

Impact of Human Capital Reforms on HR Practices: A Case-Study of TCS

Abstract

The emergence of Liberalization, Privatization and Globalization policy lead to changes in the economy in a manner that no sector was left untouched. The impact of the policy on human resources and the practices in private sector organizations has been analyzed. This analysis contains what the LPG policy was all about, when it was introduced, and a basic outline of what it consisted of. Further, how Liberalization, Privatization and Globalization have lead to changes in the working conditions and policies related to the human resources. This helps us in understanding the impact of it on the private sector and its management functions. The policies and practices used by Tata Consultancy Services are meeting the global standards of Human Resource Management, from the recruitment to the employee management and welfare, all the other organizations in IT sector as well as other sectors should consider it as a benchmark in framing it policies and practices with respect to the human resources.

Keywords: Human Capital Reforms, Global Workforce Management, LPG, Labor Reforms, Global Standards.

Introduction

The economic reforms are initiated with the sole purpose of making the country and its economy more self-dependent and open to external opportunities. Indian Economy underwent various economic reforms from the early 90's. One such reform was the introduction of LPG (Liberalization, Privatization, Globalization) Policy of 1991, Dr Manmohan Singh (Finance Minister) along with the then Prime Minister of India PV Narasimha Rao and his committee played a major role in implementing this new economic policy, which majorly focused on opening up the economic borders of the country for exports and imports, inflow of Foreign Direct Investment, abolishment of industrial licensing, enhanced role of private sector, encouraging foreign trade and many more. During this time, India was a successful exporter of many goods and services. With this reform came various challenges for the organizations in managing the workforce and retaining them so that it does not lead to lack of employment giving rise to inflation and many other economic problems, thereby keeping in mind the interest of all. The chain of reforms introduced in financial, manufacturing, trading, investment and other sectors had the prime motive of making the country proficient enough to deal with other developed nations.

Aim of the Study

The aim of the study is to analyze the changes that have occurred in the past years after the introduction of LPG policy on the private sector HR practices.

Review of Literature

Liberalization means elimination of state control over economic activities. It implies greater autonomy to the business enterprises in decision-making and removal of government interference. Privatization is the transfer of control of ownership of economic resources from the public sector to the private sector. The concept of globalization has been explained by the IMF (International Monetary Fund) as 'the growing economic interdependence of countries worldwide through increasing volume and variety of cross border transactions in goods and services and of international capital flows and also through the more rapid and widespread diffusion of technology.' Edwin Flippo defines- Human Resource Management as "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved."



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The literature survey takes us to the general understanding of what the LPG policy is all about and what is human resource. In this paper, the impact 1991 policy had on the human resources of the private sector organization is analyzed.

Impact on HR Practices

With the introduction of LPG policy, the private sector organizations were facing a period of high recognition. Various organizational setups were started, Human Resource Departments were setup at large but still there was high exploitation of workers as the labor cost in India was low, pay was reduced to cover additional cost incurred because of new market opportunities and increased competition, focus was on increasing the per capita productivity of workers, vibrant corporate culture was building up, business process re-engineering was introduced and it was expected that the employees will accept it readily, no focus was given to the satisfaction, motivation or morale of the employees working. The organizational workforce was nowhere given the importance of being a highly productive and essential asset of the organization; the focus was purely on implementation of the new economic policy and drawing out benefits from it regardless of what the employees and labors are undergoing. The various acts which were introduced before the new economic policy viz., The Employees' Compensation Act, 1923, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Employees' State Insurance Act, 1948, The Payment of Bonus Act, 1965, The Maternity Benefit Act, 1961 and many other were not taken care of as the focus was only on getting the work done and getting a competitive edge over others because of the liberalized global trade which introduced heavy competition.

Reforms Related To HR

With the liberalized global trade policy and increased FDI, the world was becoming integration of different economies for trade and investment. Market players of around the world were now open to the Indian economy. This impacted various human resource policies over the time, there were new trends adopted and measures were taken up to maintain and retain the workforce of the organizations. Various reforms were- Global Workforce Management, Virtual Team Management, counseling and consoling employees, changes in recruitment policy, emphasis on reducing labor turnover and enhancing the retention rate. Concepts like Talent Engagement, Talent Management were introduced in order to manage the workforce. Grievance Handling Machinery was set up to help the employees to fight for their rights. Various amendments were introduced in the labor acts to provide the back edge and give the employees a sense of security. Various amendments in the labor laws are related with the women employment, equal remuneration, maternity leave, paternity leave, education of the spouses and children of the employees, providing various social security measures, insurance of the employees, provident fund, gratuity, pension, etc. Measures were taken to provide training and development opportunities to the employees to help them sustain in the changing work

environment. With the global presence, the employee base was also becoming globalized, this lead to change in the work environment and work culture within the organizations.

TCS – A Case Study

TATA CONSULTANCY SERVICES, a leading global IT services consulting and business solutions organization having a diverse talent base of over 400,875 associates (including subsidiaries) representing 143 nationalities, across 46 countries as of 30-Jun-2018, offers a range of IT services outsourcing and business solutions. Major HR functions in TCS are – Talent Acquisition, Talent Engagement, Resource Management, Academic Interface, CSR, Maitree, and Talent Development. The Talent Acquisition in TCS is responsible for finding, acquiring, assessing, and hiring candidates to fill project requirements. Academic Interface Programme (AIP) has been institutionalized with defined processes, performance metrics and deployment structure. This has facilitated a robust, high-quality, long- term relationship between TCS and Academia, leading to a win-win situation for both. Talent Development mainly concerns itself with, Mapping the organizational role to skill sets, competencies and attributes, Designing and developing training programs to build competencies, Cross-training across verticals and horizontals, Widening the talent pool available to cater to changing business needs, Addressing skill gaps through targeted Learning & Development initiatives. Employee Engagement underlines the need for a high emotional connect between employees and the organization which can motivate the employees to deliver their best. It includes induction /orientation, grievance management, communication, employee welfare, compensation and benefits, leaves, holidays, legal matters related to employees, separation, and employee motivation and morale boosting opportunities and programmes. Resource Management Group is responsible for the movement of human resources within the organization i.e., allocating and reallocating them to different projects, and thereby meeting the requirement of the human resources as and when raised by the projects, through the available talent pool. For binding the huge and far-flung family of TCS people together, in the year 2002, Maitree was introduced. It strives to ensure that the unusually large TCS family stays in touch through- sharing of experiences, dissemination of information, caring and welfare activities, spreading friendship. Under Corporate Social Responsibility, various regional level as well as corporate level initiatives are taken up by the company for maintaining and retaining the employees and give them social satisfaction by giving the opportunity to get involve in social welfare programmes. Since it is a global company, the work culture and work environment is such which reflects high standards of maintenance and is in compliance with the global standards.

Conclusion

The New Economic Policy of LPG (Liberalization, Privatization, Globalization) impacted

the human resource policies in a way that apart from following the central governmental labor laws and legislations, now the companies and organizations need to comply with the global standards of Human Resource Management. With this, if the employees feel that they are not able to get justice in their country of origin in case of any industrial dispute, they can file an appeal in International Court of Justice. The employment opportunities were generated highly but it lead to increase in their exploitation initially but gradually the HR policies and practices shaped positively and started considering the worth of its human assets and presently they are one of the most valued assets of the organization and the companies are highly investing in maintaining and retaining its workforce.

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