CHAPTER - I
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INTRODUCTION

1.1 Introduction

Internationally the movement of practices in the domain of HR has been from welfare orientation to statutory compliances and to Human Resources Development Activities. Thereafter the movement shifts to Strategic HR activities which are aligned to business objectives. This has been the historical evolution of HR practices.

1.2 HR Scenario at the International Level

Currently there is considerable rethinking on the role of the HR departments in organizations. Remarkable similarities are seen in the thought processes relating to the changes in HR. The thinking in India more or less conforms to worldwide trends.

The Scene in USA¹

During 2001 the Society for Human Resources Management, USA, the world’s largest association devoted to Human Resources Management conducted the Future of the HR profession study to document the changing nature of the human resources profession. Group discussions were conducted within the following international consulting firms: Accenture, Arthur Anderson, Hewitt Associates, William Mercer, Price Water House Coopers, Towers Perrin, Watson Wyatt Worldwide and Resources Connection.
The consultants were asked to share their vision on the future of the Human resources function. They were asked, among others, the following questions:

- What is the most compelling work in HR today?
- What skills are necessary for the successful HR professional of today?
- Will the way the HR work is accomplished change significantly in the next decade?
- What are the opportunities for forward thinking professionals in the next few years?
- Will the HR profession survive in the next decade? If not how will it be replaced?

The study results indicated that there were two primary drivers for change in HR in the US context: technology and talent management.

Change Drivers

Technology was freeing HR from administrative routines and it also made available hard data on the workforce to the process owners directly. Employee self-service through intranet/internet was also increasingly becoming available.

Another change driver discussed was outsourcing. More outsourcing alternatives were available creating a value addition dilemma for HR. HR's difficulty in quantifying its value and contribution in financial terms continued to be an issue.
HR's most compelling work in the future as per the study was: Becoming strategic partners within the business, optimizing total rewards, achieving flawless execution in employee transactions and developing metrics to quantify the value of HR initiatives.

HR everywhere was being asked to integrate with business goals. Key questions under consideration were:

- Where was the business going?
- What are the measures of its success?
- How is the business performing on these success measures?
- What are the challenges facing the achievement of these successes?

Creating the Link between Business and HR

The link between HR and Business can be established by asking the following questions:

- What are the business issues that require partnership from HR?
- What is the HR strategy that addresses these business issues?
- How do we measure the impact of HR strategy on the business issues?
- How will the strategy get executed?

Business partners thought that HR needed the following skills:

Business Skills: Speaking the language of business and translating business needs into effective people strategies.
Consulting Skills: Active listening, asking the right questions and feeding it back to the management.

Technology Skills: Ability to leverage technology and information systems, global mindset, continuous learning orientation, and bottom line thinking.

Only a few HR professionals seemed to combine both business depth and functional expertise.

Differentiating through People

Since, technology, products and even strategy could be copied fast; Human Resources were seen to be the differentiators in future.

The overall understanding was that HR would remain the glue that ensures that the enterprise operates as a cohesive whole. However lower level HR skills would be replaced by technology and HR’s functional accountability may migrate to the line manager. HR's strategic and business responsibility could still be with the HR provided HR masters business skills. Hence developing the capability to measure H.R.’s impact and value to an organization was thought to be a key opportunity for HR professionals.

HR in Europe²

Price Water house Coopers Management Consulting Services carried out a survey to discover how HR departments across Europe and West Asia were performing. Around 977 organizations in 29 countries were covered by the survey. The survey results showed that
a gap still existed between general business priorities and HR strategy, though it was getting smaller.

The survey revealed that HR was spending 38% of its time in regular departmental administrative routines like payroll, information processing etc. and another 10% in administrative matters relating to recruitment, training etc. Together 48% of HR's time went on administration. In contrast to this only 3% of its time went for Management development, which HR professionals said was their top priority.

The study concluded that a real transformation of the HR function was needed to elevate its status within the organization.

**HR Transformation in Asia**

In a series of studies on HR transformation conducted by Mercer Human resource consulting across the world (the Asia Studies), insights from senior executives in over 300 organizations in 11 Asians nations, including India were collected. The studies found that 84% of the participants were either currently involved in or were planning activities to transform their HR function - but only 8% actually completed the transformation. 76% of the executives polled said the decision to change the role of the HR function was driven by the need to align HR with corporate objectives while 70% said it was driven by the need to make HR a strategic function. At the overall Asia level only 26% of the study participants cited cost reduction as a reason for transforming HR.
In India 71% of the respondents said their companies were in the midst of an HR transformation exercise. The drivers of HR transformation in India differed rather sharply from the rest of Asia. The belief that HR is not adding sufficient value and the desire to reduce the cost of HR were the primary drivers in India.

In short, worldwide there is a movement to integrate HR with organizational objectives by making HR more strategic and business driven. The key seems to be to improve HR’s Business, consulting and technical skills.

1.3 Importance and Significance of the Study

It is apparent from the research studies that the trend of H.R. worldwide is to try and align itself with business objectives. India is also increasingly integrating itself with international business, especially after 1990. Indian corporates are acquiring and operating globally. A large number of multinationals are investing in India. Hence, HR in India has also to align itself as per global standards. In view of the above, this study becomes significant for understanding whether old companies in India are aligning themselves to global trends and responding to the needs of the time.

a) Benefits to the Old Economy HR: The old economy HR will come to know whether they are in line with the rest of the world and indeed with the new economy companies in India itself. The directions to be taken by old economy companies in their HR practices will become evident as a result of this study.
b) **Benefits to HR Professionals of the Old Economy:** Old economy HR professionals do not have a collective compilation of their views on the subject of HR in the old economy. Also many professionals of the old economy may have come from an era where HR was equated to social work and many of the HR professionals actually studied in schools of social work. They will come to know what their fellow professionals are thinking on the subject and will come to know whether they are in line with them.

c) **The Colleges and Institutions may be Unaware** of the future requirements and therefore the students are unlikely to be prepared for the new requirements, in terms of skills and capabilities required at different levels of the HR hierarchy. There is already a gap between classroom teaching and work practices and this gap is likely to widen further if no steps are taken at this juncture. This study will be useful to academicians, researchers and practitioners for teaching as well as management development.

### 1.4 Literature Review

Review of existing literature pertaining to the research study enables us to analyse the research carried out in different dimensions. Thereby the gaps in the area can be identified. Various studies are presented below with this intention. The review of literature is arranged as under:

- The New HR Agenda: The 2002 Competency study and the competency model for the new HR
- HRM in India
- The Knowledge economy and the knowledge worker
The New HR Agenda:

The 2002 Competency study and the competency model for the new HR.

Let us examine the international HR model which is currently in vogue and is based on empirical research in the US. As per this model HR has to work at a strategic level, have credibility, deliver its operational work, have business knowledge, use technology to improve efficiency and pass the “wallet test”. Wallet test means its ability to contribute to business results.

This model is based on the findings of the 2002 Human Resource Competency Study at the Stephen M. Ross School of Business at the University of Michigan. The survey was conducted four times over fifteen years. Over the years, it provides the most comprehensive empirical review of the HR field available in the west. In the life span of the study over 27,000 HR professionals and their line management associates were covered.

The 2002 iteration included over 7,100 respondents from 241 diverse companies that were distributed globally across a variety of industries. The respondents were from a mix of large, medium, and small companies. The distribution of the representation was: North American responses 42%; Latin America 36%; Asia 12% and Europe. 10%.

The findings of the study revealed that the aggregation of HR agendas and activities impacted business performance by approximately 10%. The fact
that 10% of business financial performance is statistically related to HR competencies and practices is impressive.

In the 2002 Human Resource Competency Study, five major categories or domains of HR competencies emerged from HR professionals in high performing firms:

Figure – 1.1: The Competency Model for New HR

**Strategic Contribution:** High-performing companies have HR professionals involved in the business at a strategic level. These HR professionals manage culture, facilitate "fast change," are involved in strategic decision making and create “market-driven connectivity.” These four factors together comprise the HR competency domain of Strategic Contribution. This domain alone accounts for 43% of HR’s total impact on business performance – almost twice the impact of any other competency domain.

**Personal Credibility:** HR professionals must be credible to their HR counterparts and the line managers they serve. They need to have effective relationships with key people both inside and outside their business. They need
to promise and deliver results and establish a reliable track record. In addition, HR professionals must have effective written and verbal communication skills.

**HR Delivery:** HR professionals deliver both traditional and operational HR activities to their business in four major categories:

- **Staffing:** Attracting, promoting, retaining, and outplacing appropriate people.

- **Development:** Designing developmental programs and challenging work experiences; offering career planning services; facilitating internal communication processes. These efforts include both individual development as well as organization-wide development.

- **Organization Structure:** Restructuring the organization; measuring impact of HR practices; managing global implications of HR practices.

- **Performance Management:** Designing performance-based measurements and reward systems and providing competitive benefit packages.

**Business Knowledge:** To become key players in the organization, HR professionals must understand the business and the industry in which the company is. Key areas of knowledge include applied understanding of the integrated value chain (how the firm horizontally integrates) and the firm’s value proposition (how the firm creates wealth).

**HR Technology:** Technology is increasingly becoming a part of the workplace and as a delivery vehicle for HR services. HR professionals
need to be able to leverage technology for HR practices and use e-HR/web-based channels to deliver value to their customers.

In their new book, "The HR Value Proposition", Wayne Brockbank and Dave Ulrich, Professors at the University Of Michigan School Of Business, explore the HR discipline's Holy Grail: making human resources a strategic partner to business. When interviewed on the book Dr. Wayne Brockbank said: "For the last decade or so, we have been thinking about what it means for HR to be a true business partner. That statement itself implies that it should not begin with HR logic, but with business logic. Therefore, the key issue became: what is required for a business to be successful? To succeed, a business has to ensure that its two key constituents (external customers and shareholders) are happy. If HR cannot align with those externally-driven requirements and bring internal stakeholders (management and employees) in line with the external stakeholders, then it isn't a business partner. (We) found that knowledge of HR does not distinguish HR professionals at high-performing firms from those in low-performing firms and that external knowledge, not internal knowledge of HR, is the key differentiator. Most HR professionals have a low level of external business reality - customers, competitors, shareholders, industry structures, globalization and all the things that make business what it is. It was a very interesting finding. So we had two starting points for our thinking. First, HR aspires to be a business partner. Second, to be a business partner, it needs to create a line of sight to the outside. Our empirical research here shed additional light. Over the last 18 years, we have gathered the largest dataset of HR professionals. Put
together, all that provides a very compelling argument for creating the HR value proposition. And, of course, the title of the book is taken from the concept of business value proposition, which starts from the outside and moves towards the inside. With that in mind, we decided to pool our thoughts, experiences and the best practices - gleaned during our consulting and research work - into creating one powerful package.

"We call that the 'Wallet Test' in the book. Unless HR can create an exact line of sight, not an ambiguous line, between its activities and getting customers to take money out from their wallet and put it in your wallet, instead of the competitor's wallet, it doesn't contribute to the success of a business, and therefore, does not matter. HR needs that line of sight to create the human side of the business - the culture, capabilities, technical knowledge and skills that enable people to create products and services better than the competitors. With this, we are holding HR up to the same standards on which other departments are held. Why does the product development department exist? To create products and services that result in customers taking out money out of their wallets. The same is true for marketing, sales, manufacturing and so on. If HR is to be an essential part of the business, it has to align with the external business realities. Two factors have inhibited HR's ability to function as a business partner: its logic and its language. For example, HR likes to say it has internal customers. When it takes that vocabulary and logic to the strategy table, it automatically condemns itself to a second tier status. At the strategy table, when the business partners say: "How do we make the customer happy?" they are actually asking: "How do we take money out of the customer's
wallet into our wallet and make them happier with us than with our competitors?" When HR walks into the room and says that it has internal customers, it is immediately removed from the basic logic and language of the business. The logic and language of the business is the external customer. This is also the logic and language of HR professionals in high performing firms."

"The changes in the world of business require companies to pay more attention to the human side of the business. Many other sources of competitive advantage have gone by the wayside. The shelf life of technological know-how has dropped through the floor. The critical issue now is not what you know, but what you are able to create. Institutionalized creativity is a central cultural issue and is, therefore, an HR issue. Also, how well a company can execute self-standing platforms of technology, products and services is being replaced by the leveraging of common technologies, products and services across business units. This business trend may also be called the culture of cooperation, synergy and convergence. **These should be central agendas of HR.** The human resource department should be responsible for recruiting, promoting and developing high-quality leaders who will take the company to greater levels of success. Thus, the world is telling HR: 'We need to have you add greater value.' But if you need to have that, you need to start from the business standpoint, and not the HR standpoint."

"The major inhibitor to HR adding this kind of value is the trap of being internally focused - thinking in terms of internal customers and not focusing on the results that the marketplace requires. In our dataset, we
asked senior line executives to evaluate HR professionals in terms of their competencies. I consider this to be an indicator of HR's internal popularity. To be internally popular, HR professionals need to have personal credibility; they need to do the basics; do what they say they will do and; have good interpersonal and communication skills. But while these competencies will increase the internal popularity of an HR professional, they have a mediocre impact on business performance. Thus, **what an HR professional does to be internally popular is very different from what he must do to push the business ahead.**

"HR professionals in India must think in terms of being more effective at their jobs than their counterparts in the US and Europe. US and European companies have the competitive momentum to carry themselves to Indian markets. Likewise, Indian companies must be good enough to carry themselves to these markets. Such is the nature of global competition. **Indian HR professionals cannot think about benchmarking Indian practices; they must be knowledgeable about best practices outside India. They must also think about next generation practices and be more powerfully competitive than their counterparts.** Five or six years ago, the head of staffing at Cisco stated: "Our product life cycle is six to nine months. If we are not changing our HR practices as fast as the product life cycle, then we are not contributing to the competitive advantage of the company. If, we in HR are doing the same things that we were doing nine months ago, then we are probably doing what everyone else is doing. That just isn't good enough, isn't just adequate."
Hence internationally it is now recognized that HR has to align itself with business objectives and work on them. The ensuing literature review reveals the research gap.

HRM in India

While we examine the thinking in India it will become clear that no significant research has been done in the area of HR practices which are needed to cope with the emerging world trends.

Human resources management in India has moved from the Welfare stage, characterized by the need to implement welfare legislation and to take care of workers’ basic needs to the Industrial relations stage, characterized by the need to establish workers’ rights supported by progressive labor legislation. This was followed by the Personnel management stage, characterized by professional practices in recruitment and selection and other personnel policies. The next stage was the HRD stage, where a thrust in training and development was seen. Thereafter attempts were made to integrate the entire Human Resources function into a meaningful one under the banner of Human Resources Management.

In the Pre-liberalization period, except in a few enlightened organizations, the bulk of the HR policies and practices were more reactive than proactive and the time of the HR professional was mostly spent on Industrial relations and Administrative matters than in Human Resources Development activities. The pressure on the HR dept was to keep peace and harmony. It was essentially a maintenance role. The pressure to compete in the area of Human Resources was yet to come. In the Post-
liberalization period, HRM moved into a proactive stage, where there was a need to anticipate changes in the market and to align the human resources practices in line with the global economy.

Presently the HR function in the old economy companies is undergoing an identity crisis, characterized by self-doubt.

In his paper on "Rethinking HR: Role of HR Professionals in a changing business environment" (Srivastava, 2000) states: 'It can be said that HR professionals have to learn many new skills to play the role of a strategic business partner. The major roles can be identified as working as an internal consultant to solve problems, enacting change, giving advice and working on transformation.

In his book 'Human Resources management' (Pattanayak, 2001) the author states: "Human Resources functions are no longer specialized functions, merely confined to the HR/Personnel department. Rather, management of human resources is the responsibility of every manager in the present business scenario"

In the book 'Human Resource Management-Changing roles, Changing goals' (Pareek, 2001) the author states: "With the realization and acknowledgement of human resources being the competitive advantage of the organization, the need to reposition Human resource management and redefine its roles has become urgent. HRM needs to reposition itself from a service function to a strategic partnership function in the organization. This would require closer alignment of HRM with the
business and reexamination of its main function. In order to play the strategic partner role, it needs to find ways of getting its important but non-strategic functions performed by competent groups. Several HR functions may be outsourced to get high quality, cost-effective and timely service for them. It is already happening, for example for recruitment, training, administrative services like maintenance, security, transport, bulk typing etc. Line managers need to take ownership of several HR functions; in fact, the operational aspects of the HR function is the responsibility of line management. If some functions are outsourced or shared by the line management, the HR department assumes a different role: planning outsourcing of some HR functions, competency building of line management in HR function, monitoring such function, and most importantly, becoming a strategic business partner. HR people then should know the business thoroughly and should have enough insight into other functions like finance, marketing, production, quality assurance etc. The HR function should also become more specialized to be able to respond to the emerging needs of the organization and people being inducted."

In a paper presented at the National HRD network third conference of Young HR professionals: "Quo Vadis? -HR at cross roads" (Singh, 2001) the author of the paper states: "The writing on the wall is clear. The HR profession and by default the HR professional, needs to shed the cocoon and spread its wings. It is time for HR to take on its strategic role and align with the business—in order to do that, it should be able to clearly demonstrate and measure the value it creates in the organization and also take on a more proactive role in becoming a part of the business. The most
important change that is needed however is in the mindset and the skill set of the HR professional - at the end of the day the profession is only as good as the people who represent it.”

In a paper presented at the same conference Srivastava, (2001) states: "The future vision of HR should be a radical departure form what the professionals know and do in contemporary organizations.

(Sudarshan, 2003) in “HR Department: A New Agenda” defines the new agenda for HR departments as under:

1. Empower the line manager/ the process owner: If he is responsible for results, he should decide HR matters, not the HR department.

2. Put HR policies and practices in place, and make them user-friendly with computing. No manager should run around trying to find out what the HR policy is, or for any information on human resources.

3. Involve the line manager in strategic HR decisions so that he has ownership of those decisions. Facilitate its achievement.

4. Weave HR policies in the organization’s strategic plan proactively rather than reactively.

5. Do not have HR specialists within the organizations. Train the business managers in the HR processes.

6. Refer specialized HR activities to consultants/specialists outside.

7. Rotate HR managers to line functions and line managers to HR functions so that they have a real appreciation of each other’s roles.
The Knowledge Economy and the Knowledge Worker

The emergence of the knowledge worker in India in the form of software professionals with global linkages and global performance requirements has changed the HR scenario in India. It has aroused the HR professionals from their dormancy into action. They are required to be globally competitive and have global HR practices. They are also dealing with a highly educated workforce.

Let us now examine the “Emerging HRM Paradigms for a Knowledge Economy – globally.”

Verma Anil. (2001) in his paper on ‘Emerging HRM Paradigms for a Knowledge Economy’ has elaborated in detail the HR issues in the knowledge economy. The economic make-up of global and national economies has changed rapidly in the past twenty-years. Deregulation, freer trade and technological change have been redefining the competitive landscape in a significant way. One of them is a shift away from manufacturing to services and within services from low value-added to high value-added services.

“Work in the manufacturing sector is mostly repetitive work. Influenced by ideas of Frederick Taylor, work in mass production industries require endless repetition of simple tasks, and is frequently referred to as “busy-finger” work that requires almost no thinking on part of the worker. In the 1980s, as the Canadian and American economies moved into higher value-added products and services, it became necessary
to reform the Taylorist paradigm of work to accommodate greater employee input."

“A large number of quality circles, work teams and other such programs were introduced to increase flexibility, employee involvement and learning of new skills. This movement to reform Taylorist work organizations resulted in an alternate paradigm, referred to as high commitment or high involvement work systems.”

Knowledge workers need more autonomy and say in what they do within the organization. This removes the perception of being “locked-in-a-box” and allows employees to learn at their own initiative and to be creative. Second, the autonomy and say granted to the employee leads to a job description in which routine or repetitive tasks occupy only a fraction of their time.

Multiskilling, another prominent part of the HCWS paradigm, was a significant reform from the manufacturing sector where skills were too narrowly defined within job descriptions. In most knowledge work this is not an issue since knowledge workers possess a broad knowledge-base within which their specific job duties change and evolve continually.

Knowledge Work: How is it Different from Routine Work?

“One way to think about knowledge work is to simply think of the work of professionals. Professionals such as doctors, teachers, nurses, engineers, lawyers and accountants, are trained in a body of knowledge informed by various theories. They are taught not simply the way things are but also why things are the way they are. The hope is that once on the
job, these professionals can also help create new products and services in addition to practicing the state of the art of their profession. To create new knowledge, these professionals must use judgment and discretion in how they use their knowledge to solve given problems. Some procedures may be routine but often the professionals will be asked to tailor a new solution by combining different strands from a broad knowledge base. 

"There are many ways to describe knowledge work. One key aspect of knowledge work is the relative autonomy that is expected, demanded and given to knowledge workers. (Chart – 1.1) In this chart we also try to distinguish the different approaches to various aspects of work by employees and employers. For example, close supervision is not only disliked by knowledge workers but also not seen as being needed by managers."

"The opposite is true for routine work. Recent empirical research finds support for the theory that all else being equal; employers pay knowledge workers more because no supervision is provided. The employer appears to be striking an implicit bargain in which knowledge workers are expected to provide their own supervision. The employer saves money and is thus able to pay the employee some of the savings thus accrued."

"This sort of difference continues in other areas of the job as well. Knowledge workers are expected to participate in developing the scope of the job and other requirements. They have greater autonomy in exchange for which they are expected to exercise judgment and take care of learning and creativity processes (Stewart 1997). The routine worker, in contrast, is given a standard process that he or she must master and then perform"
repeatedly without any judgment or creativity on their part. Routine workers are not to worry about learning new skills or engage in any experimentation. Knowledge workers on the other hand are encouraged to experiment and are not punished for failures (Fisher and Fisher 1998). For knowledge workers, their career identity is linked strongly to their knowledge-base and only secondarily to the employer. For routine workers, the primary work identification is with the organization that employs them.\textsuperscript{14}

"At the same time, many production jobs have been "knowledgized" for lack of a better word. What this means is that nearly all jobs even in traditional industries, have twin requirements. The first requirement is that the holder must perform the job as it is laid out in the job description. We may call this the system maintenance component of the job. The other part of the job is to think about how this job may be done better. This is what the Japanese call kaizen or continuous improvement. This requirement is not limited to managerial jobs. The Toyota production system made famous in the MIT-study as lean production is based, among other things, on a high degree of employee involvement in kaizen, i.e., developing ideas for small improvements in the design and production of Toyota cars. Thus, knowledge work is diffusing across all industries and is not confined simply to a few high technology industries"

"Let me conclude this discussion by pointing out two processes that form the essence of knowledge work: continuous learning and creativity. Both of these demands have become critical in the present context in contrast to conditions prevailing a generation ago. It may be argued that
the pace of new knowledge creation is faster today than ever before. A fast pace of knowledge creation means that at all times there are new developments in every field of knowledge. This requires every knowledge worker to continually learn new skills to keep updated. Such upgrading of knowledge is both demand and supply driven. Not only do the employers require that employees continuously upgrade but the employees themselves want jobs that will allow them to learn and upgrade. Many knowledge workers switch employers primarily because their current jobs may not provide opportunities for learning and upgrading skills.15

Chart – 1.1 Knowledge Work Vs Routine Work

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<th>From the perspective of: -&gt;</th>
<th>Knowledge Work</th>
<th>Routine Work</th>
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<td></td>
<td>Employees</td>
<td>Employer</td>
</tr>
<tr>
<td>Close Supervision</td>
<td>Disliked</td>
<td>Not needed; low supervision saves money</td>
</tr>
<tr>
<td>Individual input such as judgement, creativity</td>
<td>Demanded as part of the job</td>
<td>Needed and encouraged for competitive advantage</td>
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<tr>
<td>Developing the Scope and Process of the Job</td>
<td>Want to be involved</td>
<td>Required to participate</td>
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<tr>
<td>Autonomy</td>
<td>Expected and demanded</td>
<td>Granted with focus on output rather than input</td>
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<tr>
<td>Flexibility</td>
<td>Expected and demanded</td>
<td>Granted</td>
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<tr>
<td>Networking for learning</td>
<td>Integrated into the job</td>
<td>Encouraged &amp; expected</td>
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<tr>
<td>Core Processes of the job</td>
<td>Experimentation, thinking</td>
<td>Learning, creativity</td>
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<tr>
<td>Career Identity</td>
<td>Individual and Knowledge</td>
<td>Employer</td>
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Human Resource Issues, Challenges & Strategies in Indian Software Services Industry

In India a Good Study has been done on this Subject

Agrawal and Thite (2005) in their paper on 'Human resources issues, challenges and strategies in Indian software services industry' have made a valuable contribution to our understanding of HRM issues in the Indian software services industry. This study can be taken to represent a new generation of HRM issues and challenges relating to the knowledge economy in India. The study is summarized below:

India, the world's largest democracy and home to one billion people, is rapidly emerging as a software powerhouse in the global IT arena and has come to be "regarded by developing countries the world over as a model for how they can leapfrog stages of industrial development. According to the National Association of Software and Services Companies (NASSCOM), during 1995 to 2000, the Indian software industry recorded a compounded annual growth rate of around 42 percent whereas its exports grew at a staggering 62.3%.

State of Human Resources in Indian Software Industry

According to Nasscom's strategic review for 2001, "the number of Indian IT professionals has grown from an insignificant base of 6,800 in 1985—1986 to 522,000 in March, 2002. 410,000 work in the software and services sector, of which around 150,000 are in the exports segment. Their median age is 25 years and nearly 80% of them are men. 37% of them possess around 5 years of work experience. Their attrition rate generally hovers around 15%. The annual average compensation increase in their base salary in the last five years has been around 20%."
The software industry is knowledge intensive. Since knowledge, particularly tacit knowledge, resides in individuals, they are the bedrock of a software company’s future and are its most precious assets. However, these assets cannot be controlled within physical boundaries and confined to commercial contracts of the organization. They walk away from the gates of the organization every day and to make them come back and share their intellectual capital, organizations must find ways to engage their hearts, minds and souls in fulfilling organizational goals. Thus, any knowledge-intensive organization has to keep human resource management at the core of its strategy to enable it to recruit and retain the best and the brightest talent.

**Characteristics of Indian Software Professionals**

Agrawal and Thite’s (2005) study revealed that Indian software professionals exhibit the following occupational characteristics:

- Having invested heavily in gaining relevant knowledge, over time, the knowledge acquired by them becomes their self-concept

- They seek new knowledge on a continuous basis to experience a sense of growth in their careers. Hence, they seek to work on new technologies, new platforms and with new organizations to enrich their learning and career prospects. They place their professional growth higher than organizational loyalty

- They tend to be highly analytical and expect clear rationale in everything they do or the organization does

- They tend to be high achievers and expect periodical and tangi-
ble feedback and rewards. They value performance-based rewards. Equity is an important consideration for them in reward management.

- They value autonomy, professionalism and innovativeness.

The study also found that "managing multiple expectations" is one such culture-based characteristic of Indian software professionals. Apart from 'organizational expectations' of working on any project or technology as required by customers and 'self expectations' of technical excellence and tangible and immediate rewards, Indian software professionals need to manage 'expectations of peers and family members'. Peers discuss, often in exaggerated terms, how they are working on latest technology and receive substantial wage increases, particularly, overseas offers. Parents and family members of software professionals are influenced by the media hype on the prospects of Indian software industry and exert pressure on them to go for positions which offer big money, overseas trips etc. Settling abroad is considered a status symbol in Indian society. These multiple pulls and pressures create immense confusion in the minds of Indian software professionals and tempt them to go for short-term gains, often at the cost of technical excellence to be gained by staying on in one position or organization for sufficiently longer period. Multiple expectations create several HRM-related problems. When being interviewed for a position, software professionals state that learning is their most important objective. However, when being allocated for different projects and locations, they lobby for positions which are seen to be 'high potential' by their peers, family members etc. Due to exaggerated
expectations, many of them get disillusioned with salary increases and promotions and express their frustration by resigning their jobs. As mentioned by a senior manager, “even though software professionals are no superior in their intellectual caliber to other occupational groups, booming global demand has made them arrogant and they expect to be treated like Demi-Gods”.

HR Issues and Challenges in Indian Software Services Industry

a) Voluntary Attrition

Global demand for Indian software professionals has resulted in heavy turnover and spiraling salary costs for Indian software services industry. Nearly half of H1B work permits, of 130,000 issued in 2000 - 2001, by the USA for IT professionals went to Indians. As a result, there are as many of them abroad as there are in India. Majority of the Indian software professionals aspire and tend to migrate overseas permanently once they acquire about three years’ experience making it difficult for software organizations to staff and particularly, lead the projects. The shortage has created a vacuum in project management skills and many US clients consider this ‘missing middle layer’ as a barrier to the growth of Indian software services industry. While there is no dearth of fresh engineering graduates aspiring to enter software industry, employers have to spend considerable time, money and efforts to train them to suit their needs only to lose them few years later. In a recent survey, the Indian software firms indicated, irrespective of their age, size and market focus, that manpower shortage and employee attrition are the most serious problems affecting them. However, this problem has to be viewed in the
context of the phenomenal growth of the industry in the past decade. To add to this is the bias of Indian software industry towards engineering graduates considering that the bulk of the work is relatively non-technical and requires mostly logical and methodical work and a familiarity with software development tools and languages.

b) Give Me the Title Not the Job: Reluctance for Managerial Positions

Most of the software professionals work in project teams and the quality of leadership of these teams is one of the crucial factors in determining the success of the team. In Information Systems (IS) departments, project managers are iced with increasingly complex tasks which require more than a single set of management skills (Carter, 1988); That is why the concept of ‘hybrid managers’, combining business, technical and managerial skills, is gaining prominence. According to Cleland (1995:85), a project’s success or failure is the result of the leadership of the projects’ stakeholders. In today’s corporations, tremendous responsibility lies with the IS project manager who must take the corporation’s vision and translate that vision into systems that support the company’s strategic direction”. Considering that most of the Indian software services organizations are engaged in providing software solutions to clients abroad, project leadership assumes immense importance with key responsibilities being interfacing with potential customers, understanding their requirements, getting the contract and delivering in time, within budget and meeting quality requirements; seeking management commitment and securing necessary resources; assigning roles and responsibilities, coordinating activities amongst
different team members, technical and managerial trouble-shooting; co-coordinating with off-site and on-site development teams through personal visits, telephone or video-conferencing and managing their often conflicting interests; and keeping the customer and the local management informed about the project progress on a regular basis.

Considering their importance and their diverse sets of expertise, IS solution providers charge their clients a premium rate for the services provided by the project manager. However, Indian software services organizations severely suffer from lack of quantity and quality of project managers. Our study revealed that the reasons are many-fold. One reason is that since a considerable number of Indian software professionals go overseas after acquiring 3 years+ experience, there is a dearth of experienced pool of professionals who can take up managerial positions. The second reason is that software professionals dislike giving up their technical career for management positions. Following are some of the reasons cited by them in the study:

- Reluctance to deal with “people issues” which are far more complex and abstract as compared to technical issues which suit their black and white approach to problem solving.

- Project management and administration typically take up 25 to 40% of a project manager’s time and is considered to be a waste of time by software professionals as it conflicts with their quest for achieving technical excellence.

- Software professionals perceive that their standing in the professional community (in the eyes of their peers, subordinates and superiors), and their career prospects (in the eyes of their current
and prospective employers), are primarily defined by their technical and not managerial excellence. Since their work becomes their self-concept, their desire is to acquire latest technical skills by working on cutting-edge technologies and platforms. Thus, their personal career goals are in conflict with organizational goals which need project managers as much as technical analysts and programmers.

• Due to a dearth of project managers, Indian organizations tend to promote software professionals at a very early stage of their careers when they are still finding their technical depth. Thus, a professional with around two years of experience is frequently expected to take on the role of a project leader. Many software professionals felt that because they are pushed into leadership positions without adequate training and role models to look to, they have to learn the ropes the hard way on the job and most often, by burning their fingers.

However, the HR managers reported that despite their dislike for project management positions, Indian software professionals aspire for the tide. As in other Asian societies, titles and perks act as status symbols in India. It is the experience of the authors that during 1990s when the Indian software industry witnessed phenomenal growth and huge demand for software professionals, employers vied with each other in offering fancy tides and designations which hardly represented the actual work and worth of the employee. For example, trainees were offered the tide of Analyst-Programmers (AP) and just after few months of training, they were redesignated as Senior APs when in actual fact, they were engaged in low level coding work.
c) Difficulties with Team Work

Since software professionals mostly work in teams, ability to work effectively in a team environment becomes crucial. However, our study revealed a number of team-related issues and challenges in the Indian software services industry which inhibit effective functioning of teams:

- Many software professionals stated that they prefer to work by themselves so that they have complete control on how they engage in problem solving and trouble shooting without wasting time in team meetings, resolving differences, arriving at a consensus, compromising their stand for the sake of team cohesion and letting somebody piggy-back on their achievements.

- The project teams work for a limited duration and in many cases their life span is as low as three months. This makes it very difficult for team members to develop a social bond and link their personal goals of learning and rewards to those of the team members.

- While junior members look forward to interacting with senior team members to learn, the latter consider mentoring as an unnecessary drag on their busy schedule and a thankless job. Many project managers and module leaders prefer to engage in trouble shooting themselves to save time. Their preference to “micro-manage”, as one senior manager described, results in blocking of knowledge transfer. The temporary nature of teams makes the managers even more reluctant to invest time and effort in teaching junior members because when members leave, the fruits of their hard work in mentoring will go to some other teams.
• Knowledge is power and many software professionals would like to hoard their expertise to create a niche for themselves in the organization in general and in their teams, in particular. This is also because many project team members are generally of similar age and experience and this is their way to define their status and position in the group. Another reason for their reluctance to share their knowledge is that fast changing technology is creating insecurity for software professionals and one way to manage insecurity is by creating and hoarding knowledge which is unique and exclusive.

The study found that lack of effective teamwork in Indian software services organizations has its roots in the HR philosophy and processes, particularly in selection, training and remuneration management. At the time of recruitment and selection of software professionals, organizations tend to test and value technical skills much more than soft skills. Considering the rate of technological obsolescence in the industry it is important that the selection process needs to emphasize learning orientation than specific technical knowledge. While the HR managers told were interviewed admitted that soft skills are equally important, they said that software managers on the interview panel tend to prefer applicants with appropriate technical skills so that they could be deployed in projects and start contributing straight away. Also, booming business and inadequate supply of software professionals meant that HR managers had to hasten the selection process, often at the cost of selecting people without the right behavioural competencies.
The HR managers also revealed that whenever they arranged training programs on soft-skills, such as inter-personal skills, project leadership, communication skills, interviewing, performance management and counseling, the senior software managers and project managers were reluctant to release their team members to undertake the training and software professionals themselves had a dislike to attend these courses. Many reported that unlike technical training, which is arranged from Monday to Friday, behavioural training is usually arranged on Saturdays and the participation rate is very low.

Another possible reason for lack of enthusiasm for teamwork amongst Indian software professionals is that while most of the work is done in teams, performance assessment and reward management still centre on individual contribution and that too as judged by the immediate superior. Many Indian software organizations have now introduced 360-degree performance assessment but they are predominantly for self-development and not for rewards. Many software professionals covered in our study expressed their reservations about 360-degree performance feedback as in their view a lot of maturity is required on the part of the appraiser as well as the appraise to provide and receive feedback in the 'right spirit'. Further, team rewards are far and few in between. Despite the problems associated with teamwork, many software professionals in our study clearly recognized the need for team structure in software organizations, particularly, in developing knowledge together and sharing the same with team members.
d) Work Preferences

Even though many Indian software services organizations are slowly but steadily moving up the value chain, a considerable number of them still derive substantial portion of their revenue by servicing proprietary language and legacy systems and technologies of the yester era. This programming experience may be of little value outside IT market and software professionals feel nervous about its implications on their career growth and prospects. Obviously, software professionals who are keen to learn new technologies on new platforms for new-economy applications are extremely reluctant to work on projects using old technology. While graduates from prestigious educational institutes, such as the Indian Institutes of Technology (IITs), reject outright to work on such systems, students from lesser known institutes who are keen to get into the industry initially agree to work wherever the organization wants them to workout once they gain experience and become marketable, they leave the organization in search of greener pastures.

Currently, Indian software organizations derive most of their income from North America. In recent times, due to recession and competition, these organizations are increasingly seeking new business opportunities in Europe, Japan and Australia. However, software professionals prefer to work in the USA as it is perceived to be their ultimate destination and is considered to be the industry leader in terms of opportunities to work on emerging technologies and remuneration. Further, they are more familiar with the language and culture in the USA compared to countries, such as Germany and Japan.
Due to the above-perceived biases, Indian software services organizations find it difficult to bridge the gap between organizational requirements and individual preferences.

**e) Maintaining Work-Family Balance**

Software development is mentally challenging. When they are engrossed in work, software professionals lose track of time and would prefer to continue working rather than interrupting their mental process. They thrive and look forward to intellectually challenging problems. Coupled with this occupational characteristic, they also need to meet tight deadlines, often unrealistically agreed to by marketing managers to win a contract. **It is common for Indian software professionals to work for 12 to 14 hours a day while working on projects.** Combined with inefficient transport and other infrastructure, they tend to spend very less time with the family. Over time, they tend to merge their personal-identity with their role-identity. The vacuum created by lack of non-work life activities leads to emptiness within and annoyance with the organization.

Many software professionals covered by the study observed that spending long hours at work is the result of a combination of organizational reasons, such as unrealistic project time estimation and poor project planning as well as personal reasons, such as poor time management skills, unproductive web surfing, internet chatting, playing computer games, personal email exchanges and preference of young professionals who choose to socialize more with peers by being at office longer than required. Some respondents also pointed out that while most
organizations discourage over-work in principle, star performers who typically over-work get handsome rewards.

Even though no specific studies have been conducted anecdotal evidence suggests that burnout, stress and other health hazards are increasingly becoming important employment issues affecting the industry.

f) Influence of Organizational Size and Ownership

In addition to common issues and challenges discussed earlier, a few interesting differences, such as described below, emerged relating to size and ownership of the organizations:

Small software organizations seem to have higher attrition rates as compared to medium or large organizations. Many of them are owned by non-resident Indians and they have been operating in the lower segments of the value chain. Medium and large organizations, due to their size and resource availability, operate in all the segments of value chain. Hence, they can offer job rotation and job enrichment opportunities to software professionals with different interests and competencies. Small organizations, on the other hand, have limited growth opportunities. However, many software professionals prefer to work in small organizations, which offer roles with greater depth and breadth as well as more responsibility, authority and autonomy. This trend was more prominent at the height of dot.com boom when many professionals left well-established companies to nurture their entrepreneurial ambitions.
Large organizations seem to acquire bureaucratic systems and processes in the process of their growth. In the study, many software professionals observed that as a consequence, such organizations’ ability to attract and retain excellent and innovative software professionals gets limited.

In subsidiaries of multinational software corporations, software professionals had a perception that the projects on which they work are inferior as compared to projects being undertaken in their parent organization. This is likely to affect their motivation levels. Further, many of them exclusively cater to the in-house IT requirements of the company and work on proprietary languages that have limited application outside of these organizations. This adversely affects the career prospects of software professionals.

**Strategies to Deal with HR Issues and Challenges**

Apart from identifying the above HR-related issues and challenges, the study looked at possible strategies to effectively deal with them. While these strategies differ from one organization to another and is influenced by their size, growth, culture, ownership pattern etc., there is consensus amongst the respondents in the study that the following strategies should be actively considered by Indian software services organizations.

**Moving Up on Value Chain**

Many Indian software organizations are moving up on value chain from body shopping to business solution providers, product and technology developers. This mode of growing up on value chain requires that
organizations should develop capabilities and competencies to understand the business strategies of client organizations, defining business solutions and then providing software support in terms of designing and developing technical architecture and programming code. Accordingly, Indian software organizations, such as Infosys, Tata Consultancy Services (TCS) and Wipro have been recruiting business management graduates, such as MBAs, who work with organizations to understand their business strategies and design business solutions. Software professionals support these projects by designing technical architecture and programming. Business graduates who work with customers are likely to develop greater customer orientation and hence, would be valued more by customers, and in turn by the top management of the organization.

Skills and competencies required to work on different segments of value chain are different. Professionals working on higher segment of value chain are expected to have superior levels of software knowledge and domain knowledge, and naturally, paid more.

Many respondents in the study pointed out that moving up the value chain is a slow and arduous process and needs to be backed by the government in setting up world-class infrastructure, educational institutions and investor friendly economic policies. At the same time, it needs to be recognized that despite the desire to move up the value chain, most Indian software organizations will continue to work and expand operations in lower end of value chain, such as off-shoring, as the market is still huge and expanding. Even the fastest growing IT-enabled services (ITES) are low in value chain but offer tremendous business opportunities. This
would necessitate different career planning for different levels of software professionals. For example, general graduates with no exposure to IT may be recruited and groomed for low-end operations whereas high potential IT graduates may be placed in high-end positions.

**Bifurcated Career Paths**

In line with global IT companies, such as IBM and EDS, many Indian software organizations, such as Wipro, have created a bifurcated career paths for technical and managerial streams to ensure that software professionals are not pushed against their will into general management positions and at the same time are, recruiting high quality business graduates who have both information systems and business knowledge. The reaction of software professionals to this move is mixed. While on the one hand, they welcome the creation of bifurcated career paths as it allows them to concentrate on technical excellence, on the other they feel left out of influential positions within the company. Software organizations aspiring to use this path of growing up on the value chain would need to develop organizational systems and processes to ensure that business specialists and software professionals feel comfortable to work as a part of the same team.

Indian software organizations are now designing well thought out strategies and operational models to facilitate internal job rotations that offer lateral, cross locational, and competency centered opportunities as a retention strategy.
The importance of career planning and its implications for HRM in Indian software companies was neatly summed up by a software professional, “the multiple expectations, ineffective performance appraisal, aversion to take up managerial tasks, burnout can all be traced back to lack of career planning. As a result, the individual does not know where he is, what he will be and more importantly, what he wants to be”. Many software professionals admitted that they do get mislead on career opportunities and keep seeking the elusive greener pastures. They seem to be in need of mentoring by senior managers who can relate their experiences to help others to pitch their career expectations at realistic levels.

Creating Learning Opportunities

Moving up on the value chain is a powerful way of creating learning opportunities. In addition, Indian software organizations are investing substantial amount of time and resources to help their organizational members to learn what they value and what is relevant for the organizations. Some of these learning-oriented initiatives are described below:

Many software organizations spend about five percent of their HR budget on training. In the recent Business Today - Hewitt study of 25 best employers in India for 2001, 10 of them were from the IT industry and between them, they offered an average of 48 hours of training/year to their employees (Business Today, 2002).

The workplaces at many organizations resemble a campus like learning atmosphere in huge self-contained townships with environment friendly facilities, informal meetings on the lawn or in the cafeteria, well
equipped library buildings, information-rich intranets, regular work and hobby related workshops and activities, town hall meetings with top management etc. In these organizations, the work environment is informal, the work ethic is meritocracy based and remuneration is performance based at the individual, team and organizational level.

Leadership and interpersonal skills training is being given increasingly more importance. Infosys has set up a dedicated Infosys Leadership Institute (ILI) to train high-potential employees in nine identified leadership competencies, namely, self direction, performance focus, relationship building, customer pampering, quality, technical/functional expertise, developing leaders and interpersonal effectiveness. The ILI operates on three tenets, namely, the company is the campus, business is the curriculum and leaders shall teach. Similarly, Wipro has designed the “Wipro Leaders’ Programme”, around leadership capabilities of vision, high energy, self-confidence, ownership, commitment to excellence, aggressive commitment and building star performers and teams. These organizations believe and practice leading by example.

Many Indian software organizations are reputed for the depth and breadth of their induction programs. This is partly because they recruit many students with non-software background from technical institutions and are required to give them a proper grounding in software technology before they are deployed in projects. The three-month induction program offered at Infosys was adjudged as equivalent to a BS degree in Computer Science from an independent US-based evaluation agency. In addition, the
company offers advanced education, technical workshops and company-wide seminars as part of its continuous learning program.

Senior managers and project managers are being encouraged to spend some time on a regular basis as a trainer and mentor. The CEOs of many companies walk the talk by participating in every leadership programme sharing organizational vision and values. As a testimony to the increasing people focus and quality of people management in Indian software industry Wipro became the first IT services company in the world to attain People Capability Maturity Model (PCMM) Level 5 in 2001.

From the above it is evident, that a paradigm shift is taking place in the role of the HR function in organizations. Further there is worldwide movement to integrate HR with organizational objectives by making HR more strategic and business driven.

*There seems to be a need to make human resources a strategic partner in business.* The major inhibitor for HR in playing this role is the trap of being internally focused - thinking in terms of internal customers and not focusing on the results that the marketplace requires. Indian HR professionals can no longer afford to benchmark in India only; they must be knowledgeable about best practices outside India. They must also think about next generation practices. Presently the HR function in the old economy companies is undergoing an identity crisis, characterized by self-doubt. The emergence of the knowledge worker in India in the form of software professionals with a global linkages and
global performance requirements has changed the HR scenario in India in the software and knowledge based industries.

It is abundantly clear therefore that in India two HRM systems are operating:

HR in the old economy (non IT & IES) and HR in the new economy (IT & ITES). To face the challenges of the globalized economy in which it operates HR in the new economy has been forced to adapt itself and adopt international benchmarks in HR practices. For the new economy the Human resources is the key resource and it is investing heavily on them.

1.5 Need for the Study

The literature survey indicates that several voices were raised calling for a change in HRM practices, especially with respect to the old economy which has to fight with the new economy today for getting the best Human resources. Many researchers have expressed the need for change. However most of the studies are micro in nature talking about a particular organization or issue. The studies more or less deal with the concerns for change but do not provide any guidance on how one has to go about dealing with them. In other words:

- In India there is no significant research which has been done in the area of HR practices which are needed to cope with the emerging world trends with respect to the old economy.
- There is no nationwide study detailing the current priorities and future direction of HR in the old economy.
• The views of the HR professionals of the old economy have also not been collected on the new competencies required of them in the future to cope up with the changes.

It is clear that in spite of the needs expressed by several authorities and researchers, in various media, there is no empirical study covering the different issues of the HR profession in the old economy.

In light of the above, to bridge the research gap this study is undertaken to find out if the old economy HR is changing at all and if so in what direction.

1.6 Statement of the Problem

The crucial question sought to be answered in this thesis is whether the traditional HR professionals are changing with the times and indeed whether the impact of globalization and liberalization has impacted them.

Looking into the strides made by the knowledge industry in their HR practices and the competition faced by them, the HR practitioners in traditional industries (hereinafter to be referred as the old economy) should have changed the way they work and also should have redefined their objectives and their methods of working.

Against this backdrop the study was undertaken to verify and analyse whether changes are taking place in the domain of HR in the old economy (like in new economy companies) with the caption “The
Changes in the Orientation of Human Resource Departments in Indian Companies—a Critical Study.

1.7 Objectives of the Study

The study is undertaken with the primary objective of finding out from the HR decision makers of the Old Economy companies, their current priorities in HR, the changes they are asked to make by their chief executives and whether they have a clear direction for the future.

This primary objective has the following sub objectives:

1. To identify the relative importance of different HR activities.
2. To find out the activities which they feel can be outsourced.
3. To study the impact of HR activities on Organizational strategy.
4. To examine the expectations of top management from HR.
5. To analyse the level of Internal customer satisfaction of HR departments.
6. To identify the competencies required of HR managers in the future.
7. To track the past, present and future trends of HR in the old economy companies.
8. To identify a case of a large Indian organization where HR transformation is taking place in the old economy.
1.8 Hypotheses

This study attempts to put the following hypotheses to test to understand the aforesaid objectives more clearly.

**H1.** The priorities of HR in the old economy has changed from collective issues, labor issues, union issues, disciplinary issues to Human Resources Development issues.

**H2.** HR managers in the old economy are open to Outsourcing.

**H3.** HR managers in the old economy are aware of the HR factors that influence organizational strategy.

**H4.** The new competencies required of the HR managers in the future is known to them.

1.9 Methodology of the Study

Source of Data

The data for the study was obtained from secondary and primary sources. The primary data was obtained by a questionnaire sent to HR professionals of the old economy.

The HR professional in the National level is represented by three national level bodies:

1. The National Institute of Personnel Management.
2. The National HRD Network.
3. The Indian Society of Training and Development.

Of the three the Indian Society of Training and Development is more focused on the training function and hence does not represent the entire gamut of the HR professional activities. The National HRD network
is a relatively new body compared to the NIPM and has its membership mainly from professionals of the new economy companies.

The NIPM therefore is the most representative body for OECs. Also senior HR professionals are more likely to be members of this body.

To answer the questions raised in the questionnaire the HR professionals should have sufficient experience and should have an association with professional bodies.

It was therefore decided to send the questionnaire to the members of the NIPM.

About 1100 persons in their membership were likely to meet the criteria for HR professionals outlined in the study.

The NIPM is a professional body which has an all India membership base of about 8000 members. This includes all types of members, including students members, teachers and junior executives etc.

Secondary Data

The secondary data was obtained from books, journals and websites.

Sampling Frame

The sampling frame has been chosen from the membership of NIPM who are likely to meet the criteria for HR professionals.
For the purpose of this study an HR professional is defined as a person working in HR having the following characteristics:

1. He/she should have a professional qualification in HR
2. He/she should have worked in managerial positions in HR for a significant period (around 10 years).
3. He/she should be a member of a professional HR body.

Hence the questionnaire was sent to all the 1100 i.e. the entire sampling frame, all over India who are in senior levels in HR. 103 responses from All India were received.

Research Design

This is a descriptive research. The researcher seeks to portray the state of HR in the OECs as it exists today and the directions it is likely to take.

The method used is field research. The data collection is done primarily using questionnaire.

As the criteria for selecting the HR professionals from the list of NIPM and other professional bodies is laid out to decide the sampling frame the method of sampling used is judgment sampling.

Keeping the nature of the study in view it is decided to use focus groups to corroborate the results of the study.
For this purpose the data coming out of the study is to be discussed with a group of professionals after receiving around 60 responses. 

Statistical Tools

For the purpose of analyzing the data being collected through questionnaire a few statistical tools like rating, ranking, percentage, mean, SD, CV, etc are employed.

1.10 Scope and Limitations

Scope of the Study

The study has all India coverage, cutting across industries. It takes into account the views of the HR professionals of the old economy companies with special emphasis on manufacturing/engineering. Old economy is defined for the purpose of the study as all traditional industries, excluding, IT/ITES. The study is about changes in the orientation of HR professionals and not about HR in any specific organization. The IT/ITES are a phenomena of the last decade and represent a different category of people, mostly knowledge workers. Hence, IT/ITES are kept outside the purview of the study.

Limitations of the Study

The Major Limitations of the Study are as under:

1. The sample size could have been larger than 103 had the addresses given by NIPM been current. Due to non current addresses many questionnaires were returned without being delivered.
2. Another reason for the sample size being 103 is due to the frequent changes in the location of the HR professionals.

3. Since more number of responses have been received from manufacturing and engineering the findings may have greater applicability to these sectors.

1.11 Chapter Scheme

The present study has been organized conveniently into seven chapters:

   The 'Chapter - I Introduction' covers the HR scenario at the International level, the HR Scene in USA, Europe and Asia. The Importance and significance of the study is also discussed. The connected literature internationally and in India is elaborated upon. The Problem, Objectives, Hypotheses and Methodology are dealt with.

   'HR in the old economy-HR transformation at the Tatas' is the title of Chapter - II. It is a case study of HR in the old economy on the Tatas. It covers their leadership practices, strategic HR issues, issues relating to work-life balance, attracting and retaining employees in the Tata companies etc. In the second part of the same chapter the learning from the best employers in India is dealt with.

   In Chapter - III, the Profile of respondents and the organizations they represent are dealt with.

   Chapter - IV deals with 'The Trends in HR' as seen from the study. The trends include the HR activities which can be outsourced, the factors
in HR that impact organizational strategy and Top management’s expectations from HR.

‘The Future of HR in the Old Economy’ is dealt with in Chapter-V. In this chapter we study how the internal customers’ views HR and the new competencies which are required of HR professionals of the old economy in the future, among others.

Chapter VI deals with Focus Groups. Focus groups were used to corroborate the results of the field study done through questionnaire.

Chapter VII is the last chapter dealing with the major findings, suggestions and conclusion.

End Notes

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