# Impact of Globalization on Human Resource Practices in IT Sector

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**Abstract :** *Human Resources are changing as the modern business faces numerous and complex challenges, and exploit opportunities. The global supply of talent is little of its long-term demand, and the gap is a challenge for employers everywhere. In order to survive the competition and be in the race, HR department should continuously update itself with the conversion in HR suitable HR Policies that would lead to the achievement of the organization as well as the individual's goals should be formulated. This paper has been designed to examine impact of globalization on HR Practices.*

**Key words:** Employees performance, Globalization, HR Polices and Human Resource Management.

## 1. Introduction

Human resource management has stimulated a long way through history to its current form where the expression is highly employee oriented and focused on the business objectives of the organization. The adjust in the human resource approach has come about not only through legislations, the paternalistic attitude of the employer or through the desire of capitalism to gain a bigger share in the world market. This transform has also come about due to increased professionalism and globalization of economy, which has provided an unlimited opportunity to an employee to try his skills in a new and challenging environment. The professionals today are much more demanding. They know their worth fully well and hence demanded an acknowledgement and respect for their contributions to the company's

objectives. As a consequence the policies and practices pertaining to human resources need to undergo changes to withstand the pressure created by the changed work environment. In view of this let examine human resource management in an globalization perspective to decipher how human resource practices have changed in response to the environment around.

## 2. Basic terms and concepts

*a. Proponents of globalisation:* According to the Managing Director of the International Monetary Fund (IMF), "Globalisation is a positive development for the world economy … to begin with, globalisation is the continuation of the trend of growing openness and integration among economies that has brought the world a half century of unparalleled prosperity" (*Niemann, 2005*).

**b. Opponents of Globalisation:** Globalisation has been marked by a concerted approach by capitalists, in particular trans-national corporations, to safeguard their interests and to destroy any possibilities of socialism (*Niemann, 2005*).

**c. Policies and procedures:** Policies and procedures refer to the systematic way an organisation designs, structures or organises its collection of information for purposes of storage and access (*Urgo, 1999*).

**d. Effectiveness:** "It may be reserved for the achievement of specific, measurable, desired ends. Effective management can be quantified as the manager being concerned with using the available resources to achieve the specific objectives" (*Du Toit, Knipe, Van der Walt, Bayat and Cheminais, 1998*).

**e. Public Human Resource Management (PHRM):** It is a strategic and coherent move to the management of a public service institution's most valued assets - the people working there who individually and collectively contribute to the accomplishment of the objectives of the organisation. Human Resources management is constantly evolving. Human resources management is both an academic theory and a practice that addresses the theoretical and practical techniques of managing a workforce (*Armstrong, 2006*).

**f. Strategic public human resources planning: Van der Waldt, et al (2002)** states that any public manager ought to know where the institution is and where it is going. It is necessary to know the implications on the future demands and supply of human resources.

### 3. Human Resources

As a result, lot of interest has been generated in the region of human resource field to make sure that such a strategic resource is appreciated and taken care of. The human resource practices are no longer being treated as an attachment to the main business activity of the organization. They are now a necessary element of any corporate planning, affecting business goals. Moreover, it is increasingly being realized that if the corporate wars have to be won there has to be a peace with in. This can only be attained if the organization's strategic resource- its employees are happy and motivated to contribute towards the organization through their long association. In the light of scenario, let us try to recognize human resource management as it has evolved over the years to reach its current flavour.

### 4. Human Resource Management and its evolution

Human resource management has moved a extensive way through history to its present shape where the expression is highly employee oriented and focused on the business objectives of the organization. The change in the human resource approach has come about not only through legislations, the paternalistic attitude of the employer or through the wish of capitalism to increase a bigger share in the world market. This change has also come about due to increased professionalism and globalization of economy, which has offered an unlimited opportunity to an employee to try his skills in a new and challenging environment.

### 5. IT industry of Kerala

**a. Kerala scenario:** The economy of Kerala gathered enormous benefits from its blossoming industrial sector. The traditional industries in Kerala particularly coir, handloom, Khadi, bamboo-based, handicrafts, artisanal and cottage industries etc. are plagued by the problems of high cost production, low quality, inappropriate technology and incapacity for professional marketing and export. In Kerala, compared to the traditional industries, the Information Technology industry has emerged as a key driver of global economic growth.

### b. IT parks in Kerala

The IT sector of Kerala spread across its 10 IT Parks which provides employment to about 2,00,000 people. Technopark in Thiruvananthapuram, Infopark in Kochi, Cyberpark in Kozhikode and Rural IT Parks (Techno lodges) are the three main IT Parks promoted by Government. Taking into consideration of demand for built up space inside the Government owned IT Parks, the Park invite private developers established in India and abroad to construct more built up space. In order to increase the availability of IT infrastructure, Government also promote IT Parks in private sector outside the Government owned IT Parks. Government frames guidelines and standards for private IT Park certification.

### 6. Scope of the study

The present research is mainly focused on the HR practices and HR policies being followed in the IT sectors, Technopark, Thriuvanathapuram and study the impact of globalization on HRM in the IT industry.

### 7. Research objectives

- To determine the impact of the globalisation process on human resources management especially before the global expansion and after the global expansion in the IT Sectors.

- To examine selected administrative and management structures responsible for human resource policies and procedures on training and development in the IT Sectors.

- To determine the level of understanding of human resources management in terms of globalization.

### 8. Research design of the study

Research design is the blueprint for descriptive research work that guides the researchers in a scientific way towards the achievement of the objectives. This research is based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief.

**a. Population:** Technopark is an autonomous organisation fully owned by Government of Kerala registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955. This is a CMMI Level 4, ISO 9001:2008, ISO 14001:2004 and OSHAS 18001:2007 certified Technology Park. Being one of India's largest IT Parks, it is one of world's greenest Technopolis as well. Technopark came into existence in 1990 at Kerala State Capital. Technopark companies employ more than 53000 IT professionals. Spread across 760 acres of land with 9.33 million sq.ft built up space (completed) & 3.5 million sq.ft (work in

progress) and over 350 companies operational at present.

**b. Sample of the study:** The study is confined to IT employees in Technopark, Thiruvananthapuram. The total size of the sample 702 was consisting the different category such as Higher Management, Mid Management and Software Engineers for analyzing the study on the impact of globalization on HR practices in IT sectors with special reference to Thiruvananthapuram of Kerala.

Population size (N) $\quad= 350$ companies

Expected Sample Size $(n_0) = 88$ (twenty five percentage from population size)

$$\text{Sample size n} = \frac{\text{Expected Sample Size } (n_0)}{\left[1 + \left(\dfrac{\text{Expected Sample Size } (n_0) - 1}{\text{Population size (N)}}\right)\right]}$$

$$= 70.16 \times 10 \text{ respondents from each company}$$

$$= 702 \text{ respondents}$$

**c. Instrument for data collection:** The data used for this study includes primary and secondary data. Primary data have been collected from 702 IT employees using well structured questionnaire. Secondary data is collected from various sources such as journals, magazines, text books, and websites to support for this study on the impact of globalization on HR practices in IT sectors, Technopark.

**d. Questionnaire:** Questionnaire is a set of questions has been prepared to ask a number of questions and collect answers from respondents relating to the research topic. A number of questions usually in printed or electronic form are to be answered by the individuals. The forms often have blank spaces in which the answers can be written. Sets of such forms are distributed to groups and the answers are collected relating to research topic. A questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic.

**e. Period of the study:** The study was carried out based on the data collected from both primary and secondary sources. The primary data were collected from respondents with the help of a structured questionnaire and the same was collected during the period from June 2015 to March 2016 from IT employees in Technopark, Thiruvananthapuram of Kerala while the secondary data were collected from various books, journals, periodicals, magazines, newsletters, newspapers and earlier research works.

**f. Pilot study and pre-testing of questionnaire:** To determine the construct validity of the instrument, a pilot testing was conducted initially by administering the questionnaire on around 70 respondents from ten percent of the sample size. Many items were pre-tested for their clarity and relevance.

*Reliability Coefficients*

No. of Cases    =    70    No.
of Items    =    117

Alpha    =    0.86 (i.e. 86%)

**g. Data analysis:** This study has used Microsoft Excel and Statistical Package for Social Sciences (SPSS) computer software for analyzing the primary data of this study. These tools have been used to run the statistical analysis end to create suitable tables and figures.

***i. Chi-square Analysis:*** The Chi square test was used in this study on social science and management for testing the independence of two attributes. It was used to identify the factors for the study on the impact of globalization on HR practices in IT sectors.

***ii. Regression Analysis:*** The regressions analysis is a functional relationship between a dependent variable and a set of independent variables. In this study the results of multiple regressions analysis is used to analyze between the dependent variable (personal factors) and the study factors of impact of globalization on HR practices in IT sectors.

## 9. Analysis and Interpretation

**A. Chi-square analysis**

The results of chi-square analysis is presented by dividing the factors considered in the study as two groups. Each of the variables of perception among the IT employees is compared with the personal factors, chi square test are applied and the results are presented with suitable hypothesis and relevant interpretations.

(i) Level of employees' perception on global expansion.

(ii) Level of employees' perception on HRM Policies.

**a. Hypothesis:** The personal factors have no significant influence on the opinion of the respondents on global expansion related variables.

The Table 1.1 describe overall scores and the results of chi-square analysis in terms of personal variables, chi-square values, p values and their significance on the study of Globalization on HR practices in IT sectors with special reference to Thiruvananthapuram of Kerala.

### Table 1.1: Chi Square values – Personal variables on global expansion

| S.No | Personal variables | Chi-square Value | p values | Significant/ Not Significant |
|------|-------------------|------------------|----------|------------------------------|
| 1 | Gender | 1.385 | 0.50 | NS |
| 2 | Age | 1.445 | 0.96 | NS |
| 3 | Educational Qualification | 1.309 | 0.86 | NS |
| 4 | Employment Status | 0.837 | 0.66 | NS |
| 5 | Department | 3.722 | 0.45 | NS |
| 6 | Monthly Income | 18.958 | 0.00 | S |
| 7 | Experience | 26.625 | 0.00 | S |
| 8 | Marital Status | 2.567 | 0.28 | NS |
| 9 | Type of family | 2.104 | 0.72 | NS |
| 10 | Residential area | 12.336 | 0.02 | S |

S – Significant at 5% level (p value<= 0.05); NS – Not Significant at 5% level (p value>0.05)

It is found from the Table 1.1 that the hypothesis is rejected (Significant) in three cases and other cases are accepted (Not significant). It is concluded that the personal factors 'Monthly Income', 'Experience' and 'Residential area' have significant influence on the global expansion in the study on the impact of Globalization on HR practices in IT sectors with special reference to Technopark, Thiruvananthapuram of Kerala.

**b. Hypothesis:** The personal factors have no significant influence on the opinion of the respondents on HRM Policies practices related variables.

The Table 1.2 describe overall scores and the results of chi-square analysis in terms of personal variables, chi-square values, p values and their significance on the study of Globalization on HR practices in IT sectors with special reference to Thiruvananthapuram of Kerala.

**Table 1.2: Chi Square values – Personal variables on HRM Policies**

| S.No | Personal variables | Chi-square Value | p values | Significant/ Not Significant |
|------|--------------------|------------------|----------|------------------------------|
| 1 | Gender | 2.861 | 0.24 | NS |
| 2 | Age | 7.472 | 0.28 | NS |
| 3 | Educational Qualification | 21.536 | 0.00 | S |
| 4 | Employment Status | 14.189 | 0.00 | S |
| 5 | Department | 14.472 | 0.01 | S |
| 6 | Monthly Income | 21.584 | 0.00 | S |
| 7 | Experience | 24.508 | 0.00 | S |
| 8 | Marital Status | 17.645 | 0.00 | S |
| 9 | Type of family | 7.137 | 0.13 | NS |
| 10 | Residential area | 12.791 | 0.12 | NS |

S – Significant at 5% level (p value< = 0.05); NS – Not Significant at 5% level (p value>0.05)

It is found from the Table 1.2 that the hypothesis is rejected (Significant) in six cases and other cases are accepted (Not significant). It is concluded that the personal factors 'Educational qualification', 'Employment Status', 'Department', 'Monthly Income', 'Experience' and 'Marital Status' have significant influence on the HRM Policies in the study on the impact of Globalization on HR practices in IT sectors.

**B. Regression analysis**

In this section the results of multiple regressions analysis is presented between the dependent variable (personal factors) and the independent variables such as

(i) Level of employees' perception on global expansion.

(iii) Level of employees' perception on HRM Policies.

One independent variable is introduced at each stage to assess the

incremental values in the value of $R^2$, which provide the percentage of explanation on the dependent variable.

**a. Hypothesis:** Personal factor (Gender) doesn't influenced in the impact of Globalization on HR practices in IT sectors.

From the results of multiple regression analysis in terms of independent variables, the following Table 1.3 shows the calculated value for the coefficients and p-value for the study of personal classifications especially gender on the study of impact of Globalization on HR practices in IT sectors among IT employees in Technopark.

**Table 1.3: Results of multiple Regression Analysis**

| S.No | Dimensions of Globalization on HR practices in IT sectors | Calculated t-value | p-value | Significant/Not Significant |
|------|----------------------------------------------------------|--------------------|---------|----------------------------|
| 1 | Level of perception on global expansion | 0.25 | 0.80 | NS |
| 2 | Level of perception on HRM Policies | -1.57 | 0.12 | NS |

S – Significant at 5% level (p value<= 0.05); NS – Not Significant at 5% level (p value>0.05)

It is found from the Table 1.3 that the dimensions of globalization on HR practices in IT sectors are rejected (Significant) in single case and the remaining cases are accepted (Not Significant) on the dependent variable (gender). It is concluded that the dimension 'Level of perception on training and development' against the personal factor (gender) has influenced in the study of impact of Globalization on HR practices in IT sectors among IT employees in Technopark.

**b. Hypothesis:** Personal factor (Residential area) doesn't influenced impact of Globalization on HR Practices in IT sectors.

From the results of multiple regression analysis in terms of independent variables, the following Table 1.4 shows the calculated value for the coefficients and p-value for the study of personal classifications especially residential area on the study of impact of Globalization on HR practices in IT sectors among IT employees in Technopark.

**Table 1.4: Results of multiple Regression Analysis**

| S.No | Dimensions of Globalization on HR practices in IT sectors | Calculated t-value | p-value | Significant/Not Significant |
|------|----------------------------------------------------------|--------------------|---------|----------------------------|
| 1 | Level of perception on global expansion | -1.36 | 0.17 | NS |
| 2 | Level of perception on HRM Policies | -0.72 | 0.47 | NS |

S – Significant at 5% level (p value<= 0.05); NS – Not Significant at 5% level (p value>0.05)

It is found from the Table 4.10 that the dimensions of globalization on HR practices in IT sectors are rejected (Significant) in two cases and the remaining cases are accepted (Not Significant) on the dependent variable (Residential area). It is concluded that the dimensions namely 'Level of perception on performance appraisal' and 'Level of perception on impact of globalization' against the personal factor (Residential area) have influenced in the study of impact of Globalization on HR practices in IT sectors among IT employees in Technopark.

## 10. Conclusion

The success of an organization depends on its human resource. This means how they are acquired, motivated and retained in organization, play a significant role in the organizational success. The recent emerging trends discussed in this thesis, will help the HR practices as well as the organization to carry out the responsibilities and process in the flexible manner in various time frames. Training and development can be regarded as one of the most essential human resource functions in the IT 7.

sectors. If one or more of the phases of the training process is neglected it could influence the effectiveness of the learning programme.

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