



## HRM IN INDIA

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## India-Quick Facts



**Population:** 1.25 billion.

**Political structure:** Democratic republic.

**Government:** President, prime minister and two Houses of Parliament.

**The ruling party:** Bhartiya Janata Party

India consists of 29 states, seven Union Territories, and one National Capital Region.



**Seventeen distinct languages:** Hindi and English are the official languages.

**Religion:** Hinduism (83%), Muslim (11%), Christian (2%), Sikh (1.9%), Other (1.8).

**Literacy rate:** 75% above the age of 7 (higher for males than females)

**The Indian social system** is dominated by a caste system.



- ☐ Four specific castes; Brahmins, Khastriyas, Vaishyas, Shudras.
- ☐ Created distinct labor categories.
- ☐ Associated status differences.

## Workforce in India.

- Less than 8% of the workforce in India are employed in Formal sector.
- 20% of the people who work in formal sector are employed in Government or public sector.
- Altogether 4% of the total workforce which works in formal sector are women.
- According to the recent census in India, most of the women workforce work in the unorganized sector only. '
- Women outnumber men in only marginal workers category.

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- Today, India is **the tenth highest economy** in the world (IMF,2013).
- This booming economy in Asia has an **average growth rate of seven percent annually** since 1997.
- Its major industries include the **agriculture and services sector**, with the latter becoming a main source of the country's economic growth.
- In 2000, the Y2K computer crisis required worldwide computer remediation provided by software engineers.
- Indian software engineers were found to be very dedicated and hard-working (Friedman, T. 2005; "The World is Flat").



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**India is attractive as an investment and business destination**

1. **The median age of India: 24.8** (largest working age population in the world)
2. **The low labour cost in India**, compared to competing countries (like China, Brazil, Thailand, Poland).
3. **Two-thirds** of the population lives in the **rural area**.
4. **The English speaking population** - has added to the advantage of being a part of global workforce.



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**Industry in the process of building high energy workforce focused on future aspirations**

Past decade	Future Decade
<ul style="list-style-type: none"><li>• Largely domestic workforce</li><li>• Indian policies and processes</li><li>• Tier I delivery focus in India</li><li>• Delivery-centric management with limited career focus</li><li>• "Generalist" skill set</li><li>• Talent pool focused on delivery</li></ul>	<ul style="list-style-type: none"><li>• Multicultural workforce, 15-20% foreign origin (in IT and BPOs)</li><li>• Global policies and processes</li><li>• Tier 2/3 and rural opportunities</li><li>• Multiple, specialized domain expertise</li><li>• Domain-specific business knowledge</li><li>• Talent pool with value add capability through innovation, analytics, R&amp;D</li></ul>

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**Key challenges and Future Foci**

<b>The Talent Conundrum</b>	• Skill and preparation level, middle and upper management	<b>Re-inventing HR</b>	•From traditional transactional to strategic
<b>Recruitment and Retention</b>	•Cultural sensitivity tests for recruitment •Employee participation and empowerment	<b>Employee engagement</b>	• creative ways with millennial generation.
<b>Workforce Expectations</b>	• Challenge, autonomy, meaningful job, discretion	<b>Pro-active partnerships</b>	•Entrenched in the society take care of future workforce.
<b>The Leadership Void</b>	• Need homegrown leaders, not expatriates	<b>HR in a global environment</b>	•Develop global mindset
<b>HR Competence</b>	• Hi-tech, low touch	<b>Managing a multi-generational workforce.</b>	•Right mix of stimuli and interactions to keep all generation motivated
<b>Managing Contract labour</b>	•Frustrations out of situations of inequality	<b>Paradigm Shift</b>	•Fair treatment, equitable reward, constructive feedback, developing internal labor market.

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## What is CSR?

"Corporate social responsibility is the **continuing commitment** by business to behave **ethically** and contribute to economic development while **improving the quality of life** of the workforce and their families as well as of the local community and society at large." (definition by World Business Council for Sustainable Development)

Source: <http://www.wbcsd.org/DocRoot/RGk80049q8ErwmWXIwtF/CSRmeeting.pdf>

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## UN definition of CSR

- CSR –Overall contribution of business to sustainable development.
- Minimum Standard:** The business fulfill the legal obligations or, if laws or enforcements are lacking, that they '**do no harm**'
- Maximum standard:** active alignment of Internal business goals with externally set societal goals (those that support sustainable development).

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## What CSR means today

- CSR goes beyond **philanthropy**
- Holistic** and **integrated** approach for sustainable development to all stakeholders
- CSR is a process that creates **self-reliant** communities
- It is a process of taking everybody together to have a **sustainable society**

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## CSR in India



<b>Before 1940s</b> <ul style="list-style-type: none"> <li>Charity and philanthropy were the main drivers</li> <li>Culture, religion, family values and tradition were main influences</li> <li>Influence of (caste groups and political objectives).</li> </ul>	<b>Post 1947</b> <ul style="list-style-type: none"> <li>During Independence movement</li> <li>"Trusteeship" concept of Mahatma Gandhi</li> <li>Thrust was towards nation building and socio economic development</li> </ul>
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<b>Before 1990</b> <ul style="list-style-type: none"> <li>Mixed economy- Setting up of PSU's</li> <li>Limited effectiveness</li> <li>Shift of expectation to private sector</li> </ul>	<b>Post 1991</b> <ul style="list-style-type: none"> <li>Globalization and Economic Liberalization</li> <li>CSR directed towards sustainable business strategy</li> <li>Companies more willing to participate</li> </ul>
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## CSR PROVISIONS of the COMPANIES ACT From 2014

**SECTION 135**

- Every company** having a net worth of 100 million \$ or more, or a turnover of 200 million \$ or more, or a net profit of 1 million \$ or more during any financial year **shall constitute a Corporate Social Responsibility Committee of the Board** consisting of three or more directors, out of which at least one director shall be an independent director;
- The Board's report shall disclose the composition of the **Corporate Social Responsibility Committee**.

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## SECTION 135 {CONTD.}

- The Corporate Social Responsibility Committee shall:**
  - formulate and recommend to the Board, a **Corporate Social Responsibility Policy** which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
  - recommend **the amount of expenditure** to be incurred on the activities referred to in clause (a); and
  - monitor the Corporate Social Responsibility Policy** of the company from time to time.

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**SECTION 135 {CONTD.}**

4) The Board of every company referred to in sub-section (1) shall,

- After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and **disclose the contents of such Policy in its report and also place it on the company's website**, if any, in such manner as may be prescribed; and
- ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, **at least two per cent of the average net profits of the company** made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

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**What can you spend on? (Notification dated 27 Feb 14)**

- Eradicating hunger, poverty and malnutrition; promoting preventive health care\* and sanitation and making available safe drinking water
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

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**What can you spend on? Contd.**



- Measures for the benefit of armed forces veterans, war widows and their dependents
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- Contribution to the Prime Minister's National Relief Fund or to any other govt. fund for socio-economic development and relief and welfare of the Scheduled Castes, Tribes, other backward classes, minorities and women
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- Rural development projects

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**What can you spend on?**

- Expenditure only **in India** (rule 4(4))
  - Give preference to local area/areas where it operates ( S 135(5))
- Not to benefit **only** employees and families (as it says only, it can extend to them also)(rule 4(5))
  - Recent demand by the Labor Union of a Company- CSR funds shall be utilised for educating their children!
- Not** as direct or indirect contribution to a **political party** (rule 4(7))
- Can be given as **corpus for projects/programs** if within the purview of **Sch VIII** (Rule 7)



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## Limit on own personnel

- Rule 4(6) sets a very low **limit of 5% on CSR capacities of own personnel** or their implementing agencies through established track record of 3 years
  - This limit is so low it may be not useful at all
  - Also what is meant by the clause is not clear - should mean CTC of employees?

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## Activities in the normal course of business not allowed

See rule 2(e), 4(1), Proviso to 6(1)

- This would mean Company **cannot do any activities which are in the normal course of business.**

Thus a company which is the business of distance education cannot do CSR in education; a water purifier company can't supply its product free or at low cost; a soap manufacturing company cannot distribute free soap for hygiene; hospital cannot provide healthcare; priority sector lending by a bank would not qualify... etc **Is this the intention?**

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## OVAL

Organisational Values and Attractive Leadership

A research project within SIGN

Funded by Swedish council for working life and social research (FAS/FORTE)

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## Project is about:

- **Organizational values**
- **Managers**
- Employer branding
- Attractive work

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We are examining four values :

1. Corporate Social responsibility
2. Equal opportunities for men and women in the organization
3. Organizational support for combining work and family
4. Organizational Justice

Are these values attractive for managers working in four sectors in Sweden and in India?

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2012

Interviews:  
19 Swedish and 20 Indian managers working in:

- IT
- Health Care
- Education
- Manufacturing


Aim:  
To explore the interpretation of the organizational values

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Equal opportunities for men and women  
in the organization

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*The national context - Sweden*

**Sweden** is a nation that politically strives to bring about gender equality in the workplace as well as in the home.

From 1980 until 2008 Sweden had an Equal Opportunities Act that mandated equality in the labor market. From 2009 the Equal Opportunities act was included in a Discrimination act.

Global Gender Gap Report 2013

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## Despite decades of political goals:

The labor market in Sweden is

- Sex-segregated
- Women are underrepresented in power positions
- Women have less conducive working conditions
- Women are less paid

- Considerable resources have been spent encouraging fathers to participate more actively in family life, particularly in the care of young children .
- Nevertheless, mothers often work part-time, are usually more responsible for childcare and do more household tasks than fathers.



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## The national context - India

- The constitution of India ensure equal rights to women including the right to own property, matrimony and divorce, inheritance, education, employment and equality before the law.
- However, social legislation including that envisaging female empowerment has been poorly enforced.
- Socio-cultural political bias towards women's employment level.
- Socialization conditions girls to expect and realize different duties and capabilities from those of the boys.
- Globalization and economic progress has changed the scenario. Women have diversified professions and have entered exclusive male domains.
- Global Gender Gap Report 2013

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## Equal Remuneration act, 1976

The Equal Remuneration Act, 1976 **provides for payment of equal remuneration** to men and women **for same work** without any discrimination.

The provisions of the Act have been extended to all categories of employment.

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## Factories Act, 1948

The main objective of the Factories Act, 1948 **is to ensure adequate safety measures and to promote the health and welfare of the workers** employed in factories. The Act also makes provisions regarding employment of women and young persons (including children and adolescents), annual leave with wages etc.

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**What do managers mean with equal opportunities for men and women in the organization in Sweden and in India?**

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