

Human Resource Management in Service Sector: An Indian Perspective

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Abstract

Service Sector Growth Rate in India GDP has been very rapid in the last few years. The Service Sector contributes the most to the Indian GDP. The Growth Rate of the Service Sector in India GDP has risen due to several reasons and it has also given a major boost to the Indian economy. The Indian economy is the second fastest major growing economy in the whole world with the growing rate of the GDP at 7.4% in 2009. The economy of India is the twelfth biggest in the world for it has the GDP of US\$ 1.09 trillion in 2007. India ranks fifteenth in the services output and it provides employment to around 23% of the total workforce in the country. The various sectors under the Service Sector in India are construction, trade, hotels, transport, restaurant, communication and storage, social and personal services, community, insurance, financing, business services, and real estate. In service sector, HR managers have to manage all the challenges that they would face from recruiting employees, to training them, and then developing strategies for retaining them and building up an effective career management system for them. It is necessary for the management to invest considerable time and amount, to learn the changing scenario of the HR department in the 21st century. In order to survive the competition and be in the race, HR department should consciously update itself with the transformation in HR and be aware of the HR issues cropping up. With high attrition rates, poaching strategies of competitors, there is a huge shortage of skilled employees and hence, a company's HR activities play a vital role in combating this crisis. Business has experienced different dynamics that pose many challenges. HR and enforcement authorities together strive for achieving the common goals like compliance and adherence. HR makes all efforts to create and sustain an employer and employee friendly atmosphere and responding to the current needs and challenges.

Keywords: GDP; Environment; Service Sector; Indian Economy; Professional Approach; Career Management.

Introduction

Service sector companies often need to differentiate themselves by establishing their business as experts in their particular niche. Often service companies tend to provide a commodity service offered by many similar outfits. To differentiate themselves as the specialists in their field, they attempt to manufacture a distinction for themselves, often by stating they have a particular

expertise or a unique approach to meeting challenges and opportunities in their sector. Increasingly, this expertise is communicated in blogs or newsletters.

HR has now a chance again to prove their value creation role in the service sector and corporate, only if it understands what it needs to do now. Some of the basic strategies should be followed by the HR Manager/corporate managers i.e. reduce administrative and establishment costs, hold large bonuses and reward payments, create participative forums for dealing with the difficult times ahead, retaining top talents should be emphasized by the HR managers to the management and HR managers need to network with fellow managers to find out how best to visualize the problems and try to solve them.

HR needs to be proactive and come up with early interventions as for any organization to survive

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during recession; the ability to retain its best people is must. During these days, HR people sometimes even take the harsh decision of reducing the numbers and land up at downsizing. The word downsizing is even taken as right sizing and optimizing but we may not know or ignore the fact that neither the bad situation nor the good conditions lasts long.

1. Revised leave structure for all employees
2. Reduction in the different component of pay packages
3. Identify the non-value added activities and resources
4. Threats to employee emotional engagement

When the going is tough, it is a must for HRM and its managers to challenge the challenges and the only remedy is just not mere downsizing however downsizing should be in dignified way.

Now the time is to implement new ideas, to change the HRM processes and to change the procedures. This has to be done in a way that it cuts costs and motivates people. HR can focus on the following things such as:

How to increase productivity and efficiency in the corporate sector?

How to reduce the benefits costs?

Redesign compensation structure?

How to retain and develop high potentials?

How to minimize the employee costs so as to avoid retrenchment?

During these uncertain times, corporate will realize the importance of having competent skilled workforce which will ensure that focus stays on trainings but there may be a major reduction in training budgets. In this time any decision taken by the company impacts each individual personally rumors float around. Its top management's duty as HR to ensure that the communication channels are kept open, transparency is maintained. We also need to ensure that accurate communication happens on time in full, instead of employees hearing things with details from the grapevine first.

Provide adequate support to leaders and managers in terms of people management processes. Find ways to keep up the motivation levels of employees. If the corporate plans to retrench the workforce, counsel not only the employees who will be staying back but also the employees who have been asked to leave, be fair with them.

The boom in the service sector has been relatively "jobless". The rise in services share in GDP has not

accompanied by proportionate increase in the sector's share of national employment. Some economists have also cautioned that service sector growth must be supported by proportionate growth of the industrial sector; otherwise the service sector growth will not be sustainable. In the current economic scenario it looks that the boom in the services sector is here to stay as India is fast emerging as global services hub.

When the service sector is in turbulence zone, HR can put its categorical best in ensuring that he guides the corporate successfully. HR needs to be very powerful in such situations because they not only have to maintain the people motivation level but has to increase it using non-monetary tools. There are certain points that HR can opt for in such a situation where people are insecure about their job. HR can pay attention to develop the people on key skills and enhance competencies.

HR Manager has to play an active role in refrain the top talents, act as a caring mother while top performers punished with being rewarded for their performances, get people aligned and developed to fight with this critical situation, develop people on cross functional skills to balance the surplus and shortage of workforce, help the corporate to raise the people performance bar, ensure the fair evaluation of people performance, play an active role in control of communication flow, pass the onus of making the corporate lean, review its minor low cost benefits and contribute to enhance the value addition per employee by maximizing employees inputs.

There are many more possibilities of sustaining HR's increasing role as not only growth catalyst but sustaining business through greater employee engagement. Therefore, HR professionals needs to tighten their belts and get ready for some challenging yet meaningful activities which will help to change the perception of HR forever. The economic crisis is forcing to separate some employee and there is no way around. No problem! Do it, but avoid creating a panic around, in employees, in investors, in market and in country by crying loud about the recession.

HR Manager's task is also great, if the HR manager creates conducive environment through his professional approach in achieving productivity of course, with the support of all teams which is the need of the hour. Business has experienced different dynamics that pose many challenges. HR and enforcement authorities together strive for achieving the common goals like compliance and adherence. HR Manager makes all efforts to create and sustain an employer and employee friendly atmosphere and responding to the current needs and challenges.

When an employee is engaged in their service sector work, they're more productive. The big question is - what gets them engaged? The answer could be a number of different things. Some people are motivated by money, others by promotions. The answer can be specific to a personality, roles within the company, responsibilities, leadership, company values or even the company's products or services. Some service sector organizations make it a priority to understand where engagement levels are low and then work to bring those levels up. Other organizations find areas of high engagement and then work to develop programs and processes that improve employee engagement levels across the entire organization.

In order to survive the competition among the service sector and be in the race, HR department should consciously update itself with the transformation in HR and be aware of the HR issues cropping up. With high attrition rates, poaching strategies of competitors, there is a huge shortage of skilled employees and hence, a company's HR activities play a vital role in combating this crisis. Suitable HR policies that would lead to the achievement of the organization as well as the individual's goals should be formulated. HR managers have to manage all the challenges that they would face from recruiting employees, to training them, and then developing strategies for retaining them and building up an effective career management system for them. Just taking care of employees would not be enough; new HR initiatives should also focus on the quality needs, customer-orientation, productivity and stress, team work and leadership building.

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel/Human relations are in order.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important.

Some of the recent trends that are being observed are as follows:

- The recent quality management standards ISO 9001 and ISO 9004 of 2000 focus more on people centric organizations. Organizations now need to prepare themselves in order to address people centered issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.
- Charles Handy also advocated future organizational models like Shamrock, Federal and Triple I. Such organizational models also refocus on people centric issues and call for redefining the future role of HR professionals.
- To leapfrog ahead of competition in this world of uncertainty, organizations have introduced six-sigma practices. Six-sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organizational values and helps in creating defect free product or services at minimum cost.
- Human resource outsourcing is a new accession that makes a traditional HR department redundant in an organization. Exult, the international pioneer in HR BPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies.
- With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an enabling culture, organizations are also required to work out a retention strategy for the existing skilled manpower.

Changes in HRM

Some of the significant changes that are likely to take place in the human resource management are as follows:

Increase in Education Levels

Due to technological progress and the spread of educational institutions workers will increasingly become aware of their higher level needs; managers will have to evolve appropriate policies and techniques to motivate the knowledge of workers. Better educated and organized workforce will demand greater discretion and autonomy at the work place.

Technological Developments

This will require retraining and mid-career training of both workers and managers. Rise of the international corporation is proving new challenges for personnel function.

Changing Composition of Work Force

In future, women and minority groups, SCs and STs would become an important source of man power in future on account of easy access to better educational and employment opportunities. Therefore manpower planning of every organization will have to take into consideration the potential availability of talent in these groups. Changing mix of the workforce will lead to new values in organizations.

Increasing Government Role

In India, personnel management has become much legalized. In future private organizations will have to co-ordinate their labor welfare program with those of the government private sector will be required increasingly to support government efforts for improving public health, education training and development and infrastructure.

Occupational Health and Safety

Due to legislative presence and trade union movement, personnel management will have to be more healthier and safety conscious in future.

Organizational development

In future, change will have to be initiated and managed to improve organizational effectiveness. Top management will become more actively involved in the development of human resources.

New Work Ethic

Greater forces will be on project and team forms of organization. As changing work ethic requires increasing emphasis on individual. Jobs will have to redesign to provide challenge.

Development Planning

Personnel management will be involved increasingly in organizational planning, structure, composition etc. Greater cost-consciousness and profit-orientations will be required on the part of the personnel department.

Better Appraisal and Reward Systems

Organizations will be required to share gains of higher periodicity with workers more objective and result oriented systems of performance, appraisal and performance linked compensation will have to be developed.

New Personnel Policies

new and better polices will be required for the work force of the future. Traditional family management will give way to professional management with greater forces on human dignity.

Conclusion

Trends in human resource management have changed the way we work, as organizations are more depended on HRM to increase the success ratio in today's competitive global environment. The World Competitiveness Report rated India's human resource capabilities as being comparatively weaker than most Asian nations. The recognition of world class human resource capability as being pivotal to global success has changed Indian HRM cultures in recent years. While the historical and traditional roots remain deeply embedded in the subjective world of managers, emphasis on objective global concepts and practices are becoming more common. Three very different perspectives in HRM are evident. Firstly, Indian firms with a global outlook; secondly, global firms seeking to adapt to the Indian context; and thirdly, the HRM practice in public sectors undertakings (PSU'S). As the Indian economy becomes more globally linked, all three perspectives will move increasingly towards a cross verging strengthening. Interestingly, within the national context, India itself is not a homogenous entity. Regional variations in terms of industry size, provincial business culture, and political issues play very relevant roles. The nature of hierarchy, status, authority, responsibility and similar other concepts vary widely across the nations synergizing system maintenance. Indeed, organizational performance and personal success are critical in the new era.

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