LITERATURE REVIEW. The investigator has surveyed the literature on the subject *per se* critically. The Literature Review logically flowed from theoretical introduction is long and divided into two broad sections: the first section deals with the issues and concerns of Humans Resource Management in general and Information Technology industry in particular and the second section deals with the review of the relevant literature. The review ends with the identification of the research gap, which exists, in the earlier research works.

The Literature Review surveyed the literature on the subject *per se* critically ending with the identification of the research gap, which existed, in the earlier research works and the research question was framed. The literature surveyed was divided into three sections viz. Theses, Books and Research Papers and each set is presented in chronological order. The section concludes with a summary of the entire review. Brief review of the same as per JJT University norms has been done date wise. This is because the topic under study is new and not much work has been done on it till date.

In their book, Beer *et al*, define Human Resource Management as that which involves all management decisions and actions that affect the nature of the relationship between the organization and its employees – its human resources. Although both the terms HRM and Personnel Management have been used interchangeably to have clarity on the differences, one can refer to personnel management while dealing with the historical development of the functions and HRM would refer to the functions and their descriptions. In other words, HRM would refer to the specific movements and strategies of post 1980 era. It is a business function, not a departmental presence within the organization. [Beer *et al* 1984]

This investigator, in this context, notes that the group of scholars although have conducted a study in the Indian organizations, IT industry as such was not taken into consideration. Albeit following Rao’s suggestion that the usefulness of these frameworks is doubtful unless implementation problems are taken care of, the investigator gets motivated to undertake his present study on IT industry in India, as maintained by T V Rao’s [1984].

Gerry Johnson in his book, *Strategic Change and the Management Process*, [1987] states that the issues that have to be dealt with in managing the strategy of an organization are of a different nature from many of the day-to-day activities of managing. First, they are likely to involve a higher degree of uncertainty. They are usually to do with decisions and actions that demands some view of the future be taken. It cannot be that managers are able to know what their future will be like, yet they must take a view about it on some basis. Clearly these sorts of decisions must be much less certain.
than the day-to-day management of the operations of the business, are likely to demand an integrated approach to managing the organization and strategic decisions are likely to be decisions are likely to be decision concerned with change. It is unlikely that managers will foresee a future in which there is no change and therefore they will have to consider how their organization should adjust to such a change. Implementing strategic decisions is therefore also likely to involve the persuasion and organization of people to change from what they are used to doing.

Other authors have taken a similar line of argument such as Lakha, Salim, “The New International Division of Labour and the Indian Computer Software Industry”, [1994]. Storey J. (ed.): in Human Resource Management. A Critical Text, [1995] succinctly states that Human Resource Management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable task force using an integrated array of cultural, structural and personnel techniques. Storey contends that Human Resource Management, as a discipline on the one hand claims that it is highly distinctive than the traditional concept of personnel management, on the other hand it has to be no more and no less than personnel management, rather it is a more fashionable label for personnel management. In other words the connotation of HRM varies from person to person. Other works like Kirkpatrick, S. A., et al [1996] follow a similar line of logic

Sorab Sadri in Business Strategy and Manpower Planning: an exposition [1997] has argued that proper HR strategies can help increase labour productivity. Jeffrey Pfeffer in his work Seven Practices of Successful Organizations [1998] had argued that effective management of people can produce substantially enhanced economic performance. Hence the investigator can state that this opinion has been shared by a number of scholars.

In The Human Equation: Building Profits by Putting People First, Jeffrey Pfeffer, [1998] extends his views and says, that managers frequently misunderstand the sources of corporate success. Contrary to conventional wisdom, he observes, there is nothing magical about being in the "right" industry, about being large, about being global or even having a barrier to competition in the form of some technological edge or brand equity. With the right attitude to people, his message runs, you can be successfully small, local and "low tech." Authors who follow the Pfeffer line of argument believe that some general principles can be discerned with respect to determinants and effects of compensating practices but still there are many unanswered questions.

T V Rao in his The HRD Missionary [1998] lay down the basics of training snd development in the Indian context. On the other hand, T V Rao’s HRD Audit [1999] is an attempt to facilitate comprehensive evaluation of the current human resource development strategies, structure, systems,
styles and skills in the context of short and long term business plans of the company. Rao’s work attempted to find out future HRD needs of the Company after assessing the current HRD activities and HGR inputs available.


In order to crystallise their argument Gerhart and Rynes have referred to researches and based their work on K M Bartol & E A Locke [Incentives and motivation in S. Rynes & B. Gerhart (Eds.), *Compensation in Organizations*. [2000.] Sadri S and Jayashree S in “Motivating the Knowledge Worker” [2000] have taken the argument from abroad and slotted it into India.

Persis Mathias, in her research paper, “Bangalore, the crucible of India” [2001] states that it is hard work engaging Indian Software talent as the software industry is a spawning ground for IT professionals. It is also a stalking ground for companies on the hunt for pried talent which means that companies here must work extra hard to hold on to their key people. Retention of employees then is a major task before HR personnel managers. AMR (attract, motivate, retain) is a big issue in IT industry.

T.V. Rao, Raju Rao, and Tara Yadav, in their article, “A study of HRD concepts, structure of HRD departments, and HRD practices in India,” [2001] have comprehensively examined various HR frameworks in use in firms in Asia and abroad. Significantly, they have argued that “Human Resource Development (HRD) as a function has evolved in India indigenously from the year 1975 when Larsen & Toubro (L&T) conceptualized HRD as an integrated system and decided to separate it from the personnel function. Since then, most organizations have started new HR departments or re-designated their personnel and other departments as HRD departments. Today, there are high expectations from HRD.

The People Capability Maturity Model is a framework that helps organizations successfully address their critical people issues. Since its release in 1995, thousands of copies of the People CMM have been distributed, and it is used worldwide by organizations, small and large. [Curtis, B., Hefley, W.E., and Miller, S. (2002). *The People Capability Maturity Model: Guidelines for Improving the Workforce* [2002]. Its Indian applicability has been discussed at length by S Sadri, S Jayashree and M Ajgaonkar in *Geometry of HR*, [2002].
Tom Siebel in his research article, “After CRM, its ERM Employee Relationship Management” argues that the advocates of Customer Relationship Management (CRM) have moved on to Employee Relationship Management (ERM). [Tom Siebel 2002]. In fact there are softwares developed for the same purpose. Until April 2001, Siebel systems had focused on his team which concentrated on internal employee relationship management. This was a very futuristic product, and the need of the day, where Human Resource is recognised to be the resource which will yield rich returns for a company. He states that Today, a new relationship has been defined between employer and employee. It can be described as a contract through which individual needs and those of the organization are balanced.

P Nath and A Hazra in Configuration of Indian Software Industry [2002] made a substantial contribution towards understanding HR in the Indian IT industry. Kiran Karnik in his article “Hard on Software” [2002] gives a comprehensive backdrop to the software industry in India. He talks about it being one of the fastest growing sectors in India, with a compounded annual growth rate in excess of 50%. Despite the competition emerging from countries such as China, Russia, Ireland and Israel, the industry is likely to grow by 30%. An important contributory factor according to him has been the supportive and progressive framework provided by government policies. Though Indian IT Industry is doing well, the world wide economic slowdown in 2000-2002 certainly had its impact.

Catherine Truss, in her Working Paper entitled “Shifting the paradigm in Human Resource Management: From the resource based view to complex adaptive systems” [2002] argues that the RBV is overly rationalistic, unitarist and internally focused compared with what we know about organizations from sociological institutionalist perspectives. She contends that the more recent complex adaptive systems (CAS) perspective constitutes a more promising basis upon which to advance our knowledge in this area.

Lynda Gratton and Catherine Truss in their work “the three-dimensional people strategy: Putting human resources policies into action” [2003] have argued that good people management enhances corporate performance. Not so obvious is that successful people strategies are three-dimensional, each dimension requiring an equal amount of attention. T.V. Rao Gopal Mahapatra, Raju Rao and Nandini Chawla [360 Degree Feedback & Performance Management Systems quoted in, in T.V. Rao and Raju Rao (Eds.), 360-Degree Feedback and Performance Management System, 2003 ] have discussed all these frameworks in detail and then gone on to study the current status of H.R.D. structures and practices in the Indian Industry. They have created a scorecard study in 12 companies, which represented a variety of India Corporates – representing financial services, consumer products, electronics, cement, tyres and automobiles.
The above argument is further extended by Sohel Ahmad and Roger G. Schroeder [The impact of human resource management practices on operational performance: recognizing country and industry differences, [2003] to show its general applicability. On the other hand the work of Barry Gerhart and Sara L. Rynes from UL and entitled Compensation: Theory, Evidence, and Strategic Implications, [2003], examines the three the three major compensation decisions-pay level, pay structure, and pay delivery systems, provides a comprehensive review of the subject and attempts to give a pivotal role to Human Resources Management in an organization by advocating that it has a strategic role. This role is also highly dynamic because of the advent of new technology. The investigator takes these clues and, in the present study tries to prove the HRM practices are not only strategic and dynamic and flexible as well.

Fredrick Herzberg in his article on “One More Time, How do you motivate employees?” [2003] dwells upon the issues which keep the employees motivated. He says that if you ask what makes people unhappy at work, you will hear about an annoying boss, low salary, an uncomfortable works space or stupid rules – According to him managed badly, environmental factors make people miserable and they can be certain by de-motivating, but even if managed brilliantly, they don’t motivate anybody to work much harder or smarter, People, Herzberg points out, are motivated instead, by interesting work, challenge, and increasing responsibility. These intrinsic factors answer people’s deep seated need for growth and achievement.

Charles Elson, presently the Edgar S. Woolard, Jr.,[2003] discusses whether salary matters in giving best performance. He states that a philosophy of executive compensation came to hold sway in the late 1990’s. The best bargain is an expensive CEO is one who is unbelievably well compensated because he’s creating wealth for the shareholders. Raghavendra Rao, [2003] contends that many Indian companies are automating and web-enabling HR processes both to improve employee servicing and efficiencies. Rao feels that to work well, E-HR has to go beyond IT. It must strike a balance between eliminating paper work and retaining the human interface where needed. He says that e-HR works particularly well firms with scattered operations but whose employees still need to interact with one another and the administration IDBI has implemented e-HR. It takes care of the recruiting man –power planning and the training functions.

The paper by T V Mahalingam entitled “Picking up Pace”, [2003] discusses figures of half-yearly report on Indian IT services industry by where after surveying the growth of this industry they come to the conclusion that white top line growth remains steady in the IT services industry margin pressures, an appreciating rupee and the backlash against outsourcing have plagued this sector during
the first half of the fiscal. According to the survey, the top lines of most Indian software companies have grown at a robust rate in the first half of fiscal 2003, Infosys top line, for example grew 35% compared to 39% during the full fiscal 2002, Wipro’s 29% (steady at 29% in fiscal 2002). Digital Global Soft’s 45% (up significantly from 27%) etc. Both Infosys and Wipro hoped to join TCS in the exclusive league of Indian software companies that clock annual revenue of over a billion dollars. On analysis of this data, however, they found that profit before tax has not grown much. In case of Wipro, it is a mere 6%. This is because of significant investments made during the year by some of these companies.

David Needle, in Business in Context, [2004] states that Human Resource Management is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management, which is concerned with people at work and with their relationships within an enterprise. It applies not only to industry and commerce, but also to all fields of employment. Human resources management aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to provide fair terms and conditions of employment and satisfying work for those employed.

Srinivas R. Kandula in Human Resource one Management in practice with 300 models Techniques and Tools [2004] attempts to integrate HRM theory with existing practice in the industry. He has basically brought together in one place, the classic and modern theories of HR practice. He has highlighted models and tools and techniques for the various functions of HR. it is rich in content and serves as an excellent source and pool of knowledge. It is a one-stop book that documents various theories and models.

In Ashok Gopal’s paper “Customer Satisfaction Isn’t Good Enough” [2004], the author goes on to argue that HR must build emotional connections that will keep your customers coming back. He laments that today product parity has become the norm. Almost all organizations have access to the same manufacturing technology as well as similar advertising and media. In an intensely competitive marketplace, outspending competitors on advertising or offering distinctive products or services aren’t options for most companies. Therefore, it is increasingly difficult to maintain the sort of brand differentiation, which is the key to strong customer relationships.

Carole Elliot & Sharon Turnbull, in their research paper ‘Reconciling Autonomy and Community – The paradoxical role of HRD” [quoted in Critical thinking in Human Resource Development. 2005] examine the competing discourses of autonomy and community, so long a concern to social theorists, but which the author argues have been under – theorized by investigators of HRD. They argue that it
is this tension, embedded in the assumptions and behaviours of those working within organizations, which has informed a growing concern by HRD practitioners to balance the needs of the individual with those of organizations – a preoccupation which dates at least to the appropriation by organizations of the socio-psychological theories of the Human relations movement.


On the other hand Deepak Datta, James Guthrie, and Patrick Wright in their paper “Human Resource Management and Labour Productivity: Does Industry matter?” [2005] lament the inadequacy of research linking productivity to HR practices. They say that there has been growing interest in the degree to which human resource systems contribute to organizational effectiveness; yet limited research attention has been paid to the contextual conditions that moderate the efficacy of these practices. In this study, they examined how industry characteristics affect the relative importance and value of high-performance work systems. Findings indicated that the impact of these human resources systems on productivity is influenced by industry capital intensity, growth, and differentiation.

Mousumi Bhattacharya and Patrick Wright discussed HRM practices and developed an options model for managing different types of uncertainties. [Managing human assets in an uncertain world: applying real options theory to HRM [2005] while many authors have proposed a firm's human resources as an asset that can provide value and competitive advantage, the SHRM field has tended to ignore the fact that assets have associated uncertainties and risks. The real options view provides a theoretical framework for how firms manage uncertainties associated with investments in real assets.

In A Strategic Approach to Human Resources Management Udai Pareek and T V Rao [2006] the authors placed forward a case for proactive and strategic HRD. Accordingly to the above cited Hewitt survey done on the software companies in Banglore, in order to meet the domestic and international demand for computer software. India plans to enhance its IT workforce to half a million personnel by 2006. The most recent statistics show that 19 of the 26 state governments have already announced IT policies and many others have formed high level task forces. Nevertheless, initiatives by the Government have proven slow to match the reality that there just aren’t enough experienced IT workers to go around.
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This line of argument is repeated by Srivastava, A., Bartol, K. M., & Locke, E. A. in their work Empowering Leadership in Management Teams: Effects on knowledge sharing, efficacy and performance, [2006]. The question of effective compensation system is interdependent with a variety of other factors, such as an organization’s history, business strategy, culture and other human resource practices. The authors integrate theory with empirical evidence for 3 of the major compensation decisions they consider their book. These are: pay level, pay structure and pay delivery systems. They have incorporated theory from multiple disciplines like economic, psychology, sociology and management. The research observes that, in this research study, the author has done a complete work study on the role of compensation and the determinants of compensation. His contention that effective compensation administration is one of the deciding components of good management practices, indeed, holds true in all organizations.

On the other hand, Curtis, B., Hefley, W.E., and Miller, S. [The People Capability Maturity Model: Guidelines for Improving the Workforce [2007] took up the argument for developing a human resources strategy where Sadri et al had left off. The authors concentrated on performance management for higher efficiency and thereby enhancing organisational excellence.

Nath and Hazra’s thought was taken up in the much later argument of Manjeet Kripalani and Jena McGregor in “The Employee is Always Right”, [2007] takes the argument away from the market forces into the arena of the organisational worker. The statistics they provide show the growing importance of the information technology industry as we are now moving into the 4th wave - i.e. “The knowledge era” and the practice of HR in a knowledge driven era has assumed greater
significance since we are looking for knowledge workers today, and hence management of people has become extremely important.

Notably in his work HR Factored, Evolution of HRD in India *The Human Factor* [2008] T V Rao had argued that failure to recognise the importance of training has led to failure of HR initiatives in several India n companies. On the other hand S Jayashree, S Sadri and N Nayak [2009] took the above arguments further and variously and forcefully argued that clarity of mission vision role and goal is vital to the success of HRD interventions.

In other words, the scope and definition of the HR function is a business need that will transform considerably but will continue to perform all core activities. In the words of Ashok Reddy the HR functions is a business need and it would continue to perform all core activities. The functions that will get outsourced would be largely transactional and administrative in nature” Internal HR sees the larger picture and has to constantly work towards employee retention especially at key levels succession, planning, fine tuning available human resources, ensuring people to productivity ratio and such strategic functions. HR outsourcing cannot be a substitute for the HR Department.

Ganesh Shermon, in *Knowledge Human Resource Management*, [2009] highlights myths about employee retention argues that (i) People most often leave for more pay. They are not motivated to stay by things beyond remuneration. (ii) Incentive programs produce long term profits and improve productivity and morale. (iii) My company is unique and issues pertaining to my company / industry / people are different. (iv) Retention is possible only if we fix market based compensation by bench marking. (v) We can retain only loyal people but loyalty is dead.

Another author Wim Van der Stede in Designing Effective Reward Systems [2009] talks of good reward systems, which must concentrate, not only on employees who are performing well, they must consider the motivation of all employees. He states that when rewards are based on outcomes rather than efforts put in by individuals, employees are encouraged to concentrate on the end product rather than the input or effort.

Russ Vince in his research paper, “The Future practice of HRD” contends that Human Resource Development which has a central concern with learning and change has found it difficult to change itself. HRD is based on people development and rational planning. Vince goes on to develop this theme in Anxiety, Politics and Critical Management Education, [2010]. Very few organizations use a very small number of models of development; the top 3 in use are (1) The basic Training Cycle, (2) Kirkpatricks’ Evaluation Ladder and (3) Kolb’s Learning Cycle. HRD Russ Vince feels, has been weak strategically, placing the emphasis on Individuals to learn and change and largely ignoring the
wider politics of organizing in which HRD exists and can have an impact, HRD can and should make a distinctive contribution to organizers.

Treating employees as individuals, but, at the same time, developing mechanisms to integrate individuals into teams was important. The careful selection, training and development of core staff ranked next in importance. Then came reward systems that stress individual performance and commitment and which are linked to employee appraisal and development. This was followed by developing communication network and the involvement of employees, preferably as individuals but allowing for trade union involvement as well. What was needed was emphasizing a culture which stresses commitment to organizational goals, quality and flexibility, in many cases it is recognized that this will involve a culture change, more especially in those organizations, typified by confrontational industrial relations. The integration not only of all personnel related policies as a meaningful whole, but also of these policies within the overall strategy of the enterprises was needed. Business values as an overriding consideration was an HR imperative in modern times. [Sadri S and Jayashree S [2011]

Alan Price in *Forming HR Strategies* [2011] states that identifying the relationship between HRM and strategy is a matter of rhetoric. Organizations may take a variety of approaches, towards HRD strategy, ranging from those, which give no consideration whatsoever to Human Resource issues to somewhere where HR becomes the drawing force. He states that Human Resource Strategies should be derived from overall business objectives in the same way as investment or making strategies.

Concluding from the above review of literature it can be found that the investigators in their respective research works have made attempts to analyze and interpret various concerns of HRM in their own style and partially too. In other words many of the researches have argued that HRM as such plays a vital role to the organization’s affairs. Secondly, various components of HRM are significant and this was studied by the investigators in piece meals, meaning thereby, if a particulars investigator studies, the aspect of training the other investigator claims that compensation is important. All of them have taken into account either recruitment and selection or training and development or retention in piece meal. Thirdly, the empirical studies, which the present investigator has analysed above certainly pertain to one or the other dimensions of HRM practices not to all the aspects of HRM which the investigator proposes and also those studies are general ones not of a particular cluster of IT industry. As such the investigator observes that no such integrated empirical study to HRM practices of IT industry has been made earlier.