# EFFICIENT HUMAN RESOURCES PRACTICIES IN INFORMATION TECHNOLOGY FIRM LEAD TOWARDS RESOURCE BASED VIEW MODEL APPLICATION

**Dr .GOVINDAPPA.D[1] MS.VANDANA.V.C [2]**

**[1]HOD Department of Management , MAHARANI'S COLLEGE BANGALORE-560001**

**[2]Research Scholar , BHARTHIAR UNIVERSITY ,COIMBATORE-641046**

***Abstract: The purpose of this paper is to evaluate the strategic application of human resource practices of attaining competitive edge with the help of unique, rare, and inimitable human resources within the firm. To do this, a primary data collected through questionnaire and schedules. This is one of the best documents that states about attaining RBV with the help of best human resources practices to sustain competitive edge. Six multinational companies in respect to information technology firms have been selected as sample firms for the study. To arrive at the originality the data is obtained through primary sources.***

***Keywords : RBV, HR PRACTICIES, COMPETITIVE ADVANTAGE, IT MNC'S***

## INTRODUCTION

### 1.1 Introduction to Human Resource Management

The concept of human resource management is different and different test points. The "human resource management" was the subject of much debate and philosophy, and a very controversial character. A chunk of the controversy stems from the fact that there is no precise wording of the definition of the meaning and consent. Always have human resource management (HRM) has been a major problem for managers at all levels, because they all achieved their objective with other efforts to provide efficient and effective management of people. Good management of these resources is largely influenced by the behavior of the human resources and thus performance organization as a whole. In fact, the authors identified HRM to the sectors concerned. These include planning - analysis and evaluation of staffing needs of the staff of the assets, and changes in appearance - recruitment, staff development and mobility.

Effective and efficient management of change remains an important destination for almost all companies. Key issues include recruitment and / or development of people's ability to lead the change process. Changing the drugs used to stimulate the adoption of the changes going on reward systems involved in the change process. Employee participation is important. HR process begins with the design requirements of the labour market. These include resources, long-term planning, supply and demand for labour, personnel, their qualifications, training, cost analysis, salary, type of contract and other related matter. All key HR processes, including recruitment, selection, performance appraisal, training and advice, career development, health and safety, and wages and benefits. HRM was an important part of strategic management and "Strategic Human Resource Management" as the dominant paradigm, especially in the last two decades had a look at the strategic management of human resources.

### 1.2 INTRODUCTION TO RESOURCE BASED VIEW (RBV)

The idea of human capital as a factor in a firm's financial performance has also gained interest of researchers and is consistent with Barney's (1991) Resource Based View of organizations. By RBV, we mean the skills, knowledge, abilities possessed by the people, which are inimitable, non-substitutable, and unique. These skills possessed by an individual are not possible to emulate, copy, possess by others and therefore, those unique capabilities, are called resource-based view. The possessing of RBV provides sustained competitive edge for the company. Losing of RBV is nothing but losing of competitiveness and firm performance.

The resource-based view (RBV) is a business management tool used to determine the strategic resources available to a company. The

fundamental rule of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. RBV is available in the arena of production, finance, and marketing, methods, processes, logistic, HR, technology, customer-focus, product innovation and the like. The present research program centers on RBV in human resources.

- **Feature of RBV**

The three essential features of RBV to obtain competitive advantage are

- Valuable in the sense of being profitable for the firm
- Rare among a firm's potential and current competitors
- Imperfectly imitable
- Non-substitutable

### 1.3 REVIEW OF LITERATURE

**Duarte Alonso (2017)** indicates that resources tangible and intangible assets that a company may consider as part of its capacity for performance with the sole intention being towards projecting positive outcomes. In most cases, companies can weigh their resources based on whether they can meet specific targets regarding their asset bases. Some of the notable examples of resources that companies may use to their advantage regarding building capacity include human resources, machinery, customer loyalty, and financial position among others.

**Day & Jean-Denis, (2016),**The resource-based approach capitalizes on resources of a firm as a critical element in determining the competitive advantage. The approach also emphasizes on the use of the resources of the firms to measure and demonstrate the level of performance experienced and expected with a company. The resource-based view adopts two significant assumptions that help in undertaking a proper analysis of the sources of competitive advantage within a given company. Firstly, the approach undertakes the assumption regarding the heterogeneity of a company concerning the evaluation of the competitive advantage. The model considers that firms may be heterogeneous based on the number of resources they control within a given industry. This means that the competitive advantage of a company may be evaluated concerning the bundle of resources they control in industry. The second assumption entails the persistent of resource heterogeneity in the firm based on the resources used in the implementation of various strategies considering the funds may not be mobile within the firm.

**Swanson &Droege (2016),** the resources of a firm must be rare and valuable to increase the demand for the product and make it challenging to have imitations thus increasing the aspect of uniqueness. The enhancement of the company's resources plays a critical role in enhancing the operations, which is an element that capitalizes on the increasing the market share and the competitive advantage of a company.

**Stephen Shellabear, Consultant at Consult Seven (2013)** In their article the authors define competency profiling, the techniques and tools used in assessment, levels of competence, the role of performance management, personal development plans and competency-based training (CBT) in ensuring its implementation. Pros and Cons are explored, with practical suggestions given for introduction. Key learning points were found at the end of their article.

**VichitaVathanophas and Jintawee Thai-ngam (2013)** highlighted that human assets are one of the most important resources available to any organization and employee competence and commitment largely determine the objectives that an organization can set for itself and to its success in achieving them. Therefore, the demand for effective employees continuously increases in both public and private organizations. The 'Competency-based' approach to human resource management has become integral during the last thirty years.

**Gouri (2012)** in her article emphasises that competency mapping is important and is essential exercise. It generally examines two areas: emotional intelligence and strength of individuals in areas like team structure, leadership and decision making. Every well management firm should have well defined roles and list of competencies required to perform each role effectively. Such list should be used for recruitment, performance management, promotions, placement and training. Competency based HR is considered as the best HR. As a result of competency mapping, all the HR like talent induction, management development, appraisals and training yield much better results.\

**Rashmi Sharma (2011)** in her research article meticulously studied the competency mapping in the Indian scenario. According to her competency mapping is an area which has been least explored in India. The value of competency mapping is that many employers now purposefully screen employees to hire people with specific competencies. Competency mapping is used for: recruitment and selection, identification of training needs, role renewal, as a basis for conducting assessment development centers, creating competency-based performance management systems and so on. Employers may need to hire someone who can be an effective team leader or who has demonstrated great active listening skills.

**Jayanti (2010)** in her paper highlights that competency-based management has become vital to any firm's strategic position and organizational decision making. The role of expert system is to provide a knowledge-based information system that is expected to have human attributes in order to replicate human capacity in ethical decision making. In her paper a holistic framework was proposed to review the expert system approach that would practically feasible for organizational settings. It is based on the psychological conceptions of human competence and performance in the workplace. She explained the application of expert system that can be used in an institute to systematically assess existing and future competencies required. Using an expert system approach to educational institute with competency-based management could enable the more effective use of their limited resources to reap more benefits from their investments in both people and technology.

**Farah Naqvi (2009)** in his research paper observed that the performance of companies depends mostly on the quality of their human resource. For obvious economic and business reasons, organizations have always been concerned about the competence of its people. His paper seeks to delve deeper into the concept of competency, tracing its history and its role in the present context. It explains how the concept has constantly evolved over the years, its applications in human resource management, and development in the present scenario. It also aims to study its future prospects in the light of other emerging areas like talent management. The author proceeds with the examples of companies, which have successfully integrated competency-based systems in their HR initiatives.

**Stone et al., (2006)** An investigation was conducted to find out the factors affecting the acceptance and effectiveness of Electronic Human Resource Systems with the major purposes to present a model that relates a number of antecedents to such consequences, describe the impact of individual and e- HR system characteristics on four important e-HR related variables (i.e., information flows, social interactions, perceived control, and system acceptance), offer a set of hypotheses that can be used to guide research on e- HR systems, and advance recommendations for the design of such systems.

### 1.4 STATEMENT OF THE PROBLEM

Changing demographics, globalization, recent skill gaps and workers, shortages have had a profound effect on our nation's ability to maintain its competitiveness. Without a well-trained and well-prepared workforce, businesses lose the ability to compete both nationally and globally, resulting in decreased economic success. Rapidly advancing technology has also contributed to this constant state of change, change that is requiring organizations to identify and implement new strategies to recruit, acquire and develop employees that will ultimately add to the value of the organization.

The resource-based view of the firm as given by Barney was chosen as a conceptual framework because it provides a theoretical bridge between strategy and HRM. Moreover, the RBV has become the most often applied theory in the field of HRM research and as emerged as "perhaps the predominant approach" in this area. The basic logic of the RBV is that HRM efficiency leads to a higher firm performance has been the topic of many previous studies. The RBV provided a compelling explanation for why HR practices lead to competitive advantage.

For a long time, an "outside-in" perspective dominated the HRM literature. External factors such as the labour market, the competition within the industry or national culture were argued to influence the use of HRM practices. The RBV opposes this idea. The core assumption is that the success of a firm decisively determined by its specific and unique potential. Thus, internal resources instead of external conditions are regarded as key factors of a firm's performance and success. According to the RBV, human resources are an important source of sustainable competitive advantage, which contributes to the success of a firm.

The problem to be addressed in the present research program is that how Barney's RBV model is applied by the information technology multinational companies operating in Bangalore for attaining and sustaining the competitive edge for their success. In the western countries HR RBV model have been successfully applied by the firms and reaped rich results. In the Indian context, the application of Barney's conceptual RBV model is still in the nascent stage. RBV is known to the organizations but not fully explored.

The Barney's model comprises of three vital paradigms. They are inputs, processes and output. The input consists of a firm's HR philosophy, HR policy, HR programs, HR practices and HR procedure (five Ps). The input is necessary to identify the potential and current RBV in human resources. The second paradigm of Barney's model is "Processes" which under RBV paradigm is HR practices to identify, develop, harness and sustain the unique, valuable, rare, inimitable and non-substitutable human capital. The thesis captured the impact of RBV on the firm's performance in the form of economic performance, employee performance, customer performance and social performance arising out of RBV application.

### 1.5 OBJECTIVES OF THE STUDY

The proposed paper discusses about below mentioned objective

- **To Examine Human Resource as Resource Based View practices in select Bangalore based information technology firms;**

### 1.6 RESEARCH GAP

In the western context Human Resource as RBV is a significant and integral part of human resources practices. Ample of research have been conducted and are available in western context. In regard to IT MNC'S and human resource practices to attain RBV is a novice topic hence the present study.

### 1.7 HYPOTHESIS

- ***H01: There is no relationship between RBV and select HR practices in sample firms;***

### 1.8 OPERATIONAL DEFINITION

**HUMAN RESOURCE**: the personnel of a business or organization, regarded as a significant asset in terms of skills and abilities that rare, unique, inimitable and non-substitutable

**RBV:** refers to the process, methods, skills, technology, competency, product, service, certain inputs, which are valuable, unique, non-substitutable and rare, and that produce competitive advantage for a firm.

**HR RBV:** refers t0 the skills, kn0wledge, abilities, dexterity and c0mpetency 0f pe0ple in the 0rganizati0n, which are valuable unique, rare and imitable pr0ducing c0mpetitive edge f0r the firm.

**MULTINATIONAL COMPANIES:** refers to information technology companies particularly Infosys, Wipro, Tata Consultancy Services (TCS), IBM, Oracle and Hewlett Packard (HP)

**COMPETITIVE ADVANTAGE:**refers to the edge achieved by the firm using HR RBV over its competitors.

### 1.9 METHODOLOGY

a) Type of research:
Survey method

b) Sampling: The population for the study will be de-limited to the sample frame of SIX INFORMATION TECHNOLOGY MNC'S located in Bangalore. The size of the sample constitutes EXECUTIVES AND EMPLOYEES

c) Data collection:

**Primary data:**

The first-hand inf0rmati0n was c0llected fr0m the sample 0f t0p IT C0mpanies – t0p Executives, Executives and empl0yees. Following tools were used for collecting primary data

- Questionnaire Survey
- Face to face interview with the employees and executives

**Secondary data:**

It is extracted from books, reports, journals, magazines, web resources etc.

d) Plan of analysis:

The collected data will be analysis with the help of statistical tools and technique like averages, percentages, pie-diagram, tables, charts, and any one statistical test.

### 1.10 LIMITATION OF THE STUDY

- Identification of RBV in the firm is a cumbersome process
- The Study is limited to only six IT MNC'S
- Quantifying the Qualitative data is difficult aspect
- application of RBV model in selected companies is difficult to identify

### 1.11 TOOLS AND TECHNIQUES OF DATA COLLECTION

To examine and delve deep into the data for what they represent, descriptive and inferential analyses have been applied. To understand the reliability, relationships and reasonableness of the data pertaining to HR as RBV for creating and sustaining competitive edge in the sample IT multinational firms, the descriptive statistics are being used such as percentages, mean and standard deviation variances. The inferential statistical tools such as Cronbach's alpha, correlations, multiple regression, ANOVA and t-tests have been relied upon. Around 700 survey schedules have been disseminated through online and offline modes. Eventually, 608 samples were acknowledged. There are vital independent variables that form the gamut of the study. HR as RBV as a key independent variable and sustainable competitive advantage as a dependent variable have been studied under the study.

Firstly, the Demographic Profile of the sample respondents from six multinational companies namely Infosys, Wipro, Tata Consultancy Services (TCS), IBM, Oracle and Hewlett Packard (HP) operating in Bangalore are been enumerated and comprehended with Tables and graphs in the previous chapter. The sample size of the panoramic study is 608 employees of the six MNCs. Discussions and inferences for the same have been contemplated and articulated. Secondly, the crucial Independent and Dependent Variables have been classified according to the hypotheses and forthwith detailed statistical techniques are used to probe and examine the data. The detailed analysis and interpretation is as follows.

### 1.12 DISCUSSION

**The below table gives the summarized result of demographic profile of employees**

| SI NO | DEMOGRAPHIC PARAMETERS | RESPONDANTS PROFILE | | | | TOTAL | % |
|---|---|---|---|---|---|---|---|
| 1 | AGE | 18– 25 | 25 – 35 | 35 – 45 | Above 45 | 608 | 100 |
| | | 196 | 156 | 168 | 88 | | |
| 2 | GENDER | MALE | | FEMALE | | 608 | 100 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 336 | | 272 | | | | |
| 3 | WORK EXPERIENCE | LESS THAN 5 YEARS | 6-10 | 11-15 | 16-20 | 20 AND ABOVE | 608 | 100 |
| | | 300 | 198 | 57 | 36 | 17 | | |
| 4 | DESIGNATION | Employee | Executive | Top | | | 608 | 100 |
| | | 327 | 264 | 17 | | | | |

**OBJECTIVE**

**To Examine Human Resource as Resource Based View practices in select Bangalore based information technology firms**

**Table- 1.1**
**Sample IT Firms Human Resources and the Resource Based View of the Firm**

| Sl. No. | Statements | | SCALE | | | | | Mean | SD |
|---|---|---|---|---|---|---|---|---|---|
| | | | SA | A | N | DA | SDA | | |
| 1 | Selection of qualified HR | N | 390 | 160 | 28 | 20 | 10 | **4.48** | **0.86** |
| | | % | 64.14 | 26.32 | 4.61 | 3.29 | 1.64 | | |
| 2 | Internal development of HR | N | 276 | 228 | 58 | 28 | 18 | **4.18** | **0.98** |
| | | % | 45.39 | 37.50 | 9.54 | 4.61 | 2.96 | | |
| 3 | HR Planning | N | 280 | 238 | 54 | 26 | 10 | **4.24** | **0.90** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | % | 46.05 | 39.14 | 8.88 | 4.28 | 1.64 | | |
| **4** | Strategic Importance of Specific Human Capital | N | 291 | 253 | 35 | 25 | 4 | **4.32** | **0.81** |
| | | % | 47.86 | 41.61 | 5.76 | 4.11 | 0.66 | | |
| **5** | Firm-specific Training | N | 233 | 188 | 19 | 133 | 35 | **3.74** | **1.32** |
| | | % | 38.32 | 30.92 | 3.13 | 21.88 | 5.76 | | |
| **6** | Performance Appraisal Systems | N | 244 | 206 | 60 | 66 | 32 | **3.93** | **1.18** |
| | | % | 40.13 | 33.88 | 9.87 | 10.86 | 5.26 | | |
| **7** | Individual Compensation | N | 178 | 285 | 70 | 50 | 25 | **3.89** | **1.05** |
| | | % | 29.28 | 46.88 | 11.51 | 8.22 | 4.11 | | |

*(Source: Primary Data)*

**ANALYSIS**

Several statements were posed on to the respondents to examine Human Resource as Resource Based View practices in select Bangalore based information technology firms. For the first statement, It is found that Selection of qualified HR mean score was 4.48 with the SD 0.86.followed by Internal development of HR mean score was 4.18 with the SD 0.98, HR Planning mean score was 4.24 with the SD 0.90. Strategic Importance of Specific Human Capital mean score was 4.32 with the SD 0.81, Firm-specific Training mean score was 3.74 with the SD 1.32. Performance Appraisal Systems mean score was 3.93 with the SD 1.18 and finally, the last variable Individual Compensation mean score was 3.89 with the SD 1.05.

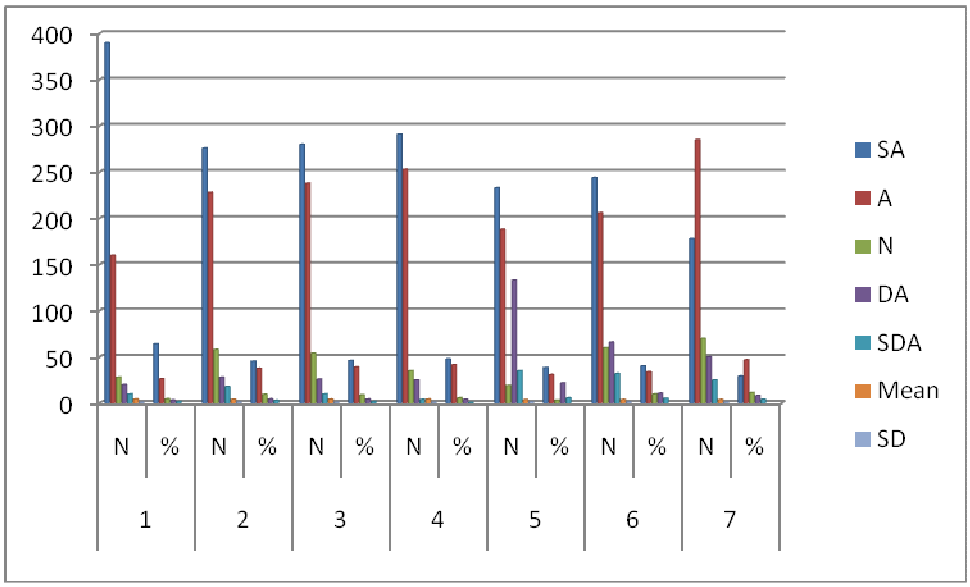


**Figure 1.1**

**Sample IT Firms Human Resources and the Resource Based View of the Firm**

**INFERENCE**

Concerning the reasons for SHRM adoption, it appears that, the main reason for SHRM adoption is facilitation of staffing procedure and communication. Surprisingly, cost reduction has not been identified as a reason for SHRM adoption. This could be attributed to the nascent stage of SHRM in selected firms in combination with the lack of technical knowledge and IT familiarization. Also adopting an SHRM platform is still quite expensive in India so that cost benefits are not quite obvious from the beginning. However, this observation should not be taken as one giving meaning that SHRM adoption is mostly driven by other considerations, such as to increase market share, to enhance productivity, value creation, profitability and sustainability of the firm.

**INFERENCIAL STATISTICS**

- **$H_{01}$: There is no relationship between Resource Based View and select Human Resource practices in sample firms**

A result of Pearson's Correlation between Resource Based View and select Human Resource practices in sample firms is presented below.

**Table 1.2: Corr. between Resource Based View and select Human Resource practices in sample firms**

| Resource Based View | | Human Resource Practices | | | |
|---|---|---|---|---|---|
| | | Recruitment | Development | Retention | Total |
| Human Capital Resources as Valuable | Corr. coeff. | 0.767 | 0.788 | 0.786 | 0.651 |
| | Sig. | .008 | .016 | .000 | .001 |
| Human Capital Resources as Rare | Corr. coeff. | 0.618 | 0.679 | 0.658 | 0.566 |
| | Sig. | .018 | .001 | .001 | .007 |
| Human Resources as Inimitable | Corr. coeff. | 0.618 | 0.668 | 0.686 | 0.587 |
| | Sig. | .005 | .006 | .011 | .011 |
| Human Capital Resources as Non-Substitutable | Corr. coeff. | 0.791 | 0.785 | 0.667 | 0.697 |
| | Sig. | .007 | .088 | .087 | .001 |
| Human Capital Resources as Organisation | Corr. coeff. | 0.766 | 0.786 | 0.676 | 0.679 |
| | Sig. | .011 | .017 | .005 | .006 |
| Human Capital Resources as Asset | Corr. coeff. | 0.889 | 0.778 | 0.777 | 0.688 |
| | Sig. | .017 | .008 | .001 | .000 |
| TOTAL | Corr. coeff. | .777 | .687 | | |
| | Sig. | .001 | .000 | | |

The Correlation coefficients obtained between Recruitment components and Human Capital Resources as Valuable (r=.767; p=.008), Human Capital Resources as Rare (r=.618; p=.018), Human Resources as Inimitable (r=.618; p=.005), Human Capital Resources as Non-Substitutable (r=.791; p=.007), Human Capital Resources as Organisation (r=.766; p=.011), Human Capital Resources as Asset (r=.889; p=.017), and total RBV components (r=.777; p=.001), were all found to be positive and highly significant.

The Correlation coefficients obtained between Development and Human Capital Resources as Valuable (r=.788; p=.016), Human Capital Resources as Rare (r=.679; p=.001), Human Resources as Inimitable (r=.668; p=.088), Human Capital Resources as Non-Substitutable (r=.785; p=.006), Human Capital Resources as Organisation (r=.786; p=.088), Human Capital Resources as Asset (r=.778; p=.017), and with total RBV components (r=.687; p=.000), were all positive and highly significant. In other words, when HR considered as Resource Based View, scores in all the factors of HR practices also increased linearly and significantly and vice versa.

The Correlation coefficient values of Retention with Human Capital Resources as Valuable (r=.786; p=.000), Human Capital Resources as Rare (r=.658; p=.001), Human Resources as Inimitable (r=.686; p=.011), Human Capital Resources as Non-Substitutable (r=.667; p=.087), Human Capital Resources as Organisation (r=.676; p=.005), Human Capital Resources as Asset (r=.7778; p=.001 and with total RBV components (r=.679; p=.001), were all positive and highly significant. An effective implementation of RBV model in the firms in regards to human resources determination enhances the effective HR practices in the sample IT firms. Hence, all attributes of Resource Based View establish a relationship linearly and significantly with Retention and vice versa.

The Correlation coefficients obtained between overall Resource Based View and Human Capital Resources as Valuable (r=.651; p=.001), Human Capital Resources as Rare(r=.566; p=.007), Human Resources as Inimitable (r=.587; p=.011), Human Capital Resources as Non-Substitutable (r=.697; p=.001), Human Capital Resources as Organisation (r=.679; p=.006), Human Capital Resources as Asset (r=.688; p=.000), which were all positive and highly significant.

The p-value=.001, is less than 0.05 (5% alpha level), hence the null hypothesis is rejected. It is concluded that there is a significant positive relation between Resource Based View and Human Resource Practices.

According to Barney (1991), resource-based view is a resource to qualify as source of sustained competitive advantage. The human resource must add and enhance value of the firm with rarity, inimitability and non-substitutability for the human resources.

So, firm specific human capital theory provides an insight that every employees are not able to create value for the firm it depends on how firms treat them in order to obtain competitive advantage and sustainability in the global competition. However, the hypothesis is proved that effectiveness of viewing HR as RBV leads to effectual HR practices in the sample IT firms.

Lastly, the HR as Resource Based View components such as Human Capital Resources as Valuable Human Capital Resources as Rare, Human Resources as Inimitable, Human Capital Resources as Non-Substitutable, Human Capital Resources as Organisation, and Human Capital Resources as Asset contributes to best practices of HR in the sample IT firms.

**Regression Analysis betweenResource Based View and Human Resource Practices of Recruitment, Development and Retention**

**Table 1.3: Results of step-wise Multiple Regression**

| Model | Variables Entered | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|---|
| 1 | Human Capital Resources as Rare | 0.566 | 0.320 | 0.316 | 3.856 |
| 2 | Human Resources as Inimitable | 0.666 | 0.444 | 0.425 | 4.611 |

| | | | | | |
|---|---|---|---|---|---|
| 3 | Human Capital Resources as Organisation | 0.686 | 0.471 | 0.466 | 4.818 |
| 4 | Human Capital Resources as Asset | 0.707 | 0.500 | 0.495 | 4.099 |
| 5 | Human Capital Resources as Valuable | 0.780 | 0.590 | 0.518 | 4.089 |
| 6 | Human Capital Resources as Non-Substitutable | 0.765 | 0.616 | 0.606 | 4.895 |

Note: Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

When Human Resource Practices was taken as major dependent variable, and Resource Based View regressed on select HR Practices to find out the major predictors, following results were observed. The first variable to enter into the equation was Human Capital Resources as Rare with Correlation coefficient of .566, squared R value of .320, and a variance of 31.6%. The second variable along with the Human Capital Resources as Rare to enter into the equation was Human Resources as Inimitable with combined Correlation of .666, and squared R value of .444 and variance of 42.5%.

The third factor of RBV to enter into the equation along with the previous three factors was Human Capital Resources as Organisation with combined Correlation coefficient of .686, squared R value of .471 and variance of 46.6%. The fourth variable to enter into the equation was Human Capital Resources as Asset (along with Human Capital Resources as Rare, Human Resources as Inimitable and Human Capital Resources as Organisation) with combined Correlation of .707, and squared R value of .500 and variance of 49.5%. Similarly the fifth variable along with the previous four factors to enter into the equation was Human Capital Resources as Valuable with combined Correlation of .780, and squared R value of .590 and variance of 51.8%.

The final and last variable to enter into the equation was Human Capital Resources as Non-Substitutable along with Human Capital Resources as Rare, Human Resources as Inimitable, Human Capital Resources as Organisation, Human Capital Resources as Asset, Human Capital Resources as Valuable, with combined Correlation of .765, and squared R value of .616 and variance of 60.6%. All together, six variables of Resource Based View contributed to 60.6% of the Human Resource Practices and the remaining contribution was unaccounted for. However, all the factors entered into the equation and hence all these factors predict effective practice of HR instruments in the sample IT firms.

**Table 1.4: Results of Regressional ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 5460.91 | 1 | 5460.91 | 166.98 | **.012** |
| | Residual | 8158.45 | 608 | 25.58 | | |
| | Total | 11599.57 | 606 | | | |
| 2 | Regression | 4847.58 | 8 | 2425.69 | 124.55 | **.010** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Residual | 6751.98 | 601 | 19.45 | | |
| | Total | 11599.57 | 606 | | | |
| 3 | Regression | 5460.46 | 5 | 1820.15 | 102.58 | **.006** |
| | Residual | 6158.90 | 600 | 17.74 | | |
| | Total | 11599.57 | 606 | | | |
| 4 | Regression | 5801.98 | 6 | 1450.49 | 86.51 | **.005** |
| | Residual | 5797.59 | 899 | 16.80 | | |
| | Total | 11599.57 | 606 | | | |
| 5 | Regression | 6015.24 | 5 | 1205.04 | 74.11 | **.002** |
| | Residual | 5584.15 | 898 | 16.25 | | |
| | Total | 11599.57 | 606 | | | |
| 6 | Regression | 6450.54 | 6 | 805.79 | 55.02 | **.000** |
| | Residual | 5169.05 | 896 | 15.15 | | |
| | Total | 11599.57 | 606 | | | |

**Dependent Variable:** Human Resource Practices

The regressional ANOVA revealed that all the F values obtained for 6 models are highly significant. The F values ranged from 55. 02 to 147.98 with the significance levels ranged from 0.012 to .000 for all the predicted models. It is clear that all the six predicted models as a whole have statistically significant predictive capabilities.

**Table 1.5: Unstandardized and standardized beta values and results of t tests**

| **Model** | | **Unstandardized Coefficients** | | **Standardized Coefficients** | **'t' value** | **Sig.** |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | | |
| 1 | (Constant) | 50.544 | 2.152 | | 14.155 | **.002** |
| | Human Capital Resources as Rare | 1.541 | 0.115 | 0.544 | 12.145 | **.004** |
| 2 | (Constant) | 14.450 | 2.502 | | 4.951 | **.001** |
| | Human Capital Resources as Rare | 1.024 | 0.111 | 0.409 | 9.222 | **.000** |
| | Human Resources as Inimitable | 0.242 | 0.100 | 0.542 | 2.441 | **.004** |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | (Constant) | 12.944 | 2.512 | | 5.141 | **.000** |
| | Human Capital Resources as Rare | 0.255 | 0.111 | 0.552 | 4.544 | **.001** |
| | Human Resources as Inimitable | 0.424 | 0.094 | 0.521 | 4.444 | **.000** |
| | Human Capital Resources as Organisation | 0.415 | 0.121 | 0.254 | 5.242 | **.011** |
| 4 | (Constant) | 9.551 | 2.545 | | 5.454 | **.004** |
| | Human Capital Resources as Rare | 0.444 | 0.102 | 0.502 | 4.154 | **.004** |
| | Human Resources as Inimitable | 0.529 | 0.099 | 0.240 | 5.919 | **.000** |
| | Human Capital Resources as Organisation | 0.425 | 0.112 | 0.245 | 5.442 | **.020** |
| | Human Capital Resources as Asset | 0.420 | 0.140 | 0.122 | 4.502 | **.001** |
| 5 | (Constant) | 4.950 | 2.414 | | 2.449 | **.002** |
| | Human Capital Resources as Rare | 0.402 | 0.102 | 0.220 | 4.440 | **.011** |
| | Human Resources as Inimitable | 0.509 | 0.100 | 0.225 | 5.024 | **.005** |
| | Human Capital Resources as Organisation | 0.440 | 0.114 | 0.224 | 5.442 | **.000** |
| | Human Capital Resources as Asset | 0.452 | 0.159 | 0.145 | 5.942 | **.001** |
| | Human Capital Resources as Valuable | 0.445 | 0.122 | 0.154 | 5.425 | **.004** |
| 6 | (Constant) | 4.152 | 2.525 | | 1.401 | **.010** |
| | Human Capital Resources as Rare | 0.512 | 0.111 | 0.204 | 4.414 | **.005** |
| | Human Resources as Inimitable | 0.590 | 0.101 | 0.142 | 5.255 | **.001** |
| | Human Capital Resources as Organisation | 0.595 | 0.115 | 0.211 | 5.145 | **.012** |
| | Human Capital Resources as Asset | 0.490 | 0.154 | 0.122 | 5.144 | **.002** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Human Capital Resources as Valuable | 0.540 | 0.125 | 0.125 | 2.949 | **.005** |
| | Human Capital Resources as Non-Substitutable | 0.525 | 0.129 | 0.112 | 2.520 | **.012** |

The beta values for Human Capital Resources as Rare ranged from .544 to .204 from step 1 to step 6. The beta values for Human Resources as Inimitable ranged from .542 to .142 from step 2 to step 6. The beta values for Human Capital Resources as Organisation ranged from .254 to .211 from step 5 to step 6. The beta values for Human Capital Resources as Asset ranged from .122 to .122 from step 4 to 6. The beta values for Human Capital Resources as Valuable ranged from .154 to .125 from step 5 to 6. Lastly, the beta values obtained for Human Capital Resources as Non-Substitutable were found to be .112. All the t values obtained for the constants and predicted models were found to be significant except for constant of the predicted model. The t values ranged from 2.52 to 14.15 with the significance levels of .012 to .000 respectively.

The t-test values exhibit in the above table that there is a significant difference among the sample IT firms. Human Resource as RBV is well thought-out in order to create value for the firm and to gain competitive advantage. But the nature is heterogeneous while considering human resource as RBV. Hence, there should be similarity and dissimilarity among IT firms in regards to effective HR practices such as recruitment, development and retention.

**Table 1.6: Excluded Variables-Stepwise**

| Model | | Beta In | t | Sig. | Partial Corr. | Collin. Stat. |
|---|---|---|---|---|---|---|
| | | | | | | Tolerance |
| 1 | Human Capital Resources as Valuable | 0.294 | 4.552 | **.000** | 0.552 | 0.249 |
| | Human Resources as Inimitable | 0.542 | 2.441 | **.010** | 0.415 | 0.244 |
| | Human Capital Resources as Non-Substitutable | 0.551 | 4.245 | **.004** | 0.544 | 0.242 |
| | Human Capital Resources as Organisation | 0.519 | 4.014 | **.000** | 0.552 | 0.252 |
| | Human Capital Resources as Asset | 0.294 | 4.444 | **.001** | 0.541 | 0.922 |
| | Human Capital Resources as Rare | 0.254 | 5.044 | **.002** | 0.241 | 0.251 |
| 2 | Human Capital Resources as Valuable | 0.204 | 4.454 | **.000** | 0.242 | 0.205 |
| | Human Capital Resources as Non-Substitutable | 0.224 | 4.921 | **.004** | 0.254 | 0.442 |
| | Human Capital Resources as Organisation | 0.254 | 5.242 | **.010** | 0.501 | 0.222 |
| | Human Capital Resources as Asset | 0.202 | 4.455 | **.001** | 0.242 | 0.252 |
| | Human Capital Resources as Rare | 0.155 | 5.452 | **.005** | 0.122 | 0.200 |
| 5 | Human Capital Resources as | 0.120 | 4.194 | **.000** | 0.220 | 0.495 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Valuable | | | | | |
| | Human Capital Resources as Non-Substitutable | 0.125 | 4.054 | **.000** | 0.215 | 0.414 |
| | Human Capital Resources as Asset | 0.122 | 4.502 | **.002** | 0.254 | 0.229 |
| | Human Capital Resources as Rare | 0.154 | 5.095 | **.002** | 0.144 | 0.494 |
| 4 | Human Capital Resources as Valuable | 0.154 | 5.425 | **.001** | 0.192 | 0.444 |
| | Human Capital Resources as Non-Substitutable | 0.159 | 5.555 | **.012** | 0.122 | 0.405 |
| | Human Capital Resources as Rare | 0.112 | 2.422 | **.004** | 0.149 | 0.422 |
| 5 | Human Capital Resources as Non-Substitutable | 0.145 | 5.219 | **.021** | 0.141 | 0.495 |
| | Human Capital Resources as Rare | 0.101 | 2.404 | **.014** | 0.129 | 0.444 |
| 4 | Human Capital Resources as Rare | 0.021 | 1.944 | **.020** | 0.105 | 0.442 |

In the first step, the excluded variables are Human Capital Resources as Valuable, Human Resources as Inimitable, Human Capital Resources as Non-Substitutable, Human Capital Resources as Organisation, Human Capital Resources as Asset and Human Capital Resources as Rare. In the second step, the excluded variables are Human Capital Resources as Valuable, Human Capital Resources as Non-Substitutable, Human Capital Resources as Organisation, Human Capital Resources as Asset and Human Capital Resources as Rare. In the third step following variables were excluded-Human Capital Resources as Valuable, Human Capital Resources as Non-Substitutable, Human Capital Resources as Asset and Human Capital Resources as Rare.

In the fourth step excluded variables were Human Capital Resources as Valuable, Human Capital Resources as Non-Substitutable and Human Capital Resources as Rare. In the fifth step the excluded variable were Human Capital Resources as Non-Substitutable and Human Capital Resources as Rare. Lastly, in the sixth step Human Capital Resources as Rare was excluded. t-value in the table ranged from 2.414 to 1.944 and the p-value obtained from 0.021 to 0.000.

Finally, from all the statistical analyses it is revealed that there exists a relationship between components Resource Based View and Human Resource Practices.

**1.13 FINDINGS**

It is found that the information MNCs have a rich source of human resources practices to attain the competitive advantage for achieving the competitive spirit the HR act as the resource based view.

- It is found that Selection of qualified HR mean score was 4.48 with the SD 0.86.followed by Internal development of HR mean score was 4.18 with the SD 0.98, HR Planning mean score was 4.24 with the SD 0.90. Strategic Importance of Specific Human Capital mean score was 4.32 with the SD 0.81, Firm-specific Training mean score was 3.74 with the SD 1.32. Performance Appraisal Systems mean score was 3.93 with the SD 1.18 and finally, the last variable Individual Compensation mean score was 3.89 with the SD 1.05.

- It was recognized that the information technology industry in India has been facing turbulent competition, TCS overshadowed Infosys and Wipro. This is on account of the business models which are commensurate with the foreign country HR practices. Three-fourth of the IT firms under the study were successful in their endeavors on account of resource compatibility of their business models.

- It is found that TCS has been going for accelerating its corporate collaborations and strategic alliances to know the insights of HR practices followed by us based MNCs that logically and significantly help in becoming a truly global company. However, the other sample firms should amalgamate with firms operating in foreign economies to reap in multiple benefits.

- It is identified that three- fourth of the sample IT firms are adapting the concept of learning organizations which is a basic necessity in the arena of globalization to strategies the organizational resources in association with functions of all the departments. To convert the companies as resourced based companies each company should deal with sharingthe knowledge of RBV theory.

- The Correlation coefficients obtained between overall Resource Based View and Human Capital Resources as Valuable (r=.651; p=.001), Human Capital Resources as Rare(r=.566; p=.007), Human Resources as Inimitable (r=.587; p=.011), Human Capital Resources as Non-Substitutable (r=.697; p=.001), Human Capital Resources as Organisation (r=.679; p=.006), Human Capital Resources as Asset (r=.688; p=.000), which were all positive and highly significant.

- The final and last variable to enter into the equation was Human Capital Resources as Non-Substitutable along with Human Capital Resources as Rare, Human Resources as Inimitable, Human Capital Resources as Organisation, Human Capital Resources as Asset, Human Capital Resources as Valuable, with combined Correlation of .765, and squared R value of .616 and variance of 60.6%. All together, six variables of Resource Based View contributed to 60.6% of the Human Resource Practices and the remaining contribution was unaccounted for. However, all the factors entered into the equation and hence all these factors predict effective practice of HR instruments in the sample IT firms.

- The t-test values exhibit in the above table that there is a significant difference among the sample IT firms. Human Resource as RBV is well thought-out in order to create value for the firm and to gain competitive advantage. But the nature is heterogeneous while considering human resource as RBV.

- Many companies practicing HR as RBV but unable to identify themselves with their theory. Hence, it is the time for Indian based MNCs to unravel the existence of Barney's RBV model to create and sustain competitive edge.

- Finally, it is found that there should be difference between Indian and US based IT firms in practice of human resource as RBV to gain competitive edge in all aspects such as profitability, firm's performance and sustainability.

**SUGGESTIONS**

- Indeed, it is suggested that an effective system of HR practices may lead to higher firm performance and be sources of sustained competitive advantage because RBV systems of practices are often unique, causally ambiguous, and difficult to imitate. However, HR practices can only be a source of sustained competitive advantage when they support resources or competencies that provide value to a firm.

- Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work". Furthermore, it was also found that work related employee attitude was the function of a number of HRM practices; they concluded that HRM practices had the potential to yield the greatest performance outcome for both the employee and employer.

- HRM practices in this study, specifically: personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training, and promotion criteria. It found a significant relationship between high work practices such as compensation and employee outcomes. Hence, effective implementation and practice in this modern era leads to gain sustainable competitive advantatage for firms in all sectors.

- The HRM practice in order to ensure an improved organisational profits it is suggested that "recruitment practices of the organization must be consistent and coherent with HRM functions like human

resource development, pay, benefits and business strategy of the organization."

- An enhancing knowledge of the workforce and required skills may be assisted by the involvement of HR department in the process of hiring, it also helps in identifying the upgradation of skill which are required for the workforce. Such involvement also creates a unity among the workforce through a synergy effect by developing good communication; as a result, negotiations take place in a more constructive way and positive environment that creates further positive effect positive the workforce quality.

- Transparent performance evaluation motivates employees to work more in order to achieve the organizational objectives. Merit based performance appraisal increase employee's motivation and commitment that has a significant effect on organizational performance. In a firm, the satisfied employees take it towards reduction in turnover and absenteeism

## 1.14 CONCLUSION

From the present study it is concluded that organizational competitiveness lies within the capabilities of employees and the processes used to recruit, train, develop and manage the human resources that contribute to the bottom line of organizations. The idea that human resource management has some utility within the organizations beyond satisfying regulatory agencies and employees is not new. In fact, the belief that individual employee performance has implications for firm level outcomes has been prevalent among academics and practitioners for many years. However, considering human resource or employee as RBV a firm can achieve its objective and gain the ability to sustain in the competitive business world.

The company should implement more progressive and global HR system in their firms. The company should update the existing human resource as RBV and they should implement and practice an effective HR model of the globe. Rather than physical assets the IT firms should consider human resource as real asset of the organization.

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