices lead to superior performance, providing a competitive edge regardless of the organization's specific context. While there is significant debate between these approaches, the reality often lies in a balance between them. Therefore, aligning HR strategies with the organization's overall strategy is essential for optimal performance, a concept known in the literature as Strategic Human Resource Management.

2. HR PRACTICES IN IT COMPANIES

In India, IT companies play a crucial role in providing employment opportunities for many people, with a significant portion of the population relying on these companies. These IT firms not only create stable jobs but also enhance the standard of living. Following the LPG (Liberalization,

Privatization, and Globalization) policy, many IT companies have started hiring Indian employees, who are known for their dedication, commitment, and strong work ethic. As a result, Indian employees have gained new skills and knowledge thanks to the presence of these IT companies.

Historically, IT companies were limited to specific tasks, but today they have achieved significant progress and now handle complex tasks that might be challenging for employees in other countries. Effective HR practices keep employees updated and ensure they remain committed and responsive. These practices help employees understand their roles and responsibilities and are crucial for the success of IT companies in India. HR practices in these companies include performance appraisals, recruitment, and placement. Unlike the past, when workers were merely seen as tools for profit, today's coordinated efforts by employees drive organizational success. This study aims to illustrate how HR practices are implemented across IT companies in India.

3. OBJECTIVE OF RESEARCH

- To assess the performance appraisal methods used by IT companies and to examine the processes through which employees are recruited and placed.

4. PROBLEM STATEMENT

This study is highly beneficial for both employees and employers. IT company managers and administrators should prioritize HR practices as they ensure employees stay on track and perform their best when supported by effective HR strategies. Unlike other types of companies, IT firms place significant emphasis on HR practices due to global competition, enhancing their business reputation. However, some challenges exist. For instance, performance evaluations are not always conducted regularly, leading to prolonged periods where employee efficiency is not assessed. Additionally, during recruitment and placement, higher officials often favor candidates who work directly under their control, which can lead to favoritism and diminish the importance of sincerity in the selection process.

5. SIGNIFICANCE OF THE RESEARCH

HR practices are widely implemented across IT companies worldwide, impacting many individuals who hold various positions within these firms. To ensure long-term survival and navigate challenges, IT companies must employ a skilled workforce and enhance employee efficiency by developing their abilities, skills, knowledge, and capabilities. Systematic HR practices enable employees to meet targets within set timeframes, with tailored training provided based on specific needs. Additionally, Career Advancement Schemes are commonly introduced to support employee growth, and regular performance appraisals are conducted to keep employees current and motivated. This systematic approach contributes to the excellent performance of employees in IT companies.

6. REVIEW OF LITERATURE

Alsuwaidi, M., Alshurideh, M., Al Kurdi, B., & Salloum, S. A. (2021) explained that Several analysis studies have been carried out with a view to providing valuable knowledge into the existing research outline of the performance appraisal and employee motivation. The current study

systematically reviews and synthesizes the performance appraisal and employee motivation aiming to provide a comprehensive analysis of 27 articles from 2015 to 2020. The research will aim to establish the impact of performance appraisal fairness on the employees' motivation in an organization. To achieve its objective, the study will adopt descriptive research. It will be informed of a survey, and there will be a sample selection to make the process economical. This shows that there will be a use of different techniques of information collection since the data to be collected a primary data. There will be interviewing of the sample size, and their responses will be noted down. The presence of the researcher may influence some people, and this necessitates the use of questionnaires for the respondents to fill on their own. In addition, most of the analyzed studies were conducted in Malaysia, China, Pakistan, and India. Besides, most of the analyzed studies were frequently conducted in job satisfaction and performance context, employee motivation followed by organizational effectiveness context. To that end, the findings of this review study provide an insight into the current trend of how performance appraisal affects employee's motivation.

Barbieri, M., Micacchi, L., Vidè, F., & Valotti, G. (2023) discussed that the Performance appraisal (PA) plays a strategic role in public sector human resource management (HRM), acting as a driver for better performance. Drawing from previous theoretical research on the social context of performance appraisal systems and their effectiveness, the study develops a generalizable theoretical framework for classifying performance appraisal systems according to their structural and process proximal variables: purpose, rating source, and structured face-to-face feedback sessions. Through a multiple case study analysis, the theoretical framework has been applied to a sample of Italian PA systems for senior civil servants, aiming to explore the relationship between the structural and process proximal variables of PA systems and rating discriminability, intended as a measurement of performance effectiveness. The results show that the framework accurately represents the variation of the design of performance appraisal systems in the Italian context, highlighting the central role played by multi-source feedback and face-to-face rater-ratee interactions in promoting rating discriminability.

Ekune, K. E., & Anthony, O. A. (2024) elaborated the interconnectivity between performance appraisal and employee effectiveness. The objective of the study was to empirically ascertain the extent to which 360-degree feedback (3DF) and critical incidence in performance appraisal relates with organisational success in terms of profitability, employee efficiency and job satisfaction. After literary investigation the revealed that there exists a stronger relationship between performance appraisal system in terms of 360 degree feedback (3DF) and critical incidence and employee effectiveness in terms of profitability, employee efficiency and job satisfaction. Based on the finding it was concluded that performance appraisal system impacts positively on employee effectiveness. Amongst the suggestions are that of more investment should be reinforced on 360-degree feedback as this has the highest positive link with business success.

Fitri, R. L., Handaru, A. W., & Yohana, C. (2021) opined that the objectives of this study are (1) to examine and analyze the effect of recruitment on performance of employees (2) To analyze the

selection of employees performance, and (3) To analyze the placement of employees. The data was collected through observation, distributing questionnaires and interviews. The method that has been used in this research was descriptive (qualitative) and verification (quantitative), while the data was analyzed using a Structural Equation Modeling (SEM) with the Smart PLS version 3.2.9 program. The results of this study indicate that recruitment has a positive and significant effect on performance by $t_{count} > t_{table}$ ($5.705 > 1.996$) at a significance level of $0.000 < 0.05$, meaning that H_0 is rejected and H_1 is accepted. Next, the selection has a positive and significant effect on employee performance partially by $t_{count} > t_{table}$ ($3.309 > 1.996$) at a significance level of $0.001 < 0.05$. It means that H_0 is rejected and H_2 is accepted. Placement has a positive and significant effect on performance by $t_{count} > t_{table}$ ($4.907 > 1.996$) at a significance level of $0.000 < 0.05$. It means that H_0 is rejected and H_3 is accepted. Theoretically, the results of this study contribute to the repertoire of knowledge, especially in the field of developing human resource competencies, namely employees performance.

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7. RESEARCH QUESTION

- Are Placement and Recruitment increasing the Performance level of Employees?

8. HYPOTHESIS

- Placement and Recruitment are significantly different with Performance Appraisal of Employees.

9. METHODOLOGY

Research methodology provides essential guidelines for researchers to achieve their research objectives. This study employed descriptive and empirical research designs, utilizing both primary and secondary data. Primary data were collected directly from 354 employees of selected IT companies in Chennai through a structured questionnaire designed for the study. Secondary data were gathered from newspapers, magazines, reputable peer-reviewed journals, previous dissertations, Ph.D. theses, relevant

websites, books, and libraries. A convenient sampling method was used for this research. Totally three IT companies in Chennai City were selected for the study such as Tata Consultancy Services, Hexaware Technologies and Capgemini.

10. STATISTICAL PROCESSING OF DATA

10.1 Bi-Variate Correlation

Bi-variate correlation is employed to determine the presence of a significant linear relationship between different variables related to Human Resources Practices in selected IT companies in Chennai. In the current analysis, the focus is on exploring the relationship between two variables: Performance Appraisal and Placement and Recruitment. In this connection, the following null hypothesis is formulated:

- *Performance Appraisal has linear relationship with Placement and Recruitment.*

Table 1

Bi-variate Correlation for determining the existence of relationship between Performance Appraisal and Placement and Recruitment

		Performance Appraisal	Placement and Recruitment
Performance Appraisal	Pearson Correlation	1	.815**
	Sig. (2-tailed)		.000
	N	152	354
Placement and Recruitment	Pearson Correlation	.855**	1
	Sig. (2-tailed)	.000	
	N	152	152

****.** Correlation is significant at the 0.01 level (2-tailed).

Performance Appraisal and Placement and Recruitment are correlated. Pearson correlation score is .815, p value (2 tailed) is less than .05 and the result is significant. Therefore, formulated null hypothesis i.e. there is no significant relationship between Performance Appraisal and Recruitment are rejected at 95% confidence level.

10.2 Exploratory Factor Analysis for Performance Appraisal of Employees

In this study, Exploratory Factor Analysis is used to determine underlying factor for a set observed variables of Performance Appraisal of Employees. The observed variables include Organisation takes into account the performance of employees, Promotion, Transfer are driven by Performance of Employees, If employees are poorly performed, Any action is taken against them, Performance Appraisal for Employees are conducted very often and Superiors recommend for the specific employees based on their performance.

Table 2

Exploratory Factor Analysis with Initial Eigen Value and % of Cumulative Percentage of Variance

Extracted Factors	Obtained Coefficients	Suppression of Small Coefficients
Organisation takes into account the performance of employees	.845	Retention of Variables if whose coefficients are at or above 0.4
Promotion, Transfer is driven by Performance of Employees	.819	
If employees are poorly performed, Any action is taken against them.	.792	
Performance Appraisal for Employees are conducted very often	.616	
Superiors recommend for the specific employees based on their performance.	.948	
Initial Eigen Value (Consolidated)	4.051	
% Cumulative Percentage of Variance	81.31	

Interpretation

From the above table, it is inferred that Exploratory Factor Analysis was performed to determine underlying structure for a set of measured variables. All the measured variables (totally five measured variables) whose initial eigen value has come to 4.051 while Cumulative Percentage of Variance is 81.31. There are five constructs identified for given set of variables under Performance Appraisal of Employees namely Organisation takes into account the performance of employees (.845), Promotion, Transfer are driven by Performance of Employees (.819), If employees are poorly performed (.792), Any action is taken against them, Performance Appraisal for Employees are conducted very often (.616) and Superiors recommend for the specific employees based on their performance (.948). Since small coefficients are in well yardsticks, all the variables affect the Performance Appraisal of Employees in the Selected IT companies in Chennai City.

10.3 Exploratory Factor Analysis for Placement and Recruitment

In this study, Exploratory Factor Analysis is used to determine underlying factor for a set observed variables of Placement and Recruitment of Employees. The observed variables include Placement is taken place on merit basis, All the criterion are followed while placing the employees, Advertisement is given before the placement and recruitment takes place, New employees are properly inducted to group of existing employees, Right positions are reserved after placement gets over.

Table 3

Exploratory Factor Analysis with Initial Eigen Value and % of Cumulative Percentage of Variance

Extracted Factors	Obtained Coefficients	Suppression of Small Coefficients
Placement is taken place on merit basis	.832	Retention of Variables if whose coefficients are at or above 0.4
Advertisement is given before the placement and recruitment takes place.	.529	
Right positions are reserved after placement gets over	.832	
Initial Eigen Value (Consolidated)	2.794	
% Cumulative Percentage of Variance	55.891	

Interpretation

From the above table, it is inferred that Exploratory Factor Analysis was performed to determine underlying structure for a set of measured variables. All the measured variables (totally five measured variables) whose initial eigen value has come to 4.011 while Cumulative Percentage of Variance is 80.209. Totally five measured variables but two of which should be eliminated as they do not affect the placement and recruitment of employees much. Moreover, whose small coefficients are less than 0.4. Therefore, on this ground, they should be removed from this. Only three variables are taken into account such as Placement is taken place on merit basis (.832), Advertisement is given before the placement and recruitment takes place (.529) and Right positions are reserved after placement gets over (.832). Hence, these three factors affect the Placement and Recruitment the most.

11. RESULT DISCUSSION

Performance Appraisal and Placement and Recruitment are correlated. Pearson correlation score is .855, p value (2 tailed) is less than .05 and the result is significant. Therefore, formulated null hypothesis i.e. there is no significant relationship between Performance Appraisal and Recruitment are rejected at 95% confidence level. Exploratory Factor Analysis was performed to determine underlying structure for a set of measured variables. All the measured variables (totally five measured variables) whose initial eigen value has come to 4.011 while Cumulative Percentage of Variance is 80.209. Since small coefficients are in well yardsticks, all the variables affect the Performance Appraisal of Employees in the Selected IT companies in Chennai City.

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(.529) and Right positions are reserved after placement gets over (.832). Hence, these three factors affect the Placement and Recruitment the most.

12. SUGGESTIONS

Though there are numerous HR Practices in the IT Companies, research investigation was done to measure two selected HR Practices among the employees of IT Companies in Chennai City. Performance Appraisal in the IT companies should be done rationally to keep the spirit of employees atop. While assessing the performance of employees, impartiality needs to be followed thereby repose faith in the employees. Monetary Benefits have to be given to those who are performing more than expectation of the superiors. Employees should do anything and everything for all round development of the organization. Promotion should be guaranteed on the successful completion of the tasks by the employees. In the same way, sufficient point of time is needed for the effective performance appraisal. But in some IT Companies, performance appraisal is not done thereby leaving the employees in lurch.

Need based training should be imparted to low performing employees so as to improve their effectiveness in their performance. Feedback also should be heard once the training programme is completed. If any issue arises, it should shortly be attended to. Recruitment and Selection also should be done unbiased. Meritorious employees should be given the opportunities of their choice to prove their level best abilities.

13. CONCLUSION

Performance Appraisal quenches the thirst of employees in IT Companies. Employees do their work in the organizations, but they have to know to what extent the work is acceptable by their bosses. They should know where they lack so that it will be easy for them to correct in the period to come. Lack of job skills will not only paralyze the organization but also brings the employees to standstill. IT Companies should follow proper method of Performance Appraisal so as to overcome the glitches being faced by them. Recruitment and Selection are need of the hour. Company must accommodate the skilled employees by identifying their abilities during the time of recruitment and selection.

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