



Changing role of HR vis-à-vis Make in India Initiative

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Abstract

The progress of any economy is considered by its employment growth. India has well educated youths and cheapest manpower as compared to the western countries. There are many revolutionary amendments in the labour laws and this has given a boost to the new start ups as well as the existing one in India. Make in India was launched by the Government of India in 2014 to encourage companies to manufacture their products in India. The main objective of Make in India is of job creation & skill enhancement in 25 sectors of the economy by improving the quality standards and minimising the impact on the environment and also to attract capital & technological investment in India. Thus to make this initiative a success, the most important resource i.e. the human resource should be efficient and effective and here comes the role of HR managers. The aim of this research paper is to study and evaluate changing role of HR can drive the Make in India initiative. The research is basically of descriptive type and data collection is done through secondary sources like government and different websites, journals for reviewing the literature for understanding how the role of HR is changing all around the world and the data is also collected through various books specially book written by Dave Ulrich the management Guru who has coined the term HR as a Business Partner.

Keywords: make in India, role of HR, strategic HR, challenges of make in India, human resource as a business partner, strategic partner, changing role

1. Introduction

India jumped to 100th place out of 190 countries in the World Bank's 2018 ease of doing business index, from 142th in 2015. The foreign equity caps, norms and procedures in various sectors were relaxed, including application of manufacturing units made available online and the validity of licenses was increased to three years. Getting FDI and generating employment is the main focus of the government of India ever since Make in India initiated on 25th September 2014. The role of HR in Make in India needs to be examined because there are some unexplored areas. HR is no longer considered as a cost centre or treated as separate function from traditional profit centres. Evolution of HR has happened because of realisation of most important resource for any organisation that is the "Human Resource". An organisation might have world's best practices, systems, benefits or highest compensation in the industry, but if it lacks a motivated workforce then all the efforts to achieve growth are likely to fail. HR needs to change its role from administrative to a business partner. To make sure participation of each individual towards the cause of the organisation has become success parameter for any professional involved in HR. There is a necessity of all the departments to align with its organisation so that each one achieves the same objective. Usually all departments strategies are automatically aligned with the organisational strategies except HR. So HR has to take special care while framing its strategies. The strategies should go hand in hand with the organisational strategies.

1.1 Objective of the study

1. To study the changing role of HR through review of literature
2. To evaluate the changing role of HR vis-à-vis Make in India initiative

1.2 Research Methodology

Research Type: Descriptive Research

Type of Data collection: The present study is based on Secondary data collected through –

- Various books
- Articles from Newspapers, Magazines and Journals, and
- From the various related web-sites which deal directly or indirectly with the topics related to the topic. After searching the important web-sites, relevant information was downloaded and analyzed to address the objectives of present study.

2. Make in India

2.1 Purpose of launching Make in India

The purpose of launching Make in India is to encourage the Indian and foreign organisations to manufacture their products in India. MNCs desire to diversify production bases to India could help the country's manufacturing sector grow to \$1trillion by 2025 while creating 90 million domestic jobs found in McKinsey analysis. The jobs created in Make in India will be at the high end of technology as well as at the lower end by promoting ancillary industries. Thus this scenario will lead to country's economic growth and in turn will lead to social progress & prosperity and definitely lead a better wellbeing. Our honourable Prime Minister Shri Narendra Modi has issued a clarion call to *Make in India* – to transform India into a global design and manufacturing hub.

2.2 HR Challenges in the scenario of make in India Initiative

2.2.1 Competing in the labour Market

For close to two decades, manufacturing organisations have failed to compete successfully in the labour market for engineering talent in various disciplines. Ask any

manufacturing leader and he will display a huge self-limiting belief that “no one wants to be in manufacturing”. Many display almost a sense of resignation that no one wants manufacturing. Instead of reinventing their approaches, many have just given up and have chosen to make do with what they can find. This does not augur well for building depth and competence in manufacturing and design.

The Indian labour market has become very sophisticated and fiercely competitive. It calls for a lot of innovation and marketing prowess to find one’s meaningful place in the food chain. Sadly, many manufacturing companies have failed to fight and claim their meaningful place in the labour market. The first step in this direction is the belief that manufacturing can compete. Unless that happens, we cannot make in India. (Ganesh Chella, 2017).

2.2.2 Employee value Proposition

Employees are in many ways like customers- they are spoilt for choice, their loyalties are transactional and their expectations are ever increasing. Finding and keeping employees today and tomorrow is therefore as hard as finding and keeping customers.

For this, employers need to have a compelling value proposition to be able to not just attract but also retain quality manufacturing talent.

The India IT industry has over the years been able to offer a value proposition that has been very compelling – good pay; great working environment; opportunities; global exposure; an egalitarian culture. Little wonder then that chemical engineers, mechanical engineers and even metallurgical engineers have found their way into IT. Manufacturing companies on the other hand have been struggling to come up with an equally compelling value proposition. For one, most of them have their facilities in remote locations and most metro-centric youth do not want to live there. The quality of work itself has not been showcased or positioned to attract good talent. Many manufacturing companies have time based promotion policies which does not go well with young employees who would like to see frequent albeit notional growth. The quality of physical settings and the basic infrastructure in many manufacturing facilities are quite uninspiring, when compared to modern office spaces and cool food courts in modern IT campuses or even campuses in telecom or financial services companies. The challenges faced by the IT industry and the consolidation threats in telecom present a golden opportunity for manufacturing to redesign and reposition its employee value proposition and make itself attractive to good engineering talent.

2.2.3 Functional leadership over business leadership

There are deeper issues in many manufacturing businesses. Given business pressures for growth, profitability and cost efficiencies, leadership in these organisations seem to have emphasised business competencies over functional competencies. The entire generation of leaders in manufacturing across functions feel proud about their business acumen while other silently laminate that this has been at the cost of eroding functional depth across levels. This has been exacerbated by the fact that business leadership has been positioned as more valuable than functional leadership. Even pay and rewards might be positioned in that manner. As a result, everyone in manufacturing wants to run an SBU rather than lead a function with pride. This does not augur well for making in India. It is functional depth and

functional leadership (in production, quality, sourcing, engineering, design) which will be the true differentiator and we seem to be chasing it away, inadvertently.

2.2.4 Leadership style

Adding to the woes of poor talent in manufacturing is the style of leadership. Many manufacturing leaders continue have such an antiquated view to managing people. They still believe in hierarchy, in telling their team members what they should do, in building dysfunctional silos, in failing to respect and value other functions and in not making an attempt to respect the fact that young employees are different and different from them does not mean bad. Unless leaders in manufacturing embrace a more empowering style, their talent bucket will always be leaking. We cannot make in India if we do not have enabling leadership.

2.2.5 A transient workforce

Last but certainly not the least, concerns about cost competitiveness and business uncertainties have forced manufacturing businesses to adopt staffing model built on the edifice of a contingent workforce. While these may offer the impression of short term cost savings, they also result in creating a transient workforce which leads to lack of depth in skills and consistent quality and productivity in the front line. Many production managers and plant HR managers spend a lot of time just mobilising manpower on a daily basis given that such workforce keeps moving on in search of higher wage islands. Most importantly, we are failing to build a factory on the edifice of workmanship which comes only when there is stability and continuity. Sure, there is a place for a contingent workforce but that cannot certainly form the core of the staffing model. A workforce without skills cannot help us make in India. To make in India, leaders in these organisations will need to pay close attention to these and other compelling HR agendas.

3. Literature Review

Danish Maqsood Khan (2014)^[1] has critically reviewed how HR departments today are becoming Strategic Partners in the organization. Overall strategic role of HR in his article review, examines specific strategic activities that HR leaders can engage in choosing strategy options, designing the organization structure to support strategy, and evaluating merger and acquisition opportunities. It is discussed how certain HR skills, activities and organization design elements offers unique opportunities for enhanced contributions in specific strategic areas for them to be an effective Strategic Partner. According to Mercer (2013), a global consulting agency Human Resources (HR) function has undergone significant changes over the past 15 years. Spurred by a growing awareness of the profound impact that HR performance has on a firm’s ability to achieve corporate objectives, many organizations have sought to develop a strategic, rather than simply a transactional, function. These organizations have implemented new service delivery models, reengineered their HR processes, introduced automation, outsourced non core activities and streamlined their HR organizations — all in an effort to better serve the business. Mercer (2013), also suggests that, by aligning HR roles and competencies to the company’s overall workforce needs, assessing the skills and skill gaps within the function, and developing HR talent accordingly, organizations can eliminate a major impediment to HR effectiveness. However

Zellars and Fiorito (1999) ^[3], in their study conducted in Florida on nearly 600 Human resource professionals, have investigated the factors that influence the HR managers' evaluations of their organisations effectiveness and has explored the implications of the changing role of HR managers in the strategic planning of the organisation. Furthermore, Stephen T.T. Teo & Mark A. Shadur (1999) ^[16] have conducted a qualitative research in 3 Australian Companies to unearth the factors responsible for integration of HRM strategies and organisational strategies. Data collection was done through semi-structured interviews and surveys in the year 1994. They found that the strategic HRM concept is in a very primitive stage. The personnel department was still existing and only one out of three organisations have started thinking upon strategic linkage of HRM with the business. Similarly, Francesca Andreescu (2004) has explored the changing role of HR function within the British public sector organisation. An empirical study was conducted in between 2002-2003. The data was collected through in-depth interviews, focus groups, analysis of documentary evidence and observations. Drawing on role-set theory and concepts of negotiated order, the study sheds light on the factors that support or hinder the shift towards a more strategic role for the function and suggests a number of conclusions and implications for both theorists and practitioner. Raymond Caldwell (2010) ^[10], proposed a research model of the links between selection and development as antecedents of the HR-business strategy linkage, with HR business partner performance as its outcome. The research model indicates that the creation of an effective HR strategy-business strategy linkage mediates the association of selection and development on business partner performance. The findings highlight the critical importance of the HR strategy-business strategy linkage, and raise important questions about the ability of HR business partners to develop this capability in the future. Most of the organizations in the survey (53) had well over 5,000 employees, and they included some major UK global companies, as well as a range of central government departments and large public service organizations. A few relatively small organizations are also included, but none of them had less than 500 employees. Most industry sectors are covered in the survey, but global financial services institutions and a wide range of diversified international businesses in consumer products, manufacturing, retailing and pharmaceuticals are prominent. This is not surprising as business partnering has often been associated with global businesses with geographical dispersed or diversified business units. Overall the survey sample is largely representative of large organizations and global businesses in the UK that have embraced the HR business partnering approach. gloria m. de guzman & ricardo a. lim (2010) ^[12] critically analyzed the role of HR managers in eight Asian countries namely Philippines, India, Indonesia, Malaysia, Singapore, Bhutan, Cambodia, and Korea. The data was collected not only from HR executives but also from top, middle, and supervisory levels of local and multinational companies. The results show that Asian managers perceive their own HR professionals as unable to permeate the barrier between operational and strategic tasks, but able to permeate the people and process barrier. HR professionals were perceived to have difficulty performing both strategic and operations-oriented tasks. While senior or more experienced managers and managers from smaller companies concede

that HR professionals can switch between administration (AE) and employee championing (EC), SP and CA remain independent as HR tasks. Furthermore Pinalvit Paphavatana & Md. Fazla Mohiuddin (2011) ^[13] have given a holistic picture of what type of changes are taking place in terms of HR and how the organisation should understand these changes and most importantly how to cope with these changes. They presented the "evolutionary" perspective & it can affect the corporate strategy. Primary data was collected through interviews with the HR personnel in 3 companies of Sweden. The limitation of the research was very less sample collected which is not sufficient for any conclusion. Similarly, Professor J.K.Tandon & Jayendra Chaturvedi (2015) ^[15] have conducted a survey in two different sector companies in India wherein they found that in one company the HR was involved with the strategic business and thus it had an overall impact on the organization. Low attrition level was found in that company. On the other hand, in other company which was a dairy company HR was only into administrative role. Here the attrition level was quit high as compared to the previous company. Thus it may be seen and concluded from the survey that HR if seen from out of the shadow of just an administration department actually lend much value to the organization, and the organization wherein HR team tends to align towards value added activities and business awareness actually produce better results than the HR Teams which focus more on operation/administration. Perhaps, the trigger to the rise of HR as a business partner is the economic slowdown, which is paving the path for managers to rely on their talent to achieve desired results. An HR manager is now required to step up his/her contribution significantly to contribute to the business success. Attraction, retention, motivation and development of talent are no longer the be-all and end-all of the HR function. In addition to these, industry knowledge has now become instrumental in hiring the right people for the right jobs, spotting critical trends related to workforce dynamics and in execution of various contemporary learning and development techniques to develop and retain talent. In addition, an HR professional also has the onus of acting as an advisor to the management and therefore, a catalyst to catapult business performance. However, this can only be made possible if the HR vertical itself has a clear understanding of the business needs and objectives of the organisation. The best way to practice this is to start looking at the organisation as an inverted pyramid and start building each HR practice or Employee Value Proposition (EVP) and the rest will follow. Sandeep Gandhi (2013) ^[15] Yash Mahadik (2016) ^[19] has written in a blog on SHRM website regarding how HR today should shift itself from its administrative role to strategic role, in this blog he said that considering the paradigm shifts that have happened in the way organizations and business are run today HR has become a very strategic function that's focused on Talent, Leadership, Learning, Rewards and Culture as opposed to pure admin activities that it used to perform a few decades ago. Hence the manner in which you need to manage and appraise its performance also needs to change and be aligned to the contemporary expectation and needs of the business. Jyotsna Bhatnagar & Anuradha Sharma (2003) ^[20], investigated the human resource business partner role of Dave Ulrich by surveying 10 multinational companies in Delhi with the sample collection of 119 employees of all types of functional areas. They found that there is significant difference between the organizations in HR role perception

and a no-significant difference between the 4 strategic roles in the organizations. They have also discussed the implication of this on the reality of the HR role in Indian organizations. Thus we can conclude from the literature review that the changing role of HR from administrative to strategic has played an important role in channelizing and accomplishing the overall objective of the organisations.

4. David Ulrich model of HR roles

The Ulrich Model is meant specifically to organize human resources functions. This was developed by David Ulrich who suggested that in giant organizations or large-scale businesses, HR functions should be compartmentalized into four segments.

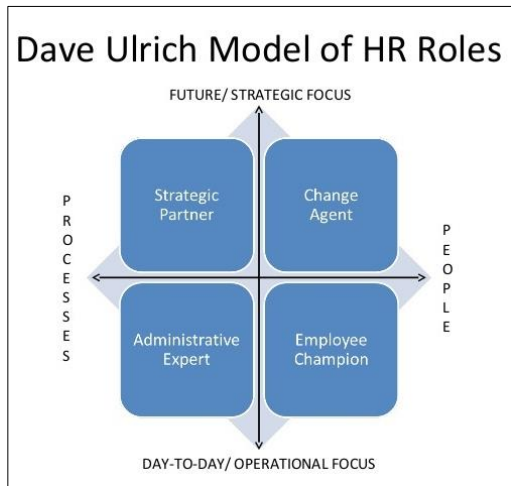


Fig 1

4.1 HR Business Partner

The HR business partner is tasked with communicating with so-called “internal clients” or “internal customers.” (These are just fancy terms that refer to people directly connected with an organization, and include employees, shareholders, stakeholders, creditors, and more.) The HR business partner is the HR point-of-contact for these individuals and is therefore the channel that most internal members of an organization will use to communicate with a Human Resources department. Among other things, the HR business partner gives feedback to internal customers about the quality of their experience, identifies top talents within the organization, helps fill job vacancies, shares HR goals with employees to ensure they are implemented across the organization, and helps promote overall productivity and harmony in the workplace.

4.2 Change Agent

When an organization is required to expand, evolve, or otherwise alter its goals or objectives, the change agent is the Human Resources role that communicates those organizational changes internally. This person or branch organizes training opportunities so employees can learn the new skills necessary for changing business goals or job roles, or changes job descriptions to reflect those altered roles. Essentially, the change agent helps adapt the organization for its next stage of growth or evolution.

4.3 Administration Expert

This administration role within HR is responsible for numerous different types of tasks. On one end of the

spectrum, the administration expert follows changes in legislation, regulation, occupational health and safety rules, and other types of labor or trade law and helps the organization adapt in order to stay compliant with those laws. On the other end of the spectrum, the administration expert is responsible for organizing personal employee information and making sure that it is up to date. This person uses an HRIS (Human Resources Information System) to monitor, update, and secure that information. In other words, the administration expert is the closest thing to a true “document management” specialist within Ulrich’s HR Model. By using an HRIS, the administration expert is key in helping an organization adopt modern, paperless policies for storing information, securing personnel files, sharing files within the organization, and more.

4.4 Employee Advocate/Employee Champion

At all times, any Human Resources department is responsible for staying aware of employee interests and making sure they are protected. The employee advocate (also known as the “employee champion”) is the role in charge of gauging employee morale and satisfaction and using that information to create a positive company where people will *want* to work. This person uses surveys to measure employee satisfaction, spot short comings in company culture, and ensure that managers are fair and equitable to all employees. The employee advocate also leads initiatives to improve morale and employee experience, helps the change agent with offering training and professional development opportunities, and ensures that existing employees have opportunities to apply for new jobs or promotions within the organization.

5. Limitations of the study

1. The study is based on published data and information and no primary data is collected.
2. The researcher has tried her best to acquire accurate sources to collect data.
3. Time constraint remained the major limitation in the study

6. Conclusion

According to the literature review the changing role of HR from administrative to Strategic has highlighted linkages between the organisational strategies with the HR strategies and systems in maximum of the cases. If these types of linkages exist then the organisation’s success is definite. The main purpose of Make in India initiative is to attract FDIs in 25 sectors which are laid down by the government of India. GOI has also relaxed many laws related to starting new business in regard to getting licenses, tax and had also opened 100% market for foreign investments in maximum sectors. Now if the world will invest in India, HR has one of the most crucial roles to play and thus the transactional role has to be transformed into the strategic role. Earlier HR was into administrative role and would follow the top management, but as the business scenario is changing day by day and the government initiatives towards the progress of our country there seem to be an urge for HR to transform itself into a more proactive and strategic role. The researcher has tried to explain the role of HR as a business partner through the model coined by Dave Ulrich which clearly depicts the importance of basic 4 roles, if fulfilled, will help HR to transform and ultimately improve chances of accomplishing high success in the government initiative of Make in India.

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