

Recent Scenario of Human Resource Development in India

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Human Resource Development (HRD) is a positive concept as an area of managing human resources. It is based on the belief that it is imperative and constructive for an organization to invest in human beings to bring substantial benefits in the long run. It aims at the overall development of the human resource in order to contribute for the well-being of the employees, organization and the society at large. Out of the fundamental areas of Management, Human Resource Management is adjudged as the most important area of study and concern. In the Management of four Ms i.e. money, machines, materials and men, the management of men is the most significant and challenging. The efficiency of the whole lot of activities carried out in an organization starting from the production process to the management of various areas of administration depends to a large extent on the level of Human Resource Development.

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1. Introduction

It is well known that India's transition to an outward-looking strategy is a delayed one. Compared to, say, China, India is almost a decade behind in launching its economic reforms program, which it did in 1991 as a response to the economic crises created by the chronic fiscal and trade imbalances of the eighties, rather than as a planned shift to outward orientation. Little wonder then, that India, again unlike China, was unprepared for the greater openness of the outward-oriented strategy. It had not gone through the internal adjustments and transformations which must ideally precede trade liberalization. In fact, India is still struggling to undergo the variety of internal economic reforms that are required to be able to face the challenges of globalization. Among these reforms are (i) de-bureaucratization and deregulation of the industrial environment, (ii) restructuring of the public sector, (iii) developing the agricultural and industrial infrastructure and (iv) promoting human development. It is not a matter of chance that the last one is not an integral component of the reform package of the government, but only a sort of add-on to the policy package. The underlying view is that policies for human development or social sector development, as it is referred to in the policy-making circles, are supplementary measures required to translate economic growth into an equivalent increase in human well being. While this view is not contestable, it is clearly insufficient. More specifically, it does not take into account the obvious lessons from the experience of high performance east Asian and the Chinese economies in the last two decades. The policy makers in these economies clearly regarded the causation between human development and economic growth as bi-directional. And in operational terms, they consciously developed the human resources to achieve higher economic growth.

2. Definitions of HRD

To appreciate the significance of the term 'HRD' many economists, thinkers, social scientists, and industrialists come forward to define the term from different aspects. Certain eminent definitions of HRD are :

According to Kelly (2001), "Human Resources Development (HRD) as a theory is a framework for the expansion of human capital within an organization through the development of both the

organization and the individual to achieve performance improvement” .

In the words of M. N. Khan (1987), “HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and values of all people working at all levels in a business undertakings” .

3. Studies on Human Capital Formation

The literature on human capital formation is abound with partial equilibrium analyses of production and cost functions of education (see Shri Prakash and Chowdhury, 1994; Tilak, 1985 and Tilak, 1988), as well as of determinants of household expenditure on education (see Tilak, 2001a; Tilak, 2001b; Tilak, 2001c), Tilak (2002), and Shri Prakash and Chowdhury (1994). The studies dealing with the production function of education [say, for example, Shri Prakash and Chowdhury (1994)] measure output in terms of ‘enrolments’ and inputs in terms of ‘number of teachers employed’ and ‘value of non-teaching inputs’. Such production functions are obviously useful in determining whether the “production” of education is subject to increasing, constant or diminishing returns and the relationships between the marginal productivities of the teaching and non-teaching inputs. (The cost functions of education are essentially a ‘dual’ of the production function and serve the purpose of merely confirming the results obtained from the production functions). However, from these essentially technical descriptions of the ‘production’ of education no policy conclusion of consequence is derivable. In other words, in so far as these studies determine neither the private nor social returns to education, their policy significance is limited. The studies concerned with the determinants of household expenditure on education. For example, Tilak (2002) also treat education as an end in itself and fall short of explaining expenditure on education in terms of the expected private returns on education.

Using state-wise cross-sectional state level data for his regressions, Tilak (2002) explains household expenditure on education in terms of household incomes, and other household characteristics such as educational level of the head of the household, occupation, caste, religion. The ‘general equilibrium’ studies on educational capital formation have a broader objective, namely, assessing the impact of investment on education on productivity

(growth) and/or equity (wage-inequality). All these studies are based on the underlying assumption that public investment in education is a powerful policy instrument for inducing faster economic growth with an improved or a worsening income distribution. It needs to be stressed that a priori it cannot be known whether investment in education leads to growth with more or less wage inequality. Not surprisingly then, most of these studies are concerned with the impact of investment in education on changes in wage inequality over time. In a general equilibrium framework, there is multi-directional causation between investment in education and changes in the relative wages of skilled labor. On one hand, the increased investments in education lead to an increase in the relative supply of skilled labor, which in turn exerts a downward pressure on the relative wages of skilled labor. On the other hand, the technological changes and the changes in international terms of trade in favor of skill intensive goods, that necessarily accompany the growth process, push upwards the skilled wage rate relative to the unskilled wage rate by creating more demand for skilled labor. In short, relative factor supply and relative product price changes are both important in explaining the change in the relative return to skilled labour, and a general equilibrium model effectively captures the net impact of these factors on the relative wages.

4. Human Resource Development in India

It's no secret that employees' attitudes about their jobs, their benefits and their employers can range from exuberant to sour. What's less well known and harder to find out is exactly what matter to specific types of employees and how effective various types of HRD policies, practices and workplace characteristic are, in spurring employee productivity and retention. Since human resource development and management is culture sensitive, therefore we shall examine the recent scenario of HRD in India context by having a brief preview of HRD scenario in the global context as discussed below :

More and more employers are assessing the value returned from each dollar spent on employees. They are targeting specific programs and practice to the employees that value them the most and becoming more important than ever. Determining what matter most to employees and aligning expenditures with priorities is a

strategic challenges for HRD function. Employee change continuously due, in part, to change changes in personal preference but also in part to the churn that occurs as employees leave and new ones enter the Organization. However, it is neither cost effective nor practical to satisfy every employee. Therefore, understanding employees and issues they face holds the key to the function to respond quickly.

Of the 21 factor in the job satisfaction survey, HRD professionals and employees differed on the relative importance of all but one. Now professionals and employees differed on the relative importance of all but one. Now the question arises whether HRD professionals are out of touch with the attitudes among their own particular employees. Perhaps, in some Organization, HRD function is very much in tune with what their employees are thinking, while in some others the gap may be larger. Finding out what really matters to employees so that the Organization can maximize its investment in human resource is not an incident undertaking. There are costs involved in doing surveys and in analyzing their results and there are there are additional costs if an Organization does not show that it values the efforts.

Thus, it is that core HRD tools, tactics and programmes remains the same however employee needs and priorities have changed and indeed changing. Employee's values greatly professional developments, job specific training and learning, career development and empowerment more than anything else, except compensation. Employees are increasingly emphasizing opportunities for their development in order to enhance their productive contribution to the Organization and derive satisfaction. Hence, organizations understand, have adopted and implemented HRD programmes and practices as parts of overall business planning. The difference however lies the prioritization of various HRD issues and concerns. Now let us examine the HRD scenario in Indian context. With progressive development in management science and practice, numerous programme, policies and systems has been designed to influence or adapt employee attitude and behavior to create capability and competition and changing environment. Post 1991, India started its phased economics restructuring to provide domestic Organizations the time and competencies to face greater competition.

The liberalization paved the way for integration of India economy with the global economy. It opened many opportunities for growth through the removal of artificial barriers on pricing and output decisions, investments, mergers and acquisition, joint ventures, technology imports, import of foreign capital etc, this enabled Indian Organizations an opportunity to expand, diversify, integrate and globalize more freely.

Liberalization has resulted in sudden and increased levels of competition for Indian Organizations from multinational firms, globalization and internalization of domestic businesses, concerns for total quality management, incentives to export, demographic changes in the employee profile, retaining and redeployment of workforce, focus on performance appraisal and career management. Thus, with liberalization there is an increasing pressure on Organizations in India to change from indigenous, costly, suboptimal levels of technology to performance based, competitive and higher technology provision.

Indian Organizations have to develop the workforce capable of taking up challenges thrown by the new economic environment. To tackle this challenging situation, Indian academics and practitioners have both advocated the adoption of the concept of human resource development. The adoption of professionalized HRD practices in India is recent phenomenon, but has gained momentum in the past ten years. Organizations are now asking their HRD departments for innovative approaches and solutions to improve productivity and quality of work life, while aptly coping with an environment of high uncertainty and intense global competition. This requires Indian Organizations to develop a diverse workforce with competitive skill sets. This is difficult given the diverse socio-economic background of Indian workforce coupled with antagonistic nature of trade union and colonial time cumbersome labor laws.

The challenges for Human Resource Development :

- Changing workforce demographic
- Competing in global economy
- Eliminating the skill gap
- Need for lifelong learning
- Need for organizational learning

The scenario of Human Resource Development in India is characterized by :

- Lack of adoption of innovative HRD practice in unionized Organization due to lack of co-operative attitude among trade unionists.
- Larger Organizations have been able to adopt HRD practice fully due to various costs, resources and expertise involved. Sparrow and Budhwar (1997) in their study of 137 fully owned Indian Organizations with more than 200 employees, located in North, central and Western Indian states within six manufacturing sectors of food processing, plastics, steel, textiles, pharmaceuticals and footwear suggest that they are still not geared to adopt HRD programmes
- Organizations with foreign participation have more extensive and early implementation of HRD programmes and practices than public and family owned Organizations. This is because international consultants propound those HRD strategies such as training, performance appraisal, career management; reward mechanisms, etc, are key to improvement.
- Organizations with stronger leadership have been able to implement HRD programmes and practices. This is because most of the Indian Organizations seem to rhetoric believe such as 'change is constant', 'only quality ensures survival', 'products, not people are paramount' and 'information is everything', etc. the main challenges before the chief executives are seen to be to create flexible systems, to develop a culture of excellence, to facilitate teamwork and empower employees, and to speed up and decentralize data flows. A common feature of strong culture Organization in India has been the influential role of top management has played in development of human resource issues and institutionalizing practices.
- Indian Organization which are trying to be competitive by involving the services of international management consultants, have been found to favour HRD programmes and practices. This is because international consultants propound those HRD strategies such as training,

performance appraisal, career management; reward mechanism, etc are key to improvement.

- Lack of professionally managed HRD departments. This has resulted in lack of a strategic role in terms of ability to identify, develop and manage support resources for adoption of HRD programmes and practices. This is primarily due to non possession of current knowledge base and ability to research new developments via methods of benchmarking and networking.

Hence, it is the institution pressures that have influenced the adoption of HRD programmes and practices in the post liberalization scenario in India. However; the HRD scenario in India is not so grim.

5. Causes of Poor Performance of India in the Sphere of HDI

India has been climbing up the ladder of per capita income while slipping down the slope of social indicators. This time India's HDI ranking shows that it has slipped in comparative terms in ensuring a better quality of life for its people, as in the previous index published for 2007-2008 together it ranked 128, while the position in 2006 was 126. Some of our neighboring countries have done well. Among the neighboring countries, China, Sri Lanka and Bhutan ranked higher than India i.e. Some of the major causes of India's poor performance in HDI are discussed as under :

Unequal distribution income : India's record of rapid economic growth in recent decades, particularly in the last ten years or so, has tended to cause some understandable excitement. The living standards of the 'middle classes' (which tends to mean the top 20 per cent or so of the population by income) have improved well beyond what was expected in the previous decades. But the story is more complex for many others such as the rickshaw puller, domestic worker or brick-kiln labourers. For them, and other underprivileged groups, the reform period has not been so exciting. It is not that their lives have not improved at all, but the pace of change has been excruciatingly slow and has barely altered their abysmal living conditions. According to National Sample Survey data average per capita expenditure in rural areas rose at the exceedingly low rate of about 1 per cent per year between 1993-94 and 2009-10, and even in urban areas, average per capita expenditure grew at only 2 per cent

per year in this period. The corresponding growth rates of per capita expenditure for poor households in both areas would have been even lower, since there was growing inequality of per capita expenditures in that period. Similarly, there has been a major slowdown in the growth of real agricultural wages in the post-reform period: from about 5 per cent per year in the 1980s to 2 per cent or so in the 1990s and virtually zero in the early 2000s. It is only after 2006, when the National Rural Employment Guarantee Act (NREGA) came into force that the growth of real agricultural wages picked up again, especially for women. The growth of real wages in other parts of the economy has also been relatively slow, especially for casual or (so-called) 'unskilled' workers. The contrast with China in this respect is really striking. According to comparable international data from the International Labour Organization, real wages in manufacturing in China grew at an astonishing 12 per cent per year or so in the first decade of this century, compared with about 2.5 per cent per year in India.

High gender discrimination : India's gender balance is one of the human development indicator that raises concern. Robust economic growth in recent decades has been associated with a significant deterioration in the populations gender balance. The child sex ratio has declined from 964 in 1971 to 927 in 2001. While for biological reasons many countries around the world have a small imbalance in their juvenile sex ratios. But India's imbalance is acute and this definitely lowers the HDI value.

6. Conclusion

India specially being a labour abundant country will be able to develop such a strong base without much difficulty. The developed countries are already having highly skilled and educated human resources. But the people of developing countries are not developed and are trying very hard to improve their knowledge and working skills. The Government of developed countries is not so much burdened with the task of providing good quality education and health care to people. The HDI Report, 2013 identifies four specific areas of focus for sustaining development momentum: enhancing equity, including on the gender dimension; enabling greater voice and participation of citizens, including youth; confronting environmental pressures; and managing demographic change.

Economic growth alone does not automatically translate into human development progress. Pro-poor policies and significant investments in people's capabilities-through a focus on education, nutrition and health, and employment skills-can expand access to decent work and provide for sustained progress is must for improving HDI. In strong competitive environment in international trade prevailing today, that country will be a sure winner which has an efficient human resource cultivating new innovative ideas.

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