

HRD Practices for Sustainable Growth with Special Reference to Indian Service Sector

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Abstract: *The service industry forms a backbone of social and economic development of a country. It has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. Its growth rate has been higher than that of agriculture and manufacturing sectors. However recently in June, 2013 it has been observed that Indian services firms lost momentum as new business trickled in at the slowest pace in nearly two years, dashing hopes of a sustained pick-up in economic growth, So a big question that arises is how the sustainable growth of service sector can be maintained? And for achieving the growth one factor which can help a lot is Human Resource and their continuous development. The present paper attempts to identify few HR challenges in the Service Industry of Indian Context and suggests various Human Resource Development practices to handle them.*

Keywords: service industry, sustainable growth, Human Resource, HR challenges, Human Resource Development practices

1. Introduction

The Indian service sector accounts for a large part of the Indian economy – be it in terms of employment potential or its contribution to the national income. Making-up for almost 60 per cent of Asia's third largest economy, the industry spans from sophisticated fields like telecommunications, satellite mapping, and computer software to simple services like those performed by the barber, the carpenter, and the plumber; highly capital-intensive activities like civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing; infrastructure-related activities like railways, roadways, and ports to social sector related activities like health and education. India Has Highest Increase in Share of Services in GDP at 8.1%. India's services sector has emerged as a prominent sector in terms of its contribution to national and state incomes, trade flows, FDI inflows and employment. For more than a decade the sector has been pulling up the growth of Indian economy with great stability. The share of services in India's GDP at factor cost (at current prices) increased from 33.3% (1950-1951) to 56.5% in 2012-13, as per advance estimates. Including construction, this would increase to 64.8%. With 18%, trade, hotels and restaurants are the largest contributors to GDP among the various sub sectors. This is followed by financing, insurance, real estate and business services with 16.6% share. Community, social, and personal services with 14% share stand in the third place. This is followed by construction at fourth place with 8.2% share. Indian service sector enjoyed foreign direct investment (FDI) inflows amounting to US\$ 4.75 billion during April-February 2012-13, according to the recent statistics released by the Department of Industrial Policy and Promotion (DIPP)

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factor which can help a lot is Human Resource. The availability of trained manpower is essential to achieve excellence in the service industry. The recent scenario of economic liberalisation and process of globalization increased the importance of Human Resource Management by many-fold. The more stress should be given on Human Resource Development. For effective human resource utilization Human Resource Development becomes very essential. The need of the hour is to develop human resources to maximum possible extent. Human Resource Development is, therefore, a continuous process of sharpening the skills, knowledge of the people, which are adopted by all most all the organisation. It is therefore presumed that the expenses incurred on Human Resource Development and Training is investment, the investment which yields income. The effective Human Resource Development is very essential for the growth and prosperity of the organisation and society in large.

2. Literature Review

[1]An organization became dynamic and growth oriented if their people are dynamic and proactive. Through proper selection of people and by nurturing their dynamism and other competencies an organization can make their people dynamic and proactive. To survive it is very essential for an organization to adopt the change in the environment and also continuously prepare their employees to meet the challenges; this will have a positive impact on the organization. Human resource development (HRD) is concerned with the provision of learning and development opportunities that support the achievement of business strategies and improvement of organizational, team and individual performance (Armstrong and Baron, 2002). HRD is the process of improving, moulding and changing skills, knowledge, creative abilities, aptitude, attitude, values, commitment, etc., based on present and future job and organizational requirements (Rodrigues and Chincholkar, 2005). The service sector industries of India is facing problems for sustained pick-up in economic growth .To survive and excel in the new economy, the HRD practices is

a matter of serious concern in Indian service sector organizations. There are certain studies in different service sector stated below depicting various HR problems.

2.1 HR Challenges in Banking:

[2] According to the Hudson report (2008) the critical HR challenges in Indian Banking Sector are hiring right staff, retaining talent, cutting staff, staff development, salary inflation, external threats, etc. the other challenges are Changing working conditions, re-skilling, compensation etc. Coping with the massive technology adoption programme – change management from employees’ as well as customers’ perspectives.

2.2 HR Challenges in Social Sector:

[3] According to the researcher the various HR challenges in Social Sector of India are, recruiting qualified staff (70%) is indicated as the biggest human resource challenge in the social space. Many social sectors are growing, and therefore, are on the constant lookout for qualified employees. Given that social sectors are perceived to be more risky and less well paying compared to traditional organizations, they tend to struggle with attracting the best talent. This challenge is further emphasized by the limited availability of talent to social sectors. The second and third biggest HR challenges cited by respondents include clearly defining roles and responsibilities (39%), and distributing decision making authority beyond the founding team (34%). These challenges indicate that social sectors possibly struggle to create a strong layer of middle managers.

2.3 HR Challenges in Oil and Gas Sector:

[4] The key HR challenges in the Indian Oil and gas Sector are Aging Workforce leading to difficulty in replenish talent loss due to heavy retirement in the coming years. A study of total attrition by level reveals that the upstream oil and gas sector is faced with significant attrition at the middle-management level, while other sub-sectors are facing this challenge at junior-management levels. Middle management attrition in the E&P sector is due to various international opportunities available for employees with more than 10 years of experience. The lack of career opportunities and extreme working conditions are other primary reasons for employee attrition. The sector is also facing issues around the availability of a solid talent pool from universities and institutes that typically contribute to its talent base.

2.4 HR Challenges in Tourism industry

[5] The researcher has found that the tourism industry lacks competent people and one of the reasons behind that is most of the people joining the industry are simply graduate or under graduate not having any specific degree or diploma in tourism course. Moreover the industry does not have any specific recruitment policy regarding recruitment of specialised people in the industry. Moreover most of the respondents agree to the fact that the salary package is very less and the HRD practices are missing in most of the organizations. It has also been studied that the tourism courses are not promoted well and lack saleability and also the courses taught by university lack promotability.

3. Interpretation

After analysing the above data it can be interpreted that proper Human Resource Development Practices should be adopted in the service sector for sustainable growth. The various HRD practices that can be adopted are-

1. Performance Appraisal
2. Career Planning and Development
3. Employee Training
4. Executive Development
5. Organisation Development
6. Quality Circles
7. Employee Counselling
8. Monetary and Non-Monetary Rewards
9. Team Work
10. Role Analysis
11. Grievance Mechanism

1. Performance Appraisal
A performance appraisal is a systematic and periodic process that assesses an individual employee’s job performance and productivity in relation to certain pre-established criteria and organizational objectives. A central reason for the utilization of performance appraisals (PAs) is performance improvement.

2. Career Planning
Career planning aims to identify needs, aspirations and opportunities for individuals’ career and the implementation of developing human resources programs to support that career.

3. Employee Training
Training is a systematic process by which employees learn skills, knowledge, abilities or attitudes to further organisational and personal goals.

4. Executive Development
It is a process of designing and conducting suitable executive development programmes so as to develop managerial and human relations skills of employees.

5. Organisation Development
Organisation Development is an organisation wide, planned effort, managed from the top, with a goal for increasing organisation performance through planned interventions. OD looks in depth at the human side of the organisation. It seeks to change attitudes, values, organisation structures and managerial practices in an effort to improve organisation performance.

6. Quality Circles
A quality circle is a volunteer group composed of workers (or even students), usually under the leadership of their supervisor (or an elected team leader), who are trained to identify, analyze and solve work-related problems and present their solutions to management in order to improve the performance of the organization, and motivate and enrich the work of employees. When matured, true quality circles become self-managing, having gained the confidence of management.

7. Employee Counselling

Employee counselling is a psychological health care intervention which can take many forms. Its aim is to assist both the employer and employee by intervening with an active problem-solving approach to tackling the problems at hand.

8. Monetary and Non-Monetary Rewards

It is well known that motivation schemes, if the employer gets them right, can have a dramatic impact on sales figures, customer service, and improve individual, team and business productivity. They can also be a major contributor to employee engagement.

9. Team Work

Teamwork is "work done by several associates with each doing a part but all subordinating personal prominence to the efficiency of the whole"

10. Role Analysis

Role analysis (also known as job evaluation) is a systematic approach used to determine the relative value (or size) of roles within an organisation by measuring the demands and responsibilities of the role (but not the performance of the individual undertaking the role).

11. Grievance Mechanism

All workers and migrant workers in particular, should have access to grievance mechanisms that allow them to voice concerns without fear of punishment or retribution. Grievance mechanisms have many helpful purposes. They can serve to channel conflict into an institutionalized mechanism for peaceful resolution. They facilitate communication between workers and management regarding problems that arise, and enable workers to complain with dignity, knowing that there is a system of appeals leading to an impartial decision maker. Finally, they assist the company in ensuring that its staff is complying with company standards on ethical conduct.

4. Conclusions

Thus to conclude it can be said that Human Resource Development Practices pave the way for solving the HR issues in the service sector industries leading to achievement of organisational objectives, employee satisfaction and long term sustainability.

5. Future Work

In future in depth study is needed to know how these HRD practices suggested above can be implemented in the best possible way in different industries included in service sector for sustainable growth. Moreover it can also be studied that which HRD practice can contribute in the best way for achieving sustainability. HR researchers can conduct similar studies in other sectors also for reaping the benefits of HRD practices.

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