

Research Article

A Study on HCM Practices in IT and ITeS Companies and Their Influence on Employee Intelligence

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Abstract: The aim of this paper is to compare the HCM policies followed in the IT and ITeS companies in Bangalore and to check if they have an impact on the emotional intelligence of the employees. In this paper we have classified the HCM practices into eight categories and compared them across IT & ITeS industries and studied their impact on the emotional intelligence of the individual (employee). The eight categories of HCM are Leadership Practices, Knowledge accessibility, Workforce optimization, Learning capacity, Employee engagement, Relationship with immediate supervisor, Ethical capital and Succession planning. In order to do this study the 8 HCM practices were taken as Independent variables, and the EI was taken as a dependent variable. The study was conducted across 287 respondents (112 from IT and 175 from ITeS). It was revealed that there were certain differences in the relationship between the different HCM practices (stated as HR practices) and the select behavioural variable EI; however, at the end it was revealed that though differences exists, all the hypothesized relationships were accepted asserting that the existence of relationship. Furthermore, there are no great differences in the IT and ITeS sector in the present research scenario which depicts the fact that in both these sectors, HCM and HR practices are generally people centric wherein the focus becomes to retain talented knowledge workers and provide them with peaceful and comfortable working environment

Keywords-Ethics, Compliance, Management, Departments, Professional Ethics.

INTRODUCTION

Human capital management (HCM) practices in an organization help in producing desired levels of performance based on innovation. Therefore, various constructs of HCM practices were analysed among IT and ITeS sector respondents by Friedman test, in order to determine the level of preference. The various constructs included learning capacity, relationship with immediate supervisor, knowledge accessibility, employee engagement, ethical capital, succession planning, workforce optimisation and leadership practices. Productivity is defined by the business dictionary as a measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period. Productivity is a critical determinant of cost efficiency. Sustainability is the new buzzword gone are the days when starting an organization was very difficult now starting a new firm is easier than lot before, but sustainability has become an important concern for all stakeholders of the business. Sustainability can be built only with the human capital. Human Capital management refers to managing an organisation's employees for them to contribute significantly to the overall productivity of an organization. In a layman's language managing workforce of an organization refers to human capital management. Coming back to productivity it is directly affected by the individual's behaviour that he or she exhibits at the workplace. Those behavioural aspects could be many. For this study, we have taken Emotional Intelligence. These behavioural factors are affected by the HCM practices followed in a company. [1] also defined a clear and simple definition about HC which is convening a novel combination of components, and it was confirmed and identified in classification format. Further, Huang asserted the HC in 15 items which were classified into three groups are described in below table.

Table 1.1: Human capital items listed [1]

S.No	Employees' capabilities	Employees' development & retention	Employees' behaviour
1	Employees' know-how and expertise	Employees' job satisfaction	Key employee turnover
2	Employees' work-related competence	Leadership qualities of managers	Incentive programme and compensation scheme
3	Employees' creativity and Innovativeness	Employees' motivation	Employees' previous job experiences
4	Employees' work-related knowledge	Employees' loyalty	Employees' level of education and vocational qualification
5			Employees' profitability
6			Employees' training
7			Employee recruitment costs

Emotional intelligence has been defined, by Peter Salovey and John Mayer, as "the ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately, and to use emotional information to guide thinking and behaviour.

The Genos Emotional Intelligence Inventory (Genos EI), is a behaviour-based measured. It provides insight into how well someone demonstrates emotionally intelligent workplace behaviour from the most credible source available: those who see the person in action every day. Underpinned by a wealth of peer-reviewed research Genos EI is available in self, 180 and full 360-degree formats and in Leadership and Individual Contributor versions. It is also available in many different languages being used by a wide variety of fortune 500 multinational companies every day. We have used this tool to study the EI of participants (Genos short version tool is free. In this study the researcher tries to examine the relationship between the HCM practices followed in a company and its impact on the Emotional intelligence of the person.

Information Technology (IT) means creating, managing, storing and exchanging information using all types of technology to deal with information. ITeS: Information Technology that enables the business by improving the quality of service is Information Technology enabled Services (ITeS). These industries have helped the Indian GDP growth to a significant level.

LITERATURE REVIEW:

The concept of HC was formulated initially by Theodore Schultz in the 19th century, as a way of describing the benefits of infusing education on a national scale. [2] asserted that an accounting theory should represent employees in an organisation like assets which reinstated noble prize winners Schultz and Becker theory that described and published that the human capital is an investment in the education of employees which is same to investments in equipment.

Analyzed emotions and the role of emotional intelligence with various work tasks: clients engagements; evaluation and perception; making decisions; coordinated efforts and support; managing stress in the rapidly changing context of social work: merger of social services departments with all the more powerful administrations; integrated service delivery; and the new social degree. Thus, social work is required to distinguish its claims to expert skills at the time of such change, one of which is the ability to use relationships to address users' needs. This requires the ability to handle one's own and others' emotions effectively.

[3] stated that it is found that there has been very strong association within the employee's view point, innovation, readiness, creative ability and conflict lies as strong factors which influences performance with

the emotional intelligence. The emotional intelligence has a significant relationship between job performance and organizational performance. It was found that contribution in increasing organizational and individual's performance is depended on with emotionally intelligent leaders in the specific organization.

[4] stated that there is an association with emotional intelligence and management skills and this was evident in South India. The managers with good emotional intelligence have good tactics for management because the success can be predicted with their skill. So, emotional intelligence is very important in management, and it was their inference. Emotional intelligence plays a good role in knowledge sharing with juniors and friendly relationship with the colleagues.

[5] stated that Emotional intelligence is an influential variable in recognizing success in both workplace and life. Emotional intelligence plays as a positive association thereby the individuals who possess high-level emotional intelligence were the star performers in the firm.

identified practical approaches to enhance individual and group decisions making process with the use of emotional intelligence. They stated that as emotional intelligence helps in assessing the effect of decisions on an individual's career and simultaneously improves the effectiveness and quality of decision-making process, organizations benefit from the use of it.

examined the effect of emotional intelligence on burnout and how it impacts the performance of an individual in terms of job satisfaction and organizational commitment. The results indicated that emotional exhaustion was negatively related to job performance in terms of organizational commitment and job satisfaction and the mediating effect of emotional exhaustion was confirmed in the relationship between job performance and appraisals of emotions, optimism, and social skills as factors in emotional intelligence.

RESEARCH METHODOLOGY

The main aim of the research work is to investigate and analyse the impact of HCM practices followed in the IT and ITeS Companies on the Emotional Intelligence.

Objectives of the study

- To examine Human Capital Management practices followed in ITs and ITeS and check whether there are any differences in HCM practices between ITs and ITeS company.
- To examine the impact of Human Capital Management Practices on Emotional Intelligence of the employees in the organization.

Hypothesis of the study

The following hypothesis have been developed and

tested to understand the level of impact of the HCM policies on the selected behavioural components:

- HCM practices does not influence the Emotional Intelligence of the employees.
- Demographic aspects have no influence Emotional intelligence
- There is positive relationship between EI and HCM practices

Indicators and Variables of the Study

The following HCM practices (components of HCM) were taken for the research work namely:

1. Leadership Practices
2. Knowledge accessibility
3. Workforce optimization
4. Learning capacity
5. Employee engagement
6. Relationship with immediate supervisor
7. Ethical capital
8. Succession planning

Each of these components was evaluated using a set of 6 questions.

The Behavioural aspect that were taken included

1. Emotional Intelligence

The 8 HCM practices were taken as Independent variables, and the EI was taken as a dependent variables.

Apart from these major investigations minor investigations were also conducted in the form of analysing the relationship of the demographic factors and their influence of the Independent variables.

RESEARCH DESIGN

- a) Study design: Cross-sectional study design which is a quantitative study.
- b) Duration: The data was collected for a period of 6 months.
- c) Study Sites: The survey process was conducted in Electronic City, Bangalore.
- d) Sampling and Sample Size Determination:

Non-probable convenient sampling design was adopted to collect the data from the employees of IT and ITeS companies. Since permission to conduct the survey was not given by firms and they were not ready to share the details of the employees, only those respondents who gave consent to be part of the study were contacted to collect the data.

The sample size estimation for the study is done by using the formula developed. The formula is as follows:

$$n = \frac{(z\alpha)^2 * p * q * (1+R)}{d^2}$$

d²

Where,

n = Sample Size required

p= estimated prevalence, which is 0.23

q=1-p, (i.e.0.8)

Z α = 1.96 (95 % confidence level)

R= Non-Response Rate (10%)

d= Margin of error (5%) which is 0.05

n = ((1.96)² * 0.2 * 0.8 * 1.1) / 0.0025

n = 299

The total sample was divided into two categories, 60% for ITeS professionals and 40 % for IT professionals, which means for ITeS the sample size comes to 179 and for IT it comes to 120. 8 questionnaires from IT and 4 questionnaires from ITeS were rejected due to inadequate data. The division of 60 % and 40 % was done based on data available on the ELCITA website. Prevalence rate of 22% was taken from the previous studies done on EI of the IT sector employees in Bangalore.

Table 3.1

Category	Number of Respondents	Percentage
IT	112	39
ITeS	175	61
Total	287	100

Methods of Data Collection: The primary data has been collected from the employees of Its and ITeS company using suitable tools.

Tools of Data Collection: Data was collected using Structured Interview Schedule. The questionnaire consisted of 141 questions which were divided under three categories viz; First was a general Information about the respondents followed by the questions of their HCM practices that were followed in the company and then questions were asked on the behavioural aspects of the respondents.

Statistical Analysis: Statistical Analysis such as Frequency, Averages, Cross tabulation were used. Multiple linear regression was used to describe the relationship between one constant dependent variable and two or more independent variables. Multivariate analysis was also used wherever necessary.

Instrument Development and Measures: The measure and analyse the HCM practices special tools were developed consisting of 6 questions under each category, and a simple 5-point Likert scale was used for measurement. EI was measured using Genos EI: Self-rated short form items (research only) tool. The measurement of EI was done by using Genos Emotional Intelligence: Self-rated short form items

Data Analysis

Ranking of the Factors that Determine the Success of the Organisation

The Friedman test, a non-parametric test, is an alternative to the one-way ANOVA, especially with repeated measures was measured to rank the importance of organisation success factors.

HCM Practices

Human resource management (HRM) practices in an organization helps in producing desired levels of performance based on innovation. Therefore, various constructs of HRM practices were analysed among IT and ITeS sector respondents by Friedman test, in order to determine the level of preference. The various constructs included learning capacity, relationship with immediate supervisor, knowledge accessibility,

employee engagement, ethical capital, succession planning, workforce optimisation, leadership practices, etc.

IT: The questionnaire introduces multiple constructs of HRM practices in the IT sector to check the various items of these constructs. Each item is checked on a Likert scale ranging from 'strongly disagree' to 'strongly agree', and accordingly the constructs were ranked. The 'learning capacity' construct was ranked at the top by the respondents as they 'agreed' to most of its items. The chi-square value obtained from the Friedman test is 32.564 and the calculated significant value is 0.000, which is less than referral value 0.05. This shows that the comparison among all the constructs of HCM practices in the IT sector is significant (Table 4.20). The results indicate that the IT employees have a high level of satisfaction from the learning practices being provided to them by their organization which help them in enhancing their technical and behavioural skills, as compared to other HCM practices.

Table 4.1: HCM Practices in IT Sector

Sl.No	Constructs of HRM Practices	Mean Rank	Rank
1	Learning Capacity	5.42	1
2	Relationship with immediate supervisor	4.88	2
3	Knowledge Accessibility	4.62	3
4	Employee Engagement	4.58	4
5	Ethical Capital	4.38	5
6	Succession Planning	4.38	6
7	Workforce Optimisation	3.96	7
8	Leadership Practices	3.77	8
$\chi^2 = 32.564, p = 0.000$			

ITES: In the case of the ITES sector, multiple constructs of HRM practices were introduced in order to check the various items of these constructs. Each item is checked on a Likert scale ranging from 'strongly disagree' to 'strongly agree', and accordingly the

constructs were ranked. The 'Employee Engagement' construct was ranked at the top by the respondents as they 'strongly agreed' to most of its items. The chi-square value obtained from Friedman test is 115.624 and the calculated significant value is 0.000, which is less than referral value 0.05. This shows that the comparison among all the constructs of HRM practices in IT sector is significant (Table 4.21). The results indicate that the ITeS employees have high level of satisfaction from the 'employee engagement' practices of HRM. They enjoy the work practices they perform as they are even willing to put an extra effort into their work if required.

Sl.No	Constructs of HRM Practices	Mean Rank	Rank
1	Employee Engagement	5.46	1
2	Succession Planning	5.27	2
3	WorkforceOptimisation	5.00	3
4	Learning Capacity	4.63	4
5	Ethical Capital	4.35	5
6	Leadership Practices	3.85	6
7	Relationship with immediate supervisor	3.85	7
8	KnowledgeAccessibility	3.58	8
		$\chi^2 = 115.624, p = 0.000$	

Table 4.2: HRM Practices in ITeS Sector Comparison of HCM factors between IT and ITeS respondents

A significant difference between IT and ITeS respondents were found in 5 factors, namely, Learning Practices (t = -2.428), Workforce Optimisation (t = -2.694), Employee Engagement (t = -2.192), Relationship Supervisor (t = -2.010), and Succession Planning (t = -3.929). The mean value of ITeS was high in all these factors suggesting that the HRM practices followed by the leaders of ITeS were superior to IT companies (Table 4.29).

Table 4.3: Difference in HRM Practices between IT and ITeS

Industry		N	Mean	Std. Deviation	t value	P value
Learning Practices	IT	112	3.5319	.86679	-2.428	.016
	ITES	175	3.7396	.58279		
Knowledge Accessibility	IT	112	3.7400	.63157	.816	.415
	ITES	175	3.6808	.57880		
Workforce Optimization	IT	112	3.6875	.69713	-2.694	.007
	ITES	175	3.8928	.58284		
Learning Capacity	IT	112	3.9443	.90339	-.975	.330
	ITES	175	4.0773	1.24830		
Employee Engagement	IT	112	3.8314	.69274	-2.192	.029
	ITES	175	3.9729	.39976		
Relationship Supervisor	IT	112	3.7362	.54375	-2.010	.045
	ITES	175	3.8710	.56106		
Ethical Capital	IT	112	3.6869	.57545	-1.548	.123
	ITES	175	3.7763	.40275		
Succession Planning	IT	112	3.6797	.55573	-3.929	.000
	ITES	175	3.9399	.54184		

Comparison of EI between IT and ITeS respondents
Emotional intelligence between IT and ITeS was found to be significant with ITeS employees having more EI

than IT (t = -3.114, p<0.002).

Table 4.4: Difference in EI between IT and ITes

S.No		N	Mean	Std. Deviation	t value	p value
1	IT	112	3.5706	.03930	-3.114	.002
2	ITES	175	3.7702	.04467		

DISCUSSION ON THE FINDINGS AND SUGGESTIONS

According to, it is deemed that EI plays an important role in supporting employees and managers to cope with the drastic changes that are inevitable in a business environment. A book revealed the fact that the application of EI in the organisational setting aids the employees and managers to identify and understand the emotions using EI for effective management of managers with others. The management of EI by the members of a team operating in organisations will support towards the development of interpersonal skills of the members of the team. For organisations to be successful, there is a need to develop the skills of emotional intelligence of employees to operate effectively [6]

The results of the present study revealed that the HR practices influence Emotional intelligence particularly the knowledge accessibility and learning opportunities. Based on the relationship between Emotional Intelligence and Demographic factors, the study revealed that Demographic factor influences the way a person recognizes an individual's self. Emotional intelligence has a momentous chore over the demographic aspects of an individual. As there is age progress, emotional intelligence also increases whereas an inclination towards male compared to that of the female. Based on the qualification and the marital status as a single the impact over emotional intelligence increased, and designation of the employee had an undesirable outcome over emotional intelligence.

An acceptance was envisioned with the examination of the relationship between HR practices and Emotional Intelligence in both the IT and ITES sector. EI is the ability to understand precisely, appreciate and express emotions wherein feelings are generated and accessed through thought. EI aids in understanding emotional knowledge within oneself wherein the regulation of emotions pave the way for intellectual development and growth .It is imperative for organisations to understand the emotions of its employees at work which will aid them to achieve better organisational performance. Against the backdrop of the findings of the present research wherein the researcher has identified the existence of relationship between HCM practices and Emotional Intelligence, it is deemed that the HR department in organisations should provide ample training to their managers in order to educate them in identifying the emotions of employees and use the same for the achievement of the organisational goals and objective [7]

Furthermore, training sessions for the managers enable them to treat their employees better and support them through rewards for the achievement of goals, tasks and targets. Also, the relationship between 'Relationship With Immediate Supervisor' and Emotional Intelligence is found to be significant in the present research which is in line with the findings of Such a trust on the immediate supervisor comes with the servant leadership style which is not the scope of the research and is neglected.

Leadership Practices, Knowledge Accessibility, Workforce Optimization, Relationship with Immediate Supervisor, and Succession Planning are the HR practices which were found to have significant effects on Emotional Intelligence in the IT sector. it is claimed that EI is one main element for the achievement of effective leadership, the essence of EI is vested on the creation of intelligent and conscious responses along with the management of the responses of people so as to succeed in managing situations that are emotionally driven. Leaders should be aware of their own self in order to understand and manage the emotions of his/her employees. In a situation where emotions emerge in mind, leaders should make sure such emotions do not dominate him. Since leadership practices tend to promote the individual EI behaviour of employees, the relationship is indeed significant which is in line with the findings of the present research. However, the existence of relationship between the different leadership practices and styles might differ and is out of scope of the present research. Knowledge accessibility is also a key to empowerment in the workplace. Consider the case of workplace learning wherein access to knowledge is deemed to facilitate knowledge sharing which improves organisational performance. The mediating effect of Emotional intelligence on knowledge sharing has been examined in previous literature wherein knowledge sharing is found to have better effects on knowledge accessibility. Workforce optimisation is also found to have a relationship with Emotional Intelligence which is associated with its processes and activities. The planning and optimisation of workforce which includes analysis and identification of the need of an organisation such as size, quality and type of workforce is deemed to have great importance. Emotional intelligence and Workforce optimisation are found to be related with one another since the facets of Workforce optimisation such as job profiling, learning and development, human resource planning and so on could be impacted by Emotional Intelligence. The researcher has further identified the relationship between Succession planning and Emotional Intelligence wherein it is discerned that the lack of an appropriate succession plan will lead to emotional instability.

However, in the ITES sector, it was revealed that Knowledge Accessibility, Learning Capacity, Employee Engagement, Relationship with Immediate Supervisor and Succession Planning are found to have an

association with Emotional Intelligence. Employee engagement has great relevance to motivation and is found to be derived from Emotional Intelligence. Based on this assertion it is proven that Employee engagement and emotional intelligence has a strong association with one another. Though the researcher has identified differences in the relationship between HR practices and Emotional intelligence in the IT and ITES sector, the general inference is that "HR practices significantly influence EI" as a hypothesis is accepted. Upon comparing the IT & ITES HCM practices, the results indicated that IT employees have a high level of satisfaction from the learning practices being provided to them by their organization which help them in enhancing their technical and behavioural skills. Similarly, the results indicate that the ITeS employees have a high level of satisfaction from the 'employee engagement' practices of HRM.

On Analysing the 'Emotional Intelligence' it was found that Emotional intelligence between IT and ITeS was found to be significant with ITeS employees having more EI than IT.

Hypothesis 1: HCM practices does not influence the Emotional Intelligence of the employees
The results revealed that in the case of the IT & ITeS sector, the HCM practices significantly influence the Emotional intelligence of the employees. This hypothesis is rejected.

Hypothesis 2: Demographic aspects have no influence Emotional intelligence
From the results, it could be understood that the demographic aspects overall have a highly significant effect on the Emotional intelligence of the employees in both the IT and ITeS sector. Hypothesis is rejected.

Hypothesis 3: There is a positive relationship between EI and HCM practices.
The path (SEM) from HR practices to EI was positive and statistically significant. The standardised regression weight suggests that the HCM practices followed by the organizations will have a direct impact on the EI of the employees. The hypothesis is accepted.

CONCLUSION

Though the present research is based on the examination of impacts made by HCM practices on the select behavioural variable EI wherein the selection is based on careful examination of previous researches. The researcher attempted to identify the differences in the relationships hypothesised between IT and ITES sector. It was revealed that there were certain differences in the relationship between the different HCM practices (stated as HR practices) and the select behavioural variable EI; however, at the end it was revealed that though differences exists, all the hypothesised relationships were accepted asserting that the existence of relationship.

Furthermore, there are no great differences in the IT

and ITES sector in the present research scenario which depicts the fact that in both these sectors, HCM and HR practices are generally people centric wherein the focus becomes to retain talented knowledge workers and provide them with peaceful and comfortable working environment.

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