Evolution of HRD practices in Indian industries- impact and challenges

A. Radhika - Asst. Professor, Dept. of MBA, KKR & KSR Institute of Technology & Sciences Vinjanampadu (Mandalam), Guntur.

Abstract: *Human resource development (HRD) is the latest innovation in management sciences. A great deal of understanding about the HRD concept has evolved in our industrial undertakings, the impact of HRD is yet to be examined and acknowledged. This paper is an attempt to study the evolution of HRD practices and their impact on increasing organizational effectiveness and to find out how the companies in India facing HR problems and what kind of innovative practices they are following to recruit and retain their employees and made them feel best place to work and enjoying working and made the companies in the great height in their own field of business.*

Key words: *Human resource development, philosophy, organization*

Introduction

The need for focusing attention on the development of human resources is increasingly being felt in Indian Industries. This need arise out of the recognition by the corporate management in most organizations that they have the responsibility to create a positive and healthy psychological climate in organizations that enables its employees to enhance and utilize their capabilities to the best possible extent. This responsibility takes the direction of their making efforts to create a healthy psychological climate that increases the work motivation, initiate the commitment. These are accomplished through creation of climate where the employees feel a sense of pride in doing whatever they are doing for the organization, feel wanted and experience a sense of achievement through accomplishing tasks associated with their roles. Thus instead of attempting to regulate and control employee behavior through traditional control oriented personal practices like confidential report system of appraisal, disciplinary action etc., the emphasis is shifting towards more humanized, positive and development-oriented personal practices sometimes called as HRD systems or Human resource Development mechanisms.

A few organizations have taken a lead role in establishing such mechanisms or systems that treat employees more humanly. Such a lead role is reflected in their philosophy its human resources, its appraisal systems, its promotion and reward systems, career development policies, training mechanisms and above all its investment on its own human resources. While a few organizations have taken a lead role, the situation in most of the industries on the HRD dimensions remains unknown. This paper is initiated with a view to explore the trends of such HRD practices in different industries. Human resources

are an essential section of any organization, company or institute. HRD and HRM are two such subjects that cater to this growing need today. HRD is a sort of framework that allows and aids employees of an organization to develop their organizational and personal skills as well as their knowledge and abilities. There are a myriad of practices and opportunities involved in this field. Some of them can be named as performance development and management, training, career development, mentoring, coaching, succession planning, tuition assistance, key employee identification, etc.

Goal of HRD:

The main goal of Human Resource Development is to create the most superior workforce possible so that the organization has the means to fulfill their services towards their clientele better. Human Resource Development can be formal or informal: formal being tutored in a classroom or an organized effort while informal may be on the job training by a manager.

Difference between HRD and HRM:

HRD is human resource development. HRM is human resource management. HRD and HRM are both practices that deal with human resources of a company. Usually in large organizations, there exists entire departments dedicated to HRM where trained professionals work together solely towards the amelioration of this aspect, dealing with both HRD and HRM functions.

1. HRD deals with functions such as performance development and management, training, career development, mentoring, coaching, succession planning, tuition assistance, key employee identification, etc.

2. HRM deals with functions such as employee training, recruitment, performance appraisals as well as duly rewarding the employees.

3. HRD is a part of HRM. HRM deals with all HR initiatives while HRD only deals with the development factor.

4. HRM functions are more formal than of HRD functions.

Objectives of the study:

1. To examine the assumptions of the top management about the people working in the organization

2. To understand the social organization through HRD belief and the philosophy of management in the organization

3. To examine the nature of differences in the philosophy of management subscribed to by the organization towards employees working in the public and the private sector

4. To examine the nature of relationship between HRD practices represented by planning, recruitment, selection, performance evaluation, training and development, career management and rewards and the philosophy of management in the private and the public sector organizations.

Best HRD practices followed by Indian industries:

1. Finding and implementing a suitable Performance Management System

2. Implementing Balanced Scorecard as goal setting tool at strategic level

3. Developing Competencies of the organization and mapping employees

4. Evaluating Cultural compatibility with prospective target companies

5. Developing Managerial and Leadership skills

6. Creating high performance culture

7. Integrating Coaching as part of organization culture

8. Finding and retaining Hi-Potentials are the strategic issues being discussed by various HR Heads in India today.

Evolution of HRD practices in Indian industries:

India is today one of the fastest growing economies of the world. Size of the Indian economy is third largest in the world. This revolution which is still underway has some contribution from the HR fraternity also. Till early 1990s, HR was seen as an establishment function. Its job was restricted to recruitment, paying salaries and maintaining good Industrial Relations. It also had to shoulder the burden of administration of the factory. Normally one would hear designations like GM (Personnel and Administration).

The HRD practices in various Indian sectors are explained below.

1. **IT Industry:** The technology would change every now and then in the field of IT. Companies had to train their workforce en masse to remain competitive. The CEO again looked at HR for help. Training departments started evolving. Head of Training would report into HR Head who would report into CEO. Sooner, some of the CEOs found this arrangement counter-productive to their strategic intent.

By mid 1990s, the IT revolution was underway in India. Many small IT firms had set up shop in India and the demand for IT professionals was rising rapidly. Indian Institutes of Technology (IITs) were supplying the talent but companies were finding it hard to retain them. At this point of time the top management of IT companies was forced to see Personnel department in a different light. Companies like Microsoft, Yahoo, IBM, Verizon, and many others brought best HR practices with them and were able to attract and retain IT talent. Companies like Infosys, Wipro, and TCS had to beat them - they hired the best talent to head HR. Main job of HR was to attract talent and develop Employee Engagement strategies to retain them. HRDs of many top IT companies hired services of vendors like Grow Talent and Gallup to measure the employee engagement levels. Heads of HR were designated CHRO. CHRO was required to make strategy to improve employee engagement.

2. **Banking Industry:** Another Industry which was rising fast during late 1990s and early 2000s was banking. Private Banks like Citi Bank, ICICI bank, HDFC bank etc. were setting shop in all the big and medium sized cities. The top management of companies had to evolve a mechanism to train a large workforce that had no prior experience. Service quality and consistency were critical for business success. CEO wanted somebody senior enough to look after this function who understood business

well. So Training as a function was separated from Recruitment and establishment function. Training head reported into CEO or HR Head. He was invariably an operation guy. Many of these banking experts became CHRO in later years. Recruitment was outsourced to outside vendors. The core job of HR was changing. They were asked to evolve performance management strategy so that the CEO could see which unit was performing and which was not. Cultural Change as tool for organizational success entered the board room jargon.

3. **Telecom Industry:** In early 2000s, the Telecom industry became the fastest rising industry in India. It faced the same challenge as Banking. To cater to their training needs, Airtel (India's leading provider of mobile prepaid & postpaid, broadband and Digital TV services) acquired a training company with more than 100 trainers exclusively for them. It was a strategic move. It made sure that the competitors would be forced to fork out more to train, while Airtel ensured in-house development of content & delivery. Balanced Scorecard as a strategic tool was employed by many companies. The custodian of implementing BSC lied with HR head which enhanced his reputation and power.

4. **Manufacturing Industry:** Manufacturing industry in any case was unable to attract the best talent. So they had to resort to internal development of talent and responsibility was delegated to Training & development department. With the end of the license raj, the heat was on manufacturing industry

to become competitive. Korean and Japanese company's products were cheaper and of better quality. To improve the quality of their products they went for quality systems like ISO 9000. One of the provisions under ISO was to establish a Training function; thus entered Training Manager as a role. His job was to conduct trainings to ensure the provisions of ISO standard are not violated. Many of these manufacturing companies had a lot of flab. CEOs wanted to reduce manpower without igniting IR issues. Evolved HRs presented Culture mapping as a tool for Merger & Acquisition. It was pure Strategic work.

In mid 2000s the profit and free cash of many manufacturing companies had risen. CEO looked towards Head HR for solution. Head HR was forced to improve his own competency in Organization development or perish. It was not viable to outsource strategic HR work to Consultants from India or abroad. *By late 2000s* many a HR heads from telecom or IT or Banking was requested by CEOs of manufacturing companies to join them. They brought new wave of thinking and practices to the manufacturing industry. Companies were forced to change their age old HR policies, develop mechanisms to measure competencies, improve employee relations, reduce flab, change the mind set of employees. The process is still underway.

Four critical dimensions of best HRD practices:

1. **Attract and Access:** Attracting and retaining talent is becoming a big problem for every organization; they are following every trick and strategy to recruit and retain the employees.

2. **Develop and Grow:** Nowadays organizations try to recognize the aspirations of employees and focus on their growth and development. India provides job rotation opportunities to high – performing employees from operations division. This gives them broader understanding of the business.

3. **Engage and Align:** Employee engagement has retained the focus of organizational leadership and many companies keep launching new practices to woo employees. They are using innovative practices like "Loyalty Interview"- to find out what is it that makes its employees stay on, the feedback from loyal employees often reflects on the leadership style and is seen to work as a great motivation.

4. **Transition:** Movement of talent within the organization and outside of the organization sends strong signals to the employees about the organization's care and concern. Right from the induction, which is often the first impression the employees carries, to the exit interview, the sensitivity displayed by the organization has a lasting impact on all employees.

A large number of Indian companies have grown by CAGR (Compound Annual Growth Rate) of over 50% in the last few years. The quality and quantity of Leadership needed to handle this growth is the latest challenge. Leadership development is the latest challenge thrown in front of CEOs and CHROs. Another challenge was to demonstrate before the board of the acquiring company that their employees would be taken care of.

Conclusion:

HR practices have been developed in the context of industrial change and economic development. HRD as a function and as a prime mover would need to focus on this changing and emerging role. This study attempted to examine the effect of HRD practices on organization culture of some leading private and public sector organizations in India. The study revealed that the human resource development practices are a strong predictor of organizational culture both in private sector and public sector organizations in India. India after independence remained a centralized and controlled economy, and characterized somewhat by concentration of capital. More than 90% of corporate India is family owned (Business Today 1996).The changes in the market scene have necessitated the Indian industry to look inward for the development of human resources (HR) A large number of IT, Banking, and services companies were forced to promote young executives to the middle management roles to cater to high growth during mid 2000s. By late 2000s they realized that many of them lacked management skills. HR and OD heads were given the task of developing the managerial skills of middle managers.

References:

1. Indian Journal of Industrial Relation s Publisher: Shri Ram Centre for Ind ustrial Relations and Human Resourc es,
Magazine/Journal Subject: Economics , ISSN: 0019-5286

2. HRD practices in Indian industry, Rao, T.V, Date: 2010-03-13

3. Blog Article by Jaidev Singh Jolly , Consultant (Training & Development) at Isgec Heavy Engineering Ltd

4. Atricles from Business today in the tear 1996

5. Amartya Sen.- Development and participation of India 2006.

6. Sonali B Desai -Human development in India 2010. 2.Government of India-Human resource development report 2011

7. Foundations of Human Resource Development –Authored by RECHARD .A. SWANSON, ELWOOD F. HOLTON III., Volume 2 of 2.

The Author, Radhika Anumalasetty ,MBA has been working Asst. Professor, Dept. of MBA, KKR & KSR Institute of Technology & Sciences Vinjanampadu (Mandalam), Guntur. She has more than 4 years of teaching experience and 1 year of Experience as System Operator. She got 2nd prize in "startup strategy" in "A Management Olympiad" Organized by Krishnaveni Engineering College for Women. Actively participated as a member in "HR games" in "A Management Olympiad" Organized by Krishnaveni Engineering College for Women. She has published more than 5 Research papers in various Journals, periodicals and seminar volumes. She has been attended/ participated in several international and national Seminars and workshops