

**AN ANALYSIS OF QUALITY OF WORK LIFE OF EMPLOYEES IN SMALL SCALE IT COMPANIES**

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**Abstract:**

*The performance of the small scale sector has a direct impact on the growth of the overall economy of a country. Human Resource policies are executed through the mechanism of Recruitment, Selection of compensation, Performance appraisal, Career planning, Training and Development, for improving employees' Quality of Work Life (QWL). This work mainly focuses on the effectiveness of HR strategies in the context of improving QWL of employees working in small scale Information Technology (IT) companies. The study is conducted in some selected small scale IT companies in South India. Employees are categorized in to Managerial level, Lead level and Engineer level. As a part of the analysis, important dimensions of QWL were analyzed by factor analysis method. The analysis of variance test (ANOVA) revealed that the respondents' perception of QWL differs with the cadre level.*

**Keywords:** Human Resource Strategies, Small Scale Companies, Quality of Work Life.

## Introduction

The small-scale sector has contributed a significant role in the economic growth of India for the duration of past many years. The growth of the small-scale companies has majorly contributed to the overall development in the form of employment generation and exports. The growth of the companies comes under small-scale sector has a major impact on the development of the economy of any developing country. The companies of Small and medium sizes dominate and decide the economic growth in developed and developing countries. The small-scale companies tend to adopt quicker and more streamlined decision making process with less bureaucracy and lower initial costs. Also, these companies have more agility in responding to the needs of a new customer and adapt to changes in the business climate. These advantages make a small-scale company well suited for innovation and development of new products pertaining to technology and software. Small-scale software companies are the key to large-scale companies. The current Information Technology (IT) company market is focused on social networking and it leaves the small-scale software companies growing quietly in the background.

There is no common criterion to classify Micro, Small and Medium-Sized Enterprises (MSMEs). But there are some regions-wise definitions available to classify the companies for either legal or statistical purposes. These definitions are mainly based on the type of the company, number of employees, type of machinery used and annual turnover. In India, the classification of MSME is mainly based on the amount of investment and employee-count of the company. Usually the larger companies downsize the operation and outsource the project to small-scale companies.

Manpower planners design selection of employees and job assignment, understand the need of the employee to provide training. Also HR managers should be responsible for promotion of the employees, retirement benefits, death benefits, motivation, supervision and communication. These activities have a direct bearing over the management's intent to minimize costs and maximize profits. HRM is managing the people in and out an organization. The involvement of HRM includes in many places like recruitment and selection of employees through various sources, determining promotions for the right people at the right time, termination of employment for non-performing people, handling of employees' concerns and issues, preparation of carrier development plans etc., It is defined in the Harvard model that, the HR manager must ensure that the organization has an appropriate flow of people to meet its strategic requirements.

Human resource strategies for employees in an IT company are important for management and organizational science. HR strategies in an IT company are seen as a business partner contributing to the vision of the organization and to its maximum business output. The company's strategies should be formulated by considering the HR aspects, and the human resources should be managed based on the company's strategies. The basic steps of the strategic management process are Vision, Mission and Objectives of the company, external environmental analysis, internal environmental analysis, formulation of alternative strategies, selecting the best strategy, strategy implementation, strategic evaluation and control. The strategic team at the corporate level, business unit level and the functional level should consider many strategic human resource issues while formulating and implementing strategies.

The rest of the paper is organized as follows, Section 2 describes about the literature review of the work. Section 3 discuss about the profile of the sample respondents and factors influencing the QWL of

employees working small scale IT companies are discussed in section 4. Finding and conclusion of the research work given in the section 5.

## Review of Literature

This section presents a review of literature on the past studies related to this research work. Though voluminous literature is available in the areas area of research, only a few important related works are reviewed in this chapter.

Human resource practices followed in small-scale Dutch firm have been discussed in [1]. The data is collected from the selected employees based on the questionnaire method. Based on the analysis, it is found that small firms have lack of training facilities as compared with large-scale firms because of financial and other reasons. However the policies are discussed in this paper are limited to the firms in European countries. The Development of small scale industries in Tamilnadu (part of south-India) is discussed in [2]. It is stated that the government must support for growth of small scale companies in terms of providing adequate facilities and polices like tax exemptions etc. This may improve the productivity level, export and employment of small-scale companies.

The research and development (R&D) activities in small sized industries are discussed in [3]. It is found that many small-scale companies are informally engaged to conduct R & D actives. It is also stated that less than 1 percentage of turnover is spent for R&D activities in small firms. The role of HR managers and HR practices for small-scale companies are discussed in [4]. It is discussed that the role and responsibilities for HR managers are different and challenging in small firms as compared with large organizations. This is due to lack to project long term visibility and lack of compensation of employees etc.

The impact of globalization and domestic economic reforms on small-scale industry is studied in [5]. Based on the survey conducted in this paper, the small-scale companies lacks in many factors. These factors includes providing correct job to employees, imports and export policies, expansion of the units etc., At the same time, growth of the small-scale companies have opened the many job openings in the market. It is also found that small-scale companies should work on technology improvement, increase of financial infrastructure to make effective and competitive.

Rajesh et al., (2007, 2008) studied different issues and constraints by Small, Micro, Medium and Large scale companies for investments, development of competency, cost reduction, improvement of quality and performance as compared to national and international standards. The authors observed from the study that the main constrains for the small-scale companies are environment growth and support from the government. The main pressures for the small-scale companies are operating cost, delivery time of the products and products quality. The authors also found that research development activities should be improved in information technology companies in India and training facilities should be provided by the employer. The turnover rate of employees, Inventory levels and production cost of the small-scale firms are less in India. The authors suggest that small-scale companies in India should focus more on research and development activities to improve the skills of the employees.

### Analysis of sample respondent's profiles

Organizational behaviour is dependent on organizational factors and also on various personal factors. Hence it is important to study these personal factors of IT employees such as age, sex, qualification, marital status, experience, type of family etc., For this purpose, 450 employees from 30 selected small-scale IT companies of South India are considered. Further, an attempt has been made in this chapter to discuss the mode of selection, recruitment and promotion of employees.

For a better exposition, the analysis of these personal factors has been classified under the following heads:

- Personal factors of sample employees
- Methods of selection and recruitment.
- Level of satisfaction on pay and other fringe benefits with the current employment.

Employees from small-scale IT companies who are considered for data collection are classified in to following three categories

i. Engineering level

- Person who is at the entry level in a company, can program the given module or involved in testing of a module is consider in this category.
- Person has experience between 0 and 10 years is considered in this category. Their job positions may be at Engineer, Sr. Engineer, Trainee, interns etc.,

ii. Technical lead level

- Person who is capable of supervising small team in an organization, work independently and act on their own.
- Person has experience between 10 and 20 years is considered in this category. Their job positions may be at the level of Technical lead, Lead engineer, Architect.

iii. Managerial level

- Person involved in strategic decision management of the company can be at managerial level.
- Person has experience of more than 20 years is considered in this category. Their job positions may be VP, Director, Manager / Senior Manager.

### Factors influencing QWL of employees

There can be several factors influence the working condition of employees. Some of these factors are quantitative in form while others are non-quantitative. Sometime these factors related to personal conditions of the employees or job nature. In this study, there are 23 variables considered which are directly or indirectly related to the working conditions of the employees in small-scale IT companies in South India. The mean score values are analyzed in a comprehensive way such that the significance of the identified 23 variables are highlighted. Hence, the comprehensive analysis of the mean score value of these 23 variables are presented in the below Table.

**Table 1. Mean score of factors influencing QWL of employees**

| Sl. No. | Variables   | Engineering level |                     | Technical Level |                     | Managerial level |                     |
|---------|---|-------------------|---------------------|-----------------|---------------------|------------------|---------------------|
|         |   | Mean Score        | Status of Influence | Mean Score      | Status of Influence | Mean Score       | Status of Influence |
| 1.      | Salary and allowances                                 | 4.05              | HI                  | 4.26            | HI                  | 4.12             | HI                  |
| 2.      | Health Hazards  | 3.86              | HI                  | 3.65            | HI                  | 3.99             | HI                  |
| 3.      | Congenial working climate                             | 4.11              | HI                  | 4.14            | HI                  | 4.17             | HI                  |
| 4.      | Job security  | 4.20              | HI                  | 4.05            | HI                  | 4.06             | HI                  |
| 5.      | Medical facilities                                    | 4.13              | HI                  | 4.20            | HI                  | 4.47             | HI                  |
| 6.      | Cafeteria facilities                                  | 3.36              | HI                  | 4.40            | HI                  | 13.60            | HI                  |
| 7.      | Leave facilities                                      | 3.51              | HI                  | 3.66            | HI                  | 3.78             | I                   |
| 9.      | Medical insurance reimbursement facilities            | 3.88              | HI                  | 4.00            | HI                  | 4.25             | HI                  |
| 10.     | Transportation facilities                             | 3.47              | HI                  | 3.71            | I                   | 3.71             | HI                  |
| 11.     | Higher Educational facilities                         | 3.10              | HI                  | 3.18            | HI                  | 3.44             | HI                  |
| 12.     | Working hours   | 3.80              | HI                  | 3.97            | HI                  | 3.91             | HI                  |
| 13.     | Training provided by the employer                     | 3.65              | HI                  | 3.72            | HI                  | 3.70             | HI                  |
| 14.     | Scope for personal development                        | 3.69              | HI                  | 3.81            | HI                  | 3.77             | HI                  |
| 15.     | Scope for enhancement of social status                | 3.64              | HI                  | 3.71            | HI                  | 3.79             | HI                  |
| 16.     | Rewards and Recognition                               | 3.97              | HI                  | 4.02            | HI                  | 4.25             | HI                  |
| 17.     | Safety Measures                                       | 3.82              | HI                  | 3.93            | HI                  | 3.99             | HI                  |
| 18.     | Grievance re-dressal mechanism                        | 3.15              | HI                  | 3.55            | HI                  | 3.47             | HI                  |
| 19.     | Superior - subordinate relationship                   | 3.90              | HI                  | 3.95            | HI                  | 3.91             | HI                  |
| 20.     | Recreational facilities                               | 4.21              | HI                  | 4.05            | HI                  | 4.10             | HI                  |
| 21.     | Flexible working hours                                | 3.84              | HI                  | 3.87            | HI                  | 3.87             | HI                  |
| 22.     | Fringe benefits                                       | 3.04              | HI                  | 3.35            | HI                  | 3.71             | HI                  |
| 23.     | Flexibility in the acceptance of abroad opportunities | 3.65              | HI                  | 3.83            | HI                  | 3.87             | HI                  |

It is understood from the above Table that almost all the 23 variables highly influence the working conditions of employees in Engineering level, Technical Lead Level and Managerial level. In order to examine the reliability of the above mentioned 23 variables for further analysis, reliability test is attempted through Cranach's alpha. This test is used to measure the internal consistency among the samples collected. The meaning of 'Reliability test' here is to check the consistency of the sample measures as compared to

what it supposed to measure. The overall reliability statistics for the considered variables are given in Table 3.

In this research work variables are formed to measure the Quality of work life of the employees. If the output of reliability test on the variable is high means, variable is consistent to measure the QWL of employees. If the output is low, then it can be concluded that, variable is measuring something else other than measuring QWL of employees.

**Table 2. Reliability test result for the variables influencing QWL of employees**

| Sl. No. | Variables   | Cranach's Alpha |
|---------|---|-----------------|
| 1.      | Salary and allowances                                 | 0.701           |
| 2.      | Health Hazards  | 0.711           |
| 3.      | Congenial working climate                             | 0.741           |
| 4.      | Job security  | 0.741           |
| 5.      | Medical facilities                                    | 0.714           |
| 6.      | Cafeteria facilities                                  | 0.697           |
| 7.      | Leave facilities                                      | 0.712           |
| 8.      | Work Pressure on employees                            | 0.778           |
| 9.      | Medical insurance / reimbursement facilities          | 0.748           |
| 10.     | Transportation facilities                             | 0.712           |
| 11.     | Higher Educational facilities                         | 0.714           |
| 12.     | Working hours   | 0.698           |
| 13.     | Training facilities                                   | 0.738           |
| 14.     | Scope for personal development                        | 0.701           |
| 15.     | Scope for social status enhancement                   | 0.752           |
| 16.     | Rewards and Recognition                               | 0.732           |
| 17.     | Safety Measures                                       | 0.701           |
| 18.     | Grievance re-dressal mechanism                        | 0.711           |
| 19.     | Superior - subordinate relationship                   | 0.717           |
| 20.     | Recreational facilities                               | 0.692           |
| 21.     | Flexible working hours                                | 0.699           |
| 22.     | Fringe benefits                                       | 0.741           |
| 23.     | Flexibility in the acceptance of abroad opportunities | 0.711           |

**Table 3. Reliability statistics**

| Cranach's Alpha | Cranach's Alpha based on Standardized variables | Number of variables |
|-----------------|---|---------------------|
| 0.716           | 0.731   | 23                  |

From the above table, Cranach's Alpha value for all the identified variables is 0.716 which is just above the threshold value of 0.7. This result indicates that all the 23 variables have internally related. One way ANOVA was carried out to examine the variation in employees' perception of working conditions across different cadres in the selected IT companies. The result of one way ANOVA test is given in Table 4.

**Table 4. One-way ANOVA results for examining the variation in perception of working conditions among different cadres of IT employees**

| Source         | DF  | Sum of Squares | Mean Square | F-Ratio | Inference       |
|----------------|-----|----------------|-------------|---------|-----------------|
| Between Cadres | 2   | 322.1752       | 161.0876    | 2.4716  | Not Significant |
| Within Cadres  | 447 | 29133.4038     | 65.1754     |         |                 |
| Total          | 449 | 29455.579      |             |         |                 |

Note: DF - Degrees of freedom.

It is observed from the above table that there is no significant variation in the perceptions of working conditions among different cadres of IT employees.

### Conclusion

Small businesses are the backbone of any economy because they contribute to the national income, employment and innovative activities. The HRM practices in small and medium firms were found to be very different, and previous literature also shows that the results vary with countries. HR professionals in small scale companies are challenged with the difficult task of understanding the employees in leading and empowering the employees. The statements to understand the QWL of employees working in small scale IT companies has been developed. The sample values received from the respondents was analyzed using ANOVA methods and different levels are classified. It is found that the considered variables are significant and influencing the QWL of employees. Small scale companies must consider these variables to improve QWL of employees.

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