NATURE OF HUMAN RESOURCE DEVELOPMENT (HRD)

1. Human Resource Development (HRD) is a continuous process.
3. Human Resource Development (HRD) is a well integrated system.
5. Human Resource Development (HRD) focuses on all round development of human resources.

DIFFERENT HUMAN RESOURCE DEVELOPMENT (HRD) PRACTICES IN AUTOMOBILE INDUSTRY

The Automobile industry in India is today caught in a vortex of rapid ramp-up of production, sales, lean manufacturing and cost-cutting initiatives coupled with an unusual restlessness and churn in human assets. It is passing through a critical phase of increasing complexities and quantum changes. Further, the need to align with global best practices, while managing strategic priorities and uncertain government policies requires a realignment of talent matrices.

The recent spate of product recalls on account of critical defects has resulted in huge losses to many leading global automobile manufacturers, including highly respected brands. What has shaken the
faith of industry is the realization that the recurrence of such incidents perhaps points to a more basic, process or systemic failure. The causes do not highlight mere technical flaws in manufacturing, the mystery element that’s now being analyzed carefully is the ‘human dimension’.

The Dilemma:

Quantitatively, the Indian industry is growing very well and is expected to become one of the largest Auto industry by 2015, just behind China and USA. However, perceptive experts notice growth pangs all-around through inadequacies in the senior management pool that’s not future ready.

Therefore, for an organization to decipher the dilemmas and to emerge successful from the current challenges, it is imperative to increase focus on the human dimensions of changing technologies, processes and management principles. This would enable it to strengthen the chain wherever the desired competencies are not available.

During the last six months, Synergy Consultants spoke to a large group of select CEO’s, HR leadership and almost a hundred CEO’s working for major automobile and OEM manufacturers. The objective was to understand their perceptions, concerns and apprehensions about availability, readiness and quality of senior managerial talent, as well as, unravel the leadership challenges being faced by the industry as a whole. The learning’s from this interaction were analyzed in conjunction with
insights derived from numerous Search assignments for leadership talent impacting manufacturing operations, technology up-gradation, product design, development and quality.

**18% Shortfall in Talent Availability:**

The study clearly indicates a critical shortfall in both technical and commercial CEO level talent availability in the auto industry. The situation is serious, the quantum of shortfall being as high as 18%. Even more disturbing is the realization that, in the absence of access to the right quality talent with essential-skills and competencies, many companies have been compelled to lower their expectations and compromise on skills needed for management of critical functions.

A deeper qualitative probing and study of on-record empirical data suggests that industry has not taken any effective steps to meet this glaring gap in need and availability at the CEO and sub-CEO (its direct report) levels. Also, there is a virtual consensus that the competencies needed have to be studied afresh and unless this level of leadership becomes future-ready to propel the industry in the coming years, there would be a vacuum in strategic growth.

**Why Talent is scarce: 5 Factors**

This sense of inadequacy stems from five key factors covering various dimensions of leadership:
• Shortage of CEOs and Sub-CEO talent that has adequate strategic vision and an innovative people-centric approach.
• The gap is rather obvious despite the professionals having requisite technical qualifications and length of experience in the industry.
• Non-integration of technology and business imperatives during the growth phase, which is, perhaps, a consequence of singular focus on numbers in recent years.
• Movement of quality talent to alternate industries due to numerous factors including better compensation.
• Excessive focus on quantitative growth through borrowed technologies. This has diminished commitment to Research Development and application engineering. As a consequence, the industry, today, is unable to project “technology challenges” and attract brilliant minds essential for long term advancement.
• In spite of huge growth and potential, the industry has failed to project itself as an industry of choice for talented professionals.
• The focus seems to be still on short-term commitment and rewards rather than a long-term career.

Apart from talking to the Auto industry leadership in an organizational context, Synergy Consultants also interviewed over a hundred senior technology professionals in the Automobile and Auto-
Components industry who were contemplating a change from their current organizations.

Much of the research and practice of Human Resource Development (HRD) draws directly on psychology, systems theory, management, organizational studies, and economics to explain how people think, act, learn, and perform in organizational settings. Recognizing the contextual nature of learning and performance is not a new idea and many scholars and practitioners address contextual factors in HRD theories, models, and interventions. However, in HRD it seems that there is an overwhelmingly individualistic perspective toward the way in which people think and act in organizations. The majority of work in organizations is accomplished in groups. Groups have unique characteristics not fully addressed at the individual level.

HRM approaches and models in India

India has ever been a land of paradigm and fascination. People from the West had previously envisioned the country as a land of spiritual gurus and snake charmers – a concept that has taken a long time to erode even with globalization and economic liberalization. Today India stands tall with its diverse culture, considerably huge population, and economic disparity as one of the fastest growing developing nations. It is a nation
with the largest English speaking population and the world’s largest base of middle class that has led the spurt of growth.

The country has ever been heavily influenced by Western management philosophies and schools of thought, particularly those of the United States and UK. Management education based on Western philosophy of ‘materialism’ gained prominence in India around the early sixties with the establishment of the Indian Institutes of Management (the most prestigious and reputed institutions of India), funded by the Ford foundation based on the thoughts and systems of its able western counterparts – the Harvard School of Management and MIT’s Sloan School of Business Management emphasizing the need to incorporate Western or more specifically US management theories and models as a medium of achieving collaborative management education. (Hill et al.1973, Srinivas N.2, 2008). Conversely the country has still clung to its roots, ethos and cultural values in terms of people management leading to a misunderstanding that generalized HRM principles do not work for India. The country has its own philosophies deeply rooted in cultural beliefs, traditions and habits that dominate its human resource management principles and functions (Sparrow, Budhwar3, 1997). The best part about HRM evolution in the country has been its ability to incorporate principles, approaches and models from across the world that
was beneficial to the functioning of the organizations. While labour and personnel management principles were heavily borrowed from United Kingdom, approaches and models of HRM came from the United States, quality consciousness and norms were adapted from the Japanese, thus creating a powerful productive concoction sprinkled with indigenous Indian values and ethos – a sure shot Indian recipe for success even during the times of recent economic recession.

Indian companies during post liberalization have faced many challenges in terms of re-orienting its workforce towards a more competitive and volatile business scenario by ways of either re-skilling or multi-skilling its manpower across various functional domains; making themselves capable of surviving amidst the onslaught of multi-nationals. This phenomenon has further necessitated Indian organizations to look beyond their narrow domains of family oriented / family centric management to wider perspectives of strategic management due importance to strategic human resource management as one of the critical factors of success in a competitive business domain. Although HRM in this country is at an evolutionary stage most suitably at its youth, there have been some progressive leaders and their related organizations who have laid the foundation for better people management pre-liberalization also; prominent amongst them being Jamsetji N Tata and his establishment – the TATA group of companies (initially established as
Tata Sons limited). Jamsetji, the founder of Tata group was a strong believer of the welfare of all major stakeholders; primarily the employee stakeholders whom he understood as the heart of any organization reflecting the image and growth of any firm (Sivakumar, 2007).

A visionary leader during his times (pre-independence era), Jamsetji stressed on employee welfare by way of hygienic work and accommodation facilities for labour, recreational and education facilities for the employee family members, awards for performance and even investment in training and career development of employees; something unheard of then. Such was his understanding of labour psychology, that he was forever committed to the culture of participation for organizational growth. In times when management studies were at a nascent stage and industrial rules not so formidable; Jamsetji pioneered retirement benefit systems for mill workers by way of voluntary provident fund and gratuity schemes. This dedication of the founder was carried on by his subsequent successor JRD Tata who had his own passion of philanthropy and tolerance, resulting in this esteemed group being recognized as a respectable and ethical organization of India.

The impact of ethical image of this group of companies was such that employees held a degree of prestige in working for this organization and the name TATA became a synonym for ‘Trust’ in the country. JRD never believed in the philosophy of monitoring employees. His
understanding was based on grooming the best of employees by way of participative and free-rein leadership, an ideology clearly reflected in numerous innovative people centric policies developed and adopted by the Tata group companies (Wakins\textsuperscript{5}, 2007). Tata Steel, one of the first companies of the group was a pioneer in progressive industrial relation policies introducing joint consultative system of management for better co-operation between labour and firm (Sen\textsuperscript{6}, 2009). The legacy of Tata carried on with Ratan Tata at the helm, steering the organization towards a more strategic path albeit a little more autocratically than JRD crafting a new identity post-liberalization for the group in terms of retaining its core values and ethics but coming across as a more dynamic group with not only national but global business interests at its forefront.

**Employee development and engagement**

“The total size of the Indian auto component industry in India is expected to be USD 40-45 billion by year 2016.” – SIAM Automotive Mission Plan Report (2006-2016). This is just projected figures for the automotive sector, without taking into consideration the entire industrial sector which is on a growth trajectory. Interestingly SIAM also predicts that employment in this particular sector will go up to almost 2.5 crore employees by 2016, with 50 lakhs additional headcounts created already by 2012 itself. This depicts the increasing importance of both availing quality talent and retaining cum engaging them to ride the crest of rapid
growth. Research being limited specifically to this sector, there remains lack of literature and data on understanding the specific processes of employee selection, development and engagement appropriately. Research and literature reviews have focused more on understanding HR practices across domains in India, inferring more generic than specific conclusions. Again the focus has been on detailing practices related to executive and managerial cadre employees than understanding HR practices related to blue collar workers. This is not surprising, given the industrial sector’s inclination towards personnel functions rather than human resource oriented functions relating to development of its employees.

Human Resource practices are still in an evolutionary phase in this country’s manufacturing domain, with SME’s still preferring the traditional systems of handling workers. Renuka and Venkateshwara\textsuperscript{7} (2005) through their study on understanding the perspectives of HRM practices across SME’s in the Indian industrial sector, observed that firms with ISO certifications laid more emphasis on advanced technologies and adherence to quality employee development through streamlined practices of recruitment, selection, performance appraisal and training; these firms value their skilled manpower and understand the critical importance of this resource for growth and sustained performance. On the other hand, this study also depicted that SME’s which were not ISO
certified preferred the family way of managing firms’ placing less value
to structured parameters of employee retention, growth and development.
This study, when analyzed in context of the automotive sector, implies a
marked differentiation in employee retention and management practices
by Auto component manufacturing SME’s which form the backbone of
growth for the sector (SIAM Automotive Mission Report 2006-2016)\(^8\).
Being labour intensive and highly skill oriented, the importance of human
resources is compounded for both qualitative and quantitative growth
results. This shall remain a critical area of focus for SME’s related to
their sustained progress and technological advancement for survival in
face of stiff competition from low cost component manufacturers in
China and South East Asian regions.

The most important and primary functions for any organization
related to HRM are planning, recruitment and selection. In India, public
sector organizations till today follow the traditional forms of recruitment
along with an emphasis on advertising each job position in leading
newspapers and employment exchange news, enabling equal
representation of candidatures from all sections of the society. This is the
norm and expected protocol of public sector organizations. However,
there is no such binding on Indian private sector organizations as the
policies related to recruitment and selection are flexible and adaptable to
situational context (Budhwar & Boyne\(^9\), 2004).
Private sector organizations generally adopt a host of recruitment practices and sources for acquisition of talent. For blue collared workers, the preferred sources of availing skilled workers are govt. run ITI / ITC institutes (Industrial Training Institutes/ Industrial Training centres, there are around 4700 Institutes offering training to 6.9 lakh trainees)\(^{10}\) that provide vocational and skilled based training to technicians, fitters, draughtsman etc; advertisement through regional newspapers; employment agencies for skilled labour; employment exchanges and at times even employee referred sources. The education level generally been sought for blue collar permanent workers are ITI or Diploma certifications, enabling their recruitment as apprentices in the manufacturing organizations for a time period of 1-2 years. Again for these positions, the value of recommendations play a pivotal role, with union (labour union and their representatives) referred candidates being given more prominence over general candidates based on political equations involved. Despite all efforts, manufacturing organizations face a severe crunch of skilled manpower, as only about 5% of the Indian labour force in the age of 20-24 years possess vocational skills that match industry requirements compared to other nations across the globe.\(^{11}\)

Both public and private sector organizations do not follow a structured pattern for recruitment of contractual daily wage labourers. This category of manpower is generally available in surplus and at
minimum wage levels, enabling their recruitment either at the factory
gates on a routine basis or through labour contractors (middlemen) on a
lump-sum payment basis. An important aspect for recruitment of blue
collared workers, is to give preference to workers from the local region
(‘Dharti-putra’ or ‘Sons of the soil’), which is based on aspects of
availability, convenience, wage levels and political appeasement.
Specifically for manufacturing organizations, this aspect assumes
importance as their plants (production units) are generally located in
villages on agricultural or non-agricultural lands (as has been approved
by the respective state govts.). Thus as a part of its Corporate Social
Responsibility, the manufacturing units deem it suitable to provide
employment opportunity to locals from the region whose livelihood may
have suffered due to either loss of land or displacement. To cite an
example, Tata Motors Ltd. had been given vast tracts of land in Singrur
(West Bengal) for setting up of manufacturing unit for NANO (the low
cost 1 lac car model). The organization had not only generated indirect
local business opportunities but has also assured of recruiting skilled blue
collar workers at a later operational stage. However political issues
pertaining to higher compensation for loss of agriculturally productive
land, guaranteed jobs for all displaced locals etc ensured that the
manufacturing unit shut shop in Singrur and relocated itself to Sanand
(Gujarat), availing better political support from the then concerned State Chief Minister Shri. Narendra Modi.¹²

The norms of recruitment differ when it comes to availing talented employees and skilled manpower for supervisory, executive and managerial level cadres. Education qualifications related to the job position gains prominence along with experience, skill and competence to perform the job. Budhwar et al.(2001)¹³, (2004)¹⁴ through their study across 137 manufacturing organizations (varying across 6 sectors) from the private and public sector in India, detail that recruitment to these categories is based on possession of technical qualifications in engineering (discipline specific) and management (like MBA, PGDBM – Post Graduate Diploma in Business Management, etc.). The patterns of recruitment for such positions also vary amongst the private and public sector manufacturing units of India. While the public sector places more stress on rigid parameters like educational degree, years of experience and seniority; the private sector focuses more on the skills and competence of an employee to perform the job itself and ensure productivity. Again while the public sector, based on mandatory employment laws recruit external candidates through a structured system of advertisements, employment exams and use of selection panels; the private sector in India undertakes a mixed strategy of recruitment from both internal and external resources. Managerial positions are filled either
through the mode of internal career progression of competent employees or through intake of skilled external candidates having the capability to deliver based on their expertise. India being a country that is family oriented and values relationships, top slots in the private sector organizations like positions of Managing Director, Chairman, Members of the Board are usually reserved for family members, close relatives and acquaintances (Budhwar, 2004). This creates an unequal power balance and reduces representation of employee interest in the management circle; which is not deemed as a professional pattern of organizational management, hampering freedom of expression for the employees. A key point to note herein is the major difference in recruitment patterns of public and private sector organizations in India, the public sector being strictly governed by employment legislations have to ensure equal representation of social categories (Scheduled Caste, Scheduled tribes, Other Backward Classes, Minorities, Women, North Eastern State minorities); while the private sector not being bound by these legislations focuses on availing competent manpower for enhanced productivity.

India is a country with burgeoning population; hence the competition to succeed and reach for the best positions is extreme across organizations and functional domains. As a matter of fact children in India start learning the ropes of dealing with competition, stress and pressure from the time of kinder-garden admissions itself. The cyclic race
to get into best schools, avail quality school education and thereafter
again compete at each step of life whether it is admission for best
colleges, getting the best job offer, garnering top performance credits in
organization or ending up with heightened competition now for your
child’s admission; the process is never ending and back breaking.
Organizations seem to have realized this “Life cycle truth” specific to a
country like India where humans seem to be evolving faster than all other
species on the planet; despite all good intentions of numerous Govt.
sponsored family planning initiatives. Given this background, it is
imperative that organizations focus on charting out clear career paths and
developmental steps for their employees, to bring in more clarity related
to their progression while simultaneously reducing the stress (based on
continuing & competing life cycle issues) on an individual towards self
career management.

While there is lack of research evidence on practices related to
career development and growth specific to industrial sector, there is some
evidence detailing training and development issues across Indian
organizations. Again most of the evidence relates to organizational
practices for white collar workers than blue collar workers in relation to
training and developmental efforts. Yadapadithaya et al. (2000)\textsuperscript{16},
(2001)\textsuperscript{17} through two consecutive surveys covering 252 Indian and 174
British companies (both from manufacturing and service sector having
over 500 employees and registered with Confederation of Indian Industries) focused on understanding the key result areas for Training and Development in India, its practices and evaluation parameters along with linkage to organizational objectives and performance vis-à-vis its British counterparts. The results and findings did not portray any major differences related to the concepts and practices of T&D; however it was found that British organizations focused more on involvement of individual employees in the training process by way of delegation of T&D responsibilities to line managers and making employees themselves accountable for the learning curve. This also meant that such organizations were concerned with business results from conduction of T&D activities and expected employees to demonstrate contribution of their learning towards enhanced productivity.

The survey also detailed that British companies conducted higher number of training programmes than their Indian counterparts, while focusing on developmental initiatives for both white collar and blue collar workers. Budhwar and Boyne\textsuperscript{18} (2004) further worked upon understanding the T&D practices across private and public sector organizations in India through a comparative study; stating that both private and public sector Indian organizations followed a structured approach to T&D by way of adopting formal training need analysis systems, career development plans, annual career development
interviews, assessment centres, succession plans, job rotations and training evaluation techniques, albeit the public sector follows a more systematic and analytical approach than the private sector towards identification of training needs and monitoring its effectiveness.

Gopalan S. (2009) details a brief case of Birla Cellulosic, Kharach (Aditya Birla Group Company) on the process of T&D. The organization has a training need identification process called – “Your development is my concern”, wherein employees fill a structured form detailing identified training needs after due discussion with his supervisor/mentor. This data is then reviewed and viable training needs are compiled into an annual training calendar, catering to the actual needs of the employees. The evaluation and monitoring system of T&D at Birla Cellulosic is based on participant feedback, which is more perceptive data than real objective evaluation. This case highlights a major lacuna in the T&D process across Indian manufacturing organizations; that of linking the T&D process to business results objectively. Although the process has become more structured and systematic with a considerable amount of budget being allocated for employee development, quantitative procedures for training evaluation is still at infancy in the country specifically for white collar managerial cadre employees. This lack of quantitative evaluation data makes it difficult to establish linkages
between job value, performance potential and compensable factors for individual employees in the organization.
REFERENCES


14. ibid pg. 349

15. ibid pg. 351


18. ibid pg. 348