Recruitment Process and Practices Undertaken in IT Sector: A Comparative Analysis of Selected Indian and MNC Companies

Mr. Vinayaka M C¹ & Dr. S Ramaswamy²
¹Research Scholar, Bharathiar School of Management and Entrepreneur Development (BSMED)
²Prof. Total Quality Management School, Mysuru.

Abstract: Recruitment and selection lie at the heart of how businesses procure human resource required to maintain a sustainable competitive advantage over its competitors. Staffing personnel and especially managerial personnel in the organizations may well represent one of the most important human resource management functions. Information technology essentially refers to the digital processing, storage and communication of information of all kinds. The IT sector is likely to give employment to 9 million people in India by 2008 and also generate $87 billion in annual revenues and $225 billion in market in India by 2008. The present article focuses on how efficiently the IT sector follows the Recruitment & selection processes and to trace out the differences of the same between the Indian & MNC companies if any.

1. INTRODUCTION:

Information technology essentially refers to the digital processing, storage and communication of information of all kinds. IT can be defined as computing and telecommunication technology that provides automatic means of handling information. IT includes software and hardware. The role of IT in services i.e., IT – led services includes the following: Product support process outsourcing, hardware and software maintenance, training and education, IT out sourcing, system integration and application development. Therefore IT can potentially be used in every sector of the economy. Frame Work of IT Industry The Important factor or the driving force for the Indian IT services and ITES industry has been the changing global business landscape, which has exerted performance pressures on multinational enterprises. Our nation has emerged as an important venue for the services sector including financial accounting, call centers, and business process outsourcing. Technology and Bioinformatics, which are on Government’s priority list for development, offer scope for FDI.

1.1. IT Industry: Its Growth & Development

The software industry has crossed $ 27 billion dollar mark in 2005. Its exports accounted for 20% of Indian export revenues in 2003-04. By 2008 it would account for 7% of India’s GDP and would contribute 30% of total Indian export revenues. The IT sector is likely to give employment to 9 million people in India by 2008 and also generate $87 billion in annual revenues and $225 billion in market in India by 2008.

Table II.1 shows employment in IT sector. In addition to the nearly 1.3 million workforce employed directly in the industry, Indian IT -ITES is estimated to have helped create an additional 3 million job opportunities through indirect and included employment. Indirect employment includes expenditure on vendors including telecom, power, construction, facility management, IT, transportation, catering and other services. Included employment is driven by consumption expenditure of employees on food, clothing, utilities, recreation, health and other services. Vipul Prakash of Elixir quotes the Gartner estimates of the growth of the global HRO market to $80 billion by 2008. The breakup of the HRO pie along the different offerings is as given under.

2. LITERATURE REVIEW:

IOMA (2006) found that, 83% of companies are concerned with attraction and retention. The largest companies are especially troubled with 95.5% saying this issue is important to them. Lievens Filip, Karen Van Dam, Neil Anderson (2002) found that the most important trends were technological developments, competency based selections, labour market shortages, internationalization, and emotional intelligence. Hence the hypothesis is: Hearty and Morley (1998), found that decision making is primarily located at head-quarters. HR department and line
management are responsible for recruitment in more than 40 percent organizations. In case of another 23 percent organizations, the same combination is responsible but line management has lead authority. In a very few organizations line management or HR department is given authority. The—War for Talent survey (Chambers, Foulon, Handfield - Jones, Hankin & Michaels, 1998) found that 78 percent of the officers believed that line managers should be held accountable for the quality of their people.

The third and fourth hypotheses relate to organization of recruitment.

Hearty and Morley (1998), drawing upon Irish data from the 1992 and 1995 Cranet E survey, found that a total of 55% of the respondents reported that they had a written policy on relation to recruitment and selection. 33 percent had an unwritten policy and just 11 percent had no policy at all.

Therefore, the third hypothesis is:
The Hewitt Best Employers in India study (2004) highlighted that 87% of organizations have reported having a staffing strategy in place that helps them recruit the best talent and appropriately staff them on work. As such the hypothesis is:

Philip (2006) found that recruitment system in IT companies is characterized by competencies well identified and defined (95%), hiring starts and make them stay (80%), stresses on cultural fit (80%), proactive entrance interviews –focus on career development (65%) and hiring stayers and making them stars (65%). The hypothesis proposed for examination is:

The Hewitt Best Employers in India study (2004) highlighted 75% of IT organizations emphasize on developing employees from within the organization, while only 25% emphasize on hiring experienced employees from outside the organization. There is heavy reliance on external consultants for senior positions. Employee referrals and internet are also being extensively used across all positions. The use of word mouth especially by small firms (Cook, 1993; Tanova, 2003), internet (Booz, Allen survey, 2005), internal recruiting (Hearty and Morley, 1998) and advertising in newspapers by large firms (Tanova, 2003) were reported by researchers. Lockwood and Ansari (1999) found the use of Employee referral programs; dedicated information technology recruiters; acquisition strategies, speed hiring, local print and radio advertising; company web sites with employment opportunities pages; college recruiting; and job fairs. Philip (2006) found that in Indian IT companies, job vacancies are filled by employee referrals (100%), using recruiting agencies (100%), posting done internally (90%), lateral recruitment (90%), campus recruitment (80%) and walk-in (60%). In view of this research, the study proposes the following hypothesis.

3. RECRUITMENT METHODS:

In recruitment process the role of recruitment methods is significant. Many innovative methods are developed to make recruitment effective:

(i) Managerial positions: Table 8 shows the methods of recruitment rank ordered based on important by HR managers of Indian organizations and MNCs. The methods considered important are almost the same between Indian organizations and MNCs.

Table 8: Methods of Filling Managerial Level Positions—Across Organization Type

<table>
<thead>
<tr>
<th>SL.NO</th>
<th>trends</th>
<th>mean</th>
<th>SD</th>
<th>mean</th>
<th>SD</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promotion from within</td>
<td>4</td>
<td>0.59</td>
<td>4.02</td>
<td>0.7</td>
<td>2.32</td>
</tr>
<tr>
<td>2</td>
<td>transfers</td>
<td>3</td>
<td>2.13</td>
<td>3.17</td>
<td>0.59</td>
<td>1.36</td>
</tr>
<tr>
<td>3</td>
<td>job rotations</td>
<td>2</td>
<td>1.16</td>
<td>2.48</td>
<td>1.28</td>
<td>1.36</td>
</tr>
<tr>
<td>4</td>
<td>succession planning</td>
<td>3</td>
<td>1.72</td>
<td>3.54</td>
<td>1.53</td>
<td>1.21</td>
</tr>
<tr>
<td>5</td>
<td>job posting internally</td>
<td>4</td>
<td>1.16</td>
<td>4.27</td>
<td>0.92</td>
<td>0.26</td>
</tr>
<tr>
<td>6</td>
<td>employee referrals</td>
<td>5</td>
<td>0.51</td>
<td>4.62</td>
<td>0.59</td>
<td>0.69</td>
</tr>
<tr>
<td>7</td>
<td>campus recruitment</td>
<td>4</td>
<td>1.96</td>
<td>3.3</td>
<td>2.11</td>
<td>1.4</td>
</tr>
<tr>
<td>8</td>
<td>placement agencies</td>
<td>5</td>
<td>1.34</td>
<td>4.79</td>
<td>0.87</td>
<td>0.09</td>
</tr>
<tr>
<td>9</td>
<td>employment offices</td>
<td>2</td>
<td>2.09</td>
<td>2.38</td>
<td>1.97</td>
<td>0.19</td>
</tr>
<tr>
<td>10</td>
<td>walkins</td>
<td>2</td>
<td>1.79</td>
<td>2.77</td>
<td>1.65</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>ad’s in media</td>
<td>3</td>
<td>2.04</td>
<td>2.96</td>
<td>1.78</td>
<td>0.83</td>
</tr>
<tr>
<td>12</td>
<td>job fairs</td>
<td>2</td>
<td>2.01</td>
<td>2.5</td>
<td>1.83</td>
<td>0.35</td>
</tr>
</tbody>
</table>

r = 0.917 t = 7.26 significant at 0.05 level

*5-point Scale: 1=Very Unimportant, 2=Unimportant, 3=Neutral, 4=Important, 5=Very Important.

Figures in parentheses are ranks. ** Significant at 0.05 level.

4. METHODOLOGY:

The study has employed survey method of research. Data Sources and Collection the secondary data is drawn from research reports, journals, magazines and internet. The case studies and practices of certain organizations are collected from secondary data sources. The primary data - recruitment practices followed by IT organizations—are collected from employees in IT organization with the help of a questionnaire. Sampling Convenience method of sampling was adapted. The population for the study was IT
companies in India. IT companies located in Chennai, Hyderabad, and Bangalore are contacted for participation in the study. About 77 companies (Figure II.1) have finally responded. In each organization one out of four or five of the team members (HR professional) concerned with recruitment has filled in the questionnaire. The assumption behind choosing one person among the team is that every one of them is equally working on the recruitment.

4.1. Objectives:
   a. To know the recruitment methods under taken in IT industries
   b. To understand about the methods followed by Indian and MNC’s
   c. To understand the comparison of recruitment methods followed by Indian and MNC’s.

5. CONCLUSION:

Many companies have a policy and strategy for recruitment. They are emphasizing on internal sources and external sources. The reliance on internal source should be more as it is considered more effective. Companies are using employee referrals and it is effective according to many researchers. What did the study identify as the weak link the chain of recruitment in Indian IT companies? The study has identified that employers were experiencing difficulty in filling jobs at different levels due to lack of competent job applicants.

The weak competencies among job applicants for are: Creativity and innovation’, ‘Dealing with change’ and ‘Interpersonal and team skills’. In addition to this, other competencies lacking at entry level are: ‘Problem solving and reasoning ‘and Communications and at higher level ‘Technical/Business Skills’. From the above discussion, it can be concluded that firms are having concern for recruitment as it has become a challenge. Firms are systematizing recruitment by policy-strategy approach and employing methods that are considered effective. However, there is problem in finding right talent as there is talent shortage. In view of this, companies are focusing on training for career and retraining while making job offer very attractive(pay, work and security). Also companies are launching programs to connect potential prospects like college students, professionals, and exited employees and also professors and teachers who train talent.

6. REFERENCES:

[3]. Ardichvili, Alexander and Dirani, Khalil (2005),—Human Capital
[4]. practices of Russian enterprisesl, Human Resource Development