

# Significance of HRM Practices in Start-Up Industries in Madhya Pradesh

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## ABSTRACT

Nowadays, operating effectively and smoothly in a competitive and rapidly changing diversified setting is a huge problem for employers in the corporate world. To thrive in today's intricate business environment, organizations must use unique strategies. We are all aware that the M5-Man, Machine, Material, Money, and Method—are essential for the operation of any organization. Comparing those M5, or managing man, or human resource, to the rest of M4, which are properly linked to work processes due to human intellectual capital in order to effectively accomplish organizational goals, is extremely tough. Organizational performance is more efficient when HRM procedures are effective. This research emphasizes the function of contemporary HRM techniques. The purpose of the research is to find out how employees feel about present HRM procedures and how to improve them, with a particular emphasis on Madhya Pradesh's IT sector.

**KEYWORDS:** Human Resource Management Practices, IT industry, Competitive, Madhya Pradesh

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## I. INTRODUCTION

The term "Human Resource," as represented by HR, refers to the people, or human beings, that make up an organization's workforce. Furthermore, the phrase "human resource management" refers to the process of hiring, supervising, developing, and inspiring employees as well as overseeing a system that ensures adherence to labor and human rights laws. It is regarded as the foundation of any organization. Man is the one who coordinates the other M4—money, material, machine, and method—to achieve both personal and group goals. Since human resource management is a process that is connected to making the best use of workforce resources, its central topic is people—the employees of any organization. One of the main purposes of HRM practices is the process of aligning employees in a company organization.

### A. The Indian IT Industry

Business Process Outsourcing (BPO) and IT Services are the two main pillars of the IT-ITES sector. The IT-ITES industry has been the driving force behind India's service sector expansion, making significant contributions to the country's GDP, employment, and

export development. In constant currency terms, the Indian IT sector—including the IT-BPO sector—is anticipated to increase at a pace of 12–14% over FY2016–17, according to NASSCOM. By FY 2025, the industry is predicted to have tripled its present yearly revenue to reach US\$ 350 billion. The Indian start-up ecosystem has expanded as a result of the 700 start-ups that were founded by former employees of 12 Indian start-ups, including Flipkart, Snapdeal, Makemytrip, Ola, and others. With over 4,200 start-ups, India's startup ecosystem is ranked third in the world.

By 2017, it is anticipated that banking and security companies in India would have spent a total of US\$ 7.8 billion, or 8.6% more annually, on IT. On the other hand, by 2018, it is anticipated that India's internet economy would reach Rs 10 trillion (US\$ 146.72 billion), or 5% of the nation's GDP. The Indian market for public cloud services is expected to expand by 35.9% to reach US\$ 1.3 billion, according to IT firm Gartner. The primary factors propelling the ongoing expansion of India's data centre co-location and

hosting business are the country's increasing internet access, including in rural regions, and the rapid advent of e-commerce. By 2020, the Indian healthcare IT industry, presently valued at US\$1 billion, is projected to have grown 1.5 times. By 2020, the business-to-business (B2B) e-commerce industry in India is projected to grow to be worth US\$ 700 billion, while the business-to-consumer (B2C) e-commerce market is projected to grow to be worth US\$ 102 billion. Indians' online cross-border purchases are predicted to grow by 85% in 2017, while overall online expenditure is predicted to expand by 31% to Rs 8.75 lakh crore (US\$ 128 billion) by 2018.

## **B. Finance and Advancements**

Major nations have made large investments in Indian IT due to its key capabilities and skills. According to statistics given by the Department of Industrial Policy and Promotion (DIPP), the computer software and hardware industry in India garnered total Foreign Direct Investment (FDI) inflows of US\$ 22.83 billion between April 2000 and December 2016. In order to generate distinct services, top Indian IT companies like Infosys, Wipro, TCS, and Tech Mahindra are expanding their product offerings and employing innovation hubs and research and development centres to showcase cutting edge concepts in artificial intelligence and block chain to customers.

## **C. Madhya Pradesh's IT Sector's Growth and Development**

Central India is home to the state of Madhya Pradesh. Uttar Pradesh borders the state on the north, Chhattisgarh borders it on the east, Maharashtra borders it on the south, and Gujarat and Rajasthan border it on the west. It is one of the states in the union with the quickest growth rates. The Gross State Domestic Product (GSDP) of Madhya Pradesh during the 2015–16 fiscal year was US\$ 86.32 billion, valued at current values. The GSDP's compound annual growth rate from 2004–05 to 2015–16 was 11.84 percent.

## **D. The state of the Madhya Pradesh IT industry**

The following succinctly describes Madhya Pradesh's comprehensive goal in the field of information technology:

1. Make the average person's life better by using e-Government's advantages.

luring capital into the field to enable the educated young to make contributions to the State's growth Establish a pool of exceptionally talented workers that can compete with the finest in the nation.

2. Converting the knowledge-based economy from the resource-based economy.

In tier I cities like Bangalore, Hyderabad, Chennai, and Delhi, the sector flourished. as a result of infrastructure

issues and traffic. It has begun to consider tier II cities for cost-cutting and operation expansion, including Nagpur, Chandigarh, Bhubaneswar, and Pune. The government may encourage investment in Indore, Gwalior, Bhopal, and Jabalpur by taking advantage of this trend.

## **E. Present Situation of Madhya Pradesh's IT Industry**

The state has officially approved 19 SEZs, including 14 IT-SEZs and 5 other SEZs. Software exports work INR 230 cores approximately each year. Proposed IT parks are located in Bhopal, Indore, and Jabalpur. Existing IT parks are located at Electronics Complex Indore, Khandwa Road Indore, and Ganga Malanpur Gwalior.

## **II. LITERATURE REVIEW**

Over the last several decades, a number of research on human resource management and its many functional domains have been carried out both in India and beyond. A review of the body of literature indicates that there hasn't been any research done on HRM in the IT industry up to this point. This study covers some of the significant research on human resource management and its different functional domains. According to Anil Kumar V's (1995) research, management should take steps to assess employees' merit and give them the impression that their merit is valued in order to inspire workers and increase productivity.

In his study, Guest D. (2000) spoke about how HR policies have a substantial impact on the organization's ability to apply them effectively and improve productivity, labor turnover, and financial results. After briefly highlighting some commendable developments in the area of human resource management, Budhwar et al. (2001) emphasized the need for further cross-national HRM research.

According to Rao et al. (2001), the shift from a regulated to a free-market environment has a direct impact on SHRM practices in India. HRM departments and specialists are under intense pressure to implement more professionalized changes at scale in their organizations to meet the challenges posed by economic liberation. Nine crucial HRM practices—decentralization, compensation, participation, training, development, job security, social interactions, management style, communications, and performance appraisal—were listed by Buck and Watson (2002).

According to Joe's 2003 analysis, HRM practices are significantly impacted by globalization. Armstrong (2006) noted that some variables control the dissemination of intercultural practices, which in turn affects HR and IR practices. Making ensuring the

company can succeed via its people is the overarching goal of human resource management.

Dessler, 2007 The policies and procedures involved in carrying out the "human resource (HR)" aspects of a management position, such as job analysis, recruitment, selection, orientation, compensation, performance evaluation, training and development, and labor relations, are collectively referred to as human resource management (HRM).

A approach to investigate behavioral costing and assess the financial effect of HRM activities was put out by Cascio and Boundrenau (2008). HRM tracks how employee behaviour, including absenteeism, turnover, attitudes, work-life policies, and training, affects the bottom line. In their 2009 paper, Saxena and Tiwari investigated the HRM practices used by top Indian IT companies, including TATA, Infosys, and Wipro. Training and Development, Employer-Employee Relations, Recognition via Rewards, Culture Building, Career Development, and Compensation were the HRM practices that they recognized while creating the 3cTER Framework.

The impact of HRM practices on organizational performance in Bangladesh and other developing nations was investigated by Mir Mohammed et al. (2010). Information gathered from fifty Bangladeshi manufacturing companies demonstrates the strong correlation between HR procedures and organizational success. Only performance assessment has been shown to have a major effect on organizational performance among HR practices. The study examines how HRM practices, such as recruitment and selection, compensation and rewards, career planning and management, training and development, performance management, employee engagement, organization culture, welfare measures, and working environment, among others, affect employees' satisfaction with their employers based on the previously mentioned literature review.

### **III. NEED FOR THE STUDY**

The IT industry relies heavily on its human resources. Examining how human resource practices, factors, procedures, and techniques have changed is crucial when it comes to the IT sector's recruitment and selection process. As technology changes over time, codes of conduct that have been in place for a few decades must also adapt to keep up with the times. Effective human resource management is critical to every organization's ability to develop and succeed. Increasing the operational competency of staff members is one of the IT industry's top priorities. In the present environment, an organization's ability to manage its human resources effectively determines its success or failure. The expectations of workers

everywhere have gotten more sophisticated in recent years, with regards to things like effective training and growth opportunities, a high-quality work environment, and appropriate remuneration and benefits. Sound HRM practices are necessary not just in the IT industry but also in other organizations to maintain a fair balance between expectations and long-term organizational objectives. Additionally, the IT industry seeks outgoing, diligent, and upbeat individuals who can use their intellect in a reasonable and considerate way to accomplish organizational objectives and enhance overall operational performance. As a result, the IT industry must give careful consideration to hiring, training, and expanding personnel as well as implementing long-term, methodical HRM procedures.

The topic of concern is the paucity of literature reviews on HRM in the IT sector that address both general and particular issues facing the business. In order to close this gap, the current study looks at several aspects of human resource management in the IT sector, specifically with reference to Madhya Pradesh. These aspects include recruitment, selection, training and development, compensation and rewards, career planning and management, employee engagement, organizational culture, employee empowerment and participation, welfare measures, working environment, employee attrition retention, etc.

### **IV. RESEARCH OBJECTIVES**

- To research the HRM methods currently used in Madhya Pradesh's IT sectors
- To provide recommendations for strategies to enhance the organization's HRM procedures.

### **V. RESEARCH METHODOLOGY**

The configuration of conditions for data collecting and analysis is known as a study design. The descriptive research approach used for this study aims to describe how each person perceives HRM practices or to tell the story of these practices. The primary goal of descriptive research is to describe the current state of affairs.

**Research methodology:** The descriptive method was chosen as the research methodology for this study. The study takes into account the respondents' opinions about certain HRM methods used by Madhya Pradesh state's IT firms.

Bartlett's Test of Sphericity	Approx. Chi-Sq	7625.992
	Df	2415
	Sig.	.000

**Data Sources:** This research used both primary and secondary sources to get its data. Journals, books, periodicals, and pertinent websites were the sources

of the secondary data for the research, while a structured questionnaire using Likert's five-point scale was used to gather the primary data required for the analysis.

Sample Procedure: Convenient Sampling, Non-probability Sampling.

Sample Size: For the survey, 125 workers in the MP IT sector served as the sample.

## VI. DATA ANALYSIS AND RESULTS

**Reliability of Questionnaire:** It should be noted, however, that the researcher applied reliability test the help of the SPSS 20 Version Software to calculate the reliability and the results are discussed below:

**Table 1: Reliability Statistics**

Cronbach's Alpha	No of Items
0.980	70

Source Primary Data

**Interpretation:** Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the "underlying construct". Construct is the hypothetical variable that is being measured (Hatcher, 1994).

Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 5 = excellent). The higher the score, the more reliable the generated scale is. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. Thus, on the basis of above Cronbach's Alpha table we can conclude that our questionnaire is reliable because here Cronbach's Alpha is .980>.9 which is called excellent.

### Findings of Demographic Profile

- 54% of the respondents working in IT sector are of age group between 18-25 years.
- 27% of the respondents were married.

- 57% of the respondents have Graduation Degree.
- 64 % of respondents Income per Month were between Below Rs 30000.
- Majority of data is collected from Indore city i.e 79%, 8 % from Bhopal and 6% from Jabalpur, 4 % from Ratlam and 3% from Raipur
- 89% employees are serving current organization since 0-5years
- 80% employees fall under total experience less than 5 years.
- 36% employees have not worked in any organization before.
- Top 3 reasons for joining IT sector are good package 27%, International Exposure 25% and Life style 22% respectively.
- Top reasons for joining current job are career progress 36%, designation 23%, salary 20% and Company's brand Image 16%.

**Factor Analysis:** Factors analysis has been extracted by using principal component method and rotated by Kaiser Varimax rotation method.

**Table 2: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.869
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Source Primary Data

**Interpretation:** KMO Measure of sampling adequacy is used to compare the magnitudes of the observed correlation coefficients in relation to the magnitudes of the partial correlation coefficients. Large KMO values are good because correlations between pairs of variables (i.e., potential factors) can be explained by the other variables. If KMO is below .5, don't do a factor analysis.

As per KMO and Bartlett's Test value is .869 which is at par with .6 recommended value and Bartlett's test of sphericity Chi-square value is 7625.992 and significance value is .000 where as degree of freedom is 2415 indicate that factor analysis done for 70 variables is effective.

**Table 3: Rotated Factor Matrix**

Variables	Component				
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Recruitment and Selection	2.121		1.987		1.623
Training and Development	0.583	2.311			1.164
Performance Appraisal			0.757		1.551
Compensation and Rewards		0.939		1.759	
Career Planning & Management	0.926			1.079	
Employee Engagement	1.014				
Organizational Culture	2.121			1.063	
Employee Empowerment & Participation	1.124				

Welfare Measures			1.856	2.3	
Working Environment		1.728	1.542		
Employee Attrition		2.086			
Employee Retention		3.952			
% of variance explained	43.29	10.38	6.81	6.02	5.75

### Primary Data Source

Interpretation: In order to determine the "Factors," or smaller collection of factors that the respondents deemed significant, factor analysis is used to the final 12 chosen variables and sub variables. The principal component approach is used to extract the components, and the Kaiser varimax rotation method is used to rotate them. The following variables were subjected to factor analyses: employee engagement, organizational culture, welfare measures, working environment, employee attrition, employee retention, career planning and management, training and development, performance appraisal, compensation and rewards, and career planning and management.

According to the analysis, the first factor—which goes by the name of recruitment and employee engagement—contains the following variables: hiring and selection; training and development; career planning and management; employee engagement; organizational culture; employee empowerment; and participation. 43.29% of the variation overall may be attributed to this component. Therefore, care should be taken when selecting employees for the companies and actions should be taken to provide more effective and proper career planning and management, empowerment, and retention facilities to the employees of the IT industries in MP in order to make the HRM practices in the IT sector more well-organized.

Employee attrition and retention, working environment, compensation and rewards, and training and development are all included in the second element. Work Environment and Employee Development are the variables called after the full representation of the variables found in this component. 10.38% of the variation overall may be attributed to this component.

The factors Welfare Measures, Performance Appraisal, Working Environment, and Recruitment and Selection are all included in the third element. Welfare Measure refers to the full representation of the variables included in this component. 6.81% of the variation overall may be attributed to this component.

Compensation and Rewards, Career Planning & Management, Organizational Culture, and Welfare Measures are the elements that make up the fourth component. Taking into account all of the

characteristics found in this component, which is called Employee Retention. This component is responsible for 6.02% of the variation overall.

The factors Performance Appraisal, Training and Development, and Recruitment and Selection are included in the fifth element. Career Planning and Management are indicated as factors that take into account the full representation of the variables found in this factor. This component explains 5.75 percent of the overall variation.

The overall variation (Table III) in the dependent variable, human resource management practices, was explained by all four recognized factors combined, accounting for 72.25% of the variance, while the variance for the unidentified variables accounted for 27.75%.

Based solely on the factor analysis, 43.29% of the variation can be explained by the component with the greatest loading, which is employee engagement and recruitment. Therefore, in order to improve the HRM practices in the IT sector, care should be taken when selecting and onboarding new hires. Additionally, measures should be taken to provide more effective and appropriate career planning and management, training and development, empowerment, and retention resources to MP's IT industry employees.

### VII. LIMITATIONS OF THE STUDY

The researcher would like to draw attention to a few inevitable limitations that have been included into the study, despite the fact that extremely trustworthy and potentially broadly applicable findings have been reached. They are listed as follows:

1. The list of 70 items divided into the 12 variables chosen for the research.
2. Since this is a one-person project, just 125 respondents—roughly 10% of the overall population—provided the core data needed for the research.
3. The majority of the information was gathered in Indore.
4. Time is of the essence for this investigation.
5. The research is limited to Madhya Pradesh.

### VIII. SUGGESTIONS

The creation and upkeep of really good HRM practices in the IT industries is a very complex

endeavor. It is an ongoing procedure. The study's conclusions led to the formulation of the following recommendations for the various HRM functional areas: hiring and selection; training and development; performance appraisal; compensation and rewards; career planning and management; employee engagement; organizational culture; employee empowerment and participation; welfare measures; working environment; employee attrition; and employee retention. The rationale behind these recommendations is to enhance the efficacy of HRM practices in MP's IT sector, particularly in the areas where the research identifies deficiencies.

- As was previously said, human resource management is the process of successfully motivating employees to achieve the goals of the company. In every organization, managing its workforce is more difficult than managing other production-related factors like machinery, money, and techniques, etc. Every person has unique interests, inclinations, and perspectives on their jobs and way of life. Because of this, HR professionals should be mindful of all of those factors while interacting with the varied workforce of the organization.
- Once the requirements have been determined, employees should get appropriate training on a regular basis. As a result, it boosts productivity, elevates mood, and reduces worker stress.
- In the contemporary environment, workers' mindsets, behaviors, and attitudes must change in addition to their skill growth. Therefore, before implementing new policies, suitable provisions should be made to bring about the necessary adjustments in personnel's viewpoint and attitude and to raise awareness in line with the organization's goal.
- In addition to monetary compensation, workers also look for non-cash benefits like health insurance, childcare assistance, employee education programs, canteen services, maternity leave, access to restrooms and recreational areas, management opportunities, and so forth. These benefits fall short of what workers in the IT industry would have expected. Consequently, it is advised that the IT industries take some concrete action to improve the non-cash advantages offered to staff members.
- The opportunities for advancement in Madhya Pradesh's IT industries are hardly encouraging. When it comes to the promotion, competent effectiveness should take precedence over other skills. It is recommended that workers be offered suitable promotion opportunities in order to increase workforce performance and spark enthusiasm in the job. When it comes to elevating people to higher positions within their organizations, seniority and efficiency should be taken into equal consideration. The study recommended that there should be plenty of opportunities for IT sector workers to take part in management. The IT industry's managers must take specific proactive measures to provide their staff with sufficient training so they can use the idea of workers' participation in management. It will encourage cohesion and a feeling of inclusion among the staff members.
- A good method for evaluating employees connects each worker's performance to the goals and priorities of the company. Recognizing high performers is made easier with the help of a well-organized performance feedback system.
- Both the management and the workers should communicate with each other in order to shift the needle towards the employees' happiness. It is important to tell staff members about the organization's plans and initiatives via meetings, bulletins, and casual conversations. Workers should be able to express their concerns and hesitations by asking questions and receiving their own answers.
- It is recommended that IT companies implement a range of awareness programs pertaining to Human Resource Practices. This will foster a favorable attitude among workers about these practices.

## IX. CONCLUSION

IT organization face intense competition and a skills shortage in the current competitive environment. As a result, the IT firm has to develop and put into practice a variety of cutting-edge HR strategies in order to draw in the greatest employees and provide them a pleasant workplace that also helps the business retain talent. Twelve key parameters that reflected the majority of HRM practices used by Madhya Pradesh IT organization were taken into consideration in this study. According to the report, not all HRM aspects used in MP's IT industry please workers equally. The majority of workers are demotivated and unsatisfied with their pay and benefits, performance reviews, career planning and management, and training and development. It is clear that HRM practices in MP's IT sector are underdeveloped, and it is urgently necessary to enlist the assistance of HR professionals, experts, and researchers to help define and create creative directional focus that will ensure efficient and well-managed HR operations. In order to establish a great working environment, this paper concludes by

recommending that IT organizations assess their current pay practices and provide remuneration that is competitive with the market, as well as interesting and demanding job duties and pleasant connections among employees.

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