



DISCOVERING HUMAN RESOURCE- RESOURCE-BASED-VIEW IN INDIAN SOFTWARE INDUSTRY – A STUDY

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ABSTRACT

With the advent of world trade propelled by world trade organisation and renowned trade blocks in the globe, competition among different firms in different sectors. Boosted for the better changing technology, customer taste and preferences, political, culture, economic and legal scenario in the international context, Triggered competition on a large scale in all sectors of economic activity.

In the circumstances firms to survive and stay in the competition, they have to utilize the resources- physical, financial, human, technology and intellectually property rights efficiently and effectively to achieve competitive edge.

The fortune 500 companies do have competitive advantage in one or other field of business. Walt-mart has competitive advantage in global sourcing of essential, general electrical is known for innovation, HP for serving the customer in an excellent manner, coco-cola for logistics, Infosys for people management. The firms have resources in such a manner that, it is impossible for other firms or competitor to emulate, imitate and adopt. In other words, the particular activity or resources are unique for that company.

Akin to this, human resources means the knowledge, skills, abilities, capabilities, competencies, expertise, exposure and experienced posed by individuals in the organization which are impossible to imitate, these are rare, in-imitable and non- substitutable. These phenomenon called rare and non-substitutable of anything, technology, innovation, customer focus or HR is termed in management parlance as "RBV" – Resource Based View.

As has been indicated above human resources possess certain skills which are not possible to imitate. This are termed as RBV in human resource. These skills and expertise possessed by human resource produce the company with competitive advantage and brings enormous revenue for the company. Losing these skills and expertise means losing revenue and competitive advantage in the current competitive environment, multinational companies recognized the human resources as RBV to produce competitive edge and organisation effectiveness. Indian companies have just come to know of human resources as RBV, they have a long way to go. The present paper is developed using the secondary data and a special concern is given to software MNC'S operating in India.

Key words: RBV, Information Technology and RBV, potentialities, sustained competitive advantage.

INTRODUCTION

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 (Huselid, 1995). However, introduction of the knowledge worker, increased communication due to technology, and the ever-growing global economy has created an increased focus on the best ways to manage human resources within organizations.

All organizations find themselves in a growing global competitive market since entering the 21st century. The days of simple jobs and market domination are clearly over. The shift from an industrial to a knowledge society and the raise of human capital has created an environment that challenges organizations to stay competitive. The last two decades have been met with a substantial increase in awareness concerning the value of human resources in business. Organizations have realized that to be successful and competitive they must continuously improve the way they organize and manage themselves, stating that competitiveness will ultimately depend on their capability to configure people and design a system for optimal execution of strategy.

REVIEW OF LITERATURE

- The idea of human capital as a factor in a firm's performance has also gained the interest of researchers and is consistent with Barney's (1991) Resource-Based View of organizations. When looking at organizations through a Resources-Based View (Barney, 1991), firms utilize their resources and capabilities to create a competitive advantage that ultimately results in superior value creation. Firm resources and skills are considered valuable when they aid the firm in formulating and implementing strategies that improve firm efficiency and/or the effectiveness. (Bharadwaj, Varadarajan, & Fahy, 1993),
- Barney and Wright (1998) argue that the firm's most important asset in the race to achieve competitive advantage is the firm's human resources. Barney's (1991) Resource-Based View of the firm provides an economic foundation for examining the role of human resources in firm competitive advantage. This view focuses on firm resources that can be sources of competitive advantage within the industry. Specifically,
- Barney (1991) suggests that the firm's structure, human capital including the skills, judgment, and intelligence of the firm's employees, and human resource management systems are sources of competitive advantage.
- Pankaj M Madani (2008) specified resources, including technical skill and cost competency that have contributed to the competitive position of Indian software industry. In his article he has highlighted the Indian software industry and resources in terms of resource based view strategy.
- Wright and McMahan (1992) contend that human resources can provide a unique source of competitive advantage that is difficult for competitors to imitate. This form of "human" capital can add to the organizational competitive advantage when four basic requirements are met: (1) employees must add value to the firm's production processes, meaning that individual performance must matter; (2) the

skills the firm seeks must be rare and not easily obtainable by competitors. (3) Employee skills and knowledge.

- Teece (2007) specified the nature and micro-foundations of the capabilities necessary to sustain superior enterprise performance in an open economy with rapid innovation and globally dispersed sources of invention, innovation, and manufacturing capability.
- Sirmon, Hitt, & Ireland (2007) Built theory about the underexplored processes that is the “black box” that he between resources on the one hand and superior profitability on the other. Armstrong & Shimizu (2007) Reviewed critiqued the research methods used in resource-based inquiry.
- Crook, Ketchen, Combs, & Todd (2008) used meta-analysis to establish that strategic resources explain a significant portion of variance in performance across extant evidence. Kraaijenbrink, Spender, & Groen (2010) considered the merits of prominent critiques of RBT.

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.

A HR RBV model is also proposed for Indian companies in the current Indian context to upgrade our own industries in the knowledge-based society for nation building. Hence, the topic is justified.

OBJECTIVES OF THE STUDY

The proposed paper discusses about below mentioned objectives

- To know the factors involved in HR RBV in respect to IT Industries

RESEARCH GAP

More than one hundred research papers in reputable academic journals have treated how HR RBV acted as the firm’s competitive advantage in the last two decades, elevating the issue to “the HRM Holy Grail.

In the western context, HR RBV emerged as a significant and integral part of strategic human resource management. Ample literature on the topic is available in the western context. Only a few instances are available in regard to our Indian context on the subject HR as RBV. Many research papers, deliberations

and discussions have happened on the topic. However, in the context of IT sectors of India in particular and all the sectors in general, the subject HR as RBV is rarity in regard to research Programmes. There exists a huge research gap in our context therefore the topic is justified.

DISCUSSION

INDIAN SOFTWARE INDUSTRY: A REVIEW

From being \$2 billion industries in 1994-95, Indian IT AND ITES industries have grown drastically over years. According to various survey it is been grown at a rate of 31% in 2006-07. IT sector is also performing better in Indian exports and contributing more than US\$80 billion towards annual revenue.

IT industries have pooled high talent and skilled engineers and programmers and provided employment opportunity for more than four million by 2008. The strength of Indian IT companies is that they deliver a cost-effective outsourced service to diverse customers all over the world. As of 2006 more than 400 companies in India have received quality certificates from SEI-CMM, NASSCOM-CRISIL, and IT-ITES.

RESOURCE BASED VIEW OF INDIAN SOFTWARE INDUSTRIES

Pankaj M Madani (2008) in his article “Indian software success story- a resource based view of competitive advantage” uses resource based view model as a base for incorporating success factor that led Indian software industries a success. In his paper he has synthesized and summarized the eight major factor that are human capital, wage/cost advantage, government support, policy and vision, strong quality focus, industrial characteristics, capital, technological infrastructure and linkages including linguistics, diasporas and time-zone.

In this paper, I would like to consider the human capital as most important factor as RBV for success of IT industries in India.

HUMAN CAPITAL: the software sectors human capital encompasses the collective characteristics and abilities of its software professional: quantity, composition, language skills, and managerial skills.

IT CAPABILITY AND RESOURCE BASED VIEW

According to Bhardwaj (2001) human IT resources comprises both technical and managerial skills. She agreed with Mata et al.’s view that managerial skills are tactic in its nature and cannot be codified. Some of the core functions of human IT resources were:

- a) Integrate IT with business planning processes more effectively
- b) Develop reliable and cost-effective applications that support business needs of the firm faster than competition
- c) Communicate and share work with other business units more efficiently
- d) Anticipate future business needs of firm, innovate valuable new product features before competitor.

Thus, it is seen that it is from the human IT resources that IT can start to become imperfectly imitable by making the link between resources and performance ambiguous and through sharing and collaboration construction of a socially complex procedure.

CONCLUSION

IT and ITES industries are playing most important role in attracting the FDI from various western countries in which human resources are contributing towards its success. India being a labour intensive country and availability of human resources are at cheap and best. The literatures taken in this study have proved that human resources are the vital and unique resources for the success of the company and to attain competitive advantage.

Finally I conclude that human resources are no more called as employees, they are now human assets unlike other physical assets even human assets contribute to value of the company. Investment on human resources is no more treated as expenditure to the company; they are wealth creators and generate huge profits and success to the company.

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