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Title:

“Make in India: Changing Horizons in Human Resource- The Road Ahead.”

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**Abstract**

The idea behind Make in India is to make India a manufacturing hub and to enhance the contribution of manufacturing sector in the GDP of the country. Post 1991, i.e., the policy of liberalization, privatization and globalization, the tremendous growth India has achieved and the world witnessed, has made India a very attractive destination for investment across the world. With this cherished dream India will defiantly emerge as an important destination globally for the foreign investors. At the same time, fast paced changing world and the increased use of modern science and technology that has given a new dimension to industrialization poses a great challenge before India. The entire drive is directed towards enhanced investment in India, which in turn will foster innovation, generate immense employment opportunities, skill development to make people employable, eliminating the brain drain and enhanced use of internationally standardized technology. To capitalize these opportunities and to sustain this development, human resource plays an important role.

Make in India drive is going to create ample opportunities in the job market, generating millions of jobs to cater to the manufacturing led growth, hence enhancing employment. At the same time it poses a challenge to create skilled workforce which is comparatively very low in relation to the other developing countries. Over the years business has realized the importance of human capital for continued sustainable competitive advantage. People being the core ingredient for the success, fostering skilled workforce and capable leaders becomes imperative for the Indian economy in general and business in particular. Therefore, the success of Make in India initiative is a lot dependent on two aspects of paramount importance, i.e., Job creation and skill development.

To deal with these challenges and make the Make in India viable, HR has a crucial role, the current paper deals with the major HR aspects to be focused for developing the human capital.

**Key Words:** Make in India, Human Capital, and Skill Development.

## **Overview and the Methodology**

To make the make in India Drive a reality, HR is facing broadly two challenging areas, firstly, Job creation as a result of enhanced investment in India, which in turn will foster innovation, generate immense employment opportunities, skill development to make people employable, eliminating the brain drain and enhanced use of internationally standardized technology. And the second is skill development to make people ready for these opportunities.

As the scenario stands, today’s Human Resource Managers are facing enormous challenges thrown before them by the turbulent business environment, global business world, information technology up gradation, socio-economic and cultural shifts which in turn makes it very pressing on the HR managers to prove the role of HR as a strategic partner of the business through cost reduction, higher performance in terms of improved productivity and profits and delivering meaningful and measurable results. After recovery from economic recession, organizations have realized that quality human resources seem to have become an important base with which organizations have to respond in the emerging environment. People are the most important critical success for any organization. According to Pfeffer, 1994, Firms have increasingly recognized the potential for their people to be a source of competitive advantage. Authors argue that the people management function has come of age and that, increasingly, one primary difference between the average and the best organizations will be how effectively and efficiently they manage their human capital, Burack and Miller, 1976; Foulkes, 1975; and Meyer, 1976. According to Baron and Kreps, 1999, human capital is a key and by all accounts increasingly important part of the resource-base of firms. Human resources have been called the “key ingredient to organizational success and failure.”

To cope up with the ever growing market and socio-economic changes the business organizations has to seriously pay attention to three key areas for its success i.e., creating an environment where people skills are developed, better placements of systems to utilize the skill set and finally a very strong reward and recognition system. As the scenario stands, today’s Human Resource Managers are facing enormous challenges thrown before them by the turbulent business environment, global business world, information technology up gradation, socio-economic and cultural shifts which in turn makes it very pressing on the HR managers to prove the role of HR as a strategic partner of the business through cost reduction, higher performance in terms of improved productivity and profits and delivering meaningful and measurable results.

Human capital is not the same as the other capital resources of the organization as one cannot bound or retain them, with time their value appreciates; they cannot be copied and even cannot be completely replaced. Therefore, companies sometimes may be reluctant in investing in human capital as it is difficult to quantify and see the visible results of people contribution in the overall business performance. This poses the major challenge for human resource skill development by the organizations.

The entire exposition has been prepared on the basis of deductive reasoning. The exposition mainly addresses the issues like the current Market scenario and the role of HR, the need for Make in India and the various challenges faced by HR leaders to capitalize the opportunities as created by the market. Through this exposition, the author expects the future researchers to undertake researches in the empirical setting of the society for their practical feasibility and fair success. In a way, the exposition is based on exploratory work but it is theoretical in a sense that its issues have not been studied in the empirical setting.

### **HR-Changing Horizons: The Road Ahead**

An important aspect of growth is to sustain the same, which is only possible by developing the skill of people at the same rate as that of the growth. Also it is very important to capitalize upon the technology to bridge the existing skill gap. Currently, 65% of the Indian population is below the age of 35 and, as per the Prime Minister, the government can exploit the potential of this valuable human resource by investing in education and skills development. Also we will have to oversee our educational system, the way education is imparted in terms of its need to make the Make in India a reality. Cautious and deliberate efforts and action are required both at the grass root level of imparting education before the candidate is ready for the corporate world as also at the organizational level to enhance the skill set of those already employed. The author has focused mainly upon the initiatives and changes required by the HR leaders in the Indian corporate to develop, retain and maintain its human capital.

1. **Increased HR Competencies- Multi-Skilled HR:** The traditional HR was mainly responsible for data management and administrative work but today HR professionals need variety of skills to be effective in the dynamic environment. Business acumen, financial awareness, analytical skills, change agent, and relationship builder. Also HR today is not only HR's responsibility but line managers are also supposed to assume the role of HR manager. Hence, HR has become more of a generalist functions as against an excluded function. According to a study conducted by Dave Ulrich, Wayne Brockbank,

Dani Johnson, & Jon Younger, 2009, HR professionals are expected to play new roles, and to be able to play those roles, they need new competencies.

2. **Performance is the Key and Therefore Performance Based Incentives:** Performance has been now taken as a crucial and critical factor for determining the rewards and therefore organizations are focusing upon devising better performance measures to match the business requirement. Organizations are also focusing upon high performers to be identified, retained and rewarded. Gone are the days where employees continued inspite of ordinary or poor performance and it was difficult for the organizations to get rid of these employees and had to carry the back log. According to a study conducted by Arold D. Stolovitch, Richard E. Clark, and Steven J. Condly, 2002, Quota-based incentive measures work best. Programs that reward performance based on meeting or exceeding goals generate the most positive results. But at the same time, the literature also suggests that the results of performance incentives are not always positive. Martinez (2003) points out that individual performance rewards are often more discouraging than encouraging to staff. Therefore, the implementation of performance based incentive system poses challenge before the management. They can “introduce tensions and grievances whenever achievements or outcomes is the responsibility of a team rather than an individual responsibility, or wherever rewards are highly substantial or insignificant relative to the salary package” (Martinez 2003: 212).
3. **Talent Management and Leadership in Pipeline:** Right talent is the need of the hour. HR has to make sure that they have the right people available with them at any point of time through two means. The first, by developing a strong and sustainable talent pool within the company and the second, by ensuring that the right talent is injected from the market when required. For the talent management to be effective and to decide the leadership in pipeline, it should be routed through Competency Mapping, Talent Pool Creation, Assessment Development Centre, Individual Development Plan, Job Rotation and Succession Planning.
4. **Employee Engagement:** HR should ensure that the employees are committed, and have tremendous pride and job ownership. This should be routed through excellent work environment, celebrating events & festivals, communication, fun & joy at work etc. In the highly competitive world as the employees are under continuous pressure, the

engagement activities should act as a stress buster and help the employees in keeping high morale. According to Bassi&McMurrer, 2007, new age organizations are increasingly recognizing the importance of Human Capital Management in organization development. A key aspect of human capital management is employee engagement.

Employee Engagement Initiatives can contribute directly to the business by attracting and retaining the right talent. The quote ‘the taste of pudding is in eating’ rightly applies to the engagement activities. The effectiveness of engagement activities is only known after studying the attrition data. If the attrition is on the decline then the initiatives are effective. Further, the low attrition directly contributes to the positive business results.

5. **Knowledge Management:** According to Peter Drucker, “The Knowledge Society will become far more competitive than any society we have yet known. There will be no poor countries; there will be only ignorant countries. Thus the competitive position of every country, industry, institution and individual will depend on the ability to harness and capitalize on Knowledge.” Today for any business to grow and sustain, intellectual and system capabilities and skills are the most important resources as compare to physical assets. Effective leadership and executive skill lies in a fact that how these capabilities can be managed, utilized and converted in to products and services. Key HR processes like Corporate Education, Performance Management and Nurturing culture have a very significant role in the development of the knowledge-based enterprise.

## **Conclusion**

People being the most important ingredient in the organization for its success, it remains equally important to convert the Make in India drive a reality. There is completely positive correlation between the success of Make in India and HR. The increased economic growth and enhanced job opportunities led by the enhanced investment in the manufacturing sector can only be met by an equally skilled and trained human resource. Two aspects for it include a deliberate effort to understand and change the education system and to upgrade the people skill for those already employed. To do the same organizations need to focus open five important aspects of people management as highlighted in the paper. i.e., increased HR competencies, performance based incentives, talent management and succession planning, employee engagement and knowledge management.

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